

Trademark and Unfair Competition Law

Cases and Materials, Sixth Edition

2021 Supplement

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Chapter 2

What Is A Trademark?

A. Subject Matter of Trademark Protection

1. Word Marks

Page 68. Replace the Note on Slogans on pages 68-69 with the following material.

a. Slogans

In re Donald E. Moriarty

Serial No. 86367823, 2020 TTAB LEXIS 507, 2020 WL 7383504 (T.T.A.B. 2020)

SHAW, ADMINISTRATIVE TRADEMARK JUDGE:

Donald E. Moriarty ("Applicant") seeks registration of the mark WORST MOVIE EVER! (in standard characters) on the Principal Register for goods identified as "parody of motion picture films and films for television comprising comedies and dramas featuring a mashup of different motion picture films". . .

[T]he Trademark Examining Attorney refused registration of Applicant's mark on the ground that the applied-for mark is a slogan or phrase that does not function as a trademark to indicate the source of applicant's goods and to identify and distinguish them from the goods of others under Sections 1, 2, 3 and 45 of the Trademark Act, 15 U.S.C. §§ 1051, 1052, 1053 and 1127.

. . . We affirm the refusal to register.

. . . .

II. Failure to function as a mark

"[A] proposed trademark is registrable only if it functions as an identifier of the source of the applicant's goods or services." *In re Yarnell Ice Cream, LLC*, 2019 USPQ2d 265039, *16 (TTAB 2019) (quoting *In re DePorter*, 129 USPQ2d 1298, 1299 (TTAB 2019)). "The Trademark Act is not an act to register mere words, but rather to register trademarks. Before there can be registration, there must be a trademark, and unless words have been so used they cannot qualify." *Id.* (quoting *DePorter*, 129 USPQ2d at 1299 (quoting *In re Bose Corp.*, 546 F.2d 893, 192 USPQ 213, 215 (CCPA 1976))).

Slogans, phrases, and other terms that are considered to be merely informational in nature, or that express support, admiration or affiliation, are generally not registrable. *See In re Eagle Crest Inc.*, 96 USPQ2d 1227, 1232 (TTAB 2010) ("ONCE A MARINE, ALWAYS A MARINE is an old and familiar Marine expression, and as such it is the type of expression that should remain free for all to use."). *See also In re Volvo Cars of N. Am., Inc.*, 46 USPQ2d 1455, 1460-61 (TTAB 1998) (affirming refusal to register "Drive Safely" for automobiles because it would be perceived as an everyday, commonplace safety admonition).

"The critical inquiry in determining whether a designation functions as a mark is how the designation would be perceived by the relevant public." *Eagle Crest*, 96 USPQ2d at 1229. "To make this determination we look to the specimens and other evidence of record showing how the designation is actually used in the marketplace." *Id.* "The more commonly a phrase is used, the less likely that the public will use it to identify only one source and the less likely that it will be recognized by purchasers as a trademark." *Id.*

....

The Examining Attorney argues that the applied-for mark WORST MOVIE EVER! is merely a commonplace slogan used by a variety of sources and merely conveys an ordinary, familiar or well recognized concept or sentiment, that is, "[t]he applied-for mark conveys the ordinary and well recognized concept that the movie in question is the most wanting in quality, value or condition of all time." In support of the refusal, the Examining Attorney submitted a number of news stories and articles about movies to establish that the phrase "WORST MOVIE EVER!" is commonly used by the authors to convey the idea that the movie being discussed is "the most wanting in quality, value or condition of all time." . . .

....

The record before us establishes that the phrase WORST MOVIE EVER! is frequently used by newspapers, magazines, media sites, movie reviewers, and others to describe really bad movies, or as the Examining Attorney argues, movies that are "the most wanting in quality, value or condition of all time." Among movie-watchers and reviewers, much time and effort has been spent debating which movie deserves the characterization "worst movie ever." Although there is no shortage of candidates, surprisingly, there is significant public interest in watching really bad movies. That is, some of these movies are so bad they have become popular because of their campy badness. The record includes a number of references to movies that have become popular despite being really bad. . . .

. . . .

The function of a trademark is to identify a single commercial source of goods or services. Applicant's use of the phrase WORST MOVIE EVER! simply informs prospective consumers that Applicant's movies are part of the cinematic genre of really bad movies. Because consumers are accustomed to seeing the phrase "worst movie ever!" used by newspapers, magazines, media sites,

movie reviewers, and others to describe similar movies, these consumers would not view the applied-for mark as a trademark indicating that Applicant is the sole source of parodies of really bad motion picture and television films bearing the mark. Applicant is not entitled to appropriate the phrase to himself and thereby attempt to prevent competitors from using it to promote the sale or viewing of their own really bad movies. *In re Melville Corp.*, 228 USPQ 970, 972 (TTAB 1986) (describing the phrase BRAND NAMES FOR LESS as "a highly descriptive and informative slogan [that] should remain available for other persons or firms to use to describe the nature of their competitive services"). . . .

In summary, we find that WORST MOVIE EVER! would not be perceived as a trademark to identify and distinguish Applicant's goods from the like goods of others.

It is no longer disputed that slogans can function as trademarks. In 1955, the Commissioner of Patents held the slogan MOVING AIR IS OUR BUSINESS registrable on the Principal Register. In 1990, Jimmy Johns registered the slogan FREE SMELLS for restaurant services. In 1995, Nike registered the slogan, JUST DO IT for sportswear. More recently, General Motors registered FIND NEW ROADS for automobiles, Whole Foods Markets registered the slogan AMERICA'S HEALTHIEST GROCERY STORE for retail grocery store services, the Smucker Company registered CHOOSY MOMS CHOOSE JIF for peanut butter, and Proctor & Gamble registered the slogan ENJOY THE GO for toilet paper.

What if the slogan is straightforwardly descriptive? Like other descriptive terms, a descriptive slogan can acquire secondary meaning through extensive, continuous and substantially exclusive use. One such slogan was at issue in *Roux Labs. v. Clairol, Inc.*, 427 F.2d 823 (C.C.P.A. 1970), where the court dismissed an opposition to registration on the Principal Register of the slogan HAIR COLOR SO NATURAL ONLY HER HAIR DRESSER KNOWS FOR SURE for "hair tinting, dyeing and coloring preparation." In rejecting opposer's mere descriptiveness challenge, the court emphasized the pervasiveness of applicant's advertising and sales: from 1956–66, applicant sold over 50 million dollars worth of the product, and expended 22 million dollars in advertising containing the disputed slogan. As the decision in *In re Moriarty*, explains, the purported trademark owner bears the burden of showing that the slogan or phrase actually functions as a trademark, and is or will be perceived by consumers as a designation of the product's source. In *In re Boston Beer*, 198 F.3d 1370 (Fed. Cir. 1999), the Court of Appeals for the Federal Circuit upheld the Board's refusal to register THE BEST BEER IN AMERICA despite evidence of 85 million dollars of sales and 10 million dollars of advertising. The court observed: "The record shows that 'The Best Beer in America' is a common phrase used descriptively by others before and concurrently with Boston Beer's use, and is nothing more than a claim of superiority." 198 F.3d at 1374. More recently, the Trademark Trial and Appeal Board upheld the trademark examiner's refusal to register the slogan ONCE A MARINE, ALWAYS A MARINE for clothing on the ground that the slogan did not function as a trademark. *In re Eagle Crest, Inc.*, 96 U.S.P.Q.2d (BNA) 1227 (T.T.A.B. 2010):

There is no dispute that the phrase ONCE A MARINE, ALWAYS A MARINE is an old and familiar Marine expression, and as such it is the type of expression that should remain free for all to use. In fact, the evidence shows that the slogan is commonly used in an informational and ornamental manner on t-shirts and various other retail items produced and/or sold by others. . . . The function of a trademark is to identify a single commercial source. Because consumers would be accustomed to seeing this phrase displayed on clothing items from many different sources, they could not view the slogan as a trademark indicating source of the clothing only in applicant. It is clear that clothing imprinted with this slogan will be purchased by consumers for the message it conveys. Applicant is not entitled to appropriate the slogan to itself and thereby attempt to prevent competitors from using it to promote the sale of their own clothing.

Questions

1. Which of these slogans or phrases function as trademarks or service marks?
 - a. HELP THE PERSECUTED for charitable fundraising services. *See in re Help the Persecuted, Inc.*, 2020 TTAB LEXIS 522 (T.T.A.B. 2020).
 - b. TEAM JESUS for clothing. *See In Re Team Jesus*, 2020 U.S.P.Q. 2d (BNA) 11489 (T.T.A.B. 2020).
 - c. WEARABLE LIGHT for flashlights. *See Cincinnati Insurance Company v Zen Designs*, 329 F. 3d 546 (6th Cir. 2003).
 - d. #MAGICNUMBER 108 for teeshirts. *See In re DePorter*, 129 USPQ 2d (BNA) 1298 (T.T.A.B. 2019), *infra* this Casebook Chapter 5.A.4.
 - e. AND DOWN THE STRETCH THEY COME for sportscasting services. *See Johnson v. Amazon.com*, No. 1:19-cv-03848 (SDNY filed April 30, 2019)
 - f. LETTUCE TURNIP THE BEET for clothing. *See LTTB LLC v. Redbubble, Inc.*, 840 Fed. Appx. 148 (9th Cir. 2021).
 - g. QUIT YOUR JOB BUY A TICKET GET A TAN FALL IN LOVE NEVER RETURN for clothing. *See Island Co., LLC, v. Abercrombie & Fitch Co.*, 2013 U.S. Dist LEXIS 190398 (S.D. Fla. 2013)
 - h. INVESTING IN AMERICAN JOBS for retail services. *See In re Wal Mart Stores*, 129 USPQ 2d (BNA) 1148 (T.T.A.B. 2019), *infra* Chapter 5.A.4.
 - i. YOU'RE NEVER DONE for water bottles. *See Levy v. Adidas, A.G.*, 2020 U.S. Dist LEXIS 73532 (C.D. Cal. 2020).

2 . In 2015, Kate Cohen registered a trademark in KISS ME I'M VACCINATED for tshirts and baby clothes. She has sold tshirts and onesies bearing the mark over Etsy and through a Facebook page supporting the vaccine education program at the Children's Hospital of Philadelphia. In the Spring of 2021, myriad tshirts bearing the slogan KISS ME I'M VACCINATED showed up for sale on Redbubble, Amazon.com, Zazzle.com, and Etsy. None of the tshirt sales benefit the Children's Hospital; all of them appear to be for profit vendors. Cohen consults you for trademark advice. What do you recommend?

Page 71. Insert new Questions 3, 4 and 5.

3. In 1997, George Sink founded a personal injury law firm in Charleston SC, under the name "GEORGE SINK P.A. INJURY LAWYERS." The law firm grew steadily, and, as of 2019, operated thirteen law offices throughout South Carolina and Georgia. George Sink's son, George Sink Jr., graduated from law school in 2016. In 2018, the son opened a law office in North Charlestown, using the name "GEORGE SINK II LAW FIRM." The father filed suit against his son for trademark infringement. The son insists that he has a right to use his legal name as the name for his law office. How should the court rule? *See Sink v. George Sink II Law Firm, LLC*, 407 F. Supp. 3d 359 (D. SC.), app. dismissed, 2019 US Lexis 37599 (4th Cir. 2019).

4. Wedding gown designer Hayley Paige Gutman began designing wedding gowns for JLM Couture in 2011. JLM markets seven different lines of HAYLEY PAIGE branded gowns. Gutman has also been an active poster on social media, with JLM's enthusiastic support, and has used her social media accounts to promote her JLM designs. In late 2019, Gutman began to post personal material to her social media accounts that JLM felt was inconsistent with its commercial interests. The resulting conflict caused Gutman to resign from her position as a JLM designer, and JLM to file a lawsuit seeking to restrict Gutman's use of social media and prohibit her from using the Hayley Paige name. How should the court resolve JLM's claims? *See JLM Couture v. Gutman*, 2021 US Dist LEXIS 40953, 2021 WL 827749 (S.D.N.Y. March 4, 2021).

5. In *Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 Harv. L. Rev. 945 (2018), Professors Barton Beebe and Jeanne Fromer report that their empirical analysis of the millions of trademark applications filed over a thirty-year period and of the registered marks on the principal register supports a conclusion that:

The supply of word marks that are at least reasonably competitively effective as trademarks is finite and exhaustible. This supply is already severely depleted, particularly in certain sectors of the economy, and levels of depletion continue to rise. Those marks that are registered are growing increasingly congested. The result, as the data reveal, is that new trademark applicants are increasingly being forced to resort to second-best, less competitive marks, and the trademark system is growing increasingly—perhaps inordinately—crowded, noisy, and complex.

Should the limited availability of competitively effective word marks affect the showing we require of claimants before granting them legal ownership of a word mark? Responding to Beebe and Fromer,

Professor Lisa Larrimore Ouellette argues that before making any changes to the trademark law, we should insist on seeing concrete empirical evidence that trademark depletion and congestion impose significant negative social welfare impact. See Lisa Larrimore Ouellette, *Response: Does Running Out of (Some) Trademarks Matter?*, 131 Harv. L. Rev. Forum 116 (2018). What sort of empirical evidence might be persuasive?

3. Trade Dress

Page 81. Insert new Question 4.

4. Forney sought to register a color mark for welding tools without any showing of secondary meaning. Forney described the mark as “a solid black stripe at the top. Below the solid black stripe is the color yellow which fades into the color red.”



The PTO denied registration on the ground that a color mark cannot be inherently distinctive. The Court of Appeals for the Federal Circuit reversed:

[I]n *Qualitex*, the Court considered whether a single “special shade of green-gold color” on a dry-cleaning pad was protectable trade dress. The Court held that “there is no rule absolutely barring the use of color alone” as a trade dress. The Court found no “obvious theoretical objection to the use of color alone as a trademark, where that color has attained ‘secondary meaning’ and therefore identifies and distinguishes a particular brand (and thus indicates its ‘source’).”

Although *Qualitex* implied that a showing of acquired distinctiveness may be required before a trade dress mark based on color alone can be protectable, it did not expressly so hold. . . .

Supreme Court precedent simply does not support the Board’s conclusion that a product packaging mark based on color can never be inherently distinctive.

Forney’s proposed mark comprises the color red fading into yellow in a gradient, with a horizontal black bar at the end of the gradient. It is possible that such a mark can be perceived by consumers to suggest the source of the goods in that type of packaging. Accordingly, rather than blanketly holding that “[c]olors alone cannot be inherently distinctive,” the Board should have considered whether Forney’s mark

satisfies this court's criteria for inherent distinctiveness.

Do you agree with the court's reading of the *Qualitex* decision? In what circumstances might a mark consisting of a single color or a combination of colors be inherently distinctive? See *In re Forney Industries*, 955 F.3d 940 (Fed. Cir. 2020).

Page 81. Insert the following case after the Questions.

In re General Mills IP Holdings II, LLC, 124 U.S.P.Q. 2d (BNA) 1016 (T.T.A.B. 2017). General Mills sought to register the color yellow as a trademark for its CHEERIOS brand, ring-shaped oat cereal.



General Mills submitted evidence that it had sold Cheerios cereal in a yellow-colored box since 1945. The trademark examiner refused registration, noting that several other cereal manufacturers market ring-shaped oat breakfast cereal in a yellow box, and that even more cereal manufacturers sell other varieties of cereal in a yellow box.



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The Trademark Trial and Appeal Board agreed that General Mills had failed to show secondary meaning:

We find the number and nature of third-party cereal products in yellow packaging in the marketplace to be sufficient to convince us that consumers do not perceive the color yellow as having source-indicating significance for the goods. Several of the third-party products in yellow packaging are offered by major competitors of Applicant and there is a substantial number of such products. Moreover, the number of third-party cereal products that use yellow as a predominant background color of their packaging suggests that the competitors may be exploiting an aspect of the packaging that has “intrinsic consumer-desirability” rather than any secondary meaning the color may have. [Citation.]

As *Qualitex* and *Owens-Corning* teach, a color does not “*automatically*” indicate the source of the goods to a consumer, *Qualitex*, 34 USPQ2d at 1162; rather, it “is usually perceived as ornamentation.” *Owens-Corning*, 227 USPQ at 422. The third-party products shown above appear to make use of the color yellow for purposes of ornamentation. It is possible that the color of the packages would help a customer to narrow down the number of cereal offerings to review on a large and crowded store shelf; but it is obvious that the word marks and graphic images are more important in conveying to the customer each unique brand of product offered. As the record shows, the breakfast cereal marketplace is awash in brightly colored packages bearing bold graphics and large-format word marks. There is no example in the record of any brand of cereal that is offered in a monochrome package devoid of word and design trademarks. In such an environment, customers certainly have no need to rely upon the background color of a package in order to know what brand they are buying. Notably, there is no suggestion that Applicant would expect its customers to select their cereal on the basis of the color of the box. Even the examples of Applicant’s “look for” advertising that are of record (television commercials touting “the big yellow box that everyone knows” and “that yellow box”) include repeated, prominent displays of the front of Applicant’s box, with the mark CHEERIOS in bold, black letters in sharp contrast to the yellow background, as well as an audio track on which the term CHEERIOS is repeatedly sung or spoken.

When customers see a color appearing on products from many different sources, they are less likely to expect the color to point to a single source of goods. Instead, customers are likely to perceive the color on packages as a device designed to make the packages attractive and eye-catching. This is especially true of a primary color, like yellow, which is used by many merchants and is not “a color that in context seems unusual.” *Qualitex*, 34 USPQ2d at 1162-63. All of the cereal packages of record have *some* background color, and many of them include some shade of yellow, so Applicant’s use of a predominantly yellow color scheme is unlikely to be seen as an indication of source.

Page 81. Replace the opinion in *Traffix Devices v Marketing Displays* and Questions on pages 81-85 with the following material.

Traffix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001). In a case involving temporary road signs, the Supreme Court examined the relevance of an expired utility patent on trade dress protection for the formerly patented design. MDI sold signs that incorporated a patented dual spring design that helped the signs remain upright in windy weather. After the patent expired, Traffix copied the dual spring design for its competing temporary road signs. MDI sued for infringement of its trade dress.

The principal question in this case is the effect of an expired patent on a claim of trade dress infringement. 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.

In the case before us, the central advance claimed in the expired utility patents . . . is the dual-spring design; and the dual-spring design is the essential feature of the trade dress MDI now seeks to establish and to protect. The rule we have explained bars the trade dress claim, for MDI did not, and cannot, carry the burden of overcoming the strong evidentiary inference of functionality based on the disclosure of the dual-spring design in the claims of the expired patents.

. . . .

The rationale for the rule that the disclosure of a feature in the claims of a utility patent constitutes strong evidence of functionality is well illustrated in this case. The dual-spring design serves the important purpose of keeping the sign upright even in heavy wind conditions; and, as confirmed by the statements in the expired patents, it does so in a unique and useful manner. As the specification of one of the patents recites, prior art "devices, in practice, will topple under the force of a strong wind." U.S. Patent No. 3,662,482, col. 1. The dual-spring design allows sign stands to resist toppling in strong winds. Using a dual-spring design rather than a single spring achieves important operational advantages. The dual-spring design affects the cost of the device as well; it was acknowledged that the device "could use three springs but this would unnecessarily increase the cost of the device." These statements made in the patent applications and in the course of procuring the patents demonstrate the functionality of the design. MDI does not assert that any of these representations are mistaken or inaccurate, and this is further strong evidence of the functionality of the dual-spring design. . . .

In finding for MDI on the trade dress issue the Court of Appeals gave insufficient recognition to the importance of the expired utility patents, and their evidentiary significance, in establishing the functionality of the device. . . .

. . . .

There is no need, furthermore, to engage. . . in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. . . . Here, the functionality of the spring design means that competitors need not explore whether other spring juxtapositions might be used. The dual-spring design is not an arbitrary flourish in the configuration of MDI's product; it is the reason the device works. Other designs need not be attempted.

....

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

It is so ordered.

Questions

1. Why does the Court decline to hold that a utility patent is conclusive evidence that the product feature covered by the patent is functional? Can you think of an example of a patented product feature that should be entitled to trademark protection?

2. In his discussion of the *Qualitex* case, Justice Kennedy suggests that a product feature might sometimes be aesthetically functional. If plaintiff claims a feature that affects neither the cost nor quality of its product as protectable trade dress, can defendant argue that the attractiveness of plaintiff's design is itself a product feature, and that prohibiting defendant from copying it would impose a significant non-reputation-related disadvantage on plaintiff's competitors? In particular, can ornamental product features be protected as trade dress? *See infra* Chapter 8[A].

Ezaki Glico Kabushiki Kaisha v. Lotte Int'l Am. Corp.

986 F. 3d 250 (3d Cir. 2021)

BIBAS, CIRCUIT JUDGE.

This is a tale of more than just desserts. Decades ago, Ezaki Glico invented Pocky, a chocolate-covered cookie stick. Pocky was very popular. And its success drew imitators, including Lotte's Pepero. Ezaki Glico now sues Lotte for trade-dress infringement.

The District Court granted Lotte summary judgment, finding that because Pocky's design is functional, Ezaki Glico has no trade-dress protection. We agree. Trade dress is limited to designs that identify a product's source. It does not safeguard designs that are functional—that is, useful. Patent law protects useful inventions, but trademark law does not. We will thus affirm.

I. BACKGROUND

A. A cookie is born: Ezaki Glico's Pocky

Ezaki Glico is a Japanese confectionery company. For more than half a century, it has made and sold Pocky: a product line of thin, stick-shaped cookies (what the British call biscuits). These cookies are partly coated with chocolate or a flavored cream; some have crushed almonds too. The end of each is left partly uncoated to serve as a handle. Ezaki Glico makes Pocky in both a standard and an "Ultra Slim" size.

In 1978, Ezaki Glico started selling Pocky in the United States through its wholly owned subsidiary here. Since then, it has tried to fend off competitors by registering U.S. trademarks and patents. It has two Pocky product configurations registered as trade dresses.

Ezaki Glico also has a utility patent for a "Stick Shaped Snack and Method for Producing the Same." App. 1013-16. The first thirteen claims in the patent describe methods for making a stick-shaped snack. The final claim covers "[a] stick-shaped snack made by the method of claim 1." The width of that stick-shaped snack matches that of Pocky Ultra Slim.

B. A new cookie comes to town: Lotte's Pepero

Imitation is the sincerest form of flattery, and others have noted Pocky's appeal. Starting in 1983, another confectionery company called Lotte started making Pepero. These snacks are also stick-shaped cookies (biscuits) partly coated in chocolate or a flavored cream, and some have crushed almonds too. It looks remarkably like Pocky. Here are the two products side by side:



Lotte and its U.S. subsidiary have been selling Pepero in the United States for more than three decades.

C. Ezaki Glico's trade-dress suit

In 2015, Ezaki Glico sued Lotte in federal court for selling Pepero. Under federal law, Ezaki Glico alleged trademark infringement and unfair competition, in violation of the Lanham (Trademark) Act §§ 32 and 43(a), 15 U.S.C. §§ 1114, 1125(a)(1)(A). Under New Jersey law, it alleged trademark infringement and unfair competition, in violation of both the common law and the New Jersey Fair Trade Act, N.J.S.A. § 56:4-1 and 2.

After discovery, the District Court granted summary judgment for Lotte, holding that because Pocky's product configuration is functional, it is not protected as trade dress. . . .

. . . .We review the District Court's grant of summary judgment de novo. *Cranbury Brick Yard, LLC v. United States*, 943 F.3d 701, 708 (3d Cir. 2019). We will affirm if no material fact is genuinely disputed and if, viewing the facts most favorably to Ezaki Glico, Lotte merits judgment as a matter of law. Fed. R. Civ. P. 56(a).. . . .

II. TRADE-DRESS LAW DOES NOT PROTECT PRODUCT DESIGNS THAT ARE USEFUL

Under the statute, the key issue is whether Pocky's trade dress is functional. Lotte says that it is; Ezaki Glico says no. Ezaki Glico equates "functional" with "essential." But that test is too narrow. It misreads the Lanham Act's text and its relationship with the Patent Act. Under both the statute and the case law, a feature's particular design is functional if it is useful. And there are several ways to show functionality.

A. Patent law protects useful designs, while trademark law does not

Copying is usually legal. It is part of market competition. As a rule, unless a patent, copyright, or the like protects an item, competitors are free to copy it. *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001).

The Constitution does authorize Congress to grant exclusive patents and copyrights "[t]o promote the Progress of Science and useful Arts," but only "for limited Times." U.S. Const. art. I, § 8, cl. 8. Utility patents promote "Science and useful Arts" by protecting inventions that are "new and useful." 35 U.S.C. § 101. Design patents protect "any new, original and ornamental design." *Id.* § 171(a). In keeping with the Constitution's time limit, utility patents last for twenty years, and design patents last for only fifteen years. *Id.* §§ 154(a)(2), 173. If there is no patent, or once a patent expires, competitors are free to copy "publicly known design and utilitarian ideas." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989); accord *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995). This way, sellers can compete and build on one another's innovations. That competition improves quality and lowers consumers' costs.

By contrast, trademark law protects not inventions or designs per se, but branding. A trademark is a "word, name, symbol, or device . . . used by a person[] . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods." 15 U.S.C. § 1127.

Trademark law can protect a product's "trade dress[,] [which] is the overall look of a product or business." *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 308 (3d Cir. 2014). That includes not only a product's packaging but also its design, such as its size, shape, and color. *Id.*; *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 209 (2000).

We are careful to keep trademark law in its lane. Trade dress, like trademark law generally, is limited to protecting the owner's goodwill and preventing consumers from being confused about the source of a product. *Shire US Inc. v. Barr Labs., Inc.*, 329 F.3d 348, 353 (3d Cir. 2003). We must not overextend it to protect all of a product's features, because "product design almost invariably serves purposes other than source identification." *TrafFix*, 532 U.S. at 29 (quoting *Wal-Mart*, 529 U.S. at 213). "Trade dress protection . . . is not intended to create patent-like rights in innovative aspects of product design." *Shire*, 329 F.3d at 353. If it did, it could override restrictions on what is patentable and for how long. *Qualitex*, 514 U.S. at 164-65. After all, trademarks have no time limit.

The functionality doctrine keeps trademarks from usurping the place of patents. The Patent and Trademark Office cannot register any mark that "comprises any matter that, as a whole, is functional." 15 U.S.C. § 1052(e)(5). Even after a mark is registered, it is a defense to infringement "[t]hat the mark is functional." *Id.* § 1115(b)(8); *see also id.* § 1125(a)(3) (providing that the holder of an unregistered mark must prove that the mark "is not functional"). Thus, even if copying would confuse consumers about a product's source, competitors may copy unpatented functional designs.

B. Functional designs need not be essential, just useful

The core dispute here is how to define "functional." *Ezaki Glico* reads it narrowly, equating it with "essential." But that is not what the word means.

Since the Lanham Act does not define functionality, we start with its ordinary meaning. A feature's design is functional if it is "designed or developed chiefly from the point of view of use: UTILITARIAN." *Functional* (def. 2a), *Webster's Third New International Dictionary* (1966). So something is functional as long as it is "practical, utilitarian"—in a word, useful. *Functional* (def. 2d), *Oxford English Dictionary* (2d ed. 1989). The word requires nothing more.

Reading functionality as usefulness explains how the Lanham Act fits with the Patent Act. Utility patents, not trademarks, protect inventions or designs that are "new and useful." 35 U.S.C. § 101. If the Lanham Act protected designs that were useful but not essential, as *Ezaki Glico* claims, it would invade the Patent Act's domain. Because the Lanham Act excludes useful designs, the two statutes rule different realms.

Precedent also supports defining functional as useful. In *Qualitex*, the Supreme Court described the functionality doctrine as protecting competition by keeping a producer from perpetually "control[ling] a useful product feature." 514 U.S. at 164. In *TrafFix*, the Court described functionality as depending on whether "the feature in question is shown as a useful part of the invention." 532 U.S. at 34. It contrasted functional features disclosed in a utility patent with "arbitrary, incidental, or ornamental aspects" that "do

not serve a purpose within the terms of the utility patent." *Id.* And in *Wal-Mart*, the Court contrasted designs that only "identify the source" with those that "render the product itself more useful or more appealing." 529 U.S. at 213. "[M]ore useful or more appealing" is a far cry from essential.

Conversely, a design is not functional if all it does is identify its maker. "Proof of nonfunctionality generally requires a showing that the element of the product serves no purpose other than identification." *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 826 (3d Cir. 1981) (quoting *SK&F, Co. v. Premo Pharm. Labs., Inc.*, 625 F.2d 1055, 1063 (3d Cir. 1980)). But if a design gives a product an edge in usefulness, then it is functional.

Ezaki Glico resists this reading by focusing on one phrase from *Qualitex*. The heart of its claim is the first sentence of its argument: "A product's configuration is functional for purposes of trade dress protection only 'if it is *essential* to the use or purpose of the article or if it affects the cost or quality of the article.'" Appellants' Br. 22 (quoting *Qualitex*, 514 U.S. at 165, and adding the emphasis). But the word "only" is nowhere on the page it cites. Though Ezaki Glico's forceful brief repeats "essential" more than four dozen times and structures its case around that touchstone, the authority does not support its drumbeat.

On the contrary, the Supreme Court recognizes several ways to show that a product feature is functional. One way is indeed to show that a feature "is essential to the use or purpose of the article." *Qualitex*, 514 U.S. at 165 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)). Another is if "it affects the cost or quality of the article." *Id.* (Ezaki Glico keeps skipping over this part of the test.) At least in some cases, a feature is functional and unprotected if the "exclusive use of [the feature] would put competitors at a significant non-reputation-related disadvantage." *TrafFix*, 532 U.S. at 32 (quoting *Qualitex*, 514 U.S. at 165). All of these are different ways of showing usefulness. (Though this last inquiry is especially apt for proving aesthetic functionality, the Court has not specifically limited it to that context. See *TrafFix*, 532 U.S. at 33.) On the other hand, a feature is "not functional" if, for instance, "it is merely an ornamental, incidental, or arbitrary aspect of the device." *Id.* at 30.

We analyze functionality not at the level of the entire product or type of feature, but at the level of the particular design chosen for feature(s). Just "because an *article* is useful for some purpose," it does not follow that "all *design features* of that article must be 'functional.'" 1 McCarthy § 7:70 (emphases added). The question is not whether the product or feature is useful, but whether "the particular shape and form" chosen for that feature is. *Id.*

For instance, though ironing-board pads need "to use *some* color . . . to avoid noticeable stains," there is no functional reason to use green-gold in particular. *Qualitex*, 514 U.S. at 166. Though French press coffeemakers need *some* handle, there is no functional reason to design the particular handle in the shape of a "C." *Bodum USA, Inc. v. A Top New Casting Inc.*, 927 F.3d 486, 492-93 (7th Cir. 2019) (also noting that the design sacrificed ergonomics). And though armchairs need *some* armrest, there is no functional reason to design the particular armrest as a trapezoid. *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 867-68 (9th Cir. 2020) (also noting that the design sacrificed comfort). Ironing-board colors, coffee-pot handles, and armrests are all generally useful. But the particular designs chosen in those cases offered no edge in usefulness.

Also, a combination of functional and non-functional features can be protected as trade dress, so long as the non-functional features help make the overall design distinctive and identify its source. *See Am. Greetings*, 807 F.2d at 1143.

But a product's design, including its shape, is often useful and thus functional. For example, when Nabisco sued Kellogg for making its shredded wheat pillow-shaped, just like Nabisco's, the Supreme Court rejected the unfair-competition claim. The pillow shape is functional because using another shape would increase shredded wheat's cost and lower its quality. *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 122 (1938). For the same reason, the Court rejected a challenge to copying the exact shape of a pole lamp. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231-32 (1964). And if an inventor created a new light-bulb shape that improved illumination, he could not trademark that shape. *Qualitex*, 514 U.S. at 165. That would be true even if consumers associated the bulb shape with its inventor, because trademarking it would "frustrat[e] competitors' legitimate efforts to produce an equivalent illumination-enhancing bulb." *Id.* So long as the design improves cost, quality, or the like, it cannot be protected as trade dress. The shape need only be useful, not essential. Conversely, a distinctive logo, pattern, or other arbitrary shape or style may be nonfunctional and protectable as a trade dress.

As the leading trademark treatise concurs, "functional" means useful. "To boil it down to a phrase: something is 'functional' if it works better in this shape." 1 McCarthy § 7:63. That includes features that make a product cheaper or easier to make or use. *Id.* Because the functionality bar is supposed to keep "trade dress from creating 'back-door patents,' . . . the test of what is 'functional' should be very similar to that of patent law." *Id.* § 7:67.

C. Evidence of functionality

There are several ways to prove functionality. First, evidence can directly show that a feature or design makes a product work better. *See Am. Greetings*, 807 F.2d at 1142 (treating as functional "tummy graphics" on teddy bears because they signal each bear's personality). Second, it is "strong evidence" of functionality that a product's marketer touts a feature's usefulness. *Id.* at 1142-43. Third, "[a] utility patent is strong evidence that the features therein claimed are functional." *TrafFix*, 532 U.S. at 29. Fourth, if there are only a few ways to design a product, the design is functional. *Keene*, 653 F.2d at 827. But the converse is not necessarily true: the existence of other workable designs is relevant evidence but not independently enough to make a design non-functional. *Id.*; 1 McCarthy § 7:75 (interpreting *TrafFix*, 532 U.S. at 33-34).

Our list is not exhaustive; there may be other considerations. . . .

With these definitions and inquiries in mind, we can now apply them to this case.

III. POCKY'S TRADE DRESS IS FUNCTIONAL

To decide whether a trade dress is functional, we look at the usefulness of the exact feature or set of features claimed by the trade dress. *See Am. Greetings*, 807 F.2d at 1141. Ezaki Glico has two registered

Pocky trade dresses, both broad. The first "comprises an elongated rod comprising biscuit or the like, partially covered with chocolate." App 10, 1448. The second consists of the same sort of snack, along with almonds on top of the chocolate or cream.

In a picture, Ezaki Glico's trade dresses include all cookies like these:



....

Ezaki Glico argues that none of these features is essential to make the snack easy to eat. But that is the wrong test. Lotte has shown that Pocky's design is useful and thus functional.

A. Pocky's design makes it work better as a snack

Every feature of Pocky's registration relates to the practical functions of holding, eating, sharing, or packing the snack. Consider each stick's uncoated handle. Ezaki Glico's internal documents show that it wanted to make a snack that people could eat without getting chocolate on their hands. Pocky was born when Ezaki Glico found that it could coat just part of a cookie stick, leaving people an uncoated place to hold it. So it designed Pocky's handle to be useful.

The same is true of Pocky's stick shape. As Ezaki Glico recognizes, the stick shape makes it "easy to hold, so it c[an] be shared with others to enjoy as a snack." It also lets people eat the cookie without having to open their mouths wide. And the thin, compact shape lets Ezaki Glico pack many sticks in each box, enough to share with friends.

Viewed as a whole, Pocky's trade dress is functional. The claimed features are not arbitrary or ornamental flourishes that serve only to identify Ezaki Glico as the source. The design makes Pocky more

useful as a snack, and its advantages make Pocky more appealing to consumers for reasons well beyond reputation. *See Kellogg*, 305 U.S. at 120. As Ezaki Glico's own documents acknowledge, "Pocky provides a functional value [Enjoy chocolate lightly]."

B. Ezaki Glico promotes Pocky's utilitarian advantages

There is plenty of evidence that Ezaki Glico promotes Pocky's "convenient design." Its ads tout all the useful features described above. It advertises "the no mess handle of the Pocky stick," which "mak[es] it easier for multi-tasking without getting chocolate on your hands." It also describes Pocky as "[p]ortable," since "one compact, easy-to-carry package holds plentiful amounts of Pocky." "With plenty of sticks in each package Pocky lends itself to sharing anytime, anywhere, and with anyone." These promotions confirm that Pocky's design is functional.

C. There are alternative designs, but that does not make Pocky's design non-functional

Lotte could have shaped its Pepero differently. Ezaki Glico offers nine examples of partly-chocolate-coated snacks that do not look like Pocky. That is hardly dispositive. As we noted in *Keene*, even when there are alternatives, the evidence can still show that a product design is functional. 653 F.2d at 827. That is true here. Every aspect of Pocky is useful. The nine other designs do not make it less so.

D. Ezaki Glico's utility patent for a manufacturing method is irrelevant

Finally, Lotte argues that Ezaki Glico's utility patent for a "Stick Shaped Snack and Method for Producing the Same" proves functionality. It does not.

As *TrafFix* explained, "[a] utility patent is strong evidence that the features therein claimed are functional." 532 U.S. at 29. This is because patented items must be "useful." 35 U.S.C. § 101. If a patentee relied on a product's feature to show that the product was patentable, that reliance is good evidence that the feature is useful. As *TrafFix* put it, the question is whether the "central advance" of the utility patent is also "the essential feature of the trade dress" that the owners want to protect. 532 U.S. at 30. So Ezaki Glico's utility patent would be strong evidence of functionality if the features it claimed overlapped with its trade dress. But they do not.

The trade dress that Ezaki Glico defends is a stick-shaped snack that is partly coated with chocolate or cream. Yet those features are not the "central advance" of its utility patent. Instead, the patent's innovation is a better method for *making* the snack's stick shape. The method is useful for making the shape whether or not the shape *itself* is useful for anything. Thus, the patent's mention of the shape says nothing about whether the shape is functional.

The District Court erroneously considered the utility patent. But that error was immaterial. Even setting that aside, many other factors show that Pocky's trade dress is functional and so not protectable. Thus, the District Court properly granted summary judgment for Lotte. We need not reach other possible

grounds for affirmance.

* * * *

Though Ezaki Glico created Pocky, it cannot use trade dress protection to keep competitors from copying it. The Lanham Act protects features that serve only to identify their source. It does not cover functional (that is, useful) features. That is the domain of patents, not trademarks. There is no real dispute that Pocky's design is useful, so the trade dress is not protectable. We will thus affirm. That's the way the cookie crumbles.

4. Other Identifying Indicia

Page 87. Add the following paragraph to the end of the Note on *Other Identifying Indicia*.

In *In re the Ride, LLC*, 2020 U.S.P.Q.2D (BNA) 39644, (T.T.A.B. 2020), a tour bus operator sought registration for the following service mark:

The mark consists of the live visual and motion elements of the trade dress of a guided bus tour in which as the bus approaches at least one predetermined location on the tour an entertainer who is dressed as a banker walks normally along the street and then performs a tap dance routine dancing act when the bus stops at the predetermined location as viewed from inside of the bus....

The TTAB affirmed the service mark examiner's refusal of registration:

Based on our above review of the . . . evidence of record, we agree with the Examining Attorney that Applicant's proposed mark fails to function as a service mark.

...

This evidence suggests the tap dancing routine that is — the subject of Applicant's proposed mark is simply one of several performances that may be viewed during Applicant's bus tours and thus serves as a feature or aspect — as opposed to indicating the source — of Applicant's services. Additional screenshots from Applicant's website merely display an individual performing a tap dance viewed by people inside a bus. Nothing in these images suggests the viewers of the tap dance perceive it as an indicator of source for the bus tour services. ...

Page 87. Add the following question after the Note on *Other Identifying Indicia*.

Question

Hasbro, maker of Play Doh, recently succeeded in registering the scent of its product as a trademark for toy modeling compounds. The certificate of registration describes the mark as “a scent of a sweet slightly musky, vanilla fragrance with slight overtones of cherry, combined with the smell of a salt wheat-based dough.” What reasons might Hasbro have had for seeking to register the smell of Play-Doh?

B. Distinctiveness

1. Arbitrary, Fanciful, Suggestive and Descriptive Terms

Page 96. Insert the following case and Question before *In re Vertex Group*:

Real Foods Pty Ltd. v. Frito Lay, 906 F.3d 965 (Fed. Cir. 2018). Real Foods sought to register CORN THINS and RICE THINS as trademarks for corn and rice cakes. The Trademark Trial and Appeals Board ruled that the marks were descriptive, and the Court of Appeals for the Federal Circuit affirmed:

Substantial evidence supports the TTAB’s finding that the proposed marks are highly descriptive. The terms “corn” and “rice,” both of which are grains [citation], describe the primary ingredient in Real Foods’ respective goods

Moreover, the term thins describes physical characteristics of the corn and rice cakes. ... Indeed, Real Foods’ advertising materials use the word “thin” to describe their products. *See, e.g.*, J.A. 5097 (“They are a delicious *thin* corn cake, with ‘All Natural’ flavoring.” (emphasis added)), 5181 (describing the product as having “THIN slices not thick”), 5188 (stating “Corn & Rice Thins are THIN”). The record is replete with evidence of the term thins being used in marks for other, similar snack food products, *see, e.g.*, J.A. 4076-78 (identifying, in Frito-Lay’s expert report, 119 products using the term thins, including “Back to Nature Tomato Herb Rice Thins,” “Baked Potato Thins,” “FalaFel Thins,” “Pita Thins,” and “Wheat Thins”), which is evidence relevant to the issue of the term’s descriptiveness, [citation]. Thus, the proposed marks’ disclosure of this thin “characteristic” or “feature” of the goods is descriptive. [Citation]

Viewing the marks as composites “do[es] not create a different impression.” [Citation.] The composite marks are “merely descriptive” because they “immediately convey[] knowledge of a quality or characteristic of the product[s],” specifically the products’ main ingredients and thickness. [Citation.] Contrary to Real Foods’ argument, it is not determinative that the marks do not also make reference to the products being “cakes” or being made with “popped or puffed ingredients.” . . . A mark may be merely descriptive even if it does not describe *the full scope and extent* of the applicant’s goods or services.” . . . Not only does the record reveal that Real Foods has deployed the proposed marks as generic descriptors, *see, e.g.*, J.A. 5309 (referring, in Real Foods’ advertising material, to

the product as “Delicious Golden Corn Thins With Real Flavoring,” with the term “Corn Thins” stylized the same as the rest of the phrase), 5319 (same), but purchasers of Real Foods’ products have also used these terms to describe Real Foods’ products, rather than as source identifiers for the products, which amounts to direct evidence of the “commercial impression” of the mark as a whole, . . . *see, e.g.*, J.A. 5288 (referring, by a potential customer, to “[Real Foods’] corn thins product”), 5318 (similar by an online distributor of Real Foods’ product). Therefore, substantial evidence supports the TTAB’s descriptiveness finding.

Question

The court refers to the proposed trademarks as “highly descriptive.” Is “highly descriptive” an additional point on the *Abercrombie* distinctiveness spectrum that warrants different treatment from a mark that is merely “descriptive”? In *My Pillow, Inc. v. Ontel Products Corp.*, 2020 U.S. Dist. LEXIS 73475 (D. Minn. 2020), the owner of the trademark GUARANTEED THE MOST COMFORTABLE PILLOW YOU’LL EVER OWN sued a competitor for marketing a pillow with the slogan THE MOST COMFORTABLE PILLOW ... EVER. The court deemed plaintiff’s mark valid but highly descriptive, and declined to enter a preliminary injunction.

In *USPTO v. Booking.com*, 140 S. Ct. 2298 (2020), *infra* this Supplement Chapter 5.A., the Supreme Court suggested that “[w]hen a mark incorporates generic or highly descriptive components, consumers are less likely to think that other uses of the common element emanate from the mark’s owner.” Do you agree?

Page 98. Insert new examples at the end of Question 2:

o. CAPSULE for cellphone cases. *See Uncommon, LLC v. Spigen, Inc.*, 926 F.3d 409 (7th Cir. 2019) (descriptive).

p. THE JOINT for a nightclub. *See In Re JC Hospitality LLC*, 802 Fed. Appx. 579 (Fed. Cir. 2020)(descriptive).

Pages 104-05. Renumber the Question on Page 104 as Question 1, and add the following Questions on page 105:

2. Snow Wizard seeks to register the following trademark for concessions trailers for snowball vendors:



Would you classify the mark as product design or product packaging? See *In re Snow Wizard*, 129 U.S.P.Q.2d (BNA) 1001 (T.T.A.B. 2018).

3. The White Sparrow Barn is a noted wedding and event venue near Dallas. Ruth Farms, a competing reception venue, about 90 miles away, constructed the “Nest,” a ballroom and banquet hall designed to mimic many of the White Sparrow’s distinctive design elements. The White Sparrow claims that the competitor is infringing its inherently distinctive trade dress. It describes that trade dress this way:

The Grand Hall [of the barn] features a large, open floor plan with exposed, decorative, wrapped and framed, vaulted wooden beams placed laterally across the wooden cathedral ceiling; exposed, decorative, wrapped and framed wooden columns placed vertically along the wooden side walls; tiered exposed bulb candelabra chandeliers; rustic whitewashing of the wooden interior features; and a stylistic, stacked window display along the back wall.

The interior of the Nest shares all of these design elements. Can White Sparrow force its competitor to redesign the Nest without showing secondary meaning? See *Sparrow Barns & Events, LLC, v. Ruth Farms, Inc.*, 2019 US Dist LEXIS 61515 (E.D. Tex. 2019).

2. Secondary Meaning

Page 114. Add the following after the opinion in *Adidas v. Skechers*:

The Court of Appeals for the 9th Circuit affirmed the district court’s conclusion that the unregistered Stan Smith trade dress has acquired secondary meaning, and its entry of a preliminary injunction forbidding Skechers from selling the allegedly infringing shoes. *Adidas America, Inc. v. Skechers, USA*, 890 F.3d 747 (9th Cir. 2018):

The district court’s finding that the Stan Smith has likely acquired secondary meaning is supported by ample evidence in the record. The evidence showed that adidas has used the Stan Smith trade dress exclusively since the early 1970s, expended considerable capital and human resources to promote the shoe, and reaped significant but difficult-to-quantify value from placing the Stan Smith with celebrities, musicians, athletes, and other “influencers” to drive consumer hype and recognition of the trade dress—which, in 2014, became adidas’s top selling shoe of all time with the 40 millionth pair sold.... Also indicative of secondary meaning is the considerable amount of unsolicited media coverage praising the Stan Smith’s influence and iconic status as one of the most famous sneakers of all time.

Skechers’s own conduct also supports the district court’s finding... Skechers placed metadata tags on its website that directed consumers who searched for “adidas Stan Smith” to the page for the Onix shoe... We agree with the district court that “the only reason ‘adidas Stan Smith’ is a useful search term is that consumers associate the term with a distinctive and recognizable shoe made by adidas.” Therefore, the district court did not clearly err by finding that the Stan Smith had acquired secondary meaning.

Page 118. Add new case before Questions.

Converse, Inc. v. ITC, 909 F.3d 1110 (Fed. Cir. 2018). In a case reviewing a determination by the International Trade Commission that Converse’s unregistered shoe design lacked secondary meaning, the Federal Circuit articulated its own version of a multi-factor test:

Converse here seeks protection as to the intervenors for a mark in the form of unregistered product-design trade dress. The Supreme Court has held that unlike word marks and product-packaging trade dress, product-design trade dress can never be inherently distinctive. *Wal-Mart*, 529 U.S. at 216. As a result, “a product’s design is distinctive, and therefore protectable, only upon a showing of secondary meaning.” *Id.* Accordingly, Converse must show that its mark has acquired distinctiveness, i.e., secondary meaning.

....

In assessing whether the ‘753 trademark had acquired secondary meaning, the ITC weighed seven factors: “(1) the degree and manner of use; (2) the exclusivity of use; (3) the length of use; (4) the degree and manner of sales, advertising, and promotional activities; (5) the effectiveness of the effort to create secondary meaning; (6) deliberate copying; and (7) association of the trade dress with a particular source by actual purchasers (typically measured by customer surveys).” . . .

Each circuit that has addressed secondary meaning—11 circuits in all—has formulated some version of a multifactor test similar to the test adopted by the ITC. This

Court has previously discussed certain factors that are relevant to the analysis, which overlap to an extent with those identified by the ITC. [Citations.]

Today we clarify that the considerations to be assessed in determining whether a mark has acquired secondary meaning can be described by the following six factors: (1) association of the trade dress with a particular source by actual purchasers (typically measured by customer surveys); (2) length, degree, and exclusivity of use; (3) amount and manner of advertising; (4) amount of sales and number of customers; (5) intentional copying; and (6) unsolicited media coverage of the product embodying the mark. While the ITC's test set forth length, degree, and exclusivity of use as separate factors, we think that these considerations are substantially interrelated and should be evaluated together. All six factors are to be weighed together in determining the existence of secondary meaning.

Page 119. Add new Questions 5 and 6.

5. A local motorcycle club in the city of Sturgis, South Dakota, has hosted an annual motorcycle rally in the city since 1938. The city Chamber of Commerce has taken a leading role in promoting the rally, which brings several hundred thousand people and millions of dollars to the region every year. The Chamber has registered several marks incorporating the word STURGIS, and maintains that a license is required for any commercial use of the word STURGIS in conjunction with the rally. A local souvenir store sells a variety of rally souvenirs bearing the word "Sturgis" but has declined to purchase a license. The store contends that many other area businesses have used the word to promote the rally and their products over the past 80 years, and that the STURGIS marks therefore lack secondary meaning. What evidence could the Chamber of Commerce present to persuade a court that its marks have come to identify a particular source of rally-related products? *See Sturgis Motorcycle Rally v. Rushmore Photo & Gift*, 908 F.3d 313 (8th Cir. 2018).

6. Should courts require more evidence of secondary meaning for marks that are particularly descriptive? In *Engage Healthcare Communications v. Intellisphere*, 792 Fed. Appx. 178 (3d Cir. 2019), the Court of Appeals for the Third Circuit indicated that highly descriptive marks require stronger evidence of secondary meaning. The court concluded that the plaintiff's evidence of extensive use and advertising failed to show that the asserted mark, PEER-SPECTIVES for hematology and oncology publications, had acquired secondary meaning.

C. Collective and Certification Marks and Other Group Designations

1. Collective and Certification Marks

Page 123. Add the following to the end of the Note, before the Questions.

Consejo Regulador del Tequila, a non-profit organization accredited under Mexican law to certify tequila production succeeded in registering the certification mark, TEQUILA, for “spirits distilled from the blue tequilana weber variety of agave plant.” The Board rejected an opposition predicated on an argument that tequila was the generic name for a variety of distilled spirits. *See Luxco, Inc. v. Consejo Regulador del Tequila, A.C.*, 121 U.S.P.Q.2d (BNA) 1477 (T.T.A.B. 2017).

Chapter 3

Use and Ownership

B. Ownership

Page 135. Replace *Commodores Entertainment v. McClary* with the following, more recent, 11th Circuit decision.

Commodores Entertainment Corp. v. McClary, 879 F.3d 1114 (11th Cir. 2018). In the 1970s, Lionel Richie, Thomas McClary, William King, Walter Orange, Ronald LaPreard, and Milan Williams formed the funk/soul band, The Commodores. In the early 1980s, both Richie and McClary left the band to pursue other opportunities. Other musicians replaced them, and the band continued to perform and record. Later, LaPreard and Williams left the band, leaving King and Orange as the only original members. King and Orange transferred their common law trademark rights to the Commodores Entertainment Corporation [CEC], which registered the THE COMMODORES mark as both a service mark for entertainment services and a trademark for recorded music in 2001.

In 2014, McClary began to perform with a band he called “The Commodores featuring Thomas McClary,” playing music that included old Commodores hits. CEC filed suit against McClary; McClary then filed a petition in the USPTO to cancel CEC’s registration of the COMMODORES marks. The district court found that the original members of ‘The Commodores’ had acquired common law rights to the trademarks associated with the musical band, but McClary had walked away from his rights to the marks when he left the band in 1984, and those rights remained with the group. McClary had exercised no control over the quality and characteristics of the band since his departure. The court granted CEC’s motion for judgment as a matter of law and enjoined McClary from using the mark. The Court of Appeals for the 11th Circuit affirmed:

Common-law trademarks existed in the name “The Commodores,” and the original owner of the marks was the group as a whole McClary, as a member of the original group, was one of the holders of those rights.

. . . .

Ownership of the marks did not stay with McClary when he left the performing group. Rather, ownership of the marks began in, remained in, and could not be divided from the group, as opposed to its individual members. For starters the uncontroverted record established that McClary left his position in the group known as “The Commodores” more than three decades ago. No reasonable juror could have found that McClary remained with the group in the position he had previously held. Indeed, over time, all of the original group members except for King and Orange left the performing group that continued to

release music and to perform as “The Commodores.” This included McClary: as he said repeatedly in his own pleadings and testimony and as was confirmed by many trial witnesses, he “split from the band” in 1984 to pursue a solo career.

Between 1985 and 2010, McClary had no interaction with the group as a member. He did not perform with the group, record with the group, or participate in any decisions about performances or recordings. . . .

The next question, then, is what became of McClary’s rights to the marks after he left the group and undeniably left the band. McClary claims that although the members who left had no involvement with the group, they still maintained common-law rights to use the group’s name.

We are unpersuaded. Instead, on this record, we determine that the common-law rights to the marks remained with the group members who continued to use and exert control over the group “The Commodores,” and no reasonable juror could have found otherwise.

. . . .

The continuing members of the original group, including King and Orange, are still today in a position to control the group. Given the overwhelming evidence of the control others, including King and Orange, exerted over the performances and business decisions of The Commodores, no reasonable juror could find to the contrary. King and Orange decide how many shows the group will do in a year, and where and when they will perform; they determine the songs, costumes, and production details for their shows; and they are responsible for the group’s sounds at those shows. They also make all personnel determinations, such as retaining crew members for performances.

. . . We agree, given the control sustained by King and Orange, that the original members remaining with the group retained the common-law rights to the marks.

On the other hand, the unrefuted record can lead only to the reasonable conclusion that McClary lacked control over the musical venture known as “The Commodores” after he left the band to pursue his solo career. In the period after he left the band, save two performances as a fill-in guitarist in 2010, he did not meet with the other members of the group to rehearse or perform. He did not join the group to make business decisions about performance schedules or recordings. He stopped writing songs with the group. He was not involved with the group’s decisions about performances, whether about the songs to be performed, the personnel to be involved, or the production details of the shows. The rights to use the name “The Commodores” remained with the group after McClary departed, and the corollary is also true: McClary did not retain rights to use the marks individually.

On remand, the district court granted summary judgment to CEC on its trademark infringement claim against McClary. *Commodores Entertainment Corp. v. McClary*, 324 F. Supp. 3d 1245 (M.D. Fla. 2018).

C. “Use in Commerce”

Page 142. Replace *In re Dell* with the following decision.

In re Siny, 920 F.3d 1331 (Fed. Cir. 2019).

Siny filed trademark application Serial No. 86754400 on September 11, 2015, seeking to register the mark CASALANA in standard characters for “Knit pile fabric made with wool for use as a textile in the manufacture of outerwear, gloves, apparel, and accessories” based on use in commerce under Section 1(a) of the Lanham Act, 15 U.S.C. § 1051(a). Siny also submitted a specimen consisting of a webpage printout, which purported to show the mark in use in commerce for the goods.

[The webpage touted the advantages of Glenoit fabrics, displayed images of 11 of Glenoit’s “most popular fabrics,” including “Casalana — the washable wool,” and included a telephone number and email address “[f]or sales information.” The PTO refused registration on the ground that the specimen did not show that the mark was placed on the goods or their containers, tags or labels, and was not a “point of sale display.]

...

The Lanham Act provides for registration of a mark based on use of the mark in commerce. 15 U.S.C. § 1051(a). A mark is deemed in use in commerce on goods when, among other things, “it is placed in any manner on the goods or their containers *or the displays associated therewith* or on the tags or labels affixed thereto.” *Id.* § 1127 (emphasis added). The U.S. Patent and Trademark Office (PTO) requires an applicant to submit a specimen of use “showing the mark as used on or in connection with the goods.” [Citation.]

The issue on appeal concerns whether the Webpage Specimen qualifies as a display associated with the goods under the Lanham Act. Mere advertising is not enough to qualify as such a display. [Citations.] In determining whether a specimen qualifies as a display associated with the goods, one important consideration is whether the display is at a point-of-sale location. [Citations.]

....

The Board considered whether the Webpage Specimen was mere advertising or an acceptable display associated with the goods. In doing so, it evaluated the point-of-sale nature of the Webpage Specimen. It noted the absence of information it considered essential to a purchasing decision, such as a price or range of prices for the goods, the minimum quantities one may order, accepted methods of payment, or how the goods would be shipped. The Board also considered the “For sales information:” text and phone number

contact. It assumed that the phone number would connect a prospective customer to sales personnel, but it found that “if virtually all important aspects of the transaction must be determined from information extraneous to the web page, then the web page is not a point of sale.” . . .

Siny’s main argument on appeal is that the Board applied “overly rigid requirements” in determining that the Webpage Specimen did not qualify as a display associated with the goods. . . . [W]e disagree that the Board applied improperly rigid requirements here. Rather, the Board carefully considered the Webpage Specimen’s contents and determined, on the record before it, that the specimen did not cross the line from mere advertising to an acceptable display associated with the goods. We cannot say that the Board’s determination lacked substantial evidence.

We have considered Siny’s other arguments and find them unpersuasive. For the foregoing reasons, we affirm.

Page 144. Delete Question 2 and substitute the following Question 2.

2. In *Siny*, the Court of Appeals agreed with the TTAB that displaying a mark on a webpage is not a point-of-sale display associated with the goods unless the mark appears in close proximity to an opportunity to purchase the product. Recall your last few online shopping experiences. Does the court’s analysis accord with your perceptions as a customer of what words and symbols were trademarks and what were mere informational advertising? What factors influenced your impressions?

Page 155. Add the following paragraph before the Questions.

On appeal, the Court of Appeals for the D.C. Circuit affirmed the judgment below. *Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V.*, 743 Fed. Appx. 457 (D.C. Cir. 2018).

Page 155. Insert new Question 3:

3. In the *Star Wars* universe, the Millennium Falcon is a small, refurbished spaceship owned by Han Solo and his co-pilot Chewbacca. Solo won the Falcon from galactic gambler Lando Calrissian in a game of Sabacc, a high-stakes card game. The name “Sabacc” first appeared in the 1980 novelization of the movie *The Empire Strikes Back*, and the rules of the game were explored in greater detail in a trio of *Star Wars* novels published in 1983. A variety of *Star Wars* novels and reference works and at least one episode of a *Star Wars* television series have referenced the Sabacc game. The 2018 movie, *Solo: A Star Wars Story*, includes a scene showing the game between Calrissian and Solo.

In November of 2015, a company named Sabacc Creative introduced a new game app for IOS and

Android devices named, “Sabacc High Stakes Card Game.” The app is available for download from the Apple and Amazon App stores.



The company registered the mark SABACC for computer software in 2016. The company advertised the app with the description,

From a Cantina far, far away to your mobile device, welcome to the exclusive home of Sabacc, the most exciting card game around. Make your way to the tables and test your skills against the best that the galaxy has to offer, or play a private, high stakes game with friends. Keep your cards close to your chest, bet, bluff and make use of the interference field to avoid the Sabacc Shift. Improve your skills and put it all together to win the Sabacc pot and become a cloud city legend!

Lucasfilm, Ltd, owner of the trademarks for the *Star Wars* universe of products filed suit against Sabacc Creative, claiming that it is the senior user of the SABACC mark; Sabacc Creative insists that it was the first to use the SABACC mark in commerce. Which company has priority? See *Lucasfilm Ltd. v. Ren Ventures LLC*, 126 U.S.P.Q.2d (BNA) 1515 (N.D. Cal. 2018).

E. Priority

Page 167. Add new Question 4.

4. In 1976, DC Comics introduced its first Black woman superhero, research scientist Karen Beecher. Dr. Beecher became the superhero Bumblebee by building herself a super-power suit that acted as protective body armor, increased her speed and strength, and enabled her to fly, shoot painful electronic blasts, and shrink to a small size. Bumblebee was never the star of her own comic book, television program, or movie, but appeared repeatedly in comic books and animated television programs featuring other superheroes and was frequently depicted on comic book covers. The first DC Bumblebee action figure appeared in 2005. In 2015, DC introduced a new *DC Super Hero Girls* franchise featuring junior versions of its female superheroes. The Super Hero Girls appear in an animated television series and are featured in comic books, on clothing, and as action figures and fashion dolls. Bumblebee is one of the stars of the

franchise.

In 1984, Hasbro introduced its Transformers line of toys. The Transformers are sentient, shape-shifting battle robots that can turn themselves into automobiles. Hasbro accompanied the debut of the toys with an animated television series, comic books, and graphic novels. The Transformers has grown into a blockbuster media franchise. One of the original Transformers was a yellow robot named Bumblebee, whose car form was originally a Volkswagen beetle. Bumblebee has become one of the most popular Transformers, has been portrayed in dozens of different toys in the Transformers franchise, and was the focus of the blockbuster 2018 live action Transformers movie, *Bumblebee*.

Hasbro sued DC for trademark infringement, claiming that DC's use of the BUMBLEBEE mark on Super Hero Girl toys, action figures, and dolls infringes Hasbro's trademark. Which party has priority? See *Hasbro Inc. v. DC Comics*, No. 1:17-cv-06558 (S.D.N.Y. filed Aug. 28, 2017).

F. Concurrent Use

Page 172. Add new Questions 3 and 4.

3. The Court notes that Rectanus adopted the REX mark “in good faith, and without notice of any prior use by others.” If Rectanus had been aware of Regis's use of the REX mark in New England, but had adopted the mark with no intent to benefit from Regis's goodwill, would that undermine its claim to have adopted the mark in good faith? Compare *CP Interests v. California Pools*, 238 F.3d 690 (5th Cir. 2001) (mere knowledge of the senior user's use does not defeat good faith), with *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426 (9th Cir. 2017) (there is no good faith if junior user knew of the senior user's use).

4. One of the most contentious issues in Congress's consideration of the Lanham Act was how the statute should treat the rights of businesses that acquired use-based trademark rights in the same or similar marks in different geographic territories. What are the advantages of the approach applied in *Rectanus*? What alternative approaches might Congress have adopted?

Chapter 4

Registration of Trademarks

A. The Bases and Process

1. Bases of Registration

Page 185. Insert the following Question before *M.Z. Berger & Co.*

Question

Darryl Cazeraz and Michael Latjay were partners in a business venture to develop and market a sports drink for golfers. Cazeraz and Latjay selected the name HOLE IN ONE for their beverage and their limited liability company, Hole in One, LLC. The company designed a label and produced 10 sample cases of the beverage bearing the label, while the partners struggled to secure investor funding. Meanwhile, Latjay filed an intent-to-use application in his sole name to register the HOLE IN ONE mark for sports drinks. The PTO issued a notice of allowance, and Latjay filed a statement of use, attaching a photograph of a sample case as a specimen of use. Registration issued in April of 2016. Meanwhile, Cazeraz terminated his partnership with Latjay and incorporated a new company, Hole in 1 Drinks, Inc. Cazeraz's new company secured the necessary funding and began selling HOLE IN ONE sports drinks in August of 2016. Cazeraz then filed a petition to cancel Latjay's trademark registration, arguing that because he and Latjay planned to market HOLE IN ONE sports drinks as partners, Latjay lacked a bona fide intent to use the mark by himself, and therefore his initial application was void.

Review the verified statement required to file an intent to use application by section 1(b)(3). How should the TTAB resolve the dispute? See *Hole in 1 Drinks v. Latjay*, 2020 U.S.P.Q.2d 10020 (T.T.A.B. 2020).

Page 192. In the first line of the Madrid Protocol Note, substitute the following:

“over 100 countries.” for “over 85 countries.”

2. The Process

Page 197. Insert the following *Editors' Note* as a footnote at the end of the second full paragraph:

[**Editors' Note*: The Trademark Modernization Act of 2020, Publ. L. No. 116-260 §221, 134 Stat. 1182, 2200 (Dec. 27, 2020) that becomes fully effective Dec. 27, 2021, amends §12(b) of the Lanham Act and permits the Director to set the amount of time to respond to an Office action from two to six months for applications filed under §§1 and/or 44 of the Lanham Act, but retains the six-month response period for

Madrid Protocol applications under §66(a). The regulations published for comment purposes, at the time of this writing, propose, unless an Applicant is otherwise notified, a three-month period with the possibility of a three-month extension upon paying a fee. This change is proposed to come into effect June 27, 2022 rather than December 27, 2021 to allow practitioners and docketing systems time to accommodate the changed periods. For consistency, the proposed regulations also set forth the same deadlines and extensions to respond to post-registration Office actions. 86 Fed. Reg. No. 94, at 26868-26869, 26880, 26886 (May 18, 2021).]

Page 199. Add the following citation in Point 6 before the *International Watchman* cite:

Royal Palm Properties, LLC v. Pink Palm Properties, LLC, 950 F.3d 776 (11th Cir. 2020) (challenger to the distinctiveness of a registered mark has the burden of overcoming the presumption of validity of a registered mark);

C. Bars to Registration

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

a. Immoral, Scandalous or Disparaging Marks

Page 213-231. Delete the cases and materials and substitute the following after the heading:

The Supreme Court found the disparaging, immoral and scandalous prongs of Section 2(a) to be unconstitutional in violation of the First Amendment as set forth in the following two cases. Accordingly, the scandalous, derogatory and immoral bars to registration are no longer good law.

Matal v. Tam

137 S. Ct. 1744, 198 L. Ed. 366 (S. Ct. 2017)

JUSTICE ALITO delivered the opinion of the Court with respect to Parts I, II, and III-A; and an opinion with respect to Parts III-B, III-C, and IV, in which The Chief Justice, Justice Thomas, and Justice Breyer join.

This case concerns a dance-rock band’s application for federal trademark registration of the band’s name, “The Slants.” “Slants” is a derogatory term for persons of Asian descent, and members of the band are Asian-Americans. But the band members believe that by taking that slur as the name of their group, they will help to “reclaim” the term and drain its denigrating force.

The Patent and Trademark Office (PTO) denied the application based on a . . . federal law prohibiting the registration of trademarks that may “disparage . . . or bring . . . into contemp[t] or disrepute” any “persons, living or dead.” 15 U.S.C. §1052(a). We now hold that this provision violates the Free Speech Clause of the First Amendment. It offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.

A

....

...[T]rademarks that are “used in commerce” ... may be federally registered. 15 U.S.C. §1051(a)(1)... This system ... helps to ensure that trademarks are fully protected and supports the free flow of commerce. “[N]ational protection of trademarks is desirable ... because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.” *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 531 (1987) (internal quotation marks omitted); *see also Park ‘N Fly, Inc., supra*, [469 U.S. 189,] at 198 (1985) (“The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers”).

B

Without federal registration, a valid trademark may still be used in commerce. [Citation.] And an unregistered trademark can be enforced against would-be infringers in several ways. Most important, even if a trademark is not federally registered, it may still be enforceable under §43(a) of the Lanham Act, which creates a federal cause of action for trademark infringement. *See Two Pesos, supra*, [505 U.S. 763,] at 768 [(1992)] (“Section 43(a) prohibits a broader range of practices than does §32, which applies to registered marks, but it is common ground that §43(a) protects qualifying unregistered trademarks” (internal quotation marks and citation omitted)).¹

Federal registration, however, “confers important legal rights and benefits on trademark owners who register their marks.” *B&B Hardware*, 575 U. S., at ___, 135 S. Ct. 1293 (internal quotation marks omitted)....

C

The Lanham Act contains provisions that bar certain trademarks from the principal register. For example, a trademark cannot be registered if it is “merely descriptive or deceptively misdescriptive” of goods, §1052(e)(1), or if it is so similar to an already registered trademark or trade name that it is “likely . . . to cause confusion, or to cause mistake, or to deceive,” §1052(d).

“[T]he disparagement clause” ... prohibits the registration of a trademark “which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.”

¹ In the opinion below, the Federal Circuit opined that although “Section 43(a) allows for a federal suit to protect an unregistered trademark,” “it is not at all clear” that respondent could bring suit under §43(a) because “there is no authority extending §43(a) to marks denied under §2(a)’s disparagement provision.” *In re Tam*, 808 F. 3d 1321, 1344-1345, n.11 (*en banc*), as corrected (Feb. 11, 2016). When drawing this conclusion, the Federal Circuit relied in part on our statement in *Two Pesos* that “the general principles qualifying a mark for registration under §2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under §43(a).” 505 U. S., at 768. We need not decide today whether respondent could bring suit under §43(a) if his application for federal registration had been lawfully denied under the disparagement clause.

§1052(a). This clause appeared in the original Lanham Act and has remained the same to this day. *See* §2(a), 60 Stat. 427.

....

D

Simon Tam ... chose [“The Slants”] moniker in order to “reclaim” and “take ownership” of stereotypes about people of Asian ethnicity. [Citation.] The group “draws inspiration for its lyrics from childhood slurs and mocking nursery rhymes” and has given its albums names such as “The Yellow Album” and “Slanted Eyes, Slanted Hearts.” [Citation.]

Tam sought federal registration ..., but an examining attorney... [found] that “there is . . . a substantial composite of persons who find the term in the applied-for mark offensive.” The examining attorney relied in part on the fact that “numerous dictionaries define ‘slants’ or ‘slant-eyes’ as a derogatory or offensive term”...[and] that “the band’s name has been found offensive numerous times”--citing a performance that was canceled because of the band’s moniker and the fact that “several bloggers and commenters to articles on the band have indicated that they find the term and the applied-for mark offensive.”

Tam ...[e]ventually ... took the case to federal court, where the en banc Federal Circuit ultimately found the disparagement clause facially unconstitutional under the First Amendment’s Free Speech Clause.

...

...

The Government filed a petition for certiorari, which we granted in order to decide whether the disparagement clause “is facially invalid under the Free Speech Clause of the First Amendment.” [Citation.]

II

....

III

... [W]e must consider three arguments that would either eliminate any First Amendment protection or result in highly permissive rational-basis review. Specifically, the Government contends (1) that trademarks are government speech, not private speech, (2) that trademarks are a form of government subsidy, and (3) that the constitutionality of the disparagement clause should be tested under a new “government-program” doctrine. We address each of these arguments below. [*Editors’ Note:* The discussion in the opinion rejecting arguments (2) and (3) in parts III B and C is omitted.]

A

The First Amendment prohibits Congress and other government entities and actors from “abridging the freedom of speech”; the First Amendment does not say that Congress and other government entities must abridge their own ability to speak freely. And our cases recognize that “[t]he Free Speech Clause . . . does not regulate government speech.” *Pleasant Grove City v. Summum*, 555 U.S. 460, 467 (2009); [citations].

As we have said, “[T]he First Amendment forbids the government to regulate speech in ways that favor some viewpoints or ideas at the expense of others,” *Lamb’s Chapel v. Center Moriches Union Free School Dist.*, 508 U.S. 384, 394 (1993), but imposing a requirement of viewpoint-neutrality on government speech would be paralyzing. When a government entity embarks on a course of action, it necessarily takes a particular viewpoint and rejects others. The Free Speech Clause does not require government to maintain viewpoint neutrality when its officers and employees speak about that venture.

....

... The Federal Government does not dream up ... marks [it registers], and it does not edit marks submitted for registration. Except as required by the statute involved here, 15 U.S.C. §1052(a), an examiner may not reject a mark based on the viewpoint that it appears to express. Thus, unless that section is thought to apply, an examiner does not inquire whether any viewpoint conveyed by a mark is consistent with Government policy or whether any such viewpoint is consistent with that expressed by other marks already on the principal register. ... [I]f the mark meets the Lanham Act’s viewpoint-neutral requirements, registration is mandatory. *Ibid.* (requiring that “[n]o trademark . . . shall be refused registration on the principal register on account of its nature unless” it falls within an enumerated statutory exception). ... [An examiner’s decision to register] is not reviewed by any higher official unless the registration is challenged. [Citation.] Moreover, once a mark is registered, the PTO is not authorized to remove it from the register unless a party moves for cancellation, the registration expires, or the Federal Trade Commission initiates proceedings based on certain grounds. [Citation.]

... If the federal registration of a trademark makes the mark government speech, the Federal Government is babbling prodigiously and incoherently. It is saying many unseemly things. It is expressing contradictory views.⁹ It is unashamedly endorsing a vast array of commercial products and services. And it is providing Delphic advice to the consuming public.

For example, if trademarks represent government speech, what does the Government have in mind when it advises Americans to “make.believe” (Sony), “Think different” (Apple), “Just do it” (Nike), or “Have it your way” (Burger King)? Was the Government warning about a coming disaster when it registered the mark “EndTime Ministries”?

The PTO has made it clear that registration does not constitute approval of a mark. *See In re Old Glory Condom Corp.*, 26 USPQ 2d 1216, 1220, n.3 (TTAB 1993) (“[I]ssuance of a trademark registration . . . is not a government imprimatur”). And it is unlikely that more than a tiny fraction of the public has any idea what federal registration of a trademark means. [Citation.]

9. Compare “Abolish Abortion,” Registration No. 4,935,774 (Apr. 12, 2016), with “I Stand With Planned Parenthood,” Registration No. 5,073,573 (Nov. 1, 2016); compare “Capitalism Is Not Moral, Not Fair, Not Freedom,” Registration No. 4,696,419 (Mar. 3, 2015), with “Capitalism Ensuring Innovation,” Registration No. 3,966,092 (May 24, 2011); compare “Global Warming Is Good,” Registration No. 4,776,235 (July 21, 2015), with “A Solution to Global Warming,” Registration No. 3,875,271 (Nov. 10, 2010).

None of our government speech cases even remotely supports the idea that registered trademarks are government speech....

....

... Trademarks have not traditionally been used to convey a Government message. With the exception of the enforcement of 15 U.S.C. §1052(a), the viewpoint expressed by a mark has not played a role in the decision whether to place it on the principal register. And there is no evidence that the public associates the contents of trademarks with the Federal Government.

... [T]he case on which the Government relies most heavily, *Walker*, ... likely marks the outer bounds of the government-speech doctrine. Holding that the messages on Texas specialty license plates are government speech, the *Walker* Court cited three factors distilled from *Summum*. [Citation.] First, license plates have long been used by the States to convey state messages. [Citation.] Second, license plates “are often closely identified in the public mind” with the State, since they are manufactured and owned by the State, generally designed by the State, and serve as a form of “government ID.” [Citation.] Third, Texas “maintain[ed] direct control over the messages conveyed on its specialty plates.” [Citation.] ... [N]one of these factors are present in this case.

In sum, the federal registration of trademarks is vastly different from ... even the specialty license plates in *Walker*. Holding that the registration of a trademark converts the mark into government speech would constitute a huge and dangerous extension of the government-speech doctrine. For if the registration of trademarks constituted government speech, other systems of government registration could easily be characterized in the same way.

Perhaps the most worrisome implication of the Government’s argument concerns the system of copyright registration. If federal registration makes a trademark government speech and thus eliminates all First Amendment protection, would the registration of the copyright for a book produce a similar transformation? [Citation.]

The Government attempts to distinguish copyright on the ground that it is ““the engine of free expression,”” but as this case illustrates, trademarks often have an expressive content. Companies spend huge amounts to create and publicize trademarks that convey a message. It is true that the necessary brevity of trademarks limits what they can say. But powerful messages can sometimes be conveyed in just a few words.

Trademarks are private, not government, speech.

...

IV

... [W]e must confront a dispute ... on the question whether trademarks are commercial speech and are thus subject to the relaxed scrutiny outlined in *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm’n of Central Hudson Gas & Electric Corp.*, 447 U.S. 557 (1980). The Government and *amici* supporting its position argue that all trademarks are commercial speech. They note that the central purposes of trademarks are commercial and that federal law regulates trademarks to promote fair and orderly interstate commerce.

Tam and his *amici*, on the other hand, contend that many, if not all, trademarks have an expressive component. In other words, these trademarks do not simply identify the source of a product or service but go on to say something more, either about the product or service or some broader issue. The trademark in this case illustrates this point. The name “The Slants” not only identifies the band but expresses a view about social issues.

