TRADEMARK AND UNFAIR COMPETITION

CASEY, FALL 2014

UNFAIR COMPETITION

* Lanham Act was adopted on July 5, 1946.
* **§ 43(a)** gives cause of action for **all** unfair competition claims (registration not required):
  + 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—
    - 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
    - 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.
* Because publicity rights, trade secret laws, and the general misappropriation doctrine are all creatures of state law, there is often a conflict between state and federal laws. The state law must give way to the superior federal doctrine.
* **Types of unfair competition**: TM infringement, false advertising, trade libel, general misappropriation, misappropriation of trade secrets, infringement of right of publicity, trade name infringement, trade dress copying.

* **General Misappropriation**
  + In a misappropriation claim, a D is accused of copying or appropriating a P’s creation that is not protected by trademark, copyright or patent law.
  + **Elements of Misappropriation** (McCarthy)
    - P has made a substantial investment of time, effort and money into creating the thing misappropriated such that the court can characterize the “thing” as a kind of property right
    - D has appropriated the “thing” at little or no cost, such that the court can characterize defendant’s actions as “reaping where it has not sewn,” and
    - D has injured P by the misappropriation
    - *Note* that the “thing” being misappropriated must have concrete elements and be more than a mere idea or way of doing something. For instance, if someone comes up with the idea of a restaurant where all the servers where roller skates, others are free to copy such an idea without incurring liability under misappropriation theory.
  + ***INS v. AP*** (SCOTUS) [Misappropriating someone else’s work case/Holmes compromise]
    - **F&I:** International News Service (INS) and the Associated Press (AP) were news organizations that wrote stories and sold them to newspapers. AP sued INS for getting pre-publication copies of AP's stories, and then repackaging and selling the stories to INS's client newspapers. This is not a copyright case because the news is not copyrightable, and D didn’t directly copy P’s words.
    - **H:** whether D may lawfully be restrained from appropriating news taken from bulletins issued by P or any of its members, or from newspapers published by them, for the purpose of selling it to D’s clients, thereby undercutting competition.
    - **D:**
      * This case is the genesis of unfair competition law.
      * Majority doesn’t worry about public interest here. Instead, it is more concerned with the work that AP performed and that they should be rewarded for their own labor. INS argued that when AP posted the news on its bulletin boards, it became public information. Again, majority wasn’t concerned with the public, but with INS actions. INS is reaping what it had not sown.
      * Brandeis dissented. Not very nice to do, but this is an issue for legislature, not courts. Not moral, but not a problem for court to decide. If the property is private, then it is a different story, but because the news is public “quasi property”, it does not have the same protections as private property.
      * Holmes dissented. “**The Holmes Compromise**” -> use a disclaimer! If INS publishes a story, it implies to the public that INS gathered the information. His compromise is that INS should have disclosed the fact that they got the news from AP. This is the winning decision in terms of trademark.
* **The Right of Publicity**
  + The right to publicity is considered IP. It is a more expansive right than the other forms of IP b/c it does not require a showing of likelihood of confusion. The right of publicity is synonymous with the misappropriation of one’s name or likeness. Intended to protect the value of a celebrity’s notoriety or skill. The tort does not protect the use of the celebrity’s name per se, but rather the value associated with that name.
  + A person’s right of publicity may be violated when D employs an aspect of that person’s persona in a manner that symbolizes or identifies the person such as the use of a name, nickname, voice, picture, performing style, distinctive characteristics, or other indicia closely associated with a person.
  + ***Henley v Dillard Dep’t Stores*** [Don Henley publicity case]
    - **F&I:** Don Henley sued Dillard’s because Dillard’s ran an ad for a “henley” shirt featuring a photo of a man wearing a Henley shirt with the words “This is Don” in large print, pointing at his head, and the words “This is Don’s henley” with an arrow pointing at the shirt. Did Don Henley have a right to enjoin the use of his persona?
    - **H:** Yes.
    - **Three Elements**

1. D appropriated the π’s name or likeness for the value associated with it, and not in an incidental manner or for a newsworthy purpose (must be *purposeful*),
   * Name and likeness doesn’t necessarily have to be a picture or the name listed verbatim. In this case, there was a pretty clear play on words. A nickname perhaps, or a pseudonym. Johnny Carson sued for misappropriation of “Here’s Johnny” by a toilet company. Must be intentional!! Incidental usage of someone’s name or likeness is usually forgivable, as it doesn’t meet the first element.
2. P can be identified from the publication
   * This is really easy to prove. Must be more than de minimis. In this case, there was empirical data on how many people identified Don Henley (a lot). Also, look to the intent of the publisher of the ad.
3. There was some discernable benefit to the D.
   * Is there a commercial advantage? D argued that they actually lost money using this ad, but the court held that because the *intent* was to increase sales, it was commercially advantageous

* **Trade Secrets and Other Confidential Information**
  + **Definition of trade secret** (Rst Torts 757):
    - A trade secret may consist of any formula, pattern, device or compilation of information which is used in one’s business, and which gives him an opportunity obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers.”
    - A trade secret must be *secret*, and must not be of public knowledge or of a general knowledge in the trade/business. This necessary element is not lost, however, if the holder of the trade secret reveals the trade secret to another in confidence and under an implied or express obligation not to use or disclose it -> usually licensees.
  + Similar to patent because it incentivizes the public to create new methods to be created. The big worry is *reverse engineering*, which is completely legal. Trade secrets aren’t given monopoly protection like patents.
  + Novelty, in the patent law sense, is NOT required for a trade secret. However, some novelty will be required if merely because that which does not possess novelty is usually known. Secrecy in the context of trade secrets thus implies at least minimal novelty.
  + **Protections accorded by trade secret law:** against the disclosure or unauthorized use of the trade secret by those to whom the secret to whom the secret has been confided under *the express or implied* restriction of nondisclosure or nonuse. The law also protects the holder of a secret against disclosure or use when the knowledge is gained, not by the owner’s volition, but by some improper means i.e. theft, wiretapping, etc. On the other hand, trade secret law does not protect against discovery by fair and honest means i.e. independent invention, accidental disclosure, or reverse engineering.
  + ***Kewanee Oil Co. v. Bicron Corp*** (SCOTUS) [crystal growing trade secret case]
    - **F&I:** Harshaw (owned by Kewanee) was a chemical company that grew crystals. As a condition of employment at Harshaw, employees, as a condition of employment, signed contracts forbidding them from disclosing confidential information or trade secrets obtained as employees. Later, some employees formed Bicron to compete against Harshaw, using the crystal growing methods from Harshaw. Issue was whether federal patent laws preempt state trade secret laws.
    - **H:** Yes.
    - **D:** Trade secret law is NOT preempted by federal patent law. They are sufficiently different. Trade secrets are more of a gamble, but in certain cases, i.e. if it is less likely to be reverse engineered, then trade secret might be a better bet than patent protection.
  + ***E.I Dupont v Christoper*** [industrial espionage/airplane spying case]
    - **F&I:** D hired to take aerial photos of P’s plant that was under construction. Within and around the plant was secret stuff that P took reasonable precautions to keep hidden. Issue was whether the spying was considered improper means of learning a trade secret.
    - **H:** Yes. While there is nothing inherently wrong with taking pictures from the air, in this case, D was purposefully taking pictures of stuff that was supposed to be kept secret, and D knew that.
    - **D:** Sure, P could have done even more to cover up the construction, but they took reasonable means to keep it secret. Regarding industrial espionage: “Our tolerance of the espionage game must cease when the protections required to prevent another’s spying cost so much that the spirit of inventiveness is dampened.”
      * There is a cause of action for the discovery of a trade secret by *any* improper means (i.e. theft, fraud, breach of confidence).
* **False Advertising and Disparagement**
  + Actionable under **§ 43** for causing likelihood of confusion.
  + **Elements of a False Advertising Claim:**
    - A *false statement of fact* by a D in a commercial advertisement about its own OR another’s product;
      * Falsehood can be express or implied misrepresentation
    - The statement actually *deceived* OR has the tendency to deceive a substantial segment of its audience;
      * So, potential for deception may be adequate
    - The deception is *material* in that it is likely that it is likely to influence purchasing decision;
    - The D caused its false statement to enter *interstate commerce*, AND
    - The P had been OR is likely to be *injured* as a result of the false statement, either by direct diversion or sales from itself to D OR by lessening the goodwill associated with its products.
      * *Ireperable* injury is required for a preliminary injunction
    - *Intent* is NOT REQUIRED.
  + ***Coca Cola v Tropicana*** [“unprocessed” OJ case]
    - **F&I:** Tropicana ran an ad that had Bruce Jenner claiming that their orange juice was unprocessed, etc. Coke (makers of Minute Maid) sued under **§ 43** stating that Coke has been injured because Tropicana was telling lies about its product. The commercial appears to show oranges being juiced directly into the carton, implying that’s how the product is actually made, while it is actually pasteurized, etc. Issue is whether that is considered false advertising.
    - **H:** Yes.
    - **D:** P must offer more than a mere subjective belief that he is likely to be injured as a result of the false advertising; he must submit proof that provides a reasonable basis for that belief. However, actual sales-based injury need not be shown (i.e. loss of profits). Court found that if consumers were misled by Tropicana’s commercial, then Coke would likely suffer irreparable injury, as they are direct competitors.
  + **Standing and Remedies**
    - ***Johnson & Johnson v Carter-Wallace, Inc.*** [baby oil case]
      * **F&I:** Carter advertised its Nair product to have “baby oil” in it. Johnson argued that this falsely represented that the Nair product softens and moisturizes skin, thus detracting from Johnson’s baby oil sales. Issue was whether Johnson had standing.
      * **H:** Yes. Even though Johnson was an indirect competitor, they could still suffer damage from the misrepresentation
      * **D:** A plaintiff need not show actual harm, but does need to show more than a subjective belief for an injunction. Plaintiff must show a logical causal connection between the alleged false advertising and its own sales position, which must be done with specific evidence. In this case, Johnson shows that sales of its baby oil had in fact declined.
  + **Disparagement**
    - **Commercial disparagement** is a statement which is intended to be understood to cast doubt upon the quality of the product/service of its recipient.
      * **§43** creates a cause of action for any false description or representation of a product. “While it has been stated that a failure to disclose facts is not actionable under §43(a), it is equally true that a statement is actionable under §43(a) if it affirmatively misleading, partially incorrect, or untrue as a result of a failure to disclose a material fact.”
    - **Elements:**
      * The disparaging statement of fact (NOT statement of opinion) is untrue or the disparaging statement of opinion is incorrect,
      * No privilege attaches to the statement, and
      * The P suffered a direct pecuniary loss as the result of the disparagement.
    - The difference between disparagement and defamation is disparagement attacks the quality of goods/services, not the actual person/company.
    - ***US Healthcare v Blue Cross*** [attack ad case]
      * **F&I:** The two companies used scare tactic ads to attack competing company. US Healthcare sued under **§43(a)** for misrepresentation of the competition in the ads. Issue is whether 1st Amendment protects commercial speech.
      * **H:** No.
      * **D:** Commercial speech is not constitutionally protected under 1st Amendment. There is an in-between gray area where an advertisement is partially commercial, so it gets some protection. Here, the speech in question meets all three elements for commercial speech, so it does not warrant 1st Amendment protection.
        + **Factors to consider whether speech is commercial:**