We need not resolve this debate ... because the disparagement clause cannot withstand even *Central Hudson* review.¹⁷ Under *Central Hudson*, a restriction of speech must serve “a substantial interest,” and it must be “narrowly drawn.” [Citation.] This means ... that “[t]he regulatory technique may extend only as far as the interest it serves.” [Citation.] The disparagement clause fails this requirement.

It is claimed that the disparagement clause serves two interests. ... [T]he Government asserts an interest in preventing “underrepresented groups” from being “bombarDED with demeaning messages in commercial advertising. [Citation.]... [I]ts unmistakable thrust is this: The Government has an interest in preventing speech expressing ideas that offend. ... [T]hat idea strikes at the heart of the First Amendment. Speech that demeans on the basis of race, ethnicity, gender, religion, age, disability, or any other similar ground is hateful; but the proudest boast of our free speech jurisprudence is that we protect the freedom to express “the thought that we hate.” *United States v. Schwimmer*, 279 U.S. 644, 655 (1929) (Holmes, J., dissenting).

The second interest asserted is protecting the orderly flow of commerce. [Citations.] Commerce, we are told, is disrupted by trademarks that “involv[e] disparagement of race, gender, ethnicity, national origin, religion, sexual orientation, and similar demographic classification.” [Citation.] Such trademarks are analogized to discriminatory conduct, which has been recognized to have an adverse effect on commerce. [Citations.]

A simple answer ... is that the disparagement clause is not “narrowly drawn” to drive out trademarks that support invidious discrimination. The clause reaches any trademark that disparages *any person, group, or institution*. It applies to trademarks like the following: “Down with racists,” “Down with sexists,” “Down with homophobes.” It is not an anti-discrimination clause; it is a happy-talk clause. In this way, it goes much further than is necessary to serve the interest asserted.

The clause is far too broad in other ways as well. The clause protects every person living or dead as well as every institution. Is it conceivable that commerce would be disrupted by a trademark saying: “James Buchanan was a disastrous president” or “Slavery is an evil institution”?

There is also a deeper problem with the argument that commercial speech may be cleansed of any expression likely to cause offense. The commercial market is well stocked with merchandise that disparages prominent figures and groups, and the line between commercial and non-commercial speech is not always clear, as this case illustrates. If affixing the commercial label permits the suppression of any speech that may lead to political or social “volatility,” free speech would be endangered.

¹⁷. [W]e leave open the question whether *Central Hudson* provides the appropriate test for deciding free speech challenges to provisions of the Lanham Act. And nothing in our decision should be read to speak to the validity of state unfair competition provisions or product libel laws that are not before us and differ from §1052(d)’s disparagement clause.

For these reasons, we hold that the disparagement clause violates the Free Speech Clause of the First Amendment. The judgment of the Federal Circuit is affirmed.

It is so ordered.

Justice Gorsuch took no part in the consideration or decision of this case.

JUSTICE KENNEDY, with whom Justice Ginsburg, Justice Sotomayor, and Justice Kagan join, concurring in part and concurring in the judgment.

...

As the Court is correct to hold, §1052(a) constitutes viewpoint discrimination--a form of speech suppression so potent that it must be subject to rigorous constitutional scrutiny. The Government's action and the statute on which it is based cannot survive this scrutiny.

The Court is correct in its judgment, and I join Parts I, II, and III-A of its opinion. This separate writing explains in greater detail why the First Amendment's protections against viewpoint discrimination apply to the trademark here. It submits further that the viewpoint discrimination rationale renders unnecessary any extended treatment of other questions raised by the parties.

I

Those few categories of speech that the government can regulate or punish--for instance, fraud, defamation, or incitement--are well established within our constitutional tradition. [Citation.] Aside from these and a few other narrow exceptions, it is a fundamental principle of the First Amendment that the government may not punish or suppress speech based on disapproval of the ideas or perspectives the speech conveys. [Citation.]

The First Amendment guards against laws "targeted at specific subject matter," a form of speech suppression known as content based discrimination. [Citation.] This category includes a subtype of laws that go further, aimed at the suppression of "particular views . . . on a subject." [Citation.] A law found to discriminate based on viewpoint is an "egregious form of content discrimination," which is "presumptively unconstitutional." *Rosenberger [v. Rector and Visitors of Univ. of Va.]*, [515 U.S. 819] at 829-830 [1995].

...[T]he test ... is whether ... the government has singled out a subset of messages for disfavor based on the views expressed. [Citation.] ... [T]he disparagement clause ... identifies the relevant subject as "persons, living or dead, institutions, beliefs, or national symbols." 15 U.S.C. §1052(a). Within that category, an applicant may register a positive or benign mark but not a derogatory one. The law thus reflects the Government's disapproval of a subset of messages it finds offensive. This is the essence of viewpoint discrimination.

The Government ... argues ... that the law is viewpoint neutral because it applies in equal measure to any trademark that demeans or offends. This misses the point. A subject that is first defined by content and then regulated or censored by mandating only one sort of comment is not viewpoint neutral. ... By mandating positivity, the law here might silence dissent and distort the marketplace of ideas.

The Government next suggests that the statute is viewpoint neutral because the disparagement clause applies to trademarks regardless of the applicant’s personal views or reasons for using the mark. Instead, registration is denied based on the expected reaction of the applicant’s audience. ...

The Government may not insulate a law ... by tying censorship to the reaction of the speaker’s audience. ... The danger of viewpoint discrimination is that the government is attempting to remove certain ideas or perspectives from a broader debate. That danger is all the greater if the ideas or perspectives are ones a particular audience might think offensive, at least at first hearing. An initial reaction may prompt further reflection, leading to a more reasoned, more tolerant position.

Indeed, a speech burden based on audience reactions is simply government hostility and intervention in a different guise. The speech is targeted ... based on the government’s disapproval of the speaker’s choice of message. And it is the government itself that is attempting in this case to decide whether the relevant audience would find the speech offensive. For reasons like these, the Court’s cases have long prohibited the government from justifying a First Amendment burden by pointing to the offensiveness of the speech to be suppressed. [Citation.]

...

II

The parties dispute whether trademarks are commercial speech ... The ... issue may turn on whether certain commercial concerns for the protection of trademarks might, as a general matter, be the basis for regulation. However that issue is resolved, the viewpoint based discrimination at issue here necessarily invokes heightened scrutiny.

“Commercial speech is no exception,” ... to the principle that the First Amendment “requires heightened scrutiny whenever the government creates a regulation of speech because of disagreement with the message it conveys.” *Sorrell v. IMS Health Inc.*, 564 U.S. 552, 566 (2011) (internal quotation marks omitted). Unlike content based discrimination, discrimination based on viewpoint, including a regulation that targets speech for its offensiveness, remains of serious concern in the commercial context. *See Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 65, 71-72 (1983).

... In the realm of trademarks, the metaphorical marketplace of ideas becomes a tangible, powerful reality.... [M]arks make up part of the expression of everyday life, as with the names of entertainment groups, broadcast networks, designer clothing, newspapers, automobiles, candy bars, toys, and so on. Nonprofit organizations--ranging from medical-research charities and other humanitarian causes to political advocacy groups--also have trademarks, which they use to compete in a real economic sense for funding and other resources as they seek to persuade others to join their cause. To permit viewpoint discrimination in this context is to permit Government censorship.

This case does not present the question of how other provisions of the Lanham Act should be analyzed under the First Amendment. It is well settled, for instance, that to the extent a trademark is confusing or misleading the law can protect consumers and trademark owners. *See, e.g., FTC v. Winsted Hosiery Co.*, 258 U.S. 483, 493 (1922) (“The labels in question are literally false, and . . . palpably so. All are, as the Commission found, calculated to deceive and do in fact deceive a substantial portion of the purchasing

public”). This case also does not involve laws related to product labeling or otherwise designed to protect consumers. *See Sorrell, supra*, at 579 (“[T]he government’s legitimate interest in protecting consumers from commercial harms explains why commercial speech can be subject to greater governmental regulation than noncommercial speech” (internal quotation marks omitted)). These considerations, however, do not alter the speech principles that bar the viewpoint discrimination embodied in the statutory provision at issue here.

[T]he Court’s precedents have recognized just one narrow situation in which viewpoint discrimination is permissible: where the government itself is speaking or recruiting others to communicate a message on its behalf. [Citations.] The exception is necessary to allow the government to stake out positions and pursue policies. [Citation.] But it is also narrow, to prevent the government from claiming that every government program is exempt from the First Amendment. ...

... .

A law that can be directed against speech found offensive to some portion of the public can be turned against minority and dissenting views to the detriment of all. The First Amendment does not entrust that power to the government’s benevolence. Instead, our reliance must be on the substantial safeguards of free and open discussion in a democratic society.

For these reasons, I join the Court’s opinion in part and concur in the judgment.

JUSTICE THOMAS, CONCURRING IN PART AND CONCURRING IN THE JUDGMENT.

I join the opinion of Justice Alito, except for Part II....

I also write separately because “I continue to believe that when the government seeks to restrict truthful speech in order to suppress the ideas it conveys, strict scrutiny is appropriate, whether or not the speech in question may be characterized as ‘commercial.’” [Citations.]

Iancu v. Brunetti

139 S. Ct. 2294, 204 L. Ed.2d 714 (S. Ct. 2019)

JUSTICE KAGAN delivered the opinion of the Court.

Two Terms ago, in *Matal v. Tam*, [citation], this Court invalidated the Lanham Act’s bar on the registration of “disparag[ing]” trademarks. 15 U. S. C. §1052(a). Although split between two non-majority opinions, all Members of the Court agreed that the provision violated the First Amendment because it discriminated on the basis of viewpoint. Today we consider a First Amendment challenge to a neighboring provision of the Act, prohibiting the registration of “immoral[] or scandalous” trademarks. *Ibid.* We hold that this provision infringes the First Amendment for the same reason: It too disfavors certain ideas.

I

Respondent Erik Brunetti is an artist and entrepreneur who founded a clothing line that uses the

trademark FUCT. According to Brunetti, the mark (which functions as the clothing's brand name) is pronounced as four letters, one after the other: F-U-C-T. But you might read it differently and, if so, you would hardly be alone.... That common perception caused difficulties for Brunetti when he tried to register his mark with the U S. Patent and Trademark Office (PTO).

II

...[I]n *Tam*... [t]he eight-Justice Court divided evenly between two opinions and could not agree on the overall framework for deciding the case. ... But all the Justices agreed on two propositions. First, if a trademark registration bar is viewpoint-based, it is unconstitutional. [Citations.] And second, the disparagement bar was viewpoint-based. [Citations.]

The Justices thus found common ground in a core postulate of free speech law: The government may not discriminate against speech based on the ideas or opinions it conveys. [Citation]. In Justice Kennedy's explanation, the disparagement bar allowed a trademark owner to register a mark if it was "positive" about a person, but not if it was "derogatory." [Citation]. That was the "essence of viewpoint discrimination," he continued, because "[t]he law thus reflects the Government's disapproval of a subset of messages it finds offensive." [Citation.] Justice Alito emphasized that the statute "denie[d] registration to any mark" whose disparaging message was "offensive to a substantial percentage of the members of any group." [Citation.] The bar thus violated the "bedrock First Amendment principle" that the government cannot discriminate against "ideas that offend." [Citation.] Slightly different explanations, then, but a shared conclusion: Viewpoint discrimination doomed the disparagement bar.

If the "immoral or scandalous" bar similarly discriminates on the basis of viewpoint, it must also collide with our First Amendment doctrine. ... [T]he Government offers a theory for upholding the bar if it is viewpoint-neutral (essentially, that the bar would then be a reasonable condition on a government benefit). But the Government agrees that under *Tam* it may not "deny registration based on the views expressed" by a mark... So the key question becomes: Is the "immoral or scandalous" criterion in the Lanham Act viewpoint-neutral or viewpoint-based?

It is viewpoint-based. The meanings of "immoral" and "scandalous" are not mysterious, but resort to some dictionaries still helps to lay bare the problem. When is expressive material "immoral"? According to a standard definition, when it is "inconsistent with rectitude, purity, or good morals"; "wicked"; or "vicious." Webster's New International Dictionary 1246 (2d ed. 1949). Or again, when it is "opposed to or violating morality"; or "morally evil." Shorter Oxford English Dictionary 961 (3d ed. 1947). So the Lanham Act permits registration of marks that champion society's sense of rectitude and morality, but not marks that denigrate those concepts. And when is such material "scandalous"? Says a typical definition, when it "giv[es] offense to the conscience or moral feelings"; "excite[s] reprobation"; or "call[s] out condemnation." Webster's New International Dictionary, at 2229. Or again, when it is "shocking to the sense of truth, decency, or propriety"; "disgraceful"; "offensive"; or "disreputable." Funk & Wagnalls New Standard Dictionary 2186 (1944). So the Lanham Act allows registration of marks when their messages accord with, but not when their messages defy, society's sense of decency or propriety. Put the pair of overlapping terms together and the statute, on its face, distinguishes between two opposed sets of ideas: those aligned with conventional moral standards and those hostile to them; those inducing societal nods of approval and those provoking offense and condemnation. The statute favors the former, and disfavors the

latter. ...

The facial viewpoint bias in the law results in viewpoint-discriminatory application. Recall that the PTO itself describes the “immoral or scandalous” criterion using much the same language as in the dictionary definitions recited above. The PTO, for example, asks whether the public would view the mark as “shocking to the sense of truth, decency, or propriety”; “calling out for condemnation”; “offensive”; or “disreputable.” Using those guideposts, the PTO has refused to register marks communicating “immoral” or “scandalous” views about (among other things) drug use, religion, and terrorism. But all the while, it has approved registration of marks expressing more accepted views on the same topics. [Citations.]

Here are some samples. The PTO rejected marks conveying approval of drug use (YOU CAN’T SPELL HEALTHCARE WITHOUT THC for pain-relief medication, MARIJUANA COLA and KO KANE for beverages) because it is scandalous to “inappropriately glamoriz[e] drug abuse.” [Citations.] But at the same time, the PTO registered marks with such sayings as D.A.R.E. TO RESIST DRUGS AND VIOLENCE and SAY NO TO DRUGS—REALITY IS THE BEST TRIP IN LIFE. [Citations.] Similarly, the PTO disapproved registration for the mark BONG HITS 4 JESUS because it “suggests that people should engage in an illegal activity [in connection with] worship” and because “Christians would be morally outraged by a statement that connects Jesus Christ with illegal drug use.” [Citation.] And the PTO refused to register trademarks associating religious references with products (AGNUS DEI for safes and MADONNA for wine) because they would be “offensive to most individuals of the Christian faith” and “shocking to the sense of propriety.” *Ex parte Summit Brass & Bronze Works*, 59 USPQ 22, 23 (Dec. Com. Pat. 1943); *In re Riverbank Canning Co.*, 95 F. 2d 327, 329, 25 C.C.P.A. 1028, 1938 Dec. Comm’r Pat. 442 (CCPA 1938). But once again, the PTO approved marks—PRAISE THE LORD for a game and JESUS DIED FOR YOU on clothing—whose message suggested religious faith rather than blasphemy or irreverence. [Citations.] Finally, the PTO rejected marks reflecting support for al-Qaeda (BABY AL QAEDA and AL-QAEDA on t-shirts) “because the bombing of civilians and other terrorist acts are shocking to the sense of decency and call out for condemnation.” [Citations.] Yet it approved registration of a mark with the words WAR ON TERROR MEMORIAL. [Citation.] Of course, all these decisions are understandable. The rejected marks express opinions that are, at the least, offensive to many Americans. But as the Court made clear in *Tam*, a law disfavoring “ideas that offend” discriminates based on viewpoint, in violation of the First Amendment. [Citation].

... The Government basically asks us to treat decisions like those ... as PTO examiners’ mistakes. ... [T]he Government tells us to ignore how the Lanham Act’s language, on its face, disfavors some ideas. ... [T]he Government does not dispute that the statutory language—and words used to define it—have just that effect. At oral argument, the Government conceded: “[I]f you just looked at the words like ‘shocking’ and ‘offensive’ on their face and gave them their ordinary meanings[,] they could easily encompass material that was shocking [or offensive] because it expressed an outrageous point of view or a point of view that most members” of society reject. But no matter, says the Government, because the statute is “susceptible of” a limiting construction that would remove this viewpoint bias (arguing that the Court should “attempt to construe [the] statute in a way that would render it constitutional”). The Government’s idea ... is to narrow the statutory bar to “marks that are offensive [or] shocking to a substantial segment of the public because of their mode of expression, independent of any views that they may express.” ... [T]he Government explains that this reinterpretation would mostly restrict the PTO to refusing marks that are “vulgar”—meaning “lewd,” “sexually explicit or profane.” Such a reconfigured bar, the Government says,

would not turn on viewpoint, and so we could uphold it.

But ... the statute says something markedly different. ... [T]hat canon of construction applies only when ambiguity exists. ... So even assuming the Government’s reading would eliminate First Amendment problems, we may adopt it only if we can see it in the statutory language. ... The “immoral or scandalous” bar stretches far beyond the Government’s proposed construction. The statute ... does not draw the line at lewd, sexually explicit, or profane marks. Nor does it refer only to marks whose “mode of expression,” independent of viewpoint, is particularly offensive. It covers the universe of immoral or scandalous—or (to use some PTO synonyms) offensive or disreputable—material. Whether or not lewd or profane. Whether the scandal and immorality comes from mode or instead from viewpoint. To cut the statute off where the Government urges is not to interpret the statute Congress enacted, but to fashion a new one.*

... [T]he Government invokes our First Amendment overbreadth doctrine, and asks us to uphold the statute against facial attack because its unconstitutional applications are not “substantial” relative to “the statute’s plainly legitimate sweep.” [Citation.] ... [T]his Court has never applied that kind of analysis to a viewpoint-discriminatory law. In *Tam*, for example, we did not pause to consider whether the disparagement clause might admit some permissible applications (say, to certain libelous speech) before striking it down. The Court’s finding of viewpoint bias ended the matter. And similarly, it seems unlikely we would compare permissible and impermissible applications if Congress outright banned “offensive” (or to use some other examples, “divisive” or “subversive”) speech. Once we have found that a law “aim[s] at the suppression of” views, why would it matter that Congress could have captured some of the same speech through a viewpoint-neutral statute? But in any event, the “immoral or scandalous” bar is substantially overbroad. There are a great many immoral and scandalous ideas in the world (even more than there are swearwords), and the Lanham Act covers them all. It therefore violates the First Amendment.

We accordingly affirm the judgment of the Court of Appeals.

[Justice Alito’s concurring opinion, Justice Roberts’ concurring in part and dissenting in part opinion and Justice Breyer’s separate concurring in part and dissenting in part opinion are omitted. All nine Justices found the immoral prong unconstitutional. The three partial dissents found that scandalous marks are subject to a narrowing construction that avoids facial unconstitutionality.]

JUSTICE SOTOMAYOR, with whom Justice Breyer joins, concurring in part and dissenting in part.

The Court’s decision today will beget unfortunate results. ... [T]he Government will have no statutory basis to refuse (and thus no choice but to begin) registering marks containing the most vulgar,

* We reject the dissent’s statutory surgery for the same reason. Although conceding that the term “immoral” cannot be saved, the dissent thinks that the term “scandalous” can be read as the Government proposes. But that term is not “ambiguous,” as the dissent argues; it is just broad. ... Even if hived off from “immoral” marks, the category of scandalous marks ... includes *both* marks that offend by the ideas they convey *and* marks that offend by their mode of expression. And its coverage of the former means that it discriminates based on viewpoint. We say nothing at all about a statute that covers only the latter—or, in the Government’s more concrete description, a statute limited to lewd, sexually explicit, and profane marks. Nor do we say anything about how to evaluate viewpoint-neutral restrictions on trademark registration—because the “scandalous” bar (whether or not attached to the “immoral” bar) is not one.

profane, or obscene words and images imaginable.

The coming rush to register such trademarks—and the Government’s immediate powerlessness to say no—is eminently avoidable. Rather than read the relevant text as the majority does, it is equally possible to read that provision’s bar on the registration of “scandalous” marks to address only obscenity, vulgarity, and profanity. Such a narrowing construction would save that duly enacted legislative text by rendering it a reasonable, viewpoint-neutral restriction on speech that is permissible in the context of a beneficial governmental initiative like the trademark-registration system. ...

....

... Unquestionably, “scandalous” can mean something similar to “immoral” and thus favor some viewpoints over others. But it does not have to be read that way. To say that a word or image is “scandalous” can instead mean that it is simply indecent, shocking, or generally offensive. *See* Funk & Wagnalls New Standard Dictionary 2186 (1944) (Funk & Wagnalls) (“shocking to the sense of truth, decency, or propriety; disgraceful, offensive” (emphasis added)); Webster’s New International Dictionary 2229 (1942) (“exciting reprobation; calling out condemnation”); 9 Oxford English Dictionary 175 (1933) (“Of the nature of, or causing, a ‘stumbling-block’ or occasion of offence”); 8 Century Dictionary and Cyclopedia 5374 (1911) (Century Dictionary) (“Causing scandal or offense; exciting reproach or reprobation; extremely offensive to the sense of duty or propriety; shameful; shocking”); see also Webster’s New College Dictionary 1008 (3d ed. 2005) (“shocking or offensive”). That offensiveness could result from the views expressed, but it could also result from the way in which those views are expressed: using a manner of expression that is “shocking to [one’s] sense of . . . decency,” Funk & Wagnalls 2186, or “extremely offensive to the sense of . . . propriety,” 8 Century Dictionary 5374.

The word “scandalous” on its own, then, is ambiguous: It can be read broadly (to cover both offensive ideas and offensive manners of expressing ideas), or it can be read narrowly (to cover only offensive modes of expression). That alone raises the possibility that a limiting construction might be appropriate. But the broader text confirms the reasonableness of the narrower reading, because the word “scandalous” appears in the statute alongside other words that can, and should, be read to constrain its scope.

....

Here, Congress also [used] the words “immoral” and “disparage,” in the same block of statutory text—each as a separate feature that could render a mark unregistrable. *See* §1052(a). *Tam* already decided that “disparage” served to prohibit marks that were offensive because they derided a particular person or group. [Citation.] That defines one of the three words. Meanwhile, as the majority explains, the word “immoral” prohibits marks that are offensive because they transgress widely held moral beliefs. That defines a second of the three words.

... [W]hat work did Congress intend for “scandalous” to do? A logical answer is that Congress meant for “scandalous” to target a third and distinct type of offensiveness: offensiveness in the mode of communication rather than the idea. The other two words cover marks that are offensive because of the ideas they express; the “scandalous” clause covers marks that are offensive because of the mode of expression, apart from any particular message or idea.

....

The text of §1052... is a grab bag: It bars the registration of marks featuring “immoral, deceptive, or scandalous matter,” as well as, *inter alia*, disparaging marks, flags, insignias, mislabeled wines, and deceased Presidents. See §§1052(a)-(e). This is not, in other words, a situation in which Congress was simply being “verbos[e] and proli[x],” *Bruesewitz v. Wyeth LLC*, 562 U. S. 223, 236, 131 S. Ct. 1068, 179 L. Ed. 2d 1 (2011), using two synonyms in rapid-fire succession when one would have done fine. Instead, “scandalous” and “immoral” are separated by an unrelated word (“deceptive”) and mixed in with a lengthy series of other, unrelated concepts. The two therefore need not be interpreted as mutually reinforcing under the Court’s precedents. [Citation.]

... [T]he majority ... unnecessarily and ill-advisedly collapses the words “scandalous” and “immoral.” Instead, it should treat them as each holding a distinct, nonredundant meaning, with “immoral” covering marks that are offensive because they transgress social norms, and “scandalous” covering marks that are offensive because of the mode in which they are expressed.

What would it mean for “scandalous” in §1052(a) to cover only offensive modes of expression? The most obvious ways—indeed, perhaps the only conceivable ways—in which a trademark can be expressed in a shocking or offensive manner are when the speaker employs obscenity, vulgarity, or profanity. Obscenity has long been defined by this Court’s decision in *Miller v. California*, 413 U. S. 15, 93 S. Ct. 2607, 37 L. Ed. 2d 419 (1973). [Citation.] As for what constitutes “scandalous” vulgarity or profanity, ... I do interpret the term to allow the PTO to restrict (and potentially promulgate guidance to clarify) the small group of lewd words or “swear” words that cause a visceral reaction, that are not commonly used around children, and that are prohibited in comparable settings. *Cf.* 18 U.S.C. §1464 (prohibiting “obscene, indecent, or profane language” in radio communications); *FCC v. Pacifica Foundation*, 438 U.S. 726, 746, 98 S. Ct. 3026, 57 L. Ed. 2d 1073, and n. 22 (1978) (opinion of Stevens, J.) (regulator’s objection to a monologue containing various “four-letter words” was not to its “point of view, but to the way in which it [wa]s expressed”); 46 CFR §67.117(b)(3) (2018) (Coast Guard regulation prohibiting vessel names that “contain” or are “phonetically identical to obscene, indecent, or profane language, or to racial or ethnic epithets”); *see also* Jacobs, *The Public Sensibilities Forum*, 95 Nw. U. L. Rev. 1357, 1416-1417, and n. 432 (2001) (noting that “swear words” are “perhaps more than any other categor[y] capable of specific articulation” and citing one state agency’s list). Of course, “scandalous” offers its own limiting principle: if a word, though not exactly polite, cannot be said to be “scandalous”—*e.g.*, “shocking” or “extremely offensive,” 8 Century Dictionary 5374—it is clearly not the kind of vulgarity or profanity that Congress intended to target. Everyone can think of a small number of words (including the apparent homonym of Brunetti’s mark) that would, however, plainly qualify.⁵

....

5. There is at least one particularly egregious racial epithet that would fit this description as well. While *Matal v. Tam*, 582 U. S. ___, 137 S. Ct. 1744, 198 L. Ed. 2d 366 (2017), removed a statutory basis to deny the registration of racial epithets in general, the Government represented at oral argument that it is holding in abeyance trademark applications that use that particular epithet. As a result of today’s ruling, the Government will now presumably be compelled to register marks containing that epithet as well rather than treating it as a “scandalous” form of profanity under §1052(a).

Freedom of speech is a cornerstone of our society, and the First Amendment protects Brunetti's right to use words like the one at issue here. The Government need not, however, be forced to confer on Brunetti's trademark (and some more extreme) the ancillary benefit of trademark registration, when "scandalous" in §1052(a) can reasonably be read to bar the registration of only those marks that are obscene, vulgar, or profane. Though I concur as to the unconstitutionality of the term "immoral" in §1052(a), I respectfully dissent as to the term "scandalous" in the same statute and would instead uphold it under the narrow construction discussed here.

Note: Implications of *Matal v. Tam* and *Iancu v. Brunetti*

The Supreme Court's *Tam* decision clearly finds that the disparagement clause of Section 2(a) violates the First Amendment's protection of free speech. All eight Justices who participated in the decision (Justice Gorsuch did not participate) agreed with that result, albeit via different paths.

The Justices agreed that trademarks do not come within the government speech exception but disagreed whether strict scrutiny or intermediate scrutiny should apply. Justice Alito's opinion in Part IV, joined by three other Justices, finds that it does not matter because the disparagement clause fails both tests. Justice Kennedy's concurring opinion, also joined by three other Justices, contends that a rigorous level of scrutiny is warranted whether or not trademarks are categorized as commercial speech because the disparagement provision engages in viewpoint discrimination. Justice Thomas, although joining all parts of Justice Alito's opinion except for Part II, separately states that strict scrutiny is warranted "when the government seeks to restrict truthful speech in order to suppress the ideas it conveys ... whether or not the speech in question may be characterized as 'commercial'". Does this mean he agreed with Justice Kennedy's determination that rigorous scrutiny applies even though Justice Thomas joined Part IV of Justice Alito's opinion? Why or why not?

The *Tam* decision had an immediate impact on the long-running battle between Native American groups and Pro Football, Inc., owner of REDSKINS registrations covering the Washington Redskins' football services and related merchandise. The most recent attempt to cancel the REDSKINS registrations as disparaging to Native Americans had been successful, both at the TTAB and at the district court levels, the latter of which upheld the constitutionality of the clause. *See Blackhorse v. Pro-Football, Inc.*, 112 F. Supp. 3d 439 (E.D. Va. 2015). On appeal, the Fourth Circuit stayed decision pending the Supreme Court's decision in *Tam*. After the decision, both the Native American challengers and the Department of Justice admitted defeat in light of *Tam* in letters addressed to the Fourth Circuit.

The *Tam* decision also had an immediate impact on USPTO practice.... After *Tam*, in Examination Guide 1-17, the USPTO stated that disparagement is no longer a valid ground to deny registration and that:

Applications that received an advisory refusal under the disparagement provision and were suspended ... will be removed from suspension and examined for any other requirements or refusals. If an application was previously abandoned after being refused registration under the disparagement provision, and is beyond the deadline for filing a petition to revive, a new application may be filed.

<https://cdn2.hubspot.net/hubfs/454850/Exam%20guide%2001-17-1.pdf>.

Examination Guide 2-19 of the USPTO treated immoral and scandalous marks similarly after *Brunetti*. <https://www.uspto.gov/trademarks/guides-and-manuals/trademark-examination-guides>. Do you agree with Justice Sotomayor’s fear that there will be a gold rush at the USPTO to register obscene, vulgar and profane marks? If a majority had agreed with the limiting interpretation of the dissenters, could an argument be made that some hate speech that disparages a group might fall within one of those categories?

Sonia K. Katyal, in “*Brands Behaving Badly*,” 109 TMR 819 (2019), notes that the *Tam* decision facilitates “the drive to reclaim disparaging terms” but laments the result that registered brands could include racial epithets and hate speech:

The Supreme Court ...produced a curious irony. Just as it empowered individuals like Simon Tam to reclaim and reappropriate historically derogatory terms, it also now extends protection to the most entrepreneurial of haters, too. ...Our branded world ... could soon look more like an endless epithetic enterprise, a virtual Insult-o-Mart of the most flagrant terms of derision.

She further notes:

[Some] might try ... to reclaim a slur, like Simon Tam. But the more offensive words we register, the more we become desensitized to their hurtful power. It becomes more and more difficult to tell the difference between a group that wants to reclaim a mark as an offensive slur, to change its social meaning, and those who just want to offend. ... [S]ome people think that certain words should really only be used by certain people.

Recall the discussion of the protectability of slogans and phrases in Chapter 2[A](1)(a), *supra*. Some are not registrable because they consist of commonly used words or phrases. Could an Examining attorney refuse certain racial epithets as not registrable on that ground? *See In re Snowflake Enterprises, LLC*, Serial No. 87496454 (June 24, 2021) (refused registration of NIGGA for various apparel in view of term’s widespread use).

Prior to the Supreme Court’s decision in *Tam*, Professor Rebecca Tushnet contended that section 2(a) is generally constitutional as set forth below:

I conclude that §2(a) is generally constitutional as a government determination about what speech it is willing to approve, if not endorse. If the Supreme Court disagrees, it will face a difficult job distinguishing other aspects of trademark law. And these difficulties signal a greater problem: the Court has lost touch with the reasons that some content-based distinctions might deserve special scrutiny. Often, perfectly sensible and by no means censorious regulations that depend on identifying the semantic content of speech would fall afoul of a real application of heightened scrutiny, to no good end.

Rebecca Tushnet, *The First Amendment Walks into a Bar: Trademark Regulation and Free Speech*, 92 Notre Dame L. Rev. 381 (2016).

Now that *Tam* and *Brunetti* have declared the disparaging, scandalous and immoral prongs unconstitutional, consider the constitutionality of other bars to registration when encountering them later in

this Chapter. For example, section 2(c) prohibits registration of “a name, portrait or signature identifying a particular living individual [without consent]” or of “a deceased president of the United States, during the life of his widow [without consent of the widow].” Does this provision suppress expressive speech? What if the individuals are public figures? Could someone be barred from registering BILL CLINTON SUCKS for baby bottles? Would this now pass constitutional muster?

Also consider in later chapters whether other statutory provisions present constitutional issues. For example, the tarnishment and blurring prongs of dilution discussed in Chapter 9 protect famous marks even without a finding of likelihood of confusion. If, for instance, CHARBUCKS for coffee were found to dilute the STARBUCKS mark either because it tarnishes or blurs the distinctiveness of that mark, should that raise a constitutional issue? *Cf. Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, Chapter 9.B, *infra*. Was Professor Tushnet correct to raise concerns about “a real application of heightened scrutiny, to no good end”? Should Justice Kagan’s opinion for the majority in *Brunetti*, which focused solely on viewpoint discrimination, alleviate Professor Tushnet’s concerns expressed above? See Rebecca Tushnet’s 43(B)log, *The Supreme Court and the Tone Argument (Iancu v. Brunetti)*, June 25, 2019, <https://tushnet.blogspot.com/2019/06/the-supreme-court-and-tone-argument.html>.

Questions

1. Was the *Brunetti* majority opinion correct in refusing to narrow interpretation of the scandalous prong to encompass only profanity, vulgarity and obscenity in the mode of expression as Justice Sotomayor’s dissenting opinion would have done? Would Congress be free to enact this more limited measure?

2. Professors Beebe and Fromer analyzed treatment of scandalous and immoral marks by PTO Examiners from 2003 through 2015 and concluded that application of the bars was inconsistent and arbitrary. 8 NYU J. Intellectual Property and Entertainment Law (Spring 2019). The authors highlighted 114 applications that received both a scandalous or immoral refusal *and* a 2(d) refusal based on an existing registration that was considered confusingly similar to the applied-for marks. For example, MILF SEEKER for online entertainment services was refused as scandalous and immoral *and* as confusingly similar to MILFHUNTER that was registered for the same services. The article also points to over 700 applications that did not receive a refusal even though the mark matched an existing mark that did. This data was presented to the Supreme Court in *Brunetti* as the co-authors had submitted an amicus brief in favor of the respondent. If Congress enacted a more limited statute as set forth by the dissenters, could Examiners be expected to be more consistent and less arbitrary? Would it be preferable to permit such a bar to registration to be asserted only in opposition or cancellation proceedings brought by third parties at the TTAB similar to likelihood of dilution (as specified in section 2(f))?

3. Recall the discussion in Chapter 2.A.1.a, *supra*, concerning slogans. *Brunetti*’s mark proceeded to registration. Could a competitor petition to cancel on the ground that the mark is a varied spelling of a common saying that consumers would not perceive as identifying source? The Beebe and Fromer article in Question 2 documents the existence of registrations that are similar to *Brunetti*’s for similar goods. Could one of those registrants assert a 2(d) claim in a cancellation proceeding?

4. Is viewpoint discrimination in favor of decorum more or less acceptable than viewpoint discrimination in favor of tolerance and civility? After *Tam*, must the PTO register the gamut of marks

expressing all forms of hate speech? What difference, if any, might it make if the denigrating mark were a collective or certification mark?

b. Deceptive Terms

Page 236. Insert Questions 5-7.

5. CANINE CAVIAR for animal foodstuffs, pet foods and edible pet treats. Evidence submitted by Examiner showed that caviar means fish roe and that at least one U.S. pet food and a couple of UK pet foods include caviar. Applicant's experts indicated that an alternative meaning of caviar is the best of its kind and that caviar is practically non-existent as a pet food ingredient in the U.S. See *In re Canine Pet*, 126 U.S.P.Q.2d 1590 (T.T.A.B. 2018).

6. DENIM & CO. for women's clothing "made of materials other than denim all sold through interactive television and interactive online media wherein the clothing products offered for sale are modeled and whereby detailed information regarding such clothing products is provided including information as to the fabrics and materials from which such clothing is made." See *In re QVC, Inc.*, Serial No. 86670074 (T.T.A.B. Jan. 21, 2020), *on appeal*, *QVC v. Iancu*, 1:20-cv-00318 (D. Va.). After the appeal was filed, the case was settled and registration allowed with a modified description "made of materials other than denim all sold through interactive television and interactive online media that as a matter of course play videos wherein the clothing products offered for sale are modeled and whereby detailed information regarding such clothing products is provided including prominent information as to the fabrics and materials from which such clothing products are made."

7. CLEAR for footwear was initially held merely descriptive by the Examiner. Applicant argued that the footwear was not transparent and amended the description of goods to add "excluding transparent footwear." The Examiner then found that the mark was deceptively misdescriptive. Applicant appealed the decision, arguing that none of the goods are transparent, a fact that would be readily seen by purchasers. Compared with *In re QVC, Inc.*, discussed in Question 6 above, what should the result be? See *In re Dolce Vita, Inc.*, Serial No. 88554717 (T.T.A.B. April 29, 2021). As purchasers would not be aware of the description of goods in the application, was the addition to the description adequate?

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

Page 243. Insert the following text before the last two sentences of *Note: Refusal under 2(b)* and start a new paragraph comprising the last two sentences of the *Note* after this additional text.

The Board articulated factors that Examiners consider in determining whether a flag design will be perceived as a simulation: "(1) color; (2) presentation of the mark; (3) words or other designs to the drawing; and (4) use of the mark on the specimen(s)." *In re Alabama Tourism Dept.*, 2020 U.S.P.Q.2d 10485 (T.T.A.B. 2020). The Board noted, however, the following situations in which refusal of the design of a flag would not be appropriate:

- . The flag design is used to form a letter, number, or design.
- . The flag is substantially obscured by words or designs.
- . The design is not in a shape normally seen in flags.
- . The flag design appears in a color different from that normally used in the national flag.
- . A significant feature is missing or changed.

Id., quoting, TMEP §1204.01(b). The mark at issue in *Alabama Tourism* is shown here:



Applying the criteria outlined above, is the flag design a simulation of the American flag or would refusal “not be appropriate”?

Page 245. Insert Questions 3 and 4.

3. The middle name of Opposer’s founder is Manikchand. Opposer filed an opposition under Section 2(c) against registration of the mark MANIKCHAND for snuff on the ground that it is the name of a living individual. At the time the opposition was filed, Opposer’s founder was alive. However, the founder died before the trial. Does Opposer still have a cognizable claim? Would it have been prudent also to oppose on the ground of false suggestion of a connection under Section 2(a)? See *M/S R.M. Shariwal (HUF) 100% EOU v. Sarda King Ltd.*, 2019 U.S.P.Q.2d 149090 (T.T.A.B. 2019).

4. Before he became U.S. President, Donald Trump used the TRUMP name and mark widely in connection with real estate developments, hotels, casinos and various types of merchandise, such as wine, posters, furniture, beverage ware and apparel. He was also was a well-known TV reality star and has often been caricatured sporting his shock of blond hair. During his 2016 Presidential campaign, he extensively used the slogan “Making [sic] America Great Again.” ADCO Industries applied to register the following two marks for utility knives:



Would the Examiner have grounds to refuse registration based on section 2(c)? Would there be any other grounds encountered so far that would be applicable, such as false suggestion of a connection under section

2(a)? Would Applicant have a viable argument that refusals based on either ground would violate Applicant’s free speech rights under the Supreme Court’s decisions in *Matal v. Tam* and *Iancu v. Brunetti*, *supra*, section C.1.a, this Supplement? Why or why not? See *In re ADCO Industries-Technologies, L.P.*, 2020 U.S.P.Q.2d 53786 (T.T.A.B. 2020).

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

Page 254. Add Question 5 and the following cases after *Coach*.

5. A threshold issue in determining likelihood of confusion is possession of a protectable, prior right in a mark. The Trademark Office has taken the position that the title of a single work, such as of a single book or movie (as opposed to a series of such works), is not protectable or eligible for registration as it merely describes the content of the work. What if a title also appears on such a work in a different manner? In *DeVivo v. Ortiz*, 2020 U.S.P.Q.2d 10153 (T.T.A.B. 2020), the term ENGIRLNEER appeared as part of a title of a downloadable children’s book “The Engirlnneers Save Fish Pond.” It also identified certain characters in the book and appeared within a seal on the front and back book covers as shown below. Should either of these uses constitute protectable trademark use?



Omaha Steaks Int’l v. Greater Omaha Packing Co., 908 F.3d 1315 (Fed. Cir. 2018). The court vacated and remanded the TTAB’s finding of no likelihood of confusion between Opposer’s OMAHA STEAKS marks for meats and Applicant’s GREATER OMAHA PROVIDING THE HIGHEST QUALITY BEEF and Design for meat, in part due to errors the Board made in assessing the *DuPont* factor of fame. The Board reasoned that Opposer failed to contextualize its evidence of sales, advertising and promotion. The court found that this was error and noted:

The Board misreads *Bose*. The Board interpreted *Bose* to require evidence of resulting “market share.” Our holding was not so narrow. Market share is but one way of contextualizing ad expenditures or sales figures. See *Bose*, 293 F.3d at 1375 (“The Board

suggested that one form of such context would be the substantiality of the sales or advertising figures for comparable types of products.”). Though *Bose* expressly approves of using market share, it does not require it. *See id.* (discussing other contextual evidence such as “general reputation” of marked product).

Bose simply concluded that in light of modern advertising, “raw numbers *alone* in today’s world may be misleading.” *Id.* (emphasis added). *Bose* explained that understanding the type of advertising was key to contextualizing the numbers to arrive at a proper understanding of whether customers would recognize the mark. For example, “a 30-second spot commercial shown during a Super Bowl football game may cost a vast sum, but the expenditure may have little if any impact on how the public reacts to the commercial message.” *Id.* At the other end of the spectrum, “handbills passed at little cost to millions of consumers (for example, to New Yorkers exiting subway stations) may amount to the kind of advertising that is probative of consumer recognition of a mark.” *Id.*

Here, as the Board’s own factual findings confirm, Omaha Steaks provided considerable contextual evidence of the type of advertisements and *promotions* it uses to gain sales. Specifically, Omaha Steaks senior vice president of sales and marketing, Mr. Simon, testified that it markets and sells its Omaha Steaks’ products via:

- catalog and direct mail, a daily blast email, customer calls, and on social media platforms, including Twitter, Instagram, Pinterest, and Facebook, where it has over 300,000 followers.
- a direct mail advertising program operating on a rotating basis with about 2 million customers that are solicited throughout the year.
- national radio and television campaigns, free-standing print campaigns, and mention in national magazines, including *Time*, *Newsweek*, *Playboy*, and *PC Magazine*, and newspapers, including *USA Today*, the *Wall Street Journal*, the *New York Times*, and the *LA Times*.
- TV promotions of goods and services under the Omaha Steaks mark on the following TV shows: “Fox & Friends,” “Hell’s Kitchen,” “Celebrity Apprentice,” and “The View.”
- features of Omaha Steaks products on “The Oprah Winfrey Show,” “The Ellen DeGeneres Show,” “Food Factory,” “Unwrapped,” and “Military Makeover.”
- unsolicited movie and TV allusions to Omaha Steaks. *See, e.g.*, J.A. 38 (discussing mentions in “Dodgeball,” “Flipper,” “The West Wing,” “Seinfeld,” “The George Lopez Show,” and “Dennis Miller Live”).
- seventy-five stores in twenty-five states, including New York, Illinois, Florida, Georgia, Ohio, Kentucky, Missouri, Nebraska, California,

Colorado, Nevada, Arizona, Texas, Pennsylvania, and New Jersey, as well as two kiosks at the Omaha airport.

- appearances of Omaha Steaks’ kiosks in nationally released films, including “Up in the Air” and “About Schmidt

The Board’s fact-findings above confirm that due to Omaha Steaks’ sales and marketing efforts, the consuming public has been regularly exposed to Omaha Steaks’ marks on a nationwide scale. Based on this undisputed record, the Board’s conclusion that *Omaha Steaks* did not provide any context for its “raw” sales figures and ad expenditures lacks substantial evidence.

Relatedly, GOP also appears to argue that Omaha Steaks’ evidence of fame should be disregarded because the record does not include copies of the underlying advertisements. The Board emphasized that Omaha Steaks “provided no examples of its advertising content showing how the OMAHA STEAKS marks are used across the various referenced media, or any other evidence corroborating Plaintiff’s testimony. In the Board’s view, such evidence was necessary to understand whether the marks were “being displayed in a manner that leads to widespread recognition.” *Id.*

In *Bose*, such granular detail was necessary given the nature of the marks. Specifically, there was a dispute as to whether the Bose marks at issue—ACOUSTIC WAVE and WAVE—were well-recognized as freestanding marks, or depended on the fame of the already famous BOSE “house mark” in the same ads. *Bose*, 293 F.3d at 1374-75. In turn, that case demanded a careful examination of the ads’ content. *Id.* at 1375 (“In this case, the sales and advertising numbers for ACOUSTIC WAVE and WAVE have to be seen both in the context of how the products are presented in the advertising and sales material (here with sufficient independence from the famous house mark) and in the context of the continuous and extensive critical consideration the marked products have enjoyed.”).

Here, the need to comb through the content of the ad to parse out the level of recognition attributable to a freestanding mark is not present. It is undisputed that the tradename “Omaha Steaks” and related uses in its marks are what is being promoted, not a separate brand merely associated with its house mark. As counsel for Omaha Steaks pointed out during oral argument—and GOP did not dispute—every registered mark submitted here includes the phrase “Omaha Steaks.”

In light of the direct overlap between the company’s name and its marks, it is undisputed that an Omaha Steaks ad involved either its registered tradename, “OMAHA STEAKS,” or one of its registered trademarks displaying that name. Indeed, in several instances, the Board’s own findings also expressly describe the use of an Omaha Steaks trademark in promotional appearances on national television and in major public venues. *See, e.g.*, J.A. 37 (“Todd Simon has personally promoted Plaintiff’s goods and services under the Omaha Steaks mark on the following television shows: ‘Fox & Friends,’ ‘Hell’s Kitchen,’ ‘Celebrity Apprentice’ and ‘The View.’” (emphasis added)); J.A. 38 (“Omaha Steaks’ goods and services are promoted under the Omaha Steaks mark through concessions, and

some signage, at venues in *Omaha*, e.g., the CenturyLink Center arena, TD Ameritrade Park, Ralston arena, Storm Chasers Stadium and the Omaha Henry Doorly Zoo.” (emphasis added)).

In re Guild Mortg. Co., 912 F.3d 1376 (Fed. Cir. 2019). The appellate court vacated the TTAB’s finding of likelihood of confusion between GUILD MORTGAGE COMPANY and Design for mortgage banking services and GUILD INVESTMENT MANAGEMENT for investment advisory services and remanded the proceedings. The court faulted the Board for failing to consider the eighth *DuPont* factor, i.e. the “length of time and conditions under which there has been concurrent use without evidence of actual confusion.” Applicant had put in evidence and made arguments that there was 40 years of concurrent use and that applicant was unaware of any confusion. The court, without deciding the likelihood of confusion issue, said it was error not to address evidence and arguments involving one of the *DuPont* factors:

In every case turning on likelihood of confusion, it is the duty of the examiner, the Board and this court to find, upon consideration of *all* the evidence, whether or not confusion appears likely.” *DuPont*, 476 F.2d at 1362 (emphasis in original). “In discharging this duty, the thirteen *DuPont* factors ‘must be considered’ ‘when [they] are of record.’” *In re Dixie Rests., Inc.*, 105 F.3d 1405, 1406 (Fed. Cir. 1997) (quoting *DuPont*, 476 F.2d at 1361). This is true even though “not all of the *DuPont* factors are relevant or of similar weight in every case.” *Id.* at 1406; *see also Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 1265 (Fed. Cir. 2002) (noting the likelihood of confusion analysis “considers all *DuPont* factors for which there is evidence of record” but may focus on dispositive factors).

The Board erred by failing to address Guild’s argument and evidence related to *DuPont* factor 8, ... In response to the examiner’s refusal to register Guild’s mark on the basis of likelihood of confusion, Guild argued that it and Registrant have coexisted in business for over 40 years without any evidence of actual confusion. Guild attached the declaration of Mary Ann McGarry, its President and CEO, who stated that

Guild is not aware of any instances of actual confusion, or of any evidence to indicate that actual confusion has ever existed between Guild’s use of the mark “GUILD MORTGAGE COMPANY” and the mark “GUILD INVESTMENT MANAGEMENT,” or any other mark incorporating the term “Guild.” Guild has never received any communication from Guild Investment Management, Inc., or from any third party contending that Guild’s use of its mark has infringed upon Guild Investment Management Inc[.]’s mark, or has caused confusion with regard to any other business which uses or incorporates the word “Guild” in its mark, in any way. Guild has no knowledge of ever receiving any inquiries from consumers regarding investment management services of any kind. Guild has never received any communication from consumers or any third party inquiring

as to whether Guild was in any way affiliated with Guild Investment Management, Inc.

...

The PTO responds that the Board properly need not credit this argument because in *ex parte* registration proceedings, the “uncorroborated statements of no known instances of actual confusion” of the only party involved in the case are “of little evidentiary value.” 42 (quoting *In re Majestic Distilling Co.*, 315 F.3d 1311, 1317 (Fed. Cir. 2003)). And during oral argument, the PTO argued that evidence related to *DuPont* factor 8 was “irrelevant.” But these proclamations to dismiss Guild’s evidence out of hand sweep too broadly. *DuPont* factor 7 considers the “nature and extent of any actual confusion.” *DuPont* factor 8 considers the “length of time during and conditions under which there has been concurrent use without evidence of actual confusion.” In *Majestic Distilling*, this court held, “[w]ith regard to the seventh *DuPont* factor, we agree with the Board that Majestic’s uncorroborated statements of no known instances of actual confusion are of little evidentiary value.” 315 F.3d at 1317. The *Majestic Distilling* court did not extend this holding to the eighth factor, which it termed one of Majestic’s “principal challenge[s].” *Id.* The court considered evidence that the marks were used concurrently for 16 years without creating confusion. *Id.* Such evidence weighs against a likelihood of confusion, but must then be balanced against the other evidence of record. The *Majestic Distilling* court held that while “Majestic’s principal arguments are not without merit, . . . we find the balance in this case tilts towards a likelihood of confusion.” *Id.* at 1319.

In this case, although Guild did not submit declarations from the owner of the registered mark or other parties testifying as to the absence of actual confusion, Guild nonetheless presented evidence of concurrent use of the two marks for a particularly long period of time—over 40 years—in which the two businesses operated in the same geographic market—southern California—without any evidence of actual confusion. Further, the Board has found that Guild’s and Registrant’s services are similar and move in the same channels of trade, which is relevant when assessing whether the absence of actual confusion is indicative of the likelihood of confusion. The Board erred in its analysis by failing to consider this evidence and argument as to factor 8. Because this evidence weighs in favor of no likelihood of confusion, we do not deem the Board’s error harmless. We make no assessment as to the evidentiary weight that should be given to Guild’s CEO’s declaration and simply hold that it was error to not consider it. We leave it to the Board to reconsider its likelihood of confusion determination in the first instance in light of all the evidence.

Page 262. Add Editors’ Note after *B&B Hardware*

Editors’ Note: The long-running *B&B Hardware* saga finally came to an end with the Eighth Circuit’s latest opinion in which it affirmed the district court’s judgment in favor of defendant Hargis based on the jury’s finding that B&B committed fraud when it submitted its affidavit of incontestability in support

of its registration to assert secondary meaning in its mark. The incontestability status of that registration was the basis for re-asserting infringement claims. As there was no other intervening factual change that would permit B&B to re-assert such claims, the court affirmed that B&B Hardware was barred by collateral estoppel, and the Supreme Court denied the certiorari petition. *B&B Hardware, Inc. v. Hargis Indus.*, 912 F.3d 445 (8th Cir. 2018), *cert. denied*, 140 S. Ct. 218 (2019).

Page 262. Add the following Question 2 and renumber Questions 2 and 3 as 3 and 4

2. The U.S. trademark registration system is largely and ultimately based on use. The *B&B Hardware* decision grounds the right to registration in the right to use. Should more account of marketplace reality be taken in TTAB adjudications of likelihood of confusion similar to courts' analyses in infringement suits? Why or why not? See L. Ritchie, "What is 'Likely to be Confusing' About Trademark Law: Considering the Disparity Between Registration and Use" 70 Am. U. Law Rev. 1331 (2021).

Page 262. Add Questions 4 and 5 after Question 3.

4. Opposer Cesari's LIANO was an Italian red sangiovese/cabernet sauvignon wine; applicant's LIANA was a Napa Valley late harvest dessert wine that sold at a much higher price point than opposer's wine. Both parties' respective registration and application, however, covered simply "wines" rather than describing specific types or channels of trade. The TTAB found LIANA for wine confusingly similar to LIANO for wine as a matter of law by comparing the marks and goods set forth in the parties' respective application and registration, reasoning:

opposer's pleaded mark LIANO and applicant's mark LIANA, are almost identical. The sole distinction between the two marks is the last letter, which is insufficient to distinguish the marks' high degree of similarity.

With regard to the goods of the pleaded registration and involved application, there is no genuine issue that the parties' goods are identical. Applicant's assertion that its wine is distinguishable because it is a dessert wine is unpersuasive. [Citation.] Here, neither opposer's pleaded registration nor the involved application has restrictions as to the channels of trade or purchasers.

Cesari S.r.l. v. Peju Province, Opp. No. 91158373 (July 20, 2004). Over a decade later, the Southern District of New York granted summary judgment to Cesari with respect to the Peju Province defendant on the basis of issue preclusion:

Defendants ... argue that their actual marketplace usage of LIANA is materially different from that which the TTAB adjudicated [which] ... is limited to: wines from grapes grown in Northern California, wines purchased by sophisticated customers; new world wines; wines priced between \$40 and \$60 a bottle; and wines sold on specific websites and at specific wineries.

Defendants' argument is a distinction without a difference... The specific trade channels and classes of consumers that purportedly characterize the LIANA mark's usage are among the "reasonable trade channels" and "usual classes of consumers" the TTAB considered. In other words, the marketplace usage the TTAB considered, wines, entirely encompasses the narrower usages defendants proffer in this litigation. Wines purchased by sophisticated consumers, after all, are still wines. Because defendants have not offered any evidence that LIANA is used with respect to goods other than wines (bicycles or soda, for instance), there are no "non-disclosed" usages that might necessitate a successive adjudication. *See B&B Hardware*, 135 S. Ct. at 1307-08.

Is this a proper application of *B&B Hardware*? Consider Justice Ginsburg's concurring opinion in the casebook, Ch.4.C.3. Consider also the cases in Chapter 6 on confusing similarity of wine trademarks.

5. Since the mid-1990's, Marshall Mathers III, the well-known musical artist Eminem, has used the following stylization for his name featuring a backward second letter "E" **EMINEM** in connection with his performances and apparel. He has also used the backward "E" alone shown here **E** since 2000 for the same goods and services. On July 17, 2018, he filed an ITU application to register the stylized mark **E13** for a broad range of apparel. Three Thirteen Licensing owns a 2010 registration for the standard character word mark THREE THIRTEEN for a broad range of apparel, some of which items are identical to those covered in the new application for Eminem. Three Thirteen filed an opposition, asserting likelihood of confusion under 2(d). How should the Board rule? *See Three Thirteen Licensing, LLC v. Marshall B. Mathers III*, Opposition No. 91242434 (T.T.A.B March 17, 2020) (judgment for Applicant on procedural grounds).

5. Section 2(e)(4) of the Lanham Act: Surnames and Other Issues

Page 284. Add Question 4 and case excerpt below.

4. Does adding an initial or two before a surname transform it into a personal name rather than just a surname? In *In re Colors in Optics, Inc.*, 2020 U.S.P.Q.2d 53784 (T.T.A.B. 2020), J. HUTTON for eyewear met with a surname refusal. Applicant contended that the mark stood for Jade Hutton, whose consent (signed by Jade Hutton) was submitted at the PTO. The Board noted that her father Sanford Hutton was CEO of the company, and that there was no evidence presented that she used or was known as J. Hutton. The Board affirmed the refusal and distinguished cases relied upon by the Applicant. For example, J.J. Yeley, well known by that designation as a race car driver, was not found to be primarily merely a surname. The Board, albeit noting that two initials are more likely to succeed than one initial in creating a personal name rather than "merely a surname," rejected a per se rule and indicated in some cases a single initial may be enough and two initials may not be. What type of evidence would the Applicant need to provide in order to overcome the refusal of J. HUTTON? Recall the discussion in *Peaceable Planet, Inc. v. Ty*, casebook at p. 69-70, of rationales for the common law rule of requiring secondary meaning for first names as well as for surnames. Is there any rationale that justifies allowing registration of personal names

without secondary meaning? Does the reasoning articulated in *Ty* provide any guidance for not applying the common law rule regarding personal names in the registration context?

Schlafly v. St. Louis Brewery, LLC, 909 F.3d 420 (Fed. Cir. 2018). A showing of secondary meaning is required when a mark is merely a surname. Here, the political activist Phyllis Schlafly and Dr. Bruce Schlafly opposed registration of the word mark SCHLAFLY for beer on the ground that it was merely a surname that was in fact associated with the well-known Phyllis Schlafly and that secondary meaning had not been proven because no survey evidence had been submitted. The Federal Circuit rejected this argument and found that the evidence of secondary meaning submitted by Applicant was sufficient without a survey.

Section 2.41 of Title 37 of the Code of Federal Regulations in relevant part, provides that the following types of evidence may be considered to show secondary meaning:

- (1) *Ownership of prior registration(s)*. In appropriate cases, ownership of one or more active prior registrations on the Principal Register or under the Trademark Act of 1905 of the same mark may be accepted as prima facie evidence of distinctiveness if the goods or services are sufficiently similar to the goods or services in the application; however, further evidence may be required.
- (2) *Five years substantially exclusive and continuous use in commerce*. In appropriate cases, if a trademark or service mark is said to have become distinctive of the applicant's goods or services by reason of the applicant's substantially exclusive and continuous use of the mark in commerce for the five years before the date on which the claim of distinctiveness is made, a showing by way of verified statements in the application may be accepted as prima facie evidence of distinctiveness; however, further evidence may be required.
- (3) *Other evidence*. In appropriate cases, where the applicant claims that a mark has become distinctive in commerce of the applicant's goods or services, the applicant may, in support of registrability, submit with the application, or in response to a request for evidence or to a refusal to register, verified statements, depositions, or other appropriate evidence showing duration, extent, and nature of the use in commerce and advertising expenditures in connection therewith (identifying types of media and attaching typical advertisements), and verified statements, letters or statements from the trade or public, or both, or other appropriate evidence of distinctiveness.

37 C.F.R. § 2.41(a).

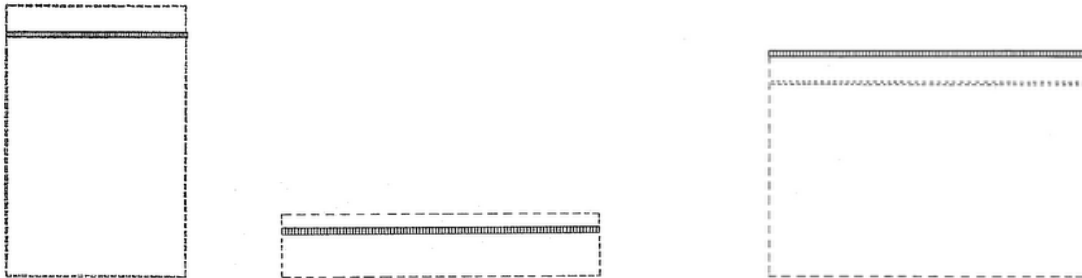
SLB presented all three types of evidence to the Board, and the Board evaluated fifteen different forms of evidence in reaching its conclusion. These included evidence of the commercial success of SCHLAFLY-branded beer through sales at restaurants and large

retailers, evidence of sales of over seventy-five million servings of SCHLAFly-branded beer between 2009 and 2014, and media coverage in local and national media outlets, including USA Today, The Washington Post, and The Wall Street Journal. In addition, SLB demonstrated more than twenty-five years of continuous use of the SCHLAFly mark. The Board also found direct evidence, in the form of press notices which were “direct evidence of third-party perceptions of the mark.” The Board and courts have recognized that both direct and circumstantial evidence may show secondary meaning. *See Yamaha Intern. Corp. v. Hoshino Gakki Co., Ltd.*, 840 F.2d 1572, 1583, (Fed. Cir. 1988) (“[A]bsence of consumer surveys need not preclude a finding of acquired distinctiveness. . . . To prove distinctiveness under 15 U.S.C. § 1052(f), applicants may submit any appropriate evidence tending to show that the mark distinguishes [applicant’s] goods.”) (internal quotation marks omitted).²

6. Section 2(e)(5) of the Lanham Act: Functionality

Page 291. Renumber Question as 1 and insert Question 2.

2. Illinois Tool owns three registrations for colored stripes across the top of plastic storage bags, flexible reclosable faster strips and reclosable film tubing and plastic film sheeting. The drawings of the three marks are shown below:



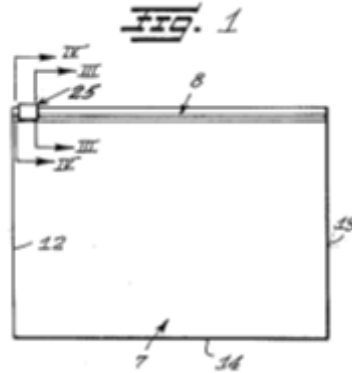
Poly-American petitioned to cancel the registrations on ground that the product design features are functional. Illinois Tool also had owned an expired patent, claim 6 of which is set forth below:

6. A flexible closure comprising a pair of flexible closure strips each having a web portion and a marginal portion integral therewith, the marginal portions having interlocking rib and groove elements extending there along and forming a lock between the marginal portions when engaged, . . . and a separating flange on the marginal portion of at least one of said strips for separating the strips and the rib and groove elements and disengaging the lock,

2. *See also Herman Miller, Inc. v. Palazzetti Imports and Exports, Inc.*, 270 F.3d 298, 315, (6th Cir. 2001) (“[C]onsumer surveys, while helpful, are not a prerequisite to establishing secondary meaning.”); *see* 2 McCarthy on Trademarks and Unfair Competition § 15:30 (“Survey data is direct evidence of secondary meaning. But survey evidence is not required. Secondary meaning can be, and most often is, proven by circumstantial evidence.”).

said flange being colored differently than the strips to facilitate identification of the flange and assist in separation of the strips.

One of the expired patent's drawings is reproduced below:



Illinois Tool contends that 50 years of use convinced the inventor that there had never been any functionality to its color line trademarks. How should the Board rule? See *Poly-America, L.P. v. Illinois Tool Works Inc.*, 124 U.S.P.Q.2d 1508 (T.T.A.B. 2017).

Chapter 5

Loss of Trademark Rights

A. Genericism

1. Development of the Standard

Page 299. Add new Question 3:

3. Recall the CHEERIOS trademark claim that was rejected by the TTAB in *In re General Mills IP Holdings II, LLC*, 124 U.S.P.Q.2d 1016 (T.T.A.B. 2017), this Supplement, *supra*, Chapter 2.A.1. The Board in that case held that the yellow cereal box did not function as a mark, partly based on the fact that “the breakfast cereal marketplace is awash in brightly colored” yellow packages. *See also, Milwaukee Electric Tool Corp. v. Freud America, Inc.*, 2019 U.S.P.Q.2d 460354 (T.T.A.B. 2019) (color red held generic for saw blades and saws where evidence showed more than four dozen third-party uses of red in connection with such products). Could General Mills have taken any action previously that would have changed this result? Would the *Bayer Co. v. United Drug Co.* decision, which found ASPIRIN generic for consumers, have offered any helpful guidance?

Page 304. *Elliott v. Google, Inc.* was affirmed. 860 F.3d 1151 (9th Cir. 2017).

2. Implementing the Standard: Survey Evidence

Page 310. Add the following Question after the *Dupont* decision:

Question

Do you agree with the *Dupont* court that Dupont’s second survey was superior to the Thermos-type study in measuring the primary significance of a term to consumers?

Page 310. Add the following case and Questions before the *Princeton Vanguard* excerpt:

USPTO v. Booking.com B.V.

140 S. Ct. 2298, 207 L. Ed.2d 738 (S. Ct. 2020)

JUSTICE GINSBURG delivered the opinion of the Court.

....

Booking.com is a digital travel company that provides hotel reservations and other services under the brand “Booking.com,” which is also the domain name of its website. Booking.com filed applications

to register four marks in connection with travel-related services, each with different visual features but all containing the term “Booking.com.”

Both a PTO examining attorney and the PTO’s Trademark Trial and Appeal Board concluded that the term “Booking.com” is generic for the services at issue and is therefore unregistrable. “Booking,” the Board observed, means making travel reservations, and “.com” signifies a commercial website. The Board then ruled that “customers would understand the term BOOKING.COM primarily to refer to an online reservation service for travel, tours, and lodgings.” Alternatively, the Board held that even if “Booking.com” is descriptive, not generic, it is unregistrable because it lacks secondary meaning.

Booking.com sought review in the U. S. District Court for the Eastern District of Virginia, invoking a mode of review that allows introduc[tion of] evidence not presented to the agency. *See* §1071(b). Relying in significant part on Booking.com’s new evidence of consumer perception, the District Court concluded that “Booking.com”—unlike “booking”—is not generic. The “consuming public,” the court found, “primarily understands that BOOKING.COM does not refer to a genus, rather it is descriptive of services involving ‘booking’ available at that domain name.” *Booking.com B.V. v. Matal*, 278 F. Supp. 3d 891, 918 (2017). ...[T]he District Court additionally found that the term has acquired secondary meaning as to hotel-reservation services...

The PTO appealed only the ... determination that “Booking.com” is not generic. Finding no error in the District Court’s assessment of how consumers perceive the term “Booking.com,” the Court of Appeals for the Fourth Circuit affirmed.... [T]he appeals court rejected the PTO’s contention that the combination of “.com” with a generic term like “booking” “is *necessarily* generic.” 915 F. 3d 171, 184 (2019). Dissenting in relevant part, Judge Wynn concluded that the District Court mistakenly presumed that “generic.com” terms are usually descriptive, not generic.

We ... now affirm the Fourth Circuit’s decision.

II

...[S]everal guiding principles are common ground. First, a “generic” term names a “class” of goods or services, rather than any particular feature or exemplification of the class. [*S*]ee §§1127, 1064(3), 1065(4) (referring to “the generic name for the goods or services”); *Park ’N Fly*, 469 U. S., at 194 (“A generic term is one that refers to the genus of which the particular product is a species.”). Second, for a compound term, the distinctiveness inquiry trains on the term’s meaning as a whole, not its parts in isolation. [Citations]; *see Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (SDNY 1921) (Hand, J.) (“What do the buyers understand by the word for whose use the parties are contending?”). Eligibility for registration, all agree, turns on the mark’s capacity to “distinguis[h]” goods “in commerce.” §1052. Evidencing the Lanham Act’s focus on consumer perception, the section governing cancellation of registration provides that “[t]he primary significance of the registered mark to the relevant public . . . shall be the test for determining whether the registered mark has become the generic name of goods or services.” §1064(3).³

³ The U.S. Patent and Trademark Office (PTO) suggests that the primary-significance test might not govern outside the context of

Under these principles, whether “Booking.com” is generic turns on whether that term, taken as a whole, signifies to consumers the class of online hotel-reservation services. Thus, if “Booking.com” were generic, we might expect consumers to understand Travelocity—another such service—to be a “Booking.com.” We might similarly expect that a consumer, searching for a trusted source of online hotel-reservation services, could ask a frequent traveler to name her favorite “Booking.com” provider.

Consumers do not in fact perceive the term “Booking.com” that way, the courts below determined. The PTO no longer disputes that determination. *See* Pet. for Cert. I; Brief for Petitioners 17-18 (contending only that a consumer-perception inquiry was unnecessary, not that the lower courts’ consumer-perception determination was wrong). That should resolve this case: Because “Booking.com” is not a generic name to consumers, it is not generic.

III

...[T]he PTO urges a nearly *per se* rule that would render “Booking.com” ineligible for registration regardless of specific evidence of consumer perception. In the PTO’s view, which the dissent embraces, when a generic term is combined with a generic top-level domain like “.com,” the resulting combination is generic. In other words, every “generic.com” term is generic according to the PTO, absent exceptional circumstances.⁴

The PTO’s own past practice appears to reflect no such comprehensive rule. *See, e.g.*, Trademark Registration No. 3,601,346 (“ART.COM” on principal register for, *inter alia*, “[o]nline retail store services” offering “art prints, original art, [and] art reproductions”); Trademark Registration No. 2,580,467 (“DATING.COM” on supplemental register for “dating services”). Existing registrations inconsistent with the rule the PTO now advances would be at risk of cancellation if the PTO’s current view were to prevail. *See* §1064(3). ...

A

The PTO urges that the exclusionary rule it advocates follows from a common-law principle, applied in *Goodyear’s India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U. S. 598 (1888), that a generic corporate designation added to a generic term does not confer trademark eligibility. In *Goodyear*, a decision predating the Lanham Act, this Court held that “Goodyear Rubber Company” was not “capable of exclusive appropriation.” *Id.*, at 602. Standing alone, the term “Goodyear Rubber” could not serve as a trademark because it referred, in those days, to “well-known classes of goods produced by the process known as Goodyear’s invention.” *Ibid.* “[A]ddition of the word ‘Company’” supplied no protectable

§1064(3), which subjects to cancellation marks previously registered that have “become” generic. To so confine the primary-significance test, however, would upset the understanding, shared by Courts of Appeals and the PTO’s own manual for trademark examiners, that the same test governs whether a mark is registrable in the first place. [Citations.] We need not address today the scope of the primary-significance test’s application, for our analysis does not depend on whether one meaning among several is “primary.” Sufficient to resolve this case is the undisputed principle that consumer perception demarcates a term’s meaning.

⁴ The PTO notes only one possible exception: Sometimes adding a generic term to a generic top-level domain results in wordplay (for example, “tennis.net”). That special case, the PTO acknowledges, is not presented here and does not affect our analysis.

meaning, the Court concluded, because adding “Company” “only indicates that parties have formed an association or partnership to deal in such goods.” *Ibid.* Permitting exclusive rights in “Goodyear Rubber Company” (or “Wine Company, Cotton Company, or Grain Company”), the Court explained, would tread on the right of all persons “to deal in such articles, and to publish the fact to the world.” *Id.*, at 602-603.

“Generic.com,” the PTO maintains, is like “Generic Company”... According to the PTO, adding “.com” to a generic term—like adding “Company”—“conveys no additional meaning that would distinguish [one provider’s] services from those of other providers.” The dissent endorses that proposition...

That premise is faulty. A “generic.com” term might also convey to consumers a source-identifying characteristic: an association with a particular website. As the PTO and the dissent elsewhere acknowledge, only one entity can occupy a particular Internet domain name at a time, so “[a] consumer who is familiar with that aspect of the domain-name system can infer that BOOKING.COM refers to *some* specific entity.” [Citations.] Thus, consumers could understand a given “generic.com” term to describe the corresponding website or to identify the website’s proprietor. We therefore resist the PTO’s position that “generic.com” terms are capable of signifying only an entire class of online goods or services and, hence, are categorically incapable of identifying a source.

The PTO’s reliance on *Goodyear* is flawed in another respect. The PTO understands *Goodyear* to hold that “Generic Company” terms “are ineligible for trademark protection *as a matter of law*”—regardless of how “consumers would understand” the term. But, ... whether a term is generic depends on its meaning to consumers. That bedrock principle of the Lanham Act is incompatible with an unyielding legal rule that entirely disregards consumer perception. Instead, *Goodyear* reflects a more modest principle harmonious with Congress’ subsequent enactment: A compound of generic elements is generic if the combination yields no additional meaning *to consumers* capable of distinguishing the goods or services.

The PTO also invokes the oft-repeated principle that “no matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise . . . , it cannot deprive competing manufacturers of the product of the right to call an article by its name.” *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F. 2d 4, 9 (CA2 1976). That principle presupposes that a generic term is at issue. But the PTO’s only legal basis for deeming “generic.com” ... generic is its mistaken reliance on *Goodyear*.

...[W]e do not embrace a rule automatically classifying such terms as nongeneric. Whether any given “generic.com” term is generic, we hold, depends on whether consumers in fact perceive that term as the name of a class or, instead, as a term capable of distinguishing among members of the class.⁶

⁶Evidence informing that inquiry can include not only consumer surveys, but also dictionaries, usage by consumers and competitors, and any other source of evidence bearing on how consumers perceive a term’s meaning. Surveys can be helpful evidence of consumer perception but require care in their design and interpretation. See Brief for Trademark Scholars as *Amici Curiae* 18-20 (urging that survey respondents may conflate the fact that domain names are exclusive with a conclusion that a given “generic.com” term has achieved secondary meaning). Moreover, difficult questions may be presented when a term has multiple concurrent meanings to consumers or a meaning that has changed over time. See, e.g., 2 J. McCarthy, *Trademarks and Unfair Competition* §12:51 (5th ed. 2019) (discussing terms that are “a generic name to some, a trademark to others”); *id.*, §12:49 (“Determining the distinction between generic and trademark usage of a word . . . when there are no other sellers of [the good or service] is one of the most difficult areas of trademark law.”). Such issues are not here entailed, for the PTO does not contest the

B

The PTO, echoed by the dissent, *post*, at 10-12, objects that protecting “generic.com” terms as trademarks would disserve trademark law’s animating policies. We disagree.

The PTO’s principal concern is that trademark protection for a term like “Booking.com” would hinder competitors. But the PTO does not assert that others seeking to offer online hotel-reservation services need to call their services “Booking.com.” Rather, the PTO fears that trademark protection for “Booking.com” could exclude or inhibit competitors from using the term “booking” or adopting domain names like “ebooking.com” or “hotel-booking.com.” The PTO’s objection, therefore, is not to exclusive use of “Booking.com” as a mark, but to undue control over similar language, *i.e.*, “booking,” that others should remain free to use.

That concern attends any descriptive mark. Responsive to it, trademark law hems in the scope of such marks short of denying trademark protection altogether. Notably, a competitor’s use does not infringe a mark unless it is likely to confuse consumers. [Citations.] In assessing the likelihood of confusion, courts consider the mark’s distinctiveness: ... When a mark incorporates generic or highly descriptive components, consumers are less likely to think that other uses of the common element emanate from the mark’s owner. [Citation.] Similarly, “[i]n a ‘crowded’ field of look-alike marks” (*e.g.*, hotel names including the word “grand”), consumers “may have learned to carefully pick out” one mark from another. [Citation.] And even where some consumer confusion exists, the doctrine known as classic fair use, [citation], protects from liability anyone who uses a descriptive term, “fairly and in good faith” and “otherwise than as a mark,” merely to describe her own goods. 15 U. S. C. §1115(b)(4); see *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U. S. 111, 122-123 (2004).

These doctrines guard against the anticompetitive effects the PTO identifies, ensuring that registration of “Booking.com” would not yield its holder a monopoly on the term “booking.” Booking.com concedes that “Booking.com” would be a “weak” mark [and that] [t]he mark is descriptive, ... making it “harder . . . to show a likelihood of confusion.” Furthermore, because its mark is one of many “similarly worded marks,” Booking.com accepts that close variations are unlikely to infringe [a]nd [that] federal registration of “Booking.com” would not prevent competitors from using the word “booking” to describe their own services.

... Booking.com, the PTO argues, has already seized a domain name that no other website can use and is easy for consumers to find. Consumers might enter “the word ‘booking’ in a search engine,”... or “proceed directly to ‘booking.com’ in the expectation that [online hotel-booking] services will be offered at that address.” Those competitive advantages, however, do not inevitably disqualify a mark from federal registration. All descriptive marks are intuitively linked to the product or service and thus might be easy for consumers to find using a search engine or telephone directory. The Lanham Act permits registration nonetheless. See §1052(e), (f). And the PTO fails to explain how the exclusive connection between a domain name and its owner makes the domain name a generic term all should be free to use. That connection

lower courts’ assessment of consumer perception in this case. For the same reason, while the dissent questions the evidence on which the lower courts relied, we have no occasion to reweigh that evidence. *Cf. post*, at 1-2 (Sotomayor, J., concurring).

makes trademark protection more appropriate, not less.

Finally, even if “Booking.com” is generic, the PTO urges, unfair-competition law could prevent others from passing off their services as Booking.com’s. *Cf. Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F. 3d 137, 149 (CA2 1997); *Blinded Veterans Assn. v. Blinded Am. Veterans Foundation*, 872 F. 2d 1035, 1042-1048 (CADC 1989). But federal trademark registration would offer Booking.com greater protection. *See, e.g., Genesee Brewing*, 124 F. 3d, at 151 (unfair-competition law would oblige competitor at most to “make more of an effort” to reduce confusion, not to cease marketing its product using the disputed term); *Matal*, 582 U. S., at ___ (slip op., at 5) (federal registration confers valuable benefits); Brief for Respondent 26 (expressing intention to seek protections available to trademark owners under the Anticybersquatting Consumer Protection Act, 15 U. S. C. §1125(d)); Brief for Coalition of .Com Brand Owners as *Amici Curiae* 14-19 (trademark rights allow mark owners to stop domain-name abuse through private dispute resolution without resorting to litigation). We have no cause to deny Booking.com the same benefits Congress accorded other marks qualifying as nongeneric.

The PTO challenges the judgment below on a sole ground: It urges that, as a rule, combining a generic term with “.com” yields a generic composite. For the above-stated reasons, we decline a rule of that order, one that would largely disallow registration of “generic.com” terms and open the door to cancellation of scores of currently registered marks. Accordingly, the judgment of the Court of Appeals for the Fourth Circuit regarding eligibility for trademark registration is

Affirmed.

JUSTICE SOTOMAYOR, concurring.

The question before the Court here is simple: whether there is a nearly *per se* rule against trademark protection for a “generic.com” term. I agree with the Court that there is no such rule, a holding that accords with how the U.S. Patent and Trademark Office (PTO) has treated such terms in the past. I add two observations.

First, the dissent wisely observes that consumer-survey evidence “may be an unreliable indicator of genericness.” Flaws in a specific survey design, or weaknesses inherent in consumer surveys generally, may limit the probative value of surveys in determining whether a particular mark is descriptive or generic in this context. But I do not read the Court’s opinion to suggest that surveys are the be-all and end-all. As the Court notes, sources such as “dictionaries, usage by consumers and competitors, and any other source of evidence bearing on how consumers perceive a term’s meaning” may also inform whether a mark is generic or descriptive.

Second, the PTO may well have properly concluded, based on such dictionary and usage evidence, that Booking.com is in fact generic for the class of services at issue here, and the District Court may have erred in concluding to the contrary. But that question is not before the Court. With these understandings, I concur in the Court’s opinion.

JUSTICE BREYER, dissenting.

... Respondent provides an online booking service. The company's name informs the consumer of the basic nature of its business and nothing more. Therein lies the root of my disagreement with the majority.

Trademark law does not protect generic terms, meaning terms that do no more than name the product or service itself. This principle preserves the linguistic commons by preventing one producer from appropriating to its own exclusive use a term needed by others to describe their goods or services. Today, the Court holds that the addition of “.com” to an otherwise generic term, such as “booking,” can yield a protectable trademark. Because I believe this result is inconsistent with trademark principles and sound trademark policy, I respectfully dissent.

I

A

...

In *Goodyear*, 128 U. S. 598, we held that appending the word “Company” to the generic name for a class of goods does not yield a protectable compound term. *Id.*, at 602-603. The addition of a corporate designation, we explained, “only indicates that parties have formed an association or partnership to deal in such goods.” *Id.*, at 602. For instance, “parties united to produce or sell wine, or to raise cotton or grain,” may well “style themselves Wine Company, Cotton Company, or Grain Company.” *Ibid.* But they would not thereby gain the right to exclude others from the use of those terms “for the obvious reason that all persons have a right to deal in such articles, and to publish the fact to the world.” *Id.*, at 603. “[I]ncorporation of a company in the name of an article of commerce, without other specification,” we concluded, does not “create any exclusive right to the use of the name.” *Ibid.*

....

... *Goodyear* recognized that designations such as “Company,” “Corp.,” and “Inc.” merely indicate corporate form and therefore do nothing to distinguish one firm's goods or services from all others'. 128 U.S., at 602. ...[T]he addition of such a corporate designation does not “magically transform a generic name for a product or service into a trademark, thereby giving a right to exclude others.” 2 McCarthy §12:39. ...[W]here a compound term consists simply of a generic term plus a corporate designation, the whole is *necessarily* no greater than the sum of its parts.

B

....

Like the corporate designations at issue in *Goodyear*, a top-level domain such as “.com” has no capacity to identify and distinguish the source of goods or services. It is merely a necessary component of any web address. [Citation]. When combined with the generic name of a class of goods or services, “.com” conveys only that the owner operates a website related to such items. Just as “Wine Company” expresses

the generic concept of a company that deals in wine, “wine.com” connotes only a website that does the same. The same is true of “Booking.com.”...

...

There may be exceptions to this rule in rare cases where the top-level domain interacts with the generic second-level domain in such a way as to produce meaning distinct from that of the terms taken individually. Likewise, the principles discussed above may apply differently to the newly expanded universe of top-level domains, such as “.guru,” “.club,” or “.vip,” which may “conve[y] information concerning a feature, quality, or characteristic” of the website at issue. [Citations.] These scenarios are not presented here, as “Booking.com” conveys only a website associated with booking.

C

... Because only one entity can hold the contractual rights to a particular domain name at a time, [the majority] contends, consumers may infer that a “generic.com” domain name refers to some specific entity.

That fact does not distinguish *Goodyear*. A generic term may suggest that it is associated with a specific entity. That does not render it nongeneric. For example, “Wine, Inc.” implies the existence of a specific legal entity incorporated under the laws of some State. Likewise, consumers may perceive “The Wine Company” to refer to some specific company rather than a genus of companies. But the addition of the definite article “the” obviously does not transform the generic nature of that term. [Citation.] True, these terms do not carry the exclusivity of a domain name. But that functional exclusivity does not negate the principle animating *Goodyear*: Terms that merely convey the nature of the producer’s business should remain free for all to use. See 128 U.S., at 603.

... The lower courts determined (as the majority highlights), that consumers do not use the term “Booking.com” to refer to the class of hotel reservation websites in ordinary speech. [Citation.] True, few would call Travelocity a “Booking.com.” But literal use is not dispositive. [Citation.] Consumers do not use the term “Wine, Inc.” to refer to purveyors of wine. Still, the term “Wine, Inc.” is generic because it signifies only a company incorporated for that purpose. See *Goodyear*, 128 U.S., at 602-603. Similarly, “Booking, Inc.” may not be trademarked because it signifies only a booking company. The result should be no different for “Booking.com,” which signifies only a booking website.

... Many of the facts that the Court supposes may distinguish some “generic.com” marks as descriptive and some as generic are unlikely to vary from case to case. There will never be evidence that consumers literally refer to the relevant class of online merchants as “generic.coms.” Nor are “generic.com” terms likely to appear in dictionaries. And the key fact that, in the majority’s view, distinguishes this case from *Goodyear*—that only one entity can own the rights to a particular domain name at a time—is present in every “generic.com” case.

What, then, stands in the way of automatic trademark eligibility for every “generic.com” domain? Much of the time, that determination will turn primarily on survey evidence, just as it did in this case. See 915 F. 3d, at 183-184.

However, survey evidence has limited probative value in this context. Consumer surveys often test whether consumers associate a term with a single source. [Citation.] But it is possible for a generic term to achieve such an association—either because that producer has enjoyed a period of exclusivity in the marketplace, *e.g.*, *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 118-119 (1938), or because it has invested money and effort in securing the public’s identification, *e.g.*, *Abercrombie*, 537 F. 2d, at 9. Evidence of such an association, no matter how strong, does not negate the generic nature of the term. *Ibid.* For that reason, some courts and the TTAB have concluded that survey evidence is generally of little value in separating generic from descriptive terms. *See Schwan’s IP, LLC v. Kraft Pizza Co.*, 460 F. 3d 971, 975-976 (CA8 2006); *Hunt Masters, Inc. v. Landry’s Seafood Restaurant, Inc.*, 240 F. 3d 251, 254-255 (CA4 2001); *A. J. Canfield Co. v. Honickman*, 808 F. 2d 291, 301-303 (CA3 1986); *Miller Brewing Co. v. Jos. Schlitz Brewing Co.*, 605 F. 2d 990, 995 (CA7 1979); *In re Hikari Sales USA, Inc.*, 2019 WL 1453259, *13 (TTAB 2019). Although this is the minority viewpoint, see 2 McCarthy §12:17.25, I nonetheless find it to be the more persuasive one.

Consider the survey evidence that respondent introduced below. Respondent’s survey showed that 74.8% of participants thought that “Booking.com” is a brand name, whereas 23.8% believed it was a generic name. At the same time, 33% believed that “Washingmachine.com”—which does not correspond to any company—is a brand, and 60.8% thought it was generic.

What could possibly account for that difference? ... The survey participants who identified “Booking.com” as a brand likely did so because they had heard of it, through advertising or otherwise. If someone were to start a company called “Washingmachine.com,” it could likely secure a similar level of consumer identification by investing heavily in advertising. Would that somehow transform the nature of the term itself? Surely not. This hypothetical shows that respondent’s survey tested consumers’ association of “Booking.com” with a particular company, not anything about the term itself. But such association does not establish that a term is nongeneric. *See Kellogg*, 305 U.S., at 118-119; *Abercrombie*, 537 F. 2d, at 9.

Under the majority’s approach, a “generic.com” mark’s eligibility for trademark protection turns primarily on survey data, which, ... may be an unreliable indicator of genericness.... [T]his approach “[d]iscard[s] the predictable and clear line rule of the [PTO] and the Federal Circuit” in favor of “a nebulous and unpredictable zone of generic name and top level domain combinations that somehow become protectable marks when accompanied by favorable survey results.” 1 McCarthy §7:17.50.... In my view, a term that takes the form “generic.com” is not eligible for federal trademark registration, at least not ordinarily. There being no special circumstance here, I believe that “Booking.com” is a generic term not eligible for federal registration as a trademark.

II

In addition to the doctrinal concerns discussed above, granting trademark protection to “generic.com” marks threatens serious anticompetitive consequences in the online marketplace.

....

Owners of such [generic.com] marks may seek to extend the boundaries of their marks through litigation, and may, at times succeed. *See, e.g., Advertise.com v. AOL, LLC*, 2010 WL 11507594 (CD Cal.)

(owner of “Advertising.com” obtained preliminary injunction against competitor’s use of “Advertise.com”), *vacated in part*, 616 F. 3d 974 (CA9 2010). Even if ultimately unsuccessful, the threat of costly litigation will no doubt chill others from using variants on the registered mark and privilege established firms over new entrants to the market.

In sum, the term “Booking.com” refers to an internet booking service, which is the generic product that respondent and its competitors sell. No more and no less. The same is true of “generic.com” terms more generally. By making such terms eligible for trademark protection, I fear that today’s decision will lead to a proliferation of “generic.com” marks, granting their owners a monopoly over a zone of useful, easy-to-remember domains. This result would tend to inhibit, rather than to promote, free competition in online commerce. I respectfully dissent.

Questions

1. The majority opinion states that *Goodyear* “reflects a more modest principle harmonious with Congress’ subsequent enactment [of the Lanham Act]. A compound of generic elements is generic if the combination yields no additional meaning *to consumers* capable of distinguishing the goods or services.” If an entity with a name combining a generic term and an entity type, such as Wine Company, can demonstrate consumer perception of the name as a mark through a survey, would such a name be eligible to register for wines? Would this result be consonant with the majority’s interpretation of *Goodyear*? Is the exclusivity of a domain name to one owner a distinguishing fact that would make such a result unlikely?

2. How important do you believe the possibility of cancelling existing registrations, such as “ART.COM,” was to the majority’s decision to affirm? But whenever a term that has been a trademark becomes generic, such as escalator, doesn’t the policy underlying disallowing registration for generic terms come in to play despite the owner’s previous reliance?

3. The majority opinion notes that there are other types of evidence than surveys, such as dictionary evidence, usage by consumers and competitors “and any other evidence bearing on how consumers perceive a term’s meaning.” The dissent points out that dictionaries are unlikely to include domain names and that consumers and competitors are not likely, for example to refer to Travelocity as a booking.com. Is the dissent correct that, for generic.com domain names, the crucial evidence will normally come down to survey evidence under the majority’s reasoning? Do you agree/disagree with the skepticism about such evidence voiced by the dissenting and the concurring opinions?

4. Justice Sotomayor stated: “the PTO may well have properly concluded, based on such dictionary and usage evidence, that Booking.com is in fact generic ..., and the District Court may have erred in concluding to the contrary. But that question is not before the Court.” Do you think the PTO made a mistake in not challenging the factual finding? If it had, would the decision have provided more guidance on the type of evidence that is most persuasive in proving genericness, including the adequacy of the survey evidence?

5. The majority opinion allays concerns about possible over-protection for generic.com marks and

points to the constraints placed by the likelihood of confusion and fair use analyses. The dissent evinces skepticism that as a practical matter use of the generic term of “booking” by others may well be chilled. Who is right?

6. In a pre-*Booking.com* case, the TTAB held that *cookinpellets.com* was generic for “[p]rocessed wood fuel in the nature of pellets for use in barbecue grills”. On appeal, the Federal Circuit vacated and remanded the case to the Board to reconsider in view of the Supreme Court’s intervening decision in *Booking.com*. On remand, although the Board found there was some strong evidence of genericness, it noted that the addition of the “.com” term created doubt and held the term was not generic. Instead, the Board affirmed the refusal to register by categorizing the mark as highly descriptive and lacking a sufficient showing of secondary meaning. *In re GJ & AM, LLC*, 2021 TTAB LEXIS 203 (T.T.A.B.). Does this result support the dissent’s fears expressed in *Booking.com* or the majority’s reliance on other provisions of the Lanham Act to guard against overprotection?

Page 310. Delete the *Princeton Vanguard* excerpt and substitute the following excerpt and Questions:

Whether to undergo the significant expense of conducting surveys to prove or disprove genericness has constituted a dilemma for litigants. On the one hand, some courts have treated survey evidence as the most persuasive type, especially the Teflon survey. On the other hand, many courts have found fault with such surveys in their design, execution or applicability and have afforded them little or no weight. A long-running case exemplifies the uneasy place surveys often occupy in proving genericness or non-genericness.

In a case over whether PRETZEL CRISPS is generic for “pretzel crackers,” both parties submitted dueling Teflon surveys. In its first decision, the Board held that PRETZEL CRISPS is generic based on the non-survey evidence after criticizing plaintiff’s survey and largely ignoring defendant’s. **Frito-Lay North America, Inc. v. Princeton Vanguard, LLC**, 109 U.S.P.Q.2d 1949 (TTAB 2014) (“TTAB I”). On appeal, the Federal Circuit stated: “We ... have recognized that ‘consumer surveys may be a preferred method of proving genericness.’” It found it was error not to analyze all the survey evidence and vacated the decision and remanded. *Princeton Vanguard, LLC v. Frito-Lay North America, Inc.*, 786 F.3d 960 (Fed. Cir. 2015).

On remand, after a thorough analysis of the surveys, the Board again found the term generic based largely on the non-survey evidence. **Frito-Lay North America, Inc. v. Princeton Vanguard LLC**, 124 U.S.P.Q.2d 1184 (T.T.A.B. 2017) (“TTAB II”). Defendant then appealed to a district court, which concluded it lacked jurisdiction because defendant was barred from appealing to a district court after a first appeal taken to the Federal Circuit. 414 F. Supp. 3d 822 (W.D.N.C. 2019). The Fourth Circuit reversed in *Snyder’s Lance, Inc. v. Frito-Lay N. Am, Inc.*, 991 F.3d 512 (4th Cir. 2021) (appeal to a district court is not barred by a previous appeal to the Federal Circuit). On remand to the district court and in the only decision in the case to consider the merits after *Booking.com*, the court applied the *Booking.com* standard and analyzed all the Teflon survey evidence. **Snyder’s Lance, Inc. v. Frito-Lay N. Am., Inc.**, 2021 U.S. Dist. LEXIS 105944 (W.D.N.C. June 4, 2021) (“District Court’s Remand Opinion”).

In TTAB I, the Board noted plaintiff’s Teflon study included 250 respondents who were screened as purchasers of salty snacks at supermarkets/grocery stores within 6 months or likely such purchasers in the next 6 months. The study and results were described as follows:

Participants who said they understood the difference between a category name and brand name were then read a list of names individually for food and some unrelated products and asked whether they thought each name was a category name, a brand name, "don't know", or "not sure." The list, with results, follows:

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

Defendant's Teflon study and its results were described as follows:

Initially 500 adults were screened, but only 222 were found eligible after meeting the screening criteria in a "double-blind" survey, conducted by phone. As a screening gateway, in the Teflon format, respondents were given an explanation of the difference between brand and common names, and then asked both whether BAKED TOSTITOS is a brand or common name, and whether TORTILLA CHIPS is a brand or common name. Only those who answered both correctly proceeded with the survey. Those respondents then were questioned about a number of "brand" or "common" names with the option of "don't know."

. . . [T]he results were as follows:

Name	Brand	Common	DK /Haven't Heard
SUN CHIPS	96%	3%	<1%
CHEESE NIPS	85%	13%	2%
PRETZEL CRISPS	55%	36%	9%
FLAVOR TWISTS	48%	34%	18%

GOURMET POPCORN	25%	72%	3%
ONION RINGS	8%	91%	1%
MACADAMIA NUT	7%	92%	<1%

The TTAB II opinion on remand analyzed both surveys but found a number of shortcomings, including failure of plaintiff’s survey to administer a prior mini-test to eligible survey respondents and defendant’s survey’s use of WHEAT THINS as an example of a brand name in explaining the difference between a brand and a common name. The Board ultimately disregarded both, concluding that, in any event, the Teflon-format survey is only appropriate when testing whether a term that was initially a mark had become generic.

...We note ... that several such “sister circuits” have found Teflon surveys to be unpersuasive when used outside the specific context of genericide, i.e., testing to see whether a term that may once have been a mark has become generic. Specifically, where, as here, one party claims to have exclusive rights in a term that was not previously controlled by that party as a coined term, courts have found that Teflon surveys are ineffective at determining the true weight of public perception. *See Hunt Masters, Inc. v. Landry’s Seafood Restaurant, Inc.* 240 F.3d 251, 255, 57 USPQ2d 1884, 1886 (4th Cir. 2001) (“Hunt does not claim to have first coined the term ‘crab house.’ Therefore, it is not necessary to determine whether the term has become generic through common use, rendering Hunt’s customer survey irrelevant.”); *Miller Brewing Co. v. Jos. Schlitz Brewing Co.*, 605 F.2d 990, 203 USPQ 642, 647 (7th Cir. 1979) (“When Judge Learned Hand said that whether a word is generic depends on what ‘buyers understand by the word,’ . . . he was referring to a coined word for a commercial product that was alleged to have become generic through common usage. He was not suggesting that the meaning of a familiar, basic word in the English vocabulary can depend on associations the word brings to consumers as a result of advertising.”); [citations].

The District Court Remand Opinion applied the *Booking.com* standard and considered the evidence listed by the Supreme Court:

... Evidence of the public's understanding of the mark as either a common name or a mark identifying the good's source may be obtained from dictionaries; usage by the mark holder, consumers and others; consumer surveys;¹¹ publications and any other source of evidence bearing on how consumers perceive a term's meaning. *See Booking.com B.V.*, 140 S. Ct. at 2306-07.

¹¹ With respect to consumer surveys, the Supreme Court has specifically cautioned: "surveys can be helpful evidence of consumer perception but require care in their design and interpretation. See Brief for Trademark Scholars as Amici Curiae 18-20 (urging that survey respondents may conflate the fact that domain names are exclusive with a conclusion that a given "generic.com" term has achieved secondary meaning). ... [McCarthy], § 12:49 ("Determining the distinction between generic and trademark usage of a word ... when there are no other sellers of [the good or service] is one of the most difficult areas of trademark law.")" *Booking.com B.V.*, 140 S. Ct. at 2307.

Unlike the *Booking.com* survey, in which approximately 75% identified Booking.com as a brand, the District Court noted that defendant's survey (the Jay survey):

... suggests only a small majority of respondents (55%) believed that PRETZEL CRISPS is a brand, as compared to the vast majority who correctly identified Sun Chips (96%) and Cheese Nips (85%).

Moreover, in analyzing the results, the District Court remarked:

Dr. Jay acknowledged that "[a]nalyzes based on the overall sample of 222 completed interviews have a maximum sampling error of approximately +/-7 percentage points at the 95% confidence level." ...

...

Using a 7% margin of error, the range of those who view PRETZEL CRISPS as a brand within the margin of error is 48% to 63%.... [W]ithout discounting the results ... in any manner ..., a finding that fewer than a majority of respondents perceived PRETZEL CRISPS as a brand is within the survey's margin of error. Indeed, if the percentages of those who believed that the term is a brand or common name are fully adjusted up or down for the margin of error then the difference between them could be very small, 48% to 43%.

... [T]here are a number of reasons that suggest the survey results should be discounted ... Dr. Jay acknowledges that the survey population is not representative of the relevant population, either by age or geography. However, the amount and direction of the survey error or uncertainty as a consequence of these disparities is not quantified or estimated.

Moreover, the answers of the survey respondents with respect to a number of the "control" terms ... appear to reflect that the survey respondents' choices may have been driven, in significant part, by commercial success or notoriety rather than a valid assessment of the distinction between generic and trademark names. While over 90% of respondents correctly identified "macadamia nuts" and "onion rings" as generic names, 25% incorrectly identified "gourmet popcorn" as a brand. More significantly, less than half of respondents correctly identified FLAVOR TWISTS (which are twisted corn chips) as a brand. The Court finds that this failure indicates that the bulk of survey respondents did not fully understand the distinction between common names and brands. The mark FLAVOR TWISTS is plainly not a common name (TWISTS is certainly not a common name for corn chips, if it has any "common" meaning at all).

Accordingly, ... based on the fact that less than a majority of respondents may have believed PRETZEL CRISPS is a brand name (taking into account the survey's margin of error), the other limitations and concerns about the survey results ... and the Supreme Court's warning to be cautious in relying on consumer surveys purporting to measure genericness — that the results of the Jay Survey are, at best, inconclusive. Thus, the Court does not agree that the survey indicates that consumers "primarily" perceive PRETZEL CRISPS as a brand.

In assessing the non-survey evidence in the case, the District Court relied on dictionary evidence and usage evidence that it considered went to the question of “consumer perception” of the term. While characterizing generic usage of “PRETZEL CRISPS” by the owner as “isolated” and worth “relatively little weight,” “[more] significant” to the court was “generic usage by competitors and food vendors.” Several competitors had used the term resulting in a demand to cease by Applicant, normally successfully. Such enforcement efforts, however, were disregarded by the court which found settlement agreements by competitors represented the “practical judgment” of largely smaller companies. The fact they made generic use was evidence instead of “public perception.”

The District Court gave short shrift to numerous media references referring to Pretzel Crisps relied on by defendant as evidence of consumer perception. The court stressed the quality rather than the quantity of “hits.” The court characterized many (60%) of the references to reflect plaintiffs’ business affairs, financial results and employment changes, which although containing the word “Pretzel Crisps,” typically stemmed from the plaintiffs, such as contained in press releases, business references and plaintiff-created references.

Based on all the evidence, the District Court Remand Opinion concluded that the term is generic.

Questions

1. Do you agree with the TTAB II’s conclusion that the Teflon test is ill suited to measure genericness when a term is not coined or arbitrary? What about a suggestive term, which is also considered “inherently distinctive”? Does the listing of survey evidence in *Booking.com* as a type of evidence to be considered undermine the Board’s and other courts’ conclusion that Teflon surveys are inappropriate if the mark at issue is not, at least initially, inherently distinctive? That case involved determination of whether *booking.com* is descriptive or generic.

2. An experiment to test the impact of respondents’ certainty in their answers to a Teflon survey repeated the questions from the Jay Teflon survey in *Princeton Vanguard*. The experiment results yielded a higher percentage of generic responses (63%) than the Jay survey, but similar results for the six control questions. The experiment added follow-up questions to test the certainty of respondents’ answers and concluded that the respondents’ level of uncertainty was likely to produce different results in different samples. The authors recommend adding a follow up question to the Teflon format, such as “You said that you think PRETZEL CRISPS is a brand name. How likely do you think it is that your answer is correct?”: “just guessing,” “somewhat likely correct,” “very likely correct” and “definitely correct.” This information could then be considered in evaluating the responses. *See* B. Beebe, R. Germano, C. Sprigman & J. Steckel, “The Role of Consumer Uncertainty in Trademark Law: An Experimental and Theoretical Investigation” (posted May 27, 2021) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3854730. If the “just guessing” respondents are subtracted from the brand and common name categories, would that be a valuable enhancement? Should the “somewhat likely” responses be subtracted or weighed less heavily? Does this experiment suggest that the court was correct in refusing to accept the Jay study at face value?

Page 313. Delete Questions 1 and 2 and replace with the following Question.

Question

Did the court in *Tiffany* properly dismiss Costco’s counterclaim of genericness as a matter of law based on the survey evidence despite the lexicographic evidence to the contrary? In a later opinion, the district court granted summary judgment to Tiffany on the claims of trademark infringement, counterfeiting and unfair competition under N.Y. law. After an advisory jury finding on the question of profits and statutory damages, the court entered a judgment of over \$21 million dollars. The Second Circuit on appeal concluded that genuine issues of fact precluded summary judgment on likelihood of confusion and counterfeiting and vacated the judgment and award and remanded the case to the district court for trial. *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020), see this Supplement *infra* Ch. 8.A.2.b..

3. Genericism and Confusion

Page 327. Add the following citation at the end of Question 2.

See also Royal Crown Co. v. Coca-Cola Co., 892 F.3d 1358 (Fed. Cir. 2018) (whether a mark is generic is a question of fact).

Page 327. Delete Question 2 and add new Question 2.

2. The word ZERO in Coca-Cola’s beverage marks, such as COKE ZERO, SPRITE ZERO and POWERADE ZERO, was found to be descriptive of low or no-calorie beverages and to have acquired secondary meaning by the TTAB. The Board thus rejected Royal Crown’s claim that the term should be disclaimed. On appeal, the Federal Circuit vacated and remanded the decision. It held that the Board had applied an incorrect standard in determining that the ZERO component of the marks was not generic and had also failed to determine if ZERO is so highly descriptive that it required a heightened showing of secondary meaning. According to the court, the correct question in determining genericism is “whether the relevant public understands the term to refer to a *key aspect* of the genus [here, soft drinks, sports drinks and energy drinks].” The court further stated that a term is generic if the relevant public understands it refers to part of the broad genus [here low- or no calorie-drinks]. *Royal Crown Co. v. Coca-Cola Co.*, 892 F.3d 1358 (Fed. Cir. 2018), *on remand*, 2021 U.S.P.Q.2d (BNA) 387 (T.T.A.B. 2019) (Coca Cola’s motion to dismiss the case as moot granted in view of its disclaimer of ZERO in the numerous applications at issue).

Recall the distinction drawn in the casebook, Chapter 2.B.1, between merely descriptive and generic terms. The *Quik-Print* copy case at page 91 defines a merely descriptive mark as one that “immediately conveys ... knowledge of the ingredients, qualities, or characteristics of the goods or services.” Is this any different than asking whether the public understands the term to refer to a “key aspect” of the genus or part of the genus? Has the Federal Circuit blurred the line between merely descriptive and generic terms and thereby expanded the terms that can be considered generic?

Page 331. Add new Sub-category 4.

4. Informational and Common Terms and Phrases

Recall the discussion of the protectability of slogans in the casebook, Ch.2.A.1.a. at p. 68 and in this Supplement, Ch.2.A.1, *supra*. Some slogans or phrases are deemed informational and/or so commonly used that the consuming public would not regard them as source indicative. The reasoning, similar to the rationale for denying protection to generic terms, is that an applicant cannot “attempt to prevent competitors from using it to promote the sale of their own [goods].” *In re Eagle Crest, Inc.*, 96 U.S.P.Q.2d 1227 (T.T.A.B. 2010) (ONCE A MARINE ALWAYS A MARINE).

In recent years, Trademark Examiners and the Trademark Trial and Appeal Board have been issuing or affirming this type of refusal much more frequently, often relying heavily on Internet and social media evidence, such as in the case below. Consider whether you agree with this trend.

In Re DePorter

129 U.S.P.Q.2d 1298 (T.T.A.B. 2019)

KUCZMA, ADMINISTRATIVE TRADEMARK JUDGE:

....

I. Discussion

Applicant’s proposed mark #MAGICNUMBER108 [for apparel] was refused registration under §§ 1 and 2 of the Trademark Act, 15 U.S.C. §§ 1051 and 1052, which require that the subject matter presented for registration be a “trademark,” defined in § 45 of the Trademark Act, 15 U.S.C. § 1127, as follows:

...

The Court of Customs and Patent Appeals ... observed that “... Before there can be registration, there must be a trademark, and unless words have been so used they cannot qualify.” *In re Bose Corp.*, 546 F.2d 893, 192 USPQ 213, 215 (CCPA 1976) [citation]. “Words are not registrable merely because they do not happen to be descriptive of the goods or services with which they are associated.” *Standard Oil [Co.]*, 125 USPQ [945] at 229 [[CCPA 1960)]. The mere fact that Applicant’s phrase appears on the specimens does not make it a trademark. To be a mark, the phrase must be used in a manner which indicates to purchasers or potential purchasers a single source or origin for the goods. [Citation.] Thus, terms and expressions that merely convey an informational message are not registrable. *In re Eagle Crest, Inc.*, 96 USPQ2d 1227, 1229 (TTAB 2010).

....

... In this case, the Examining Attorney refused registration ... on the ground that the public will ... perceive the term ... only as conveying an informational message.

... [T]he Examining Attorney submit[ted] evidence showing that numerous third parties have used #MAGICNUMBER108 as part of messages posted on social media sites, including Twitter and Instagram, during and after the 2016 World Series. According to the Examining Attorney, the use of the wording #MAGICNUMBER108 in these messages identifies the subject matter of these tweets and posts as relating to and expressing support for the Chicago Cubs and their World Series win. [It had been 108 years since

their previous win].

Below is a representative list of the third-party tweets on which the Examining Attorney relies, together with the Examining Attorney's comments regarding them [omitting record cites]:

Jeff Corder 25¢. "@cubs ...Sooooo much better than that "other" hat! ;) #MtCGA #GoCubsGo #MagicNumber108 #FlyTheW #cubsparade #WorldSeries #CubsWin." (Examining Attorney: "This tweet, with a photo of a hat showing a bear with a baseball bat and the wording 'Make the Cubs Great Again,' includes the hashtag in the context of several relating to the Cubs and their World Series win and would be perceived as also relating to that win)."

Carlos: "It is celebration time in chi-town. #cubsworldserieschamps #magicnumber108." (Examining Attorney: "Like the hashtag that precedes it, the hashtag #magicnumber108 would be viewed as a reference to the Cubs' win.").

hiram: "Was it a dream, Ask Chely Wright, IT WAS REAL, IT WAS MAGIC, The #ChicagoCubs WORLD CHAMPS #MagicNumber108." (Examining Attorney: "Again, in this context, and combined with a photo of the Wrigley Field sign, the hashtag #magicnumber108 would be viewed as a reference to the Cubs' World Series win.").

Joe Woschitz: "#FlyTheW And 108 years later the Chicago Cubs are World Series Champions again! #MagicNumber108 #GoCubsGo #LetsGo #WorldSeries." (Examining Attorney: "Here, the hashtag #magicnumber108 would be viewed as a reference to the Cubs' World Series win, for the first time in 108 years, as stated in the text of the tweet.").

[The opinion quoted numerous similar third-party social media posts using the hashtag "#magicnumber108" to refer to the Cubs' World Series win relied upon by the Examining Attorney].

The Examining Attorney also identifies social media posts from entities associated with Applicant (ChicagoSportsMuseum and Harry Caray's restaurant, which ... are associated with Applicant) that likewise convey information about the Chicago Cub's World Series success:

Chicago Sports Museum. We're putting together a great exhibit to celebrate the Cubs' World Series victory! #GoCubsGo #MagicNumber108." (Examining Attorney: "Thus, both hashtags would be viewed as relating to the Cubs' World Series win, not to any goods or services provided by the museum.").

Harry Caray's: HOLY COW! So many happy and excited fans in Harry's bar tonight! #GoCubsGo #FlytheW #MagicNumber108." (Examining Attorney: "Similar to the above ChicagoSportsMuseum tweet, all three hashtags would be viewed as relating to the Cubs' playing in Game 3 of the World Series, not to any goods or services provided by the restaurant.").

Harry Caray's: Doors are open! Breakfast is served! We're ready for game 3! LET'S GO CUBS! #magicnumber108. (Examining Attorney: "This tweet includes a photo of a reporter, a fan wearing a Cubs jersey, and fans holding W flags. The wording #magicnumber108 in this tweet would be viewed as a hope that the Cubs would win the World Series after 108 years.").

[Additional similar examples are omitted].

The Examining Attorney also argues that evidence ... “establishes that “[A]pplicant compiled a list of appearances of the number 108 in baseball in general (such as 108 stitches on a baseball) and in relation to the Chicago Cubs baseball team in particular (such as the distance to foul poles in Wrigley field in meters) to predict that the Chicago Cubs baseball team would win the 2016 World Series, 108 years after their previous World Series win” [, and that] such evidence did not reference any goods sold by Applicant that featured ...[the] mark or the wording “Magic Number 108.” Thus, the Examining Attorney concludes that “Magic Number 108” was used in news articles solely to refer to appearances of the number 108 and the associated prediction by Applicant that the Chicago Cubs would win the 2016 World Series.

....

Applicant contends that his proposed mark ... is not a common phrase or message that would ordinarily be used in advertising or the relevant industry [and] maintains that the tweets and other social media postings in the record ... do not establish #MAGICNUMBER108 as a common phrase or message that customers are accustomed to seeing in everyday speech from a variety of sources because Applicant is the only user of #MAGICNUMBER108 in commerce. While Applicant and the Examining Attorney agree that the term “magicnumber108” was first used by or in relation to Applicant, they disagree as to whether it comprises a mark...

... [W]e need not find that the evidence shows third-party use of the alleged mark on goods “in commerce.” ... [A]ny evidence demonstrating widespread use of the wording is relevant, including ... social media tweets and posts of the type ... made of record in this application. TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1202.04(b) (“TMEP”) (Oct. 2018).¹⁴ ... See *In re Manco Inc.*, 24 USPQ2d 1938 (TTAB 1992) (affirming a refusal for two THINK GREEN marks for a variety of goods, including boxes, adhesive tape, and weather-stripping, where the evidence consisted solely of news articles showing THINK GREEN used to express concern for the environment, with no evidence of third-party use of the mark in commerce). The evidence provided by the Examining Attorney shows wide use of the proposed mark in a non-trademark manner to consistently convey information about the Chicago Cubs’ World Series appearance and win after a 108-year drought. This evidence is competent to suggest that upon encountering Applicant’s “mark,” prospective purchasers familiar with such widespread non-trademark use are unlikely to consider it to indicate the source of Applicant’s goods.

... [T]his finding is reinforced by the presence of the hash mark in Applicant’s proposed-mark. ... In the social media context, a hashtag “is a word or phrase preceded by a hash mark (#), used within a

14. TMEP § 1202.04(b) (emphasis added):

“Messages that are used by a variety of sources to convey social, political, religious, or similar sentiments or ideas are likely to be perceived as an expression of support for, or affiliation or affinity with, the ideas embodied in the message rather than as a mark that indicates a single source of the goods or services.

...

Any evidence demonstrating that the public would perceive the wording merely as conveying the ordinary meaning of the message, or enthusiasm for, affinity with, or endorsement of the message, supports this refusal. In addition to dictionary or encyclopedia entries showing the meaning or significance of wording, supporting evidence may include materials (e.g., website pages, Internet search results lists if sufficient surrounding text is included, social-media pages, product fact sheets, and other promotional materials) showing the applicant’s manner of use and the manner of use by third parties.”

message to identify a keyword or topic of interest and facilitate a search for it.” ... Applicant’s proposed mark ... has been used extensively as a hashtag to identify the Chicago Cubs’ World Series appearance and win. We are careful to note that our conclusion that #MAGICNUMBER108 would be perceived as a hashtag is tied to the particular evidence of this case.... Each case must be decided on its own facts.

Where a hashtag is used as part of an online social media search term, it generally serves no source-indicating function, because it “merely facilitate[s] categorization and searching within online social media,” TMEP § 1202.18. Therefore, the addition of ... the hash symbol (#) to an otherwise unregistrable term typically will not render the resulting composite term registrable. [Citations.]

Applicant argues that his proposed mark was never used ... prior to Applicant coining that term, nor is it now used in everyday speech. Unlike the cases cited in the Office Actions and in the Examining Attorney’s brief, involving terms, slogans or sayings which are “commonly used” or “old and familiar” or “used in everyday speech,” Applicant maintains his proposed mark is different because it is arbitrary and fanciful. ... However, “[t]he critical inquiry ... is how the designation would be perceived by the relevant public.” *Eagle Crest*, 96 USPQ2d at 1229. That the applied-for mark is arbitrary or fanciful does not necessarily mean that the public perceives it as an indication of source. *Cf.* TMEP § 1202.03(a) (“Common expressions and symbols” including “the peace symbol [and] ‘smiley face’” “are normally not perceived as marks.”). Here, the evidence of record establishes that the consumer perception of the phrase is as a widely-used message to convey information about the Chicago Cubs baseball team.

... Applicant contends that hashtags can be used as marks to promote product awareness in addition to facilitating categorization and searching of social media postings, citing Dina Roumiantseva & Aaron Rubin’s article,” #Trademarks?: Hashtags as Trademarks, [citation]...[T]he article notes:

[T]he makers of Mucinex have registered #blamemucus, which allows potential consumers to commiserate about their colds through social media, as well as spread the word about Mucinex and participate in drawings for prizes. The #blamemucus registration covers both the pharmaceutical products themselves (with a store display bearing the mark as a specimen of use) and services consisting of information in the field of respiratory and pulmonary conditions via the Internet (with the company website as a specimen).

However, Applicant has not used #MAGICNUMBER108 in this manner. ... [O]ther than the specimen showing use of the term on the front of a t-shirt, Applicant has not identified or produced copies of any methods he used to create such awareness. Nor do the examples of third-party use of “#MAGICNUMBER108” that have been submitted show use of the proposed mark in support of product awareness of Applicant’s goods, such as in tweets under the hashtag ... containing photos of consumers wearing one of Applicant’s shirts.... To the extent goods were shown in connection with the #MAGICNUMBER108 hashtag, they were not the goods for which Applicant has applied to register his proposed mark. For example, Harry Caray’s — an entity associated with Applicant — displayed a third party’s footwear (see below) in a social media post that employed the ... hashtag.



Another example of third-party goods shown with #MAGICNUMBER108 is shown in a Google search for “#magicnumber108 shirts” which identified third-party Palmer Place Restaurant’s Facebook page regarding the “Palmer Place Cubs Fan T shirts and Sweatshirts” it offers for sale:

You should be here!!! Go Cubs!! - Palmer Place Restaurant and ...
<https://www.facebook.com/PalmerPlace/videos/vb.../10157665488990333/?...3...> ▼
#gocubsgo #FlyTheW #palmerlagrange #magicnumber108 #gocubsgo ... Our Palmer Place Cubs
Fan T shirts & Sweatshirts are in stop by to buy one while we ...

...

The hashtag #MAGICNUMBER108 as used in these contexts was and is ... associated with the Chicago Cubs’ then-upcoming World Series win.

... Applicant submits an article ... [and] quotes the following:

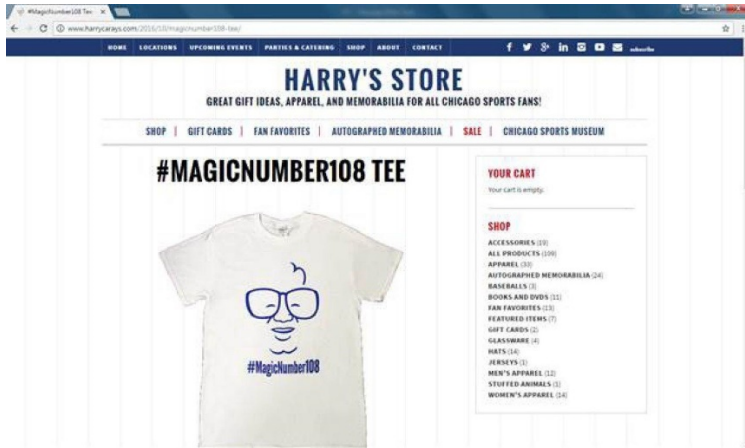
Username or trademark mentions on sites like Twitter, Tumblr or Instagram could promote a trademark as well, depending on content, but should be accompanied by proof of actual sales under the mark.²²

Although acknowledging that such mentions *could* promote a trademark, ... the article says that whether a hashtag can function as a mark depends on how it is used. But even in those instances, the addition of the hashmark is usually devoid of source-identifying significance. We do not hold that hashtags can never be registered as trademarks. To be registrable, a hashtag ... must function as a trademark. Here, the evidence shows that #MAGICNUMBER108 is perceived as part of an online social media trend related to the phrase “magic number 108,” expressing affiliation with the Chicago Cubs baseball team and their 2016 World Series win after 108 years rather than as an identification of source...

Question

22. Anne Gilson LaLande and Jerome Gilson, *Proving Ownership Online . . . and Keeping It: The Internet’s Impact on Trademark Use and Coexistence*, 104 THE TRADEMARK REPORTER 1275, 1291 (November-December, 2014).

Applicant's specimen of use for his #MAGICNUMBER108 application is shown below:



The Examining Attorney pointed out that an applicant cannot overcome an informational refusal by amending the application to the Supplemental Register or by claiming acquired distinctiveness under Section 2(f). TMEP §1202.04. In this way, an informational refusal is similar to a genericness finding. There is no path to protection as a trademark. Did the TTAB adequately consider Applicant's argument his mark could be dual functioning both as a mark and as a social media topic? Does it seem fair that a phrase first coined by Applicant was barred from protection because a number of Cubs fans used or were exposed to the hashtag? How many people need to be aware of such use in order to infer that the relevant public would not perceive it as source indicative? Would you have advised Mr. DePorter to have done anything differently to enhance his chances of registration? Should he have presented any other types of evidence?

In re Wal-Mart Stores, Inc., 129 U.S.P.Q.2d 1148 (T.T.A.B. 2019). The Board affirmed the refusal to register INVESTING IN AMERICAN JOBS for promoting awareness for goods made or assembled by American workers and for various retail store services. It concluded that the phrase fails to function as a mark "because it is merely informational and commonly used as a slogan in advertising and promotional efforts to signify businesses' engagement in activities to encourage development of employment opportunities in the U.S." The Board noted:

[A] threshold issue in some cases (like this one) is whether the phrase in question in fact functions to identify the source of the services recited in the application and distinguish them from the services of others or, instead, would be perceived merely as communicating the ordinary meaning of the words to consumers.... [O]ur primary reviewing court ... and other federal appeals courts, draw a distinction between words used to "identify and distinguish" source, and words used in their ordinarily-understood meaning to convey information other than source-identification....

... A critical element in determining whether a term or phrase is a service mark is the commercial impression the term or phrase makes on the relevant public, *i.e.*, whether the phrase sought to be registered would be perceived as a mark identifying the source of the services, or as something else. [Citation.] To make this determination, we look to the specimens and other evidence of record showing the phrase used in the marketplace to

determine how consumers likely would perceive the subject matter sought to be registered. *See In re Bose*, 192 USPQ [213], at 216 [CCPA 1976]; [citations].

Applicant's specimen below shows INVESTING IN AMERICAN JOBS, together with the "Walmart & the Spark Design" mark, used on shelf-talker signage located in Applicant's retail stores and positioned in close proximity to goods that it designates as made by American workers:



The Board further noted:

[T]hat a phrase proposed for registration appears on the specimens of record does not establish its use as a service mark. [Citation.] As we pointed out in *Remington Prods.*, 3 USPQ2d [1714] at 1715 [T.T.A.B. 1987]:

[T]he mere fact that applicant's slogan appears on the specimens ... does not make it a trademark. To be a mark, the term, or slogan, must be used in a manner calculated to project to purchasers or potential purchasers a single source or origin for the goods in question. Mere intent that a term function as a trademark is not enough in and of itself, any more than attachment of the trademark symbol would be, to make a term a trademark.

The slogan INVESTING IN AMERICAN JOBS is like other statements that would ordinarily be used in business or industry, or by certain segments of the public generally, to convey support for American-made goods, and thus would not be recognized as indicating source and are not registrable. *See, e.g., In re Remington Prods.*, 3 USPQ2d at 1715 (PROUDLY MADE IN USA for electric shavers and parts thereof would not be recognized as source indicator); [citation]; *In re Volvo Cars*, 46 USPQ2d at 1461 (DRIVE SAFELY for automobiles); *In re Manco*, 24 USPQ2d at 1941 (THINK GREEN for mailing and shipping boxes and for weatherstripping); *In re Niagara Frontier Servs., Inc.*, 221 USPQ 284, 285 (TTAB 1983) (WE MAKE IT, YOU BAKE IT! for supermarket store services); *In re TilconWarren, Inc.*, 221 USPQ 86, 88 (TTAB 1984) (WATCH THAT CHILD for construction materials); *In re Morganroth*, 208 USPQ at 288 (NATUR-ALLIZE YOUR HAIR COLORING for hair styling salon services). These slogans all are informational in nature, expressing various sentiments using words that convey their ordinary meanings rather than indicating source.

Similarly, we find that consumers would perceive INVESTING IN AMERICAN JOBS as merely an informational statement that Applicant is selling certain goods that are made or assembled in America in areas of the store where the signage appears. It would not be perceived as a service mark for “promoting public awareness for goods made or assembled by American workers” and the various retail store services recited in the application . . . The text on Applicant’s website confirms the merely informational nature of the phrase. Thus, the commonplace meaning imparted by the phrase INVESTING IN AMERICAN JOBS would be the meaning impressed upon the purchasing public.⁸

The Board recited third-party uses of the phrase or similar wording by manufacturers of products, in product descriptions, in titles and text of media and news articles and concluded:

We find that the third-party usage examples provided by the Examining Attorney show that people are exposed to the ordinary meaning of the phrase “investing in American jobs” in everyday life from many different sources to promote the same message and ideas as Applicant. The evidence shows common usage of the phrase “investing in American jobs” by commercial businesses in various industries, as well as in media articles and blogs, to convey the goal or aim of investing in U.S. business to promote employment opportunities in America. The fact that the phrase “investing in American jobs” is used in the titles and texts of numerous articles for a wide range of activities that result in various employment opportunities for American workers, as well as promotion of the U.S. economy, highlights the emphasis being placed on American jobs. The Board has previously acknowledged the public policy considerations in allowing businesses to encourage purchasers to give preference to American-made products, and affirmed the refusal to register the merely informational slogan PROUDLY MADE IN THE USA, recognizing, “It is common knowledge that . . . American manufacturers are anxious to encourage purchasers to give preference to American products.” *In re Remington Prods.*, 3 USPQ2d at 1715. The evidence submitted by the Examining Attorney reflects that the closely related goal of American businesses to encourage purchasers to give preference to products made or assembled by American workers is also widely touted and pursued.

The Board discounted Applicant’s reliance on its website, its top Internet search results and advertising and promotional efforts and expenditures and noted:

...[E]ven a showing that consumers associate a phrase with a particular goods or services provider does not allow the provider to remove the term from the common lexicon. *See Am. Online v. AT&T*, 57 USPQ2d at 1909-10 (“Stated otherwise, the repeated use of ordinary words functioning within the heartland of their ordinary meaning [“You Have

8. This is further amplified by the fact that the specimen also bears another designation that clearly identifies source, namely, the “Walmart & the Spark Design” mark. *See, e.g., In re J. Hungerford Smith Co.*, 279 F.2d 694, 126 USPQ 372, 373 (CCPA 1960) (where specimen bore the applicant’s house marks “J. Hungerford Smith’s” and “J H S” as well as the applied-for term BURGUNDY on flavoring syrup made from Burgundy cherries, the Board correctly found that the term BURGUNDY was “not used in a trademark sense”).

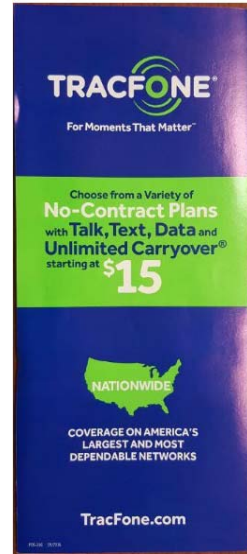
Mail”], and not distinctively, cannot give AOL a proprietary right over those words, *even if an association develops between the words and AOL.*”) (emphasis added); *In re Wakefern Food*, 222 USPQ at 79 (finding applicant’s evidence that consumers associate WHY PAY MORE! with applicant entitled to relatively little weight where applied-for mark does not perform the function of a trademark); *In re Water Gremlin Co.*, 635 F.2d 841, 208 USPQ 89, 90 (CCPA 1980) (proof that some consumers may associate particular words with a company is not probative where a mark is not used as a source-indicator because “[n]ot all designs or words which in fact indicate or come to indicate source will be restricted in use to a single merchant”); *cf. In re J. Hungerford Smith*, 126 USPQ at 373 (not addressing applicant’s evidence of acquired distinctiveness because the applied-for term failed to function as a trademark). Indeed, when evidence shows, as it does here, that others besides an applicant are using a phrase in an informational manner, the burden on the applicant claiming exclusive ownership and a right to exclude others from use increases. [Citation.] Thus, even if there were evidence that some consumers associated the phrase with Applicant, that alone would not entitle Applicant to appropriate for itself exclusive use of an otherwise common informational phrase and thereby attempt to prevent competitors or others from using it to promote their efforts to support American workers. [Citations.]

...

Based on the record in this case, Applicant’s proposed mark INVESTING IN AMERICAN JOBS fails to function as a service mark for retail store services or for promoting public awareness of goods made or assembled by American workers. As used by Applicant, it would be perceived by customers as a merely informational phrase, not a “merchandising short-cut” that indicates the source of Applicant’s services and distinguishes them from those of others.

Questions

1. The *Wal-Mart Stores* decision indicates that an applicant’s use in the marketplace can be sufficient to justify finding a phrase or slogan is informational and thus not registrable. TracFone has owned a Supplemental Registration for the mark UNLIMITED CARRYOVER for telecommunication services for nearly 10 years. Recall that registration on the Supplemental Register signifies that a term is capable of becoming a protectable mark. TracFone applies to register the mark on the Principal Register based on a claim of secondary meaning under section 2(f) and submits a specimen of use that is the same as the one



that supported its Supplemental Registration as shown here:

Could the Examining Attorney refuse registration on the ground of being informational even without third party evidence of use in the marketplace? *See In re TracFone Wireless, Inc.*, 2019 U.S.P.Q.2d 222983 (T.T.A.B. 2019).

2. If an informational slogan or phrase is presented in a stylized manner and/or is combined with design elements, should the stylized or composite mark be entitled to registration? Consider two Board cases decided a week apart with opinions authored by the same administrative judge.

In *adidas AG v. Christian Faith Fellowship Church*, 2019 TTAB LEXIS 439 (T.T.A.B. Nov. 13, 2019), the Board found the phrase ADD A ZERO to be an informational slogan commonly used in fundraising and granted the petition to cancel the word mark for shirts and caps. The Board, however, found the “specific combination, placement and shading of the wording and design element [of the stylized word and design mark]... create an integrated whole with a single and distinct three-dimensional commercial impression...”



In *In re Ocean Technology, Inc.*, 2019 U.S.P.Q.2d 450686 (T.T.A.B. Nov. 21, 2019), the Board found Applicant’s composite word and design marks for crabmeat to be informational and not entitled to registration.



The Board reasoned that all of the wording in the mark was informational based on the evidence in the record, that the stylizations of the wording “are not particularly notable or distinctive” and that an “accurate pictorial representation” of a crab” “simply informs prospective consumers that the associated product is crabmeat.” Do you agree that, unlike the ADD A ZERO and Design mark, these marks do not “create an integrated whole with a single and distinct ... commercial impression?” Did the Board take adequate account of the combination of the varied stylizations and placement of different elements in the marks?

B. Abandonment

1. Non Use

Page 342. Add Question 7

7. If a trademark owner publicly states that it is ceasing use of a mark, is that sufficient to establish abandonment and an intent to not resume use? If less than three years have elapsed, which party has the burden of proving intent not to resume use? See *Double Coin Holdings Ltd. v. Tru Development*, 2019 U.S.P.Q.2d 377409 (T.T.A.B. 2019) (published statement of intent to cease selling WARRIOR tires that had been imported from China due to imposition of high tariff coupled with statement of intent to look for alternative site of manufacture and subsequent efforts to do so did not prove abandonment. Due to less than three years of nonuse, counterclaimant asserting abandonment retained burden of proof of intent not to resume use).

Page 348. Add Questions 8 and 9.

8. The *Wells Fargo* decision indicates that a company rebranding or changing its name may still be able to retain rights in the prior mark or name if it continues to make bona fide use in commerce of the original mark. What type of uses may allow a company to maintain rights in the original mark? Consider the following two cases:

In *AT&T Mobility LLC v. Thomann and Dormitus Brands LLC*, 2020 U.S.P.Q.2d 53785 (T.T.A.B. 2020), Applicant applied to register the marks CINGULAR and CINGULAR WIRELESS and Design for products in Class 9, including cell phones and cell phone accessories. AT&T Mobility opposed, *inter alia* on the ground of false suggestion of a connection. Applicant countered that Opposer lacked standing as it

had abandoned use of the CINGULAR mark. Opposer, initially formed in 2000 under the name Cingular Wireless LLC, acquired AT&T Wireless in 2004 and heavily advertised the CINGULAR name and mark. In 2007, Opposer changed its name to AT&T Mobility LLC. AT&T Mobility has a controlled subsidiary New Cingular Wireless PCS, LLC, which uses its name as the holder of AT&T's FCC licenses, leases with property owners and in contracts with wireless customers. The Board held such use and history was sufficient to establish standing to assert the false suggestion of a connection ground as CINGULAR is part of Opposer's identity.

In *Equitable Nat'l Life Ins. Co. v. AXA Equitable Life Ins. Co.*, 434 F. Supp. 3d 1227 (D. UT 2020), *appeal dismissed*, 2020 U.S. App. LEXIS 41099 (10th Cir. 2020), the court preliminarily enjoined defendant's intended use of EQUITABLE as a standalone name and mark, finding a likelihood of success that defendant had abandoned its prior rights in a standalone EQUITABLE mark even though defendant was initially the prior user from 1859. AXA S.A. acquired defendant in 1991 and the standalone EQUITABLE registrations lapse in 2003 and 2004. From 2004, it used a logo combined with AXA and in 2014, it dropped EQUITABLE from its logo and spent \$85 million in rebranding to AXA. The court recognized that defendant had previously had priority in EQUITABLE as a standalone mark but could no longer claim such priority as it only used the mark in combination with its AXA company name. References to historical products in brochures were not persuasive to the court. The facts that defendant let its prior EQUITABLE registrations lapse and dropped EQUITABLE from its logo in 2014 were sufficient evidence to establish an intent not to resume use.

9. Quaker Oats announced that it would retire its AUNT JEMIMA brand of pancake mix and syrup by the end of 2020 and would be adopting a new name and packaging design. The brand had existed for over 130 years and had been a market leader. The brand name was inspired by a minstrel song that looked back wistfully on the antebellum South.

In its announcement, Quaker Oats stated that the reason for changing the brand name is "to make progress toward racial equality" and acknowledged that Aunt Jemima's origins and early packaging were "based on a racial stereotype."

Would Quaker Oats' public statement of intent to retire the brand at the end of 2020 justify a finding of abandonment with intent not to resume use? Could a third party adopt AUNT JEMIMA as a brand name now? At some other point in time?

Note: Challenges to Registration: Audits, Letters of Protest, Reexamination and Expungement

Concern about the depletion of the available marks that can be registered due to the crowded nature of the Register has been expressed by practitioners, academics, the USPTO and Congress. *See, e.g.*, B. Beebe and J. Fromer, "Fake Specimens: an Empirical Analysis," Law and Economics Paper Series Working Paper No. 20-37, NYU School of Law (July 2020). Marks sitting on the Register that are not in use, so-called "deadwood," and fraudulent specimens submitted in support of use-based applications contribute to this congestion. *Id.* Concern that this phenomenon has resulted in a decreased ability of new entrants to the marketplace, especially smaller businesses, to register desirable marks, with a concomitant impact on competition and on the integrity of the Register has been widely expressed. *See, e.g.*, B. Beebe and J. Fromer, "Are We Running out of Trademarks? An Empirical Study of Trademark Depletion and

Congestion,” 131 Harv. L. Rev. 945 (2018); “Changes in Requirements for Specimens and for Affidavits or Declarations of Continued Use or Excusable Nonuse in Trademark Cases,” 77 Fed. Reg. 30,197 (May 22, 2012). 37 C.F.R. §§ 2.161, 7.37 (USPTO noted the following costs/burdens: “changing plans to avoid use of the mark, investigative costs to determine how the similar mark is actually used and assess the nature of any conflict, or cancellation proceedings or other litigation to resolve a dispute over the mark.”)

The USPTO has initiated studies and promulgated regulations to address these concerns. A pilot program in 2012 required a random selection of section 8 use declarants in the sixth year after registration to produce additional specimens of covered goods or services, instead of one per class covered as is normally required. Changes in Requirements for Specimens and for Affidavits or Declarations of Continued Use or Excusable Nonuse in Trademark Cases,” *supra*. 51% failed to meet the requirement for all of the covered goods/services. 34% were amended and narrowed to the goods/services in connection with which the mark was being used. 16% failed to respond, resulting in cancellation of the registrations. The audit program was made permanent; now registrations with at least one class with four or more covered goods/services or at least two classes with two or more covered goods or services may be audited. Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases, 82 Fed. Reg. 6,259, 6,262 (Jan. 19, 2017), 37 C.F.R. §§ 2.161, 7.37.

Since 2019, the USPTO requires a non-U.S. domiciliary to be represented by U.S. counsel in prosecution and contested matters. This measure was in part aimed at addressing an influx of use-based applications, especially emanating from China, in which fake specimens were being submitted to support use-based applications. *See* B. Beebe and J. Fromer, “Fake Specimens” *supra*, at p.7 (authors analyzed all specimens for Class 25 applications from China in 2017 and estimated two-thirds included fraudulent specimens). *Id.* at p.2.

In December 2020, Congress enacted the Trademark Modernization Act of 2020 (the “TMA”) effective December 29, 2021. This Act codified or added procedures that allow third parties to submit evidence that can be used to deny or to cancel a registration, without having to institute an opposition or cancellation proceeding. For example, Section 223 of the TMA codifies the Letter of Protest procedure that permits third parties, during the period of examination of an application, to submit evidence that supports a ground on which an Examiner could refuse registration, including likelihood of confusion with a previously registered mark, mere descriptiveness or genericness, false suggestion of a connection, common terms or informational messages or faulty specimens of use. 15 U.S.C. § 1051(f). The evidence is sent to the Director who then decides whether or not the evidence should be forwarded to the relevant Examining Attorney for consideration. The Examining Attorney is not required to find that a particular ground for refusal exists but has the benefit of the added evidence. Proposed regulations governing this and other procedures instituted by the TMA have not been finalized at the time of this writing.

Section 225 of the TMA also created two new proceedings to increase the ability of the USPTO and third parties to challenge registrations for nonuse, without having to file a cancellation action. 15 U.S.C. §§ 1066A and B. Section 16A establishes an *ex parte* expungement procedure that may be initiated by a third party or the Director “on the basis that the mark has never been used on some or all of the goods or services recited in the registration” after a “reasonable investigation” and submission of supporting evidence. If the Director determines that a prima facie case has been established, the Director notifies the petitioner and registrant and refers the matter to an Examiner to determine whether the registration should

be canceled with respect to any, all or some of the goods and services covered. The registrant can then submit evidence of use. The procedures for examination of an application apply except as varied by regulations that may be enacted. This procedure can be employed in the period three to ten years after a registration issues except for three years after enactment. This exception will allow parties to challenge registrations more than ten years old for a few years after enactment no matter how old they are.

Section 16B establishes an *ex parte* reexamination procedure that can be utilized by third parties or the Director on the basis that “the mark was not in use in commerce on or in connection with some or all of the goods or services recited in the registration on or before the relevant date.” For an application that was filed on the basis of use and that basis did not change, the “relevant date” is the application filing date. For an ITU application, it is the date that either an Amendment to Allege Use or a Statement of Use was filed. The Petitioner must demonstrate a “reasonable investigation” and submit supporting evidence. Again, the Director determines whether or not a prima facie case has been made and notifies the petitioner and registrant. If a case has been made, the matter is referred to an Examiner and the registrant can submit evidence of use. This procedure can be employed for the first five years after a registration issues.

Page 364. Add the following Note:

Note: Treatment of Trademark Licenses in Bankruptcy

The Supreme Court, in an 8-to-1 decision*, resolved a circuit split concerning the effect of a debtor in bankruptcy’s rejection of a trademark license. *Mission Product Holding Inc. v. Tempnology, LLC*, 139 S. Ct. 1652, 203 L. Ed. 2d 876 (2019). The issue was whether such a rejection resulted in treatment as a breach, or as a rescission of the contract that would prevent the licensee from continuing to use the licensed mark. Justice Kagan answered - as a breach. In reaching this conclusion, the Court rejected two trademark-specific arguments of the debtor-licensor.

Section 365(n) provides that certain types of intellectual property licensees, including patent and copyright, can continue to use those rights and to pay the royalties under the license even if the licensor rejects the contract. The debtor-licensor in *Mission* reasoned that the failure to include trademarks within the provision meant that such licenses were in effect rescinded; otherwise, why would it be necessary to articulate specific protection for other types of IP licenses? In rejecting this contention, the Court noted that the general provision of section 365(g) states that: “Rejection “constitutes a breach of [an executory] contract.” Further, the Court noted that the 365(n) provisions were enacted over time to correct the result of opinions that went the other way, rather than rejecting the general rule governing the effect of rejection as a breach.

If the licensor breaches the agreement outside bankruptcy (*again, barring any special contract term or state law*), everything said above goes. In particular, the breach does not revoke the license or stop the licensee from doing what it allows. *See, e.g., Sunbeam*, 686

* Justice Gorsuch’s dissent did not reach the merits, finding the matter moot.

F. 3d, at 376 (“Outside of bankruptcy, a licensor’s breach does not terminate a licensee’s right to use [the licensed] intellectual property”). And because rejection “constitutes a breach,” §365(g), the same consequences follow in bankruptcy. The debtor can stop performing its remaining obligations under the agreement. But the debtor cannot rescind the license already conveyed. So the licensee can continue to do whatever the license authorizes.

The licensor-debtor also argued that trademark law imposes a duty on the owner to exercise quality control with respect to the licensed mark or otherwise risk loss of the mark’s value or even of the mark itself. The Court found this argument unpersuasive:

Congress did not have “a single purpose,” but “str[uck] a balance” among multiple competing interests... Section 365 provides a debtor like Tempnology with a powerful tool: Through rejection, the debtor can escape all of its future contract obligations, without having to pay much of anything in return. But in allowing rejection of those contractual duties, Section 365 does not grant the debtor an exemption from all the burdens that generally applicable law—whether involving contracts or trademarks—imposes on property owners. [Citation.] Nor does Section 365 relieve the debtor of the need ... to make economic decisions about preserving the estate’s value—such as whether to invest the resources needed to maintain a trademark. In thus delineating the burdens that a debtor may and may not escape, Congress also weighed ... the legitimate interests and expectations of the debtor’s counterparties. The resulting balance may indeed impede some reorganizations, of trademark licensors and others....

Justice Sotomayor joined the opinion of the Court but also authored a concurrence in which she highlights a point alluded to in the majority opinion, i.e. that contract provisions or state law could vary the result. She thus elaborates:

The Court granted certiorari to decide whether rejection “terminates rights of the licensee that would survive the licensor’s breach under applicable nonbankruptcy law.” Pet. for Cert. The answer is no, for the reasons the Court explains. But the baseline inquiry remains whether the licensee’s rights would survive a breach under applicable nonbankruptcy law. Special terms in a licensing contract or state law could bear on that question in individual cases. See Brief for American Intellectual Property Law Association as *Amicus Curiae* 20-25 (discussing examples of contract terms that could potentially lead a bankruptcy court to limit licensee rights post-rejection).

In light of the decision in *Mission*, what type of license provisions should a licensor seek to include?

Chapter 6

Infringement

A. Defendant's Use in Commerce

Page 368. Replace *Born to Rock Design v Café Press* with the following case and Question.

Ohio State University v Redbubble

989 F.3d 435 (6th Cir. 2021)

NALBANDIAN, CIRCUIT JUDGE.

Online shopping has transformed American life. Gone is the heyday of shopping malls and in-person retail. Instead, Americans increasingly choose to make purchases online. Although digital marketplaces may not require the same type of upkeep and maintenance as brick-and-mortar businesses, someone still manages them. This case concerns the responsibilities of companies that operate marketplaces facilitating online transactions between consumers and vendors.

The prime example of the modern digital marketplace is Amazon.com, Inc. Amazon operates a website where, among other things, third-party vendors sell their goods to consumers. Because Amazon's marketplace operates as a neutral intermediary between consumers and third-party vendors, courts have typically not found it liable for trademark-infringing goods sold through its platform. *See, e.g., Multi Time Mach., Inc. v. Amazon.com, Inc.*, 804 F.3d 930, 938–39 (9th Cir. 2015); *Milo & Gabby, LLC v. Amazon.com, Inc.*, No. C13-1932RSM, 2015 WL 4394673, at *6 (W.D. Wash. July 16, 2015). This case turns on whether Redbubble, Inc., an Australia-based online retailer, enjoys similar immunity from trademark-infringement claims arising from products displayed on and sold through its digital marketplace. The Ohio State University (OSU) argues that Redbubble's marketplace model differs from those used by Amazon, eBay, and other passive e-commerce facilitators. So OSU alleges that Redbubble violated the Lanham Act and Ohio's right-of-publicity statute because it acted less like a hands-off intermediary and more like a company that creates knock-off goods. Because Redbubble's marketplace involves creating Redbubble products and garments that would not have existed but for Redbubble's enterprise, we find that the district court erred by entering summary judgment for Redbubble under an overly narrow reading of the Lanham Act. Thus, we REVERSE and REMAND.

I.

Redbubble operates an online marketplace with a global reach. This marketplace is large—around 600,000 artists use the website, and over \$100 million in sales has flowed through Redbubble's platform. Products for sale on Redbubble's website include apparel, wall art, and other accessories emblazoned with an image selected by a consumer. Independent artists, not employed by Redbubble, upload images onto Redbubble's interface. Consumers then scroll through those uploaded images and place an order for a customized item.

Once a consumer places a purchase on its website, Redbubble automatically contacts the artist and arranges the manufacturing and shipping of the product with independent third parties. So Redbubble never takes title to any product shown on its website. And Redbubble does not design, manufacture, or handle these products. But the shipped packages bear its logo, and Redbubble handles customer service duties such as returns.

Aside from managing the website, Redbubble plays a larger role in overseeing and executing sales made on its marketplace. For example, Redbubble helps market products listed on its website. And it markets those goods as Redbubble products to consumers; for instance, it provides instructions on how to care for “Redbubble garments.” When customers receive goods from Redbubble’s marketplace, they often arrive in Redbubble packaging and contain Redbubble tags. And if there are excess goods, Redbubble has the right to dispose of those items.

In short, independent artists can have goods displaying their artwork and images advertised, manufactured, and sold by using Redbubble’s platform. OSU argues that Redbubble is responsible for trademark-infringing products sold on Redbubble’s marketplace. Neither party disputes that some of Redbubble’s artists uploaded trademark-infringing images, that these images appeared on Redbubble’s website, or that consumers paid Redbubble to receive products bearing images trademarked by OSU. Instead, they dispute whether Redbubble is liable for trademark infringement because of its role in managing the marketplace.

OSU’s licensing program has generated over \$100 million in the last seven years. To protect its trademarks, OSU carries out a “strict oversight of licensed products. While conducting this oversight in 2017, OSU discovered products on Redbubble’s marketplace that displayed OSU’s trademarked images without approval. So OSU sent Redbubble a cease-and-desist letter.

In response, Redbubble asked OSU to “specifically identify each infringing design.” Redbubble’s user agreement states that trademark holders, and not Redbubble, bear the burden of monitoring and redressing trademark violations. Redbubble also told OSU that it needed more information about which designs violated OSU’s trademarks. So OSU sent Redbubble a letter containing photos of nine offending items. But Redbubble told OSU that pictures weren’t enough to identify the offending products, asking for URLs or other identifying information. After this, communication halted between the parties. In the end, Redbubble did not remove the offending products from its website.

After the communication breakdown, OSU sued Redbubble in December 2017. It brought claims alleging trademark infringement, counterfeiting, and unfair competition under the Lanham Act, as well as Ohio’s right-of-publicity law. The parties cross-moved for summary judgment, and the district court entered summary judgment for Redbubble. According to the district court, Redbubble did not “use” OSU’s trademarked images in operating its business model under the Lanham Act because it only acted as a “transactional intermediary” between buyers, sellers, manufacturers, and shippers. ...OSU now appeals, arguing that the lower court incorrectly interpreted the Lanham Act . . .by entering summary judgment for Redbubble.

....

V.

...OSU argues that Redbubble’s actions directly violated the Lanham Act, so at a minimum the district court should not have entered summary judgment for Redbubble. To begin, OSU claims that the district court misunderstood the Lanham Act’s scope. That statute recognizes a civil cause of action for

trademark infringement against parties who “use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services.” 15 U.S.C. §§ 1114(a), 1125(a). And OSU argues that Redbubble—“the quintessential infringer and counterfeiter”—violated the Act when it “used” OSU’s trademarks by “marketing and selling trademark-infringing products” on the Redbubble platform

In support of that argument, OSU contends that the Lanham Act applies to a wide array of parties and commercial activities and the district court erred by improperly narrowing the Lanham Act’s scope. It points to the statutory phrase “in connection with” as evidence of “a broad interpretation” for actions covered by the Lanham Act. . . . But the district court applied a narrower interpretation of the Act. It found Redbubble’s participation in the creation, manufacturing, and sale of the offending goods too indirect for Lanham Act liability because Redbubble acted more like Amazon or an auction house than a company that designs, manufactures, and sells its own goods. For instance, it ruled that Redbubble was not liable for trademark-infringing images on its website despite the Lanham Act prohibiting trademarks being “placed in any manner on the goods . . . or the displays associated therewith” because “independent” artists uploaded the images.

Unlike OSU, Redbubble urges us to follow a narrow interpretation of the Lanham Act. It believes the Act creates liability only for manufacturers, sellers, and those “who apply infringing marks to sales displays or other related advertising materials.” In short, Redbubble contends that direct liability for trademark infringement “requires that the plaintiff prove that the accused infringer placed the infringing mark on goods” or affirmatively used the mark, e.g., by selling a trademark-infringing good directly to a consumer. Because Redbubble facilitates sales, like Amazon, without creating or handling products, Redbubble concludes it “cannot directly infringe” OSU’s trademarks.

It’s true that online marketplaces, like eBay and Amazon, that facilitate sales for independent vendors generally escape Lanham Act liability. *See, e.g., Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 103, 109 (2d. Cir. 2010) (finding eBay could not be liable for direct infringement for use of a trademark where the use did not imply affiliation or endorsement; also finding eBay could not be liable for contributory infringement for the sale of counterfeit goods by vendors on its website). Conversely, parties who design and print trademark-infringing goods typically violate the Lanham Act. *See H-D U.S.A., LLC v. SunFrog, LLC*, 311 F. Supp. 3d 1000, 1030 (E.D. Wisc. 2018) (ruling that defendant violated the Lanham Act because it printed trademark-offending goods). So the parties dispute where courts draw the line for online-vendor liability.

This Circuit has already found “no reason to restrict [Lanham Act] liability to those who actually create, manufacture[,] or package the infringing items.” *Lorillard Tobacco Co. v. Amouri’s Grand Foods, Inc.*, 453 F.3d 377, 381 (6th Cir. 2006). In *Lorillard*, the court imposed liability where the defendant acted as a brick-and-mortar store that directly sold trademark-infringing items to consumers, despite the fact that the defendant didn’t design or manufacture the offending product. It simply ran a marketplace where consumers could find and procure the counterfeit cigarettes. Admittedly, *Lorillard* emphasizes the defendant’s “role as a retailer” when imposing liability. *Id.* But that decision still suggests broad liability for parties involved in selling trademark-infringing goods.

Although the district court here correctly presented this question as a spectrum, with eBay and Amazon’s marketplaces on one end and brick-and-mortar vendors on the other, it ultimately applied Lanham Act liability too narrowly. The question remains as to when, exactly, a party avoids liability by acting as a passive facilitator.

Neither party disputes that an entity that is either (i) the creator or manufacturer of the offending goods, or (ii) a direct seller of the offending goods (e.g., a brick-and-mortar store or company website) is liable under the Lanham Act. They disagree, however, as to when a party indirectly involved in the creation/manufacture of a good and/or the sale of a good avoids liability by acting as a passive facilitator. In other words, what level of involvement and control must a defendant exercise over the creation, manufacture, or sale of offending goods to be considered akin to a “seller” or “manufacturer” to whom Lanham Act liability applies? ...

....

Looking at this Circuit’s Lanham Act precedent, it seems that one key distinction between a direct seller who “uses” a trademark under the Act and a mere facilitator of sales who does not is the degree to which the party represents itself, rather than a third-party vendor, as the seller, or somehow identifies the goods as its own. A retailer who sells products directly to a customer at a brick-and-mortar store is indisputably a seller to whom the Lanham Act applies. *See Lorillard* 453 F.3d at 381. An online marketplace like eBay that clearly indicates to consumers that they are purchasing goods from third-party sellers is not. *See Multi Time Mach.*, 804 F.3d at 938–41 (finding Amazon not liable for the trademark infringement committed by parties using its platform because “Amazon clearly labels the source of the products it offers for sale” and is not a seller). Here, although the record is sparse, it appears that products ordered on Redbubble’s website do not yet exist, come into being only when ordered through Redbubble, and are delivered in Redbubble packaging with Redbubble tags. Under those facts, the district court erred in affirmatively placing Redbubble on the passive end of the liability spectrum.

....

All said, it appears that Redbubble brings trademark-offending products into being by working with third-party sellers to create new Redbubble products, not to sell the artists’ products. So it’s more than just a passive facilitator. And Redbubble classifies its goods as “Redbubble products” and makes clothes identifiable as “Redbubble garments.” That differs from Amazon’s marketplace and makes more “use” of the trademark than non-labile facilitators in cases from other circuits. Given that the district court strayed from this understanding of the Lanham Act, we find that it wrongly entered summary judgment for Redbubble on the direct Lanham Act liability claim.

....

VII.

....