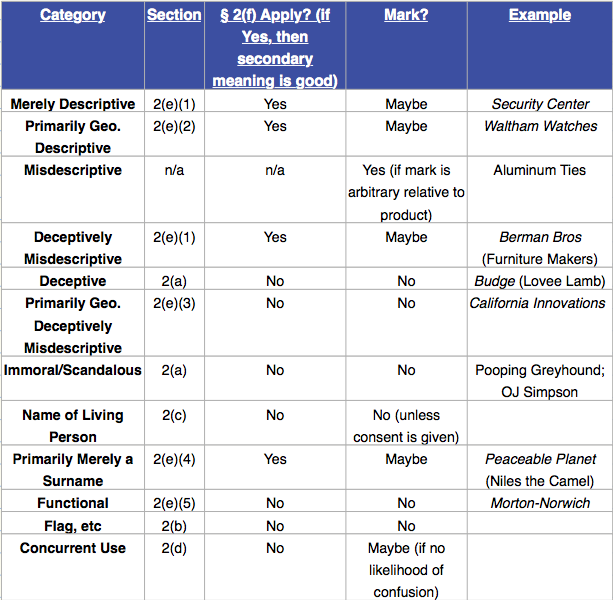
Is it an advertisement?

Does it refer to a specific service or product?

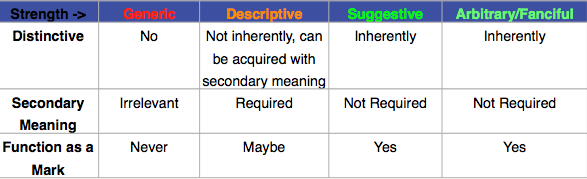
Does the speaker have an economic motivation behind the speech?

TRADEMARK

* **Jurisdiction over TM Suits**
  + If diversity factors exist, federal courts have jurisdiction to hear suits asserting both state TM law protections and federal protections, or both. However, there is rarely any real impact on using one or the other because the state and federal laws are often congruent. But still, there are distinct federal and state rights to trademark protection that can be asserted in federal court. ***Job’s Daughters*** ***v. Lindeburg***
* **Obtaining and Protecting TMs at *Common Law***
  + ***Blue Bell v Farah Mfg*** 
    - In order be to **used** in commerce, it must be more than intra-company use. Must be *bona fide* use in commerce. Here, internal sales to store managers by manufacturer was not a bona fide, public use.
    - This case was in 1975, prior to the 1988 adoption of the ITU applications**.**
* **Obtaining Federal TM Rights, and What Those Rights Provide**
  + **5 bases for TM application** 
    - **Use-based system (§1):** applicant uses the mark in commerce first, and then files for registration
    - **Intent to Use (ITU) System (§1):** applicant files first and then has 6 months to begin using the mark in actual sales and to file a verifies statement of use in commerce. This can be extended for another 6 months and for “good cause”
    - **§ 44(d):** six months after **foreign application**
    - **§ 44(e):** based on **foreign registration**
    - **Madrid Protocol (§ 65(a))**.
  + **Levels of Rights:**
    - *Federal Registration* (pg 41 for differences between registers)
      * **Principal Register** – eligible if a mark distinguishes an applicant’s goods/services
      * **Supplemental Register** – fewer protections but more lenient test: being “capable of distinguishing applicant’s goods/services.”Needs a modicum of distinctiveness. One year “period of incubation.” No opposition allowed.
    - *Common Law Protection* under § 43(a)
      * Protection against others who might cause likelihood of confusion
  + Trademark rights in the United States are created through **use**—not registration. Once a party begins using a mark in commerce, it begins to acquire common-law rights in the mark. These common-law rights are limited to the geographic area in which the mark has been used on products sold or in which the services it covers have been promoted. Although a federal registration is not required to establish or enforce rights in a mark, it is beneficial: the primary benefit is that it confers upon the owner presumptive nationwide rights in the mark regardless of the geographic areas where the owner is actually using the mark. **§ 7.**
  + Federal **registration** of a mark **gives** **right to nationwide use of the mark** and **constructive notice** of that right, retroactive to the date of application - **§ 22**. **Registration is prima facie evidence (conclusive evidence if the mark is incontestable) of validity** and exclusive use of the mark in commerce on those goods. However, in an infringement action, a D can assert a few defenses (i.e. abandonment, fair use)
  + **Meaning of “Use”**
    - The nature of the use must clearly communicate to customers that the mark identifies and distinguishes the particular product (conveys product-specific information about the associated goods).
    - The use must NOT involve a pre-existing trademark used by another when it is likely to cause customer confusion. This type of use, even if clearly "trademark use," expressly undermines the regime's market information objectives. Consequently, not only is the second user unable to claim trademark rights, but the first user may be able to claim an infringement and prohibit the second confusing use.
  + **Incontestability**
    - After five years of consecutive use from the date of federal registration, a trademark may be declared **incontestable**. An incontestable mark is **immune from challenge** *except* if it has become the **generic** term for the goods or **abandoned** for nonuse, or if the registration was acquired under **fraudulent** conditions.
    - In order to achieve incontestability, a Declaration of Incontestability must be filed containing the requirements as provided in **§ 15**. This should be done sometime between the fifth and sixth anniversaries of a federal trademark registration.
    - The issue of whether a mark is incontestable usually arises in an infringement suit where the party being sued attempts to challenge the validity of the P’s mark. If the P can establish that the mark is incontestable, the mark will be presumed valid unless the D can establish one or more of the following:
      * The registration or the incontestable right to use the mark was obtained fraudulently
      * The registrant has abandoned the mark
      * The mark is used to misrepresent the source of its goods/services (although, under ***Park n Fly***, a D cannot use *descriptiveness* as a defense if the mark is incontestable).
      * The infringing mark was used in commerce and/or registered first – before the incontestable mark’s registration
  + **Searching for Preexisting Marks**
    - Three purposes of searching
      * Availability of TM to use
      * Availability of TM to register
      * Scope of protection against infringers
    - Sources for Search
      * USPTO
      * Services (fed. registrations & applications, state registrations, business directories, trade publications, internet, private companies)
      * Computer databases
  + Registration of a mark under **§ 2** enables owner to sue an infringer under **§ 32**. Unregistered marks can only sue for infringement under **§ 43(a)**
* **Challenging a Mark’s Validity**
  + In the case of both **use** and **ITU** applications, the opposition period begins on the date the mark is published in the Official Gazette, and is limited to 30 days unless extensions are granted. Before a mark is *published*, an opposer can file a *protest* with the PTO. After publication, opposer has 30 days to oppose.
  + Under **§ 13(a), a**n opposition may be filed by any person who anticipates being damaged (for example, due to likelihood of confusion with, or dilution of, another mark) by the registration of the applicant’s mark on the Principal Register. To have standing to bring an opposition, an opposer must have a “real interest” in the proceeding.
    - The nature of that interest will depend on the grounds for the opposition. For example, where the opposer claims priority in a confusingly similar mark under **§ 2(d)**, the opposer must have “a real commercial interest in its own mark or trade name, plus a reasonable basis for its belief that it would be damaged by the registration in question.”In an opposition based on **§ 2(d)** or the false suggestion of an affiliation under **§ 2(a)**, the opposer must have a proprietary right in the mark at issue. Where the opposer alleges that the applicant’s mark is merely descriptive (or generic), the opposer must be a competitor of the applicant with respect to the goods or services in question. Standing to oppose a mark that is merely a surname, or that is geographically merely descriptive, can be asserted by a competitor with the same surname, or whose goods come from the same geographic area, respectively.
  + Under **§ 33(b),** if a mark is deemed **incontestable** under **§ 15** (registered and used for 5 consecutive years), there is a *conclusive presumption* that the mark is valid. For more info, see ***Park n Fly***, below.
* **§ 2** states that no trademark can be refused registration UNLESS:
  + **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
  + **b)** Consists of a **flag** or insignia of any state or country
  + **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. Concurrent registration is OK if the PTO says that it is unlikely to cause confusion.
  + **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,
      * A term that conveys an immediate idea of an ingredient, quality, characteristic, function or feature of the goods or services with which it is used is *merely descriptive*. If a term immediately conveys such an idea but the idea is false, although plausible, then the term is *deceptively misdescriptive*.
    - (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 **§ 4**,
    - (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 herein shall prevent the registration** of a mark used by the applicant which has become distinctive of the applicant's goods in commerce (**secondary meaning**). 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.

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* **TYPES OF MARKS**
  + **Factually Informative Marks**
    - ***Abercrombie v. Hunting World*** identified the **“continuum of distinctiveness”** (generic, descriptive, suggestive, arbitrary/fanciful). Court held that “Safari” was generic when used in connection with certain clothing. Note that Abercrombie did have federal TM protection, which awards a presumption of secondary meaning. In this case, it didn’t matter because generic marks are unprotectable.