It’s true that Redbubble facilitates the creation of goods bearing OSU’s marks that would not have existed but for Redbubble. And that’s why we disagree with the district court’s ruling that Redbubble could not be liable because of its similarity to Amazon, eBay, and other passive online marketplaces. But even though we hold the district court erred by applying an overly narrow reading of the Lanham Act and giving too cursory of a treatment to OSU’s state-law claims, we are not certain that OSU, based on the record established below, can establish that no issue of material fact exists over Redbubble’s liability under a more expansive understanding of the Lanham Act.

Although the record shows that Redbubble sells “Redbubble products” and “Redbubble garments” on its marketplace, unlike Amazon and other companies that are not directly liable under the Lanham Act, it’s unclear what those labels mean. To start, Redbubble’s User Agreement states that Redbubble never takes title to those products. And third-party vendors upload the designs for products sold on Redbubble’s marketplace. Given the murkiness about Redbubble’s relationship to the trademark-infringing products, we conclude the record below does not permit an informed ruling about whether Redbubble “used” OSU’s

marks under the Lanham Act. The factual gaps on this issue include: “facts regarding the precise nature of Redbubble’s contractual relationships with third-party manufacturers and shippers”; “the precise degree to which Redbubble is involved in” selecting and imprinting trademark-infringing designs upon its products; “details as to Redbubble’s involvement in the process for returning goods”; “detail[s] on how Redbubble characterizes its own services”; and facts about “defenses to liability[,] such as possible fair use defenses or defenses that confusion is not likely.” So even though the district court applied the Lanham Act too narrowly, additional factfinding on remand would aid a decision about whether Redbubble is liable under the standard explained above. . . .

VIII.

For the reasons above, we REVERSE the lower court’s grant of summary judgment in favor of Redbubble and REMAND for factfinding and for consideration of OSU’s claims under a standard consistent with this opinion.

Question

1. How should the district court address the necessary factfinding on remand? What facts does OSU need to show in order to prove that Redbubble does use OSU’s marks in commerce under the standard articulated by the 6th Circuit?

Page 374. Insert the following case before the Questions.

New Balance Athletics, Inc., v. USA New Bunren International Co., 424 F. Supp. 3d 334 (D. Del 2019). New Balance filed a trademark infringement action against New Bunren International, a Delaware-based distributor of shoes manufactured by a Chinese company that had been found liable in China for infringing New Balance’s trademarks. New Bunren operated a website at <http://www.new-bunren.com> that displayed images of its shoes but did not include either pricing information or purchasing instructions. The website did include a “contact us” form. New Bunren claimed that none of its products were shipped to or sold in any physical stores in the United States. As the court noted, that didn’t preclude “the possibility that its products could have been sold through the internet and directly shipped to a consumer.” On cross motions for summary judgment, New Bunren insisted that its activities did not qualify as “use in commerce.” The court disagreed.

New Bunren asserts that its activities were not “in commerce” as required by the Lanham Act. . . .

The Court finds . . . the analysis set forth by the Second Circuit in *Rescuecom*[] persuasive. Notably, the definition of “use in commerce” under § 1127 cannot be reconciled with the activities that create liability under §§ 1114 and 1125. Specifically, § 1127 requires that goods be “sold or transported,” but §§ 1114 and 1125 create civil

liabilities for “offer[s] for sale” or “advertising,” which are activities where goods are not necessarily sold or transported. Section 1127 states that the definitions in that section apply, “unless the contrary is plainly apparent from the context.” The context of §§ 1114 and 1125 demonstrate that the definition of “use in commerce” from § 1127 is not applicable. Accordingly, the Court will not rely on it to determine infringement.

This leaves the “in commerce” requirement set forth in §§ 1114 and 1125. New Bunren argues that no products bearing New Bunren’s “N” marks were shipped to or sold in any physical stores in the United States. But New Bunren admits that its goods were “marketed via the www.new-bunren.com website.” That New Bunren did not actually sell any infringing products is immaterial, because liability under the Lanham Act can be based on advertising or promotion alone. [Citations.]

Page 375. Add new Question 6.

6. VersaTop sells modular poles and drapes to be used to assemble temporary booths at trade shows under the mark PIPE & DRAPE 2.0. Georgia Expo competes with Versa Top in the modular pole and drape market. At a recent trade show, Georgia Expo distributed a brochure announcing that it has a new model under development.



The brochure referred to the new product using the phrase PIPE & DRAPE 2.0, and included a photograph of VersaTop’s product. VersaTop filed suit for trademark infringement. Georgia Expo argues that it has not used VersaTop’s mark in commerce because it did not place the mark in any manner on goods or their containers, tags, or labels. How should the court rule? *See VersaTop Support Systems, LLC, v. Georgia Expo, Inc.*, 921 F.3d 1364 (Fed. Cir. 2019).

Page 401. Add new Question 7.

7. STELLA ROSA brand wines, sold in supermarkets and big box stores, have the largest share of the U.S. market for inexpensive, imported Italian wines. The brand's Rosso sparkling red wine and Moscato d'Asti sparkling white wine generate tens of millions of dollars of sales every year. Enovation plans to sell wines in Target stores under the mark BELLA ROSA. Stella Rosa claims that the trade dress of Enovation's BELLA ROSA wines infringes its trade dress.



Do you see a likelihood of confusion? *See San Antonio Winery, Inc. v. Enovation Brands*, 2020 U.S. Dist. LEXIS 30840 (S. D. Fla. 2020).

Page 418. Add new Question 6.

Iron Maiden is a British heavy metal band that has been recording and performing since 1975. The band sells lots of licensed merchandise, including computer and video games, and has registered the IRON MAIDEN mark shown below for a wide variety of products.



In 2016, Nodding Frog, an electronic game company that is one of Iron Maiden's licensees, released an electronic game under the title IRON MAIDEN: LEGACY OF THE BEAST, bearing this logo:

IRON MAIDEN LEGACY OF THE BEAST

The game is free to play, and is available as an app for IOS and Android. The band has named its current world concert tour the “Legacy of the Beast World Tour.”

3D Realms is an electronic game company. It recently introduced a first-person shooter game named ION MAIDEN.



The Ion Maiden game centers on the adventures of a bomb disposal expert who must fight an army of cybernetically-enhanced soldiers. It is available now for PC and Linux for \$19.95. 3D Realms has announced that it will release the game for the Playstation 4, Nintendo Switch, and Xbox consoles within a few months.

Iron Maiden has sued 3D Realms for trademark infringement. How should a court analyze the likelihood of confusion?

B. Likelihood of Confusion

3. Different Varieties of Confusion

a. Initial Interest Confusion

Page 425. Add new Question 3:

3. In *The Scope of Strong Marks: Should Trademark Law Protect the Strong More than The Weak?*, 92 N.Y.U. L. Rev. 1339 (2017), Professors Barton Beebe and C. Scott Hemphill challenge the rule that strong marks should receive broader protection than weak marks:

. . . The central question in most trademark litigation concerns the likelihood of consumer confusion: Is a significant proportion of relevant consumers likely to be confused as to the true source of the defendant's goods due to the similarity between the defendant's and plaintiff's marks? To answer this question, one of the most important factors that courts consider - in addition to assessing the similarity of the marks - is the strength of the plaintiff's mark. Strength refers to the degree to which the mark, due to its notoriety and to some extent its intrinsic characteristics, identifies and distinguishes the product's source. It is currently taken for granted as blackletter doctrine, rehearsed in nearly every significant trademark infringement opinion, that the stronger a mark is, the more likely consumers are to confuse similar marks with it and thus the wider the scope of protection it should receive. This understanding of the role that trademark strength plays in increasing the likelihood of consumer confusion significantly influences courts' ultimate determination of liability. Greatly to the benefit of the strongest brands, it always does so in one direction: Stronger marks invariably merit broader scope. The monotonic relation between strength and scope extends to the very strongest marks, which enjoy the widest scope of protection.

This Article challenges this conventional wisdom, which we argue results in erroneous and anticompetitive findings of liability. Stronger marks should not always receive a broader scope of protection. . . . Exceptionally well-known "superstrong" marks often merit a narrower scope of protection than marks of lesser strength because their extraordinary strength reduces rather than increases the likelihood of consumer confusion.

. . .

Do you agree? Which of the cases you have read so far might have come out differently if the court had placed less weight on its finding as to the strength of the mark? Do courts seem overeager to find a likelihood of confusion when the plaintiff's mark is especially strong? If Professors Beebe and Hemphill are right that great strength should in fact reduce the likelihood of confusion, what might explain the courts' willingness to rule otherwise?

b. Post-Sale Confusion

Page 441. Replace the excerpt from Jeremy Sheff's *Veblen Brands* with this excerpt from a forthcoming book chapter.

Jeremy N. Sheff, *Misappropriation-Based Trademark Liability in Comparative Perspective**

IRENE CALBOLI & JANE C. GINSBURG, INTERNATIONAL AND COMPARATIVE TRADEMARK LAW (2020)
(EXCERPTS)

....

Post-sale confusion is an invention of the lower federal courts. The Supreme Court has never endorsed the theory, nor even discussed it. But for over half a century it has been the key weapon in the arsenal of brand owners seeking to protect business models that depend on conspicuous consumption under American law. The development of post-sale confusion doctrine demonstrates how American courts smuggle misappropriation-based liability into trademark doctrine by lumping it together with other, more plausibly confusion-based, theories of liability, and blurring the distinctions between them.

(1) Status Confusion

Before post-sale confusion even had a name, it was invoked to prevent the sale of knockoff luxury goods. In the first such case, *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, the Second Circuit explained the theory of injury in blunt terms:

[S]ome customers would buy [the junior user’s] cheaper clock for the purpose of acquiring the prestige gained by displaying what many visitors at the customers’ homes would regard as a prestigious article. [The junior user’s] wrong thus consisted of the fact that such a visitor would be likely to assume that the clock was [genuine].

Because it is undisputed that such purchasers of the imitation good do not think they are purchasing the genuine good, the basis for infringement liability must be confusion other than point-of-sale purchaser confusion. In *Mastercrafters*, such confusion was found not in the marketplace, but in the home, specifically when the purchaser consumes the good in view of a social audience that is led to believe the good is genuine. This theory of injury, which I refer to as “status confusion,” is the historic source of what we know today as post-sale confusion.

Status confusion is the underlying theory that allows for trademark liability against manufacturers of knockoff prestige goods even where consumers know they are buying a knockoff. Such goods range from cigars and watches to handbags and award statues. Put simply, the cases presume that purchasers of such goods are not looking to purchase a guarantee of product quality associated with the trademark, but are rather purchasing the social status that is accorded to those who possess products bearing the trademark. This is something courts will not allow them to do (at least not without paying tribute to the trademark registrant or owner).

In the clearest statement of the theory, the Second Circuit in *Hermès International v. Lederer de Paris Fifth Avenue, Inc.* identified two injuries flowing from status confusion. The first injury is visited not

* *Editors’ note:* The full chapter is available online at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3273926.

on the owner of the mark, but on its customers: “[T]he purchaser of an original is harmed by the widespread existence of knockoffs because the high value of originals, which derives in part from their scarcity, is lessened.” The second injury falls not on the mark owner, nor even on its customers, but on the public at large: “A loss [to the public] occurs when a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing public and achieving the status of owning the genuine article at a knockoff price.”

....

There are obvious objections to treating the purported “status confusion” injuries of *Hermès* as a basis for trademark liability within the American theoretical framework. Either supposed injury would seem to be irrelevant to the economic rationale for trademark protection. Neither would seem to present any possibility that a consumer would be duped into buying something he didn’t want, or that a producer would lose a sale.

....

Perhaps to obscure these theoretical infirmities, status confusion cases have been lumped together with other very different theories of injury under the overarching rubric of “post-sale confusion.” . . .

(2) Bystander Confusion

One alternative theory of post-sale confusion appears consistent with the Lanham Act’s stated purpose of extending infringement liability to confusion of *potential*, rather than only *actual*, purchasers. In its strongest form, the theory of these cases describes an injury—which I will refer to as “bystander confusion”—that follows from a standard chain of events:

- The defendant sells its product—which incorporates some feature or combination of features that resembles a protectable mark of the plaintiff—to an admittedly non-confused consumer;
- The consumer uses the product in view of a *potential* purchaser of the plaintiff’s product;
- The *potential* purchaser is confused as to the source of the observed product, misidentifying it as having originated with the plaintiff;
- The *potential* purchaser, observing the defendant’s product in use, makes some negative evaluation about the qualities of the observed product, mistakenly ascribing that evaluation to the *plaintiff’s* products;
- Under this mistaken understanding of the qualities of the *plaintiff’s* products, the *potential* purchaser refrains from future purchases of the *plaintiff’s* products, and potentially recommends that others do likewise.

The bystander confusion theory is entirely consistent with American justifications for trademark enforcement. Should the chain of events described above occur, consumers might rely on inaccurate information in making purchasing decisions, and honest producers of quality goods could lose sales as a result—both injuries American trademark policy seeks to prevent. However, . . . courts can be sloppy in their analysis of bystander-confusion claims, extending liability to conduct that does not threaten to injure

either consumers or producers.⁷⁸

The typical path to such expansion of liability is the presumption that the entire parade of events described above will follow whenever the first of them occurs. The fact that some potential future purchaser of the plaintiff's product *could* observe a purchaser of the defendant's product, *could* misidentify the plaintiff as the source of that product, and *could* form inferences about the plaintiff's goods is supposed by some courts to establish that actionable confusion is *likely*. As Professor Robert Denicola notes, "the essentially *predictive* nature of the likelihood of confusion standard permits the accommodation of interests attributable to a host of divergent social and economic prejudices."⁸⁰ Insofar as this is true even of traditional point-of-sale confusion analysis, the chain of inferences required to find bystander confusion only compounds the problem.

....

B. Downstream Confusion

The third species of post-sale confusion is grounded on the theory that a defendant's (admittedly non-confused) customers might gift or resell the defendant's goods in a secondary market, in a way that will confuse purchasers or recipients of the goods in that secondary market. In some such cases, the defendant is selling admitted replicas of the plaintiff's goods; in others, the defendant has acquired the genuine article and modified it in some way. In either case, the injury on which liability is grounded is not directly inflicted by the defendant (who sells to a non-confused purchaser), but is rather presumed to be inflicted further down the stream of commerce by one of the defendant's customers. I refer to this theory of injury as "downstream confusion." What is surprising about the downstream-confusion cases is not that they consider confusing sales or gratuitous transfers in a secondary market harmful to the trademark owner and to the public—that much is uncontroversial. Rather, what is surprising is that these cases give almost no attention to the well-established doctrines that are addressed to such an injury: contributory infringement liability and the first-sale doctrine.*

....

IV. CONCLUSION

....

I have argued in the past that the peculiarities of American competition and free expression policy—the latter of constitutional dimension—suggest that using post-sale confusion liability as a tool to facilitate conspicuous consumption is unsound as a matter of doctrine, policy, and constitutional law. These objections aside, bystander and downstream confusion might be rendered sound doctrinally, for example

⁷⁸ Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 *BU L. Rev.* 547, 608 (2006) ("In some of the broadest post-sale confusion decisions, however, there is no genuine risk that defendant's product will be perceived as inferior. In these cases, liability is difficult to square with the information transmission function of the mark, and goodwill appropriation often plays a prominent justificatory role.")

⁸⁰ Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 *WIS. L. REV.* 158, 162 note 18 (emphasis added).

* [Editors' note: We will address contributory liability in section C of this Chapter. We will address the trademark first sale doctrine in Chapter 8, section B.]

by imposing burdens of proof to inhibit undue speculation and by shifting analysis of implicated cases to more authoritative and generally-applicable doctrines such as the contributory liability and first-sale doctrines. But status confusion does not seem to be susceptible to such a fix, and indeed would be directly threatened by such reforms. The lumping together of various—often superfluous—theories of liability together with status confusion under the overarching rubric of “post-sale confusion” is thus revealed for the kludgy obfuscation that it is.

....

Questions

1. Professors Kai Raustiala and Christopher Sprigman have argued that post-sale confusion is real, and may harm the trademark owner, but that it occurs only rarely. They recommend that courts require trademark owners to provide more careful proof of likelihood of confusion, and a clear connection to resulting harm. *See Kai Raustiala & Christopher Jon Sprigman, Rethinking Post-Sale Confusion*, 108 Trademark Rep. 1 (2018). Would that solve the problems identified by Professor Sheff? If not, why not?

2. In *Veblen Brands*, 96 Minn. L. Rev. 769 (2012), Professor Sheff explores the pernicious effects of relying on a post-sale confusion theory to protect the status-signaling value of expensive luxury goods. Professor Sheff argues that using trademark law to protect the sellers and purchasers of luxury goods from status confusion is both inconsistent with the policies underlying trademark law and also in tension with the First Amendment. Do you agree? Can you articulate a workable solution?

Page 447. Add to the end of Question 3.

The district court agreed that the Skechers tags could eliminate point-of-sale confusion, but found confusion to be likely nonetheless, because of the high probability of post-sale confusion. On appeal, the 9th Circuit affirmed the determination that adidas had shown a likelihood of success on its trademark infringement claim. *Adidas America, Inc. v. Skechers, USA*, 890 F.3d 747 (9th Cir. 2018).

Page 447. Add the following case after the Questions.

Springboards to Education v. Houston Independent School District, 912 F.3d 805 (5th Cir. 2019). Springboards to Education is an educational services company that markets its products and services to school districts. In 2005, Springboards launched its “Read a Million Words” campaign, designed to motivate students to read books by promising that students who reach their reading goals will win the “Millionaire Reader award” and be inducted into the “Millionaire Reading Club.” Springboards supplies schools that purchase the program with certificates, t-shirts, drawstring backpacks, fake money, and other items to be given to participating students. Springboard holds trademark or service mark registrations for READ A MILLION WORDS, MILLION DOLLAR READER, MILLIONAIRE READER, and MILLIONAIRE READING CLUB. Houston Independent School District is not a Springboards customer. In 2008, the district started a summer reading program, which it called the Houston ISD Millionaire Club. The program offered incentives for participating students to read five books over the summer; it explained

the “Millionaire” name as inspired by a calculation that if every one of the district’s more than 200,000 students read five books, that would total more than one million books. The district distributed certificates, t-shirts, backpacks, and fake money to participants, all labeled “Houston ISD Millionaire Club.” Springboards sued the district for trademark infringement. The trial court granted the district’s summary judgment motion, and Springboards appealed. The Fifth Circuit affirmed, holding that no reasonable jury could find that the allegedly infringing uses created a likelihood of confusion.

To prove infringement, Springboards must show that HISD’s use of “Houston ISD Millionaire Club” “create[d] a likelihood of confusion in the minds of potential consumers as to the source, affiliation, or sponsorship” of HISD’s products or services. [Citation] In other words, Springboards must show that potential consumers, when confronted with “Houston ISD Millionaire Club,” would believe Springboards is somehow affiliated with HISD’s summer-reading program or the branded incentive items and informational material HISD distributed in connection with its summer-reading program.

In assessing likelihood of confusion, we examine eight nonexhaustive “digits of confusion”...

We will examine each digit in turn. But given the atypical facts of this case, we first digress to consider the context in which this dispute arises. . . .

We begin our detour by stating what is perhaps obvious, though easy to lose sight of when considering some of the parties’ arguments: Springboards brings a trademark claim—not a patent claim. Accordingly, Springboards does not challenge HISD’s use of a monetary-themed incentive-based literacy program. HISD could have copied the methodologies used in the Read a Million Words campaign step by step, and, whatever other problems that might have engendered, as long as it used clearly distinguishable nomenclature, Springboards would have no argument that HISD violated the Lanham Act in doing so. Thus, although the similarity between the parties’ products and services is a digit of confusion relevant to the analysis, the focus of the analysis is on whether HISD misappropriated Springboards’ marks, not whether HISD misappropriated Springboards’ literacy-promotion methods.

Next, we must identify the class of consumers at risk of confusion and the point in the transaction at which the risk of confusion arises. [Citations.] In the typical likelihood-of-confusion case, these questions require little inquiry. Normally, the alleged infringer appropriates the senior mark user’s goodwill by selling a product or service that the consumer might mistake as being in some manner affiliated with the senior mark user. [Citation.] The risk in such a case is that the purchaser will be confused at the point of the sale. . . .

The relevant risk of confusion is not as clear in this case. Springboards’ business model is premised on marketing the Read a Million Words campaign to school districts and selling those districts the products and services needed to implement the campaign. But Springboards does not allege that HISD directly competed with it by marketing the Houston ISD Millionaire Club to outside school districts. Rather, Springboards argues that

HISD *itself* would have purchased Springboards’ services were it not infringing on those services. Springboards does not argue—and it would be nonsensical to argue—that HISD confused itself into developing its own literacy program thinking that it was instead purchasing Springboards’ program. The archetype therefore does not fit this case. But Springboards alludes to alternative sources of confusion, which we briefly explore.

Springboards suggests HISD’s students and their parents might have been confused into thinking that HISD was using Springboards’ program instead of its own. Regardless of whether that might have been the case, HISD’s students and their parents are not the appropriate focus of the likelihood-of-confusion analysis. Although the ultimate recipients of HISD’s services and products, the students and their parents were not purchasers in any ordinary sense. . . . Here, absent any evidence that HISD students or their parents exercise any influence over HISD’s purchasing decisions, we need not consider the likelihood that HISD students and parents were confused about Springboards’ role in the Houston ISD Millionaire Club initiative.

Next, Springboards suggests there is a risk that third-party educators were confused. Courts call this genus of confusion postsale confusion.... In such cases, the purchaser of the infringing product or service understands the product or service is not affiliated with the senior mark user, but there remains a likelihood of confusion in third-party potential purchasers. [Citation.]

[T]here is some risk that if HISD’s literacy program were inferior to Springboards’ literacy program, then Springboards’ potential customers might be deterred from purchasing Springboards’ products and services by a mistaken association between HISD and Springboards. This would be actionable. We therefore focus our digits-of-confusion analysis on whether there is a probability that HISD’s use of “Houston ISD Millionaire Club” would confuse third-party educators into believing that Springboards is affiliated with Houston’s summer-reading program.

....

Looking to the digits of confusion for guidance, we conclude that no reasonable jury could find a likelihood of confusion. Springboards’ marks are not widely known and are similar or identical to multiple third-party marks. HISD did not market the Houston ISD Millionaire Club to Springboards’ potential customers—i.e., third-party school districts. There is no evidence of an intent to confuse. And Springboards’ potential customers are sophisticated institutional purchasers that are not easily confused. The only digit pointing unwaveringly in Springboards’ favor is the similarity of the products. But even this does not strongly suggest a likelihood of confusion given the popularity of millionaire-themed literacy programs. Otherwise, there is some overlap in markets considering that HISD is a school district and Springboards markets to school districts, but the importance of this digit is undercut by the fact that HISD did not market the Houston ISD Millionaire Club externally.

Accordingly, the great weight of the digits suggests there is no likelihood of confusion.

c. Reverse Confusion

Page 447. Replace *Dreamwerks v. SKG* with the following two cases.

Uber Inc. v. Uber Technologies Inc.

2021 US Dist LEXIS 41014, 2021 WL 738754 (S.D.N.Y. Feb. 24, 2021)

CASTEL, U.S.D.J.

Plaintiff Uber Inc. is a New York City-based company offering design and marketing services under the name “Uber” since 1999. In 2010, defendant Uber Technologies, Inc. (“Uber Technologies”) was incorporated, and it has become well known nationally and internationally for its ride-sharing mobile app, also called “Uber.” As the Uber mobile app became widely used and Uber Technologies expanded into other services, plaintiff Uber Inc. found itself on the receiving end of customer complaints, misdirected product shipments, legal and regulatory correspondence, and other communications intended for Uber Technologies.

Plaintiff Uber Inc. alleges that beginning in 2019, defendants Uber Technologies and Adomni, Inc. (“Adomni”) made public statements indicating that they planned to expand into the display-advertising business. Defendants will display advertisements on a vehicle’s digital signage, a rider’s mobile app, and on digital screens like electronic billboards. Plaintiff alleges that the parties will be in competitive proximity and at risk of consumer confusion. Uber Inc. asserts that its own trademark application with the United States Patent and Trademark Office (“USPTO”) is now stalled based on a description of services that overlaps with a pending, competing application filed by defendants.

The Complaint seeks damages and injunctive relief under the Lanham Act, 15 U.S.C. § 1125(a) and New York law. Defendants move to dismiss the Complaint under Rule 12(b)(6), Fed. R. Civ. P. For the reasons that will be explained, defendants’ principal arguments are fact-intensive and not properly considered on a motion to dismiss. Defendants’ motion will be denied, except that plaintiff’s claim of unjust enrichment will be dismissed.

BACKGROUND.

A. Overview of the Parties.

Plaintiff Uber Inc. is a New York City-based “creative and consulting services agency” that provides marketing and design services. The Complaint describes its business as including graphic design like logos, stationery and brochures; promotional events and mailings; and consumer-oriented campaigns, like magazine advertisements. Uber Inc. has been retained by well-known brands, including BMW and

Macy's, and by companies headquartered throughout the United States. It was incorporated in New York in 1999, and it promotes itself mainly through the websites www.uber-inc.com and www.uber.nyc.

Since its incorporation, Uber Inc. has continuously used the unregistered word mark "UBER" as a trade name and service mark. Plaintiff explains that "Über" is a European word that denotes an outstanding example, and that it chose the "UBER" mark to indicate a high-quality service delivered with "a hint of European sophistication and flair."

Defendant Uber Technologies was incorporated in 2010. It is well known for its ride-sharing mobile app, and in recent years has expanded its business to include food delivery, shipping and workplace recruiting. The company's revenue and name recognition have grown quickly since its founding, and it is widely identified with the word mark "Uber."

Defendant Adomni, Inc. is a Delaware corporation that does business under the names "Uber OOH" and "Uber OOH, Inc.," with the term "OOH" denoting "Out of Home." According to the Complaint, Adomni contracts with billboard owners and other media outlets to place customer advertisements, and operates a platform where advertisers buy units of display time on digital screens. . . . A website for Uber OOH describes itself as "The Official Uber Advertising Network."

B. Plaintiff's Allegations of Public Confusion Between the Parties.

Uber Inc. alleges that in 2012, it first became aware of Uber Technologies and the presence of its ride-sharing business in New York City. Over the "next several years," Uber Inc. received an increasing number of calls and communications intended for defendant Uber Technologies, many of them expressing displeasure with the business practices of Uber Technologies. Uber Inc. also has received product shipments and mailings intended for Uber Technologies, as well as misdirected governmental and legal correspondence.

As described in the Complaint, incidents of confusion between Uber Inc. and Uber Technologies have grown more frequent with time. It alleges that Uber Inc. has faced "constant business interruptions and distractions" in the past three years. As an example, one of plaintiff's customers sent plaintiff a large payment that was intended for Uber Technologies, while separately sending a payment to Uber Technologies that was intended for plaintiff. A vendor mistakenly granted Uber Technologies access to plaintiff's account, resulting in plaintiff's temporary inability to access its own account and giving Uber Technologies access to plaintiff's business information. Plaintiff alleges that it has stopped attending trade shows and sometimes does not answer calls due to overwhelming call volume intended for Uber Technologies.

Frustrated with receiving so many misdirected communications, Herta Kriegner, the principal and owner of Uber Inc., successfully sought press coverage about her business being mistaken for Uber Technologies, and raised her concerns directly with Uber Technologies. In or about December 2015, Uber Technologies offered plaintiff \$80,000 in exchange for changing the name of Uber Inc. Plaintiff later made a counterproposal in the amount of \$800,000. In February 2017, Uber Technologies offered the sum of

\$120,000. Plaintiff rejected that offer, and, at the time, believed that it was competing in a different field than the transportation-focused business of Uber Technologies.

C. Defendants' Expansion into Advertising and the Status of the Parties' Trademark Registrations.

The Complaint asserts that in 2019, Uber Technology began preparatory steps to enter the advertising business. It alleges that Adomni and Uber Technologies plan to run advertisements on company vehicles before expanding to a wider business that links vehicles to advertisements shown on digital billboards. In 2020, an Adomni website published under the “Uber OOH” name stated that the company would assist clients in creating advertising, and the Complaint alleges that the statement was removed after plaintiff Uber Inc. cited it in connection with this litigation. Uber Inc. alleges that defendants are positioned to provide advertising and design services on an “unprecedented scale,” with plans to do business domestically and internationally.

As noted, Uber Inc. has long used its “Uber” mark without USPTO registration. In June 2019, Uber Inc. filed a still-pending application with the USPTO for use of the Uber mark in connection with the advertising and sale of creative design services. The Complaint alleges that Uber Technologies has itself filed multiple federal trademark registrations for use of an “Uber” mark. The Complaint alleges that in 2019, Uber Technologies filed a trademark application that described an intent to use an “Uber” mark in connection with advertising, marketing and promotional services, including “promoting third party goods and services.” Plaintiff asserts that these contemplated services are within plaintiff’s own natural zone of expansion, particularly as they relate to printed materials.

Uber Inc. alleges that in 2019, it sent a cease-and-desist letter to Uber Technologies, after learning that the latter had submitted a trademark application for advertising services. In September 2019, plaintiff received a response from the USPTO as to its own application, which explained that the application was at risk of rejection due to its similarity to an application of Uber Technologies. According to the Complaint, the application remains “stalled and suspended” due to overlapping descriptions with the Uber Technologies application.

D. Plaintiff's Causes of Action.

Count One [of the Complaint] alleges federal trademark infringement, 15 U.S.C. § 1125(a), and asserts that consumers are likely to be confused or deceived into believing that defendants are affiliated with plaintiff Uber Inc. It asserts that defendants’ use of the Uber marks leaves consumers with a false impression that plaintiffs have authorized defendants’ activities, when they have not, and asserts that defendants have unfairly benefited from the goodwill associated with plaintiff’s mark. Count Two brings a claim of reverse confusion under the Lanham Act, 15 U.S.C. § 1125(a), and is premised on a different type of harm: that consumers will incorrectly believe that plaintiff, as the senior user of the Uber mark, is infringing the mark owned by defendants, who are the junior users. The reverse confusion claim also alleges that consumers are likely to incorrectly conclude that plaintiff’s own commercial efforts originated with defendants. . . .

. . . .
DISCUSSION.

I. The Complaint Plausibly Alleges a Claim of Reverse Confusion.

Defendants urge that the reverse confusion claim asserted in Count Two should be dismissed because plaintiff has not plausibly alleged certain factors under the well-known Polaroid test. *See Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

Specifically, defendants urge that the Complaint does not plausibly describe competitive proximity or incidents of actual consumer confusion. Defendants do not contest that plaintiff's Uber mark is distinctive and entitled to common-law trademark protections, or that plaintiff is the senior user of the mark.

As will be explained, the *Polaroid* factors require a fact-intensive, context-specific analysis presented on a full record. Because the Complaint adequately alleges a claim of reverse confusion, defendants' motion to dismiss Count Two will be denied.

The Lanham Act “protects against so-called ‘reverse confusion,’ where the consumer will believe ‘that the junior user is the source of the senior user’s goods.’” *Kelly-Brown v. Winfrey*, 717 F.3d 295, 304-05 (2d Cir. 2013) (quoting *Banff, Ltd. v. Federated Dep't Stores, Inc.*, 841 F.2d 486, 490 (2d Cir.1988)). “In reverse confusion cases, consumers may believe that the senior user is ‘an unauthorized infringer, and the [junior user’s] use of the mark may in that way injure [the senior user’s] reputation and impair its good will.’” *Id.* (quoting *Banff, Ltd.*, 841 F.2d at 490). “The Lanham Act guards against this ‘reverse confusion’ to prevent ‘a larger, more powerful company [from] usurping the business identity of a smaller senior [trademark] user.’” *J.T. Colby & Co. v. Apple Inc.*, 586 Fed. App'x 8, 9-10 (2d Cir. 2014) (summary order) (quoting *Commerce Nat'l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc.*, 214 F.3d 432, 445 (3d Cir. 2000)); *see also Banff, Ltd.*, 841 F.2d at 490-91 (“The objectives of [the Lanham] Act – to protect an owner’s interest in its trademark by keeping the public free from confusion as to the source of goods and ensuring fair competition – are as important in a case of reverse confusion as in typical trademark infringement. Were reverse confusion not a sufficient basis to obtain Lanham Act protection, a larger company could with impunity infringe the senior mark of a smaller one.”); *Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253, 1265 (N.D. Fla. 2016) (“‘[R]everse confusion occurs when ‘the junior user saturates the market with a similar trademark and overwhelms the senior user.’”) (quoting *Fisons Horticulture, Inc. v. Vigoro Indus., Inc.*, 30 F.3d 466, 475 (3d Cir. 1994)).

In determining whether a plaintiff has proved reverse confusion, courts look to the familiar “*Polaroid* factors.” [Citations.]

....

At the Rule 12(b)(6) stage, the *Polaroid* analysis is limited to the facts alleged in the Complaint and any documents integral thereto. Defendants assert that the design and marketing services provided by plaintiff are far afield from the transportation-centered mobile apps of Uber Technologies. However, the Complaint quotes from defendants' public statements about defendants' intentions to offer advertising services, including statements in Uber Technologies's application to the USPTO for a mark to be used in “advertising, marketing and promotional services” for third parties. The Complaint also points to public comments from Adomni's CEO, who described a scenario where Uber-affiliated vehicles could link to display advertisements. It suffices to note that the Complaint plausibly alleges that defendants' services are in competitive proximity with the plaintiff's graphic design and marketing services.

As to actual confusion, defendants correctly observe that the Complaint fails to identify instances of actual confusion among prospective customers who were seeking out plaintiff's advertising and design services. [Citation.] Instead, it recites a history of complaints from disgruntled Uber Technologies passengers and drivers, as well as confusion from vendors and legal and regulatory bodies. But instances of actual consumer confusion are just one of the *Polaroid* factors, and the Complaint's descriptions of confusion among businesses, official bodies and members of the public provide some factual support for the plausibility of plaintiff's claims.

Among the other *Polaroid* factors, the Complaint plausibly alleges that plaintiff's Uber mark is arbitrary and distinctive, that the parties' marks are similar, and that defendants' putative entry into the display-advertising market may result in plaintiff bridging the "gap" between its services and those of defendants. At the pleading stage, the Complaint has plausibly alleged that consumers may mistakenly believe that, despite being the senior user of the mark, Uber Inc. is affiliated with Uber Technologies and/or infringing on the latter's marks, resulting in injury to Uber Inc.'s reputation. *Kelly-Brown*, 717 F.3d at 304-05.

Because a more developed factual record is necessary to weigh the *Polaroid* factors and the competitive context of the parties' marks, defendants' motion to dismiss the reverse confusion claim will be denied.

[The court holds that the complaint also plausibly alleges a claim of direct infringement,]

Fleet Feet, Inc. v. Nike Inc., 419 F. Supp. 3d 919 (M.D. N.C. 2019), *appeal dismissed* 986 F.3d 458 (4th Cir. 2021). Fleet Feet is a small chain of running and fitness stores. Fleet Feet adopted the mark RUNNING CHANGES EVERYTHING in 2009 and has used it continuously in print and online advertising, but did not seek to register it until 2019. The company adopted the service mark CHANGE EVERYTHING for its retail stores and associated running events in 2013, and registered it on the principal register in 2015. In 2019, Nike launched a large-scale advertising campaign featuring the phrase SPORT CHANGES EVERYTHING.



Fleet Feet filed a trademark infringement suit and moved for a preliminary injunction. Finding a likelihood that Fleet Feet would prevail on its reverse confusion claim, the judge granted the motion and enjoined Nike’s campaign.

Weighing the relevant factors, the Court concludes that Fleet Feet has met its burden to show a likelihood of reverse confusion, but not of forward confusion. ...[T]he evidence is almost non-existent that consumers would connect Nike’s products with Fleet Feet, rather than with Nike. But the evidence is strong that consumers may come to associate Fleet Feet’s marks, and thus its services and products, with Nike, not with Fleet Feet.

Fleet Feet’s distinctive “Change Everything” and “Running Changes Everything” marks have relatively low commercial strength, Fleet Feet’s substantial advertising expenditures are a drop in the bucket compared to Nike’s spending, and Nike’s advertising campaign using the “Sport Changes Everything” phrase is likely to swamp Fleet Feet’s marks in the market and to cause consumers to link Fleet Feet’s marks with Nike. The similarity of the marks, the advertising, and the facilities and the intent factors weigh in favor of Fleet Feet on reverse confusion. While the lack of any evidence of actual confusion favors Nike, that does not outweigh the other factors. The risk of reverse confusion is especially strong since the campaign is wide-ranging and ongoing; it will last, absent an injunction, through the upcoming holiday shopping season and many major sporting events, exposing many more consumers to Nike’s “Sport Changes Everything” mark.

....

II. Risk of Irreparable Harm

....

Given Nike’s market power, online and social media presence, and the wide-ranging placement of the “Sport Changes Everything” campaign in stores, billboards, and otherwise, Fleet Feet has shown it is likely to be irreparably harmed if Nike is permitted to continue the campaign through the holiday season and the Super Bowl. The more consumers see “Sport Changes Everything” before they see Fleet Feet’s similar marks, the more likely it is they will “come to assume” that Fleet Feet’s products are really Nike’s or to associate all three marks with Nike. . . .[Citation] This confusion is difficult to quantify, and Nike has not suggested any way that Fleet Feet could be made whole if it ultimately prevails. And given that Nike intends to use “Sport Changes Everything” only until February 2020, any permanent injunction would issue after the campaign has ended and thus would not protect Fleet Feet’s rights. [Citation.] The level of reverse confusion at issue here, the difficulty of quantifying such harm, and the timing all support a finding in favor of Fleet Feet on this factor.

Conclusion

Fleet Feet has met its burden to obtain a preliminary injunction. Fleet Feet has demonstrated that it is likely to succeed on the merits. Its “Change Everything” and “Running Changes Everything” marks are both valid and protectable. While there is not much evidence of forward confusion, Fleet Feet has shown a strong likelihood of reverse confusion, as Nike’s large multimedia “Sport Changes Everything” campaign is likely to overcome public association between Fleet Feet and its “Change Everything” and “Running Changes Everything” marks. Fleet Feet is also likely to be irreparably harmed without a preliminary injunction, since Nike’s SCE seasonal use of the SCE mark will damage Fleet Feet’s trademark interests further and Fleet Feet’s interests will not be protected by a permanent injunction which issues after the advertising campaign is over. Although Nike contends that it would cost significant resources to redo the campaign at this stage, it has provided only conclusory evidentiary support. For these reasons, the balance of equities tips in favor of Fleet Feet. The public interest in enforcing trademark rights and preventing public confusion also lies with Fleet Feet.

Nike discontinued the campaign but appealed the preliminary injunction. On appeal, the 4th Circuit concluded that because Nike was no longer running the ad and had no plans to resume doing so, the appeal of the preliminary injunction was moot.

Page 455. Correct the citation at the end of Question 4

The correct citation is *Uber Promotions, Inc. v. Uber Technologies, Inc.*, 162 F. Supp. 3d 1253 (N.D. Fla. 2016).

Page 455. Add new Question 6.

6. Artistry, Ltd, is a small, family-owned jewelry wholesale company based in Skokie, Illinois that has been operating under that name since 1982. It sells jewelry to independent jewelers and high-end department stores. Sterling Jewelers owns the Kay Jewelers and Jared chains of jewelry stores, and is the largest specialty jewelry retailer in the US. In 2012, Sterling introduced its “Artistry Diamond Collection” to all of its Kay stores. Artistry, Ltd. worries that if its customers believe that it sells diamonds to mass-market mall jewelry stores like Kay, its exclusive customers will lose confidence in the quality of its products. It asked Sterling to rename its collection. Sterling declined and filed an action seeking a declaratory judgment that its use of the word “Artistry” did not infringe Artistry, Ltd.’s mark. How should the court analyze the likelihood of confusion? *See Sterling Jewelers v Artistry Ltd.*, 896 F.3d 752 (6th Cir. 2018).

Page 463. Insert new Question 5.

5. Since 1980, a Nevada shipping company named Prime, Inc. has provided transportation, trucking, and shipping services, operating a large fleet of refrigerated, flatbed, and tanker trucks. Prime Inc. adopted the PRIME INC mark in 1980. The company uses the PRIME INC mark on its website, advertising, and business documents and also puts the PRIME INC logo on all of its trucks:



In 2005, Amazon.com introduced a subscription service it named “Amazon Prime.” Initially, Amazon Prime allowed customers to pay an annual subscription fee in order to receive free 2-day shipping on all orders. Amazon later expanded the program to include streaming music and video and special deals and discounts. To facilitate speedy and cost-effective deliveries, Amazon formed Amazon Logistics, a business that contracts with independent local delivery services, which transport packages from Amazon shipping and sorting facilities to customers’ homes. In 2017, Amazon introduced Amazon Prime branded delivery vehicles, which it makes available to its delivery partners for lease or purchase. Those vehicles are decorated with Amazon’s marks and logos:



Prime, Inc. sued Amazon for trademark infringement, claiming that Amazon’s use of the word PRIME on its vehicles has caused and will continue to cause significant consumer confusion. Which of the different theories of consumer confusion are implicated by these facts? What should Prime, Inc. need to show in order to recover on each of those theories? See *New Prime, Inc., v. Amazon Technologies, Inc.*, No. 6:19-cv-3236 (W.D. Mo., filed July 2, 2019).

C. Secondary Liability for Trademark Infringement

Page 469. Add new Questions 3 and 4.

3. Jeremy Sheff, *supra* this Supplement Chapter 6.B.3, suggests that downstream confusion should be addressed as a potential species of contributory infringement rather than as a basis for direct infringement liability. Do you agree? How would you analyze the lawsuit that adidas brought against Skechers over the infringement of adidas’s three stripe design as a contributory infringement case?

4. Recall the facts of *Ohio State v. Redbubble*, *supra* this Supplement Chapter 6.A. Ohio State’s Complaint did not include either a vicarious liability or a contributory infringement claim, so the 6th Circuit had no opportunity to address Redbubble’s potential secondary liability. Would either claim have been stronger than the direct infringement claim? Why or why not?

Page 475. Add new case following the Question.

Luxtottica Group, S.p.A. v. Airport Mini Mall, LLC, 932 F.3d 1303 (11th Cir. 2019). Luxottica, the manufacturer of Ray Ban and Oakley eyewear, sued the owner of a discount mall for contributory

infringement. Defendant had renewed vendors' leases despite plaintiff's letters complaining about the counterfeit sales and three law enforcement raids that resulted in seizures of counterfeit merchandise. After an 11-day trial, the jury returned a verdict holding defendant liable for contributory infringement and assessing damages at \$1.9 million. The 11th Circuit upheld the verdict on appeal.

A. Luxottica Presented Sufficient Evidence to Sustain the Jury's Verdict on Contributory Trademark Infringement.

Under the Lanham Act, the owner of a registered trademark may hold someone contributorily liable for trademark infringement if that person induces or knowingly facilitates the infringement. . . .

1. Contributory Liability Under the Lanham Act

The contributory trademark infringement cause of action stems from the application of "basic tort liability concepts to determine the scope of liability" under the Lanham Act. [Citations.]

. . . .

A claim for contributory trademark infringement thus has two elements: (1) a person or entity commits direct trademark infringement under the Lanham Act; and (2) the defendant (a) "intentionally induces" the direct infringer to commit infringement, (b) supplies a "product" to the direct infringer whom it "knows" is directly infringing (actual knowledge), or (c) supplies a "product" to the direct infringer whom it "has reason to know" is directly infringing (constructive knowledge). . . .

. . . .

3. The Evidence Was Sufficient to Prove That the Defendants Had at Least Constructive Knowledge of Specific Acts of Infringement.

Pursuing a knowledge theory of contributory trademark infringement, Luxottica sought to prove that the defendants knew or had reason to know that their subtenants were selling counterfeit items yet continued to supply services (space, utilities, maintenance, and parking) that enabled the subtenants to sell their goods. The question that arises—another one of first impression for this Court—is whether the knowledge theory of contributory liability requires the plaintiff to prove that the defendant had actual or constructive knowledge of *specific* infringing acts. We need not answer this question, however, because even if liability for contributory trademark infringement requires the defendant to have knowledge of specific acts of direct infringement, the evidence in this case was sufficient for a reasonable jury to find that the defendants had at least constructive knowledge of (or were willfully blind to) specific acts of direct infringement by their subtenants.

The defendants argue that the district court should have applied what they deem a stricter standard from *Tiffany (NJ) v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010), in ruling on their renewed motion for judgment as a matter of law. In *Tiffany*, the jewelry titan sued the

online listing service eBay for contributory trademark infringement because vendors listed counterfeit Tiffany products for sale on eBay's website. Whenever Tiffany notified eBay of a direct infringer's identity, eBay delisted the vendor within 24 hours. But, by itself, eBay was unable to identify and block each direct infringer, even with 200 employees focused on that task, because its website contained 100 million listings, and eBay lacked the ability to inspect goods in person and the expertise to distinguish Tiffany products from non-Tiffany products. "For contributory trademark infringement liability to lie," the Second Circuit held, "a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary." *Id.* at 107. Because Tiffany's demand letters identified no additional sellers of counterfeit goods other than the sellers eBay had already delisted, eBay lacked actual or constructive knowledge of the remaining direct infringers. The court thus upheld the bench trial verdict in favor of eBay. *Id.* at 96, 109.

The defendants articulate *Tiffany's* legal standard for contributory trademark infringement as whether "Plaintiffs provide[d] notice to Defendants that a particular seller was then selling counterfeit versions of Plaintiffs' product." The defendants err, though, in asserting that *Tiffany* narrowed the sources of a defendant's actual or constructive knowledge to just one: notice by the trademark holders. *Tiffany* did not categorically shift the burden onto trademark holders to provide notice to defendants; it simply clarified that certain facts of the case—a marketplace of 100 million listings and eBay's inability to inspect goods in person and lack of expertise to distinguish Tiffany from non-Tiffany jewelry—made it unlikely that eBay could identify the infringing vendors on its own, without help from Tiffany. *Tiffany*, 600 F.3d at 97-98, 109. In arguing that it was Luxottica's burden to notify the defendants of the infringing subtenants' identities, the defendants fail to acknowledge that actual or constructive knowledge of the direct infringers' identities could arise from many sources, including steps the defendants could have taken to investigate alleged direct infringement at the Mall after being put on notice by Luxottica that unnamed subtenants' may have been selling counterfeit Luxottica products.

In any event, we need not decide today whether a defendant must be found to have had knowledge of specific acts of direct infringement for contributory liability to attach. Even if specific knowledge is necessary, the trial evidence was sufficient to prove that the defendants had at least constructive knowledge of specific instances where their subtenants infringed Luxottica's marks. Unlike in *Tiffany*, the defendants here did not need Luxottica's help to identify the infringing subtenants. Although *Inwood* created "no affirmative duty to take precautions against the sale of counterfeits," *Hard Rock Cafe*, 955 F.2d at 1149, the jury reasonably could have found that Luxottica's notice letters would have prompted a reasonable landlord to do at least a cursory visual inspection of the Mall's 130 booths to determine which vendors displayed eyewear with Luxottica's marks and sold it at prices low enough—\$15 or \$20 a pair for glasses that typically retail at \$140 to \$220 a pair—to alert a reasonable person that it was counterfeit. Similarly, the jury reasonably

could have found that a cursory visual inspection of 130 booths to see if they displayed what appeared to be counterfeit Luxottica eyewear was not so burdensome as to relieve the defendants of the responsibility to investigate after being informed by Luxottica that unnamed subtenants may have been engaging in illegal activity.

What's more, previously we have held that evidence of "serious and widespread" infringement makes it more likely that a defendant knew about the infringement. *Mini Maid Servs. Co. v. Maid Brigade Sys., Inc.*, 967 F.2d 1516, 1522 (11th Cir. 1992). The three law enforcement raids—one of which lasted over 14 hours and required a tractor-trailer to haul away the seized merchandise—evidenced "serious and widespread" violations that gave the defendants at least constructive knowledge that their subtenants were selling counterfeit goods. *Id.* . . . The record evidence of (1) the raids, arrests, and seizures, (2) the meeting at the College Park Police Department Jamison and Bridges attended where they discussed the sale of counterfeit goods at the Mall, and (3) the defendants' ability to visually inspect the approximately 130 booths was, taken together, sufficient to support a jury finding that the defendants had at least constructive knowledge of, or were willfully blind to learning, which subtenants were directly infringing Luxottica's trademarks.

In sum, evidence of the defendants' knowledge of specific infringing acts by subtenants who relied on the services the defendants provided (including space, utilities, and maintenance) amply supported the jury verdict.

Question

The court distinguishes *Tiffany v. eBay* in part on the ground that eBay hosted a marketplace with 100 million listings and had no ability to inspect the goods being sold, while defendants' mini-mall had only 130 booths, and defendants could easily have walked through the mall and examined eyewear offered for sale. Can you formulate a general rule for when the operator of a market should be deemed responsible for knowing if its vendors are selling infringing goods? Should the rule for online markets be different from the rule for brick-and-mortar stores?

Chapter 7

Section 43(A)(1)(A) of the Lanham Act

A. Unregistered Marks

1. Application to Traditional Trademark and Trade Dress Cases

Page 478. Delete *DC Comics v. Powers* and substitute the following case.

Viacom Int'l, Inc. v. IJR Capital Invs., L.L.C.

891 F.3d 178 (5th Cir. 2018)

PRISCILLA R. OWEN, CIRCUIT JUDGE:

Viacom International, Inc. (Viacom) sued IJR Capital Investments, L.L.C. (IJR) for infringing on its common law trademark of The Krusty Krab—a fictional restaurant in the popular “SpongeBob SquarePants” animated television series—after IJR took steps to open seafood restaurants using the same name. The district court granted summary judgment to Viacom on its trademark infringement and unfair competition claims. IJR appeals, asserting that Viacom does not have a valid trademark for The Krusty Krab and that its seafood restaurants would not create a likelihood of confusion between the two marks. We affirm the judgment of the district court.

I

In 1999, Viacom launched the animated television series “SpongeBob SquarePants” on its Nickelodeon network. The show revolves around SpongeBob SquarePants, a sea sponge that wears square shorts, lives in an underwater pineapple, and works at the fictional The Krusty Krab restaurant as a fry cook with an array of characters including a cranky co-worker and the owner of The Krusty Krab. The show has become the most-watched animated television series for 15 consecutive years, with over 73 million viewers in the second quarter of 2016 alone. While the audience is predominately comprised of children, one-third of all viewers are 18 or older.

The fast food restaurant The Krusty Krab played a prominent role in the pilot episode of the series and has appeared in 166 of 203 episodes. The Krusty Krab was featured in two “SpongeBob SquarePants” feature films that grossed \$470 million (and incurred \$197 million in promotional expenses). The Krusty Krab Restaurant is also an element of Viacom’s mobile app “SpongeBob Moves In” (seven million global downloads), appears in a play called The SpongeBob Musical, and is frequently mentioned in the franchise’s advertisements and online outreach (approximately seven million page views across platforms per week). The press has referenced The Krusty Krab many times when discussing the show.

The Krusty Krab is ... licensed to third parties for a variety of products [, which] include: licensed Krusty Krab playsets from Just Play, Mattel, The LEGO Company, and Mega Brands, Inc. (\$1.4 million in royalties since 2009), the video game “SpongeBob SquarePants Creature from The Krusty Krab” (over one 00001/520/3472430.1 million units), The Krusty Krab aquarium accessories (187,000 units), reusable franchise-themed stickers of The Krusty Krab, The Krusty Krab shirts sold at The SpongeBob Store at Universal Studios, Florida, and more. Viacom has never attempted to license The Krusty Krab mark to a restaurant. However, Viacom’s subsidiary company Paramount Pictures Corporation did license Bubba Gump Shrimp Co. for seafood restaurants based on the fictional business from the 1994 movie “Forrest Gump.”

In 2014, IJR’s owner, Javier Ramos, decided to open seafood restaurants in California and Texas. Ramos asserts that he was describing the crusted glaze applied to cooked seafood when his friend Ivan Murillo suggested naming the restaurant Crusted Crab, which quickly became The Krusty Krab. Both Murillo and Ramos deny having considered SpongeBob during this conversation, however Murillo has since stated that those who see the name may think of the restaurant from “SpongeBob SquarePants.” Also, an IJR investor mentioned SpongeBob “out of the blue” while discussing the restaurant. Ramos said that he first became aware of the fictional restaurant from “SpongeBob SquarePants” when he performed a search using Google to determine if there were restaurants with a name similar to The Krusty Krab.

...

Viacom asserted nine claims against IJR including unfair competition under the Lanham Act and trademark infringement under Texas common law. ...

... Viacom filed a motion for summary judgment on eight of its nine claims.

...The district court then granted, in part, Viacom’s summary judgment motion on its common law trademark infringement and Lanham Act unfair competition claims.

II

A trademark infringement action under Texas common law is analyzed in the same manner as a Lanham Act claim. For Viacom to prevail on these claims, it must show (1) that it owns a legally protectable mark in The Krusty Krab and (2) that IJR’s use of the mark creates a likelihood of confusion as to source, affiliation, or sponsorship.

... While Viacom has never registered The Krusty Krab mark, the Supreme Court has held that the Lanham Act “protects qualifying unregistered marks.”⁵ ...Viacom’s mark is legally protectable if it establishes ownership by demonstrating that it uses The Krusty Krab as a source identifier...[t]he two issues are separate questions, and because the use-as-a-source-indicator requirement is at issue in this case Viacom must establish both use and distinctiveness...

5. *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 267 (5th Cir. 1999) (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 112 S. Ct. 2753, 120 L. Ed. 2d 615 (1992)).

III

. . . [W]e address a threshold question: Can specific elements from within a television show—as opposed to the title of the show itself—receive trademark protection? We conclude that they can. While this court has never explored this precise issue, we have affirmed a judgment against the junior use of Conan the Barbarian—the title character of a comic book series—in a restaurant concept. This holding suggests that trademark protection may be granted to certain characters, places, and elements of a broader entertainment entity. Additionally, other courts have unequivocally extended this protection to fictional elements of entertainment franchises. In *Warner Bros., Inc. v. Gay Toys, Inc.*,¹⁸ the Second Circuit held that trademark protection may extend “to the specific ingredients of a successful T.V. series” [and] . . . that the General Lee—an orange muscle car with a Confederate flag emblem that was “prominently featured” on the successful television series “The Dukes of Hazzard”—fell “within the ambit of Section 43(a)” of the Lanham Act. Subsequently, the Seventh Circuit also affirmed an injunction barring the junior user from making a model of the “General Lee.”²¹ The underlying purposes of trademark are to protect goodwill and “to protect consumers against confusion and monopoly,” and “to protect the investment of producers in their trade names to which goodwill may have accrued and which goodwill free-riders may attempt to appropriate by using the first producer’s mark, or one that is deceptively similar.” [Citation.] Extending trademark protection to elements of television shows that serve as source identifiers can serve those purposes.

...[U]se within a popular television series does not necessarily mean that the mark is used as a source identifier.²³ “The salient question” is whether The Krusty Krab mark, “as used, will be recognized in itself as an indication of origin for the particular product or service.”²⁴ If the mark “creates a separate and distinct commercial impression . . . [it] performs the trademark function of identifying the source.” [Citation.] In evaluating whether elements of a television series are trademarks, the focus is on the role that the element plays within the show and not the overall success or recognition of the show itself. When an element only occasionally appears in a successful television series, the indication-of-origin requirement may not be met. [Citation.]

For instance, in *Paramount Pictures Corp. v. Romulan Invasions*, Paramount . . . sought trademark protection on the Romulan mark, a fictional alien race in the “Star Trek” series. The Romulan mark was featured in television episodes, movies, books, licensed plastic spaceship models and dolls, puzzles, games, and more. The Trademark Trial and Appeal Board concluded that the mark was “only” used “from time to time” and held that Paramount “failed to establish any use of the term Romulan . . . as a mark to distinguish its services.” [Citation.] Star Trek fans may vehemently disagree with this analysis as a factual matter. However, we cite this decision to illustrate the conceptual aspects of the law in this area.

18. 658 F.2d 76 (2d Cir. 1981).

21. *See Processed Plastic Co. v. Warner Commc'ns, Inc.*, 675 F.2d 852 (7th Cir. 1982).

23. *See Paramount Pictures Corp. v. Romulan Invasions*, 7 U.S.P.Q.2d 1897, 1900 (T.T.A.B. 1988) (holding that the term Romulan from “Star Trek” does not fulfill “the requirement that a mark identify and distinguish the goods or services”).

24. *In re Morganroth*, 208 U.S.P.Q. 284, 287 (T.T.A.B. 1980) (emphasis added); *see also* 1 MCCARTHY § 3.4 (“The key question is whether, as actually used, the designation is likely to be recognized in and of itself as an indication of origin for this particular product or service.” (*citing Textron Inc. v. Cardinal Eng'g Corp.*, 164 U.S.P.Q. 397, 399 (T.T.A.B. 1969))); [citation].

When an element plays a more central role in a franchise, trademark protection is ordinarily granted. For example, the Southern District of New York held that the Daily Planet, the employer of Clark Kent in “Superman,” was a common law trademark because “[t]he totality of evidence demonstrates that the Daily Planet has over the years become inextricably woven into the fabric of the Superman story.”³⁰ Twenty-five years later, the Southern District of New York also held that Kryptonite—a registered trademark—was a protectable ingredient of the broader “Superman” franchise because it is “a staple of the Superman character and story,” the mark “is immediately recognized or associated with the character Superman,” and it “identif[ies] the entertainment and other goods and services created, distributed and/or licensed by or on behalf of DC Comics.”³¹ Likewise, the Second and Seventh Circuits granted trademark protection to the General Lee from “The Dukes of Hazzard” because of its critical role in the television series.³² The Fifth Circuit has upheld trademark protection for a cartoon character that was central to the comic strip.³³

The Krusty Krab is analogous to protected marks like the Daily Planet, General Lee, and Conan the Barbarian. The mark . . . appears in over 80% of episodes, plays a prominent role in the SpongeBob films and musical, and is featured online, in video games, and on licensed merchandise. The Krusty Krab’s central role in the multi-billion dollar SpongeBob franchise is strong evidence that it is recognized in itself as an indication of origin for Viacom’s licensed goods and television services.

...

The Krusty Krab’s key role in “SpongeBob SquarePants” coupled with the consistent use of the mark on licensed products establishes ownership of the mark because of its immediate recognition as an identifier of the source for goods and services.

...

IV

[The court found it unnecessary to address the inherent distinctiveness of The Krusty Krab mark as it found plaintiff clearly established secondary meaning and thus owned a protectable mark].

V

Viacom must also prove that IJR’s use of The Krusty Krab creates a likelihood of confusion as to source, affiliation, or sponsorship. It has met that burden.

To assess whether use of a mark creates a likelihood of confusion as to affiliation, sponsorship, or source, this court considers the so-called “digits of confusion.” . . . that includes the following seven factors:

30. *DC Comics, Inc. v. Powers*, 465 F. Supp. 843, 847 (S.D.N.Y. 1978).

31. *DC Comics v. Kryptonite Corp.*, 336 F. Supp.2d 324, 332 (S.D.N.Y. 2004).

32. *See Processed Plastic Co. v. Warner Commc’ns, Inc.*, 675 F.2d 852 (7th Cir. 1982); *Warner Bros, Inc. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981).

33. *See Conan Props., Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 150 (5th Cir. 1985) (the cartoon Conan the Barbarian).

(1) the type of mark allegedly infringed; (2) the similarity between the two marks; (3) the similarity of the products or services; (4) the identity of retail outlets and purchasers; (5) the identity of the advertising media used; (6) the defendant’s intent; and (7) any evidence of actual confusion. [Citation.]

At times, our court has listed eight factors, the additional one being “the degree of care exercised by potential purchasers.” [Citation.] However, neither of the parties in the present case, nor the district court, has discussed that factor. In any event, “[n]o single factor is dispositive, and a finding of a likelihood of confusion need not be supported by a majority of the factors.” [Citation.]

...

... IJR has not yet opened its restaurant. However, IJR has filed an intent-to-use trademark application for the name “The Krusty Krab” in restaurant services. It has also taken steps towards opening the restaurant such as leasing property, procuring equipment, purchasing domain names, and developing a comprehensive business plan. ...

Strong marks are entitled to more protection because there is a greater likelihood “that consumers will confuse the junior user’s use with that of the senior user.” [Citation.] Viacom’s mark is strong because it has acquired distinctiveness through secondary meaning. Therefore the first digit weighs in favor of a likelihood of confusion.

Assessing the similarity of the marks “requires consideration of the marks’ appearance, sound, and meaning.” [Citation.] Viacom’s The Krusty Krab is a word mark, and IJR’s mark has identical spelling and pronunciation, including the unconventional use of K’s instead of C’s. ... IJR’s mark is verbatim the same and there is no genuine issue of material fact with respect to this digit of confusion. Logos for the two marks may differ, but the words themselves are indistinguishable and would likely confuse consumers as to the source, affiliation or sponsorship of IJR’s The Krusty Krab restaurant.

... The more similar the products and services, the greater the likelihood of confusion. Viacom’s The Krusty Krab has a distinct theme as a fictional hamburger restaurant, whereas IJR has not fully developed a theme for its planned seafood restaurant. Existing context suggests that the restaurants will have little thematic overlap. For example, IJR’s business plan never references SpongeBob, and IJR’s sample menu serves po-boys and boiled seafood, not fast food hamburgers. While there is little evidence of thematic overlap between the restaurants, IJR nevertheless plans to open a restaurant, and given the success of SpongeBob, that indicates a likelihood of confusion.

Furthermore, “[t]he danger of affiliation or sponsorship confusion increases when the junior user’s services are in a market that is one into which the senior user would naturally expand.” [Citation.] In *Conan Properties, Inc. v. Conans Pizza, Inc.*, this court recognized the logical extension of fictional characters to restaurants, explaining that “today’s consumers expect [cartoon character] endorsements and act favorably toward them” in the restaurant setting. Here, both marks already identify restaurants. Furthermore Viacom could naturally develop a real The Krusty Krab restaurant based on the fictional eatery, as its subsidiary did when it licensed Bubba Gump Shrimp Co., a fictional business in the movie “Forrest Gump,” to create a chain of real seafood restaurants. A reasonable jury would find that factor three favors a likelihood of confusion.

... The greater the overlap between retail outlets and purchasers, the greater the likelihood of confusion. [Citation.] IJR does not yet have a retail outlet or customers, but ... IJR plans to open restaurants in California and Texas, and it intends to target “the general public,” particularly “families, singles, and students . . . as well as the area’s work force.”... Viacom also targets the general public, including residents of California and Texas. Based on this broad overlap, the district court found that factor four weighed in Viacom’s favor. However, there are substantial differences in the retail outlets and the predominant purchasers that mitigate the possibility of confusion.

The retail outlets have little overlap, as Viacom presumably targets television viewers, toy stores, and online retailers, whereas IJR’s services will only be available in brick-and-mortar restaurants. This court previously held that when a senior user distributes primarily through grocery stores and a junior user distributes exclusively through fast food outlets, there are basic differences in modes of distribution even if the senior user also distributes some of its product through fast food outlets. [Citation.] Likewise, Viacom and IJR would have different retail outlets even if there were marginal overlap.

There is some overlap in purchasers—IJR targets families, two-thirds of SpongeBob viewers are children, and one-third of viewers are technically adults—but the core consumers of each mark are dissimilar....[S]ubstantial dissimilarities existed when the junior user’s fast-food pizza patrons were “primarily young (85.6% under 35 years of age), single (61%) males (63.3%),” while the senior user’s purchasers of sugar in grocery stores were “predominately middle-aged housewives.”⁸³ There is no empirical data in the present case, and it is not clear how much the identity of consumers and purchasers would overlap. SpongeBob predominately targets children and young adults through mostly digital channels, whereas IJR’s retail outlets would be physical restaurants. However, it is reasonable to infer that some children who are SpongeBob fans would influence their parents’ or caretakers’ decision to eat at a Krusty Krab restaurant, and that adult SpongeBob fans might well dine at a Krusty Krab restaurant, at least once, due to the name. But the extent of the overlap between purchasers cannot be gauged adequately on the record before us.

... “The greater the similarity in the [advertising] campaigns, the greater the likelihood of confusion.” [Citation.] Ramos has testified, and IJR’s business plan confirms, that IJR will advertise through traditional media such as television and print, as well as online media including social networks and “Google ads.” Viacom advertises “SpongeBob SquarePants” on television—and through it The Krusty Krab mark—and it also promotes the mark online.

...Absent any existing advertising by IJR, it is difficult to assess the similarity between the campaigns. ... [W]hile there is substantial overlap in the abstract, without specific advertising content, digit five does not weigh in favor of a likelihood of confusion.

.... “Although not necessary to a finding of likelihood of confusion, a defendant’s intent to confuse may alone be sufficient to justify an inference that there is a likelihood of confusion.” [Citation.] The relevant inquiry is whether IJR intended to derive benefits from Viacom’s reputation by using The Krusty Krab mark. [Citation.] Evidence that a defendant intends to “pass off” its product as that of another can be found through imitation of packaging, similar distribution methods, and more. [Citation.]

83. *Domino’s Pizza*, 615 F.2d at 262.

The district court . . . held that IJR acted in bad faith because Murillo associated the phrase The Krusty Krab with “SpongeBob SquarePants” and Ramos was aware of Viacom’s use of the mark before he submitted his trademark application. Murillo’s word association, without more, does not establish bad faith at summary judgment. Furthermore . . . this court has held that, “‘mere awareness’ of the senior user’s mark does not ‘establish[] . . . bad intent.’” [Citation.] Also, Murillo averred that he never mentioned SpongeBob during his discussions with Ramos, and IJR asserted that the original Crusted Crab name was created to reference seafood with a crust on it and that the spelling modification was a stylistic decision.

While a jury may disbelieve IJR, at the summary judgment stage there is a genuine issue of material fact as to whether IJR intended to derive benefits from Viacom’s The Krusty Krab. At summary judgment, this court must “disregard all evidence favorable to the moving party that the jury is not required to believe,” and “construe all the evidence and reasonable inferences . . . in a light most favorable to [IJR].” [Citations.] The district court erred in inferring bad intent, as evidence of IJR’s malevolence is circumstantial. Accordingly, this digit does not support a finding of a likelihood of confusion.

The seventh digit is evidence of actual confusion. This is the “best evidence of a likelihood of confusion.”⁹⁹ Even if initial consumer confusion is quickly dispelled, this initial misunderstanding is evidence of confusion. “To show actual confusion, a plaintiff may rely on anecdotal instances of consumer confusion or consumer surveys.” Viacom commissioned Dr. Blair to perform a consumer survey, and it found that 30% of respondents indicated that a restaurant named The Krusty Krab was “operated by, affiliated or connected with, or approved or sponsored by Viacom” and that 35% of respondents associated such a restaurant with Viacom. There is also anecdotal evidence of confusion: Ivan Murillo admitted that The Krusty Krab calls to mind “SpongeBob SquarePants,” and an IJR investor mentioned SpongeBob “out of the blue” while discussing the restaurant.

The district court admitted Dr. Blair’s report over IJR’s objections. . . Construing all evidence in IJR’s favor, Blair’s survey has probative value and there is anecdotal evidence of actual confusion. We therefore conclude that this digit weighs in favor of a likelihood of confusion.

. . .The digits of confusion—particularly the strength of Viacom’s mark, the identical spelling and pronunciation of the marks, both marks’ identification of restaurants, and evidence of actual confusion—dictate that IJR’s use of the mark infringes on Viacom’s trademark. By creating a connection in the consumer’s mind between IJR’s restaurant-in-development and The Krusty Krab from “SpongeBob SquarePants,” there is an impermissible likelihood of confusion as to source, affiliation, or sponsorship.

. . .This case squarely falls within the protection of the Lanham Act and consumers would affiliate Viacom’s legally protectable The Krusty Krab mark with IJR’s seafood restaurant by the same name.

For the foregoing reasons, we AFFIRM the judgment of the district court.

Page 482. Delete Question 2, renumber Question 1 as Question 3 and Questions 3 and 4 as Questions 4 and 5 and insert new Questions 1 and 2.

⁹⁹. *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 203-04 (5th Cir. 1998) (quoting *Domino’s Pizza*, 615 F.2d at 263).

1. The *Viacom* court found plaintiff had secured both common law rights and protection under Section 43(a) of the Lanham Act for The Krusty Krab mark. These rights arose from Viacom’s use of the name of its fictional restaurant in the *SpongeBob SquarePants* entertainment property as well from its use on a variety of licensed products. Did the court adequately distinguish these two types of uses in determining that plaintiff had protectable rights?

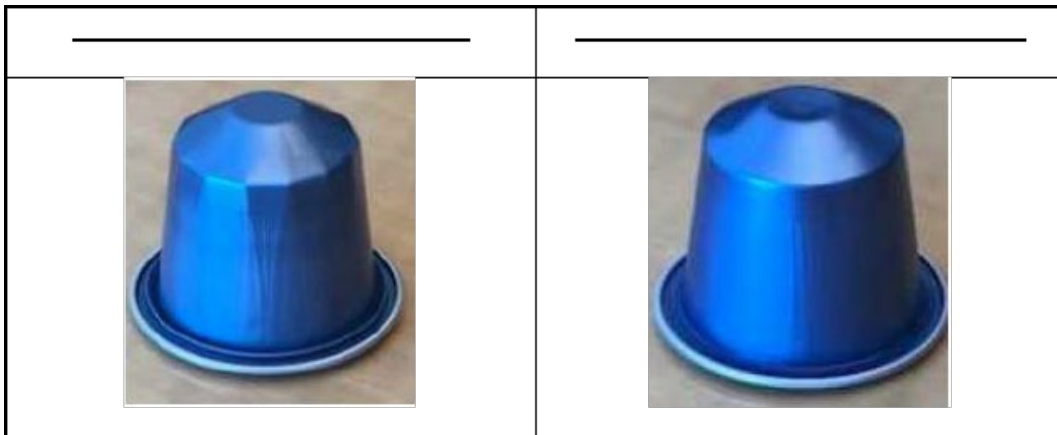
2. In the Batman movie *The Dark Knight Rises*, the character of Catwoman used a program called the “Clean Slate” to hack into computers to erase criminal history material. Fortres sells a CLEAN SLATE desktop management program and alleged that sales fell after the movie’s release. It asserted a claim of reverse confusion, which was rejected by the court. Would the result have been different if Batman’s licensed products, such as video games, used the “Clean Slate” term? See *Fortres Grand Corp. v. Warner Bros. Entertainment, Inc.*, 763 F.3d 696 (7th Cir. 2014), in the casebook Chapter 6.B.3.c at page 451.

Page 505. Add Question 5.

5. Nestlé owns worldwide rights to the mark NESPRESSO for coffee, espresso and espresso machines and owns U.S. trademark registrations for NESPRESSO for these products and a trademark application for the shape of coffee capsules for the NESPRESSO coffee machine. Nespresso USA, Inc., the exclusive U.S. NESPRESSO licensee, has sued Williams-Sonoma (“W-S”), a high-end retail store chain that has sold NESPRESSO products for nearly 10 years. Nespresso USA alleges that the NESPRESSO coffee and coffee machine products have been sold for nearly 30 years, with very substantial advertising and promotion in a wide variety of media in the hundreds of millions of dollars worldwide and with U.S. sales in the hundreds of millions of dollars. Nespresso USA further alleges W-S, which has sold genuine NESPRESSO products for nearly 10 years, has now commenced selling and promoting its own WILLIAMS-SONOMA coffee capsules that mimic the shape and colors of the NESPRESSO capsules in packaging that also resembles Nespresso’s. Further, Nespresso USA alleges that W-S promotes the compatibility of its coffee capsules with the NESPRESSO coffee machine in its advertising in which the disclaimer of affiliation is in small print at the bottom. The parties’ respective capsules and sample W-S compatibility advertising are shown below:

Williams-Sonoma Capsule

Nespresso Capsule



Nespresso USA claims the features: an opaque color; a conical top that has a dimple; sides that slope slightly downward from the conical top at an angle; sides then sloping downward at a straight, 180-degree angle until they merge into the bottom of the Capsule; and a circular bottom that is wider in diameter than the conical top.

Williams-Sonoma Compatibility Ad



What Lanham Act claims can Nespresso USA assert? What defenses and arguments do you expect W-S to assert? See *Nespresso USA, Inc. v. Williams-Sonoma, Inc.*, Complaint, Civ. Action 1:19-cv-04223 (S.D.N.Y. May 9, 2019).

B. False Endorsement

Page 536. Insert the following excerpt after Questions.

Barton Beebe, *What Trademark Law is Learning from the Right of Publicity*, 42 Colum. J.L. & Arts 389 (2019).

... [T]rademark law ... has increasingly taken on the characteristics of right of publicity law rather than the other way around.

Consider the requirement ... in trademark law that a plaintiff must show that the defendant's mark creates a likelihood of consumer confusion. As many commentators have suggested, the likelihood of confusion test has arguably mutated into a mere likelihood of association test, which finds liability if consumers merely associate the defendant's mark with the plaintiff, even if consumers are not ultimately confused as to the true source of the defendant's goods and even if consumers' association has no impact on their purchasing behavior. In its recent opinion in *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ.*, the Second Circuit emphatically embraced this view: "The modern test of

infringement is whether the defendant's use [is] likely to cause confusion not just as to source, but also as to sponsorship, affiliation or connection." [853 F.3d 153, 161 (2016)]. As the *Int'l Info.* court observed, the shift toward a mere association standard began at least with the 1962 amendment to Lanham Act § 32 that deleted from the section the limiting phrase "purchasers as to the source or origin of such goods or services." Formerly, conduct was actionable only when it confused "purchasers" and only when it confused them as to the source of the goods they were purchasing. With this language removed, explained the *Int'l Info.* court, "the Act's protection against infringement is not limited to any particular type of consumer confusion, much less exclusively to confusion as to source.

Subsequent developments have only quickened the shift toward a mere association standard for confusion. ...[T]he merchandising cases of the 1970s and '80s consolidated the principle that a defendant may be liable for merely invoking the plaintiff's identity and suggesting to consumers that the plaintiff has endorsed or merely acceded to the defendant's conduct. Making matters worse, the Trademark Law Revision Act of 1988 amended section 43(a) of the Lanham Act to include extraordinarily capacious language covering the kind of conduct that violates the act. The case law under section 43(a) now seems to suggest that anyone who does anything referential shall be liable to any entity that believes that it is "likely to be damaged" by that reference. ... In sum, what is conventionally recognized as one of the fundamental distinctions between trademark law and right of publicity law—that the former requires a showing of consumer confusion while the latter does not—has arguably become a distinction without a difference.

One objection to this characterization of the evolution of the likelihood of confusion test in trademark law may stem from the claim that only the strongest marks benefit from the shift toward a mere association test for confusion. But even if this claim is true, and it likely is not, it simply shows how trademark law has further followed—or at least paralleled—the example of right of publicity law. Both areas of law increasingly express the legal logic of the economics of superstars, in which superstars—be they the strongest marks or the most famous celebrities—dominate their markets and further enable themselves to do so by promoting legal rules designed to protect and enhance their superstar status. In both areas of law, the stronger benefit from broader protection.

But probably the best expression of the mutation of trademark law into a right of publicity law for persons both natural and corporate is antidilution protection. Here, the majority of courts interpret the anti-blurring provisions of the Lanham Act to require that the plaintiff show only that consumers associate the defendant's mark with the plaintiff's in order to trigger a finding of blurring. The leading survey method for dilution by blurring simply asks respondents what comes to their minds when they are exposed to the defendant's mark; if respondents identify the plaintiff, then this is taken as evidence of blurring.

Questions

1. Do you agree with Professor Beebe that the inclusion of association confusion in addition to source confusion is a troubling development in trademark law? Does it make sense to give greater protection to the strongest marks and to the most well-known personalities? Why/why not?

2. The actress and model Brooke Shields is known for the look of her bold eyebrows, which have attracted extensive publicity over the years.



In 2014, MAC cosmetics released a line of eyebrow products endorsed by Shields. Since then, she has not endorsed any other cosmetic products though she has been contemplating the possibility of coming out with her own line, focused on eyebrows. She discovered that Charlotte Tilbury’s cosmetics company is selling a shade of eyebrow pencil labeled “Brooke S.” in high-end retail stores. Tilbury’s website promotes the product:

BROW LIFT

BROOKE S

Shape, Lift & Shade Eyebrow Pencil



Darlings, my Brow Lift eyebrow pencil in Brooke S is recommended for those with dark blonde to medium brown hair. This eyebrow pencil shapes, lifts & adds definition for the perfect arch and finished fine point.

Shields sued the cosmetics company and retailers in California state court for violation of her publicity rights. Would she also have a claim for the kind of association confusion that troubles Professor Beebe? *See Complaint*, 19ARCV16029 (Superior Ct., L.A. County, Calif. May 8, 2019).

C. False Designation of Origin

Page 550. Add New Question 6.

6. Brantley and Nickens popularized a dance move that they named the “Running Man.” They used the move during breaks at U. Maryland basketball games and challenged others to imitate it and post

it on social media. The pair also performed the move on the *Ellen DeGeneres Show*. The dance went viral with over 100 million views on YouTube, and thousands posted videos performing the dance. Epic Games' video game *Fortnite* incorporated emotes, moves representing emotions that fans could purchase for their avatars to use while playing the game. It adopted an emote called "Running Man" that allegedly copied Brantley and Nickens dance move. The pair sued for false designation of origin under section 43(a). Should the claim survive a challenge based on *Dastar*? See *Brantley and Nickens v. Epic Games, Inc.*, 463 F.Supp. 3d 616 (D. Md. 2020).

Page 554. Add the following case and excerpt after the Questions.

OTR Wheel Eng'g, Inc. v. West Worldwide Servs., 897 F.3d 1008 (9th Cir. 2018). OTR, an industrial tire seller, sued its competitor West including for reverse passing off. West wanted to sell tires to OTR's customer and asked OTR's Chinese manufacturer Superhawk to make tires for testing by this potential customer. When Superhawk indicated it would take nearly two months to make molds for the tires, West asked whether Superhawk could let him have tires made for Solideal, [OTR's partner]... The jury found West liable for reverse passing off and awarded damages. West appealed and argued under *Dastar* that this claim was precluded. The Ninth Circuit affirmed the judgment on this count, finding the evidence was sufficient to support that West did more than copy OTR's OUTRIGGER tires in that it passed off genuine tires as its own to one of OTR's customers and thus the court did not need to reach the question of whether *Dastar* would preclude a claim of mere copying.

"Passing off . . . occurs when a producer misrepresents his own goods or services as someone else's. 'Reverse passing off,' as its name implies, is the opposite: The producer misrepresents someone else's goods or services as his own." *Dastar*, 539 U.S. at 27 n.1 (citation omitted).

...

West argues that the claim for reverse passing off was precluded by *Dastar*. In *Dastar*, the Supreme Court explained that the term "origin" in section 43 "refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods." *Id.* at 37. Thus, a reverse passing off claim cannot be brought to prevent the copying of intellectual property. Copying is dealt with through the copyright and patent laws, not through trademark law. *Id.* at 33-34.

West argues that, at worst, by using OTR's mold, he copied OTR's tire instead of passing off a genuine Outrigger as his own. We do not need to determine, however, whether use of the OTR mold would create a mere copy or a genuine OTR product. There was evidence that West did pass off actual OTR tires. West asked Superhawk to make tires to fill an anticipated order for Solideal, OTR's partner, in advance and to hold most of the tires until Solideal placed the order. West wanted to take ten of these OTR tires to provide to Genie [the potential customer] as his own development tires.² The jury could therefore

2. In his email, West wrote: "Any chance you can risk making the 50 pcs and then sit on the 40 tires until

conclude that the development tires were taken from part of an anticipated OTR (Solideal) order and were genuine OTR products, not just copies.

... West cites the Sixth Circuit's opinion in *Kehoe Component Sales Inc. v. Best Lighting Products, Inc.*, 796 F.3d 576 (6th Cir. 2015). In *Kehoe*, a manufacturer produced goods for a customer. After filling the customer's order, the manufacturer continued to use the same molds to manufacture additional units that it could sell in competition with the customer. *Id.* at 580. The Sixth Circuit determined that the manufacturer's conduct constituted copying and that a reverse passing off claim was therefore precluded by *Dastar*. *Id.* at 587. In *Kehoe*, though, the manufacturer did not pass off products that had been produced as part of the customer's order. West did. "The right question, *Dastar* holds, is whether the consumer knows who has produced the finished product." *Bretford Mfg., Inc. v. Smith Sys. Mfg. Corp.*, 419 F.3d 576, 581 (7th Cir. 2005). Here, the product was produced for OTR, and West attributed it to himself.³

b. Removal of the Outrigger's identifying information

West argues that there was not substantial evidence to support the jury's conclusion that he removed the Outrigger identifying information from the sidewall of the development tire. We disagree.

West asked Superhawk for some tires for testing. Superhawk told West that it would take 50 days to make a mold for West's purposes. West responded, "I really need it much sooner. . . . Don't you make this size for Solideal? . . . Could you buff off the Solideal name on the sidewall or just remove the plate and let me get the tire tested?"

Superhawk told West that it would be "dangerous" to use Solideal's mold because Superhawk had an agreement with Solideal. West persevered in his request, however. He asked, "Will your mold be the same as the [S]olideal mold? If we take out the nameplate and all the sidewall information, nobody will know." He asked Superhawk to make 50 Solideal tires even though an order for those tires had not been placed yet by Solideal. Superhawk responded that the tires would be made "shortly."

At trial, West's expert identified a number of areas where spring plates had been used in the mold for West's development tire. Spring plates are put into molds for the purpose of imprinting information onto tires. OTR's expert testified that the spring plate indentations corresponded to the location of information that would, if it appeared on the tire, identify the tire as an OTR tire.

These emails and this testimony constituted substantial evidence that West used an Outrigger mold for his development tire and added blank spring plates over areas that would have imprinted the Outrigger's identifying information onto the tires. West argues that he did not know that the tires were Outriggers when he asked Superhawk to remove

they ask?"

3. Accordingly, we do not need to determine whether we agree with the holding in *Kehoe*.

the identifying information. But before West used the development tire, he had an email exchange with Superhawk confirming that the 355-size tire was “Solideal branded the OTR Outrigger.”

...

c. Likelihood of consumer confusion

...[I]n order to prevail on its claim for reverse passing off, OTR was required to prove that consumers would likely be confused as to the origin of Outrigger tires that had their identifying information removed. ... The jury was shown pictures of an OTR production tire and the West development tire. Comparing the two tires, a reasonable jury could conclude that consumers would be confused by tires that lack the identifying information.

West argues that Genie, the customer, was not actually confused. West’s argument fails...., [I]n his briefing for us, West argues that the development tire was not an Outrigger and that Genie “knew” the tire was not an Outrigger. Thus, West concedes that Genie thought the tire was not a genuine Outrigger. Given that the jury concluded that the tire was an Outrigger, West effectively concedes actual confusion....

Question

If Superhawk was found to have used the OTRIGGER mold for an order placed by West, instead of for OTR’s partner, would the court have reached a different result under *Dastar*? Should it matter?

Report of the Register of Copyrights, *Authors, Attribution, and Integrity: Examining Moral Rights in the United States* (U.S. Copyright Office, April 2019).^{*} The Copyright Office examined possible changes in the law to bolster protection of authors’ moral rights to be “credited as the author of one’s works” and of the right to “prevent prejudicial distortions of one’s work.” As a result of the *Dastar* decision, the Report notes that these rights have been contracted. With respect to the Lanham Act, the Report recommends:

Lanham Act. While the Supreme Court’s *Dastar* decision narrowed the ability of authors to bring moral rights type claims under section 43(a) of the Lanham Act, there are still several avenues left for successful Lanham Act claims. Specifically, the Office believes that the text of the Lanham Act and the reasoning of the *Dastar* decision leave open claims for mis- or non-attribution of creative works in the following cases: (i) claims for passing

^{*} Available at <https://www.copyright.gov/policy/moralrights/full-report.pdf>.

off or material distortions of a work; (ii) false advertising claims under section 43(a)(1)(B) and (iii) claims for repackaging of expressive works in a way that misattributes them. However, Congress may want to consider adopting an amendment to section 43(a) of the Lanham Act that would expand the unfair competition protections to include false representations regarding authorship of expressive works. Any such amendment should be narrowly crafted to protect only against consumer confusion or mistake as to authorship or attribution of such works, and not to provide copyright protection or afford the author any additional control over permissible uses of the work. A narrowly focused amendment would mitigate the *Dastar* court's policy concerns about overlapping IP doctrines generally, and limitations on public domain uses specifically.

With respect to right of publicity laws, the Report recommends a federal publicity right:

Right of Publicity. Congress may also wish to consider adoption of a federal right of publicity law as a means to reduce the uncertainty and ambiguity created by the diversity of state right of publicity laws. A federal right of publicity law, rather than preempting state laws, could serve as a floor for minimum protections for an individual's name, signature, image, and voice against commercial exploitation during their lifetime. Any such law, if adopted, should include an exception for First Amendment-protected activities and may require significantly more government analysis since this was not the sole focus of the current review.

Do you agree with these proposals? Do they comport with the language of *Dastar*? Recall Professor Beebe's article this Supplement, *supra*, Chapter 7.B. Would he favor these proposals?

Chapter 8

Defenses to Infringement

A. Statutory Defenses

2. Particular Section 33(b) Defenses

a. *Fraud on the Trademark Office: §33(b)(1)*

Page 565. Add the following excerpt after the introductory note:

Barton Beebe & Jeanne C. Fromer, *Fake Trademark Specimens: An Empirical Analysis*,

121 COLUM. L. REV. FORUM (forthcoming), papers.ssrn.com/sol3/papers.cfm?abstract_id=3556121
(footnotes omitted).

Although trademark law has operated on the assumption that there exists an inexhaustible supply of unclaimed trademarks, the empirical results we report in empirical work published in 2018 confirm the opposite: It is becoming increasingly difficult for new businesses to find a trademark that is competitively effective but that has not yet been claimed by another business. To give a sense of the state of depletion, now, nearly three-quarters of the time we speak we are using a word someone has already claimed as a trademark.

....

A surge in fraudulent trademark registrations originating from China is making the problem of trademark depletion significantly worse.... [S]ome regional Chinese governments are offering its citizens a financial subsidy of approximately \$800 for each U.S. trademark registration secured. With a filing fee of under \$300 for use-based applications, an applicant taking advantage of this subsidy would likely prefer to pocket the remainder of the subsidy rather than incur the additional cost of making actual use of the mark in U.S. commerce, which may lead applicants to submit false specimens of use.

....

[W]e seek to move beyond speculation as to the extent of fraudulent trademark applications from China by studying the issue empirically.... [T]o qualify for registration, trademark applicants must submit images showing their use of the applied-for mark in [U.S.] commerce. In an effort to satisfy this requirement, fraudulent applications typically include digitally-altered or otherwise improperly manipulated images.... In the study, we focus on use-based applications originating in China that were filed at the PTO in 2017 solely in Class 25 (apparel goods). We estimate that 66.9% of such applications included fraudulent specimens. The PTO issued refusals on the basis that the applications included fraudulent specimens of use to only 13.4% of these applications.

....

Specifically, 66.9% (or 244) of the applications in our sample included a specimen with a discontinuous image, a matching reverse image search image, a price displayed in foreign currency or delivery to a foreign address, the mark of another company, a nonsense word for a mark, tag irregularities, a misspelled mark, and/or a branding card not attached to the good. Many of these 244 applications raised multiple such red flags. Nonetheless, 59.8% proceeded to publication and then 38.9% proceeded to registration.

....

For example, shown below on the left is a specimen image that the applicant submitted in connection with Application Serial No. 87,289,826 for VANCOL. Below on the right is the image produced by a Google reverse image search query of the specimen image. The image on the right is used on numerous websites. The application did not receive any specimen-related refusals and registered as Registration No. 5,270,328.

....



Applicants submitting fraudulent specimens are not demonstrating the requisite use in commerce. Each such application that proceeds to registration contributes to trademark clutter by adding a mark not being used in commerce on the Principal Register. Trademark clutter in turn worsens trademark depletion by making fewer marks available for businesses that legitimately want to use one of these registered marks.... Moreover, recent reforms by the PTO are not sufficient to stem the tide of fraudulent specimens being filed. Recently, the PTO created a “streamlined protest procedure for reporting improper specimens.” Third parties can submit by email objective evidence showing that a submitted specimen identically matches an image used by others (without the applicant’s trademark), but they must do so “no later than the 30th day after publication for opposition.” [T]he PTO also implemented in August 2019 a requirement that all foreign-domiciled parties appearing before the Office be represented by a U.S.-licensed attorney. Media Reports suggest that the rule has reduced the number of fraudulent applications, but as a recent World Trademark Review article reports, the “scourge of suspicious specimens continues.” The article records numerous examples of fraudulent specimens filed after the effective date of the U.S.-licensed attorney rule.

....

To help diminish rates of trademark depletion and bolster the integrity of the register, we therefore support the provision of less expensive ex parte proceedings that are available more comprehensively to

allow third parties to remove improperly registered trademarks from the register.... Under current law, the PTO has no authority after a registration has issued to demand further information from any registrant who submitted suspect specimen of use images. We therefore support reforms that would provide the PTO with this authority.

b. Fair Use: §33(b)(4)

Page 576. Add the following case excerpt after *U.S. Shoe*:

SportFuel, Inc. v. PepsiCo, 932 F.3d 589 (7th Cir. 2019). SportFuel provides personalized nutrition consulting services to professional and amateur athletes in the Chicago area. It holds federally registered trademarks for SPORTFUEL, one of which became incontestable in 2013. Also in 2013, Gatorade began to market certain products using “Gatorade The Sports Fuel Company,” which it registered as trademark; at the Examiner’s prompting, Gatorade disclaimed “The Sports Fuel Company.” SportFuel filed suit against Gatorade and its owner PepsiCo, alleging trademark infringement based on Gatorade’s use of “The Sports Fuel Company.” Gatorade argued the Lanham Act protected its use of “Sports Fuel” as fair use under section 33(b)(4).

[T]o raise the fair use defense successfully, Gatorade must show that (1) it did not use "Sports Fuel" as a trademark, (2) the use is descriptive of its goods, and (3) it used the mark fairly and in good faith.... [The court found the first two requirements were met, noting Gatorade used “Sports Fuel” descriptively instead of as an “attention-getting symbol.” To support its finding, the court noted that numerous other brands, like “Trident Sports’ ‘SPORTS FUEL,’” use the term descriptively, and that Gatorade used the term only as a descriptive subtitle.]

....

C. Gatorade Uses "Sports Fuel" Fairly and in Good Faith.

Courts determine defendants' good faith by looking to the[] subjective purpose [of the party raising a fair use defense] in using a slogan. [Citation.]

....

SportFuel alleges that Gatorade's bad faith is demonstrated by the fact that it began to use "Sports Fuel" even though it knew of SportFuel's mark. But the defendant's "mere knowledge" of the plaintiff's mark, without other evidence of subjective bad faith, is insufficient. [Citation.] SportFuel also points to Gatorade's continued use of "Sports Fuel," even after SportFuel filed this suit. [But] Gatorade believed it had every right to use "Sports Fuel" in a descriptive sense, so its continued use after SportFuel filed suit also fails to justify an inference of bad faith.

....

Third, SportFuel suggests that Gatorade failed to produce evidence in discovery that must have existed. Specifically, Gatorade's production included no documentation

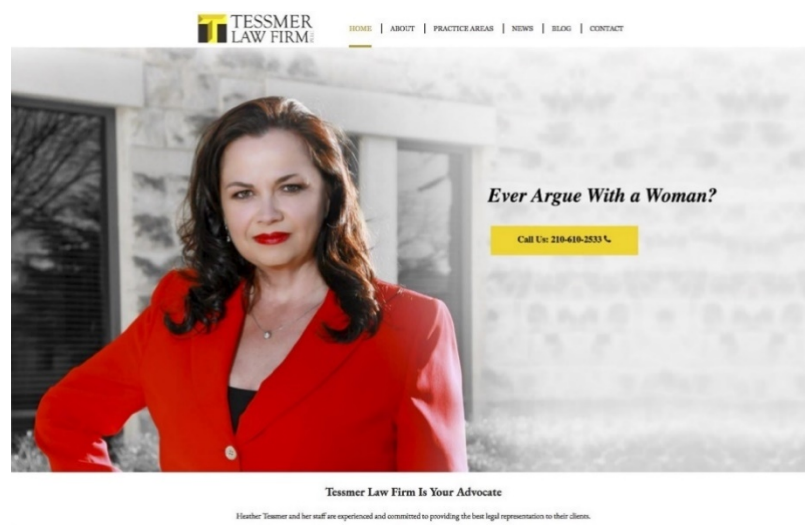
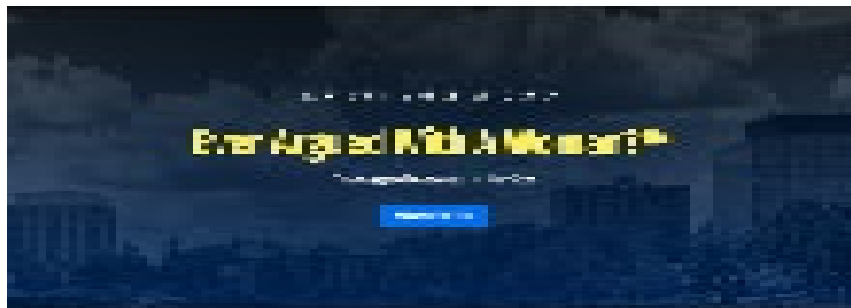
related to its approval of the slogan "Gatorade The Sports Fuel Company." SportFuel argues that a company as large as Gatorade certainly required high-level approval before adopting a nation-wide rebranding campaign. And presumably Gatorade would possess documentation of that approval. Yet, "[s]peculation will not suffice" to defeat summary judgment. [Citations.]

....

[Additionally, the court stated that the risk of reverse confusion does not demonstrate Gatorade's bad faith.] Intent is largely irrelevant in reverse confusion cases because "the defendant by definition is not palming off or otherwise attempting to create confusion as to the source of his product." [Citations.]

Page 577. Add new Question 4.

4. A Florida law firm has obtained a federal registration for the slogan "Ever Argued With a Woman?" A Texas law firm has begun using the slogan "Ever Argue With a Woman? Both firms advertise on the internet; screenshots (from Texas Lawyer) below. The Florida firm has brought a trademark infringement action. Would the Texas firm have a successful section 33(b)(4) defense?



Page 589. Add after *KP Permanent Make-Up*:

Tiffany & Co. v. Costco Wholesale Corp., 971 F.3d 74 (2d. Cir. 2020).

This suit arose from Costco's sale of otherwise unbranded diamond engagement rings identified by point-of-sale signs containing the word "Tiffany." [See image below.] Tiffany claimed, and the district court agreed, that Costco's use of a term identical to Tiffany's trademark in connection with the sale of engagement rings violated the Lanham Act as a matter of law.



In response, Costco argues that "Tiffany" is not only a brand name, but also a widely recognized descriptive term for a particular style of pronged ring setting, and that it used the word on point-of-sale signs solely to identify engagement rings incorporating such settings. It emphasizes, among other things, that it also sold several other styles of unbranded diamond engagement ring identified by similar point-of-sale signs, each of which indicated the name of the corresponding ring's setting style and none of which used the word "Tiffany." In light of this and other related evidence, Costco contends that a reasonable jury could conclude that its use of the word "Tiffany" was not likely to confuse its customers and that, even if some confusion was likely, Costco was entitled under the Lanham Act to use the term "in good faith only to describe" the style of its rings. 15 U.S.C. § 1115(b)(4). We agree and accordingly VACATE the judgment of the district court and REMAND the case for trial.

...

Founded in 1837 by Charles Lewis Tiffany, Tiffany is a major producer of fine jewelry, including diamond engagement rings. Tiffany holds 97 separate trademarks related to the company name, including registrations for the use of the word "Tiffany" in connection with "Decorative Art Objects Made in Whole or in Part of Precious or Semiprecious Metals," TIFFANY, Registration No. 1,228,409, and for the stylized word mark "Tiffany" in connection with "Jewelry for Personal Wear," TIFFANY, Registration No. 133,063. At some point in the late nineteenth century,

Charles Lewis Tiffany developed and sold an engagement ring incorporating a particular style of six-prong diamond setting. Since that time, numerous advertisements, dictionaries, trade publications, and other documents have referred to diamond settings reminiscent of that style as “Tiffany settings.”

One enterprise that claims to have adopted that century-old practice is Costco, which operates a chain of membership-only warehouse stores at which shoppers may purchase various brand-name, store-brand, and generic goods across numerous product categories. Among these products are diamond engagement rings, which Costco displays along with other jewelry in display cases near the entrance to its stores. Costco refers to its engagement rings, which are produced specially for Costco by a supplier called R.B. Diamond Inc., as “unbranded.” Costco sells engagement rings with a variety of setting styles, an assortment that during the relevant time period included a bezel setting, cathedral setting, channel setting, and the so-called Tiffany setting.

Costco identified each of its engagement rings using small, white point-of-sale signs that displayed certain information about the rings (ostensibly including setting style) in uniform black text, along with their prices in larger, bold text. In general format, but not necessarily in size, these signs resembled other point-of-sale signs that identified virtually all items for sale throughout Costco stores. Costco attests that it drew the information for the point-of-sale signs in its jewelry cases directly from descriptions supplied by vendors like R.B. Diamond. According to Costco, the various point-of-sale signs identifying rings with a Tiffany setting at times identified the ring setting using the phrases “Tiffany setting,” “Tiffany set,” or “Tiffany style,” and at other times used only the word “Tiffany” for that purpose. Costco apparently identified other setting styles in a similarly variable manner.

...

Contrary to the district court's holding, Costco is . . . entitled to present its fair use affirmative defense at trial. The Lanham Act provides that when a party “uses the words constituting [a registered] mark in a purely descriptive sense, this use may qualify as permissible fair use.” [Citation.] Crucially, a defendant may raise a fair use defense even where the challenged material is likely to cause some confusion. [Citation.] To demonstrate fair use, a defendant must establish that it used the allegedly infringing term “(1) other than as a mark, (2) in a descriptive sense, and (3) in good faith.” [Citation]; see also 15 U.S.C. § 1115(b)(4).

. . . On appeal, Costco argues that the record contains sufficient evidence to support each prong of its affirmative defense. We agree. . . .

1. Use "As a Mark"

A defendant uses a term “as a mark ‘when it employs it “as a symbol to attract public attention,” [citation] or “to identify and distinguish . . . goods [or services] . . . and to indicate [their] source,” 15 U.S.C. § 1127. Whether a defendant has done so may

entail an investigation into, inter alia, whether the challenged material appeared on the product “itself, on its packaging, or in any other advertising or promotional materials related to [the] product,” and the degree to which “defendants were trying to create, through repetition . . . a[n] association between [themselves] and the [mark].” [citation].

A jury could reasonably conclude that Costco did not use the term "Tiffany" as a trademark. Tiffany's own evidence indicates that Costco typically identifies the trademark associated with its branded products as the first word on the product label. For this litigation, Costco produced hundreds of examples of signs for its engagement rings, none of which began with the word “Tiffany” or any other brand name. Instead, Costco's evidence demonstrates that it displayed the word “Tiffany” in the exact same manner (including typeface, size, color, and relative location on the signs) that it displayed setting information for other engagement rings. Costco also proffered evidence that the word “Tiffany” did not appear on any of its rings or ring packaging, and that the rings actually bore the logo of a different manufacturer. [citation].

2. Descriptive Use

Whether a phrase is descriptive refers to its tendency to describe the goods in question in a broad sense, including not only “words that describe a characteristic of the goods[] such as size or quality,” but also words or images that more abstractly identify some information about the goods in question. [Citations]

Here, a jury could reasonably find that Costco used the term “Tiffan” descriptively, based on Costco's evidence that (1) “Tiffany” has a descriptive meaning independent of Tiffany's brand and (2) Costco intended to and did invoke that meaning when it created its point-of-sale signs. As noted above, Costco has identified over a century's worth of documents suggesting that “Tiffany”—both alone and in conjunction with words like “ring,” “setting,” “style,” or “mounting”—is widely understood to refer to a particular type of pronged diamond setting. And as Costco's employees attested in their declarations, both they and their vendors understood the term to be the only precise way to describe that style. Costco also presented un rebutted evidence that it used the term “Tiffany” exclusively on signs identifying rings bearing a Tiffany setting, and that it displayed the same set of information for engagement rings of all styles. In other words, Costco would generally display a diamond ring with a cathedral or bezel diamond setting along with a sign displaying the word “Cathedral” or “Bezel” in the same way that a sign identifying a diamond ring with a Tiffany setting would display the word “Tiffany.”

Tiffany, for its part, resists the conclusion that the term “Tiffany” is amenable to descriptive use—or indeed any use other than as a mark—within the jewelry industry. It argues that “no case has ever bisected a trademark to allow the same word to be used exclusively by the trademark holder to denote the source of goods for every product in a registered class except one,” and that doing so here would

bring about the “absurd” result that “Tiffany” could be a source identifier for rings of other styles, but a descriptive term for rings in the so-called “Tiffany” style. [Citation]

Tiffany's argument fundamentally misunderstands our caselaw. There is nothing inherently absurd about a single word's being both a source identifier and a descriptive term within the same product class. [citation]. To the extent that “Tiffany” actually does have the descriptive meaning Costco submits that it does, Tiffany's putative “absurd” result is nothing more than the predictable reality of a legal regime in which “trademark rights may be acquired in a word or image with descriptive qualities.” [Citation.] And within that reality, it is well established that “the public's right to use descriptive words or images in good faith in their ordinary descriptive sense must prevail over the exclusivity claims of the trademark owner.”

As a result, the simple fact that a defendant has trademarked a term for use in a particular industry does not preclude a jury's finding that the term has some descriptive use within the same industry. [Citation.] Indeed, the fact that Tiffany does not here challenge Costco's use of the phrase “Tiffany set” or “Tiffany setting” may signal an implicit recognition that some uses of its protected mark are indeed descriptive. As we explained . . . , whether a defendant has used a name descriptively requires “individualized consideration” of how the defendant has used the name. And as we explained above, Costco's evidence is sufficient for a jury to find the word “Tiffany,” when used in conjunction with a particular six-pronged stone setting, had acquired a descriptive meaning in the jewelry trade that did not suggest an association with the jeweler Tiffany & Co., and that Costco used the word descriptively in that sense and in good faith under the particular circumstances of this case. To be sure, a reasonable jury could also reject Costco's evidence and find that customers would not recognize the word “Tiffany” as descriptive even with the context Costco provided. On this record, however, that decision belongs to the jury and not to the court.

Question

As you will see in section B.1 of this Chapter, in addition to the statutory fair use defense of sec. 33(b)(4), courts have devised a defense of “nominative fair use” to insulate use of a trademark to refer to the particular goods or services of the trademark owner, for example in news reporting or comparative advertising. In *Tiffany v. Costco*, was Costco using the mark merely to describe its own product, rather than as a reference to Tiffany? Should the statutory fair use defense permit the use of a mark to refer to the goods or services of the trademark owner?

c. Functionality: §33(b)(8)

Page 593. Add after *Franek*, and before the Questions:

Blumenthal Distrib., Inc. v. Herman Miller, Inc., 963 F.3d 859 (9th Cir. 2020). The

Ninth Circuit affirmed a jury verdict that the trade dress of the “Eames” chair was not functional. Two versions of the Eames chairs are pictured below. The court considered the circumstances under which the “overall appearance” of a utilitarian object such as a chair would be functional (or not), and then applied that analysis to the chairs.



Thin Pad



Soft Pad

Eames chairs

We have consistently held that, as a matter of law, a product's “overall appearance” is functional, and thus unprotectable, where the whole product is “nothing other than the assemblage of functional parts,” and “even the arrangement and combination” of those parts is designed to make the product more functional. [Citations.] Thus, if everything that affects a product's appearance is functional, then its overall appearance is also functional. For example, . . . we held that the overall appearance of a multi-function pocket tool was not protectable as trade dress because there was no evidence that anything about its appearance—either its individual parts or their arrangement and combination—existed for any nonfunctional purpose. [Citation.]

Consistent with that rule, we have also held that the proper standard for whether a claimed trade dress consisting of an “overall appearance” is functional is whether “protecting the trade dress threatens to eliminate a substantial swath of competitive alternatives in the relevant market.” [Citations.] For example, . . . we held that the plaintiff pool hall restaurant's asserted trade dress in its total visual appearance, “examined as a whole,” was nonfunctional, noting that protecting that trade dress would leave a multitude of alternatives to the pool hall industry. [Citations.]

HM argues that, because the examination must be holistic, the functionality of individual features is irrelevant. But that “cannot be the case.” [Citation.] Examining a product “as a whole” does not require any strained effort to look at its

gestalt without seeing its individual features. Rather, to examine a product “as a whole” is to examine all of its features, including the ways in which its various parts are combined or arranged, and to recognize that nonfunctional combinations or arrangements of functional parts can create an overall appearance that should be deemed nonfunctional.

B. The Eames Chairs

...

OSP's first argument—that the chairs' overall appearances are functional “because they *include*, in whole or *in part*, elements that are functional” (emphasis added)—is a nonstarter. As we have long held, a product's overall appearance is necessarily functional if *everything* about it is functional, not merely if *anything* about it is functional. [Citations.] OSP's proposed rule would wipe out trademark protection for all, or at least virtually all, consumer products' overall appearances. For instance, every chair's appearance is affected by having a backrest, as opposed to having no backrest, which serves the utilitarian function of providing back support. But that does not mean that every chair's overall appearance is functional as a matter of law.

OSP's second argument is that the Eames chairs' overall appearances are functional as a matter of law because they have utilitarian functionality . . . Significantly, OSP argued in its opening brief that “aesthetic functionality . . . is not an issue in this case,” and “only” the test for utilitarian functionality “is relevant.” Thus, we limit our analysis to the consideration of utilitarian functionality and hold that the utilitarian functionality of the Eames chairs' various features does not make the chairs' overall appearances functional as a matter of law.

The Eames chairs are nothing like the thoroughly utilitarian products whose overall appearances were held functional as a matter of law in *Leatherman* (a pocket-knife-like tool), *Tie Tech* (a tool used in emergencies to quickly cut people out of wheelchairs), and *Secalt* (a piece of industrial machinery called a “traction hoist”). In each of those cases, the product's “form . . . follow[ed] its [utilitarian] function[s],” [citation], and there was no evidence of any non-utilitarian design choices. [Citations.] In the present case, however, HM introduced abundant evidence that the Eames chairs' overall appearances derive from non-utilitarian design choices.

The jury was shown images of the Eames chairs, from which it could have reasonably inferred that the chairs were designed largely to be distinctive and/or beautiful, even at some expense to their “utilitarian advantage,” [citation]. For example, the jury could have reasonably concluded that the metal trapezoidal design of the Eames chairs' armrests was motivated by design considerations, at the expense of the comfort that a softer surface could have provided.

HM's expert furniture historian testified that the Eames chairs' designers, Charles and Ray Eames, were “always working to find the exact right look of something” and “were as much sculptors as they were designers.” He also testified that the “aesthetics were one of the most important considerations” in the Thin Pad Eames chairs’ design and that the Soft Pad Eames chairs were “iconic pieces” whose “visual or aesthetic impact” was “significant.” A program manager for HM testified that he was not aware of any utilitarian purpose for several features of the Eames chairs, including the specific trapezoidal shape of the armrests, the one-piece construction of the seat and the back, and the specific horizontal stitching of the Thin Pad upholstery. HM's industrial design expert also testified that those three features (among others) lacked utilitarian function and that their purposes were aesthetic. He also testified that the “overall design” of the Eames chairs is “distinctive and is not functional.”

A reasonable jury could have . . . [excluded] . . . utilitarian functionality. HM introduced testimony suggesting that a variety of alternative designs could have achieved the Eames design's functional advantages, so competitors would not be unreasonably limited in their chair design options if the Eames trade dress were protected. HM also introduced advertising materials that emphasized the Eames chairs’ distinctive appearances through large, artistic photographs and statements touting their appearances as “unmistakable,” “bear[ing] the distinctive stamp of Charles and Ray Eames,” and being “totally different” from other chairs. And HM introduced some testimony suggesting that at least some of the manufacturing techniques it employed required specialized technical equipment.

OSP's rebuttal to all of this evidence did not compel a different conclusion. For example, OSP attempts to show that the armrests' trapezoidal shape has utilitarian functionality because it enables the “armrests to be attached to the [rest of the chair] at three points” rather than two points, but cites no evidence that the extra point of attachment has any utilitarian benefit. Similarly, OSP argues that the armrests’ rounded corners have utilitarian functionality because they “provide greater safety as compared to sharp corners,” but cites no evidence that the roundness of the corners was ever intended, advertised, or perceived as a safety feature. Thus, we reject OSP's argument that the utilitarian functionality of the Eames chairs' component parts renders their overall appearances functional as a matter of law.

Page 594. Renumber current Question as 1. Add new Question 2, immediately before *Louboutin*:

2. The U.S. Copyright Act protects the design of a “useful article” (such as a chair) “if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article,” 17 U.S.C. sec. 101. Under that standard, the “overall appearance” of the Eames chairs would probably not enjoy copyright protection. Should trademark law’s functionality doctrine produce a different outcome? Why or why not?

Page 599. Add the following case squib and Questions after *Louboutin*:

Sulzer Mixpac AG v. A&N Trading Co., 988 F.3d 174 (2d Cir. 2021). The parties distribute mixing tips for dental applications. Plaintiff Mixpac’s mix tips are a component of its system, consisting of a dispenser-like caulking gun, a cartridge containing two cylinders, and a mixing tip. When the trigger of the caulking gun is pulled, the adhesive components inside the cartridge are pushed into the mixing tip for blending. To accommodate different types of dental procedures, mixing tips vary in their diameter, the length of the helixes that mix component materials, and cap sizes. Mixpac designates different cap sizes according to a color scheme. It has registered several of the cap colors on the Principal Register and others on the Supplemental Register. The district court held that Mixpac's use of particular colors on mixing tips was not functional, as the colors add to manufacturing costs and other companies use different or no colors for their mixing tips. The Second Circuit reversed.

The district court's findings that Mixpac's use of colors for mixing tips adds to Mixpac's manufacturing costs and that some of Mixpac's competitors use different or no colors for their mixing tips are not clearly erroneous and are supported by the record. . . .

A&N does not argue to the contrary. Instead, A&N argues that the mixing tips’ color coding helps users identify useful product characteristics, such as diameter. Because the color coding aids users, A&N argues that it affects the quality of the mixing tips and is “essential to how they are intended to be used.” [Citation.] The evidence elicited at the bench trial does not support A&N's argument that use of colors on mixing tips is essential to use of the product. Color-coded mixing tips and cartridges are simply not akin to the “dual-spring” traffic sign design in *TrafFix*, where the dual-spring system afforded a “unique and useful mechanism to resist the force of the wind” and wind resistance is essential to a traffic sign’s purpose of alerting drivers. [Citation.] The district court did not make a factual finding that colors are essential to the use or purpose of mixing tips, and we decline to do so on this record.

The evidence elicited at the bench trial, however, firmly establishes that the colors signify diameter, which in turn assists users with selecting the proper cartridge for their needs. As Mixpac's own employees acknowledge, the colors enable users to quickly match the proper mixing tip with the proper cartridge, and thereby “improve[] the operation of the goods.” *Louboutin*, 696 F.3d at 219 (internal quotation marks omitted). The colors on the mixing tips serve roughly the same purpose as the colors of the flash-frozen ice cream that the Eleventh Circuit considered in *Dippin' Dots, Inc. v. Frosty Bites Distribution, LLC*, where the ice cream's colors signified flavor, i.e., pink signified strawberry, white signified vanilla, and brown signified chocolate, and were therefore found to be functional. [citation]; see also *Inwood*, [citation] (concluding that our Circuit erred when it set aside the district court's findings that colors of certain prescription drugs were functional, in part, because patients "associate[d] color with therapeutic effect" and "rel[ied] on color to differentiate one [drug] from another" because those facts were not clearly erroneous).

Questions

1. What if a controlled study showed humans are innately attracted to bright red objects, regardless of the existence of the prestigious Louboutin brand? Would such a study render Louboutin’s trademark functional?

2. The Second Circuit in *Sulzer Mixpac* ruled Mixpac’s color coding functional, even though the district court found that competitors could, at no increased manufacturing cost, have adopted different color codes to denote cartridge-tip pairings without risk of depleting the supply of colors from which to choose. Nor does there appear to have been evidence of any inherent aesthetic appeal to Mixpac’s chosen colors. Rather, the functionality at issue was informational; the court treated the denotative or connotative meaning that Mixpac had assigned to the color codes as product features useful to consumers and therefore needed by competitors. But does it follow that consumers of other producers’ cartridges and mixtips require color codes that facilitate pairing *Mixpac*’s cartridges and tips? Are Mixpac’s color codes comparable to the pink (strawberry), white (vanilla) and brown (chocolate) ice cream color codes the Second Circuit referenced? What about the connotative meanings evoked in *Inwood*?

Page 600. Add before the *Questions*.

LTTB LLC v. Redbubble, Inc., 840 Fed. Appx. 148 (9th Cir. 2021). LTTB LLC sells t-shirts and other goods bearing its registered trademarks, the words and design, “LETTUCE TURNIP THE BEET.”



LTTB’s registrations have become incontestable. LTTB alleged that Redbubble infringed its trademarks by selling products containing the same phrase. The district court ruled that, under the doctrine of aesthetic functionality, LTTB could not preclude others from displaying the phrase on products, and granted summary judgment in favor of Redbubble. The Ninth Circuit affirmed.

1. . . . Under the first step [of the test of aesthetic functionality articulated in *Au-Tomotive Gold*], the t-shirts, tote bags, and other products bearing the LTTB mark would still function as t-shirts and tote bags without the mark. . . .

Moving to the second step, the question is whether the marks “perform some function such that the ‘exclusive use of [the marks] would put competitors at a significant non-reputation-related disadvantage.’” *Id.* [internal citation omitted]. It cannot be disputed that competitors would be unable to sell products bearing the phrase if LTTB’s marks were protected. This court has been “careful to prevent ‘the use of a trademark to monopolize a design feature which, in itself and apart from its identification of source, improves the usefulness or appeal of the object it adorns.’” *Id.* [internal citation omitted] . . .

In *Au-Tomotive Gold*, where the defendant admitted that consumers wanted the goods because they identified the sources (Volkswagen and Audi), “the alleged aesthetic function [was] indistinguishable from and tied to the mark’s source-identifying nature.” [Citation.] By contrast, there is no evidence here that consumers buy LTTB’s goods because they identify LTTB as the source, rather than because of the aesthetic function of the phrase, “LETTUCE TURNIP THE BEET.”

LTTB presented evidence of the popularity of its goods, but that evidence does not raise a triable issue as to whether consumers buy the products because they identify LTTB as the source of the goods. Its evidence includes anecdotes from Elektra Printz Gorski, LTTB’s founder and owner, that celebrities wear the shirts and that a customer emailed her, as well as printouts of the goods offered for sale on the LTTB Etsy website.¹

Although LTTB’s evidence may indicate that its goods are popular, it does not indicate that consumers buy the goods because the marks identify LTTB as the source of the goods. In *Vuitton*, the plaintiff presented an affidavit by a buyer of goods for a department store stating that it was unlikely “there is anyone who would purchase a Vuitton product solely because they found the characteristic Vuitton trademark to be aesthetically pleasing,” but instead “it is because the design associates the products with Vuitton.” [Citation.] Unlike *Vuitton*, LTTB has presented no evidence that consumers buy the goods because the design associates the goods with the company LTTB rather than because they want goods bearing the phrase.

LTTB has presented no evidence to avoid the conclusion that the marks here “serve an aesthetic purpose wholly independent of any source-identifying function” and thus are

¹ The printouts show images of LTTB’s products and three five-star reviews. But, almost all the products bear the phrase “LETTUCE TURNIP THE BEET” on them, indicating that the phrase acts as an aesthetic design, not as a symbol for the company. . . . The comments in the reviews state: “Fast shipping. Product as described/true to photo. I would highly recommend!” and “Great stickers shipped on time. Thank you.” This evidence does not support LTTB’s contention that consumers purchase the products because they are source-identifying rather than merely aesthetically pleasing.

aesthetically functional. *Au-Tomotive Gold*, 457 F.3d at 1073. Therefore, LTTB's evidence does not raise an issue of fact as to whether consumers buy the products because they identify LTTB as the source.

2. Despite the fact that LTTB's trademarks are registered and two of them are incontestable, see 15 U.S.C. § 1115(b), the right to use registered marks is subject to nine “defenses or defects” listed in the statute, including “[t]hat the mark is functional.” *id.* § 1115(b)(8). The defense of functionality “provides the challenger of a mark the opportunity to rebut prima facie evidence of the mark's validity.” *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 782 (9th Cir. 2002); see 15 U.S.C. § 1115(a). Because, on this record and when used on the allegedly infringing products that are the subject of LTTB's complaint, LTTB's marks are functional, they are not protectable against any type of allegedly infringing activity. . . .

Page 600. Renumber Questions 1, 2 and 3 as 3, 4 and 5, and add new Questions 1-2:

1. The 9th Circuit holds that the mark LETTUCE TURNIP THE BEET is functional under the doctrine of aesthetic functionality. What is aesthetically functional about the phrase? Does the evidence suggest that LTTB's customers recognize the phrase as source-denoting? Are there other defenses in 33(b) that Redbubble might deploy on its behalf? If not, can you propose a new 33(b) defense that would cover this sort of case? Would any of the options for cancelling or expunging a trademark in chapter 5 allow the cancellation of LTTB's incontestably registered trademark?

2. Article 7(1)(e)(ii) of the EU Trade Mark Regulation (“EUTMR”) prohibits the registration of “the shape, or another characteristic, of goods which is necessary to achieve a technical result.” While the term “technical result” might seem to evoke what U.S. caselaw calls “mechanical functionality,” the EUIPO (which registers EU trademarks) and the Court of Justice for the European Union have interpreted it to cover aesthetic elements that “add substantial value to the goods” by motivating their purchase. This standard echoes the U.S. caselaw that inquires whether a design feature “in itself and apart from its identification of source, improves the usefulness or appeal of the object it adorns.” For a review of EU administrative and judicial decisions on “technical result,” see Ilanah Fhima, *Functionality in Europe: When Do Trademarks Achieve a Technical Result*, 110 TMR 659 (May-June 2020).

d. Laches: §33(b)(9)

Page 602-05: Delete *Pro Football, Inc. v. Harjo*, and replace with the following materials:

Section 15 of the Lanham Act permits a registrant to file an incontestability affidavit or declaration at any time after five years of continuous use of the mark in connection with the covered goods/services if there has also been no final decision adverse to the owner's claim of ownership of the mark for the goods/services or any pending proceedings challenging the claim. The registration then becomes incontestable and shields the owner from certain defenses, such as mere descriptiveness as set forth in the

Park N' Fly decision in the casebook, Chapter 8.A.1. Section 14 of the Lanham Act governs what grounds may be asserted to petition to cancel a registration. For the first five years after registration, the statute allows any ground that could have been raised to challenge a registration in the first place. After five years, however, only the grounds set forth in Section 14 can be asserted to cancel a registration. Does it follow that the five-year period after a registration issues operates like a statute of limitations on the foreclosed grounds to petition to cancel a registration? But if courts were to treat the five-year cut-off of cancellation petition grounds as a statute of limitations, would it also follow, in the wake of the Supreme Court's decisions in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663 (2014), and *SCA Hygiene Products v. First Quality Baby Products, LLC*, 137 S. Ct. 954 (2017), that registrants may not advance a laches defense to cancellation or infringement claims brought during those five years? In *Petrella*, the Court ruled that the Copyright Act's statute of limitations precluded laches defenses; in *SCA Hygiene Products*, it reached the same conclusion regarding the Patent Act's statute of limitations. In ***Pinkette Clothing, Inc. v. Cosmetic Warriors, Ltd.***, 894 F.3d 1015 (9th Cir. 2018), the Ninth Circuit declined to equate the five-year cutoff with a statute of limitations:

Availability of Laches as a Defense to CWL's Cancellation Claim

The Lanham Act provides for the registration of trademarks. The owner of a registered mark is entitled to a presumption that the mark is valid, *id.* § 1057(b), and after five years, the registered mark ordinarily becomes incontestable, *id.* § 1065. The right to the mark, however, is subject to “equitable principles, including laches, estoppel, and acquiescence.” *Id.* § 1115(b)(9); *see also id.* § 1069 (“In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable may be considered and applied.”).

The Lanham Act also authorizes “any person who believes that he is or will be damaged . . . by the registration of a mark” to petition to cancel the registration. *Id.* § 1064. If a petition for cancellation is brought before the mark becomes incontestable, “any ground that would have prevented registration in the first place qualifies as a valid ground for cancellation,” including that there exists a “likelihood of confusion between the mark sought to be canceled and a mark for which the party seeking cancellation can establish either prior use or prior registration.” [Citations.]. Here, the jury found a likelihood of confusion between the parties' marks, and absent Pinkette's laches defense, CWL would have been entitled to judgment in its favor on its cancellation claim.

The Supreme Court has held that laches is not available as a defense to claims for copyright or patent infringement brought within the limitations periods prescribed under the Copyright and Patent Acts. *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954, 959 (2017) (Patent Act); *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663 (2014) (Copyright Act). CWL argues that, because it filed its cancellation petition with the TTAB before Pinkette's trademark registration became incontestable under 15 U.S.C. § 1064, laches is not available as a defense to its cancellation claim and that the district court therefore erred in applying laches here.

...

CWL does not argue that *Petrella* and *SCA Hygiene* preclude application of laches to its trademark infringement claim—presumably because the Lanham Act prescribes no statute of limitations for such a claim. [Citation.] Instead, CWL only argues that those cases preclude application of laches to its cancellation claim because it filed that claim before Pinkette’s mark became incontestable. Thus, from the outset, CWL’s argument presents an asymmetry found in neither *Petrella* nor *SCA Hygiene*: CWL would have us hold that, even where prejudicial delay otherwise precludes one party from enforcing its trademark rights against another party, the first party may still have the second party’s registration stricken from the register. This is not the result required by either the Lanham Act or the Supreme Court’s decisions.

“Unlike both Copyright law and Patent law, each of which has its own federal statute of limitations, the federal Lanham Act has no statute of limitations.” MCCARTHY § 31:33. Rather, the Lanham Act vests courts with the power to grant relief according “to the principles of equity.” 15 U.S.C. §§ 1116, 1117. Moreover, § 1069 expressly makes laches a potential defense “[i]n *all* inter partes proceedings” before the PTO, including cancellation proceedings. 15 U.S.C. § 1069 (emphasis added); see also MCCARTHY § 20:74. Importantly, § 1069 makes no distinction between proceedings against contestable versus incontestable marks.

Nothing in § 1064 alters the straightforward application of § 1069 to permit laches as a defense to cancellation. There is no question that § 1064 is not a statute of limitations in the usual sense of barring an action entirely once a defined period expires. Incontestability merely limits the grounds on which cancellation may be sought. A petition brought within five years of registration (against a contestable mark) may assert any ground that would have prevented registration in the first place—most commonly that the registered mark creates a likelihood of confusion with the petitioner’s preexisting mark. 15 U.S.C. § 1064. By contrast, a petition brought five years after registration (against an incontestable mark) may only assert one of several enumerated grounds for cancellation, including genericism, functionality, abandonment, or fraudulent procurement. *Id.*

Moreover, § 1064 does not implicate the same concerns identified in *Petrella* and *SCA Hygiene*. The statutes of limitations at issue in those cases state categorically that “[n]o civil action shall be maintained,” 17 U.S.C. § 507(b), or “no recovery shall be had,” 35 U.S.C. § 286. Such language represents a clear directive from Congress and leaves no gap for laches to fill. The Lanham Act, on the other hand, provides that a petition for cancellation may be brought “[a]t any time” but affords different grounds for cancellation depending on whether the petition is brought within five years of registration.³ 15 U.S.C. § 1064. Applying laches to a cancellation claim against a contestable mark neither overrides a clear directive from Congress nor fills a gap where there is none to fill. See *SCA Hygiene*, 137 S. Ct. at 960-61.

Pinkette concerned the relationship of the laches defense to cancellation claims brought before a registration becomes incontestable. In **Belmora LLC v. Bayer Consumer Care AG**, 987 F.3d 284 (4th Cir. 2021), the appellate court considered the basis for calculation of a time bar in an infringement action

brought under § 43(a).

This appeal requires us to decide whether to apply a statute of limitations borrowed from the most analogous state law or instead some other “timeliness rule[] drawn from federal law” to claims under § 43(a) of the Lanham Act, which does not expressly contain a limitations period for those claims. [Citation.] Whether to read a limitations period into a federal law is a garden-variety question of federal statutory interpretation. . . .

We turn to the primary issue raised in this appeal: whether a statute of limitations or some other timeliness rule applies to Bayer's § 43(a) claims. [Citation.] “As is often the case in federal law,” the Lanham Act does not expressly incorporate a limitations period for § 43(a) claims. [Citation.] In the absence of an express limitations period, we typically hold “that Congress intended that the courts apply the most closely analogous statute of limitations under state law.” But “state statutes of limitations can be unsatisfactory vehicles for the enforcement of federal law.” [Citations.] In those circumstances, courts “decline[] to borrow state statutes” and “instead use[] timeliness rules drawn from federal law—either express limitations periods from related federal statutes, or such alternatives as laches.” [Citation.]

We conclude that § 43(a) is one such federal law for which a state statute of limitations would be an unsatisfactory vehicle for enforcement. Rather, the affirmative defense of laches, which applies to claims that are equitable in nature, [citation] “provides a closer analogy than available state statutes,” [citation].

The text of § 43(a) supports this conclusion. . . . The Lanham Act provides that § 43(a) claims for damages are “subject to the principles of equity,” 15 U.S.C. § 1117(a), and that courts may grant injunctive relief to remedy § 43(a) violations “according to the principles of equity,” *id.* § 1116(a). Other circuits have similarly emphasized “the equitable character of § 43(a) actions” in applying a laches defense to § 43(a) claims. [Citations.]

Accordingly, considering “the federal policies at stake and the practicalities of litigation,” [citations], we hold that laches is the appropriate defense to § 43(a) claims. Laches is “an equitable defense” that “is distinct from the statute of limitations.” . . .

The district court held that Bayer's § 43(a) claims were barred by the most analogous state-law statute of limitations. The district court therefore judged the timeliness of Bayer's § 43(a) claims under an incorrect legal standard. Accordingly, we vacate the portion of the district court's order granting summary judgment on Bayer's § 43(a) claims and remand for the court to determine whether those claims are barred by laches and to make any further factual findings necessary to support that determination. [Citation]

On remand, the statute of limitations from the most analogous state law will continue to play an important role in the district court's laches analysis. Laches is presumed to bar § 43(a) claims filed outside the analogous limitations period. [Citations.] But “whether a Lanham Act claim has been brought within the analogous state statute of limitations is not the sole indicator of whether laches may be applied in a particular case.”

On the relationship between laches and statutes of limitations more generally, *see also*, *Eat Right Foods, Ltd. v. Whole Foods Mkt., Inc.*, 880 F.3d 1109 (9th Cir. 2018) (posing as a general rule “If the plaintiff filed within that [limitations] period, there is a strong presumption against laches. If the plaintiff

filed outside that period, the presumption is reversed,” and vacating holding of laches and remanding for fact-finding as to whether plaintiff was attempting to pursue alternatives to litigation during the three years before it filed suit).

Question

An action under the Lanham Act raises issues of uniform federal law. States do not necessarily establish uniform limitations periods for bringing a tort claim or other civil action. Does it make sense to apply different time bars depending on the law of the forum state? On the other hand, is it realistic to expect uniformity in the way federal courts nationwide determine laches?

B. Judge-Made Defenses

1. Nominative Fair Use

Page 619. Delete Question 3. Replace with new Question 3:

3. In 2017, State Street Global Advisors (“SSGA”) commissioned sculptor Kristen Visbal to create an original statue for International Women's Day. The statue became known as "Fearless Girl" and received wide media attention. SSGA obtained trademark registrations for FEARLESS GIRL for “promoting public interest in and awareness of gender and diversity issues, and issues pertaining to the governance of corporations and other institutions . . .” SSGA and Visbal executed a set of contracts governing the use of the Fearless Girl copyright and trademark; according to SSGA’s Complaint, these prohibited Visbal from “sell[ing], licens[ing], or distribut[ing] copies of the Fearless Girl artwork (i) for any commercial and/or corporate purpose with very limited exceptions, (ii) to any third party to use in connection with gender diversity issues in corporate governance or in the financial services sector, or (iii) to any political party, politician, activist, or activist group with very limited exceptions.” Visbal subsequently established URLs to sell replicas of the statue: <https://www.fearlessgirl.us/the-facts/> and <https://www.fearlessgirl.us/the-artist/> and <https://www.fearlessgirl.us/purchase-a-reproduction>. SSGA contends that Visbal is using the URLs "to promote and advertise herself and her replica sales, and to advertise and reinforce the connection between Fearless Girl and financial services and gender diversity issues in corporate governance [and that her use of the fearlessgirl.us domain name] "is an encroachment on SSGA's trademark rights that is likely to confuse consumers into believing that she has been authorized by SSGA to use the FEARLESS GIRL trademark in connection with, *inter alia*, gender diversity issues in corporate governance and in the financial sector." Does the defense of nominative fair use shield Visbal? See *State St. Global Advisors Trust Co. v. Visbal*, 431 F. Supp. 3d 322 (SDNY 2020).

Page 623. Number current Question as 1. and add new Questions 2-4:

2. Italic, a start-up members-only online fashion marketplace, designs luxury handbags. The bags are manufactured in the same factories that produce Prada, Givenchy, and other top brands. While Italic does not copy the leading brands’ products, its advertising stresses that its goods come from the same factories (see example of online advertising below). How would Italic fare under the nominative fair use factors?

Handbags made by the same factory as Prada.

3. Old Taylor was a leading brand of Kentucky Bourbon whiskey. It ceased production in 1972, but in 2014 the Peristyle company purchased the distillery buildings and planned bourbon production under the “Castle and Key” trademark. Nonetheless, Peristyle regularly referred to its location as “the Former Old Taylor Distillery,” or simply as “Old Taylor.” A publicity flyer for Peristyle, for example, states: “The Historic Site of The Old Taylor Distillery” and “We are busy making history and restoring this bourbon ICON, the Historic Site of The Old Taylor Distillery.” Peristyle has also preserved on its premises a four-hundred foot “Old Taylor Distillery” sign on the distillery’s barrel storage warehouse and a twenty-foot “The Old Taylor Distillery Company” sign above the entrance to its main building. The Old Taylor trademark for bourbon whiskey, however, has been owned by the Sazerac company since 2009. Sazerac contends that Peristyle’s use of the Old Taylor mark is likely to confuse the public as to the source or affiliation of Peristyle’s activities. Peristyle rejoins that its use is a nominative fair use, or a section 33(b)(4) fair use. Is Peristyle’s defense more likely to prevail than *Italics*? See *Sazerac Brands, LLC v. Peristyle, LLC*, 892 F.3d 853 (6th Cir. 2018).

4. Recall the “Little Trees” trade dress of the Car-Freshner automobile air fresheners (*supra*, main casebook page 578). The luxury fashion house Balenciaga is selling keychains that are highly evocative of the Little Trees shape and colors. Car-Freshner has sued for trademark infringement; would Balenciaga be likely to succeed in a nominative fair use defense? In a section 33(b)(4) defense?



2. Comparative Advertising

Page 630. Insert new Question 3 following *Smith v. Chanel*; renumber current questions 3, 4, and 5 as 4, 5, and 6.

3. In *Coty v. Excell Brands*, 277 F. Supp. 3d 425 (SDNY 2017), involving some of the same smell-alikes as those at issue in the cases referenced in Question 2, the district court held

[T]he manner in which Excell displays Coty’s source identifiers belies its argument that it is merely using the marks to inform consumers that it is not the manufacturer of the original fragrance. Excell’s fair use argument would be on firmer ground if it sold its fragrances in generic bottles and cartons, picked fragrance names that were unrelated to any of Coty’s, included its disclaimers without prominently displaying Coty’s typesetting or marks, and marketed its own brand on the packaging in a noticeable manner. But it did none of that. Instead, Excell sought to mirror Coty’s fragrances’ appearance in nearly every way possible, it chose product names that mimicked or evoked the names of Coty’s fragrances, it prominently displayed Coty’s house and fragrance marks under the guise of its “Our Version Of” and “Not Associated With” legends, and it hid its own brand name on top of the box where consumers were unlikely to see it. . . . In so doing, Excell has impermissibly signaled a “relationship between [its own] and [Coty’s]” fragrances that is non-existent. [Citation.] Accordingly, its fair use argument fails.

Below are some of the examples appended to the District Court’s opinion: do you agree that the defendant’s “imitation crossed the line from flattery to infringement, dilution, unfair competition, and false advertising”?







3. First Sale

Page 633. Add new Questions 3 and 4:

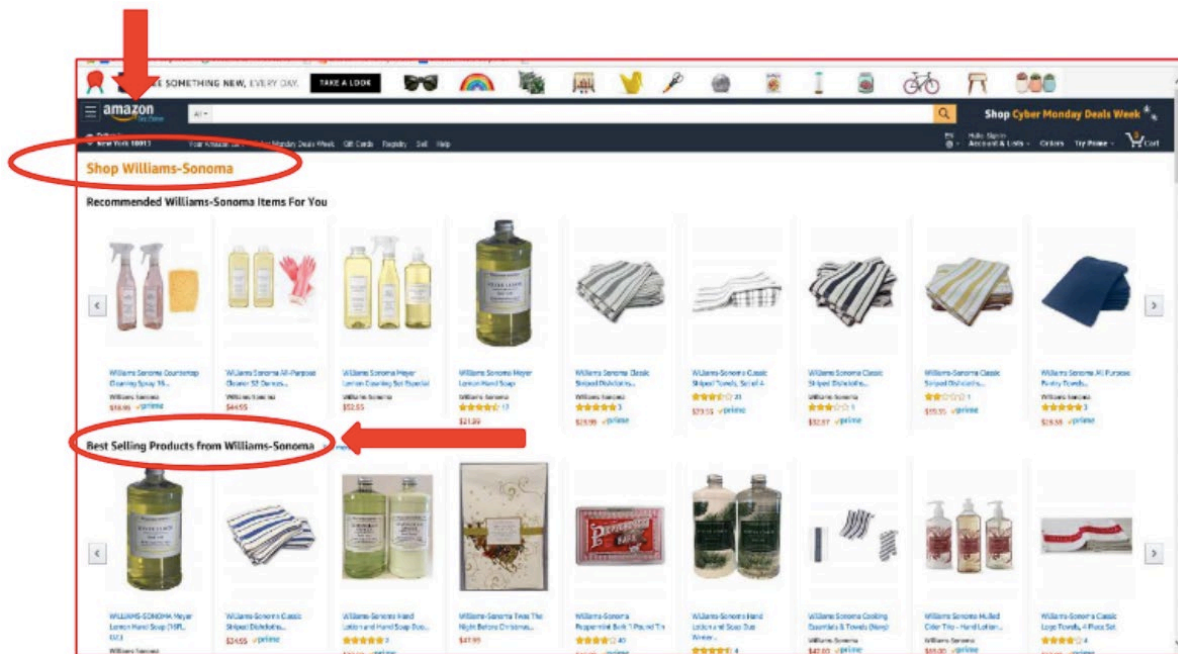
3. The fashion house Chanel sells clothing and costume jewelry featuring its interlocking Cs logo. Shiver and Duke makes costume jewelry out of buttons taken from genuine Chanel articles of clothing. The buttons also bear the interlocking Cs logo. Chanel claims that the Shiver and Duke jewelry infringes its trademark in the logo. Shiver and Duke asserts its entitlement under the first sale doctrine to repurpose Chanel buttons into costume jewelry. The image below shows Chanel

jewelry on the left and Shiver and Duke's repurposed button jewelry on the left. Who should prevail, and why?



Source: Complaint, Chanel, Inc. v. Shiver and Duke, LLC, Case 1:21-01277 (SDNY filed 02/12/21)

4. Williams-Sonoma is a retailer of high-end housewares. To maintain quality control, Williams-Sonoma does not license its trademark in connection with online retail services. Nonetheless, Amazon advertises and sells Williams-Sonoma products on its website. Specifically, Amazon maintains a “page that displays the phrase ‘Shop Williams-Sonoma’ in bright yellow at the top.” The page also features Williams-Sonoma’s copyrighted product imagery and carries no disclaimer of an official relationship with Williams-Sonoma. Williams-Sonoma sued Amazon for trademark infringement, alleging the “page creates the impression that consumers are browsing a shop offered by, authorized by, or affiliated with Williams-Sonoma.” It additionally alleges that the Williams-Sonoma products Amazon sells are sometimes priced higher than those on Williams-Sonoma’s own website or are of deficient quality—not matching the product description or being shipping with broken or missing parts. Does Amazon have a valid first sale defense? If not, how could Amazon redesign its webpages to ensure there is no confusion as to product origin? See *Williams-Sonoma v. Amazon.com*, 2019 U.S. Dist. LEXIS 226300 (N.D. Cal. May 2, 2019).



4. Sovereign Immunity

Page 638. Delete paragraph following the block-indented quotation and replace with the following:

Twenty-one years later, the Supreme Court revisited Congress’ authority to abrogate state sovereign immunity in the context of copyright infringements committed by the state. In *Allen v. Cooper*, 140 S. Ct. 994 (2020), the Court ruled that *Florida Prepaid* “doomed” Allen’s argument invoking art. I §8, cl. 8:

As Allen recognizes, if the Intellectual Property Clause permits the CRCA’s [Copyright Remedy Clarification Act of 1990] abrogation, it also would permit the Patent Remedy Act’s. . . . Again, there is no difference between copyrights and patents under the Clause, nor any material difference between the two statutes’ provisions. [Citation.]

Regarding § 5 of the Fourteenth Amendment, Allen’s copyright claimed fared no better under the *Florida Prepaid* analysis. The Court held Congress’ abrogation insufficiently tailored to intentional state-committed copyright infringements lacking alternative remedies.

Justice Kagan’s opinion then considered whether any circumstances existed under which Congress might constitutionally abrogate state sovereign immunity against claims of copyright infringement.

[At the time it enacted the CRCA] Congress likely did not appreciate the importance of linking the scope of its abrogation to the redress or prevention of unconstitutional injuries—and of creating a legislative record to back up that connection. But going forward, Congress will know those rules. And under them, if it detects violations of due process, then it may enact a proportionate response. That kind of tailored statute can effectively stop States from behaving as copyright pirates.

Did *Allen* offer a roadmap to abrogating state sovereign immunity to trademark suits? The USPTO has announced a “state sovereign immunity study,” *Federal Register* Volume 85, Number 215 (Thursday, November 5, 2020); supplemental information requested, *Federal Register* Volume 86, Number 13 (Friday, January 22, 2021).

In the absence of effective abrogation of state sovereign immunity for infringements of private intellectual property rights, trademark infringement plaintiffs may nonetheless seek injunctive relief (but not damages) against state officials under the doctrine of *Ex parte Young*, 209 U.S. 123 (1908), so long as the official has “some connection with the enforcement of the act” (*id.* at 157) that allegedly violates the plaintiff’s rights. As the Intellectual Property Section of the American Bar Association cautioned in its comments in response to the USPTO’s Request for Information on State Sovereign Immunity - Impact on Trademark Infringement, however:

While the *Ex parte Young* doctrine allows a private party to seek injunctive relief against state officials acting in their official capacity for violations of federal law or the Constitution, it is not a perfect remedy. The doctrine can be difficult for a plaintiff to establish. For example, plaintiffs can struggle to establish a causal connection between the named government official and the unconstitutional actions even if the named officials oversaw the activity. See *Pennington Seed, Inc. v. Produce Exchange No. 299*, 457 F.3d 1334, 1338 (Fed. Cir. 2006) (finding an insufficient causal connection between the obligation of the state officials overseeing the intellectual property activity of the university and the actual violation committed). Further, the *Ex Parte Young* doctrine will not necessarily make the trademark owner whole because it allows only for forward-looking injunctive relief and does nothing to remedy the past damage done by the infringement. The lack of money damages as a remedy for intentional trademark infringement results, among other things, in rights holders losing the chance for compensation for harm to their reputations and goodwill they may have suffered, including through the recovery (or, more accurately, lack thereof) of treble damages when the state knowingly infringes upon a mark.

https://www.americanbar.org/content/dam/aba/administrative/intellectual_property_law/advocacy/aba-ipl-section-response-to-uspto-sovereign-immunity-rfc.pdf

C. Other Limitations on Trademark Protection: Expressive Use

1. Re-Weighing Likelihood of Confusion

Page 645. Add after *Rogers v. Grimaldi*:

Note: House Committee on the Judiciary gives its imprimatur to the *Rogers* balancing approach

The legislative history to the 2020 Trademark Modernization Act includes an encomium to the *Rogers* case and its progeny. In a Report on a bill that primarily concerns Trademark examination and registration, the House Judiciary Committee inserted its imprimatur following its discussion of the TMA's restoration of the presumption of irreparable harm in trademark infringement litigation (see, *infra*, Chapter 12.A). The following statement aims to assuage fears that the return of the presumption will suppress first amendment-protected speech.

2. Balancing First Amendment concerns

In providing that a plaintiff is entitled to a rebuttable presumption of irreparable harm following a court's finding of trademark infringement, or upon a finding of likelihood of success on the merits in the case of a motion for preliminary injunction or temporary restraining order, the Committee acknowledges the need to take special care to ensure that the interests protected by the Lanham Act do not encroach on the rights to free speech and expression enshrined in the First Amendment. Courts have long been appropriately circumspect in applying the Lanham Act so as not to interfere with the First Amendment rights of creators and distributors of "artistic works" (sometimes called "expressive works"), including without limitation movies, television programs, songs, books, plays, video games, and the like, which may depict or reference third-party marks within such artistic works or in such artistic works' titles. It is the intent of the Committee that this legislation will not in any way affect that jurisprudence.

The standard for accommodating First Amendment interests in the Lanham Act context for infringement and unfair competition claims was first articulated in *Rogers v. Grimaldi*, which has been widely adopted by courts across the nation in the subsequent three decades. As a threshold matter under the *Rogers* test, a plaintiff cannot state a viable trademark claim in the context of an artistic work (1) unless the defendant's use of the mark "has no artistic relevance to the underlying work whatsoever," or (2) "if it has some artistic relevance, unless the [use of the mark] explicitly misleads as to the source or the content of the work." The "no artistic relevance . . . whatsoever" standard sets an extremely low bar, requiring only that "the level of relevance must merely be above zero." "This black-and-white rule has the benefit of limiting [the court's] need to engage in artistic analysis in this context." When that bar is met and any level of artistic relevance to the underlying work is present, the use may be actionable only where the creator explicitly misleads consumers. This test appropriately recognizes the primacy of constitutional protections for free expression, while respecting a trademark owner's right to prevent unauthorized use of its mark and the public's interest in avoiding confusion.

In enacting this legislation, the Committee intends and expects that courts will continue to apply the *Rogers* standard to cabin the reach of the Lanham Act in cases involving expressive works. The Committee believes that the adoption by a court of a test

that departs from *Rogers*, including any that might require a court to engage in fact-intensive inquiries and pass judgment on a creator’s “artistic motives” in order to evaluate Lanham Act claims in the expressive-works context would be contrary to the Congressional understanding of how the Lanham Act should properly operate to protect important First Amendment considerations, and upon which the Committee is relying in clarifying the standard for assessing irreparable harm when considering injunctive relief.

H.R. Rep. No. 116-645, 116th Cong., 2d sess. at 19-20 (Dec. 14., 2020).

Page 651. Add a new Question 5.

5. Empire Distribution, founded in 2010, is a successful record label that records and releases albums in the urban music genre, which includes hip hop, rap, and R&B. 20th Century Fox’s “Empire” television show premiered in 2015; it portrays a fictional New York-based hip hop music label named “Empire Enterprises”. The show features songs in every episode, including some original music. Under an agreement with Fox, Columbia Records releases music from the show after each episode airs, as well as soundtrack albums at the end of each season. Fox has also promoted the Empire show and its associated music through live musical performances, radio play, and consumer goods such as shirts and champagne glasses bearing the show’s “Empire” brand. Empire Distribution alleges trademark infringement, and seeks to distinguish the show from Fox’s promotional activities and consumer goods; it contends that that *Rogers* does not apply to any of the latter. Does/should *Rogers* apply equally to the television show as to its associated promotional activities and merchandizing properties? See *20th Century Fox v. Empire Distribution*, 875 F.3d 1192 (9th Cir. 2017).

Page 655. Insert the following before Questions:

AM Gen. LLC v. Activision Blizzard, Inc., No. 17 CIV. 8644 (GBD), 2020 U.S. Dist. LEXIS 57121 (S.D.N.Y. Mar. 31, 2020). AM General (“AMG”) contracts with the U.S. Department of Defense to sell the High Mobility Multipurpose Wheeled Vehicle, known colloquially as the “Humvee.” Since the 1990s, AMG has granted licenses to other companies to use the HUMVEE trademark for toys and other media. Activision’s video game, *Call of Duty*, is a best-selling, realistic “first-person shooter” game, which both depicts and refers to Humvees throughout the game. Additionally, Activision sells *Call of Duty*-themed construction sets that include toy vehicles resembling Humvees. AMG filed suit against Activision for unauthorized use of the HUMVEE trademark and trade dress. Activision raised a First Amendment defense.

3. Rogers Balancing Test

To the extent that any of the *Polaroid* factors are satisfied—such that a modicum of confusion might be present—Plaintiff nonetheless has failed to present sufficient evidence to defeat summary judgment. The *Rogers* balancing inquiry examines whether the contested user has offered a “persuasive explanation” regarding the use’s status as an “integral element” of the artistic expression. [Citation.] Defendants have offered a persuasive explanation: the uses of Humvees in the *Call of Duty* games enhance the games’ realism. Both parties agree that at least “some of the vehicles in the *Call of Duty* Games are representative of those that a real-life soldier would expect to see in the time and place

depicted.” [Citation.] Both parties also agree that U.S. and foreign militaries use Humvees in operations around the world. [Citation.] If realism is an artistic goal, then the presence in modern warfare games of vehicles employed by actual militaries undoubtedly furthers that goal. The inclusions of Humvees in the foreground or background of various scenes—including several instances of players using Humvees to advance to the next level—are integral elements of a video game because they “communicate ideas ... through features distinctive to the medium (such as the player's interaction with the virtual world).” [Citation.] Further, assuming arguendo that realism is the only artistic interest that Call of Duty games possess—an assumption potentially belied by the presence of narrative campaign modes in all of the challenged games—it is also true that realism can have artistic merit in itself. [Citation.]

....

Plaintiff challenges Defendants' claims of realism and artistic relevance only “to the extent that the proffered statement of fact is meant to suggest that [Defendants'] use of the [Humvee] was motivated by artistic rather than commercial considerations.” [Citation.] However, merely insinuating that a commercial motivation might exist is not enough—an artist can sell her art without the First Amendment abandoning her. *See City of Lakewood v. Plain Dealer Publ'g Co.*, 486 U.S. 750, 755–56 n.5 [] (1988) (“[T]he degree of First Amendment protection is not diminished merely because the newspaper or speech is sold rather than given away.”). Instead, Plaintiff must present admissible evidence that Defendants' invocation of the First Amendment was pretextual. *See Simon & Schuster*, 970 F. Supp. at 300 (finding that there is no First Amendment protection afforded when Defendant appears to have “reflexively invoked the First Amendment without offering a persuasive explanation of why free speech interests are seriously threatened by Lanham Act liability in this case”). Apart from innuendo and “unsubstantiated speculation,” [Citation.], Plaintiff has failed to present evidence that Defendants' sole interests were commercial.

Unable to offer anything more than “some metaphysical doubt as to the material facts” offered by Defendants, [Citation.], Plaintiff is unable to “overcome the presumption of *Rogers*.” [Citation.] Accordingly, Defendants' motion for summary judgment is granted dismissing trademark infringement claims under the Lanham Act.

Dr. Seuss Ents. L.P. v. ComicMix LLC
983 F.3d 443 (9th Cir. 2020)

MCKEOWN, CIRCUIT JUDGE

In Dr. Seuss's classic book, *Oh, the Places You'll Go! (Go!)*, the narrator counsels the protagonist on a path of exploration and discovery. The book closes with this note of caution:

I'm sorry to say so

But, sadly it's true

That Bang-ups

And Hang-ups

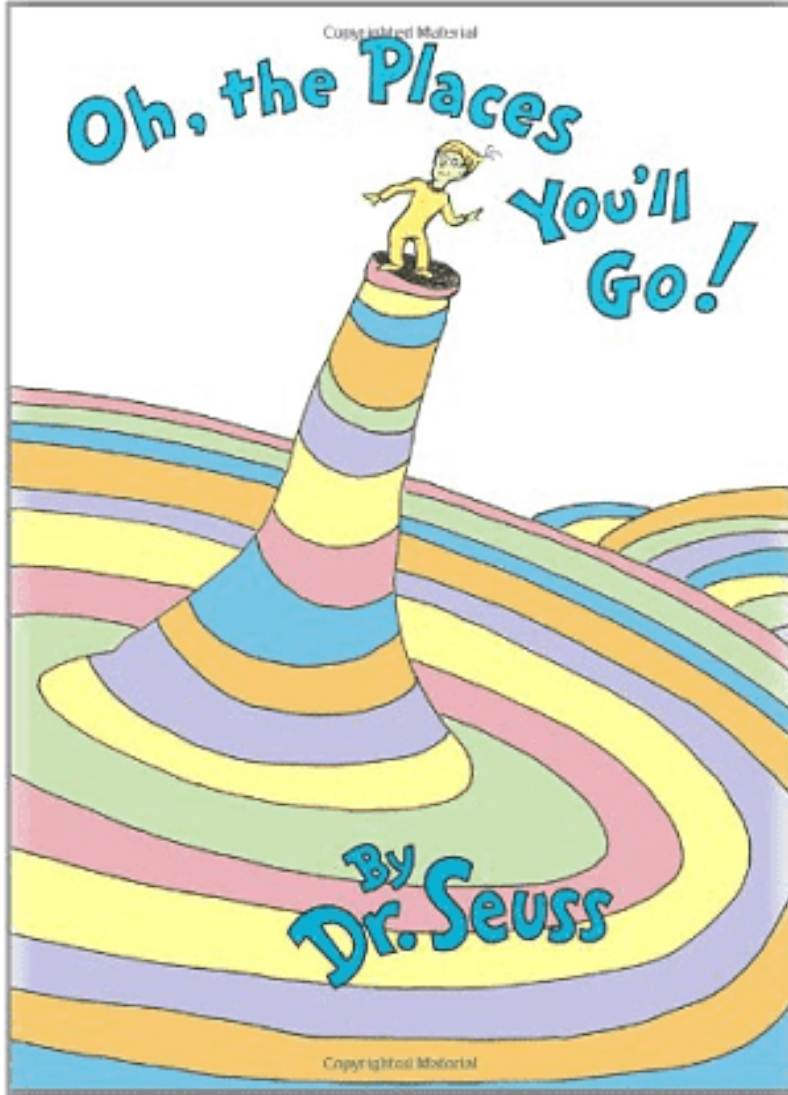
Can happen to you.