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* + - A mark is **GENERIC** if it “refers, or has come to be understood as referring, to the genus of which the particular product is a species” It can never be protected, even if it gains secondary meaning. For instance “Lite” beer is generic. Miller tried to TM “Lite” but couldn’t. A TM can eventually become a generic mark, i.e. Xerox. Appx 12 is a graveyard of TM subject to genericide. Companies like Xerox have tried to use anti-genericide advertising to get people to stop using their name so generically in order to try to reinstate TM.
      * ***Kellogg Co v. Nat’l Biscuit*** (SCOTUS) [shredded wheat case]:
        + Complaints about 1) use of “Shredded Wheat” and 2) pillow-shaped biscuits. Court held that the word “Shredded Wheat” is generic, despite being used by one company for a really long time. The court found the pillow shape to be functional and thus not protectable.
        + Take a potentially generic mark and run it through the **primary significance test**: does P show that the primary significance of the term is the *product* or the *producer*. If it is the former, then it is generic.
      * ***Canfield Co v Honickman*** [chocolate fudge soda case]:
        + The problem with the **primary significance test** is when there is only one product in a particular market, the test doesn’t work because there is only one producer.
        + P made a popular “Diet Chocolate Fudge Soda” and sought injunction against D from using that name in connection with its own soft drink. Issue was whether “chocolate fudge” is protectable.
        + Court held that when a producer introduces a product that differs from an established product class in a particular characteristic, and it uses a common descriptive term of that characteristic as the name of the product, then the product should be considered its own genus and is thus unprotectable as generic.
        + Whether the term identifying the product is generic thus depends on competitors’ need to use it.
        + In this case, P emphasized the difference between regular chocolate soda and chocolate fudge soda in its advertising, so the court found that chocolate fudge soda was a separate flavor. Accordingly, a soda tasting like chocolate fudge differed from a chocolate soda with respect to a significant, functional characteristic (its flavor) and constituted a separate product genus. Because it was generic, it could not be protected
    - A **DESCRIPTIVE** mark generally identifies anything about the product: purpose, size, color, ingredients, origin, and so forth. Merely descriptive, general marks do not qualify for protection. **To qualify for protection, a mark must acquire a secondary meaning**. To acquire a secondary meaning, the mark must be associated by the public with the manufacturer or seller rather than the underlying product itself. For example, "Jiffy Lube" describes a speedy lube and oil but has acquired a secondary meaning in the public mind. A surname incorporated into a mark is treated as a descriptive mark—it does not qualify for protection until it acquires a secondary meaning. Examples include McDonald's and Hilton Hotels.
    - **Categories:**
      * + Descriptive of goods/services
        + Geographically descriptive (see below)
        + Personal name (see below)
        + Non-inherently distinctive designs and symbols
    - ***Park ‘N Fly Inc v Dollar Park and Fly, Inc*** (SCOTUS) [descriptiveness as infringement defense case]
      * P federally registered the mark “Park n Fly” and it was incontestable (5 consecutive years of use post-registration; conclusive evidence of right to use mark). D ran a smaller operation that used the same name. P sued for infringement and D counterclaimed for cancellation. Issue is the effect of incontestability in the context of an infringement action defended on the grounds that the mark is merely descriptive.
      * Court held that an action to enjoin infringement CANNOT be defended on the ground that the mark is merely descriptive. Incontestibility DOES defend against claims of descriptiveness and priority, as incontestable status. If the mark was not yet incontestable, **§ 33(a)** would have allowed D to challenge P’s ark as merely descriptive.

Regardless of whether the mark should have been registered in the first place, the text of the Lanham Act does not provide a defense of a mark being descriptive against a trademark with incontestable status. Congress considered such a defense and rejected it

* + - * The only defenses that remain are abandonment, genericide, misrepresentation of the source of goods, or obtained fraudulently
    - Relatively low bar for descriptiveness: “a term need only describe the essence of a business, rather than to spell out comprehensively all its adjunct services.” – ***Security Center***
    - **SUGGESTIVE** marks suggest subtly something about the quality of the goods/services (i.e. Greyhound -> suggests quickness but does not outright indicate a bus service). It does not require secondary meaning.
    - ***Security Center Ltd v First Nat’l Security Center*** [suggestive vs. descriptive case]
      * Issue was whether the mark “security center” is distinctive enough for protection. Court found it to be merely descriptive and not protectable absent secondary meaning.
      * **Two tests to determine whether suggestive or descriptive:**

*Imagination test:* how much imagination does a consumer need to use to identify the product? “Creativity on the part of the mark’s inventor is correlative of imagination on the part of the consumer.”

*Competitors need to use test:* do competitors need to use these words in order to compete? Look to actual use by competitors as well as possible use. “The more users there are of a term, the ore its protection in a given case would be commercially disruptive and unfair to competitors.”

* + - * Because “Security Center” describes the essence of the business, it is descriptive. Doesn’t take any imagination at all.
    - Examples: Coppertone for sunscreen, Cyclone for wire fencing, Wrangler for jeans and Gobble Gobble for turkey meat. On the other hand, Frosted Flakes is descriptive, even though it doesn’t mention corn or cereal or anything. IT describes a single feature or attribute, which is enough to be descriptive.
    - **ARBITRARY** marks have nothing to do with the quality of the goods/products at all (i.e. Camel cigarettes). **FANCIFUL** marks are made up (i.e. Kodak).
    - **PERSONAL NAMES (descriptive)**

***Peaceable Planet Inc v TY Inc*** [Niles the Camel beanie baby case]

Peaceable Planet sold a stuffed camel called “Niles.” TY then released a similar product and made a ton of money off their Beanie Baby reputation.

While personal names are considered descriptive, the underlying rationale is different than the usual descriptive mark. If Brooks opens up a clothing store, the name “Brooks” does not describe anything about the nature of the business. Another guy named Brooks should not be enjoined from opening a clothing store using his name as well, unless the original Brooks mark has acquired secondary meaning. So, generally, names are descriptive, but there are plenty of exceptions depending on context (i.e. “Kitty” is a name but isn’t always necessarily so; in most cases it is not).

This is all pretty fucked up because Peaceable Planets came up with the name first and Ty (possibly) stole it. Ty has sold so many Niles camels that they are close to achieving secondary meaning themselves, which would thus enjoin Peaceable Planets from using the name! Fortunately, the court held that the “rule” does not apply if the public is unlikely to understand the personal name as a personal name.

If the owner of the either company had the last name Niles, it would have been a factor against that company, as it is more evidence that it is a personal name. **§ 2(e)** says that names that are “merely a surname” cannot be registered but says nothing about first name.

Surnames can be protected if they have secondary meaning (i.e. McDonalds, Gucci, Disney). If you want to protect the mark “Zingo”, you probably wouldn’t need to prove secondary meaning, unless your last name is Zingo.

***Taylor Wine v Bully Hill*** [surname as wine mark case]

Rule is once an individual’s name has acquired a secondary meaning in the marketplace, a later competitor who seeks to use the same or similar name must take “reasonable precautions to prevent the mistake” -> Holmes Compromise

Courts avoid imposing avoiding absolute injunction as much as possible in cases of second comers, as long as the second comers use a disclaimer. Where you put the disclaimer, how big the print is, etc, are all factors for courts to consider in whether to issue an injunction.

* + - **GEOGRAPHIC DESCRIPTIONS**
      * ***American Waltham Watch v US Watch Co*** [“Waltham Watches” case]

Case from 1899.

American Waltham Watch Co had secondary meaning in the word “Waltham” in the context of watches. People associated Waltham, Mass. with a particular sort of watch. D came in and started toting their watches as “Waltham Watches.” There was an unchallenged injunction on that. This action arose out of D trying to inscribe “Waltham, Mass.” on their product. Should a disclaimer be required? D argued that a disclaimer is basically shooting themselves in the foot, giving free advertising to the competition and basically saying that they are not as good.

Court held for P. Later, Lanham **§2(e)(2)** states that a TM will be refused registration if it “Consists of a mark which . . . when used on or in connection with the goods of the applicant is primary geographically descriptive of them.” Like the surname category, this bar to registration can be overcome on proof of secondary meaning.

* + - * ***In re Eastern National*** [“Independence Park” case]

Applicant filed an ITU application to register “Independence Park Institute.” The examining attorney argued that that mark was primarily geographically descriptive of applicant’s goods/service and was thus not entitled to registration on Principal Register. The park in question is Independence National Park in Philly, sometimes just called Independence Park. Court had to determine whether “Independence Park Institute” was “primarily geographically descriptive.” The primarily is important, as there is no problem with registering a mark where the geographic meaning is minor, obscure, or remote. The issue became whether “Independence Park” is so clearly indicative of Independence National Park. Court found that not that many people across the country would identify this park from the name, so it “is not particularly distinctive,” as there are many Independence Parks throughout the country. There is no one Independence Park whose geographic significance is any more than minor.

It would be different if the name was something like “Philadelphia Independence Park.”

* **Factually Inaccurate Marks**
  + **DECEPTIVELY MISDESCRIPTIVE and DECEPTIVE MARKS**
    - A mark is **deceptively misdescriptive** if it misdescribes the goods or services to which it is affixed, and if the public is likely to believe the misdescription to be true.
    - The **difference** between a mark that is **deceptively misdescriptive** under **§ 2(e)(1)** and one that is **deceptive** under **§ 2(a)** is that, in the latter case, the consumer’s mistaken belief also has a material affect on the decision to purchase
      * For example, the “GLASS WAX” mark for a glass cleaner that contained no wax was held to be deceptively misdescriptive under (e)(1), but not deceptive under (a), because there was no evidence that consumers would be influenced to purchase the product based on the belief that it contained wax. GLASS WAX could only be registered on Principal Register if there is adequate proof of secondary meaning. A purely deceptive mark cannot be registered at all.
    - ***In re Budge Mfg*** [“Lovee Lamb” case]
      * Applicant wanted to TM “Lovee Lamb” for their *synthetic* lambskin seat covers.
      * Three part **deceptive matter test** (if all three are met, then deceptive; if only first two are met, then deceptively misdescriptive):

**1)** Whether the term is misdescriptive as applied to the goods,

**2)** If so, whether one would be likely to believe the misrepresentation, and

**3)** Whether the misrepresentation would materially affect a potential purchaser’s decision to buy the goods.

* + - * This was a clear-cut case, as potential customers would be misled into thinking the product is real lambskin.
      * The burden is on the examining attorney to submit sufficient evidence to establish that the term sought to be registered falls within the proscription of the statute.
    - ***In re Berman Bros Furniture*** [“Furniture Makers” case]
      * The mark in question was “Furniture Makers,” even though Berman Bros sold, but didn’t manufacture, furniture. Issue was whether this was deceptive and thus unprotectable.

Secondary meaning is not an issue here because Berman Bros filed an ITU for the mark.

* + - * Applied the first two prongs of the ***Budge*** test.Court found that the definitions of the words “furniture” and “maker” used in compound clearly signify a person or company who makes furniture. Thus, the term is misdescriptive.
    - Categorization as deceptive is more damning than being deceptively misdescriptive. A mark that is deceptive under **§ 2(a)** cannot be registered even if the applicant gives proof of secondary meaning, while deceptively misdescriptive marks can be protected with proof of secondary meaning.
    - Misdescriptiveness of a term may be negated by its meaning in the context of the whole mark inasmuch as the combination is seen together and makes a unitary impression.
    - A mark may be **merely misdescriptive** without being deceptively so. For example, the trademark “SOLID GOLD” for a chocolate bar would be misdescriptive, but consumers would be unlikely to believe that the chocolate bar is really made of gold. Similarly, the mark “APPLE” for computers is misdescriptive but not deceptively so, because no one would believe that the computers were made of apples, or that they were apple-flavored. A mark that is misdescriptive but not deceptively so is, in fact, a type of arbitrary mark.
  + **GEOGRAPHICALLY DECEPTIVE and DECEPTIVE MISDESCRIPTIVE MARKS**
    - ***In re California Innovations***
      * Applicant filed an ITU to use the composite mark “California Innovations” and attendant design. Although no one opposed it, the PTO stepped in and refused registration under **§ 2(e)(3),** concluding that the mark was **primarily geographically deceptively misdescriptive (PGDM).** Issue was whether the mark was PGDM.
      * Three categories of geographic marks

**Deceptive:** Although it doesn’t expressly address geographical marks, **§ 2(a)** has traditionally been used to reject geographic marks that materially deceive the public. Apply the ***Budge*** test to geographic marks to see if they are actually deceptive.

**Primarily geographically descriptive:** A mark is primarily geographic if it identifies a real and significant geographic location, and the primary meaning of the mark is the geographic meaning**.** Barred by **§ 2(e)(2)** unless there is proof of secondary meaning**.** As in the case of other descriptive marks, allowing one competitor to monopolize a mark that describes the geographic origin of goods or services would make it difficult for competitors to accurately describe their goods or services that have a similar origin. The prohibition applies only when the term is “primarily” geographically descriptive with respect to the goods or services in question; it does not apply when the geographic meaning of the mark is obscure or remote, or when the mark has a popular significance apart from its geographic meaning

**PGDM:** Pre-NAFTA, this sort of mark could be registered with secondary meaning. Post-NAFTA, it is now in the same unregistrable category as deceptive marks. Three-part test (identical to deceptiveness test):

* + - * + **1.** Mark must have as its primary significance a generally known geographic place,
        + **2.** Identify products that purchasers are likely to believe mistakenly are connected with that location, and
        + **3.** The misrepresentation of the geographic origin must also be a material factor in the consumer’s decision to purchase the goods.
* **Immoral, Scandalous, and Disparaging Marks**
  + **STANDING to Oppose Immoral or Scandalous Marks**
    - The standing rules for cancelling a registered mark are the same as those for opposing a registration..
    - ***Ritchie v. Simpson*** [OJ Simpson case]
      * OJ Simpson tried to get federal registration of “OJ Simpson,” “OJ,” and “The Juice” for use on merchandise. After registration was granted, P opposed.
      * This case is about standing more than anything else. Can a random person sue for TM cancellation because he is offended by it?

Whether a mark meets that standard is to be ascertained in the context of contemporary attitudes, and the relevant viewpoint is not necessarily that of a majority of the general public, but of a “substantial composite.” The PTO often permits the mark to pass for publication and then allowing interested members of a composite of the general public who consider the mark to be scandalous to bring opposition proceedings. This avoids the problem of having PTO officers determine morality.

TTAB said P had no standing because he had no real connection to the mark. Federal Circuit disagreed, finding that he had standing because standing in the constitutional sense is different than in the administrative sense (administrative agencies are not created under Article 3). Therefore, it is easier to get standing in front of an administrative body (i.e. PTO).

* + - * In addition to meeting the very broad requirements in **§ 13** (“Any person who believes that he would be damaged by the registration of a mark…”), an oppose must also have:
        + A “real interest” (direct and personal stake) in the proceedings, and
        + A “reasonable” (must be more than merely subjective) basis for his belief of damage. If an opposer possesses a specific trait or characteristic that is clearly implicated by the TM, then the requisite reasonableness level is shown (i.e. Native Americans and Redskins)
      * “The Board erred by requiring the opposer in this case to somehow show that his interest is not shared by any substantial part of the general population. On the contrary, the **purpose** **of the opposition proceeding** is to establish what a **substantial composite** of the general public believes. The limitation placed upon standing in this case by the Board undermines this very purpose.”

“For standing purposes, the facts asserted by an oppose need not prove his case on the merits, but should be sufficient to show that the oppose is not alone in his belief of damage i.e. the belief is not simply the opposer’s subjective view. This evidence may be in the form of surveys or petitions. In addition, affidavits from public interest groups representing people who allegedly share the damage caused by the mark may also supply this objective evidence.”

* + **SCANDALOUS MARKS**
    - ***Greyhound Corp v Both Worlds Inc*** [crapping greyhound case]
      * The mark in question was a hound taking a shit depicted on t-shirts. Greyhound opposed application for registration.
      * The applicant argued that its just a dog crapping…who cares? TTAB disagreed, as applicant pretty much admitted that the mark is meant to have shock value, and that shock is offensive. The fact that the mark is very small doesn’t matter.
      * Context matters. This is on a t-shirt that tons of people would see as opposed to being relatively out of sight. A dog crapping isn’t inherently scandalous, but a dog crapping on a t-shirt is.
    - ***In re Heeb Media*** [offensive name case]
      * Registration of a mark that consists of matter that may disparage someone or a group of people is prohibited under **§ 2(a)**. To determine whether a mark is disparaging, apply the ***Harjo test:***

**1.** What is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods, and

**2.** If that meaning is found to refer to identifiable persons, institutions, beliefs, or national symbols, whether that meaning may be disparaging to a substantial composite (not necessarily a majority) of the referenced group in the context of contemporary attitudes.

* + - * The burden of proving that a mark is disparaging rests on the PTO.
      * Remember that the F**irst Amendment** protects trademark *use* but not *registration*.
      * ***Two Pesos v Taco Cabana*** (SCOTUS) [Distinctive restaurant case]