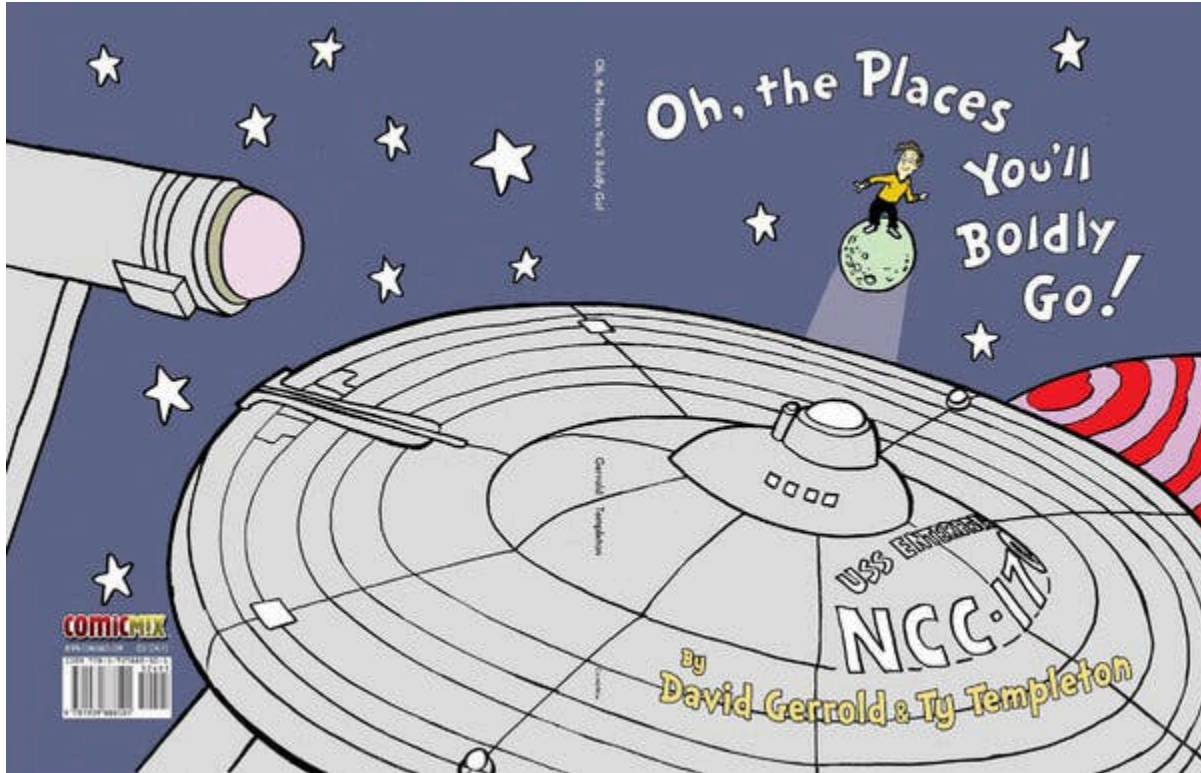
If he were alive today, Dr. Seuss might have gone on to say that "mash-ups can happen to you."

Enter *Oh, the Places You'll Boldly Go! (Boldly)*. Authored by *Star Trek* episodes author David Gerrold, illustrated by Ty Templeton, and edited by fellow Trekkie Glenn Hauman (collectively, ComicMix), *Boldly* is a mashup that borrows liberally—graphically and otherwise—from *Go!* and other works by Dr. Seuss, and that uses Captain Kirk and his spaceship *Enterprise* to tell readers that "life is an adventure but it will be tough." The creators thought their *Star Trek* primer would be "pretty well protected by parody," but acknowledged that "people in black robes" may disagree. Indeed, we do. [The court held that *Boldly* infringed the copyright in Seuss's *Oh the Places You'll Go*. The court then turned to Seuss's trademark claims:]

SEUSS DOES NOT HAVE A COGNIZABLE TRADEMARK INFRINGEMENT CLAIM AGAINST COMICMIX*

* Eds.' Note: the images below do not appear in the 9th Circuit's opinion.





Seuss also claims that ComicMix infringed its registered and common law trademarks in the title of *Go!*, as well as common law trademarks in the "Seussian style of illustration" and "the Seussian font." We do not express a view as to whether the Seussian style of illustration and font are valid common law trademarks, because Seuss's trademark infringement claim fails as a matter of law.

The allegedly infringing use of trademarks in an expressive work like *Boldly* raises the threshold question of whether the Lanham Act applies. The *Rogers* test, first articulated by the Second Circuit and later adopted by our court, balances artistic free expression and trademark rights to determine whether the Lanham Act applies. [Citations.] Under the *Rogers* test, the trademark owner does not have an actionable Lanham Act claim unless the use of the trademark is "either (1) not artistically relevant to the underlying work or (2) explicitly misleads consumers as to the source or content of the work." [Citation.] Neither of these prongs is easy to meet.

As to the first prong, any artistic relevance "above zero" means the Lanham Act does not apply unless the use of the trademark is explicitly misleading. [Citations.] *Boldly* easily surpasses this low bar: as a mashup of *Go!* and *Star Trek*, the allegedly valid trademarks in the title, the typeface, and the style of *Go!* are relevant to achieving *Boldly's* artistic purpose.

Nor is the use of the claimed *Go!* trademarks "explicitly misleading," which is a high bar that requires the use to be "an 'explicit indication,' 'overt claim,' or 'explicit misstatement'" about the source of the work. [Citation.] Thus, although titling a book "Nimmer on Copyright," "Jane Fonda's Workout Book," or "an authorized biography" can explicitly misstate who authored or endorsed the book, a title that "include[s] a well-known name" is not *explicitly* misleading if it only "*implicitly* suggest[s] endorsement or sponsorship." *Rogers*, 875 F.2d at 999-1000 (emphasis added).

Boldly is not explicitly misleading as to its source, though it uses the Seussian font in the cover, the Seussian

style of illustrations, and even a title that adds just one word—*Boldly*—to the famous title—*Oh, the Places You'll Go!*. Seuss's evidence of consumer confusion in its expert survey does not change the result. The *Rogers* test drew a balance in favor of artistic expression and tolerates "the slight risk that [the use of the trademark] might implicitly suggest endorsement or sponsorship to some people." *Id.* at 1000.

A contrary result is not compelled by our recent decision in *Gordon v. Drape Creative, Inc.*, involving a registered trademark for, among other things, greeting cards. [Citation.] The mark—"Honey Badger Don't Care"—is a popular comical statement that represents an "aggressive assertion of apathy." [Citation.] The defendant created greeting cards featuring, on the front, a honey badger and an indication of the occasion the card is designed for (birthday, Halloween, etc.), and on the inside, the punchline: "Honey Badger Don't Care." [Citation.] *Gordon* "demonstrate[d] *Rogers*'s outer limits," where the defendant's expressive work consisted of the mark and not much else. [Citation.] Under this scenario, the court concluded that there was a triable issue of fact as to whether the mark was explicitly misleading. [Citation.]

Boldly does not test the "outer limits" of *Rogers*. We reiterated in *Gordon* that because "use of a trademark alone" is not necessarily determinative, two "more relevant consideration[s]" weigh in evaluating whether the mark is explicitly misleading: (1) "the degree to which the junior user uses the mark in the same way as the senior user" and (2) "the extent to which the junior user has added his or her own expressive content to the work beyond the mark itself." [Citations.] Here, ComicMix has used the marks in an illustrated book just as Seuss did, but unlike with the greeting cards in *Gordon*, ComicMix has "added . . . expressive content to the work beyond the mark itself." [Citation.] Also, the cover conspicuously lists David Gerrold and Ty Templeton, not Dr. Seuss, as authors, and *Boldly* states that it is "not associated with or endorsed by" Seuss. In consideration of "all the relevant facts and circumstances," the alleged use of Seuss's trademarks is not explicitly misleading. [Citations.] We affirm the district court's denial of Seuss's trademark claim because the Lanham Act does not apply here.

Gordon v. Drape Creative, Inc., 909 F.3d 257 (9th Cir. 2018). In this decision, referenced in *Dr. Seuss Ent.*, the Ninth Circuit elaborated on the "explicitly misleading" standard for rejecting the defense of nominative fair use:

Even if the use of the mark is artistically relevant to the work, the creator of the work can be liable under the Lanham Act if the creator's use of the mark is "explicitly misleading as to source or content." "This second prong of the *Rogers* test 'points directly at the purpose of trademark law, namely to avoid confusion in the marketplace by allowing a trademark owner to prevent others from duping consumers into buying a product they mistakenly believe is sponsored [or created] by the trademark owner.'" The "key here [is] that the creator must *explicitly* mislead consumers," and we accordingly focus on "the nature of the [junior user's] behavior" rather than on "the impact of the use." [Citations.]

In applying this prong, however, we must remain mindful of the purpose of the *Rogers* test, which is to balance "the public interest in avoiding consumer confusion" against "the public interest in free expression." This is not a mechanical test— "all of the relevant facts and circumstances" must be considered. We therefore reject the district court's rigid requirement that, to be explicitly misleading, the defendant must make an "affirmative statement of the plaintiff's sponsorship or endorsement." Such a statement may be sufficient to show that the use of a mark is explicitly misleading, but it is not a prerequisite. . . . In some instances, the use of a mark alone may explicitly mislead consumers about a product's source if consumers would ordinarily identify the source by the mark itself. If an artist pastes Disney's trademark at the bottom corner of a painting that depicts Mickey Mouse, the use of Disney's mark, while arguably relevant to the subject of

the painting, could explicitly mislead consumers that Disney created or authorized the painting, even if those words do not appear alongside the mark itself.

To be sure, we have repeatedly observed that “the mere use of a trademark alone cannot suffice to make such use explicitly misleading.” But each time we have made this observation, it was clear that consumers would not view the mark alone as identifying the source of the artistic work. No one would think that a song or a photograph titled “Barbie” was created by Mattel, because consumers “do not expect [titles] to identify” the “origin” of the work. Nor would anyone “think a company that owns one strip club in East Los Angeles . . . also produces a technologically sophisticated video game.” But this reasoning does not extend to instances in which consumers *would* expect the use of a mark alone to identify the source.

A more relevant consideration is the degree to which the junior user uses the mark in the same way as the senior user. In the cases in which we have applied the *Rogers* test, the junior user has employed the mark in a different context—often in an entirely different market—than the senior user. In *MCA Records* and *Walking Mountain*, for example, Mattel’s Barbie mark was used in a song and a series of photos. In *E.S.S.*, the mark of a strip club was used in a video game. And in *Twentieth Century Fox*, the mark of a record label was used in a television show. In each of these cases, the senior user and junior user used the mark in different ways. This disparate use of the mark was at most “only suggestive” of the product’s source and therefore did not outweigh the junior user’s First Amendment interests.

But had the junior user in these cases used the mark in the same way as the senior user—had Twentieth Century Fox titled its new show *Law & Order: Special Hip-Hop Unit*—such identical usage could reflect the type of “explicitly misleading description” of source that *Rogers* condemns. *Rogers* itself makes this point by noting that “misleading titles that are confusingly similar to other titles” can be explicitly misleading, regardless of artistic relevance. *Id.* at 999 n.5 (emphasis added). Indeed, the potential for explicitly misleading usage is especially strong when the senior user and the junior user both use the mark in similar artistic expressions. Were we to reflexively apply *Rogers*’s second prong in this circumstance, an artist who uses a trademark to identify the source of his or her product would be at a significant disadvantage in warding off infringement by another artist, merely because the product being created by the other artist is also “art.” That would turn trademark law on its head.

A second consideration relevant to the “explicitly misleading” inquiry is the extent to which the junior user has added his or her own expressive content to the work beyond the mark itself. As *Rogers* explains, the concern that consumers will not be “misled as to the source of [a] product” is generally allayed when the mark is used as only one component of a junior user’s larger expressive creation, such that the use of the mark at most “implicitly suggest[s]” that the product is associated with the mark’s owner. But using a mark as the centerpiece of an expressive work itself, unadorned with any artistic contribution by the junior user, may reflect nothing more than an effort to “induce the sale of goods or services” by confusion or “lessen[] the distinctiveness and thus the commercial value of” a competitor’s mark. *S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 539 (1987).

Our cases support this approach. In cases involving the use of a mark in the title of an expressive work—such as the title of a movie (*Rogers*), a song (*MCA Records*), a

photograph (*Walking Mountain*), or a television show (*Twentieth Century Fox*)—the mark obviously served as only one “element of the [work] and the [junior user’s] artistic expressions.” *Rogers*, 875 F.2d at 1001. Likewise, in the cases extending *Rogers* to instances in which a mark was incorporated into the body of an expressive work, we made clear that the mark served as only one component of the larger expressive work. In *E.S.S.*, the use of the Pig Pen strip club was “quite incidental to the overall story” of the video game, such that it was not the game’s “main selling point.” And in *Brown*, Jim Brown was one of “thousands of current and former NFL players” appearing in the game, and nothing on the face of the game explicitly engendered consumer misunderstanding. Indeed, EA altered Brown’s likeness in certain versions of the game, an artistic spin that “made consumers *less* likely to believe that Brown was involved.”

Page 655-56. Delete Question 2. Renumber current Questions 1, 3, and 4 as 4, 5 and 6. Add new Questions 1, 2 and 3:

1. In *Gordon*, should the court have resolved the second *Rogers* prong—whether the defendant’s use of the “Honey Badger” phrases was explicitly misleading as to source or content—as a matter of law? See *Stouffer v. Nat’l Geographic Partners, LLC*, No. 18-CV-3127-WJM-SKC, 2020 U.S. Dist. LEXIS 81383 (D. Colo. May 8, 2020) (finding National Geographic’s use of “America the Wild” to be protected by the First Amendment, despite Stouffer’s claim of infringement of his “Wild America” trademark). In *Stouffer*, the court criticized the *Rogers* test as an inadequate vehicle for dismissing cases before discovery—“*Rogers*’s ‘explicitly misleading’ prong means what it says: the junior user must make ‘overt claims or explicit references’ to association with the senior user.” In lieu of the *Rogers* test, the court proposed and applied a “Genuine Artistic Motive Test” based on six non-exclusive factors:

- Do the senior and junior users use the mark to identify the same kind, or a similar kind, of goods or services?
- To what extent has the junior user "added his or her own expressive content to the work beyond the mark itself[?]"[?]
- Does the timing of the junior user's use in any way suggest a motive to capitalize on popularity of the senior user's mark?
- In what way is the mark artistically related to the underlying work, service, or product?
- Has the junior user made any statement to the public, or engaged in any conduct known to the public, that suggests a non-artistic motive? This would include "explicitly misleading" statements, . . . but is not confined to that definition.
- Has the junior user made any statement in *private*, or engaged in any conduct in *private*, that suggests a non-artistic motive? [emphasis in original]

Are all of these questions susceptible to resolution on a motion to dismiss?

2. Trademark infringement claims often accompany copyright infringement claims in audiovisual or pictorial works. *Mattel v. Walking Mountain*, *infra* sec. C.3, offers an example of a successful parody defense to a copyright claim that “brought along” a ruling of non infringement of Mattel’s registered trademark. It is not surprising that once a court has found the use to be “transformative” and to promote speech and/or learning, and thus most often to be “fair” in the copyright sense, that court is unlikely to find

the same activity to violate the copyright holder's trademark in the copied work. Similarly, when a copyright defense fails, the analogous trademark defense may be vulnerable as well. See, e.g., *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997) rejecting copyright and trademark fair use defense to book about the O.J. Simpson trial, "The Cat Not in the Hat." *Dr. Seuss Ents. v. ComicMix* shows that a copyright outcome does not always dictate the result on the trademark side of the action. When should the outcomes of the claims be distinct, and why?

3. The Activision "Call of Duty" game reproduced Humvee vehicles and their marks realistically. Had the game instead depicted more stylized or unmarked but nonetheless recognizable vehicles, would these changes have strengthened or weakened expressive use defense?

3. Trademarks as Speech

Page 672. *Gerlich v. Leath* was affirmed. 861 F.3d 697 (8th Cir. 2017).

Chapter 9

Dilution

B. Federal Dilution

1. Evolution of the Statutory Standards

a. Fame

Page 715. Before Questions, add the following:

A trio of recent cases also decline to find the word mark “Bluetooth,” the trade dress of the Eames chair (chairs depicted *supra* Chapter 8.A.2.c), and the claw logo and “Unleash the Beast” slogan of Monster energy drinks sufficiently famous at the time the defendants adopted their marks. See, *Bluetooth Sig, Inc. v. FCA US LLC*, 463 F. Supp. 3d 1169 (WD WA 2020); *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859 (9th Cir. 2020); *Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334 (E.D. Cal. 2019). The Monster Energy logo and slogan appear immediately below:



Blumenthal Distrib. found that the Eames chair trade dress, albeit well-known in the market for the plaintiff’s goods, failed to meet the standard of fame to the general public. The court emphasized that the 2006 Trademark Dilution Reform Act eliminated “niche” fame, requiring instead that the mark be “widely recognized by the general consuming public of the United States as a designation of source of the goods or

services of the mark's owner,” 15 U.S.C. § 1125(c)(2)(A). That standard, the Ninth Circuit ruled, set “the requisite level of fame [at] that of a household name. The mark must be in a select class of those that are truly prominent and renowned and part of the collective national consciousness.” (Internal quotations omitted.) The court held the exposure the chairs’ trade dress had received did not, as a matter of law, meet that standard.

Taken in the light most favorable to HM [Herman Miller], the evidence establishes only that: HM spent, on average, \$550,000 per year on advertising the Eames chairs from 2004 through 2015 (and under \$400,000 per year from 2004 through 2009); the Eames chairs appeared in obscure publications such as *Contract*, *Metropolis*, and an “industry publication” called *Monday Morning Quarterback*; at the time of trial in 2016, HM had, at the very most, around 875,000 unique followers on Facebook, Twitter, and Instagram combined; most of the Eames chairs are sold through a distribution channel consisting of only around 45 independently owned dealers with 130 locations across the country; and the Eames chairs were “very heavily” featured in the TV show *Mad Men*, have appeared in other TV shows and movies, and have been exhibited at several American museums, including the Museum of Modern Art and the Henry Ford Museum.

Monster Energy applied a similarly stringent standard for fame among the general population. There, the plaintiff soft drinks producer sought summary judgment on its claims for trademark infringement and for dilution. With respect to the former, the court held it a “close call” whether the plaintiff had established a likelihood of confusion, but concluded that a triable issue remained regarding the similarity of the plaintiff’s and defendant’s marks. Regarding dilution, the court considered the following evidence of fame:

between 2002 and 2013, the year before defendant began selling its BEASTUP energy drink, plaintiff spent \$2.2 billion in advertising and promoting its marks, including the Claw Icon. This advertising expanded the use of the Claw Icon beyond the beverage containers to other goods such as clothing, backpacks, water bottles, sports helmets, wristbands, stickers and decals, as well as to sponsorships of athletes, teams, competitions, tours and other events and general marketing, such as posters, signs, and stickers. As noted above, plaintiff provides evidence that its line of drinks holds a 38 percent by dollar value market share of the U.S. energy drink market and that from 2002 to 2013 plaintiff sold more than \$10 billion worth, more than 6.8 billion cans, of its Monster line of energy drinks displaying the Claw Icon on the container. To show the fame of its Claw Icon, plaintiff also offers survey evidence showing 67.2 percent of potential energy drink consumers associate the Claw Icon with Monster.

...

Defendant . . . argues plaintiff's survey evidence does not provide sufficient market context for any of plaintiff's sales figures or raw number data and does not explain how those figures relate to those of plaintiff's competitors. The court finds this argument has some force. Plaintiff's evidence suggests its Claw Icon has attained a level of national recognition among energy drink consumers, but a showing of specialized or niche market fame does not satisfy the rigorous fame standard of trademark dilution. [Citations.] While the evidence here shows extensive advertisement and sales of Monster's line of energy drinks bearing the Claw Icon over more than a decade prior to defendant's first use, it does not conclusively show the Claw Icon attained the requisite level of nationwide fame among the general population.

Finally, the *Bluetooth* court held that Bluetooth “falls far short” of proving the requisite fame:

Bluetooth claims that its marks are famous and widely recognized, but, as [defendant] FCA observes, offers almost no evidentiary support. What it does offer is a single declaration saying that it has spent over \$43 million to promote its brand and that over 32 billion products are shipped globally under its marks. It does not explain how these figures bear on its fame. Nor does it offer any evidence, such as surveys, demonstrating actual brand recognition. See *Govino, LLC v. Goverre, Inc.*, No. 8:17-CV-01237-JLS-E, 2018 U.S. Dist. LEXIS 223343, 2018 WL 7348849, at *5 (C.D. Cal. Nov. 20, 2018) (“Although evidence of marketing attempts to increase a mark's profile can be considered in a factual determination of famousness, . . . courts accord it far less weight than evidence of actual ubiquity in the national consciousness. Courts reason that such fame is better demonstrated by sales figures . . . or consumer surveys in which respondents directly attest to recognition of the mark.”).

Without more, a reasonable trier of fact could conclude that Bluetooth is not famous.

The defendant also asserted that “Bluetooth” was generic (a defense on which the court denied summary judgment). In effect, the defendant was contending that “Bluetooth” had become a “household name,” just not as a trademark. It is possible for a trademark to be simultaneously famous and generic?

While dilution does not furnish a basis for an Examiner's *sua sponte* refusal to register, famous mark owners may oppose or seek cancellation on that ground, Lanham Act sec. 2(f). In that context, in **TiVo Brands LLC v. Tivoli, LLC**, 129 U.S.P.Q.2d (BNA) 1097 (T.T.A.B. 2018), the TTAB considered both when a mark had become famous, and whether the statute further required proof that the mark had remained famous at the time of opposition. Applicant Tivoli had sought to register TIVOTAPE in 2014 and TIVOBAR in 2016 for a variety of lighting fixtures. The digital entertainment services company TiVo, best known for its remote DVR service, opposed on grounds of dilution. Applying the statutory factors, the Board easily found that TiVo had become a famous mark before Applicant's use or application. The Board then turned to other temporal issues:

The statute clearly sets forth the requirement that a plaintiff's mark must be famous prior to the date an allegedly dilutive mark is first used by the defendant. Trademark Act Section 43(c)(1); 15 U.S.C. § 1125(c)(1). The evidence of record demonstrates that public recognition of the mark from at least as early as 2002 was widespread and that by 2010, TIVO had become a "household term [with] which almost everyone is familiar." *Toro Co.*, 61 USPQ2d at 1181. Applicant argues, however, that Opposer should be required to establish fame of its TIVO mark by August 11, 1972, because that was the date on which Applicant first began using its TIVOLI mark from which its later TIVO-formative marks are derived. Applicant relies, for its reading of the statutory requirement, on the Board's decision in *Omega SA v. Alpha Phi Omega*, 118 USPQ2d 1289 (TTAB 2016), wherein the Board held that a plaintiff seeking relief under the dilution statute must establish that its mark "became famous prior to any established, continuous use of the defendant's involved mark as a trademark or trade name, and not merely prior to use in association with the specific identified goods or services set forth in a defendant's subject application or registration." *Id.* at 1296. *Omega* recognizes that the statute did not limit the defendant's use of its mark to any specific goods or services, as compared to other sections of the Trademark Act, and that the language in Section 43(c)(1) that provides for an injunction against another's use of a mark that commenced after the owner's mark has become famous is not focused on the nature of the defendant's use for particular goods or services. In other words, the key date for determining whether a plaintiff's mark became famous for dilution purposes is the date when a defendant's first use of the involved mark began, whether as a trademark on or in connection with any goods or services or as a trade name. But the "involved" mark may not change over time; in order for the defendant to "tack" on its earlier use, the mark must be essentially the same at the time it is first used as at the time when it is used in association with the goods or services identified in the subject application or registration. In *Omega*, the defendant's marks did not change over time, and we decline to expand the *Omega* holding to encompass use of a different mark, such as we have in each of these cases.

Even if we were to allow Applicant to rely on prior use of a mark other than TIVOTAPE or TIVOBAR, such mark would have to be essentially the same, or "legally equivalent" to these marks. However, none of Applicant's other TIVO-formative marks are legal equivalents to either TIVOTAPE or TIVOBAR, and for that reason alone, "tacking" would be denied. [Citations.]

We have also considered whether a plaintiff alleging dilution must further show that its mark is still famous at trial, when defendant's rights are being determined. Section 43(c)(1) of the statute provides relief to "the owner of a famous mark." We have encountered no precedent, and the parties have cited no precedent, addressing the additional inquiry of whether a plaintiff's mark must remain famous until trial in order for the plaintiff to prevail. In making our determination that such an additional requirement exists, we draw upon the language of the statute itself.

To establish fame for dilution purposes, a plaintiff must show that its mark “is widely recognized by the general consuming public in the United States.” Trademark Act § 43(c)(2)(A); 15 U.S.C. § 1125(c)(2)(A) (emphasis supplied). In addition, Section 43(c)(1), 15 U.S.C. § 1125(c)(1), permits only the “owner of a famous mark that is distinctive, inherently or through acquired distinctiveness” to bring a claim. Accordingly, unless the plaintiff owns a famous mark at the time it brings the claim, and by extension, retains its fame through trial, this provision of the statute cannot be satisfied. Thus, a rational reading of the statute compels us to inquire into the continuing status of a mark asserted under a Section 43(c) claim and to hold that it is capable of being diluted within the meaning of the statute only if it is famous at the time the claim is adjudicated. To find otherwise would allow a mark that has lost its fame to continue to enjoy the widest penumbra of protection available accorded by the extraordinary protection of the dilution statute. This approach also accounts for any significant changes in the marketplace between the date of Applicant’s first use of its mark and trial.

Our decision in *Research in Motion Ltd. v. Defining Presence Marketing Group Inc.*, 102 USPQ2d 1187, 1197 (TTAB 2012), suggests that a plaintiff asserting dilution must establish its fame at the time of trial. There, the Board first considered the opposer’s Section 2(d) claim that its mark BLACKBERRY had become famous a decade after opposer had first used the mark [in 1999] for a handheld “smart phone.” The Board found that the BLACKBERRY mark had become famous for likelihood of confusion purposes by “mid-decade” [i.e., 2006] and inferred that it remained so at trial [held in 2011]. *Id.* at 1193. Turning next to the issue of fame under opposer’s dilution claim, the Board first noted the higher standard of fame “required in the analysis of likelihood of dilution than is the case with fame in terms of likelihood of confusion.” *Id.* at 1197. Mindful of this higher standard, but perhaps also in light of Applicant’s concession of the fame of opposer’s mark, the Board found that “Opposer’s consistent history and tremendous volume of U.S. advertising and sales figures, coupled with the additional factors discussed above, supports the finding that BLACKBERRY has become a ‘household name’ and *is* famous for dilution purposes.” *Id.* (emphasis supplied). We now explicitly hold what we previously implicitly held in *Research in Motion*: that, in addition to proving that its mark became famous prior to the date when the defendant first used the challenged mark, a plaintiff asserting dilution must also prove that its mark remains famous at the time of trial.

Here, we find that Opposer’s mark TIVO was, for dilution purposes, both famous as of 2010 and famous now. Public recognition of the TIVO mark from at least as early as 2002 was so widespread that by 2010, TIVO had become a “household term [with] which almost everyone is familiar.” *Toro Co.*, 61 USPQ2d at 1181. While the majority of Opposer’s evidence is from the years before 2010, in 2013, the online magazine “Celebitchy” posted an article about a celebrity marriage that playfully inquired whether “Kerry and Nnamdi spend weekends in bed, reading the New York Times and watching Tivo’d episodes of Frontline.”⁷⁰ In 2014, the *Hollywood Reporter* identified the “top 5 TiVo Moments” from the Golden Globes that “had viewers grabbing the remote to find out

what happened.” As previously noted, from 2011 to 2015, the company generated worldwide revenues of \$526 million to \$690 million, its expected worldwide revenue for 2017 was approximately \$810 million to \$830 million, and subscribers numbered 6.8 million as of March 2016. The expansion of the DVR product line under the TIVO ROAMIO mark exemplifies continued commercial value of Opposer’s primary TIVO mark.

Showing its enduring fame, in 2017 a columnist from the *New York Times* stated “[B]ut I’m still most loyal to my TiVo DVR – I’ve had one almost since they went on the market in 1999. . . . TiVo still has a far better interface than any cable company set-top box I’ve encountered.” Also in 2017, several articles in major news sources reported that President Trump credits the TIVO DVR as “one of the great inventions of all time,” and that he “has boasted to several advisers and friends about having ‘the world’s best TiVo.’” Accordingly, based on the evidence of intense media attention and public recognition of the mark across a wide demographic spectrum for nearly two decades, and corroborated by Opposer’s advertising, publicity, and ownership of TIVO and TIVO ROAMIO registrations for DVR products, we find that TIVO was a famous mark within the meaning of Section 43(c) by the time Applicant began using its TIVOTAPE mark on May 30, 2010, and its TIVOBAR mark in 2015, and that it remained famous at the time of trial. [Citations.]

b. Blurring

Page 719. Add to end of the Note on Surveying Dilution by “Blurring”:

In a recent commentary, Barton Beebe, Roy Germano, Christopher Jon Sprigman & Joel H. Steckel, *The Science of Proving Trademark Dilution*, 109 T.M.R. 955 (2019), contend that the “mere association test” fails to show impairment of a mark’s distinctiveness. The authors then propose a “new ‘association strength test’” to show, or to disprove, dilution by blurring.* More sophisticated methodologies of measurement did not demonstrate harm to the well-known mark through association.

We exposed subjects to diluting stimuli that created new associations among the targeted brands and new products and brand characteristics in these subjects’ shared associative memory networks. But despite the new associations, we found no evidence of blurring measured either by average treatment effects or by effects on

* For a fuller account of their study, see Barton Beebe, Roy Germano, Christopher Jon Sprigman & Joel H. Steckel, *Testing for Trademark Dilution in Court and the Lab*, 86 U. Chi. L. Rev. 611 (2019), available at <https://lawreview.uchicago.edu/publication/testing-trademark-dilution-court-and-lab>.

purchase intention. On average, subjects showed no weakening of the association between the targeted brands and their traditional products and characteristics, nor did these subjects reveal any change in purchasing preferences.

...

Our experiments do not settle the question of the existence of trademark blurring. It is, of course, possible that future surveys used in litigation or academic empirical studies may be able to reliably detect “association” between two similar marks that “impairs the distinctiveness” of one of them. But at present, we have only very weak evidence that this form of dilution ever actually occurs. We have little more than “just so” stories that attempt to explain how dilution by blurring might operate. So where does that leave us? Given the absence of proof that dilution by blurring actually occurs, we are left to speculate that the problem may ultimately be not with our experiments or the surveys or experiments of others but with the concept of blurring itself. . . .

We have struggled . . . to develop empirical proof that any appreciable increase in search costs actually occurs. Yet courts continue to rule in favor of plaintiffs on antidilution causes of action. We suggest, as others have, that they do so primarily for reasons sounding in misappropriation, but never articulated as such. The concept of “blurring” acts as an alibi for courts that want to reach what they deem to be the right result in cases like *Nikepal*, in which a defendant uses another’s famous mark on unrelated goods. The defendant is not causing consumer confusion, but it is reaping where it has not sown by appropriating some of the notoriety of the famous mark. Courts are motivated to accept mere association survey evidence as full-blown evidence of impairment to justify enjoining conduct they deem to be unfair misappropriation. This is problematic for at least two reasons. First, we continue to twist ourselves into contortions to develop evidence of blurring when courts’ underlying focus is on fairness and misappropriation. The result is that the concept of dilution grows increasingly vague and outcomes grow increasingly unpredictable. Second, unlike its European counterparts, the American antidilution statute contains no misappropriation provision. Congress has twice had the opportunity to include such a provision, and twice it has declined to do so. To the extent that courts are ruling on unstated misappropriation grounds, they are acting outside of the federal statutory framework. . . .

But even if we applied our methods to other brands over time and measured significant reductions in association strength or response delays indicating the possibility of dilution, additional questions would arise. We would need to test the possible mitigating effect of market context. And most importantly, we would still need to test whether laboratory protocols to measure dilution by blurring that showed small average association-strength treatment effects, or small shifts in the distribution of assessments of association strength, were likely to translate into real-world attribute association, preference, or purchase implications.

These are questions that remain open. But we have an intuition about where the evidence will lead. We suspect that the concept of dilution by blurring is a chimera—that is, an imaginary thing that we insist upon only because it is valuable to us as a proxy for attacking unauthorized uses of senior marks that our intuition tells us are unfair. It is true that, in at least some dilution cases, defendants are engaged in some form of free riding on the fame and goodwill enjoyed by the plaintiff’s mark. Free riding is, admittedly, not a simple thing to judge. Whether it is fair or unfair, productive or destructive, often depends on subtle differences in context. But courts are better at judging these sorts of contextual questions than they are at running a social science inquiry into the hypothesized, but unproven, cognitive concept of “blurring.” It is better, we think, to reframe the dilution cause of action away from cognitive science and toward the broader and more tractable questions of fairness and harm that the courts have become accustomed to dealing with in misappropriation cases.

If, unlike association, dilution by blurring in fact resists measurement, but the statute is clear that showing association does not suffice to show blurring, what should courts do? (Note, as Beebe et al. do, that dilution by tarnishment is another matter, perhaps more susceptible to cognitive demonstration.) Traditional canons of statutory interpretation urge against construing statutes in ways that make them ineffective, see, e.g., Antonin Scalia & Bryan Garner, *READING LAW: THE INTERPRETATION OF LEGAL TEXTS* 63 (2012). If Congress required proof of the unprovable (impairment from blurring), should, as Beebe et al. suggest, blurring be understood to mean unfair free riding? Do the 6 factors in the statutory definition of “dilution by blurring” cut in favor or against an understanding of statutory dilution as a kind of remedy for misappropriation?

Page. 729. Add a new Question 4:

4. Sony Pictures Television (SPT) produced the long-running series *BREAKING BAD*. SPT also engages in extensive licensing of a variety of *BREAKING BAD* merchandise. Microbrewery Knee Deep Brewing Company makes a beer it calls *BREAKING BUD*, whose label recalls the logo of the television show.



Source: <http://designtaxi.com/news/399294/Breaking-Bad-Creators-Sue-Breaking-Bud-Beer-Maker-For-Copying-Logo-Design/>

SPT has filed a Lanham Act action claiming trademark infringement and dilution. What guidance does *Starbucks* afford regarding Sony’s claim that the beer’s name blurs the distinctiveness of the television show’s mark? The claim respecting the beer’s label? If you represented Anheuser Busch, would you recommend a dilution claim on behalf of Budweiser Beer?

c. Tarnishment

Page 734. Add new Questions 6 and 7:

6. Although marijuana remains a controlled substance whose sale federal law prohibits, an increasing number of states are legalizing sales of marijuana for recreational use. Perceiving burgeoning opportunities, entrepreneurs have adopted and used trademarks, some of them highly evocative of established food and beverage brands. The practice apparently began informally in the underground marijuana trade before partial legalization; “Weetos evoked Cheetos and even featured a green version of the iconic Chester Cheetah. Froot Poofs evoked Fruit Loops and bore a stoned version of Toucan Sam. Kap’n Kronik was Cap’n Crunch’s redeyed counterpart, high from the cereal that bore his name,” Drew Wilson, *Cap’n Crunch v. Kap’n Kronik* (May 2, 2019),

<http://www.mondaq.com/unitedstates/x/802328/food+drugs+law/Capn+Crunch+vs+Kapn+Kronik>

The underground spirit apparently persists among some purveyors, who have emulated some famous brand names or trade dress. A recently settled trademark dilution action charged a Colorado medical marijuana manufacturer with selling products whose trade dress allegedly closely resembled the Hershey company’s Almond Joy, Reese’s, Heath, and York Peppermint Patty brands.

Had the case gone to trial, what likelihood of success on the tarnishment claim?

7. Applicant seeks to register the logo pictured below for clothing. The Coca-Cola Company opposed on grounds of dilution by blurring. Although the Board upheld the opposition, should Coca-Cola also or instead have claimed tarnishment? Why or why not? *See, The Coca-Cola Co. v Hoff*, (T.T.A.B. May 14, 2021), [ttabvue-91244286-OPP-35.pdf](#)



d. Parody

Page 742. Insert following case and Questions after the Questions following *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*

VIP Prods., LLC v. Jack Daniel's Prods., 953 F.3d 1170 (9th Cir. 2020). Sold continuously in the U.S. since 1875 (except for during prohibition), Jack Daniel's Tennessee Whiskey holds federal registrations for its well-known black label design and square shape bottle container. Jack Daniel's has also long maintained an active brand licensing program.



Declaratory judgment plaintiff VIP Products, LLC, designs, manufactures, markets, and sells chew toys for dogs, including the “Silly Squeakers” line of durable rubber squeaky novelty toys. One of the “Silly Squeakers” chew toys, “Bad Spaniels” closely emulates the Jack Daniels trade dress, but with canine-referent product descriptions on the label, such as “43% POO BY VOL.” and “100% SMELLY,” and a disclaimer of affiliation with the Jack Daniel’s distillery.



The district court upheld Jack Daniel’s claim of tarnishment, but the Ninth Circuit reversed:

D. Trademark Dilution by Tarnishment

When the use of a mark is “noncommercial,” there can be no dilution by tarnishment. 15 U.S.C. §1125(c)(3)(C); *see* A.R.S. § 44-1448.01(C)(2). Speech is noncommercial “if it does more than propose a commercial transaction” [Citation.], and contains some “protected expression,” [Citation.] Thus, use of a mark may be “noncommercial” even if used to “sell” a product. [Citation.]

Although VIP used [Jack Daniel’s] trade dress and bottle design to sell Bad Spaniels, they were also used to convey a humorous message. That message, as set forth in Part II.C . . . , is protected by the First Amendment. VIP therefore was entitled to judgment in its favor on the federal and state law dilution claims. [Citation.]

In its first amendment analysis, referenced in its discussion of dilution, the Ninth Circuit stated:

[II.] C. First Amendment Defense

....

[T]he Bad Spaniels dog toy, although surely not the equivalent of the *Mona Lisa*, is an expressive work. [Citation.] The toy communicates a “humorous message,” [Citation.], using word play to alter the serious phrase that appears on a Jack Daniel’s bottle—“Old No. 7 Brand”—with a silly message—“The Old No. 2.” The effect is “a simple” message conveyed by “juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner.” [*L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 34 (1st Cir. 1987)] (affording First Amendment protection to a message “that business and product images need not always be taken too seriously”). Unlike the book in *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997), which made “no effort to create a transformative work with ‘new expression, meaning, or message,’” Bad Spaniels comments humorously on precisely those elements that Jack Daniels seeks to enforce here. [Citation.] The fact that VIP chose to convey this humorous message through a dog toy is irrelevant. *See Hurley v. Irish-Am. Gay, Lesbian & Bisexual Grp. of Bos.*, 515 U.S. 557, 569, 115 S. Ct. 2338, 132 L. Ed. 2d 487 (1995) (“[T]he Constitution looks beyond written or spoken words as mediums of expression.”).

The Fourth Circuit’s decision in *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007), supports our conclusion. That opinion held that dog toys which “loosely resemble[d]” small Louis Vuitton handbags were “successful parodies of LVM handbags and the LVM marks and trade dress” and therefore did not infringe the LVM trademark. [Footnote.] *Id.* at 258, 260, 263. The Fourth Circuit reasoned that although “[t]he dog toy is shaped roughly like a handbag; its name ‘Chewy Vuiton’ sounds like and rhymes with LOUIS VUITTON; its monogram CV mimics LVM’s LV mark; the repetitious design clearly imitates the design on the LVM handbag; and the coloring is similar,” “no one can doubt . . . that the ‘Chewy Vuiton’ dog toy is not the ‘idealized image’

of the mark created by LVM.” *Id.* at 260. No different conclusion is possible here.

....

Questions

1. The district court, whose decision the Ninth Circuit overturned, agreed with Jack Daniel’s experts: “Well documented empirical research supports that the negative associations of “Old No. 2” defecation and “poo by weight” creates disgust in the mind of the consumer when the consumer is evaluating Jack Daniel’s whiskey.” *VIP Prod., LLC v. Jack Daniel’s Properties, Inc.*, 291 F. Supp. 3d 891, 903 (D. Ariz. 2018). But even if the consumer’s disgust at VIP’s evocation of the of the Jack Daniels marks in connection with dog excrement might rebound to Jack Daniels’ detriment, the Ninth Circuit’s interpretation of “noncommercial” use of a mark means, that even if the use might “tarnish” the Jack Daniels marks, it is not actionable.

Under the Ninth Circuit’s approach, a great deal turns on whether the use, albeit for profit, is “noncommercial.” The use must be “expressive,” which may mean that the would-be parodist must go to some “effort” to create “new meaning.” But how does one assess whether the parodist has sufficiently “transformed” the trademark owner’s message? Consider the court’s reference to “The Cat Not in the Hat,” retelling the story of the OJ Simpson trial in the style of and copied from the text and images of Dr. Seuss books, as having made “no effort” to transform the copied material. See *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997), main Casebook, Chapter 8.C.2 at page 657. Does the contrast between “Bad Spaniels” and “The Cat Not in the Hat” provide any guidance?

2. Consider the “dog treats” pictured below.* Would the owner of the TOOTSIE ROLLS trademark fare better against this user than Jack Daniels did against Bad Spaniels? Why or why not?

* Image source: <https://tushnet.blogspot.com/2021/05/tootsie-pups.html>



Page 742. Renumber Question 3 as 4, and insert new Question 3:

3. “Happytimes Murders” is an R-rated movie about a group of puppets who perform in a children’s television show, and lead promiscuous off-camera lives. The movie studio has released a sexually explicit trailer with the tag line: “No Sesame. All Street.” The producers of Sesame Street file suit for dilution. How should the court rule? See <https://www.newsday.com/entertainment/movies/sesame-street-puppet-film-happytime-murders-1.18859367>

Chapter 10

False Advertising

Page 764. Add before Questions:

Rebecca Tushnet, *The False Advertising/Trademark Law Interface at Common Law*

IRENE CALBOLI & JANE C. GINSBURG, INTERNATIONAL AND COMPARATIVE TRADEMARK LAW (2020),
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3858662 (EXCERPTS)*

I. Introduction

Both trademark infringement and false advertising are understandable as species of unfair competition, related in that they operate to protect consumers and competitors against distortion in the market caused by misleading information. But they have differing subject matter and often different tests for liability for the same type of claim. In particular, advertisers often want to make comparative claims that identify a particular competitor, whether by name or by some other recognizable characteristic. If these claims are false, no separate principle of trademark law is required to conclude that they should be banned, even if they are neither confusing in the trademark sense nor disparaging: for example, if ads falsely claim that the advertiser’s product is as good on some specific measure as the trademark owner’s product while clearly indicating the separate source, false advertising law prohibits the claim. However, if claims such as “cheaper than Brand X, but just as effective” are not false or misleading, then general advertising law allows them—unless trademark law has some separate force in controlling advertising claims that aren’t about the source or sponsorship of the advertiser’s product.

...

II. False Advertising Law and Comparative Advertising in the United States

General false advertising law regulates factual claims of all kinds in advertising, including comparative claims. The legal landscape in the U.S. allows many sources of potential liability: federal and state regulators can sue businesses for deceptive advertising under the Federal Trade Commission Act and similar state “little FTC” acts; businesses can sue other businesses under the federal Lanham Act, which covers both trademark infringement and general false advertising; and consumers can bring state-law claims under consumer protection laws specifically barring deceptive trade practices. This proliferation of laws has led to many doctrinal flourishes and epicycles. For example, in this chapter, I use “falsity” to encompass both literal falsity and misleadingness. Although both are actionable, U.S. courts in Lanham Act cases have

* Reprinted with permission.

distinguished the two by reasoning that “misleadingness” occurs when consumers receive a false factual message from a literally true or potentially ambiguous advertisement. When a message is not literally false (or “false by necessary implication,” where a message is not practically ambiguous despite the theoretical possibility of a truthful reading), a plaintiff in a Lanham Act case must provide extrinsic evidence to show that a misleading message has actually been received by consumers. Outside the U.S., and in non-Lanham Act U.S. cases, this distinction is not generally made: courts instead use common sense and other evidence to determine whether a claim is false or misleading and do not distinguish between the two concepts in imposing liability. Nor is the distinction particularly significant to the subject of this chapter. The core question of false advertising law is whether a false claim has been made to a substantial number of consumers, regardless of the semantic form in which it has been communicated.

In all its modern forms, false advertising is generally strict liability: as with trademark infringement, no showing of wrongful intent is required as long as consumers are likely to be deceived by a statement. As a result, if a comparative claim is factually false, it is wrongful and actionable regardless of trademark law and regardless of the related specialized branch of “unfair competition” law aimed at protecting non-trademark sales symbols against uses that confuse as to the source or sponsorship of a product. If a comparative claim is true, by contrast, it is encouraged by advertising law.

In the U.S, the Federal Trade Commission (FTC) regulates competition, both against monopolistic practices and false advertising that disrupts competition on the merits. For many decades, the FTC has explicitly promoted comparative advertising, and considers restrictions on such advertising to be anticompetitive restrictions on trade. Groups of advertisers or trade groups may violate antitrust law if they agree to avoid comparative advertising or even to avoid “disparaging” but non-false comparative advertising. Defending the integrity or reputation of a brand is no excuse for anticompetitive agreements that go beyond protection against confusion about source or sponsorship—and comparative advertising is rarely confusing in that sense.

So far, so good. But in some situations, comparative statements are neither true nor false. Such nonfactual claims are known in advertising law as “puffery”: vague statements that can’t be proven true or false or statements that are so unbelievable that reasonable consumers wouldn’t rely on them. In theory, no information would be lost to consumers from a ban on puffery. Yet false advertising law in common-law regimes has historically been uninterested in regulating puffery . . . By allowing puffery, the law provides advertisers with breathing space—they need not fear losing a false advertising case over claims that consumers wouldn’t take as making specific promises. Puffery also provides advertisers with an opportunity to attract consumers with clever or creative advertising, which among other things allows them to build brands—not just indicators of source, but repositories of meaning for consumers whose favorable associations can prompt sales even when product characteristics are interchangeable. Thus, it is not surprising that trademark owners want to be able to use puffery; self-interest means that proponents of strong trademark rights are also proponents of fairly limited advertising law.

Traditionally, the United States approach has not changed very much for trademark-specific claims. This is one manifestation of the extremely speech-protective orientation of U.S. law: the presence of a specific target, who might rather obviously be harmed by denigration by a competitor seeking to obtain business previously had by the target, triggers no special concern. When consumers are unlikely to be

materially deceived, U.S. law prefers that the parties should fight their battles in the marketplace, not in the courts. The advertiser certainly has an incentive to cherry-pick comparisons, touting its price superiority where performance is not so much in its favor or vice versa, but consumers are presumed to understand this, up to the point at which the comparison becomes affirmatively misleading or false.

Comparisons can also be particularly useful to smaller or newer competitors, who might otherwise have trouble letting consumers know about their competing offerings. An explicit comparison means that consumers don't have to remember lots of specific product details and statistics, which they are unlikely to do. Direct comparison can also be a uniquely effective sales tactic by drawing the attention of consumers, cutting through the clutter of other, less relevant advertising. Yet false advertising law doesn't care very much whether the competitor is identified or whether the claim is of superiority over all others and thus the competitor is only an implied target, except insofar as specificity contributes to making a claim sufficiently factual and verifiable to be falsifiable and not a mere puff.

In the U.S., then, companies generally can't interfere with the free play of competition merely to "protect their trademarks" in the absence of confusion. . . .

A. Commercial Advertising or Promotion

Page 770. Add before Questions:

In re Keurig Green Mt. Singleserve Coffee Antitrust Litig., 383 F. Supp.3d 187 (S.D.N.Y. 2019). Several competitors charged the Keurig Green Mountain company with engaging in anticompetitive practices that had the effect of excluding them from the market for cups or pods used in Keurig's single-server coffee brewer machines. Competitors alleged that some of Keurig's practices constituted false, deceptive, and/or misleading advertising and promotional efforts directed at consumers and retail customers regarding the key qualities and characteristics of its K-Cup Brewers, in violation of section 43(a).

Competitor Plaintiffs allege that, to discourage consumers from using Competitor Cups, Keurig warns customers that use of Competitor Cups may void their brewer warranties, even though Keurig honors brewer warranties when consumers use such cups, or stop the brewer from functioning. Furthermore, Keurig cites no case law, and I have found none, in which a court has held that warranty policies fall outside the scope of the Lanham Act as a matter of law. In fact, the Lanham Act does not define the metes and bounds of what qualifies as "commercial advertising or promotion."

Moreover, I note that certain of Keurig's statements were made to consumers by using Facebook and Amazon.com. Assuming, as Keurig asserts, that these statements were all made to consumers who had already purchased the brewer, they were made in the open. In other words, they were available to be viewed by not only consumers who owned brewers but also by consumers who were contemplating purchasing brewers. This type of communication is materially different from a one-on-one communication between a manufacturer and a consumer inquiring about the product owned by the consumer.

Therefore, such statements are appropriately viewed as being made for consumption by a wider audience for the purpose of influencing other consumers to buy defendant's goods or services.

Page 770. Add a new Question 7.

7. Are internet “influencers” engaged in commercial advertising or promotion of the goods or services they tout? Does your answer depend on whether the producers of the goods or services are paying the “influencers”? The Ninth Circuit has defined “commercial advertising or promotion” as “(1) commercial speech, (2) by a defendant who is in commercial competition with plaintiff, (3) for the purpose of influencing consumers to buy defendant's goods or services, and (4) that is sufficiently disseminated to the relevant purchasing public.” *Ariix, LLC v. NutriSearch Corp.*, 985 F.3d 1107. If the “influencer” is not herself selling the products in competition with another purveyor, is she never engaging in “commercial advertising or promotion”? If the producer pays an “influencer,” is the producer engaged in “commercial advertising or promotion”?

B. Literal Falsehood

Page 771. Coca-Cola Co. v. Tropicana Prods., Inc. 690 F.2d 312 (2d Cir. 1982):

Bruce Jenner, who appeared in the contested advertisement, is now Caitlyn Jenner.

Page 782. Add before Autodesk:

Literal Falsehood and Materiality

1. When courts rule that a literally false statement in an advertisement is mere “puffery” and therefore does not violate Section 43(a), they mean an overstatement or false assertion that will not affect the purchasing decision is not “material.” These include patently (often humorously) false claims that are not likely to be believed. Materiality is an element of a false advertising claim, as the Eighth Circuit recently observed, **Select Comfort Corp. v. Baxter**, 996 F.3d 925 (8th Cir. 2021):

The [jury] instructions for the false advertising claim identified the elements as: (1) a false statement about Defendants, Defendants' products, Plaintiffs, or Plaintiffs' products in an advertisement; (2) such statement deceived or tended to deceive a substantial portion of its audience; (3) the statement was material in that it was likely to influence a purchasing decision; and (4) Plaintiffs were or are likely to be injured as a result. The instructions also provided, over Defendants' objection, that the jury could presume materiality (element 3) if the Defendants made: (1) a literally false statement; (2) a false statement relating to the inherent quality or characteristic of a product; or (3) a deliberately false or misleading statement that was comparative or implicated a competitor or its product.

In their opening brief as cross-appellants, Defendants do not take issue with the second or

third “triggers” for the presumption. Rather, Defendants challenge the presumption of materiality based on the first trigger: a finding that a statement was literally false. By limiting their challenge, Defendants appear to recognize that the second two triggers are essentially definitions for materiality that describe types of statements reasonable persons would recognize as likely to influence a purchasing decision. In fact, other circuits have reached this conclusion in the context of false advertising claims. See, e.g., *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 312 n.10 (1st Cir. 2002) (labeling a statement as material because it was related to an inherent quality or characteristic of the product); *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841, 855 (2d Cir. 1997) (stating that a requirement that a misrepresentation address an “inherent quality or characteristic of the product . . . is essentially one of materiality, a term explicitly used in other circuits.” A finding that a statement is literally false, in contrast, does not appear to suggest in any direct manner that the statement is material. A literally false statement could address any number of topics. As such, a finding of literal falsity, standing alone, does not necessarily make a statement more or less likely to influence a purchasing decision. Of course, depending on the nature of the falsehood and the topic it addresses, a jury might conclude a false statement is material. But the reasoning leading to such a conclusion depends on additional facts beyond mere falsity. In any event, an inference of a statement's materiality based merely upon its falsity is neither so clear nor direct that it might support a burden-shifting presumption in a plaintiff's favor.

. . . At least two circuit courts have reached the . . . conclusion [that even where literal falsity is established, materiality is not presumed]. See *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1250 (11th Cir. 2002) (rejecting a presumption of materiality based on a finding of literal falsity and stating, “The materiality requirement is based on the premise that not all deceptions affect consumer decisions.”); *Cashmere & Camel Hair Mfrs. Inst. v. Saks Fifth Ave.*, 284 F.3d 302, 312 n. 10 (1st Cir. 2002) (“[M]ateriality focuses on whether the false or misleading statement is likely to make a difference to purchasers. Thus, even when a statement is literally false or has been made with the intent to deceive, materiality must be demonstrated in order to show that the misrepresentation had some influence on consumers.” (citing *McCarthy* § 27:35 (4th ed. 2001))).

...

Ultimately, we conclude it was error to instruct the jury in a manner that shifted the burden of proof on the materiality element based on a finding of literal falsity.

Page 782. Add after *Autodesk*:

Davis v. Avvo, Inc., 345 F. Supp.3d 534 (S.D.N.Y. 2018). The Avvo website provides individual profiles of attorneys. Consumers can use the website to access information about, find, and vet attorneys. The individual attorney profiles often contain client and peer reviews, as well as a numerical “Avvo rating.” website includes profiles for attorneys who pay for advertising and related services and attorneys who do not. Plaintiff charges that Avvo engages in false advertising because its website gives higher ratings to attorneys who have paid for advertising and enhances their profiles by adding a “Pro” badge to the headshots of paying attorneys. The court dismissed the action, finding the ratings to be protected statements

of opinion, and the “Pro” badges mere puffery.

The plaintiff contends that the “Pro” badge is nonetheless misleading because it insinuates that the attorney is of a higher quality than a non-”Pro” attorney, and because the website’s explanations of the badge’s actual meaning are not sufficiently conspicuous to dispel this misconception. The defendant counters by arguing that the term “Pro”, if viewed as a descriptor for an attorney’s quality, is mere puffery.

Puffery, which is nonactionable under the Lanham Act . . . , is a subjective statement or claim that cannot be proven true or false. [Citations.] Puffery might take the form of an overstatement expressed in broad and commendatory language, as opposed to a misleading description or false representation about an inherent characteristic of a good or service. [Citation.] Courts can determine that a statement is puffery as a matter of law when, the statement does not provide a concrete representation. [Citations.]

Taken literally, the term “Pro” indicates a professional. To the extent the plaintiff alleges that “Pro” badges convey that an attorney is a professional, the plaintiff has failed to plead sufficiently that the badges constitute false representations. The plaintiff does not allege that “Pro” badges are found in the profiles of individuals not in the profession - that is, individuals who are not attorneys.

To the extent the plaintiff alleges that the term “Pro” is received more colloquially by consumers, conveying that an attorney is especially experienced or skilled, id., the term is mere puffery. Taken in this context, “Pro” constitutes a broad commendation relaying a view of an attorney’s level of experience or skill that can only be subjective. The plaintiff cannot prove that the attorneys marked “Pro” are decidedly undeserving of the status, because in context the term has no definite meaning or defining factors. This is especially so given that the “Pro” badges appear on the defendant’s website, where one would presume that the attorneys are pros in the opinion of the defendant, determined by the defendant’s criteria.

...

In short, the defendant’s use of the “Pro” badges . . . [is] nonactionable puffery.

Page 797. Add a new Question 3

3. Publix Supermarkets sells a product it labels “100% Grated Parmesan [sic] Cheese.” Plaintiffs charge that the goods in fact contain between four and nine percent added cellulose powder and potassium sorbate. These non-dairy additives appear in a small print list of ingredients on the back of the package. Publix contends that FDA regulations permit describing their products as “cheese” notwithstanding the presence of non-cheese ingredients. Plaintiffs claim the description of the goods as “100%” grated cheese is misleading. Construing state consumer protection laws, but drawing on Lanham Act precedents, the court observed that “carefully crafted, deliberately ambiguous language” can be actionably misleading: “What matters here is how consumers actually behave—how they perceive advertising and how they make

decisions. These are matters of fact, subject to proof that can be tested at trial, even if as judges we might be tempted to debate and speculate further about them. We doubt it would surprise retailers and marketers if evidence showed that many grocery shoppers make quick decisions that do not involve careful consideration of all information available to them.” *Bell v. Publix Supermarkets*, 982 F.3d 468 (7th Cir 2020). At trial, what should plaintiffs show to establish their claims of misleadingness?

C. Misleading Representations

Page 803. Add question after *Coors Brewing*:

In a later feud between these beer companies, Anheuser-Busch advertised that its beer, Bud Light, is brewed with “no corn syrup,” unlike its competitor’s brands, Miller Lite and Coors Light. Indeed, Molson Coors included “corn syrup” in its published ingredients lists for these beers. However, Molson Coors “insist[ed] that a list of ‘ingredients’ differs from what the finished products ‘contain.’” Additionally, Molson Coors stated the corn syrup it uses to brew beers “differs from the high-fructose corn syrup used to sweeten soft drinks and other consumer products.” Did Anheuser-Busch violate section 43 of the Lanham Act, 15 U.S.C. §1125, “by implying that a product made *from* corn syrup also *contains* corn syrup”? it is not “false or misleading” for a seller to say or imply, of a business rival, something that the rival says about itself. See *Molson Coors Bev. Co. USA LLC v. Anheuser-Busch Cos., LLC*, 957 F.3d 837 (7th Cir. 2020) (“made using corn syrup” does not falsely imply that the beer contains corn syrup when plaintiff lists its beer’s “ingredients” to include corn syrup). How does this case differ from *Chobani v. Dannon*, 157 F.Supp.3d 190 (N.D.N.Y. 2016), main Casebook at 788, where the court ruled “false by necessary implication” a Chobani advertisement stating that Dannon yogurt contained “chlorine” and showing a swimming pool in the background (swimming pool “chlorine” is in fact a different substance, and is not contained in the Sucralose sweetener used by Dannon)?

D. Standing

Page 828. Add new Question 3:

3. Savvy Rest, Inc. and Sleeping Organic, LLC compete in the mattress market. Savvy Rest claimed that Sleeping Organic violated the Lanham Act by falsely advertising on its commercial website that Sleeping Organic’s mattresses are free of chemicals and certified to meet the requirements of the Global Organic Textile Standard (“GOTS”). Savvy Rest argued that Sleeping Organic can sell its mattresses for much lower prices because it does not incur expenses which are required to manufacture and sell genuine GOTS-Certified Mattresses, and that Sleeping Organic’s false statements harm Savvy Rest’s reputation and goodwill because they have a tendency to make consumers believe that Savvy Rest overcharges for its own organic mattresses that are GOTS-certified. Do these alleged harms meet the *Lexmark* criteria for injuries and causation? See *Savvy Rest, Inc. v. Sleeping Organic, LLC*, 2019 U.S. Dist. LEXIS 64604

(W.D.Va., April 15, 2019).

Chapter 11

Internet Domain Names

Pages 829-37 with the following:

A. The Domain Name System and its Relationship to Trademark Law

William Lehr, David Clark, Steve Bauer, *Changing markets for Domain Names: Technical, Economic, and Policy Challenges*, (April 15, 2021). TPRC48: The 48th Research Conference on Communication, Information and Internet Policy, Available at SSRN: <https://ssrn.com/abstract=3746594> or <http://dx.doi.org/10.2139/ssrn.3746594> (excerpts)

Understanding the DNS and its Structure

The DNS ecosystem may be understood from a technical perspective (how it functions), from the perspective of industry structure (who are the actors involved in its realization), and an economic perspective (what are the incentives of those various actors). . . . The structured namespace allows domain names (arbitrary strings of characters and symbols) to be mapped to the IP addresses used to identify destinations for traffic in the Internet.

If users or their applications were comfortable working directly with IP addresses, there would not be a need for domain names. However, introducing domain names served a number of important technical functions. First, domain names can use human-meaningful strings of characters to identify destinations on the Internet such as the websites of particular organizations (www.ibm.com, www.mit.edu, or www.google.com). Second, those domain names do not need to change when the mapping to the underlying IP addresses or network routing changes. As a result, human-meaningful domain names have economic value as identifiers that are independent of the underlying network address and routing infrastructure. Domain names can be associated with economically valuable assets in the off-line world and are inextricably linked to the “brand” value or intellectual property of the named assets (e.g., IBM or Google the company, MIT the university).

The domain name space is hierarchically structured, which enables the DNS to be implemented as a distributed database, which in turn is key to ensuring good performance, scalability, and resiliency. The highest level element in a domain name is called the Top Level Domain or TLD. Examples include .com, .edu or .org. For each of the TLDs, there are a set of servers that record the addresses of the name servers for the next level domains registered in those TLDs, for example google.com or mit.edu. To find the servers that manage the TLDs, there are a set of *root servers*, which keep track of the location of the TLD servers. The addresses of the root servers in turn are well-known and unchanging, and are statically embedded into software that performs domain name resolution.

The TLDs are organized into several categories that differ with respect to how they are managed. The different categories of TLDs are generic TLDs (gTLDs), country code TLDs (ccTLDs) and brand/community (or sponsored) TLDs. The gTLDs will be the focus of most of our discussion here. The

gTLDs include the legacy domains such as .com, .net, and .org. Prior to 2010, there were fewer than 20 gTLDs, but the number of gTLDs was greatly expanded in 2010 by the addition of 1,200 new gTLDs. The ccTLDs include the TLDs for sovereign governments such as .us (United States), .eu (European Union), .ai (Anguilla), or .cn (China). The management of the ccTLDs is delegated to the sovereign governments. Finally, the brand/community TLDs include TLDs typically assigned to specific branded companies like .google or .ibm, while the community TLDs are for domains for a clearly delineated community of interest, like .broker or .beer. There were several community TLDs (e.g., .org for non-profits and .edu for educational institutions) among the legacy (pre-2010) TLDs, but the increase in the number of TLDs that occurred after 2010 made it feasible to also have brand TLDs and additional community TLDs.

Industry structure

There are three parts to the industry structure that underpins the DNS: the firms that maintain the hierarchy of databases, the firms that manage the leasing of second level domain names inside TLDs, and the firms that support the action of performing the query.

The TLDs are managed by firms called *registries*. They are responsible for maintaining the information about the domains that are registered in the TLD, although they may outsource the actual management to a *back end* service provider.

For the generic TLDs, registries obtain the right to manage a TLD by licensing that name from ICANN The situation with respect to ccTLDs is different. The ccTLDs refer to internationally recognized geographic territories, which in many cases are sovereign states. In the case of sovereign states, ICANN typically delegates significant authority for the management of the ccTLD to the sovereign entity it is assigned to. Some countries have used their ccTLD for domain names associated with their country, others have decided to monetize their names in a way similar to gTLDs because they seem to be popular TLDs in which to register second level domain names. Examples include .io, .ly, and .tk. When an organization wants to obtain a second-level name in a TLD, that business is handled by *registrars*, who provide a retail front-end to the registries. Registrars must be accredited by ICANN to provide this service for gTLDs.

In general, the domain name service that is responsible for a particular name is called an *authoritative* resolver for that name. The registries are the authoritative resolvers for the TLDs, those who have licensed second level domain names must set up authoritative name servers for those names, and so on.

...

Governance of the DNS

The entity responsible for managing the data in the root servers and the allocation of gTLDs, and hence, at the center of the governance structure for the DNS ecosystem, is the Internet Corporation for Assigned Names and Numbers (ICANN), which was established in 1998 as a non-profit corporation in California. ICANN oversees the DNS via a series of contracts through which the actual management of the domain name system is delegated to *Registries* that are responsible for managing TLDs. The gTLD registries may be controlled by for-profit entities like Verisign, which is the authoritative registry for several of the largest TLDs, including .com, .net, .edu, and .gov, and non-profit entities like the Public Interest Registry (PIR) which is the registry operator for .org. . . .

ICANN delegates control over TLDs to registry operators via a standardized contract or Registry Agreement (RA) that assigns to the registry an exclusive franchise to manage names in each TLD. Back in

1998, the existing entity that functioned as both the sole registry and registrar (at the time, Network Solutions) was required to separate their wholesale, back-end operation of the TLD from the retail operations of selling domain registrations to end-user registrants. This history led to the current separation of *registrars* and *registries*. Presently, registrars are subject to accreditation by ICANN via accreditation agreements. The RAs require registries to only work with accredited registrars and the registries sign Registry-Registrar Agreements (RRAs) that certify the registrar’s authority to register domain names in the registry’s gTLD. Registrars may provide retail registration for multiple TLDs and many registrars may compete to offer domain registrations in the same TLDs. The registrars also typically offer additional retail services to domain registrants, including such services as email, search-engine optimization (for marketing), web-hosting, security, and other ancillary services. As with registries, registrars operate under a variety of business models and multiple registrars may be controlled by the same enterprise. Among the largest registrars are GoDaddy (US), NameCheap (US), Alibaba (China), and TuCows (Canada).

Finally, the registrants of the domain names lease control of those domain names via lease agreements with the registrar that are subject to Acceptable Use Policies (AUPs) and other terms specified in the domain registration contract. Registrants may transfer their registrations from one registrar to another, but a domain name registered in one TLD cannot be transferred to another TLD. Thus, a registrant who wants similar domain names in multiple TLDs needs to register the domain in each of those TLDs separately.

Jacqueline D. Lipton *Legal Regulation of Internet Domain Names in North America*, In Irene Calboli and Jane C. Ginsburg, eds., CAMBRIDGE HANDBOOK ON INTERNATIONAL AND COMPARATIVE TRADEMARK LAW, (Cambridge University Press 2020); https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3290646] (excerpts)

The regulation of internet domain names in North America, and at the international level, is fairly closely intertwined with trademark law, largely because trademark holders were the first big losers in the domain space. In the mid-to-late 1990s, when domain names first came into existence, cybersquatters took advantage of trademark holders’ unfamiliarity with the Internet by registering domain names corresponding with their marks in order to profit from either selling the names back to the “rightful” markholders, or to their competitors, or perhaps to others who may want to use the name for some other purpose, such as for a consumer gripe site. In the absence of laws specific to the domain name system, and because the main concerns about apparently wrongful uses of domain names came from trademark holders, it was trademark law that dealt with the first spate of domain name disputes in national courts. Markholders brought infringement and dilution actions against cybersquatters who, they claimed, had wrongfully registered and used their trademarks in corresponding domain names. These wrongful registrations came in many forms including (a) basic cybersquatting – registering a domain name corresponding with a mark in the hopes of extorting money for transfer of the mark to the trademark holder; (b) typosquatting – registering a misspelling of a mark as a domain name for similar purposes, with hopes that the name would be worth something to the trademark holder because of the risk an internet user would mistype the mark and end up on the registrant’s website; (c) registering a domain name corresponding with a trademark in the hopes of directing traffic away from a legitimate trademark holder’s website; and (d) registering a domain name corresponding with a trademark in order to lure an internet user to a “clickfarm” website where the user would be “mousetrapped” into clicking on advertising in attempts to escape the website.

...

[T]raditional trademark law proved problematic in the context of domain name disputes involv[ing] jurisdictional concerns. Trademarks are generally geographically bounded. For example, in the United States it is possible to have a federally registered mark and/or marks registered for particular states.

However, there is really no such thing as an “international” mark, although there are systems that allow markholders to simultaneously register their marks in multiple countries. Domain names, on the other hand, are effectively international in scope. Wherever you physically register the name, you basically hold the domain name for the Internet at large. Unlike trademarks, which can coexist in different jurisdictions and in different product and service markets simultaneously, there is only one “trademark.com” version of the name and only one person can register it at a time.

This has led to scarcity problems involving domain names, which the Internet Corporation for Assigned Names and Numbers (ICANN) has tried to remedy by increasing the number of generic top-level domains (gTLDs) in recent years. Multiple trademark holders often vie with each other, and with cybersquatters and other domain name speculators, for ownership of a particular name. For whatever reason, the “trademark.com” gTLDs remain the most desirable, despite all the options.

...

From the late 1990s onwards, a number of initiatives were implemented in American trademark law, and by ICANN at the international level, to address these challenges. As a result, traditional trademark law as an avenue for redressing domain name disputes has now been augmented by provisions of the Anti-Cybersquatting Consumer Protection Act (ACPA) in the United States, which includes a substantive provision against cybersquatting, as well as an *in rem* provision that was intended to assist with at least some jurisdictional questions. Congress also enacted a specific cybersquatting prohibition relating to personal names outside the trademark context. . . .

Meanwhile, ICANN implemented the Uniform Domain Name Dispute Resolution Policy (UDRP), which was formally adopted in 1999. This policy is incorporated into domain name registration agreements for the most prevalent and desirable gTLDs and some country-code top-level domains (ccTLDs). All domain name registrants subject to this policy agree to submit to a mandatory, but also fast, inexpensive, online, dispute resolution procedure in the event that a trademark holder complains about the registration. Like the ACPA, this policy is focused on protecting trademark holders against cybersquatters. More recently, and in light of its new gTLD program launched in 2012, ICANN also released a Uniform Rapid Suspension System (URS), which is similar to the UDRP but can result in an order suspending the domain name registration, rather than a cancellation or transfer order, which is the remedial measure contemplated under the UDRP.

...

Prior to the implementation of the UDRP by ICANN and the ACPA by Congress, trademark dilution was an obvious go-to action for trademark holders concerned about unauthorized uses of their marks in domain names in circumstances where they were unlikely to be able to establish a likelihood of consumer confusion for infringement purposes. In some cases, infringement and dilution were argued in the alternative.

Domestic courts hearing domain name disputes argued as trademark dilution actions treated the “in commerce” requirement similarly to courts hearing such cases as infringement actions. The typical holding has been that pretty much any activity involving registration of a domain name is sufficiently “in commerce” for the purposes of the dilution action because the Internet is a global commercial communications medium. Additionally, to the extent that any defendant’s website was used to promote commerce (e.g., selling a book or other product or services), this would bolster an “in commerce” holding.

...

Generally speaking, American courts have not hesitated to hold cybersquatters liable for trademark dilution. However, where a trademark is being used in the context of a purely informational website, like a consumer gripe site, dilution has not been as easy to establish. This is perhaps not a surprising result as a matter of general trademark law, where noncommercial uses of a mark are generally not a basis for a successful infringement or dilution action. Additionally, traditional trademark law (both the infringement and dilution action) has always included fair use defenses to balance the need for promoting free speech against property interests in trademarks.

Congress enacted the *Anticybersquatting Consumer Protection Act* in 1999. The law establishes a claim for registration, trafficking or use of a domain name confusingly similar to or dilutive of a trademark or personal name. It contains provisions for capturing domain names from registrants who are not subject to a federal court's *in personam* jurisdiction. It allows trademark owners to recover substantial statutory damages as well as an order for the transfer of a domain name when the domain name is registered or used "with a bad faith intent to profit" from its similarity to a trademark.

B. Anticybersquatting Consumer Protection Act

Page 839. Add new Questions following text of ACPA (number current Question as 1 and add new Questions 2 and 3):

2. Must the "mark" to whose owner the ACPA grants a right of action be registered or used in the U.S.? Suppose a foreign mark owner claims that a U.S. entrepreneur has registered the foreign mark as a domain name in the U.S. and is diverting the mark owner's customers to its website, does the ACPA provide a claim? See, e.g., *Klumba.UA, LLC v. Klumba.com*, 320 F. Supp. 3d 772 (E.D. Va. 2018) (Ukrainian claimant of klumba trademark had no common law trademark rights in the US when its klumba.ua website had no English language content; goods and services advertised on the site were priced in the Ukrainian currency; no U.S. customers were registered in plaintiff's customer databases, and no goods hosted on plaintiff's klumba.ua have been sold to U.S. customers. There have been 1.5 million page views of the klumba.ua website in the United States, but there is no evidence that any of those page views came from U.S. citizens). Does unavailability of an ACPA action mean that the Ukrainian claimant must go without a remedy? See *infra*, section C, Uniform Dispute Resolution Policy.

3. Recall *USPTO v. Booking.com*, *supra* this Supplement, Chapter 5.A.2. Justice Breyer's dissent details the competitive advantages a domain name registration for a generic.com term confers. What further advantages would come with federal registration? Without a federal registration, could Booking.com bring an ACPA claim against the domain name registration of such domain names as ibooking.com or mybooking.com or yourbooking.com?

1. Bad Faith

Page 844. Add new Questions 3 and 4:

3. ZP and ILM compete in the market for student housing. ZP adopted the name “One Ten” for its student housing facility and began using the “One Ten” mark in interstate commerce in 2015. ZP’s federal registration of the mark issued in 2017. ZP also registered the domain name *liveonetten.com* in 2015, and began using the domain name for its website in 2016. ILM registered several domain names in 2016, including “*onettenlive.com*” “*liveontenmobile.com*” “*liveone10.com*” “*onettenstudentliving.com*” and “*onettenliving.com*” and reregistered the domains in 2018. All these domains redirected to ILA’s site for its competing student housing, “*campusquarters.com*”. Has ILA registered its domain names with a bad faith intent to profit? See *ZP No. 314, LLC v. ILM Capital, LLC*, 335 F. Supp. 3d 1242 (S.D. Al. 2018).

4. Is there bad faith intent to profit when one acquires a domain name containing a competitor’s mark, but for the purpose of experimenting with various web-marketing techniques? ServPro and Emergency Services LLC, which is owned by Jacob Blanton, compete in the market for cleaning and remediation services. ServPro has federal trademark registrations for the SERVPRO mark. *ServPro Intellectual Prop., Inc. v. Blanton*, No. 3:18-cv-00121-RGJ-CHL, 2020 U.S. Dist. LEXIS 59130 (W.D. Ky. Apr. 3, 2020) (citations omitted) The court denied plaintiff’s motion for summary judgment, finding a “genuine dispute about whether Blanton bought ServPro.click with bad faith intent to profit.”

Blanton asserts that he bought Servpro.click along with several other domain names on November 15, 2017. He attached these domain names, including Servpro.click, to websites that went live on December 8, 2017. Blanton used ServPro, in advertisements on Google, and “the Google Adword ‘Servpro.click’ ads were technically available from December 8, 2017 (the date the Servpro.click website went live) and January 3, 2018 (the last date the ads ran).” Yet, Blanton claims that “the ads were only actually run for approximately six (6) days because of the expense and because the true purpose was merely to obtain data to explore ways to expand [Emergency Services]’s business through the use of various domains in conjunction with lead generator platforms and generic web pages.”

....