* **Trade Dress**
  + Trade dress refers to the **distinctive features of a product’s packaging or the distinctive features of the product configuration itself;** it is “the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.”
  + Like other types of trademarks, trade dress is protectible only if it is capable of distinguishing, in the minds of the public, the goods or services of one person from those of another.
    - The appearance of a line of products or its packaging need not be identical in order to receive trade dress protection; it is enough that the design conveys a recognizable and consistent overall look.
    - If the design is not sufficiently consistent, consumers will fail to recognize that the products come from the same source — in other words, the design will be unprotectible due to lack of distinctiveness.
  + It can apply to goods (i.e. packaging) and services (i.e. UPS’s distinctive trucks and uniforms.
  + Trade dress can be inherently distinctive, so it doesn’t necessary need secondary meaning
  + In order to be eligible for trade dress protection, it must be both **nonfunctional** and **distinctive**. If dress meets those requirements and doesn’t violate **§ 2**, then it can be registered under **§ 1.**
  + Possible problems:
    - Consumers may be less inclined to view packages or product shapes as brand identifiers and more inclined to see them merely as decoration designed to make the product more appealing, desirable, or conspicuous (example: is gold Godiva box protectable?)
    - Too broad a scope of protection may preclude rival firms from copying not just an identifying symbol, but an innovative product itself - something which would hinder new entry and impede competition (example: special buttons on Blackberry devices -> if protectable, then Blackberry is basically getting patent protection without having to meet the high patent standards).
  + ***Qualitex v Jacobson Products*** (SCOTUS) [color case]
    - Colors can be registered as marks, but only upon a showing of secondary meaning because a color cannot be inherently distinctive.
  + ***Taco Cabana v Dos Pesos*** (SCOTUS) [distinctive restaurant case]
    - Taco Cabana operated chain Mexican restaurants in Texas with distinctive trade dress (bright colors, etc). 2 Pesos opened up a similar chain with similar trade dress also in Texas. Trade dress was not registered under Lanham Act but its claim was nevertheless based on federal law - an infringement of the rights provided by **§ 43(a)**. Issue was whether the trade dress of a restaurant may be protected under **§** **43(a)** based on a finding of inherent distinctiveness without proof that the trade dress has secondary meaning
    - SCOTUS held that trade dress need not be federally registered. Inherently distinctive trade dress may sue for infringement under **§ 43(a)**.
    - Rule is that trade dress does not need secondary meaning to be protected by **§ 43(a).** Congress recently added **§ 43(a)(3),** which explicitly gives a cause of action for infringement of unregistered trade dress.
      * What about protection under **§ 2?** See below:
  + ***Wal-Mart v Samara Bros*** (SCOTUS) [children’s clothing design case]
    - Issue was whether the style of clothing designed by Samara was protected. SCOTUS found that it was not because design cannot be inherently distinctive, and thus must either get registration or secondary meaning.
    - Case was heard a few years after *Taco Cabana*. SCOTUS basically refined the *Taco Cabana* holding, drawing a **distinction between product packaging and product configuration**, and holding that, as a matter of law, trade dress protection for **product configuration** may not be obtained on the basis of inherent distinctiveness.
      * Accordingly, as a result of the *Wal-Mart* decision, the party asserting trade dress protection under federal law for its product *design* must establish that the design element has secondary meaning. In contrast, a party may obtain trade dress protection for its product packaging on the basis of either inherent or acquired distinctiveness.
      * Thus, the *Two Pesos* rule now only applies to product packaging and not to product design
    - Regarding protection for **product configuration** by registration under **§ 2**, a showing of **acquired distinctiveness** (secondary meaning)is **necessary** to register on the Principal Register. Inherent distinctiveness is not enough.
      * In contrast, because SCOTUS recognized in *Two Pesos* that **product packaging** (as opposed to product configuration) **can be inherently distinctive**, an applicant can **register product packaging** on the Principal Register **without** **a showing of secondary meaning if the packaging is arbitrary, fanciful, or suggestive**. However, if the packaging is not inherently distinctive, the applicant will need to establish secondary meaning as required by **§ 2(f)**.
    - For the lower courts, SCOTUS says to err on the side of caution by requiring secondary meaning in close cases (i.e. Coke bottles as packaging instead of product configuration).
  + ***Sunrise Jewelry Mfg v Fred SA*** [incontestability of trade dress case]
    - Sunrise tried to cancel Fred’s registration of a “metallic nautical rope design” for watches and jewelry. Issue was whether a registered and incontestable product configuration can be cancelled because it is generic.
    - Usually, if a mark is incontestibible, its registration can only be challenged on the grounds stated in **§ 14**, if the mark has become the generic name for the goods/services, has been abandoned, or its registration was obtained fraudulently. Otherwise, an incontestable mark cannot be challenged for mere descriptiveness or on the basis that the mark lacks secondary meaning.
    - Court found that the registration of an **incontestable** mark that is a **product design** may be **cancelled** if the mark has become **generic**.
      * “‘Generic name’ [in **§ 14**] must be read expansively to encompass anything that has the potential but fails to serve as an indicator of source, such as names, words, symbols, devices, *or trade dress*. Any narrower interpretation of ‘generic name’ would allow incontestable trademarks other than names that become generic to retain incontestable status despite their inability to serve as source designators.”
* **Functionality**
  + The doctrine of functionality prohibits giving trademark protection to functional aspects of a trademark or trade dress. Trademark law cannot protect functional features; rather, functional features are protected, if at all, upon a showing that the feature meets the more stringent requirements of patent law, which include novelty, utility, and nonobviousness.
  + **Utilitarian Functionality**
    - ***In re Morton-Norwich Products*** [spray bottle case]
      * Applicant designed a spray bottle. They hold a patent for the spraying mechanism but want to TM the rest of the bottle’s design. Note that this is NOT a configuration of goods case, but a *configuration of the container for the goods*. Issue was whether TM could protect the bottle design.
        + This is a case of product packaging. This is important under *Wal Mart*, as if it is inherently distinctive, the case is closed.
      * TTAB reversed PTO’s position that the design was unprotectably functional because was not distinctive, has not obtained secondary meaning, and that it is “essentially utilitarian” and non-arbitrary. TTAB held instead that there is nothing particularly special about the particular bottle design.
      * **Factors** to consider when determining utilitarian functionality:
        + The existence of a utility patent disclosing the utilitarian advantages of the design -> ***Traffix*** held that an expired utility patent is nearly dispositive evidence of functionality;
        + The existence of advertising materials in which the originator of the design touts the design’s utilitarian advantages;
        + The availability to competitors of functionally equivalent designs (is it superior to other options available to competitors?) -> the effect upon competition is the “crux of the matter”; and
        + Facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.
  + **Aesthetic Functionality**
    - **Restatement (3rd) of Unfair Competition § 17, cmt (c):** A design is functional because of its aesthetic value only if it confers a significant benefit that cannot practically be duplicated by the use of alternative designs.
    - ***Wallace Int’l Silversmiths v Godinger Silver Art Co*** [“baroque” silverware design case]
      * Wallace manufactured expensive “baroque” silverware, an identifiable type of silverware design. Godinger manufactured a knockoff with a very similar flowery design. Issue is whether the design of the silverware was aesthetically functional.
      * Court denied prelim. injunction because the “baroque” design can’t be monopolized. Competitors can’t make baroque silverware without using a similar design.
      * “Wallace seeks trademark protection, not for precise expression of a decorative style, but for basic elements of a style that is part of the public domain.”
        + If Wallace could show secondary meaning in a precise expression of baroque style, competitors might be excluded from using an identical or virtually identical design.
* **Infringement**
  + **Registered Mark?** Sue for infringement under **§ 32**. Must meet the following elements:
    - **1.** D used substantial duplications of P’s mark,
    - **2.** Without P’s consent,
    - **3.** In interstate commerce,
    - **4.** Used in connection with the sale, offering for sale, distribution, or advertising of any goods/services, AND
    - **5.** The infringing use is likely to cause confusion
  + **Unregistered Mark?** Sue for infringement under **§ 43(a)**. Must meet pretty much the same elements as **§ 32**.
  + **Likelihood of Confusion**
    - “Likelihood of confusion” is the governing test for TM infringement, whether the case involves a federal claim of infringement of a federally registered mark under **§ 32**, a federal claim involving alleged infringement of an unregistered mark under **§ 43(a),** or a claim under state common law. **Factors:**
      * Similarity/dissimilarity of marks in their *entirety* (appearance, sound, commercial impression)
      * Similarity or dissimilarity of goods/services
      * Similarity or dissimilarity of trade channels
      * Conditions of sale (i.e impulse vs. planned; sophistication of purchasers)
      * Fame of prior mark (sales, advertising, length of use)
      * Number of similar marks in use on similar goods
      * Nature & extent of actual confusion (survey evidence)
      * Length of time and conditions of concurrent use without evidence of actual confusion
      * Variety of goods on which mark is or is not used
      * Market interface between applicant and owner of prior mark
      * Extent of applicant’s rights to exclude other from use of mark
      * Extent of potential confusion
      * Any other established facts probative of the effect of use
    - ***Quality Inns Int’l v McDonalds Corp***[“McSleep” case]
      * Quality Inns starting using the brand name “McSleep Inn.” McDonalds sent a C&D letter, so Quality filed an action for declaratory judgment that “McSleep Inn” doesn’t infringe. Each side conducted surveys and found conflicting results re: whether the use of McSleep is likely to cause confusion.
      * Based on the two surveys, the court concluded that there was a reasonable likelihood of confusion, even if Quality puts a note “By Quality International” underneath the McSleep mark. Court also found that the fast food and motel industries are related enough to cause confusion.
      * **Intent** **of the infringing user** to confuse is NOT *necessary* to establish a likelihood of confusion. However, the existence of intent is “*strong evidence* establishing likelihood of confusion, since one intending to profit from another’s reputation generally attempts to make his signs, advertisements, etc. to resemble the other’s so as deliberately to induce confusion.”
      * **“Exact similitude”** between the marks is NOT required. Courts also look to see if the marks communicate the same or similar meaning using different words (i.e. cyclone vs. tornado).
    - ***Conopco v May Dep’t Stores*** [private label case]
      * Conopco sells Vaseline. In the 80s, it reformulated the lotion and designed a new bottle shape and label for the product. D manufacturers private labels AKA “store brands.” After P’s new bottle started selling, D began selling a similar product in a similar bottle. P sued under **§ 43(a)**. Issue was whether **private labels** (aka store brands) can be confusingly similar.
      * District court found likelihood of confusion. Reversed on appeal, giving tons of leeway to private labels.

The private label mimics the name brand on purpose because they are in direct competition, but clearly puts its own name on the product to distinguish it, as well as invites the consumer to compare it with the name brand. “When such packaging is clearly labeled and differentiated - as was the case here … we are unwilling to … make such competition presumptively unlawful.” The private label needs to prominently display its own mark.

* + **Infringement by Use on Promotional Goods**
    - ***Boston Pro. Hockey Ass’n v Dallas Cap & Emblem*** [sports emblem case]
      * Issue is whether the unauthorized, intentional duplication of a professional hockey team’s symbol on an embroidered emblem, to be sold to the public as a patch for attachment to clothing, violates any legal right of the team to the exclusive use of that symbol.
      * Court held that the team has an interest in its own individualized symbol entitled to protection against unauthorized duplication. Court ran through all 5 elements for **§ 32** infringement.
      * This case is strange because the TM itself is being sold, unattached to any goods or services.
      * There were multiple marks in question, and all but one were federally registered. Court held that the holding is the same for both **§ 32** and **§ 43(a)** actions.
    - ***Int’l Order of Job’s Daughters v Lindeburg & Co*** [jewelry design copy case]
      * Lindeburg sold jewelry depicting the collective mark of Job’s Daughters.
      * Court explicitly rejected the holding in ***Boston Pro*** because the name and emblem are aesthetically functional components of the jewelry, in that they were merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship.
      * ***Boston Pro***, interpreted expansively, holds that a TM owner has a complete monopoly over its use, including its functional use, in commercial merchandising. The court here rejects that view, holding instead that a TM owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the TM owner’s goods.
      * Lindeburg wasn’t using the emblem as a trademark. They didn’t hold the jewelry out as “official” Job’s Daughter’s merchandise or otherwise indicate sponsorship. Therefore, it was not misleading.
  + **Geographically Remote Users**
    - ***Dawn Donut v Hart’s Food Stores*** [geographic use case]
      * Case is from 1959. P was a wholesale distributor of donuts and was the senior user and owned federal registration for the TMs “Dawn Donut” and “Dawn.” D used the mark “Dawn” in connection with the retail sale of donuts within areas around Rochester, NY and did not know about P, so the use was not in bad faith. P sued for infringement and sought to enjoin D from continued use of the mark. At the time, P was not using its marks at the retail area or in D’s trade area. Injunction denied.
      * ***Dawn Donut* Rule:** “if the use of the marks by the registrant and the unauthorized user are confined to geographically separate markets, with no likelihood that the registrant will expand his use into the defendant’s market, so that no public confusion is possible, then the registrant is not entitled to enjoin the junior user’s use of the mark.”

Essentially, Dawn Donut established a per se rule against injunctions when parties do not compete in the same geographic market, because there is no likely confusion to enjoin unless and until the senior federal registrant shows a likelihood of entry into the junior user’s trade territory

McCarthy: “The registrant has a nationwide right, but the injunctive remedy does not ripen until the registrant shows a likelihood of entry into the disputed territory.”

* + - * To sustain a claim for **injunctive relief**, the plaintiff need not show that the marks are *actually* being used concurrently in the same trading area. Since the statutory standard for such relief is the *likelihood* of confusion, it is enough that expansion by the registrant into the defendant’s market is likely in the normal course of its business. This is the “hanging axe” idea -> if it seems likely that the registrant will expand, or if they prove intention to expand, then they may be able to get the injunction. The can definitely seek the injunction as soon as they actually expand.
      * Note that D also argued that P abandoned the TM in the Rochester area. Court rejected that argument because under **§ 45**’s definition of **abandonment**, a TM owner must abandon the mark throughout the country to constitute statutory abandonment. Disuse in one area alone is not enough.
    - ***Circuit City v Carmax*** [***Dawn Donut*** in the digital age case]
      * Concurrence: “The Dawn Donut Rule was enunciated in 1959. Entering the new millennium, our society is far more mobile than it was four decades ago. For this reason and given that recent technological innovations such as the Internet are increasingly deconstructing geographical barriers for marketing purposes, it appears to me that a reexamination of precedents would be timely to determine whether the *Dawn Donut* Rule has outlived its usefulness.”
    - **Modern Applicability of *Dawn Donut***
      * If the parties offer services that are still **tied to a physical/geographical location** (i.e. restaurants or clubs), courts are more likely to apply the *Dawn Donut* rule.
      * If the **Internet is used as the trade channel** rather than merely as an advertising medium, the *Dawn Donut* rule is less viable. So, if two parties both offer products for sale over the Internet, their actual physical location is not as relevant when evaluating likelihood of confusion (i.e. no one knows or cares where Amazon.com is physically located). Therefore, a federal registrant has a better chance of obtaining an injunction
      * Even if strictly applied, the *Dawn Donut* rule provides a junior user with only a temporary defense. As soon as the senior federal registrant establishes entry into the market, an injunction can issue. Thus, the Internet enables a senior user to more quickly establish reputation and make sales in a junior user’s remote geographical area, and consequently the junior user’s ability to rely on such a defense will likely be more limited.
    - ***Burger King of Florida v Hoots*** [Burger King case]
      * The defendants (Hoots) had used their mark in one part of the state, and had also obtained a state registration for the mark, before the effective date of the plaintiffs’ (BK) federal registration for the same mark. The defendants argued that the state registration gave them a right of priority in the mark throughout the state, not merely in the area of actual use.
      * The court held that even if this interpretation of the state registration statutes was accurate, the defendants’ claim of statewide priority through registration could no longer be given effect once the plaintiffs had obtained nationwide priority rights through their federal registration. Thus, the defendants’ priority was limited to the area in which they had actually used the mark prior to the effective date of the plaintiffs’ federal registration — that is, the area where they had established priority rights under common law.
      * Their claim of statewide priority was superseded by the plaintiff’s nationwide priority, even though the federal registration took place after the state registration.
      * Plaintiff’s federal registration of the trade mark “Burger King” gave them the exclusive right to use the mark in Illinois except in the Mattoon market area in Illinois where the defendants, without knowledge of plaintiff’s prior use, actually used the mark before plaintiffs’ federal registration.”
      * **Bad faith Adoption:** The **majority rule** is that is if a junior user is proven to have had knowledge of the senior user’s mark is determinative of bad faith and is enough to destroy the “good faith” element of the territorial defense. The **minority rule** is that such a showing is just the first step of the bad faith inquiry.
      * **§ 33(b)** gave the defendants the defense they invoked—“If a trade mark was 1) adopted without knowledge of the federal registrant’s prior use, and has been continuously used, then such use shall constitute a defense to infringement, provided that this defense applies only for the area in which such continuous prior use is proved.”
        + See **Affirmative Defenses** section for **§ 33** defenses
  + **Contributory and Vicarious Infringement** 
    - ***Hard Rock Café Licensing v Concession Servs Inc*** [Hard Rock Café flea market sales case]
      * Hard Rock owned TM on clothing items. They found defendant running a flea market in which counterfeits were sold. Defendant had some supervisory resposnsibility, but did not control what was actually sold by vendors.
      * Willful blindness is a sufficient basis for a finding of a violation of the Lanham Act. Although Defendant was not actually selling the shirts, it should have known that the merchants at their markets were selling the counterfeit goods, as it was a supervisory authority, “not merely a landlord.”
      * “If a manufacturer or a distributor *intentionally induces* another to infringe a trademark, or if it continues to supply its product to one whom it *knows or has reason to know* is engaging in TM infringement, the manufacturer or distributor is **contributorily** responsible for any harm done as a result of the deceit.” Negligent ignorance is OK, but if you know or should have known there was infringement, you are willfully blind and secondarily liable for infringement.
      * On the other hand, **vicarious** infringement requires a finding that the Defendant and the infringer have an apparent or actual partnership of some sort. Vicarious liability—“requires finding that the defendant and the infringer have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product”.
* **Dilution**
  + - **§ 43(c)(1)** provides remedies for **dilution of famous marks (**marks “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner”):
      * The owner of a *famous mark* shall be *entitled*, subject to the principles of equity and upon such terms as the court deems reasonable, to an *injunction* against another person's commercial use in commerce of a mark or trade name, IF *such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark*, and to obtain such other relief as is provided in this subsection.
      * In determining **whether a mark is distinctive and famous,** a court *may* consider **factors** such as, *but not limited to—*

The degree of *inherent or acquired* *distinctiveness* of the mark;

The *duration and extent* *of use* of the mark in connection with the goods or services with which the mark is used;

The *duration and extent of advertising* and publicity of the mark;

The *geographical extent* *of the trading area* in which the mark is used;

The *channels of trade* for the goods or services with which the mark is used;

The *degree of recognition of the mark in the trading areas* and channels of trade used by 7. The marks’ owner *and the person against whom the injunction is sought*

The *nature and extent of use* of the same or *similar marks by third parties*

Whether the mark was *registered*

* + - * Note that a defendant may only be liable if its use began ***after* plaintiff’s mark became famous**
    - Two types of dilution:
      * **Dilution by Blurring:**

an association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark, **§ 43(c)(2)(B)**, and may be found “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” **§ 43(c)(1)**. This is meant to prevent “the whittling away of an established TM’s selling power through its unauthorized use by others.”

Six non-exhaustive **factors** to determine whether there was blurring:

The *degree of similarity* between the mark or trade name and the famous mark

The *degree of inherent or acquired distinctiveness* of the famous mark

The extent to which the *owner* of the famous mark is *engaging in substantially exclusive use* of the mark

The *degree of recognition* of the famous mark

Whether the alleged diluter *intended to create an association* with the famous mark

Any *actual association* between the mark or trade name and the famous mark

**Dilution by Tarnishment**

an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.” **§ 43(c)(2)(C).**

TM may be tarnished when it is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context, with the result that the public will associate the lack of quality or lack of prestige in the D’s goods with the P’s unrelated goods. A mark may also be diluted by garnishment if the mark loses its ability to serve as a “wholesome identifier” of P’s product.

* + - A typical dilution cases involves a junior user adopting a mark nearly identical to a famous mark of a senior user, but using that mark on very different types of goods. Think Kodak bicycle or Buick aspirin tablets.
    - **Dilution vs. Infringement**
      * In classic **infringement** cases, the consumer is confused, meaning the consumer erroneously believes that there is only a single source for the goods/services, when in reality there are two unaffiliated sources - the senior user and the junior user.
      * On the other hand, in **dilution** cases, the consumer correctly understands that, while there used to be only one source selling goods under this mark, there are now two. The consumer is not confused. The mark which formerly and unequivocally signaled only one source now signals two. The perception of the mark is diluted because it no longer exclusively designates the goods of the senior user.
    - **Rationale:** 
      * Classic examples of dilution involve a junior user adopting a mark nearly identical to the famous mark of the senior user, but using that mark on very different types of goods. It is assumed in such cases that there would be no likelihood of confusion, because consumers would find it implausible that, say, Chevrolet would make pharmaceuticals. However, because the famous marks are so well-known and unique, it is assumed that the owners would suffer a harm despite the lack of confusion if such parties were allowed to use the marks in this fashion.
  + ***Starbucks Corp v Wolfe’s Borough Coffee, Inc.*** [“Mister Charbucks” case]
    - Starbucks sued a small coffee roaster and limited distributor for selling “Mister Charbucks” dark roast for TM dilution. Defendant used a substantially different looking mark than that used by Starbucks, and merely intended to convey to customers that the product was dark roasted, not unlike Starbucks. District court found for defendant, finding no actual dilution.
    - In 2006, Congress passed TDRA, which states that a plaintiff can prevail in a dilution case by proving a **likelihood of dilution instead of actual dilution**.
    - There was no **blurring.** Because the two marks were far from identical (the distinctive Starbucks mermaid was not used at all), the court held that the association conjured up by the junior user’s “playful dissimilar” mark was analogous to the association conjured up by a successful parody.
      * The fact that the names sounded similar was not sufficient on its own to show blurring.
      * Blurring requires the D’s mark to impair the distinctiveness of the famous mark.
    - There was no **tarnishment**. The district court considered survey evidence showing that some respondents associated a hypothetical “Charbucks” brand with burnt, bitter coffee. However, the court found no indication that this affected their perceptions of the plaintiff’s famous “Starbucks” coffee. In addition, the court found it significant that the actual Charbucks product produced by the defendant was of high quality. If anything, it was *praising* Starbuck’s burnt tasting coffee. Accordingly, the court found no likelihood of tarnishment.
* **Counterfeiting**
  + ***U.S. v Torkington*** [fake Rolex case]
    - D got caught selling fake Rolexes by a private investigator hired by Rolex. Issue was the meaning of the term “counterfeit mark” in **§§ 34-36** and the Trademark Counterfeiting Act (TCA) (**18 USC 2320)**.
    - Court held that for a showing of a “counterfeit mark,” the statute does not require a showing that direct purchasers would be confused, mistaken or deceived; rather the definition is met where it is shown that members of the purchasing public would be *likely to be* confused, mistaken, or deceived.
      * Statute uses the same words as **§ 32** of Lanham, so the same “likelihood” interpretation should be used.
      * The likely to confuse test is ALSO satisfied by a showing that it is *likely* that members of the public would be confused, mistaken, or decvieved should they encounter the allegedly counterfeit goods in a *post-sale context*.
    - TCA is narrower in scope than Lanham. Its purpose was to ramp up the sanctions for counterfeiting above those available under Lanham. Its sanctions are available only where the defendant “knowingly uses a counterfeit mark on or in connection with” the goods/services in question.
* **Affirmative Defenses**
  + **§ 33(b) Defenses** (note that the infringement defenses listed in **§ 33(b)** with respect to *incontestable* marks are available for *contestable* marks as well, i.e. unregistered mark users sued under **§ 43(a)** or registered but not incontestable mark users sued under **§ 32**)
  + The **abandonment defense** of **§ 33(b)(2)** requires more than just non-use. It requires **nationwide, intentional** abandonment. Evidence of intent to resume use defeats the abandonment defense. In short, it is tough to prove abandonment.
    - Companies often suspend usage of TMs for a number of reasons like financial difficulties, adverse publicity, or reformulation of products. Such non-use is not abandonment unless it is accompanied by the requisite intent: *an* ***intent*** *not to resume use within the reasonably foreseeable future.*
    - Note that abandonment may be raised as an affirmative defense to infringement, or as a ground for cancelling a mark’s registration. This is because the mark, once abandoned, loses its trademark status and enters the public domain. At this point it becomes equally available for the use of any party, including, but not limited to, its previous owner.
    - **Naked Licensing and Assignment in Gross** (considered under Abandonment in **§ 33(b)(2)**)
      * Most McDonald’s restaurants are not owned by the McDonald’s Corp., but by independent business persons. Those independent owners license the right to use the McDonald’s TMs for a fee. For that mark to continue to have any coherent meaning in the marketplace, it is obvious that all franchised restaurants must provide services of a consistent quality with similar amenities, such as they may be. The only way to be certain that this consistency is provided is for the licensor - McDonald’s Corp - to supervise the licensees. A failure to supervise constitutes naked licensing:

An uncontrolled or **“naked” license** authorizes use of the TM on goods/services for which the TM owner cannot offer a meaningful assurance of quality. When the TM owner fails to exercise reasonable control over the use of the mark by a licensee, the presence of the mark on the licensee’s goods/services misrepresents their connection with the TM owner since the mark no longer identifies goods/services that are under the control of the owner of the mark.

* + - * A mark is deemed to be abandoned when it is *transferred separately from the goodwill* that it represents — in other words, when it is the subject of an “**assignment in gross.”**

Because a trademark has no independent significance apart from its function as a symbol of the goodwill associated with the goods or services to which it is attached, *the mark cannot be sold or otherwise assigned apart from the business with which it is associated.*

Thus, a mark is assigned “in gross” when it is assigned “separately from the essential assets used to make the product or service that the trademark identifies,” because in such a case “[t]he consumer would have no assurance that he was getting the same thing (more or less) in buying the product or service from its new maker.”

* + The **fair use defense** of **§** **33(b)(4**) applies when the defendant has used the plaintiff’s trademark only to describe the defendant’s own goods or services, and not to describe or identify the plaintiff’s goods or services.
    - ***KP Permanent Makeup Inc v Lasting Impression Inc*** (SCOTUS) [makeup case]
      * Both parties sell permanent makeup, and each uses some version of the term “micro color” in marketing. One party, Lasting, registered the mark and it became incontestable in 1999. Also in that year, KP started producing a brochure that used the term “micro color” in large typeface, provoking Lasting to demand that KP stop using the term. However, it was KP who sued Lasting seeking a declaratory judgment that its language was not infringing. Lasting counterclaimed infringement.
      * Issue is whether a party raising the fair use defense in an infringement action has a burden to negate any likelihood that the practice complained of will confuse consumers about the origin of the goods/services affected.

Court reversed appellate court’s holding that KP had to shoulder the burden.

* + - * When a mark holder has incontestable status, he still has to prove infringement by showing that the D’s actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question.

**§ 33(b)** places a **burden** of proving likelihood of confusion (that is, infringement) on the party charging infringement *even when relying on an incontestable registration*.

By extension, an infringement defendant may prevail on a fair use defense *without* being required to prove the *absence* of a likelihood of confusion.

Thus, a defendant’s unauthorized use of another’s trademark can be a permissible fair use even if it creates a likelihood of confusion.

* + - * + The Court acknowledged that the holding authorizes certain uses of a trademark that will lead to a likelihood of confusion, but it concluded that, in light of the purposes of the fair use defense, some confusion must be tolerated in order to preserve the rights of competitors to describe their goods and services accurately.
  + ***Resale* of Genuine Goods Defenses**
    - **First Sale Doctrine**
    - First sale doctrine permits the purchaser of a physical item embodying the patented invention, copyrighted work, or trademark to be resold to others without restriction. Without this rule, retailers like supermarkets and drugstores that purchase TM’d goods would be infringers when they resold those goods to the public because they do not, themselves, own the marks.
      * Under the First Sale Doctrine, resellers are not immunized from TM infringement liability if the goods have **material differences** from the version of the goods sold by the TM owner. A difference is **material** if it would be important to consumers, but courts often set a low threshold for materiality.
    - ***Zino Davidoff v CVS Corp*** [genuine cologne resale case]
      * Davidoff had TM for “cool water” cologne. Coty manufactured it. Davidoff and Coty developed an anti-counterfeiting program that involved the placement of a unique “UPC” code at the bottom of each bottle. This is expensive to do, so counterfeiters just skip this step or use repeat UPCs. Davidoff doesn’t sell Cool Water to CVS stores, but CVS still gets stock of Cool Waters from outside Davidoff’s usual distribution channels. Some of the product CVS receives is counterfeit. Davidoff sent C&D letters to CVS, but they kept selling. Davidoff sued CVS for trademark infringement. The Southern District of New York granted a TRO and authorized Davidoff to inspect all of its branded, undistributed products in CVS’s inventory. After CVS agreed to stop selling counterfeits, but not gray-market products with the UPC removed, Davidoff moved for a PI, which the district court granted.

Issue was whether a retailer may be found liable for TM infringement for selling a genuine product in its original packaging with the registered TM intact, simply because the mark holder’s production code was altered or removed.

* + - * As a general rule, Lanham does not impose liability for the sale of genuine goods bearing a true mark even though the mark owner does not authorize the sale because such a sale does not inherently cause confusion or dilution. However, goods are **not genuine** if they do not conform to the TM holder’s quality control standards.

Tampering with quality control standards may be cause for TM infringement because Lanham grants ability to control the quality of goods sold under a TM.

* + - * A TM holder is entitled to an **injunction** against one who would subvert its quality control measures upon a showing that:

The asserted quality control procedures are established, legitimate, substantial, and nonprextetual,

It abides by these procedures, and

Sales of products that fail to conform to these procedures will diminish the value of the mark.

* + - * In the context of **gray-market goods**, in comparing the TM holder’s product with the gray-market product, courts apply a low threshold of materiality, requiring no more than a slight difference which consumers would likely deem relevant when considering a purchase of the product.
    - ***Prestonettes*** (SCOTUS):a purchaser is free to **repackage** TM’d goods and then resell with the TM still visible, as long as there is adequate notice of the repackaging.
    - **Imported Goods**
    - **Gray Market Goods** aka parallel imports are genuine branded goods that are imported into a market and sold there without the consent of the owner of the trademark. For instance, if Duracell legally sells batteries abroad, someone could buy a ton of batteries abroad and import them into America to resell at higher American prices.
    - ***Lever Bros Co. v U.S.*** [British vs. American soap case]
      * Lever sold soap in America and in Britain. Both products used the same mark but were slightly different (one was more sudsy than the other) in order to fit local demands (Brits take more baths while Americans take more showers). A third party imported the UK product to the US and sold it here at a higher price -> definition of gray market. Consumers were actually able to tell the difference in the products, despite the subtlety. Lever Brothers brought suit against the Customs Service, claiming that the UK products violated § **42** of Lanham and thus were subject to seizure.
      * The court ruled that because the UK products were manufactured using a different formula, they were “materially” and “physically” different from similarly trademarked products intended for sale in the United States. These "material differences” were sufficient to render the goods “non-genuine” from the perspective of a U.S. consumer and thus in violation of the Lanham Act.
      * Under the “***Lever* rule**,” this ban on the importation of “gray-market” goods can be extended even to merchandise actually produced abroad *by the trademark owner* or its affiliate, so long as the foreign merchandise is *not physically identical* with the product marketed in the United States
    - **Repaired and Secondhand Goods**
    - ***Champion Spark Plug Co v Sanders*** (SCOTUS) [secondhand sparkplug case]
      * Sanders collected, refurbished, and resold used Champion sparkplugs. They kept the original Champion mark on the plugs along with a statement that says they were repaired.
      * The Court held that it was permissible to recondition and resell goods with the original trademark, as long as the packaging stated that they had been “repaired” or were “used” by an independent party and identified that party. The Court did state that “cases [could] be imagined” where the reconditioning or repair would be so extensive that this rule would not uphold fairness, but this was not such a case.

The Court explained that this rule would lead to full disclosure, and therefore give the manufacturer all the protection to which it was entitled and at the same time consumers would be protected from confusion. Even though the spark plugs were inferior to new ones, “inferiority is immaterial so long as the article is clearly and distinctly sold as repaired or reconditioned rather than new.”

Sounds like the Holmes Compromise.

* ***Reference* to Genuine Goods and Services Defenses**
  + - **Unauthorized Replacement Parts and Repairs**
    - It is OK for independent replacement parts makers to make collateral references to TM’d products, as long as the references were true.
    - So, a replacement part manufacturer can advertise that he makes replacement parts for Volkswagens, as long as
      * he actually does so
      * and as long as he does not insinuate that he is actually a part of Volkswagen’s organization of franchised dealers and repairmen.
    - **Comparative Advertising**
    - ***Smith v Chanel*** [Chanel #5 clone case]
      * Chanel makes the famous #5 perfume, but holds no patent on the formula. Defendant claims to have reverse engineered the perfume and sold it at a fraction of the cost. As part of its marketing, Defendant challenged potential customers to try to tell the difference between the two products. The issue here is whether one who has copied an unpatented product sold under a trademark may use the trademark in his advertising to identify the product he has copied.
      * “The Lanham Act does not prohibit a commercial rival’s *truthfully* denominating his goods as a copy of a design in the public domain, though he uses the name of the designer to do so. Indeed, it is difficult to see any other means that might be employed to inform the consuming public of the true origin of the design.”