[T]here is genuine dispute regarding factor V [of the ACPA—“the person’s [bad faith] intent to divert consumers...either for commercial gain or with the intent to tarnish or disparage the mark...”]. Blanton asserts that he did not “purchase the ‘servpro.click’ domain name with the intent to divert customer[s] away from Servpro for its own commercial gain.” He alleges instead that he did so in order “to collect information and perform analytical research on the domain names with an eye towards testing consumer responses to various domain names in conjunction with specific key word searches when running Google AdWords advertisements.” He also alleges that the website the domain name pointed to did not advertise that it was ServPro, and the contact information on the website pointed to his personal cellphone. Blanton alleges that when answering calls made to that number, he identified himself as affiliated with Emergency Services and never

identified himself as affiliated with ServPro.

Would the analysis of Blanton’s bad faith intent depend on whether his purchase and use of AdWords would be likely to confuse?

C. ICANN and the Uniform Trademark Domain Name Dispute Resolution Policy

Page 887-89. Delete the introductory note and replace with the following excerpt:

Annemarie Bridy, *Addressing Infringement: Developments in Content Regulation in the US and the DNS*, THE OXFORD HANDBOOK OF ONLINE INTERMEDIARY LIABILITY 631 (Giancarlo Frosio, ed., 2020) (footnotes omitted)

2. The History of Intellectual Property Enforcement in the DNS

Historically speaking, intellectual property rights have been enforced in the DNS in a very tightly circumscribed way—only in the field of trademarks, and only to address the practice known as cybersquatting, which is defined as bad faith registration and use of a domain name. In the early days of the Internet, cybersquatters preemptively registered domain names containing famous trademarks and then offered to transfer the registrations to later-arriving trademark holders for exorbitant prices. Under tremendous pressure from trademark rightholders, a perennially powerful force within ICANN’s universe of stakeholders, ICANN in 1999 adopted a binding policy requiring all domain name registrars to contractually require all domain name registrants to participate in an alternative dispute resolution system designed specifically to adjudicate disputes involving alleged cases of cybersquatting. The system, which applies to all registrants in all gTLDs, is called the Uniform Dispute Resolution Policy (UDRP). Trademark infringement, counterfeiting, and dilution claims fall outside the UDRP’s subject matter scope. The UDRP’s remedial scope is also narrow; its only available remedy is cancellation or transfer of the disputed domain name from the registrant to the complainant.

2.1 The UDRP

Under the UDRP, ICANN-accredited arbitrators decide cybersquatting disputes via a streamlined, web-delivered process. Once a UDRP complaint is filed by a complainant (who can choose from a list of ICANN-approved providers), a registrant must participate in the UDRP process until its conclusion. If either party to a UDRP proceeding is dissatisfied with the result, that party can file a claim contesting the result in a court of competent jurisdiction. A registrant seeking judicial recourse following an adverse UDRP decision has ten business days to file a claim in court and produce evidence that she has done so to the registrar. If the registrant timely files a lawsuit, the prevailing complainant’s remedy is stayed pending the outcome of the litigation. If the losing registrant fails to file suit within the ten-day window, the domain name is cancelled or transferred.

UDRP outcomes have historically skewed heavily in favor of complainants. WIPO reports that for

all years the UDRP has been active, 89% of disputes have resulted in cancellation or transfer of the domain name to the complainant. Registrants have prevailed in only 11% of cases. Critics of the process point to these numbers and to the fact that a small number of providers handle the vast majority of UDRP complaints as evidence that the system has created strong structural incentives for providers to rule in favor of complainants. A provider whose results don't demonstrably favor complainants can easily find itself without any customers—as happened to eResolution, an accredited provider that went out of business in the early years of the UDRP for lack of a sustainable case load.

Page 895. Add following the Note:

Expanded Top Level Domains and Additional Rights Protections Mechanisms

From the initial eight gTLDs (.com, .edu, .gov, .int, .mil, .net, .org, and .arpa). ICANN has increased the number of generic gTLDs to over 1000. See Akram Atallah, ICANN Blog, *A "Grand" Milestone: New gTLD Program Reaches 1,000th Delegation*, <https://www.icann.org/news/blog/a-grand-milestone-new-gtld-program-reaches-1-000th-delegation> (May 25, 2016). Many of the new gTLDs are brand names, but some, such as .EARTH ("EARTH creates a unified space on the Internet where individuals and organizations can work together to solve our planet's most pressing issues"), and .BAR ("BAR is a simple and universal way of representing the online home for fun and social engagement") aim to create online communities. For examples of some of the new gTLDs, see case studies (current through January 2020) posted at <https://newgtlds.icann.org/en/announcements-and-media/case-studies>.

In response to complaints from trademark owners, ICANN agreed to require the registries for new gTLDs to put in place enhanced rights protection mechanisms. These mechanisms include a Trademark Clearinghouse, a mandatory sunrise period, and a new Uniform Rapid Suspension System. See <https://newgtlds.icann.org/en/applicants/urs>. The Trademark Clearinghouse allows trademark owners to register their marks in a single unified database, and to receive notice of any domain name registrations in any domain that match their marks. The sunrise period requires the operator of any gTLD to offer trademark owners an opportunity to register their marks into the TLD before the domain is opened to general registration. The Uniform Rapid Suspension System is designed to be a faster, cheaper, streamlined version of the UDRP. Complaints are submitted electronically on a short form, reviewed by the dispute resolution provider within a few days, and immediately transmitted to the operator of the domain name registry. Within 24 hours of receiving the complaint, the registry must restrict any changes to the registration data, and notify the registrant. The current (March 1, 2013) version of the URS procedure requires the registrant to file a reply within 14 days. The complaint will then be decided by a single panelist, who may order the domain name suspended or may reject the complaint.

The elements required for suspension under the URS are, like the elements under the UDRP, that the complainant owns trademark rights, that the registered domain name is confusingly similar to the complainant's mark, that the registrant has no legitimate right or interest to the domain name; and that the domain was registered and is being used in bad faith. If there is no genuinely contestable issue of material fact on those issues, the domain name should be suspended. If there are contested material facts, the panelist is to reject the complaint. Disputes involving contested facts should be adjudicated according to the somewhat less summary process of the UDRP. Similarly, a trademark owner seeking a transfer of the domain name, rather than a suspension will need to proceed under the UDRP rather than the URS.

Annemarie Bridy, *Addressing Infringement: Developments in Content Regulation in the US and the DNS*, THE OXFORD HANDBOOK OF ONLINE INTERMEDIARY LIABILITY 631 (Giancarlo Frosio, ed., 2020) (footnotes omitted)

3. ICANN's new gTLD Program and IP Stakeholder Demands

Beginning in 2013, in a long-anticipated and much-ballyhooed move, ICANN created over 1,200 new gTLDs in the DNS. In the rollout of the new gTLD program, rightholders saw an opportunity to lobby within ICANN to extend the reach of IP enforcement in the DNS beyond the UDRP and cybersquatting. The MPAA, which represents Hollywood movie studios, and the RIAA, which represents major record labels, demanded that ICANN and its new gTLD contractors promote a 'safe internet ecosystem' by enforcing their members' copyrights in films and music. Their appeal to 'safety' conflates copyright piracy with the distribution of malware, strategically blurring an otherwise clear line between the protection of physical network integrity—a classic IANA concern—and the protection of intellectual property rights. From rightholders' perspective, a 'safe Internet ecosystem' is one in which ICANN's contracts with DNS intermediaries are revised to require registrars to block domain names upon notice of infringement. Rightholders also want ICANN, through its formal contractual compliance process, to discipline any registrar that demands a court order before taking action against a registrant accused of infringing copyrights. All registrars, they argued, should be compelled to implement notice-based domain blocking for copyright infringement on pain of losing their accreditation and, consequently, their ability to do business.

There was considerable opposition to these demands within ICANN's multistakeholder community—most notably from domain name registrars and civil society groups. They opposed expanding ICANN's historically limited authority over the DNS into the field of website content regulation, for IP enforcement or any other purpose. Such an expansion, they correctly argued, is incompatible with ICANN's limited technical role as the manager of the IANA functions. Most registrars understandably do not want to be in the law enforcement and claim adjudication business.

Rebecca Tushnet, *Content Moderation in an Age of Extremes*, 10 CASE W. RES. J.L. TECH. & INTERNET 1, 6-7 (2019) (footnotes omitted)

ICANN introduced a large number of new global top level domains— .london and .bike and hundreds of others. In order for trademark owners to accede to this expansion, which would also expand the potential number of domain names that could use their marks, trademark owners secured the Uniform Rapid Suspension ("URS") process—which is supposed to be faster and cheaper than the UDRP, for no-brainer cases of infringing use. Complainants and respondents get fewer words and less time for their submissions than they would for a UDRP claim.

The URS has now been in place for several years. Roughly 900 claims have been adjudicated, but it's still hard to say whether the game is worth the candle. Most of the domain name registrants defaulted; those cases don't seem to be decided noticeably faster than UDRP default cases. Though trademark owners were opposed to looking at individual cases to see if they truly were no-brainers, I asked my research assistants to code the cases to look at some of the more obvious questions. It seems that the URS is used by a relatively small number of trademark owners, even compared to the universe of trademark owners who have resort to the UDRP. Most cases do seem to involve simple infringing or at least non-bona fide uses, but a significant minority don't provide enough information to figure out what the basis for the arbitrator's decision was—which means that no one else can be sure what the rationale was, or evaluate whether it made sense.

Trademark owners' representatives are currently proposing to shorten response times and eliminate the ability for a domain registrant to cure a default, as well as to make the URS a "consensus policy," exposing millions of domain names registered in "legacy" domains such as .com to potential challenge under the URS, with its lesser procedural protections compared to those of the UDRP. Likewise they are proposing to expand something known as the "claims" system to allow trademark owners broader rights to block or threaten potential registrants—even though the current system has been extensively used to make claims on common words like "cloud" and "hotel."

The broader point is that rightsholders don't stop when they lose a public battle. Big trademark owners, like big copyright owners, can afford to be persistent, and they often believe they can't afford not to be. As a result, when they don't get remedies in national law, they often try to get more through international treaties, or in this case, through private policymaking at the chokepoints of internet connectivity. And, because the entities administering the system—domain name registries and registrars—don't have much skin in the game for any given domain name, they may not fully take into account individual domain name registrants' interests in their practices. For example, some registries and registrars are now selling extra services to trademark owners to allow them to block any registrations using their names, regardless of whether the use would be barred by the URS, UDRP, or trademark law—so Apple could block apple.farm for an apple farming operation, if .farm is operated by one of these registries. The carefully negotiated balance between registrant and free speech interests versus trademark interests that was supposed to result from the ICANN policies has been replaced by these private mechanisms, just as Content ID has replaced copyright and fair use rules on YouTube.

1. Bad Faith

Page 904. Add the following case after *Plan.Net v. Yikilmaz*:

Feev Holding B.V. v. Firas Dabboussi, FeeV, WIPO Arbitration and Mediation Center Case No. D2019-2683 (December 30, 2019). Complainant Feev Holding, a cryptocurrency business incorporated in the Netherlands, registered the Benelux² trademark, FEEV, in 2019. U.S. Respondent Firas Dabboussi, self-represented, registered "feev.com" in 2002, "based on his nickname 'fee' and his wife's initial 'v.'" The complaint alleged the Respondent reneged on a contract to sell feev.com to the Complainant. The complaint also stated that "'Since 2002, Respondent registered [feev.com] in the hope of selling it off for a small fortune' and hence it registered [feev.com] in bad faith." Additionally, the Complainant accused the Respondent of criminal identity theft based on his purported use of Feev Holding employees' names in email addresses. In fact, the Respondent was merely the unintended recipient of emails that were addressed to Feev Holding Employees using "[EmployeeName]@feev.com" email addresses. The Respondent only received these emails because he may have had set up his "feev.com" domain name in such a way that all emails addressed to "@feev.com were directed to him." The Panel found the Complainant's behavior to constitute Reverse Domain Name Hijacking:

In the view of the Panel this is a Complaint which should never have been launched. The Complainant should have appreciated that establishing registration and use in bad faith in respect of a domain name which had first been registered many years previously was likely

² *Editors' Note*: Benelux is an intergovernmental economic organization. Its name is a portmanteau of its members' names: **B**elgium, the **N**etherlands, and **L**uxembourg.

to be impossible. The Complainant appears to have ignored any such considerations. It adopted an entirely unwarranted and misconceived approach based on a supposed contractual entitlement which even if it was well founded (which the Panel doubts) should have been brought to a different forum. The Complainant also threatened the Respondent with costs liability if an UDRP complaint was brought when no such liability exists under the UDRP. Finally it then introduced a completely misconceived allegation of criminal conduct against the Respondent which had no factual foundation whatsoever.

Given the relevant facts, the nature of the Policy and the fact that the Complainant was legally represented this was a case which should never have been brought nor should it have been presented in the manner it was. The Panel therefore finds that the Complaint was brought in bad faith and constitutes an abuse of the administrative proceeding.

Question

The UDRP does not provide for a remedy for reverse domain name hijacking. Should the UDRP provide for a remedy in cases like this? What remedy(ies) would deter other domain name registrants or trademark owners from this kind of bullying?

Chapter 12

Remedies

A. Injunctive Relief

1. Injunctions

Page 931. Delete the *Herb Reed Enterprises* decision and following Questions and substitute the following decision and Questions:

Nova Wines, Inc. v. Adler Fels Winery LLC
467 F. Supp. 2d 965 (N.D. Cal. 2006).

MARILYN HALL PATEL, DISTRICT JUDGE.

On September 29, 2006, plaintiff Nova Wines, Inc. (“Nova” or “plaintiff”) brought this action against defendants Adler Fels Winery LLC (“Adler Fels”), Saal Brown, Inc. dba Pacific Licensing (“Pacific Licensing”), Gary Saal (“Saal”), and Tom Kelly Studios, Inc. (“TKS”) (collectively “defendants”) asserting claims for trademark infringement, trade dress infringement, unfair competition and passing off. Now before the court is plaintiff’s motion for a preliminary injunction. . .

BACKGROUND

Plaintiff Nova Wines, a St. Helena, California winery, does business as Marilyn Wines and sells wines bearing photographs of Marilyn Monroe. Plaintiff has produced wine under the Marilyn Merlot brand name since 1987, the Marilyn Cabernet brand name since 1993, the Norma Jeane brand name since 1998 and the Velvet Collection brand name since 2004. . . . Since 1989, plaintiff has held an exclusive license to use, on wine, the registered trademark “Marilyn Monroe,” as well as common law trademarks for Monroe’s name, image and likeness from the Monroe estate. Plaintiff has been the sole winery using photographs of Marilyn Monroe on wine for nearly twenty years.

Defendant TKS holds copyrights for a series of nude photographs taken of Marilyn Monroe by Tom Kelley, Sr., in 1949. While Marilyn Monroe was still alive, she signed a model release consenting to use of her “name, portraits, and pictures and reproductions thereof” of the photographs taken by Kelley. Defendant Saal Brown, Inc., doing business as Pacific Licensing, is the licensing agent for TKS. In 1999 or 2000, TKS began using the term “Red Velvet Collection” as a trademark for the collection of Kelley photographs. . .

In 1999 Pacific first contacted plaintiff to propose licensing the Red Velvet Collection images to plaintiff. Pacific and Nova did not enter a license agreement at that time, in part because the Monroe estate and the Tobacco Tax and Trade Bureau (“TTB”) would likely not approve of nude photos of Monroe on wine labels. In 2003, Pacific worked with the TTB and other consultants to develop a “modesty overlay”

to cover Monroe's breasts and buttocks in the Red Velvet Collection photographs, and ultimately did acquire approval for a wine label from the TTB.

In 2004 TKS and plaintiff entered a license agreement for use of Red Velvet Collection photos. In May and June of 2005, relations between the parties began to deteriorate, and TKS notified plaintiff that it would "establish a new licensee. . .

In June or July 2006, plaintiff learned that defendant Adler Fels was marketing a wine bearing a photograph from the Velvet Collection. . . . On July 5, 2006 counsel for plaintiff Wines informed Adler Fels that "no one else" besides plaintiff had "the right to produce wines [bearing Marilyn Monroe's] likeness," and that plaintiff would "aggressively protect" its rights. Counsel representing Adler Fels, TKS and Pacific Licensing responded on July 7, 2006 that his clients "decline to succumb to your threats." Defendants subsequently informed plaintiff that they would not release a 1.5-liter bottle in the fall of 2006. However, defendants' counsel also advised plaintiff that defendants might release a 750-milliliter bottle using Red Velvet Collection labels in Fall 2006. This was the last communication between parties before plaintiff filed its complaint on September 29, 2006.

In late August 2006 Adler Fels began marketing 750-milliliter bottles of its "Red Velvet Collection . . . ultra-fine wines." Adler Fels invested more than one hundred work hours, and has spent \$140,000 in development and production of its initial run of 2,500 cases of the Red Velvet Collection line. Pre-orders for Adler Fels' Red Velvet Collection line number 2,000 cases. Defendants forecast that the Red Velvet Collection will sell 15,000 cases in its first year of release, and estimate revenues totaling four million dollars from these sales. Adler Fels originally scheduled October 23, 2006 as its bottling date for the Red Velvet Collection wine, with a ship date of early November 2006.

In September 2006 plaintiff received an announcement regarding Adler Fels' Red Velvet Collection wine, urging consumers to place orders by September 15. The announcement attached a "mock-up" of the wine bottle for Adler's Red Velvet Collection line. The mock-up showed a photograph from TKS's Red Velvet Collection series on a bottle of red wine, though not a photo that plaintiff had used on any of its wines.

Plaintiff filed its complaint for trademark infringement, trade dress infringement, unfair competition and passing off on September 29, 2006. Plaintiff served its complaint on defendants on October 5, 2006. That same day, plaintiff filed its ex parte application for a temporary restraining order and motion for preliminary injunction. This court granted a temporary restraining order on October 10, 2006, pending briefing and determination of plaintiff's request for preliminary injunction. On October 26, the court heard arguments regarding plaintiff's request for preliminary injunction.

LEGAL STANDARD

"A preliminary injunction is a provisional remedy, the purpose of which is to preserve status quo and to prevent irreparable loss of rights prior to final disposition of the litigation." *Napa Valley Publ'g Co. v. City of Calistoga*, 225 F. Supp.2d 1176, 1180 (N.D. Cal. 2002). In light of these considerations, a plaintiff seeking preliminary injunctive relief must demonstrate either: "(1) a likelihood of success on the merits and the possibility of irreparable injury; or (2) that serious questions going to the merits [have been] raised and

the balance of hardships tips sharply in [the plaintiff’s] favor.” *Southwest Voter Registration Educ. Project v. Shelley*, 344 F.3d 914, 917 (9th Cir. 2003) (en banc) (per curiam); [citation]. The components of these two tests, together with the added consideration of the public interest, operate on a sliding scale or “continuum.” *Southwest Voter Registration Educ. Project*, 344 F.3d at 918. Consequently, “the less certain the district court is of the likelihood of success on the merits, the more plaintiffs must convince the district court that the public interest and balance of hardships tip in their favor.” *Id.* [Citation.]

As in any other civil proceeding, the likelihood of success on the merits and the balance of hardships are the critical considerations in determining whether a preliminary injunction should issue in a trademark infringement action. [Citation.] To prevail on the merits of a trademark infringement claim, a plaintiff must establish “that the defendant’s use of its mark gives rise to a ‘likelihood of confusion’ in the consuming public.” *Metro Publ’g, Ltd. v. San Jose Mercury News*, 987 F.2d 637, 640 (9th Cir. 1993) (quoting *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290 (9th Cir. 1992)). “Once the plaintiff has demonstrated a likelihood of confusion, it is ordinarily presumed that the plaintiff will suffer irreparable harm if injunctive relief is not granted.” *Brookfield Commc’ns, Inc. v. West Coast Entm’t Corp.*, 174 F.3d 1036, 1066 (9th Cir. 1999) (quoting *Metro Publ’g*, 987 F.2d at 640). Such an injunction may issue even if the plaintiff’s mark has not been registered with the PTO. [Citation.]

DISCUSSION

Plaintiff seeks protection for . . . the common law trademarks consisting of the images and likenesses of Marilyn Monroe, . . . and the trade dress comprised of “high quality, distinctive photographs of Marilyn Monroe in various poses taken at different times during her career that show her, [sic] beauty, glamour and sex appeal” (“the Marilyn Wines trade dress”). With the exception of “Velvet Collection” and the Marilyn Wines trade dress, plaintiff asserts that these marks are each owned by the Marilyn Monroe estate, which has granted plaintiff an exclusive license to use the marks in connection with wine. Significantly, plaintiff seeks protection for these marks and dresses only as they are used on wine bottles.

I. Likelihood of Success on the Merits

. . .

C. The Marilyn Wines Trade Dress

[The court found that plaintiff’s use of Monroe images for over 20 years on wine labels established a valid



trade dress, such as a 2006 Marilyn Merlot label shown here:

D. Likelihood of Confusion

...

... "Likelihood of confusion in the trade dress context is evaluated by reference to the same factors used in the ordinary trademark context." *Vision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 616 (9th Cir. 1989). Because plaintiff has only shown a valid interest in its Marilyn Wines trade dress, the court will apply these factors to the asserted trade dress.

1. Similarity of the Marks

The first *Sleekcraft* factor, the similarity of the parties' marks, is "the most crucial factor in determining the likelihood of confusion." [Citations.] In comparing the parties' marks, the court must focus on how each of the marks is perceived by the ordinary consumer in the marketplace. [Citations.] . . .

Here, Adler Fels' Red Velvet Collection bottle is virtually identical to plaintiff's 2002 and 2004 Velvet Collection bottles.⁵ The image portion of each label contains only a photograph from the TKS Red Velvet Collection with no text, with "modesty overlays" covering portions of Marilyn Monroe's body. The poses selected for each label are also strikingly similar. The noticeable differences are: (1) Monroe's overall orientation is right-facing on the Nova bottles, and left-facing on the Adler Fels bottle, though in both images she is turned toward the viewer; (2) Monroe has both hands behind her head in the Adler Fels photo, but only one hand behind her head in the Nova photo, though the position and orientation of the arm closest to the viewer is nearly identical in both photos; (3) on the Nova bottle, Monroe's head is tipped back slightly and her face is somewhat more emotionally expressive; and (4) the "modesty overlay" on the Alder Fels bottle is less modest than the overlay on the Nova bottles, leaving more of Monroe's breasts visible. In all other material respects the orientation and position of Monroe's body is the same. This similarity between Adler Fels' product and existing products bearing plaintiff's trade dress brings this factor squarely in favor of plaintiff.

⁵ According to the exhibits . . . , plaintiff used the same photo of Marilyn Monroe on its 2002 and 2004 releases.

. . . [The court goes on to analyze the other likelihood of confusion factors]

8. Weighing the *Sleekcraft* Factors

. . . [T]he court finds the following *Sleekcraft* factors weigh in favor of plaintiff: the similarity of the trade dresses, the strength of the Marilyn Wines trade dress, the relatedness of the parties' goods, and the degree of care likely to be exercised by purchasers of the parties' products. Although the intent in choosing the trade dress weighs in favor of defendant, lack of intent is of little probative value in assessing likelihood of confusion. The remaining factors are of little importance under the circumstances and do not favor either party. Because all of the probative factors, including the all-important similarity factor, weigh in favor of plaintiff, the court finds that plaintiff has established by a preponderance of the evidence that it will be able to prove a likelihood of consumer confusion at trial.

II. Balance of Hardships

While plaintiff's demonstration of likelihood of confusion is sufficient to warrant injunctive relief, the court further finds that injunctive relief is warranted under the Ninth Circuit's alternative test: serious questions going to the merits of the case combined with the balance of hardships tipping sharply in favor of the plaintiff. [Citation.] As the sole purveyor of Marilyn Monroe wines for the past twenty years, plaintiff may suffer immeasurable and irreparable damage to its reputation and goodwill if other wineries are able to sell wines with nearly identical packaging outside the control of plaintiff.

In contrast, defendants have made very little showing of hardship should an injunction issue. Defendants claim that they will suffer irreparable harm through loss of "market time," injury to reputation by being unable to follow through with its planned introduction of its Marilyn Monroe wines, and a negative perception in the marketplace as an infringer without proof that plaintiff has any rights or that defendants have violated those rights. Defendants assert that they will suffer financial losses in excess of \$4 million should an injunction issue, based on their inability to fill orders and exploit "initial publicity and buzz" in time to make holiday season sales. Defendants offer no data to support this figure.

Defendants cite cases in which parties suffered harm by being forced to withdraw their products or were effectively shut down by the injunction. [Citations.] Defendants seem to ignore the crucial fact that Adler Fels' product has not yet been released into the market place. There are thus no products to withdraw, and it is unlikely that defendants will be "shut down" by being temporarily prevented from releasing a particular product. Notably, defendants have offered no explanation as to why they cannot simply use a different, clearly non-infringing label for the particular wine they have chosen as their Red Velvet Collection wine. As there can be no possible relationship between the image of Marilyn Monroe and the flavor of the wine, that which we call Marilyn Monroe wine, by any other name, would taste as sweet. *See* William Shakespeare, *Romeo and Juliet*, act 2, sc. 2. In addition, Adler Fels has been in the business of selling wine under a wide variety of names and labels. Given the large number of unclaimed names and images that Adler Fels could select for its wines, it is difficult to see how Adler Fels' business will be adversely affected by being barred from using the name or image of one particular individual.

Finally, defendants claim that plaintiff's delay in filing its TRO application and motion for preliminary injunction militate against granting a preliminary injunction. The court does not find undue

delay here. Although the initial controversy erupted in June or July 2006, plaintiff did not learn that Adler Fels was actually marketing its upcoming Red Velvet Collection wine until September, and the earlier communications between the parties did not indicate that Adler Fels would be selling such a wine. Plaintiff served its complaint, TRO application, and motion for a preliminary injunction, the following month. This time frame was reasonable and therefore does not bar injunctive relief.

Accordingly, the court finds that the balance of hardships tips sharply in plaintiff's favor.

CONCLUSION

For the reasons stated above, the court GRANTS plaintiff's motion for a preliminary injunction.

...

Questions

1. What if, instead of moving for a preliminary injunction soon after learning that Adler Fels was going to market wine with Marilyn Monroe images, Nova Wines had waited for a year? Should the delay affect the grant of a preliminary injunction? Why or why not? *See, e.g., Citibank N.A. v. Citytrust*, 756 F.2d 273 (2d Cir.1985). Are there any factors other than delay that might undercut a finding of irreparable harm?

2. Can injunctive relief under the Lanham Act be obtained against infringements by state and/or federal government entities? See definition of "person" in section 45 of the Lanham Act, 15 U.S.C. § 1127, and *Preferred Risk Mutual Insurance Co. v. United States*, 86 F.3d 789 (8th Cir.1996), *cert. denied*, 520 U.S. 1116 (1997). Do the Supreme Court's decisions in *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board* and in *Florida Prepaid Secondary Education Expense Board v. College Savings Bank* (Chapter 8.B.4, *supra*) change the analysis? Why or why not?

3. Once a permanent injunction is granted, are there any circumstances that would justify a modification of this relief? Consider the situation in which a registrant of a mark for Mexican cheese products was enjoined in 1988 in 4 states on the basis of the other party's prior common law rights in those states to a similar mark for Mexican cheese products. Do the facts that the Latino population has become more dispersed in the United States and that Spanish networks offering national advertising have emerged since the injunction issued justify a modification to the injunction allowing the defendant to advertise nationally in Spanish media? *See V&V Food Products, Inc. v. Cacique Cheese Co.*, 66 U.S.P.Q.2d 1179 (N.D. Ill. 2003).

Page 940. Delete the Note on Presumption of Irreparable Harm and substitute the following Note:

Note: Presumption of Irreparable Harm

Like the *Nova Wines* court, for many years, courts had employed a presumption of irreparable harm when trademark infringement was established because of the owner's loss of control over its goodwill and reputation, injuries that are difficult to quantify in a damage award. However, this rebuttable presumption came into question after the Supreme Court's decisions in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), involving a permanent injunction in a patent infringement claim, and *Winter v. Natural Resources*

Defense Council, Inc., 555 U.S. 7 (2008), involving a preliminary injunction against the Navy's use of sonar in exercises because of the impact on marine life.

In *eBay*, the Court held that the traditional four-factor test employed by courts of equity, including the requirement that a plaintiff must establish irreparable injury in seeking a permanent injunction, applies in the patent context. 547 U.S. at 391. Likening injunctions in patent cases to injunctions under the Copyright Act, the Court explained that it "has consistently rejected . . . a rule that an injunction automatically follows a determination that a copyright has been infringed," and emphasized that a departure from the traditional principles of equity "should not be lightly implied." *Id.* at 391–93 (citations omitted).

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

As a result, several courts required proof of irreparable harm in trademark cases rather than relying on a presumption. *See, e.g. Flexible Lifeline Sys. v. Precision Lift, Inc.*, 654 F.3d 989, 998 (9th Cir. 2011). Other courts, however, continued to apply the presumption contending that the injury from trademark infringement could be presumed from the loss of the owner's control over its goodwill and reputation. *See, e.g., Rebel Debutante LLC v. Forsythe Cosmetic Group Ltd.*, 799 F. Supp. 2d 558 (M.D.N.C. 2011) (*eBay* distinguishable in trademark context; court applies presumption of irreparable harm in preliminary injunction context).

Congress, in the Trademark Modernization Act of 2020 ("TMA"), resolved this issue by codifying the rebuttable presumption of irreparable harm after a showing of an infringement of a registered mark, a violation of § 43(a) or a violation of the dilution or cyberspiracy provisions (or likely success on the merits for a preliminary injunction). The TMA amended section 34(a) of the Lanham Act, 15 U.S.C. § 1116, to add the italicized language below:

The several courts . . . shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under subsection (a), (c) or (d) of section 1125 of this title. *A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction or temporary restraining order.*

This clarification is likely to expand the ability of plaintiffs to secure injunctive relief.

Page 943. Add the following Question after "The Safe Distance Rule" Note.

Question

The 5-HOUR ENERGY case enforced an injunction with a contempt sanction. In a civil litigation matter, what if the party found in contempt continues to ignore the court's order(s)? *See, e.g., Waterkeeper Alliance, Inc. v. Spirit of Utah Wilderness, Inc.*, 2019 U.S. Dist. LEXIS 59786 (S.D.N.Y. 2019) (after defendant failed to comply with the original and second contempt orders, the court stated that in the event the defendant continued to fail to comply with those orders and the court's third order, the plaintiff could move to have defendant's principal imprisoned and for other appropriate relief).

Page 948. Delete and add the following text in line 6:

Delete "*Herb Reed Enterprises*" and substitute "*Nova Wines.*"

3. Recalls and Destruction

Page 963. Renumber Question 5 as Question 6 and insert new Question 5.

5. After a jury found defendants guilty of infringing plaintiff's COMICOM, COMI-CON and COMI CON marks for comic or popular arts conventions, plaintiff contended that defendants, in addition to being enjoined from using those terms or their phonetic equivalents as the mark for their events, should also be ordered to destroy all merchandise and marketing materials bearing those terms. Defendants countered that they should be allowed to keep their "historical archive" of promotional materials and merchandise from their past shows. How should the district court rule? *See San Diego Comic Convention v. Dan Farr Prods.*, 336 F. Supp.3d 1191 (S.D. Cal. 2018).

4. Declaratory Relief: Defendants' Counterpart to Injunctive Relief

Page 968. Add the following text and citation at the end of the Question.

Normally courts follow the first-to-file rule. If a party files a declaratory judgment action before an infringement action is brought, that party's suit receives a presumption of priority. However, if the declaratory plaintiff is found to have engaged in procedural gamesmanship in order to forum shop, such a finding can overcome the presumption. *See, e.g., J.M. Smucker Co. v. Promotion in Motion, Inc.*, 420 F. Supp.3d 646 (N.D. OH 2019) (Ohio declaratory plaintiff requested additional time to respond to New Jersey defendant's cease and desist letter, purportedly to consult outside counsel prior to responding, but instead filed declaratory action in its home forum in Ohio without notifying opposing counsel. Action was dismissed, and defendant's later-filed infringement suit in New Jersey was allowed to proceed).

B. Monetary Relief

1. Assessing Profits and/or Damages

Page 974. Delete the Federal Circuit decision in *Romag* and substitute the Supreme Court’s decision, followed by a Question.

Romag Fasteners, Inc. v. Fossil Grp., Inc.

140 S. Ct. 1492, 206 L. Ed.2d 672 (2020)

JUSTICE GORSUCH delivered the opinion of the Court.

When it comes to remedies for trademark infringement, the Lanham Act authorizes many. A district court may award a winning plaintiff injunctive relief, damages, or the defendant’s ill-gotten profits. Without question, a defendant’s state of mind may have a bearing on what relief a plaintiff should receive. An innocent trademark violator often stands in very different shoes than an intentional one. But some circuits have gone further. These courts hold a plaintiff can win a profits remedy, in particular, only after showing the defendant willfully infringed its trademark. The question before us is whether that categorical rule can be reconciled with the statute’s plain language.

The question comes to us in a case involving handbag fasteners. Romag sells magnetic snap fasteners for use in leather goods. Fossil designs, markets, and distributes a wide range of fashion accessories. Years ago, the pair signed an agreement allowing Fossil to use Romag’s fasteners in Fossil’s handbags and other products.... But in time Romag discovered that the factories Fossil hired in China to make its products were using counterfeit Romag fasteners—and that Fossil was doing little to guard against the practice. Unable to resolve its concerns amicably, Romag sued. The company alleged that Fossil had infringed its trademark and falsely represented that its fasteners came from Romag. After trial, a jury agreed with Romag, and found that Fossil had acted “in callous disregard” of Romag’s rights. At the same time, however, the jury rejected Romag’s accusation that Fossil had acted willfully, as that term was defined by the district court.

... By way of relief for Fossil’s trademark violation, Romag sought (among other things) an order requiring Fossil to hand over the profits it had earned thanks to its trademark violation. But the district court refused this request ... and pointed out that controlling Second Circuit precedent requires a plaintiff seeking a profits award to prove that the defendant’s violation was willful. Not all circuits, however, agree with the Second Circuit’s rule. We took this case to resolve that dispute over the law’s demands. [Citation].

... The relevant section of the Lanham Act governing remedies for trademark violations, § 35, 60 Stat. 439-440, as amended, 15 U.S.C. § 1117(a), says this:

“When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established . . . , the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and

subject to the principles of equity, to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.”

Immediately, this language spells trouble for Fossil and the circuit precedent on which it relies. The statute does make a showing of willfulness a precondition to a profits award when the plaintiff proceeds under § 1125(c). That section, added to the Lanham Act some years after its initial adoption, creates a cause of action for trademark dilution—conduct that lessens the association consumers have with a trademark. But Romag alleged and proved a violation of § 1125(a), a provision establishing a cause of action for the false or misleading use of trademarks. And in cases like that, the statutory language has never required a showing of willfulness to win a defendant’s profits. Yes, the law tells us that a profits award is subject to limitations found in §§ 1111 and 1114. But no one suggests those cross-referenced sections contain the rule Fossil seeks. Nor does this Court usually read into statutes words that aren’t there. It’s a temptation we are doubly careful to avoid when Congress has (as here) included the term in question elsewhere in the very same statutory provision.

A wider look at the statute’s structure gives us even more reason for pause. The Lanham Act speaks often and expressly about mental states. Section 1117(b) requires courts to treble profits or damages and award attorney’s fees when a defendant engages in certain acts intentionally and with specified knowledge. Section 1117(c) increases the cap on statutory damages from \$200,000 to \$2,000,000 for certain willful violations. Section 1118 permits courts to order the infringing items be destroyed if a plaintiff proves any violation of § 1125(a) or a willful violation of § 1125(c). Section 1114 makes certain innocent infringers subject only to injunctions. Elsewhere, the statute specifies certain mens rea standards needed to establish liability, before even getting to the question of remedies. *See, e.g.*, §§ 1125(d)(1)(A)(i), (B)(i) (prohibiting certain conduct only if undertaken with “bad faith intent” and listing nine factors relevant to ascertaining bad faith intent). Without doubt, the Lanham Act exhibits considerable care with mens rea standards. The absence of any such standard in the provision before us, thus, seems all the more telling.

... [Fossil] points to the language indicating that a violation under § 1125(a) can trigger an award of the defendant’s profits “subject to the principles of equity.” In Fossil’s telling, equity courts historically required a showing of willfulness before authorizing a profits remedy in trademark disputes. Admittedly, equity courts didn’t require so much in patent infringement cases and other arguably analogous suits. *See, e.g., Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U. S. 641, 644, 650-651, 35 S. Ct. 221, 59 L. Ed. 398, 1915 Dec. Comm’r Pat. 320 (1915). But, Fossil says, trademark is different. There alone, willfulness requirement was so long and universally recognized that today it rises to the level of a “principle of equity” the Lanham Act carries forward.

... Fossil’s contention that the term “principles of equity” includes a willfulness requirement would not directly contradict the statute’s other, express mens rea provisions or render them wholly superfluous. But it would require us to assume that Congress intended to incorporate a willfulness requirement here obliquely while it prescribed mens rea conditions expressly elsewhere throughout the Lanham Act. That might be possible, but on first blush it isn’t exactly an obvious construction of the statute.

Nor do matters improve with a second look. The phrase “principles of equity” doesn’t readily bring to mind a substantive rule about mens rea from a discrete domain like trademark law. In the context of this

statute, it more naturally suggests fundamental rules that apply more systematically across claims and practice areas. A principle is a “fundamental truth or doctrine, as of law; a comprehensive rule or doctrine which furnishes a basis or origin for others.” Black’s Law Dictionary 1417 (3d ed. 1933); Black’s Law Dictionary 1357 (4th ed. 1951). And treatises and handbooks on the “principles of equity” generally contain transsubstantive guidance on broad and fundamental questions about matters like parties, modes of proof, defenses, and remedies. [Citations.] Our precedent, too, has used the term “principles of equity” to refer to just such transsubstantive topics. *See, e.g., eBay Inc. v. MercExchange, L. L. C.*, 547 U.S. 388, 391, 393, 126 S. Ct. 1837, 164 L. Ed. 2d 641 (2006); *Holmberg v. Armbrecht*, 327 U. S. 392, 395, 66 S. Ct. 582, 90 L. Ed. 743 (1946). Congress itself has elsewhere used “equitable principles” in just this way: An amendment to a different section of the Lanham Act lists “laches, estoppel, and acquiescence” as examples of “equitable principles.” 15 U.S.C. § 1069. Given all this, it seems a little unlikely Congress meant “principles of equity” to direct us to a narrow rule about a profits remedy within trademark law.

But even if we were to spot Fossil that first essential premise of its argument, the next has problems too. From the record the parties have put before us, it’s far from clear whether trademark law historically required a showing of willfulness before allowing a profits remedy. The Trademark Act of 1905—the Lanham Act’s statutory predecessor which many earlier cases interpreted and applied—did not mention such a requirement. It’s true, as Fossil notes, that some courts proceeding before the 1905 Act, and even some later cases following that Act, did treat willfulness or something like it as a prerequisite for a profits award and rarely authorized profits for purely good-faith infringement. *See, e.g., Horlick’s Malted Milk Corp. v. Horluck’s, Inc.*, 51 F.2d 357, 359 (WD Wash. 1931) (explaining that the plaintiff “cannot recover defendant’s profits unless it has been shown beyond a reasonable doubt that defendant was guilty of willful fraud in the use of the enjoined trade-name”); *see also Saxlehner v. Siegel-Cooper Co.*, 179 U.S. 42, 42-43, 21 S. Ct. 16, 45 L. Ed. 77, 1900 Dec. Comm’r Pat. 379 (1900) (holding that one defendant “should not be required to account for gains and profits” when it “appear[ed] to have acted in good faith”). But Romag cites other cases that expressly rejected any such rule. *See, e.g., Oakes v. Tonsmierre*, 49 F. 447, 453 (CC SD Ala. 1883); *see also Stonebraker v. Stonebraker*, 33 Md. 252, 268 (1870); *Lawrence-Williams Co. v. Societe Enfants Gombault et Cie*, 52 F.2d 774, 778 (CA6 1931).

The confusion doesn’t end there. Other authorities advanced still different understandings about the relationship between mens rea and profits awards in trademark cases. *See, e.g., H. Nims, Law of Unfair Competition and Trade-Marks* § 424 (2d ed. 1917) (“An accounting will not be ordered where the infringing party acted innocently and in ignorance of the plaintiff’s rights”); N. Hesseltine, *Digest of the Law of Trade-Marks and Unfair Trade* 305 (1906) (contrasting a case holding “[n]o account as to profits allowed except as to user after knowledge of plaintiff’s right to trademark” and one permitting profits “although defendant did not know of infringement” (emphasis added)). And the vast majority of the cases both Romag and Fossil cite simply failed to speak clearly to the issue one way or another. [Citations.]

At the end of it all, the most we can say with certainty is this. Mens rea figured as an important consideration in awarding profits in pre-Lanham Act cases. This reflects the ordinary, transsubstantive principle that a defendant’s mental state is relevant to assigning an appropriate remedy. That principle arises not only in equity, but across many legal contexts. [Citations.] It’s a principle reflected in the Lanham Act’s text, too, which permits greater statutory damages for certain willful violations than for other

violations. 15 U.S.C. § 1117(c). And it is a principle long reflected in equity practice where district courts have often considered a defendant’s mental state, among other factors, when exercising their discretion in choosing a fitting remedy. [Citations.] Given these traditional principles, we do not doubt that a trademark defendant’s mental state is a highly important consideration in determining whether an award of profits is appropriate. But acknowledging that much is a far cry from insisting on the inflexible precondition to recovery Fossil advances.

With little to work with in the statute’s language, structure, and history, Fossil ultimately rests on an appeal to policy. The company tells us that stouter restraints on profits awards are needed to deter “baseless” trademark suits. Meanwhile, Romag insists that its reading of the statute will promote greater respect for trademarks in the “modern global economy.” ... Maybe ... each side has a point. But the place for reconciling competing and incommensurable policy goals like these is before policymakers. This Court’s limited role to read and apply the law those policymakers have ordained.... The judgment of the court of appeals is vacated, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

JUSTICE ALITO, with whom Justice Breyer and Justice Kagan join, concurring.

We took this case to decide whether willful infringement is a prerequisite to an award of profits under 15 U.S.C. § 1117(a). The decision below held that willfulness is such a prerequisite. That is incorrect. The relevant authorities, particularly pre-Lanham Act case law, show that willfulness is a highly important consideration in awarding profits under § 1117(a), but not an absolute precondition. I would so hold and concur on that ground.

JUSTICE SOTOMAYOR, concurring in the judgment.

I agree that 15 U.S.C. § 1117(a) does not impose a “willfulness” prerequisite for awarding profits in trademark infringement actions. Courts of equity, however, defined “willfulness” to encompass a range of culpable mental states—including the equivalent of recklessness, but excluding “good faith” or negligence. See 5 McCarthy on Trademarks and Unfair Competition § 30:62 (5th ed. 2019) (explaining that “willfulness” ranged from fraudulent and knowing to reckless and indifferent behavior); [citation].

The majority suggests that courts of equity were just as likely to award profits for such “willful” infringement as they were for “innocent” infringement. But that does not reflect the weight of authority, which indicates that profits were hardly, if ever, awarded for innocent infringement. [Citations.] Nor would doing so seem to be consistent with longstanding equitable principles which, after all, seek to deprive only wrongdoers of their gains from misconduct. [Citation.] Thus, a district court’s award of profits for innocent or good-faith trademark infringement would not be consonant with the “principles of equity” referenced in § 1117(a) and reflected in the cases the majority cites.

Because the majority is agnostic about awarding profits for both “willful” and innocent infringement as those terms have been understood, I concur in the judgment only.

Question

Do you agree with Fossil that not requiring willfulness for a profits award will lead to “‘baseless’ trademark suits”? Should Justice Gorsuch’s statement: “we do not doubt that a trademark defendant’s mental state is a highly important consideration in determining whether an award of profits is appropriate,” and Justice Alito’s statement: “willfulness is a highly important consideration in awarding profits” allay such fears?

Page 977. Delete Question 1 and re-number Questions 2 through 5 as 1 through 4.

Page 978. Add the following case after the Questions.

The Fifth Circuit recently considered the issue of disgorgement of profits in the context of a false advertising case. In **Retractable Techs, Inc. v. Becton Dickinson & Co**, 919 F.3d 869 (5th Cir. 2019). RTI and Becton are competitors in the market for safety syringes that are designed to minimize accidental needlesticks. Becton had been found liable for false advertising based on claims that it had the “world’s sharpest needle” and that its retractable syringes had seven times less “waste space” than RTI’s. The district court had previously refused to stay injunctive relief pending the first appeal. The injunction required Becton to cease the ads, to put a notice on its website, to notify various entities of the false claims and to implement a training program for employees and distributors. In the first appeal, the circuit court vacated liability under antitrust and, as the injunction was based on that finding, vacated the injunction. However, during the two years before the decision on the first appeal, Becton had been acting on the injunction. The district court on remand found that these actions were sufficient to remedy the harm from the false advertising. After weighing the *Pebble Beach* factors, the majority decision on appeal determined that a disgorgement of profits was not appropriate. It affirmed and outlined the relevant non-exclusive factors as follows:

Our caselaw establishes two distinct considerations in assessing whether disgorgement is appropriate. The first is whether disgorgement is equitable under the six factors set forth in *Pebble Beach Co. v. Tour 18 I Ltd.* [155 F.3d 526 (5th Cir. 1998)]:

(1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off.

The *Pebble Beach* factors are non-mandatory and non-exclusive: the district court is free to consider other facts in assessing whether disgorgement of profits would be equitable, just as it may exercise discretion in weighing the individual factors.

The second consideration is whether the defendant’s profits are attributable to the Lanham Act violation. In short, “where a plaintiff who has brought a Lanham Act claim

for false advertising has failed to present evidence that the defendant benefited from the alleged false advertising, the plaintiff will not be permitted to recover any of the defendant's profits," even where the *Pebble Beach* test favors disgorgement.

The majority opinion also agreed that the district court correctly found at least some of defendant's profits were attributable to the false advertising and that the intent, unreasonable delay and public interest factors favored disgorgement. However, because RTI had not shown diverted sales, palming off or that injunctive relief was inadequate, the district court's denial of profits was not an abuse of discretion. With respect to diversion of sales, the court noted:

The district court found that the diversion factor did not favor disgorgement because the only evidence RTI had presented ... was "speculative and attenuated"; the best evidence ... produced was internal BD correspondence boasting about the commercial impact of its "needle sharpness" and "waste space" claims, and the trial court was persuaded that this correspondence did not actually prove that RTI's customers or potential customers chose to purchase from BD instead of RTI as a result of the false advertising. Notably, RTI had not produced "a single witness or reliable study or data to prove a single example of a diverted sale," nor did it produce evidence that any potential customer "ever saw the waste space comparison or relied on it in making purchasing decisions." At least some customers expanded their purchases from RTI after the dates they were allegedly presented with the deceptive waste space comparisons. In contrast, BD had difficulty selling its retractable syringes during the same period.

...[In the prior appeal] [w]e observed the sophisticated nature of the parties' customers, not one of which testified to a purchase motivated by either of BD's false claims about needle sharpness or waste space, but several of which testified that they were *not* impacted by advertisements. We further observed that "RTI produced no evidence of customers being misled or confused and purchasing BD's syringes instead of RTI's because of the advertisements"—noting RTI's 67% share of the retractable syringe sub-market, RTI's own experts' recognition that they could not substantiate a causal connection between the false advertising and BD's sales, evidence that certain customers *increased* their purchases of RTI syringes after potentially being exposed to BD's false statements, and evidence that factors other than BD's advertising predominantly impacted its sales. In sum, we concluded that "RTI's evidence consisted mostly of boastful e-mail exchanges between BD sales representatives recounting what they believed were successful sales pitches, but notably there was no testimony from the customers themselves."

The panel majority found it unnecessary to consider the appropriateness of a presumption of diversion applied by some other courts when a defendant intentionally engages in deceptive advertising because the plaintiff and defendant were not the only competitors in the relevant market. It also found that the district court's conclusion that injunctive relief was adequate was reasonable:

Nor has RTI shown that the district court clearly erred in finding that the steps BD already took—including notifying over 750 distributors and Group Purchase

Organizations—were adequate to remedy any harm RTI had experienced as a result of BD’s actions, especially since RTI ultimately offered only “speculative and attenuated” evidence of harm to its business as a result of the false advertising.

The majority opinion acknowledged that the palming off factor would normally not be implicated in a false advertising case, but noted:

If a false advertising plaintiff has otherwise shown concrete harm due to the false advertising, such as diverted sales, a court should not heavily weigh the absence of palming off against disgorgement. Here, however, the district court appropriately considered the absence of palming off as another way in which RTI could have demonstrated concrete harm as a result of BD’s false advertising, but did not. The district court concluded that since RTI demonstrated neither diversion of sales nor palming off, disgorgement of BD’s profits would grant RTI an unjustifiable windfall.

Although agreeing that a loss of goodwill might justify a profits award even if diverted sales and palming off were absent, the court concluded that plaintiff’s evidence on this point was too speculative, especially since RTI’s market share increased and its sales nearly doubled during the relevant period. Accordingly, the majority opinion affirmed the district court’s decision.

3. Attorney’s Fees

Page 983. Delete *Nightingale Home* and substitute the following later 7th Circuit decisions.

LHO Chicago River, L.L.C. v. Perillo

942 F.3d 384 (7th Cir. 2019)

MANION, CIRCUIT JUDGE

Defendants appeal the denial of their request for Lanham Act attorney fees following the plaintiff’s voluntary dismissal of its trademark infringement suit. The lone question here is whether the Supreme Court’s decision in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014), 134 S. Ct. 1749, 188 L. Ed. 2d 816—a *patent* case—should guide district courts faced with Lanham Act attorney fees applications. Most of our sister circuits have answered that question in the affirmative, but we have never addressed the issue. The opportunity now presents itself, and for all the reasons herein, we join our sister circuits in holding that *Octane* controls and remand for further consideration.

I. Background

LHO Chicago River, L.L.C., owns an upscale, downtown Chicago hotel that underwent a branding change in February 2014 when the establishment became “Hotel Chicago,” a signature Marriott venue. Around May 2016, Joseph Perillo and his three associated entities—Rosemoor Suites, LLC, Portfolio Hotels & Resorts, LLC, and Chicago Hotel, LLC—opened their own “Hotel Chicago” only three miles

from LHO's site. LHO then sued Defendants for trademark infringement and unfair competition under the Lanham Act, 15 U.S.C. § 1125(a), and for trademark infringement and deceptive trade practices under Illinois state law. The litigation dragged on for more than a year until LHO moved to voluntarily dismiss its claims, with prejudice. The district judge granted LHO's motion and entered judgment on February 21, 2018.

Defendants made a post-judgment request for attorney fees pursuant to 15 U.S.C. § 1117(a), which permits the district court to award reasonable fees to the prevailing party in "exceptional cases." In their attorney fees briefing, the parties identified two distinct standards for determining such exceptionality: (1) this Circuit's prevailing standard, that a case is exceptional under § 1117(a) if the decision to bring the claim constitutes an "abuse of process"; and (2) the more relaxed totality-of-the-circumstances approach under the Patent Act that the Supreme Court announced in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 134 S. Ct. 1749, 188 L. Ed. 2d 816 (2014). When Defendants moved for attorney fees, we had not yet provided guidance on *Octane's* applicability in this context, though several of our sister circuits had extended *Octane* to the Lanham Act. It comes as no surprise then, that when the district judge ruled on Defendants' request, he acknowledged *Octane* but nevertheless adhered to our "abuse-of-process" standard. The judge found LHO had not brought an exceptional case warranting attorney fees. Defendants appeal.

II. Discussion

The Lanham Act contains the following fee-shifting language: "The court in exceptional cases may award reasonable attorney fees to the prevailing party." 15 U.S.C. § 1117(a). Our current standard for identifying "exceptional" trademark cases comes from *Burford v. Accounting Practice Sales, Inc.*, 786 F.3d 582, 588 (7th Cir. 2015), and *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC*, 626 F.3d 958, 963-66 (7th Cir. 2010). *Burford* and *Nightingale* hold a case "exceptional" under § 1117(a) if it amounts to an "abuse of process." *Burford*, 786 F.3d at 588 (citing *Nightingale*, 626 F.3d at 963-64). An abuse of process occurs when a claim is: (1) "objectively unreasonable because it is one a rational litigant would pursue only because it would impose disproportionate costs on his opponent" (in other words, extortionate in nature); or (2) when a party brings a frivolous claim with the purpose of obtaining an advantage external to the litigation, "unrelated to obtaining a favorable judgment." *Id.* (quoting *Nightingale*, 626 F.3d at 966).

The Patent Act contains an identical provision: "The court in exceptional cases may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285. Addressing § 285 in 2014, the Supreme Court determined:

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

Octane, 572 U.S. at 554. Among the circumstances for consideration, the Court pointed to a nonexclusive set of factors it identified earlier when addressing the Copyright Act's similar fee-shifting provision. *See*

id. at 554 n.6 (citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.19, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994)). Those factors include “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* (internal quotation marks and citation omitted).

The Court reached this holding by construing the term “exceptional” in accordance with the word’s ordinary meaning. *Octane*, 572 U.S. at 553-54. In particular, while highlighting the identical language shared by the Patent and Lanham Acts, the Court relied on *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Rest.*, a trademark case in which the D.C. Circuit interpreted the term “exceptional” in § 1117(a) to mean “uncommon” or “not run-of-the-mill.” *Octane*, 572 U.S. at 554 (citing 771 F.2d 521, 526, 248 U.S. App. D.C. 329 (D.C. Cir. 1985)).

Octane also abrogated the Federal Circuit’s exceptionality standard contained in *Brooks Furniture Mfg., Inc. v. Dutailier Int’l, Inc.*, 393 F.3d 1378, 1381 (Fed. Cir. 2005). Under *Brooks*, a district court could find a case exceptional either where the parties had engaged in material, sanctionable litigation misconduct, or where the litigation had been *both* brought in bad faith *and* objectively baseless. 393 F.3d at 1381. The Court deemed this approach “overly rigid” because it allowed certain litigants to escape attorney fees. *Octane*, 572 U.S. at 545-55. For example, while *Brooks* permitted attorney fees against a party engaging in sanctionable litigation tactics, such a heightened level of misconduct is not always present in a substantively weak case or a case in which a litigant acts simply “unreasonably.” The same is true for *Brooks*’s second prong, which requires subjective bad faith *and* objective baselessness: a case that “stands out from others” with respect to the party’s legal position or strategy need not carry both traits. As *Octane* observed, again looking to *Noxell*, “a case presenting *either* subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award.” *Id.* at 555 (emphasis added) (citing *Noxell*, 771 F.2d at 526 (“[W]e think it fair to assume that Congress did not intend rigidly to limit recovery of fees by a [Lanham Act] defendant to the rare case in which a court finds that the plaintiff acted in bad faith, vexatiously, wantonly, or for oppressive reasons Something less than ‘bad faith,’ we believe, suffices to mark a case as ‘exceptional.’”) (internal quotation marks and citations omitted; alteration supplied by *Octane*)).

Our *Burford/Nightingale* standard suffers from similar inflexibility. ...[A]n abuse of process occurs *only* when a litigant pursues an objectively unreasonable claim to extort or inflict disproportionate costs on his opponent, or when a party brings a frivolous claim for external gain. Under either of these prongs, a fee applicant must show that his opponent acted essentially with ill motive, but this conflicts with *Octane*’s holding that ““there is no precise rule or formula for making [exceptionality] determinations”” 572 U.S. at 554 (quoting *Fogerty*, 510 U.S. at 534). For example, based on our current caselaw, a party’s substantively weak position or strategy might make a case “stand out from others,” but without extortionate or external motives fueling the litigation, the case cannot be deemed exceptional under § 1117(a). We think it fair that such a scenario should not render a case unexceptional and prevent recovery of fees so automatically.

Given *Octane*’s rejection of a similarly rigid standard for an identical fee-shifting provision, and considering the Court’s reliance on trademark law therein, we agree with Defendants that *Octane*’s standard should apply in the present context of the Lanham Act. “[F]ee-shifting statutes’ similar language is a strong

indication that they are to be interpreted alike.” *Indep. Fed’n of Flight Attendants v. Zipes*, 491 U.S. 754, 758 n.2, 109 S. Ct. 2732, 105 L. Ed. 2d 639 (1989) (internal quotation marks and citation omitted). Furthermore, Congress expressly referenced the Patent Act’s attorney fees provision when justifying § 1117(a)’s passage:

In appropriate circumstances, a successful party should be entitled to full compensation for the injuries sustained and expenses incurred, since these were necessitated by the acts of the opposing party. The federal patent and copyright statutes expressly provide for reasonable attorney fees, as do a number of other federal acts.

S. Rep. No. 93-1400, at 5, as reprinted in 1974 U.S.C.C.A.N. 7132, 7135; [citations].

...

Most circuits ...have extended *Octane* to the Lanham Act’s fee-shifting provision, relying on legislative history, the Patent Act’s identical language, and the Supreme Court’s use of trademark law in *Octane*. See *Evoqua Water Techs., LLC v. M.W. Watermark, LLC*, 940 F.3d 222, 235 (6th Cir. 2019); *Sleepy’s LLC v. Select Comfort Wholesale Corp.*, 909 F.3d 519, 530-31 (2d Cir. 2018); *Scholz v. Goudreau*, 901 F.3d 37, 49-50 (1st Cir. 2018); *Tobinick v. Novella*, 884 F.3d 1110, 1117-18 (11th Cir. 2018); *Romag*, 866 F.3d at 1334-36; *SunEarth, Inc. v. Sun Earth Solar Power Co.*, 839 F.3d 1179, 1180-81 (9th Cir. 2016) (en banc); *Baker v. DeShong*, 821 F.3d 620, 624-25 (5th Cir. 2016); *Slep-Tone Entm’t Corp. v. Karaoke Kandy Store, Inc.*, 782 F.3d 313, 318 (6th Cir. 2015); *Georgia-Pacific Consumer Prods. LP v. Von Drehle Corp.*, 781 F.3d 710, 721 (4th Cir. 2015); *Fair Wind Sailing*, 764 F.3d at 314-15.⁵ These opinions both instruct and confirm our analysis here.

Therefore, we join our sister circuits and adopt *Octane*’s “exceptional case” standard as the governing framework for attorney fees requests under § 1117(a) of the Lanham Act.... [W]e simply instruct district courts analyzing such requests to examine the “totality of the circumstances” and exercise their “equitable discretion” in light of the factors and considerations identified in *Octane* and, by reference, *Fogerty. Octane*, 572 U.S. at 554 n.6.III.

Conclusion

Because the district judge here did not address the parties’ fee dispute under *Octane*, we VACATE the attorney fees order and REMAND so he may do so.

Question

How should the district court rule on remand? See the second appeal in the case below.

⁵ The Tenth and D.C. Circuits have yet to address *Octane*’s applicability to Lanham Act attorney fees. And the Eighth Circuit has adopted a hybrid approach instructing district courts to consider both the totality of the circumstances under *Octane* and whether the plaintiff brought an action that “was groundless, unreasonable, vexatious, or was pursued in bad faith.” *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 912 F.3d 445, 454 (8th Cir. 2018) (internal quotation marks and citation omitted). In any event, from what we can gather, no circuit has considered and rejected *Octane*’s extension to the Lanham Act.

Lho Chicago River, L.L.C. v. Rosemoor Suites, LLC

988 F.3d 962 (7th Cir. 2021)

KANNE, CIRCUIT JUDGE

[The district court on remand determined that the case did not constitute an “exceptional” one under *Octane* and denied an award of at

torney’s fees to the defendant. On appeal for a second time, the panel concluded that the district court correctly applied the *Octane* standard and did not abuse its discretion. Defendant relied heavily on what it characterized was a damning internal email sent by as VP of LHO 3 years before it brought suit: “As you know, because we cannot trademark the name Hotel Chicago, our best protection is to start using it to build name equity.” The district court concluded, and the panel agreed, that “this evidence does not foreclose the possibility that LHO had a good-faith belief that it had acquired secondary meaning . . . in the time since the email.”].

...

1. Strength of LHO’s Litigating Position

The court need not consider any inflexible set of elements to determine whether the factual or legal weaknesses of a party's litigating position make a case exceptional. Relevant considerations at least include "frivolousness" and "objective unreasonableness." *LHO I*, 942 F.3d at 386 (quoting *Octane Fitness*, 572 U.S. at 554). With these factors in mind, we conclude that the district court did not abuse its discretion in finding that LHO's litigating position was not exceptionally weak because there was ample evidence to support that conclusion.

...[T]he magistrate judge determined that LHO was likely to succeed on the merits of its claims and recommended granting its motion for a preliminary injunction. True, the district judge ultimately disagreed, but we think the mere fact that two experienced judges disagreed on the same motion is "significant evidence that the pleading was not frivolous or unreasonable." *Indianapolis Colts v. Mayor & City Counsel of Baltimore*, 775 F.2d 177, 182 (7th Cir. 1985); [citation].

... Rosemoor itself filed two intent-to-use applications for the "Hotel Chicago" mark. This undermines Rosemoor's contentions that that mark was plainly unworthy of protection and that LHO's claim to a protectable mark ... was frivolous.

...LHO provided evidence of actual confusion from seventeen customers, and Rosemoor admitted that confused travelers have called its hotel thinking they were talking to someone at LHO's hotel. "[T]here can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion," and "while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof." *Int'l Kennel Club of Chi.*,

Inc. v. Mighty Star, Inc., 846 F.2d 1079, 1089 (7th Cir. 1988) (quoting *World Carpets, Inc. v. Dick Littrells New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971)).

...[B]oth the magistrate and district judges found that LHO "provided evidence of significant, widespread marketing efforts, global promotion, and sales volume to demonstrate the mark had acquired secondary meaning."

...A party who fails to obtain preliminary injunctive relief may yet succeed on the merits because "[a] preliminary injunction is an extraordinary remedy." *Winter v. NRDC, Inc.*, 555 U.S. 7, 24, 129 S. Ct. 365, 172 L. Ed. 2d 249 (2008). The district court recognized as much even while denying preliminary injunctive relief: "It may be that after a full trial the record will support LHO's claim." So the denial of LHO's request for a preliminary injunction is not particularly strong evidence that its case was exceptionally weak.

Pages 1035-1090. Replace Appendix A with the following updated Appendix A.

APPENDIX A

Lanham Trademark Act of 1946, as Amended through December 27, 2020 and codified in Chapter 22 of Title 15 of the United States Code

NOTE: The headings used for sections and subsections or paragraphs in the following reprint of the Act are not part of the Act but have been added for convenience. Prior trademark statutes may be found in Title 15, Chapter 3, of the U.S. Code and in the Statutes at Large. The present Act forms Chapter 22 of Title 15 of the U.S. Code. Lanham Act section numbers appear at the beginning of each section, followed by the U.S. Code cite in parentheses.

CHAPTER 22—TRADEMARKS

SUBCHAPTER I—THE PRINCIPAL REGISTER

Sec.

- 1 (15 U.S.C. § 1051). Application for registration; verification.
- 2 (15 U.S.C. § 1052). Trademarks registrable on principal register; concurrent registration.
- 3 (15 U.S.C. § 1053). Service marks registrable.
- 4 (15 U.S.C. § 1054). Collective marks and certification marks registrable.
- 5 (15 U.S.C. § 1055). Use by related companies affecting validity and registration.
- 6 (15 U.S.C. § 1056). Disclaimer of unregistrable matter.
- 7 (15 U.S.C. § 1057). Certificates of registration.
- 8 (15 U.S.C. § 1058). Duration.
- 9 (15 U.S.C. § 1059). Renewal of registration.
- 10 (15 U.S.C. § 1060). Assignment.
- 11 (15 U.S.C. § 1061). Execution of acknowledgments and verifications.
- 12 (15 U.S.C. § 1062). Publication.

- 13 (15 U.S.C. § 1063). Opposition to registration.
- 14 (15 U.S.C. § 1064). Cancellation of registration.
- 15 (15 U.S.C. § 1065). Incontestability of right to use mark under certain conditions.
- 16 (15 U.S.C. § 1066). Interference; declaration by Director.
- 17 (15 U.S.C. § 1067). Interference, opposition, and proceedings for concurrent use registration or for cancellation; notice; Trademark Trial and Appeal Board.
- 18 (15 U.S.C. § 1068). Action of Director in interference, opposition, and proceedings for concurrent use registration or for cancellation.
- 19 (15 U.S.C. § 1069). Application of equitable principles in inter partes proceedings.
- 20 (15 U.S.C. § 1070). Appeals to Trademark Trial and Appeal Board from decisions of examiners.
- 21 (15 U.S.C. § 1071). Appeal to courts.
- 22 (15 U.S.C. § 1072). Registration as constructive notice of claim of ownership.

SUBCHAPTER II—THE SUPPLEMENTAL REGISTER

- 23 (15 U.S.C. § 1091). Supplemental register.
- 24 (15 U.S.C. § 1092). Publication; not subject to opposition; cancellation.
- 25 (15 U.S.C. § 1093). Registration certificates for marks on principal and supplemental registers to be different.
- 26 (15 U.S.C. § 1094). Provisions of chapter applicable to registrations on supplemental register.
- 27 (15 U.S.C. § 1095). Registration on principal register not precluded.
- 28 (15 U.S.C. § 1096). Registration on supplemental register not used to stop importations.

SUBCHAPTER III—GENERAL PROVISIONS

- 29 (15 U.S.C. § 1111). Notice of registration; display with mark; recovery of profits and damages in infringement suit.
- 30 (15 U.S.C. § 1112). Classification of goods and services; registration in plurality of classes.
- 31 (15 U.S.C. § 1113). Fees.

- 32 (15 U.S.C. § 1114). Remedies; infringement; innocent infringement by printers and publishers.
- 33 (15 U.S.C. § 1115). Registration on principal register as evidence of exclusive right to use mark; defenses.
- 34 (15 U.S.C. § 1116). Injunctive relief.
- 35 (15 U.S.C. § 1117). Recovery for violation of rights.
- 36 (15 U.S.C. § 1118). Destruction of infringing articles.
- 37 (15 U.S.C. § 1119). Power of court over registration.
- 38 (15 U.S.C. § 1120). Civil liability for false or fraudulent registration.
- 39 (15 U.S.C. § 1121). Jurisdiction of Federal courts; State and local requirements that registered trademarks be altered or displayed differently; prohibition.
- 40 (15 U.S.C. § 1122). Liability of United States and States, and instrumentalities and officials thereof.
- 41 (15 U.S.C. § 1123). Rules and regulations for conduct of proceedings in Patent and Trademark Office.
- 42 (15 U.S.C. § 1124). Importation of goods bearing infringing marks or names forbidden.
- 43 (15 U.S.C. § 1125). False designations of origin, false descriptions, and dilution forbidden.
- 44 (15 U.S.C. § 1126). International conventions.
- 45 (15 U.S.C. § 1127). Construction and definitions; intent of chapter.
- 15 U.S.C. § 8131. Cyberpiracy protections for individuals.

SUBCHAPTER IV—THE MADRID PROTOCOL

- 60 (15 U.S.C. § 1141). Definitions.
- 61 (15 U.S.C. § 1141a). International applications based on United States applications or registrations.
- 62 (15 U.S.C. § 1141b). Certification of the international application.
- 63 (15 U.S.C. § 1141c). Restriction, abandonment, cancellation, or expiration of a basic application or basic registration.
- 64 (15 U.S.C. § 1141d). Request for extension of protection subsequent to international registration.

- 65 (15 U.S.C. § 1141e). Extension of protection of an international registration to the United States under the Madrid Protocol.
- 66 (15 U.S.C. § 1141f). Effect of filing a request for extension of protection of an international registration to the United States.
- 67 (15 U.S.C. § 1141g). Right of priority for request for extension of protection to the United States.
- 68 (15 U.S.C. § 1141h). Examination of and opposition to request for extension of protection; notification of refusal.
- 69 (15 U.S.C. § 1141i). Effect of extension of protection.
- 70 (15 U.S.C. § 1141j). Dependence of extension of protection to the United States on the underlying international registration.
- 71 (15 U.S.C. § 1141k). Affidavits and fees.
- 72 (15 U.S.C. § 1141l). Assignment of an extension of protection.
- 73 (15 U.S.C. § 1141m). Incontestability.
- 74 (15 U.S.C. § 1141n). Rights of extension of protection.

SUBCHAPTER I—THE PRINCIPAL REGISTER

§ 1 (15 U.S.C. § 1051). Application for registration; verification

(a) Application for use of trademark

(1) The owner of a trademark used in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark as used as may be required by the Director.

(2) The application shall include specification of the applicant's domicile and citizenship, the date of the applicant's first use of the mark, the date of the applicant's first use of the mark in commerce, the goods in connection with which the mark is used, and a drawing of the mark.

(3) The statement shall be verified by the applicant and specify that—

(A) the person making the verification believes that he or she, or the juristic person in whose behalf he or she makes the verification, to be the owner of the mark sought to be registered;

(B) to the best of the verifier's knowledge and belief, the facts recited in the application are accurate;(C) the mark is in use in commerce; and

(D) to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive, except that, in the case of every application claiming concurrent use, the applicant shall—

(i) state exceptions to the claim of exclusive use; and

(ii) shall specify, to the extent of the verifier's knowledge—

(I) any concurrent use by others;

(II) the goods on or in connection with which and the areas in which each concurrent use exists;

(III) the periods of each use; and

(IV) the goods and area for which the applicant desires registration.

(4) The applicant shall comply with such rules or regulations as may be prescribed by the Director. The Director shall promulgate rules prescribing the requirements for the application and for obtaining a filing date herein.

(b) Application for bona fide intention to use trademark

(1) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.

(2) The application shall include specification of the applicant's domicile and citizenship, the goods in connection with which the applicant has a bona fide intention to use the mark, and a drawing of the mark.

(3) The statement shall be verified by the applicant and specify—

(A) that the person making the verification believes that he or she, or the juristic person in whose behalf he or she makes the verification, to be entitled to use the mark in commerce;

(B) the applicant's bona fide intention to use the mark in commerce;

(C) that, to the best of the verifier's knowledge and belief, the facts recited in the application are accurate; and

(D) that, to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive. Except for applications filed pursuant to section 1126 [§44] of this title, no mark shall be registered until the applicant has met the requirements of subsections (c) and (d) of this section.

(4) The applicant shall comply with such rules or regulations as may be prescribed by the Director. The Director shall promulgate rules prescribing the requirements for the application and for obtaining a filing date herein.

(c) Amendment of application under subsection (b) to conform to requirements of subsection (a)

At any time during examination of an application filed under subsection (b) of this section, an applicant who has made use of the mark in commerce may claim the benefits of such use for purposes of this chapter, by amending his or her application to bring it into conformity with the

requirements of subsection (a) of this section.

(d) Verified statement that trademark is used in commerce

(1) Within six months after the date on which the notice of allowance with respect to a mark is issued under section 1063(b)(2) [§13(b)(2)] of this title to an applicant under subsection (b) of this section, the applicant shall file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the Director and payment of the prescribed fee, a verified statement that the mark is in use in commerce and specifying the date of the applicant's first use of the mark in commerce and those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce. Subject to examination and acceptance of the statement of use, the mark shall be registered in the Patent and Trademark Office, a certificate of registration shall be issued for those goods or services recited in the statement of use for which the mark is entitled to registration, and notice of registration shall be published in the Official Gazette of the Patent and Trademark Office. Such examination may include an examination of the factors set forth in subsections (a) through (e) of section 1052 [§2] of this title. The notice of registration shall specify the goods or services for which the mark is registered.

(2) The Director shall extend, for one additional 6-month period, the time for filing the statement of use under paragraph (1), upon written request of the applicant before the expiration of the 6-month period provided in paragraph (1). In addition to an extension under the preceding sentence, the Director may, upon a showing of good cause by the applicant, further extend the time for filing the statement of use under paragraph (1) for periods aggregating not more than 24 months, pursuant to written request of the applicant made before the expiration of the last extension granted under this paragraph. Any request for an extension under this paragraph shall be accompanied by a verified statement that the applicant has a continued bona fide intention to use the mark in commerce and specifying those goods or services identified in the notice of allowance on or in connection with which the applicant has a continued bona fide intention to use the mark in commerce. Any request for an extension under this paragraph shall be accompanied by payment of the prescribed fee. The Director shall issue regulations setting forth guidelines for determining what constitutes good cause for purposes of this paragraph.

(3) The Director shall notify any applicant who files a statement of use of the acceptance or refusal thereof and, if the statement of use is refused, the reasons for the refusal. An applicant may amend the statement of use.

(4) The failure to timely file a verified statement of use under paragraph (1) or an extension request under paragraph (2) shall result in abandonment of the application, unless it can be shown to the satisfaction of the Director that the delay in responding was unintentional, in

which case the time for filing may be extended, but for a period not to exceed the period specified in paragraphs (1) and (2) for filing a statement of use.

(e) Designation of resident for service of process and notices

If the applicant is not domiciled in the United States the applicant may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person or mailing to that person a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, or if the registrant does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark, such notices or process may be served on the Director.

(f) Third-party submission of evidence

A third party may submit for consideration for inclusion in the record of an application evidence relevant to a ground for refusal of registration. The third-party submission shall identify the ground for refusal and include a concise description of each piece of evidence submitted in support of each identified ground for refusal. Not later than 2 months after the date on which the submission is filed, the Director shall determine whether the evidence should be included in the record of the application. The Director shall establish by regulation appropriate procedures for the consideration of evidence submitted by a third party under this subsection and may prescribe a fee to accompany the submission. If the Director determines that the third-party evidence should be included in the record of the application, only the evidence and the ground for refusal to which the evidence relates may be so included. Any determination by the Director whether or not to include evidence in the record of an application shall be final and non-reviewable, and a determination to include or to not include evidence in the record shall not prejudice any party's right to raise any issue and rely on any evidence in any other proceeding.

§ 2 (15 U.S.C. § 1052). Trademarks registrable on principal register; concurrent registration

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant

on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided*, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 [§4] of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before December 8, 1993.

A mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) [§43(c)] of this title, may be refused registration only pursuant to a proceeding brought under section 1063 [§13] of this title. A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) [§43(c)] of this title, may be canceled pursuant to a proceeding brought under either section 1064 [§14] of this title or section 1092 [§19] of this title.

§ 3 (15 U.S.C. § 1053). Service marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks shall be registrable, in the same manner and with the same effect as are trademarks, and when registered they shall be entitled to the protection provided in this chapter in the case of trademarks. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

§ 4 (15 U.S.C. § 1054). Collective marks and certification marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, collective and certification marks, including indications of regional origin, shall be registrable under this chapter, in the same manner and with the same effect as are trademarks, by persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the marks sought to be registered, even though not possessing an industrial or commercial establishment, and when registered they shall be entitled to the protection provided in this chapter in the case of trademarks, except in the case of certification marks when used so as to represent falsely that the owner or a user thereof makes or sells the goods or performs the services on or in connection with which such mark is used. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

§ 5 (15 U.S.C. § 1055). Use by related companies affecting validity and registration

Where a registered mark or a mark sought to be registered is or may be used legitimately by related

companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

§ 6 (15 U.S.C. § 1056). Disclaimer of unregistrable matter

(a) Compulsory and voluntary disclaimers

The Director may require the applicant to disclaim an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim a component of a mark sought to be registered.

(b) Prejudice of rights

No disclaimer, including those made under subsection (e) of section 1057 [§7] of this title, shall prejudice or affect the applicant's or registrant's rights then existing or thereafter arising in the disclaimed matter, or his right of registration on another application if the disclaimed matter be or shall have become distinctive of his goods or services.