“Imitation is the lifeblood of competition”

“A competitor’s chief weapon is his ability to represent his product as being equivalent and cheaper” than the competition.

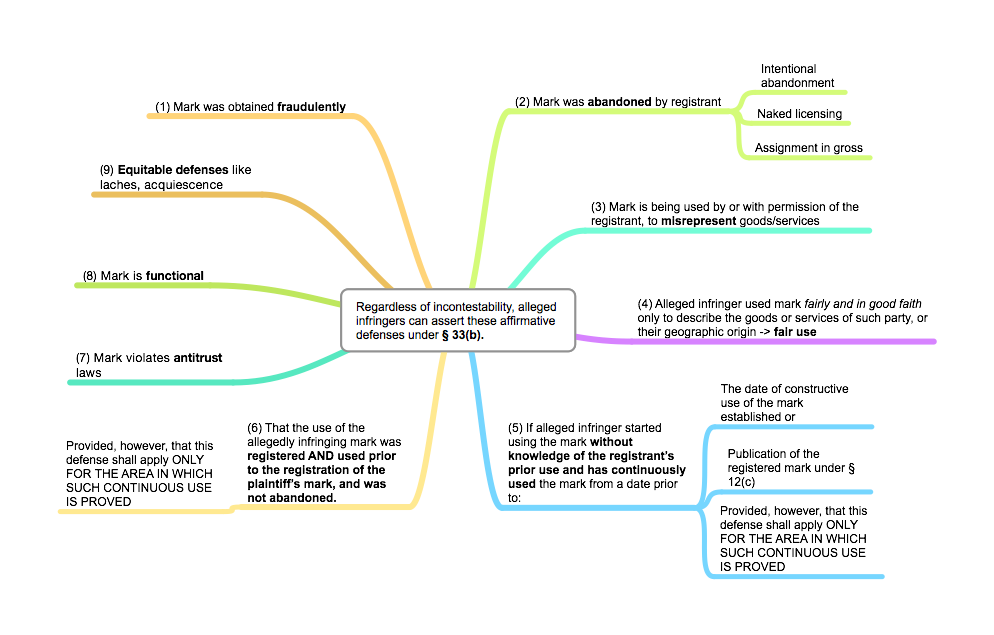
* + - * It’s totally fine to refer to a competitor in advertising, as long as all statements are true.
      * Note that on remand, the trial court found that Defendant violated **§ 43(a)** by misrepresenting in its advertising: 1) that it had duplicated “100% perfect the exact scent” of #5 and that it had worked for years to find the secret of duplicating the scent. Apparently the scents weren’t close enough.
    - ***Quality King*** [if you like X, you’ll love Y!]
      * D sold perfume with the slogan “If you like OPIUM, a fragrance by Yves Saint Laurent, You’ll Love OMNI, a fragrance by Deborah Beauty. Yves Saint Laurent and Opium are not related in any manner to Deborah Beauty and Omni.”
      * After applying the usual likelihood of confusion factors, the court affirmed the injunction. There was evidence of some actual confusion, and the defendant’s trade dress resembled that of the plaintiff.
    - For **negative advertising** comparisons (i.e. Verizon has better cell coverage than AT&T) is totally fine, as long as any claims made are truthful. This is a change from older advertising industry norms, where commercials would compare their product to anonymized products like “brand x”
    - **Use in Parody**
    - **Annheuser-Busch v L&L Wings** [Budweiser beach t-shirt case]
      * P sued D for infringement because D sold shirts that appropriated the famous Budweiser can design for novelty Myrtle Beach shirts that said “This Beach is for You!” Issue was whether this sort of thing could cause a likelihood of confusion.
      * Jury found for D, but judge granted JNOV. On appeal, reversed to respect the jury’s decision. Because these cases are so fact-intensive, a jury is crucial.

In a likelihood of confusion analysis, the standard for infringement does not depend on how closely a fragment of a given use duplicates the TM, but on whether the use in its entirety creates a likelihood of confusion.

* + - * Court found the appropriation to be far enough removed from the source material.
      * Parody is “a simple form of entertainment conveyed by juxtaposing the irreverent representation of the TM with the idealized image created by the mark’s owner.” Effective parody actually diminishes risk of consumer confusion. A good parody appropriates just enough of the source material for consumers to recognize it.

“Intent to parody is an intent to benefit from the original TM, but such an intent is not necessarily probative of a likelihood of consumer confusion.”

* + - * Dissent disagreed because he just saw it as a merchandising shortcut, as it does not ridicule Budweiser or offer any social commentary.



* **Remedies**
  + **Injunctive Relief (§ 34)**
    - **Types of Injunctions**
      * A **preliminary or temporary** injunction is a provisional remedy that is invoked to preserve the subject matter in its existing condition. Its purpose is to prevent dis-solution of the plaintiff's rights. The main reason for use of a preliminary injunction is the need for immediate relief.
      * A **permanent or perpetual injunction** is one that is granted by the judgment that ultimately disposes of the injunction suit, ordered at the time of final judgment. This type of injunction must be final relief. Permanent injunctions are perpetual, provided that the conditions that produced them remain permanent.
      * A **Restraining Order** is granted to preserve the status quo of the subject of the controversy until the hearing on an application for a temporary injunction. A **Temporary Restraining Order** is an extraordinary remedy of short duration that is issued to prevent unnecessary and irreparable injury. Essentially, such an order suspends proceedings until an opportunity arises to inquire whether an injunction should be granted. Unless extended by the court, a temporary restraining order ceases to operate upon the expiration of the time set by its terms
    - Injunctive relief is much more common than compensatory damages in trademark infringement cases. Injunctive relief, unlike monetary damages, protects the consuming public from the danger of continuing confusion and deception. It also protects the trademark owner from the irreparable injury that could be caused by another party’s appropriation or tarnishment of the goodwill embodied in the mark.
    - Under **§** **34(a),** both **permanent** **and** **temporary** injunctive relief are available for infringements of registered trademarks under section 32, as well as for violations of **§§ 43(a)** and **(c)** (dilution)with respect to both registered and unregistered marks.
    - While a **permanent injunction** will be issued only after a plaintiff has prevailed on the merits, the court may exercise its discretion to grant **a preliminary injunction** *prior to the resolution of the case* **in order to prevent irreparable harm to** the plaintiff *during the pendency of the litigation*. In determining whether a preliminary injunction is warranted, a court will ordinarily consider the following criteria:
      * (1) the likelihood that the plaintiff will *ultimately succeed* on the merits;
      * (2) whether the plaintiff is *likely to suffer irreparable harm* if the defendant is permitted to continue the allegedly infringing activities during the litigation;
      * (3) whether the *hardship* to the plaintiff in the absence of a preliminary injunction is *likely to be greater* than the hardship to the defendant that will result from preliminary injunction; and
      * (4) whether a preliminary injunction would *serve the public interest* (e.g., by preventing consumer confusion during pendency of the litigation).
    - ***Starter Corp v Converse, Inc*** [star shoe mark case]
      * Converse has made athletic shoes with a registered 5-pointed star TM for a really long time. Starter also sells athletic shoes that sometimes use a similar star logo. Starter filed for registration and Converse opposed. Starter filed for declaratory judgment, pretty much beating Converse to the punch. This is good for the possible infringer, as they get to forum shop.
      * Takeaway from this case is that a **permanent injunction** will also be narrowly tailored, never broad. The biggest issue in injunction decisions is the scope of the injunction.

Permanent injunctive relief will be granted only upon proof of the likelihood that purchasers of the product may be misled in the future.

* + - * Injunctive relief requires a demonstration of **irreparable harm**. That normally means a showing that a monetary judgment will be inadequate to compensate the P fully.
    - **Monetary Relief (§ 35)**
      * In the case of infringement of a registered mark under **§ 32(1)(a)**, a violation of **§** **43(a) or 43(d)**, or a willful violation of **§ 43(c), § 35** permits a plaintiff to recover the defendant’s profits, the plaintiff’s damages, and costs.

Reasonable **attorneys fees** may be awarded in “exceptional cases,” i.e. malicious, fraudulent, deliberate, or willful cases. **§ 35(a)**.

* + - * ***Bishop v Equinox Int’l Corp*** [proof of actual damages for profit recovery case]

Issue is whether an accounting of profits under **§ 35** requires proof of actual damages.

“An accounting of profits is not automatically granted upon a showing of infringement. Rather, the propriety of such relief is determined by equitable considerations.”

Court held that the P does not need to show actual damages: “the unavailability of actual damages as a remedy does not preclude plaintiff from recovering an accounting of defendant’s profits.”

There are two policies supporting this: preventing unjust enrichment and deterring willful infringement.

* **Internet Issues**
  + **Domain Name Disputes**
    - ICANN is a private, non-profit corporation in charge of overseeing domain name registrations. Domain registrations may be renewed indefinitely.
    - **Cybersquatting** is the registration of domain names of well-known TMs by non-TM owners who then try to sell the names back to the TM owners.
      * **§ 43(d)(1)(A)** imposes civil liability by a mark owner on someone who has a **bad faith intent to profit** from the mark and **registers, traffics in, or uses a domain name** that:

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;

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

* + - ***Sporty’s Farm LLC v Sportsman’s Market*** [cybersquatting case]
      * The facts, broken down, are as such: Competitor X of Company Y registered Y’s trademark as a domain name and then transferred that name to Subsidiary Z, which operates a business wholly unrelated to Y.
      * This was a clear case of a bad faith intention. “It cannot be doubted that [defendant] registered [the domain in question] for the primary purpose of keeping [plaintiff] from using that domain name.”

The fact that D formed an unrelated business to use the domain does not help their cause. If anything, it is further evidence of bad faith.

* + - * The **remedy** allowed by the statute permits a court to “order the forfeiture or cancellation of the domain name or transfer the domain name to the owner of the mark.”
    - Not all domain name disputes involve cybersquatting. Because many firms often use identical TMs on noncompeting goods, there can be controversy between two parties, both of whom are legitimate users of the same mark (i.e. Delta faucets vs. airlines). Usually, it comes down to whichever party registers first.