§ 7 (15 U.S.C. § 1057). Certificates of registration

(a) Issuance and form

Certificates of registration of marks registered upon the principal register shall be issued in the name of the United States of America, under the seal of the Patent and Trademark Office, and shall be signed by the Director or have his signature placed thereon, and a record thereof shall be kept in the Patent and Trademark Office. The registration shall reproduce the mark, and state that the mark is registered on the principal register under this chapter, the date of the first use of the mark, the date of the first use of the mark in commerce, the particular goods or services for which it is registered, the number and date of the registration, the term thereof, the date on which the application for registration was received in the Patent and Trademark Office, and any conditions and limitations that may be imposed in the registration.

(b) Certificate as prima facie evidence

A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

(c) Application to register mark considered constructive use

Contingent on the registration of a mark on the principal register provided by this chapter, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing—

(1) has used the mark;

(2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or

(3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 1126(d) [§44(d)] of this title to register the mark which is pending or has resulted in registration of the mark.

(d) Issuance to assignee

A certificate of registration of a mark may be issued to the assignee of the applicant, but the assignment must first be recorded in the United States Patent and Trademark Office. In case of change of ownership the Director shall, at the request of the owner and upon a proper showing and the payment of the prescribed fee, issue to such assignee a new certificate of registration of the said mark in the name of such assignee, and for the unexpired part of the original period.

(e) Surrender, cancellation, or amendment by owner

Upon application of the owner the Director may permit any registration to be surrendered for cancellation, and upon cancellation appropriate entry shall be made in the records of the United States Patent and Trademark Office. Upon application of the owner and payment of the prescribed fee, the Director for good cause may permit any registration to be amended or to be disclaimed in part: *Provided*, That the amendment or disclaimer does not alter materially the character of the mark. Appropriate entry shall be made in the records of the United States Patent and Trademark Office and upon the certificate of registration.

(f) Copies of United States Patent and Trademark Office records as evidence

Copies of any records, books, papers, or drawings belonging to the United States Patent and Trademark Office relating to marks, and copies of registrations, when authenticated by the seal of the United States Patent and Trademark Office and certified by the Director, or in his name by an employee of the Office duly designated by the Director, shall be evidence in all cases wherein the originals would be evidence; and any person making application therefor and paying the prescribed fee shall have such copies.

(g) Correction of Patent and Trademark Office mistake

Whenever a material mistake in a registration, incurred through the fault of the United States Patent and Trademark Office, is clearly disclosed by the records of the Office a certificate stating the fact and nature of such mistake, shall be issued without charge and recorded and a printed copy thereof shall be attached to each printed copy of the registration and such corrected registration shall thereafter have the same effect as if the same had been originally issued in such corrected form, or in the discretion of the Director a new certificate of registration may be issued without charge. All certificates of correction heretofore issued in accordance with the rules of the United States Patent and Trademark Office and the registrations to which they are attached shall have the same force and effect as if such certificates and their issue had been specifically authorized by statute.

(h) Correction of applicant's mistake

Whenever a mistake has been made in a registration and a showing has been made that such mistake occurred in good faith through the fault of the applicant, the Director is authorized to issue a certificate of correction or, in his discretion, a new certificate upon the payment of the prescribed fee: *Provided*, That the correction does not involve such changes in the registration as to require republication of the mark.

§ 8 (15 U.S.C. § 1058). Duration, affidavits and fees

(a) Time Periods for Required Affidavits

Each registration shall remain in force for 10 years, except that the registration of any mark shall be canceled by the Director unless the owner of the registration files in the United States Patent and Trademark Office affidavits that meet the requirements of subsection (b), within the following time periods:

- (1) Within the 1-year period immediately preceding the expiration of 6 years following the date of registration under this Act or the date of the publication under section 1062(c) [§12(c)].
- (2) Within the 1-year period immediately preceding the expiration of 10 years following the date of registration, and each successive 10-year period following the date of registration.
- (3) The owner may file the affidavit required under this section within the 6-month grace period immediately following the expiration of the periods established in paragraphs (1) and (2), together with the fee described in subsection (b) and the additional grace period surcharge prescribed by the Director.

(b) Requirements for Affidavit

The affidavit referred to in subsection (a) shall—

(1)(A) state that the mark is in use in commerce;

(B) set forth the goods and services recited in the registration on or in connection with which the mark is in use in commerce;

(C) be accompanied by such number of specimens or facsimiles showing current use of the mark in commerce as may be required by the Director; and

(D) be accompanied by the fee prescribed by the Director; or

(2)(A) set forth the goods and services recited in the registration on or in connection with which the mark is not in use in commerce;

(B) include a showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark; and

(C) be accompanied by the fee prescribed by the Director.

(c) Deficient Affidavit

If any submission filed within the period set forth in subsection (a) is deficient, including that the affidavit was not filed in the name of the owner of the registration, the deficiency may be corrected after the statutory time period, within the time prescribed after notification of the deficiency. Such submission shall be accompanied by the additional deficiency surcharge prescribed by the Director.

(d) Notice of Requirement

Special notice of the requirement for such affidavit shall be attached to each certificate of registration and notice of publication under section 1062(c) [§12(c)] of this title.

(e) Notification of Acceptance or Refusal

The Director shall notify any owner who files any affidavit required by this section of the Director's acceptance or refusal thereof and, in the case of a refusal, the reasons therefor.

(f) Designation of Resident for Service of Process and Notices

If the owner is not domiciled in the United States, the owner may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person or mailing to that person a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the last designated address, or if the owner does not

designate by a document filed in the United States Patent and Trademark Office the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark, such notices or process may be served on the Director.

§ 9 (15 U.S.C. § 1059). Renewal of registration

(a) Period of renewal; time for renewal

Subject to the provisions of section 1058 [§8] of this title, each registration may be renewed for periods of 10 years at the end of each successive 10-year period following the date of registration upon payment of the prescribed fee and the filing of a written application, in such form as may be prescribed by the Director. Such application may be made at any time within 1 year before the end of each successive 10-year period for which the registration was issued or renewed, or it may be made within a grace period of 6 months after the end of each successive 10-year period, upon payment of a fee and surcharge prescribed therefor. If any application filed under this section is deficient, the deficiency may be corrected within the time prescribed after notification of the deficiency, upon payment of a surcharge prescribed therefor.

(b) Notification of refusal of renewal

If the Director refuses to renew the registration, the Director shall notify the registrant of the Director's refusal and the reasons therefor.

(c) Designation of resident for service of process and notices

If the registrant is not domiciled in the United States the registrant may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person or mailing to that person a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, or if the registrant does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark, such notices or process may be served on the Director.

§ 10 (15 U.S.C. § 1060). Assignment

(a)(1) A registered mark or a mark for which an application to register has been filed shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark. Notwithstanding the preceding sentence, no application to register a mark under section 1051(b) [§1(b)] of this title shall be assignable prior to the filing of an amendment under section 1051(c) [§1(c)] of this title

to bring the application into conformity with section 1051(a) [§1(a)] of this title or the filing of the verified statement of use under section 1051(d) [§1(d)] of this title, except for an assignment to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing.

(2) In any assignment authorized by this section, it shall not be necessary to include the good will of the business connected with the use of and symbolized by any other mark used in the business or by the name or style under which the business is conducted.

(3) Assignments shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment, and when the prescribed information reporting the assignment is recorded in the United States Patent and Trademark Office, the record shall be prima facie evidence of execution.

(4) An assignment shall be void against any subsequent purchaser for valuable consideration without notice, unless the prescribed information reporting the assignment is recorded in the United States Patent and Trademark Office within 3 months after the date of the assignment or prior to the subsequent purchase.

(5) The United States Patent and Trademark Office shall maintain a record of information on assignments, in such form as may be prescribed by the Director.

(b) An assignee not domiciled in the United States may designate by a document filed in the United States Patent and Trademark Office the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person or mailing to that person a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, or if the assignee does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark, such notices or process may be served upon the Director.

§ 11 (15 U.S.C. § 1061). Execution of acknowledgments and verifications

Acknowledgments and verifications required under this chapter may be made before any person within the United States authorized by law to administer oaths, or, when made in a foreign country, before any diplomatic or consular officer of the United States or before any official authorized to administer oaths in the foreign country concerned whose authority is proved by a certificate of a diplomatic or consular officer of the United States, or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States, and shall be valid if they comply with the laws of the state or country where made.

§ 12 (15 U.S.C. § 1062). Publication

(a) Examination and publication

Upon the filing of an application for registration and payment of the prescribed fee, the Director shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration, or would be entitled to registration upon the acceptance of the statement of use required by section 1051(d) [§1(d)] of this title, the Director shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office: *Provided*, That in the case of an applicant claiming concurrent use, or in the case of an application to be placed in an interference as provided for in section 1066 [§16] of this title the mark, if otherwise registrable, may be published subject to the determination of the rights of the parties to such proceedings.

(b) Refusal of registration; amendment of application; abandonment

(1) If the applicant is found not entitled to registration, the examiner shall notify the applicant thereof and of the reasons therefor. The applicant may reply or amend the application, which shall then be reexamined. This procedure may be repeated until the examiner finally refuses registration of the mark or the application is abandoned as described in paragraph (2).

(2) After notification under paragraph (1), the applicant shall have a period of 6 months in which to reply or amend the application, or such shorter time that is not less than 60 days, as prescribed by the Director by regulation. If the applicant fails to reply or amend or appeal within the relevant time period, including any extension under paragraph (3), the application shall be deemed to have been abandoned, unless it can be shown to the satisfaction of the Director that the delay in responding was unintentional, in which case the application may be revived and such time may be extended. The Director may prescribe a fee to accompany any request to revive.

(3) The Director shall provide, by regulation, for extensions of time to respond to the examiner for any time period under paragraph (2) that is less than 6 months. The Director shall allow the applicant to obtain extensions of time to reply or amend aggregating 6 months from the date of notification under paragraph (1) when the applicant so requests. However, the Director may set by regulation the time for individual periods of extension, and prescribe a fee, by regulation, for any extension request. Any request for extension shall be filed on or before the date on which a reply or amendment is due under paragraph (1).

(c) Republication of marks registered under prior acts

A registrant of a mark registered under the provisions of the Act of March 3, 1881, or the Act of February 20, 1905, may, at any time prior to the expiration of the registration thereof, upon the

payment of the prescribed fee file with the Director an affidavit setting forth those goods stated in the registration on which said mark is in use in commerce and that the registrant claims the benefits of this chapter for said mark. The Director shall publish notice thereof with a reproduction of said mark in the Official Gazette, and notify the registrant of such publication and of the requirement for the affidavit of use or nonuse as provided for in subsection (b) of section 1058 [§8] of this title. Marks published under this subsection shall not be subject to the provisions of section 1063 [§13] of this title.

§ 13 (15 U.S.C. § 1063). Opposition to registration

(a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, including the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) [§43(c)] of this title, may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 1062 [§12] of this title of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for an additional thirty days, and further extensions of time for filing opposition may be granted by the Director for good cause when requested prior to the expiration of an extension. The Director shall notify the applicant of each extension of the time for filing opposition. An opposition may be amended under such conditions as may be prescribed by the Director.

(b) Unless registration is successfully opposed—

(1) a mark entitled to registration on the principal register based on an application filed under section 1051(a) [§1(a)] of this title or pursuant to section 1126 [§44] of this title shall be registered in the Patent and Trademark Office, a certificate of registration shall be issued, and notice of the registration shall be published in the Official Gazette of the Patent and Trademark Office; or

(2) a notice of allowance shall be issued to the applicant if the applicant applied for registration under section 1051(b) [§1(b)] of this title.

§ 14 (15 U.S.C. § 1064). Cancellation of registration

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) [§43(c)] of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905:

(1) Within five years from the date of the registration of the mark under this chapter.

(2) Within five years from the date of publication under section 1062(c) [§12(c)] of this title of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905.

(3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 [§4] of this title or of subsection (a), (b), or (c) of section 1052 [§2] of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

(4) At any time if the mark is registered under the Act of March 3, 1881, or the Act of February 20, 1905, and has not been published under the provisions of subsection (c) of section 1062 [§12] of this title.

(5) At any time in the case of a certification mark on the ground that the registrant

(A) does not control, or is not able legitimately to exercise control over, the use of such mark, or

(B) engages in the production or marketing of any goods or services to which the certification mark is applied, or

(C) permits the use of the certification mark for purposes other than to certify, or

(D) discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies.

(6) At any time after the 3-year period following the date of registration, if the registered mark has never been used in commerce on or in connection with some or all of the goods or services recited in the registration:"; and

Provided, That the Federal Trade Commission may apply to cancel on the grounds specified in paragraphs (3) and (5) of this section any mark registered on the principal register established by this chapter, and the prescribed fee shall not be required. Nothing in paragraph (5) shall be deemed to prohibit the registrant from using its certification mark in advertising or promoting recognition

of the certification program or of the goods or services meeting the certification standards of the registrant. Such uses of the certification mark shall not be grounds for cancellation under paragraph (5), so long as the registrant does not itself produce, manufacture, or sell any of the certified goods or services to which its identical certification mark is applied. Nothing in paragraph (6) shall be construed to limit the timing applicable to any other ground for cancellation. A registration under section 1126(e) or 1141f of this title shall not be cancelled pursuant to paragraph (6) if the registrant demonstrates that any nonuse is due to special circumstances that excuse such nonuse.

§ 15 (15 U.S.C. § 1065). Incontestability of right to use mark under certain conditions

Except on a ground for which application to cancel may be filed at any time under paragraphs (3), (5), and (6) of section 1064 [§14] of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided, That—*

- (1) there has been no final decision adverse to the owner's claim of ownership of such mark for such goods or services, or to the owner's right to register the same or to keep the same on the register; and
- (2) there is no proceeding involving said rights pending in the United States Patent and Trademark Office or in a court and not finally disposed of; and
- (3) an affidavit is filed with the Director within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and other matters specified in paragraphs (1) and (2) of this section; and
- (4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this chapter shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Director within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 1062 [§12] of this title. The Director shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

§ 16 (15 U.S.C. § 1066). Interference; declaration by Director

Upon petition showing extraordinary circumstances, the Director may declare that an interference exists when application is made for the registration of a mark which so resembles a mark previously registered by another, or for the registration of which another has previously made application, as to be likely when used on or in connection with the goods or services of the applicant to cause confusion or mistake or to deceive. No interference shall be declared between an application and the registration of a mark the right to the use of which has become incontestable.

§1066a. Ex parte expungement

(a) Petition

Notwithstanding sections 1057(b) and 1072 of this title, and subsections (a) and (b) of section 1115 of this title, any person may file a petition to expunge a registration of a mark on the basis that the mark has never been used in commerce on or in connection with some or all of the goods or services recited in the registration.

(b) Contents of petition

A petition filed under subsection (a), together with any supporting documents, shall—

- (1) identify the registration that is the subject of the petition;
- (2) identify each good or service recited in the registration for which it is alleged that the mark has never been used in commerce;
- (3) include a verified statement that sets forth—
 - (A) the elements of the reasonable investigation the petitioner conducted to determine that the mark has never been used in commerce on or in connection with the goods and services identified in the petition; and
 - (B) any additional facts that support the allegation that the mark has never been used in commerce on or in connection with the identified goods and services;
- (4) include any supporting evidence on which the petitioner relies; and
- (5) be accompanied by the fee prescribed by the Director.

(c) Initial determination; institution

(1) Prima facie case determination, institution, and notification

The Director shall, for each good or service identified under subsection (b)(2), determine whether the petition sets forth a prima facie case of the mark having never been used in commerce on or in connection with each such good or service, institute an ex parte expungement proceeding for each good or service for which the Director determines that a prima facie case has been set forth, and provide a notice to the registrant and petitioner of the determination of whether or not the proceeding was instituted. Such notice shall include a copy of the petition and any supporting documents and evidence that were included with the petition.

(2) Reasonable investigation guidance

The Director shall promulgate regulations regarding what constitutes a reasonable investigation under subsection (b)(3) and the general types of evidence that could support a prima facie case that a mark has never been used in commerce, but the Director shall retain the discretion to determine whether a prima facie case is set out in a particular proceeding.

(3) Determination by Director

Any determination by the Director whether or not to institute a proceeding under this section shall be final and non-reviewable, and shall not prejudice any party's right to raise any issue and rely on any evidence in any other proceeding, except as provided in subsection (j).

(d) Ex parte expungement procedures

The procedures for ex parte expungement shall be the same as the procedures for examination under section 1062(b) of this title, except that the Director shall promulgate regulations establishing and governing a proceeding under this section, which may include regulations that—

- (1) set response and extension times particular to this type of proceeding, which, notwithstanding section 1062(b)(3) of this title, need not be extendable to 6 months;
- (2) set limits governing the timing and number of petitions filed for a particular registration or by a particular petitioner or real parties in interest; and
- (3) define the relation of a proceeding under this section to other proceedings concerning the mark.

(e) Registrant's evidence of use

A registrant's documentary evidence of use shall be consistent with when a mark shall be deemed to be in use in commerce under the definition of "use in commerce" in section 1127 of this title, but shall not be limited in form to that of specimens as provided in section 1051(a) of this title.

(f) Excusable nonuse

During an ex parte expungement proceeding, for a mark registered under section 1126(e) of this title or an extension of protection under section 1141f of this title, the registrant may offer evidence showing that any nonuse is due to special circumstances that excuse such nonuse. In such a case, the examiner shall determine whether the facts and evidence demonstrate excusable nonuse and shall not find that the registration should be cancelled under subsection (g) for any good or service for which excusable nonuse is demonstrated.

(g) Examiner's decision; order to cancel

For each good or service for which it is determined that a mark has never been used in commerce, and for which the provisions of subsection (f) do not apply, the examiner shall find that the registration should be cancelled for each such good or service. A mark shall not be found to have never been used in commerce if there is evidence of use in commerce by the registrant that temporally would have supported registration at the time the application was filed or the relevant allegation of use was made, or after registration, but before the petition to expunge was filed under subsection (a), or an ex parte expungement proceeding was instituted by the Director under subsection (h). Unless overturned on review of the examiner's decision, the Director shall issue an order cancelling the registration, in whole or in part, after the time for appeal has expired or any appeal proceeding has terminated.

(h) Ex parte expungement by the Director

(1) In general

The Director may, on the Director's own initiative, institute an ex parte expungement proceeding if the Director discovers information that supports a prima facie case of a mark having never been used in commerce on or in connection with any good or service covered by a registration. The Director shall promptly notify the registrant of such determination, at which time the ex parte expungement proceeding shall proceed according to the same procedures for ex parte expungement established pursuant to subsection (d). If the Director determines, based on the Director's own initiative, to institute an expungement proceeding, the Director shall transmit or make available the information that formed the basis for that determination as part of the institution notice sent to the registrant.

(2) Rule of construction

Nothing in this subsection shall be construed to limit any other authority of the Director.

(i) Time for institution

(1) When petition may be filed, ex parte expungement proceeding instituted

A petition for ex parte expungement of a registration under subsection (a) may be filed, or the Director may institute on the Director's own initiative an ex parte expungement proceeding of a registration under subsection (h), at any time following the expiration of 3 years after the date of registration and before the expiration of 10 years following the date of registration.

(2) Exception

Notwithstanding paragraph (1), for a period of 3 years after December 27, 2020, a petition for expungement of a registration under subsection (a) may be filed, or the Director may institute on the Director's own initiative an ex parte expungement proceeding of a registration under subsection (h), at any time following the expiration of 3 years after the date of registration.

(j) Limitation on later ex parte expungement proceedings

(1) No co-pending proceedings

With respect to a particular registration, while an ex parte expungement proceeding is pending, no later ex parte expungement proceeding may be instituted with respect to the same goods or services that are the subject of a pending ex parte expungement proceeding.

(2) Estoppel

With respect to a particular registration, for goods or services previously subject to an instituted expungement proceeding for which, in that proceeding, it was determined that the registrant had used the mark for particular goods or services, as relevant, and the registration was not cancelled as to those goods or services, no further ex parte expungement proceedings may be initiated as to those goods or services, regardless of the identity of the petitioner.

(k) Use in commerce requirement not altered

Nothing in this section shall affect the requirement for use in commerce of a mark registered under section 1051(a) or 1091 of this title.

§1066b. Ex parte reexamination

(a) Petition for reexamination

Any person may file a petition to reexamine a registration of a mark on the basis that the mark was not in use in commerce on or in connection with some or all of the goods or services recited in the registration on or before the relevant date.

(b) Relevant date

In this section, the term "relevant date" means, with respect to an application for the registration of a mark with an initial filing basis of—

- (1) section 1051(a) of this title and not amended at any point to be filed pursuant to section 1051(b) of this title, the date on which the application was initially filed; or
- (2) section 1051(b) of this title or amended at any point to be filed pursuant to section 1051(b) of this title, the date on which—
 - (A) an amendment to allege use under section 1051(c) of this title was filed; or
 - (B) the period for filing a statement of use under section 1051(d) of this title expired, including all approved extensions thereof.

(c) Requirements for the petition

A petition filed under subsection (a), together with any supporting documents, shall—

- (1) identify the registration that is the subject of the petition;
- (2) identify each good and service recited in the registration for which it is alleged that the mark was not in use in commerce on or in connection with on or before the relevant date;
- (3) include a verified statement that sets forth—
 - (A) the elements of the reasonable investigation the petitioner conducted to determine that the mark was not in use in commerce on or in connection with the goods and services identified in the petition on or before the relevant date; and
 - (B) any additional facts that support the allegation that the mark was not in use in commerce on or before the relevant date on or in connection with the identified goods and services;

- (4) include supporting evidence on which the petitioner relies; and
- (5) be accompanied by the fee prescribed by the Director.

(d) Initial determination; institution

(1) Prima facie case determination, institution, and notification

The Director shall, for each good or service identified under subsection (c)(2), determine whether the petition sets forth a prima facie case of the mark having not been in use in commerce on or in connection with each such good or service, institute an ex parte reexamination proceeding for each good or service for which the Director determines that the prima facie case has been set forth, and provide a notice to the registrant and petitioner of the determination of whether or not the proceeding was instituted. Such notice shall include a copy of the petition and any supporting documents and evidence that were included with the petition.

(2) Reasonable investigation guidance

The Director shall promulgate regulations regarding what constitutes a reasonable investigation under subsection (c)(3) and the general types of evidence that could support a prima facie case that the mark was not in use in commerce on or in connection with a good or service on or before the relevant date, but the Director shall retain discretion to determine whether a prima facie case is set out in a particular proceeding.

(3) Determination by Director

Any determination by the Director whether or not to institute a reexamination proceeding under this section shall be final and non-reviewable, and shall not prejudice any party's right to raise any issue and rely on any evidence in any other proceeding, except as provided in subsection (j).

(e) Reexamination procedures

The procedures for reexamination shall be the same as the procedures established under section 1062(b) of this title except that the Director shall promulgate regulations establishing and governing a proceeding under this section, which may include regulations that—

- (1) set response and extension times particular to this type of proceeding, which, notwithstanding section 1062(b)(3) of this title, need not be extendable to 6 months;
- (2) set limits governing the timing and number of petitions filed for a particular registration or

by a particular petitioner or real parties in interest; and

(3) define the relation of a reexamination proceeding under this section to other proceedings concerning the mark.

(f) Registrant's evidence of use

A registrant's documentary evidence of use shall be consistent with when a mark shall be deemed to be in use in commerce under the definition of "use in commerce" in section 1127 of this title, but shall not be limited in form to that of specimens as provided in section 1051(a) of this title.

(g) Examiner's decision; order to cancel

For each good or service for which it is determined that the registration should not have issued because the mark was not in use in commerce on or before the relevant date, the examiner shall find that the registration should be cancelled for each such good or service. Unless overturned on review of the examiner's decision, the Director shall issue an order cancelling the registration, in whole or in part, after the time for appeal has expired or any appeal proceeding has terminated.

(h) Reexamination by Director

(1) In general

The Director may, on the Director's own initiative, institute an ex parte reexamination proceeding if the Director discovers information that supports a prima facie case of the mark having not been used in commerce on or in connection with some or all of the goods or services covered by the registration on or before the relevant date. The Director shall promptly notify the registrant of such determination, at which time reexamination shall proceed according to the same procedures established pursuant to subsection (e). If the Director determines, based on the Director's own initiative, to institute an ex parte reexamination proceeding, the Director shall transmit or make available the information that formed the basis for that determination as part of the institution notice.

(2) Rule of construction

Nothing in this subsection shall be construed to limit any other authority of the Director.

(i) Time for institution

A petition for ex parte reexamination may be filed, or the Director may institute on the Director's

own initiative an ex parte reexamination proceeding, at any time not later than 5 years after the date of registration of a mark registered based on use in commerce.

(j) Limitation on later ex parte reexamination proceedings

(1) No co-pending proceedings

With respect to a particular registration, while an ex parte reexamination proceeding is pending, no later ex parte reexamination proceeding may be instituted with respect to the same goods or services that are the subject of a pending ex parte reexamination proceeding.

(2) Estoppel

With respect to a particular registration, for any goods or services previously subject to an instituted ex parte reexamination proceeding for which, in that proceeding, it was determined that the registrant had used the mark for particular goods or services before the relevant date, and the registration was not cancelled as to those goods or services, no further ex parte reexamination proceedings may be initiated as to those goods or services, regardless of the identity of the petitioner.

(k) Supplemental register

The provisions of subsection (b) apply, as appropriate, to registrations under section 1091 of this title. Nothing in this section shall be construed to limit the timing of a cancellation action under section 1092 of this title.

§ 17 (15 U.S.C. § 1067). Interference, opposition, and proceedings for concurrent use registration or for cancellation; notice; Trademark Trial and Appeal Board

(a) In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Director shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of registration.

(b) The Trademark Trial and Appeal Board shall include the Director, the Commissioner for Patents, the Commissioner for Trademarks, and administrative trademark judges who are

appointed by the Director.

(c) Authority of the Secretary

The Secretary of Commerce may, in his or her discretion, deem the appointment of an administrative trademark judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative trademark judge.

(d) Defense to Challenge of Appointment

It shall be a defense to a challenge to the appointment of an administrative trademark judge on the basis of the judge's having been originally appointed by the Director that the administrative trademark judge so appointed was acting as a de facto officer.

§ 18 (15 U.S.C. § 1068). Action of Director in interference, opposition, and proceedings for concurrent use registration or for cancellation

In such proceedings the Director may refuse to register the opposed mark, may cancel the registration, in whole or in part, may modify the application or registration by limiting the goods or services specified therein, may otherwise restrict or rectify with respect to the register the registration of a registered mark, may refuse to register any or all of several interfering marks, or may register the mark or marks for the person or persons entitled thereto, as the rights of the parties under this chapter may be established in the proceedings. The authority of the Director under this section includes the authority to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board: *Provided*, That in the case of the registration of any mark based on concurrent use, the Director shall determine and fix the conditions and limitations provided for in subsection (d) of section 1052 [§2] of this title. However, no final judgment shall be entered in favor of an applicant under section 1051(b) [§1(b)] of this title before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 1057(c) [§7(c)] of this title.

§ 19 (15 U.S.C. § 1069). Application of equitable principles in inter partes proceedings

In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable may be considered and applied.

§ 20 (15 U.S.C. § 1070). Appeals to Trademark Trial and Appeal Board from decisions of examiners

An appeal may be taken to the Trademark Trial and Appeal Board from any final decision of the

examiner in charge of the registration of marks or a final decision by an examiner in an ex parte expungement proceeding or ex parte reexamination proceeding upon the payment of the prescribed fee.

§ 21 (15 U.S.C. § 1071). Appeal to courts

(a) Persons entitled to appeal; United States Court of Appeals for the Federal Circuit; waiver of civil action; election of civil action by adverse party; procedure

(1) An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding, a registrant who has filed an affidavit as provided in section 1058 or section 71 of this title, an applicant for renewal, or a registrant subject to an ex parte expungement proceeding or an ex parte reexamination proceeding who is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit thereby waiving his right to proceed under subsection (b) of this section: *Provided*, That such appeal shall be dismissed if any adverse party to the proceeding, other than the Director, shall, within twenty days after the appellant has filed notice of appeal according to paragraph (2) of this subsection, files notice with the Director that he elects to have all further proceedings conducted as provided in subsection (b) of this section. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under subsection (b) of this section, in default of which the decision appealed from shall govern the further proceedings in the case.

(2) When an appeal is taken to the United States Court of Appeals for the Federal Circuit, the appellant shall file in the United States Patent and Trademark Office a written notice of appeal directed to the Director, within such time after the date of the decision from which the appeal is taken as the Director prescribes, but in no case less than 60 days after that date.

(3) The Director shall transmit to the United States Court of Appeals for the Federal Circuit a certified list of the documents comprising the record in the United States Patent and Trademark Office. The court may request that the Director forward the original or certified copies of such documents during pendency of the appeal. In an ex parte case, the Director shall submit to that court a brief explaining the grounds for the decision of the United States Patent and Trademark Office, addressing all the issues involved in the appeal. The court shall, before hearing an appeal, give notice of the time and place of the hearing to the Director and the parties in the appeal.

(4) The United States Court of Appeals for the Federal Circuit shall review the decision from which the appeal is taken on the record before the United States Patent and Trademark Office. Upon its determination the court shall issue its mandate and opinion to the Director, which

shall be entered of record in the United States Patent and Trademark Office and shall govern the further proceedings in the case. However, no final judgment shall be entered in favor of an applicant under section 1051(b) [§1(b)] of this title before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 1057(c) [§7(c)] of this title.

(b) Civil action; persons entitled to; jurisdiction of court; status of Director; procedure

(1) Whenever a person authorized by subsection (a) of this section to appeal to the United States Court of Appeals for the Federal Circuit, except for a registrant subject to an ex parte expungement proceeding or an ex parte reexamination proceeding, is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action if commenced within such time after such decision, not less than sixty days, as the Director appoints or as provided in subsection (a) of this section. The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear. Such adjudication shall authorize the Director to take any necessary action, upon compliance with the requirements of law. However, no final judgment shall be entered in favor of an applicant under section 1051(b) [§1(b)] of this title before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 1057(c) [§7(c)] of this title.

(2) The Director shall not be made a party to an inter partes proceeding under this subsection, but he shall be notified of the filing of the complaint by the clerk of the court in which it is filed and shall have the right to intervene in the action.

(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Director, and, unless the court finds the expenses to be unreasonable, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not. In suits brought hereunder, the record in the United States Patent and Trademark Office shall be admitted on motion of any party, upon such terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of any party to take further testimony. The testimony and exhibits of the record in the United States Patent and Trademark Office, when admitted, shall have the same effect as if originally taken and produced in the suit.

(4) Where there is an adverse party, such suit may be instituted against the party in interest as shown by the records of the United States Patent and Trademark Office at the time of the decision complained of, but any party in interest may become a party to the action. If there be adverse parties residing in a plurality of districts not embraced within the same State, or an

adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs.

§ 22 (15 U.S.C. § 1072). Registration as constructive notice of claim of ownership

Registration of a mark on the principal register provided by this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof.

SUBCHAPTER II—THE SUPPLEMENTAL REGISTER

§ 23 (15 U.S.C. § 1091). Supplemental register

(a) Marks registerable

In addition to the principal register, the Director shall keep a continuation of the register provided in paragraph (b) of section 1 of the Act of March 19, 1920, entitled "An Act to give effect to certain provisions of the convention for the protection of trademarks and commercial names, made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes", to be called the supplemental register. All marks capable of distinguishing applicant's goods or services and not registrable on the principal register provided in this chapter, except those declared to be unregistrable under subsections (a), (b), (c), (d), and (e)(3) of section 1052 [§2] of this title, which are in lawful use in commerce by the owner thereof, on or in connection with any goods or services may be registered on the supplemental register upon the payment of the prescribed fee and compliance with the provisions of subsections (a) and (e) of section 1051 [§1] of this title so far as they are applicable. Nothing in this section shall prevent the registration on the supplemental register of a mark, capable of distinguishing the applicant's goods or services and not registrable on the principal register under this chapter, that is declared to be unregistrable under section 1052(e)(3) [§2(e)(3)] of this title, if such mark has been in lawful use in commerce by the owner thereof, on or in connection with any goods or services, since before December 8, 1993.

(b) Application and proceedings for registration

Upon the filing of an application for registration on the supplemental register and payment of the prescribed fee the Director shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and if on such examination it shall appear that the applicant is entitled to registration, the registration shall be granted. If the applicant is

found not entitled to registration the provisions of subsection (b) of section 1062 [§12] of this title shall apply.

(c) Nature of mark

For the purposes of registration on the supplemental register, a mark may consist of any trademark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, device, any matter that as a whole is not functional, or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services.

§ 24 (15 U.S.C. § 1092). Publication; not subject to opposition; cancellation

Marks for the supplemental register shall not be published for or be subject to opposition, but shall be published on registration in the Official Gazette of the Patent and Trademark Office. Whenever any person believes that such person is or will be damaged by the registration of a mark on the supplemental register—

(1) for which the effective filing date is after the date on which such person's mark became famous and which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) [§43(c)] of this title; or

(2) on grounds other than dilution by blurring or dilution by tarnishment, such person may at any time, upon payment of the prescribed fee and the filing of a petition stating the ground therefor, apply to the Director to cancel such registration. The Director shall refer such application to the Trademark Trial and Appeal Board which shall give notice thereof to the registrant. If it is found after a hearing before the Board that the registrant is not entitled to registration, or that the mark has been abandoned, the registration shall be canceled by the Director, unless the Director reconsiders the decision of the Board, and modifies or sets aside, such decision. However, no final judgment shall be entered in favor of an applicant under section 1051(b) [§1(b)] of this title before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 1057(c) [§7(c)] of this title.

§ 25 (15 U.S.C. § 1093). Registration certificates for marks on principal and supplemental registers to be different

The certificates of registration for marks registered on the supplemental register shall be conspicuously different from certificates issued for marks registered on the principal register.

§ 26 (15 U.S.C. § 1094). Provisions of chapter applicable to registrations on supplemental register

The provisions of this chapter shall govern so far as applicable applications for registration and

registrations on the supplemental register as well as those on the principal register, but applications for and registrations on the supplemental register shall not be subject to or receive the advantages of sections 1051(b), 1052(e), 1052(f), 1057(b), 1057(c), 1062(a), 1063 to 1068, inclusive, 1072, 1115 and 1124 [§§1(b), 2(e), 2(f), 7 (b), 7(c), 12(a), 13–18, 22, 33, 42] of this title. Registrations on the supplemental register shall be subject to ex parte expungement and ex parte reexamination under sections 1066a and 1066b of this title, respectively.

§ 27 (15 U.S.C. § 1095). Registration on principal register not precluded

Registration of a mark on the supplemental register, or under the Act of March 19, 1920, shall not preclude registration by the registrant on the principal register established by this chapter. Registration of a mark on the supplemental register shall not constitute an admission that the mark has not acquired distinctiveness.

§ 28 (15 U.S.C. § 1096). Registration on supplemental register not used to stop importations

Registration on the supplemental register or under the Act of March 19, 1920, shall not be filed in the Department of the Treasury or be used to stop importations.

SUBCHAPTER III—GENERAL PROVISIONS

§ 29 (15 U.S.C. § 1111). Notice of registration; display with mark; recovery of profits and damages in infringement suit

Notwithstanding the provisions of section 1072 [§22] of this title, a registrant of a mark registered in the Patent and Trademark Office, may give notice that his mark is registered by displaying with the mark the words "Registered in U.S. Patent and Trademark Office" or "Reg. U.S. Pat. & Tm. Off." or the letter R enclosed within a circle, thus ®; and in any suit for infringement under this chapter by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this chapter unless the defendant had actual notice of the registration.

§ 30 (15 U.S.C. § 1112). Classification of goods and services; registration in plurality of classes

The Director may establish a classification of goods and services, for convenience of Patent and Trademark Office administration, but not to limit or extend the applicant's or registrant's rights. The applicant may apply to register a mark for any or all of the goods or services on or in connection with which he or she is using or has a bona fide intention to use the mark in commerce: *Provided*, That if the Director by regulation permits the filing of an application for the registration of a mark for goods or services which fall within a plurality of classes, a fee equaling the sum of

the fees for filing an application in each class shall be paid, and the Director may issue a single certificate of registration for such mark.

§ 31 (15 U.S.C. § 1113). Fees

(a) Applications; services; materials

The Director shall establish fees for the filing and processing of an application for the registration of a trademark or other mark and for all other services performed by and materials furnished by the Patent and Trademark Office related to trademarks and other marks. Fees established under this subsection may be adjusted by the Director once each year to reflect, in the aggregate, any fluctuations during the preceding 12 months in the Consumer Price Index, as determined by the Secretary of Labor. Changes of less than 1 percent may be ignored. No fee established under this section shall take effect until at least 30 days after notice of the fee has been published in the Federal Register and in the Official Gazette of the Patent and Trademark Office.

(b) Waiver; Indian products

The Director may waive the payment of any fee for any service or material related to trademarks or other marks in connection with an occasional request made by a department or agency of the Government, or any officer thereof. The Indian Arts and Crafts Board will not be charged any fee to register Government trademarks of genuineness and quality for Indian products or for products of particular Indian tribes and groups.

§ 32 (15 U.S.C. § 1114). Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the

acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term "any person" includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(2) Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter or to a person bringing an action under section 1125 [§43] (a) or (d) of this title shall be limited as follows:

(A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 1125(a) of this title shall be entitled as against such infringer or violator only to an injunction against future printing.

(B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of title 18, the remedies of the owner of the right infringed or person bringing the action under section 1125(a) of this title as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

(C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 1125(a) of this title with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or violating matter where restraining the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to the method by which publication and distribution of such periodical or transmission of such electronic

communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

(D)(i)(I) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for monetary relief or, except as provided in subclause (II), for injunctive relief, to any person for such action, regardless of whether the domain name is finally determined to infringe or dilute the mark.

(II) A domain name registrar, domain name registry, or other domain name registration authority described in subclause (I) may be subject to injunctive relief only if such registrar, registry, or other registration authority has—

(aa) not expeditiously deposited with a court, in which an action has been filed regarding the disposition of the domain name, documents sufficient for the court to establish the court's control and authority regarding the disposition of the registration and use of the domain name;

(bb) transferred, suspended, or otherwise modified the domain name during the pendency of the action, except upon order of the court; or

(cc) willfully failed to comply with any such court order.

(ii) An action referred to under clause (i)(I) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name—

(I) in compliance with a court order under section 1125(d) of this title; or

(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark.

(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.

(iv) If a registrar, registry, or other registration authority takes an action described under clause (ii) based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs

and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.

(v) A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.

(E) As used in this paragraph—

(i) the term "violator" means a person who violates section 1125(a) [§43(a)] of this title; and

(ii) the term "violating matter" means matter that is the subject of a violation under section 1125(a) of this title.

(3)(A) Any person who engages in the conduct described in paragraph (11) of section 110 of title 17 and who complies with the requirements set forth in that paragraph is not liable on account of such conduct for a violation of any right under this chapter. This subparagraph does not preclude liability, nor shall it be construed to restrict the defenses or limitations on rights granted under this chapter, of a person for conduct not described in paragraph (11) of section 110 of title 17, even if that person also engages in conduct described in paragraph (11) of section 110 of such title.

(B) A manufacturer, licensee, or licensor of technology that enables the making of limited portions of audio or video content of a motion picture imperceptible as described in subparagraph (A) is not liable on account of such manufacture or license for a violation of any right under this chapter, if such manufacturer, licensee, or licensor ensures that the technology provides a clear and conspicuous notice at the beginning of each performance that the performance of the motion picture is altered from the performance intended by the director or copyright holder of the motion picture. The limitations on liability in subparagraph (A) and this subparagraph shall not apply to a manufacturer, licensee, or licensor of technology that fails to comply with this paragraph.

(C) The requirement under subparagraph (B) to provide notice shall apply only with respect to technology manufactured after the end of the 180-day period beginning on April 27, 2005.

(D) Any failure by a manufacturer, licensee, or licensor of technology to qualify for the exemption under subparagraphs (A) and (B) shall not be construed to create an inference that

any such party that engages in conduct described in paragraph (11) of section 110 of title 17 is liable for trademark infringement by reason of such conduct.

§ 33 (15 U.S.C. § 1115). Registration on principal register as evidence of exclusive right to use mark; defenses

(a) Evidentiary value; defenses

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b) of this section, which might have been asserted if such mark had not been registered.

(b) Incontestability; defenses

To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 [§15] of this title, or in the renewal application filed under the provisions of section 1059 [§9] of this title if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 [§32] of this title, and shall be subject to the following defenses or defects:

- (1) That the registration or the incontestable right to use the mark was obtained fraudulently;
or
- (2) That the mark has been abandoned by the registrant; or
- (3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise

than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057(c) [§7(c)] of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 [§12] of this title: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That the mark is functional; or

(9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

§ 34 (15 U.S.C. § 1116). Injunctions; enforcement; notice of filing suit given Director

(a) The several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under subsection (a), (c), or (d) of section 1125 [§43] of this title. A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction or temporary restraining order. Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of

the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

(b) The said courts shall have jurisdiction to enforce said injunction, as herein provided, as fully as if the injunction had been granted by the district court in which it is sought to be enforced. The clerk of the court or judge granting the injunction shall, when required to do so by the court before which application to enforce said injunction is made, transfer without delay to said court a certified copy of all papers on file in his office upon which said injunction was granted.

(c) It shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding involving a mark registered under the provisions of this chapter to give notice thereof in writing to the Director setting forth in order so far as known the names and addresses of the litigants and the designating number or numbers of the registration or registrations upon which the action, suit, or proceeding has been brought, and in the event any other registration be subsequently included in the action, suit, or proceeding by amendment, answer, or other pleading, the clerk shall give like notice thereof to the Director, and within one month after the judgment is entered or an appeal is taken the clerk of the court shall give notice thereof to the Director, and it shall be the duty of the Director on receipt of such notice forthwith to endorse the same upon the file wrapper of the said registration or registrations and to incorporate the same as a part of the contents of said file wrapper.

(d) (1)(A) In the case of a civil action arising under section 1114(1)(a) [§32(1)(a)] of this title or section 220506 of title 36 with respect to a violation that consists of using a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services, the court may, upon ex parte application, grant an order under subsection (a) of this section pursuant to this subsection providing for the seizure of goods and counterfeit marks involved in such violation and the means of making such marks, and records documenting the manufacture, sale, or receipt of things involved in such violation.

(B) As used in this subsection the term "counterfeit mark" means—

(i) a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered; or

(ii) a spurious designation that is identical with, or substantially indistinguishable from, a designation as to which the remedies of this chapter are made available by reason of

section 220506 of title 36;

but such term does not include any mark or designation used on or in connection with goods or services of which the manufacture or producer was, at the time of the manufacture or production in question authorized to use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.

(2) The court shall not receive an application under this subsection unless the applicant has given such notice of the application as is reasonable under the circumstances to the United States attorney for the judicial district in which such order is sought. Such attorney may participate in the proceedings arising under such application if such proceedings may affect evidence of an offense against the United States. The court may deny such application if the court determines that the public interest in a potential prosecution so requires.

(3) The application for an order under this subsection shall—

(A) be based on an affidavit or the verified complaint establishing facts sufficient to support the findings of fact and conclusions of law required for such order; and

(B) contain the additional information required by paragraph (5) of this subsection to be set forth in such order.

(4) The court shall not grant such an application unless—

(A) the person obtaining an order under this subsection provides the security determined adequate by the court for the payment of such damages as any person may be entitled to recover as a result of a wrongful seizure or wrongful attempted seizure under this subsection; and

(B) the court finds that it clearly appears from specific facts that—

(i) an order other than an ex parte seizure order is not adequate to achieve the purposes of section 1114 [§32] of this title;

(ii) the applicant has not publicized the requested seizure;

(iii) the applicant is likely to succeed in showing that the person against whom seizure would be ordered used a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services;

(iv) an immediate and irreparable injury will occur if such seizure is not ordered;

(v) the matter to be seized will be located at the place identified in the application;

- (vi) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application; and
 - (vii) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person.
- (5) An order under this subsection shall set forth—
- (A) the findings of fact and conclusions of law required for the order;
 - (B) a particular description of the matter to be seized, and a description of each place at which such matter is to be seized;
 - (C) the time period, which shall end not later than seven days after the date on which such order is issued, during which the seizure is to be made;
 - (D) the amount of security required to be provided under this subsection; and
 - (E) a date for the hearing required under paragraph (10) of this subsection.
- (6) The court shall take appropriate action to protect the person against whom an order under this subsection is directed from publicity, by or at the behest of the plaintiff, about such order and any seizure under such order.
- (7) Any materials seized under this subsection shall be taken into the custody of the court. The court shall enter an appropriate protective order with respect to discovery by the applicant of any records that have been seized. The protective order shall provide for appropriate procedures to assure that confidential information contained in such records is not improperly disclosed to the applicant.
- (8) An order under this subsection, together with the supporting documents, shall be sealed until the person against whom the order is directed has an opportunity to contest such order, except that any person against whom such order is issued shall have access to such order and supporting documents after the seizure has been carried out.
- (9) The court shall order that service of a copy of the order under this subsection shall be made by a Federal law enforcement officer (such as a United States marshal or an officer or agent of the United States Customs Service, Secret Service, Federal Bureau of Investigation, or Post Office) or may be made by a State or local law enforcement officer, who, upon making service, shall carry out the seizure under the order. The court shall issue orders, when appropriate, to protect the defendant from undue damage from the disclosure of trade secrets or other

confidential information during the course of the seizure, including, when appropriate, orders restricting the access of the applicant (or any agent or employee of the applicant) to such secrets or information.

(10)(A) The court shall hold a hearing, unless waived by all the parties, on the date set by the court in the order of seizure. That date shall be not sooner than ten days after the order is issued and not later than fifteen days after the order is issued, unless the applicant for the order shows good cause for another date or unless the party against whom such order is directed consents to another date for such hearing. At such hearing the party obtaining the order shall have the burden to prove that the facts supporting findings of fact and conclusions of law necessary to support such order are still in effect. If that party fails to meet that burden, the seizure order shall be dissolved or modified appropriately.

(B) In connection with a hearing under this paragraph, the court may make such orders modifying the time limits for discovery under the Rules of Civil Procedure as may be necessary to prevent the frustration of the purposes of such hearing.

(11) A person who suffers damage by reason of a wrongful seizure under this subsection has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the seizure was sought in bad faith, and, unless the court finds extenuating circumstances, to recover a reasonable attorney's fee. The court in its discretion may award prejudgment interest on relief recovered under this paragraph, at an annual interest rate established under section 6621(a)(2) of the Internal Revenue Code of 1986, commencing on the date of service of the claimant's pleading setting forth the claim under this paragraph and ending on the date such recovery is granted, or for such shorter time as the court deems appropriate.

§ 35 (15 U.S.C. § 1117). Recovery of profits, damages, and costs

(a) When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125 (a) or (d) [§43(a) or (d)] of this title, or a willful violation under section 1125(c) [§43(c)] of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 [§29] and 1114 [§32] of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sale[s] only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is

either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(b) In assessing damages under subsection (a) for any violation of section 32(1)(a) [§1114(a)] of this Act or section 220506 of title 36, United States Code, in a case involving use of a counterfeit mark or designation (as defined in section 34(d) [§1116(d)] of this Act), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee, if the violation consists of—

(1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 34(d) [§1116(d)] of this Act), in connection with the sale, offering for sale, or distribution of goods or services; or

(2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.

In such a case, the court may award prejudgment interest on such amount at an annual interest rate established under section 6621(a)(2) of the Internal Revenue Code of 1986, beginning on the date of the service of the claimant's pleadings setting forth the claim for such entry of judgment and ending on the date such entry is made, or for such shorter time as the court considers appropriate.

(c) In a case involving the use of a counterfeit mark (as defined in section 1116(d) [§34] of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a) of this section, an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of—

(1) not less than \$1000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or

(2) if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

(d) In a case involving a violation of section 1125(d)(1) [§43(d)(1)] of this title, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than \$1,000 and not

more than \$100,000 per domain name, as the court considers just.

(e) In the case of a violation referred to in this section, it shall be a rebuttable presumption that the violation is willful for purposes of determining relief if the violator, or a person acting in concert with the violator, knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar, domain name registry, or other domain name registration authority in registering, maintaining, or renewing a domain name used in connection with the violation. Nothing in this subsection limits what may be considered a willful violation under this section.

§ 36 (15 U.S.C. § 1118). Destruction of infringing articles

In any action arising under this chapter, in which a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) [§43(a)] of this title, or a willful violation under section 1125(c) [§43(c)] of this title, shall have been established, the court may order that all labels, signs, prints, packages, wrappers, receptacles, and advertisements in the possession of the defendant, bearing the registered mark or, in the case of a violation of section 1125(a) [§43(a)] of this title or a willful violation under section 1125(c) [§43(c)] of this title, the word, term, name, symbol, device, combination thereof, designation, description, or representation that is the subject of the violation, or any reproduction, counterfeit, copy, or colorable imitation thereof, and all plates, molds, matrices, and other means of making the same, shall be delivered up and destroyed. The party seeking an order under this section for destruction of articles seized under section 1116(d) [§34(d)] of this title shall give ten days' notice to the United States attorney for the judicial district in which such order is sought (unless good cause is shown for lesser notice) and such United States attorney may, if such destruction may affect evidence of an offense against the United States, seek a hearing on such destruction or participate in any hearing otherwise to be held with respect to such destruction.

§ 37 (15 U.S.C. § 1119). Power of court over registration

In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

§ 38 (15 U.S.C. § 1120). Civil liability for false or fraudulent registration

Any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.

§ 39 (15 U.S.C. § 1121). Jurisdiction of Federal courts; State and local requirements that registered trademarks be altered or displayed differently; prohibition

(a) The district and territorial courts of the United States shall have original jurisdiction and the courts of appeal of the United States (other than the United States Court of Appeals for the Federal Circuit) shall have appellate jurisdiction, of all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

(b) No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, service marks, trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differing from the display of such additional trademarks, service marks, trade names, or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.

§ 40 (15 U.S.C. § 1122). Liability of United States and States, and instrumentalities and officials thereof

(a) Waiver of sovereign immunity by the United States

The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, shall not be immune from suit in Federal or State court by any person, including any governmental or nongovernmental entity, for any violation under this chapter.

(b) Waiver of sovereign immunity by States

Any State, instrumentality of a State or any officer or employee of a State or instrumentality of a State acting in his or her official capacity, shall not be immune, under the eleventh amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal court by any person, including any governmental or nongovernmental entity for any violation under this chapter.

(c) Remedies

In a suit described in subsection (a) or (b) of this section for a violation described therein, remedies (including remedies both at law and in equity) are available for the violation to the same extent as such remedies are available for such a violation in a suit against any person other than the United States or any agency or instrumentality thereof, or any individual, firm, corporation, or other person acting for the United States and with authorization and consent of the United States, or a

State, instrumentality of a State, or officer or employee of a State or instrumentality of a State acting in his or her official capacity. Such remedies include injunctive relief under section 1116 [§34] of this title, actual damages, profits, costs and attorney's fees under section 1117 [§35] of this title, destruction of infringing articles under section 1118 [§36] of this title, the remedies provided for under sections 1114 [§32], 1119 [§37], 1120 [§38], 1124 [§42] and 1125 [§43] of this title, and for any other remedies provided under this chapter.

§ 41 (15 U.S.C. § 1123). Rules and regulations for conduct of proceedings in Patent and Trademark Office

The Director shall make rules and regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office under this chapter.

§ 42 (15 U.S.C. § 1124). Importation of goods bearing infringing marks or names forbidden

Except as provided in subsection (d) of section 1526 of title 19, no article of imported merchandise which shall copy or simulate the name of any domestic manufacture, or manufacturer, or trader, or of any manufacturer or trader located in any foreign country which, by treaty, convention, or law affords similar privileges to citizens of the United States, or which shall copy or simulate a trademark registered in accordance with the provisions of this chapter or shall bear a name or mark calculated to induce the public to believe that the article is manufactured in the United States, or that it is manufactured in any foreign country or locality other than the country or locality in which it is in fact manufactured, shall be admitted to entry at any customhouse of the United States; and, in order to aid the officers of the customs in enforcing this prohibition, any domestic manufacturer or trader, and any foreign manufacturer or trader, who is entitled under the provisions of a treaty, convention, declaration, or agreement between the United States and any foreign country to the advantages afforded by law to citizens of the United States in respect to trademarks and commercial names, may require his name and residence, and the name of the locality in which his goods are manufactured, and a copy of the certificate of registration of his trademark, issued in accordance with the provisions of this chapter, to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such regulations as the Secretary of the Treasury shall prescribe, and may furnish to the Department facsimiles of his name, the name of the locality in which his goods are manufactured, or of his registered trademark, and thereupon the Secretary of the Treasury shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs.

§ 43 (15 U.S.C. § 1125). False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods,

uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

(b) Importation

Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this chapter in cases involving goods refused entry or seized.

(c) Dilution by blurring; dilution by tarnishment

(1) Injunctive relief

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

(2) Definitions

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(B) For purposes of paragraph (1), "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- (i) The degree of similarity between the mark or trade name and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi) Any actual association between the mark or trade name and the famous mark.

(C) For purposes of paragraph (1), "dilution by tarnishment" is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

(3) Exclusions

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

- (i) advertising or promotion that permits consumers to compare goods or services; or
- (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

(4) Burden of proof

In a civil action for trade dress dilution under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that—

- (A) the claimed trade dress, taken as a whole, is not functional and is famous; and
- (B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

(5) Additional remedies

In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 1116 [§34] of this title. The owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) [§35(a)] and 1118 [§36] of this title, subject to the discretion of the court and the principles of equity if—

- (A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after October 6, 2006; and
- (B) in a claim arising under this subsection—
 - (i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or
 - (ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

(6) Ownership of valid registration a complete bar to action

The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this chapter shall be a complete bar to an action against that person, with respect to that mark, that—

(A) is brought by another person under the common law or a statute of a State; and

(B) (i) seeks to prevent dilution by blurring or dilution by tarnishment; or

(ii) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

(7) Savings clause

Nothing in this subsection shall be construed to impair, modify, or supersede the applicability of the patent laws of the United States.

(d) Cyberpiracy prevention

(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person—

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that—

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18 or section 220506 of title 36.

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to—

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c).

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but

are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

(2)(A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if—

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c) of this section; and

(ii) the court finds that the owner—

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by—

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which—

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D)(i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. Upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall—

(I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to

the court; and

(II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.

§ 44 (15 U.S.C. § 1126). International conventions

(a) Register of marks communicated by international bureaus

The Director shall keep a register of all marks communicated to him by the international bureaus provided for by the conventions for the protection of industrial property, trademarks, trade and commercial names, and the repression of unfair competition to which the United States is or may become a party, and upon the payment of the fees required by such conventions and the fees required in this chapter may place the marks so communicated upon such register. This register shall show a facsimile of the mark or trade or commercial name; the name, citizenship, and address of the registrant; the number, date, and place of the first registration of the mark, including the dates on which application for such registration was filed and granted and the term of such registration; a list of goods or services to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section 1(a) of the Act of March 19, 1920.

(b) Benefits of section to persons whose country of origin is party to convention or treaty

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

(c) Prior registration in country of origin; country of origin defined

No registration of a mark in the United States by a person described in subsection (b) of this section shall be granted until such mark has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce. For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fide and effective industrial or commercial establishment, or if he has not such an establishment the country in which he is domiciled, or if he has not a domicile in any of the countries described in subsection (b) of this section, the country of which he is a national.

(d) Right of priority

An application for registration of a mark under section 1051 [§1], 1053 [§3], 1054 [§4], or 1091 [§23] of this title or under subsection (e) of this section, filed by a person described in subsection (b) of this section who has previously duly filed an application for registration of the same mark in one of the countries described in subsection (b) of this section shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: *Provided, That—*

- (1) the application in the United States is filed within six months from the date on which the application was first filed in the foreign country;
- (2) the application conforms as nearly as practicable to the requirements of this chapter, including a statement that the applicant has a bona fide intention to use the mark in commerce;
- (3) the rights acquired by third parties before the date of the filing of the first application in the foreign country shall in no way be affected by a registration obtained on an application filed under this subsection;
- (4) nothing in this subsection shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country unless the registration is based on use in commerce.

In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country, instead of the first filed foreign application: *Provided, That* any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

(e) Registration on principal or supplemental register; copy of foreign registration

A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register in this chapter provided. Such

applicant shall submit, within such time period as may be prescribed by the Director, a true copy, a photocopy, a certification, or a certified copy of the registration in the country of origin of the applicant. The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration.

(f) Domestic registration independent of foreign registration

The registration of a mark under the provisions of subsections (c), (d), and (e) of this section by a person described in subsection (b) of this section shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this chapter.

(g) Trade or commercial names of foreign nationals protected without registration

Trade names or commercial names of persons described in subsection (b) of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

(h) Protection of foreign nationals against unfair competition

Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

(i) Citizens or residents of United States entitled to benefits of section

Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in subsection (b) of this section.

§ 45 (15 U.S.C. § 1127). Construction and definitions; intent of chapter

In the construction of this chapter, unless the contrary is plainly apparent from the context—

United States. The United States includes and embraces all territory which is under its jurisdiction and control.

Commerce. The word "commerce" means all commerce which may lawfully be regulated by Congress.

Principal Register. The term "principal register" refers to the register provided for by sections 1051 [§1] to 1072 [§22] of this title, and the term "supplemental register" refers to the register provided for by sections 1091 [§23] to 1096 [§28] of this title.

Person. The term "person" and any other word or term used to designate the applicant or other

entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term "person" also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

The term "person" also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

Applicant, registrant. The terms "applicant" and "registrant" embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

Director. The term "Director" means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

Related Company. The term "related company" means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

Trade name, commercial name. The terms "trade name" and "commercial name" mean any name used by a person to identify his or her business or vocation.

Trademark. The term "trademark" includes any word, name, symbol, or device, or any combination thereof—

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

Service mark. The term "service mark" means any word, name, symbol, or device, or any combination thereof—

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

Certification mark. The term "certification mark" means any word, name, symbol, or device, or any combination thereof—

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter, to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

Collective mark. The term "collective mark" means a trademark or service mark—

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization.

Mark. The term "mark" includes any trademark, service mark, collective mark, or certification mark.

Use in commerce. The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

Abandonment. A mark shall be deemed to be "abandoned" if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

Colorable imitation. The term "colorable imitation" includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

Registered mark. The term "registered mark" means a mark registered in the United States Patent and Trademark Office under this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase "marks registered in the Patent and Trademark Office" means registered marks.

Prior Acts. The term "Act of March 3, 1881", "Act of February 20, 1905", or "Act of March 19, 1920", means the respective Act as amended.

Counterfeit. A "counterfeit" is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

Domain name. The term "domain name" means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.

Internet. The term "Internet" has the meaning given that term in section 230(f)(1) of title 47.

Singular and plural. Words used in the singular include the plural and vice versa.

Intent of Act. The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect

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

15 U.S.C. § 8131. Cyberpiracy protections for individuals⁰

(1) In general

(A) Civil liability

Any person who registers a domain name that consists of the name of another living person, or a name substantially and confusingly similar thereto, without that person's consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person.

(B) Exception

A person who in good faith registers a domain name consisting of the name of another living person, or a name substantially and confusingly similar thereto, shall not be liable under this paragraph if such name is used in, affiliated with, or related to a work of authorship protected under title 17, including a work made for hire as defined in section 101 of title 17, and if the person registering the domain name is the copyright owner or licensee of the work, the person intends to sell the domain name in conjunction with the lawful exploitation of the work, and such registration is not prohibited by a contract between the registrant and the named person. The exception under this subparagraph shall apply only to a civil action brought under paragraph (1) and shall in no manner limit the protections afforded under the Trademark Act of 1946 (15 U.S.C. 1051 et seq.) or other provision of Federal or State law.

(2) Remedies

In any civil action brought under paragraph (1), a court may award injunctive relief, including the forfeiture or cancellation of the domain name or the transfer of the domain name to the plaintiff. The court may also, in its discretion, award costs and attorneys fees to the prevailing party.

⁰[Editors' note: This section was enacted as part of the *Anticybersquatting Consumer Protection Act*, and was originally codified at 15 U.S.C. § 1129.]

(3) Definition

In this section, the term "domain name" has the meaning given that term in section 45 of the Trademark Act of 1946 (15 U.S.C. 1127).

(4) Effective date

This section shall apply to domain names registered on or after November 29, 1999.

SUBCHAPTER IV—THE MADRID PROTOCOL

§ 60 (15 U.S.C. § 1141). Definitions

In this subchapter:

(1) Basic application

The term "basic application" means the application for the registration of a mark that has been filed with an Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark.

(2) Basic registration

The term "basic registration" means the registration of a mark that has been granted by an Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark.

(3) Contracting Party

The term "Contracting Party" means any country or inter-governmental organization that is a party to the Madrid Protocol.

(4) Date of recordal

The term "date of recordal" means the date on which a request for extension of protection, filed after an international registration is granted, is recorded on the International Register.

(5) Declaration of bona fide intention to use the mark in commerce

The term "declaration of bona fide intention to use the mark in commerce" means a declaration that is signed by the applicant for, or holder of, an international registration who is seeking extension of protection of a mark to the United States and that contains a statement that—

- (A) the applicant or holder has a bona fide intention to use the mark in commerce;

(B) the person making the declaration believes himself or herself, or the firm, corporation, or association in whose behalf he or she makes the declaration, to be entitled to use the mark in commerce; and

(C) no other person, firm, corporation, or association, to the best of his or her knowledge and belief, has the right to use such mark in commerce either in the identical form of the mark or in such near resemblance to the mark as to be likely, when used on or in connection with the goods of such other person, firm, corporation, or association, to cause confusion, mistake, or deception.

(6) Extension of protection

The term "extension of protection" means the protection resulting from an international registration that extends to the United States at the request of the holder of the international registration, in accordance with the Madrid Protocol.

(7) Holder of an international registration

A "holder" of an international registration is the natural or juristic person in whose name the international registration is recorded on the International Register.

(8) International application

The term "international application" means an application for international registration that is filed under the Madrid Protocol.

(9) International Bureau

The term "International Bureau" means the International Bureau of the World Intellectual Property Organization.

(10) International Register

The term "International Register" means the official collection of data concerning international registrations maintained by the International Bureau that the Madrid Protocol or its implementing regulations require or permit to be recorded.

(11) International registration

The term "international registration" means the registration of a mark granted under the Madrid Protocol.

(12) International registration date

The term "international registration date" means the date assigned to the international registration

by the International Bureau.

(13) Madrid Protocol

The term "Madrid Protocol" means the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid, Spain, on June 27, 1989.

(14) Notification of refusal

The term "notification of refusal" means the notice sent by the United States Patent and Trademark Office to the International Bureau declaring that an extension of protection cannot be granted.

(15) Office of a Contracting Party

The term "Office of a Contracting Party" means—

- (A) the office, or governmental entity, of a Contracting Party that is responsible for the registration of marks; or
- (B) the common office, or governmental entity, of more than 1 Contracting Party that is responsible for the registration of marks and is so recognized by the International Bureau.

(16) Office of origin

The term "office of origin" means the Office of a Contracting Party with which a basic application was filed or by which a basic registration was granted.

(17) Opposition period

The term "opposition period" means the time allowed for filing an opposition in the United States Patent and Trademark Office, including any extension of time granted under section 1063 of this title.

§ 61 (15 U.S.C. § 1141a). International applications based on United States applications or registrations

(a) In general

The owner of a basic application pending before the United States Patent and Trademark Office, or the owner of a basic registration granted by the United States Patent and Trademark Office may file an international application by submitting to the United States Patent and Trademark Office a written application in such form, together with such fees, as may be prescribed by the Director.

(b) Qualified owners

A qualified owner, under subsection (a) of this section, shall—

- (1) be a national of the United States;
- (2) be domiciled in the United States; or
- (3) have a real and effective industrial or commercial establishment in the United States.

§ 62 (15 U.S.C. § 1141b). Certification of the international application

(a) Certification procedure

Upon the filing of an application for international registration and payment of the prescribed fees, the Director shall examine the international application for the purpose of certifying that the information contained in the international application corresponds to the information contained in the basic application or basic registration at the time of the certification.

(b) Transmittal

Upon examination and certification of the international application, the Director shall transmit the international application to the International Bureau.

§ 63 (15 U.S.C. § 1141c). Restriction, abandonment, cancellation, or expiration of a basic application or basic registration

With respect to an international application transmitted to the International Bureau under section 1141b [§62] of this title, the Director shall notify the International Bureau whenever the basic application or basic registration which is the basis for the international application has been restricted, abandoned, or canceled, or has expired, with respect to some or all of the goods and services listed in the international registration—

- (1) within 5 years after the international registration date; or
- (2) more than 5 years after the international registration date if the restriction, abandonment, or cancellation of the basic application or basic registration resulted from an action that began before the end of that 5-year period.

§ 64 (15 U.S.C. § 1141d). Request for extension of protection subsequent to international registration

The holder of an international registration that is based upon a basic application filed with the United States Patent and Trademark Office or a basic registration granted by the Patent and Trademark Office may request an extension of protection of its international registration by filing such a request—

- (1) directly with the International Bureau; or
- (2) with the United States Patent and Trademark Office for transmittal to the International Bureau, if the request is in such form, and contains such transmittal fee, as may be prescribed by the Director.

§ 65 (15 U.S.C. § 1141e). Extension of protection of an international registration to the United States under the Madrid Protocol

(a) In general

Subject to the provisions of section 1141h [§68] of this title, the holder of an international registration shall be entitled to the benefits of extension of protection of that international registration to the United States to the extent necessary to give effect to any provision of the Madrid Protocol.

(b) If the United States is office of origin

Where the United States Patent and Trademark Office is the office of origin for a trademark application or registration, any international registration based on such application or registration cannot be used to obtain the benefits of the Madrid Protocol in the United States.

§ 66 (15 U.S.C. § 1141f). Effect of filing a request for extension of protection of an international registration to the United States

(a) Requirement for request for extension of protection

A request for extension of protection of an international registration to the United States that the International Bureau transmits to the United States Patent and Trademark Office shall be deemed to be properly filed in the United States if such request, when received by the International Bureau, has attached to it a declaration of bona fide intention to use the mark in commerce that is verified by the applicant for, or holder of, the international registration.

(b) Effect of proper filing

Unless extension of protection is refused under section 1141h [§68] of this title, the proper filing of the request for extension of protection under subsection (a) of this section shall constitute constructive use of the mark, conferring the same rights as those specified in section 1057(c) [§7(c)] of this title, as of the earliest of the following:

- (1) The international registration date, if the request for extension of protection was filed in the international application.
- (2) The date of recordal of the request for extension of protection, if the request for extension

of protection was made after the international registration date.

(3) The date of priority claimed pursuant to section 1141g [§67] of this title.

§ 67 (15 U.S.C. § 1141g). Right of priority for request for extension of protection to the United States

The holder of an international registration with a request for an extension of protection to the United States shall be entitled to claim a date of priority based on a right of priority within the meaning of Article 4 of the Paris Convention for the Protection of Industrial Property if—

(1) the request for extension of protection contains a claim of priority; and

(2) the date of international registration or the date of the recordal of the request for extension of protection to the United States is not later than 6 months after the date of the first regular national filing (within the meaning of Article 4(A)(3) of the Paris Convention for the Protection of Industrial Property) or a subsequent application (within the meaning of Article 4(C)(4) of the Paris Convention for the Protection of Industrial Property).

§ 68 (15 U.S.C. § 1141h). Examination of and opposition to request for extension of protection; notification of refusal

(a) Examination and opposition

(1) A request for extension of protection described in section 1141f(a) [§66(a)] of this title shall be examined as an application for registration on the Principal Register under this chapter, and if on such examination it appears that the applicant is entitled to extension of protection under this subchapter, the Director shall cause the mark to be published in the Official Gazette of the United States Patent and Trademark Office.

(2) Subject to the provisions of subsection (c) of this section, a request for extension of protection under this subchapter shall be subject to opposition under section 1063 [§13] of this title.

(3) Extension of protection shall not be refused on the ground that the mark has not been used in commerce.

(4) Extension of protection shall be refused to any mark not registrable on the Principal Register.

(b) Notification of refusal

If, a request for extension of protection is refused under subsection (a) of this section, the Director shall declare in a notification of refusal (as provided in subsection (c) of this section) that the extension of protection cannot be granted, together with a statement of all grounds on which the refusal was based.

(c) Notice to International Bureau

(1) Within 18 months after the date on which the International Bureau transmits to the Patent and Trademark Office a notification of a request for extension of protection, the Director shall transmit to the International Bureau any of the following that applies to such request:

(A) A notification of refusal based on an examination of the request for extension of protection.

(B) A notification of refusal based on the filing of an opposition to the request.

(C) A notification of the possibility that an opposition to the request may be filed after the end of that 18-month period.

(2) If the Director has sent a notification of the possibility of opposition under paragraph (1)(C), the Director shall, if applicable, transmit to the International Bureau a notification of refusal on the basis of the opposition, together with a statement of all the grounds for the opposition, within 7 months after the beginning of the opposition period or within 1 month after the end of the opposition period, whichever is earlier.

(3) If a notification of refusal of a request for extension of protection is transmitted under paragraph (1) or (2), no grounds for refusal of such request other than those set forth in such notification may be transmitted to the International Bureau by the Director after the expiration of the time periods set forth in paragraph (1) or (2), as the case may be.

(4) If a notification specified in paragraph (1) or (2) is not sent to the International Bureau within the time period set forth in such paragraph, with respect to a request for extension of protection, the request for extension of protection shall not be refused and the Director shall issue a certificate of extension of protection pursuant to the request.

(d) Designation of agent for service of process

In responding to a notification of refusal with respect to a mark, the holder of the international registration of the mark may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person residing in the United States on whom notices or process in proceedings affecting the mark may be served. Such notices or process may be served upon the person designated by leaving with that person, or mailing to that person, a copy thereof at the address specified in the last designation filed. If the person designated cannot be found at

the address given in the last designation, or if the holder does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person residing in the United States for service of notices or process in proceedings affecting the mark, the notice or process may be served on the Director.

§ 69 (15 U.S.C. § 1141i). Effect of extension of protection

(a) Issuance of extension of protection

Unless a request for extension of protection is refused under section 1141h [§68] of this title, the Director shall issue a certificate of extension of protection pursuant to the request and shall cause notice of such certificate of extension of protection to be published in the Official Gazette of the United States Patent and Trademark Office.

(b) Effect of extension of protection

From the date on which a certificate of extension of protection is issued under subsection (a) of this section—

- (1) such extension of protection shall have the same effect and validity as a registration on the Principal Register; and
- (2) the holder of the international registration shall have the same rights and remedies as the owner of a registration on the Principal Register.

§ 70 (15 U.S.C. § 1141j). Dependence of extension of protection to the United States on the underlying international registration

(a) Effect of cancellation of international registration

If the International Bureau notifies the United States Patent and Trademark Office of the cancellation of an international registration with respect to some or all of the goods and services listed in the international registration, the Director shall cancel any extension of protection to the United States with respect to such goods and services as of the date on which the international registration was canceled.

(b) Effect of failure to renew international registration

If the International Bureau does not renew an international registration, the corresponding extension of protection to the United States shall cease to be valid as of the date of the expiration of the international registration.

(c) Transformation of an extension of protection into a United States application

The holder of an international registration canceled in whole or in part by the International Bureau at the request of the office of origin, under article 6(4) of the Madrid Protocol, may file an application, under section 1051 [§1] or 1126 [§44] of this title, for the registration of the same mark for any of the goods and services to which the cancellation applies that were covered by an extension of protection to the United States based on that international registration. Such an application shall be treated as if it had been filed on the international registration date or the date of recordal of the request for extension of protection with the International Bureau, whichever date applies, and, if the extension of protection enjoyed priority under section 1141g [§67] of this title, shall enjoy the same priority. Such an application shall be entitled to the benefits conferred by this subsection only if the application is filed not later than 3 months after the date on which the international registration was canceled, in whole or in part, and only if the application complies with all the requirements of this chapter which apply to any application filed pursuant to section 1051 [§1] or 1126 [§44] of this title.

§ 71 (15 U.S.C. § 1141k). Duration, affidavits and fees

(a) Time periods for required affidavits

Each extension of protection for which a certificate has been issued under section 69 [15 USC §1141i] shall remain in force for the term of the international registration upon which it is based, except that the extension of protection of any mark shall be canceled by the Director unless the holder of the international registration files in the United States Patent and Trademark Office affidavits that meet the requirements of subsection (b), within the following time periods:

- (1) Within the 1–year period immediately preceding the expiration of 6 years following the date of issuance of the certificate of extension of protection.
- (2) Within the 1–year period immediately preceding the expiration of 10 years following the date of issuance of the certificate of extension of protection, and each successive 10–year period following the date of issuance of the certificate of extension of protection.
- (3) The holder may file the affidavit required under this section within a grace period of 6 months after the end of the applicable time period established in paragraph (1) or (2), together with the fee described in subsection (b) and the additional grace period surcharge prescribed by the Director.

(b) Requirements for affidavit

The affidavit referred to in subsection (a) shall—

- (1)(A) state that the mark is in use in commerce;
- (B) set forth the goods and services recited in the extension of protection on or in connection with which the mark is in use in commerce;

(C) be accompanied by such number of specimens or facsimiles showing current use of the mark in commerce as may be required by the Director; and

(D) be accompanied by the fee prescribed by the Director; or

(2)(A) set forth the goods and services recited in the extension of protection on or in connection with which the mark is not in use in commerce;

(B) include a showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark; and

(C) be accompanied by the fee prescribed by the Director.

(c) Deficient affidavit

If any submission filed within the period set forth in subsection (a) is deficient, including that the affidavit was not filed in the name of the holder of the international registration, the deficiency may be corrected after the statutory time period, within the time prescribed after notification of the deficiency. Such submission shall be accompanied by the additional deficiency surcharge prescribed by the Director.

(d) Notice of requirement

Special notice of the requirement for such affidavit shall be attached to each certificate of extension of protection.

(e) Notification of acceptance or refusal

The Director shall notify the holder of the international registration who files any affidavit required by this section of the Director's acceptance or refusal thereof and, in the case of a refusal, the reasons therefor.

(f) Designation of resident for service of process and notices

If the holder of the international registration of the mark is not domiciled in the United States, the holder may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person or mailing to that person a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the last designated address, or if the holder does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark, such notices or process

may be served on the Director.

§ 72 (15 U.S.C. § 1141l). Assignment of an extension of protection

An extension of protection may be assigned, together with the goodwill associated with the mark, only to a person who is a national of, is domiciled in, or has a bona fide and effective industrial or commercial establishment either in a country that is a Contracting Party or in a country that is a member of an intergovernmental organization that is a Contracting Party.

§ 73 (15 U.S.C. § 1141m). Incontestability

The period of continuous use prescribed under section 1065 [§15] of this title for a mark covered by an extension of protection issued under this subchapter may begin no earlier than the date on which the Director issues the certificate of the extension of protection under section 1141i [§69] of this title, except as provided in section 1141n [§74] of this title.

§ 74 (15 U.S.C. § 1141n). Rights of extension of protection

When a United States registration and a subsequently issued certificate of extension of protection to the United States are owned by the same person, identify the same mark, and list the same goods or services, the extension of protection shall have the same rights that accrued to the registration prior to issuance of the certificate of extension of protection.