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Recent Development

RECENT DEVELOPMENTS IN TRADEMARK LAW: FOCUSED FOR THE TEXAS PRACTITIONER
Selected Recent Cases Discussed

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*68 I. *Associated Telephone Directory Publishers, Inc. v. Five D's Publishing, Inc.*¹

This action by Five D's Publishing Company was labeled by the Court of Appeals as an action for "conversion and unfair competition." The defendant, ATD, had originally sold "all assets and publication rights to two telephone directories" to the President of Five D's, in his individual capacity. This person signed a promissory note and security agreement as part of the transaction, but then leased his rights to Five D's, who then proceeded to republish the directories. When the original purchaser went bankrupt and defaulted on his note, ATD simply assumed that it was entitled to take back the property. In the meantime, however, Five D's had acquired a new name, "Heart of the Hills," for its directory. ATD attempted to "repossess" its property by announcing to the world that it was going to take over publication of the Heart of the Hills directory. The Court of Appeals affirmed the District Court's injunction, stating that it was an act of "unfair competition" when ATD proceeded to use the new name.

II. *Atec, Inc. v. Societe Nationale Industrielle Aerospatiale*

Following the analysis of *Oreck Corp. v. U.S. Floor Systems, Inc.*,³ Judge Singleton primarily relied on evidence of third-party use, different channels of trade and customer sophistication to decide there was no likelihood of confusion between the plaintiff's use of the mark ATEC for aviation electronics and the defendant's use of the same mark for an aviation magazine. Although there was some actual confusion, the Court termed it a "drop in the bucket."

III. *Buca di Bacco, Inc. v. Buca de Bacc', Inc.*⁴

Judge Rosenthal reinforced the holdings in *CJC Holdings, Inc. v. Wright & Lato, Inc.*⁵ that per se copying does not necessarily give rise to an *exceptional* case, and where a party presents what it in good faith believes may be a legitimate defense, a court should not find an *exceptional* case. Here, the defendants mistakenly relied upon the plaintiff's failure to have a state assumed name filing as establishing its (the defendant's) own right to use the name. The defendants also had argued that the plaintiff's trade dress lacked distinctiveness or secondary meaning. The district court found these to be "similar" examples of good faith and denied an award of attorneys' fees.

IV. *Consorzio del Prosciutto di Parma v. Parma Sausage Products, Inc.*⁶

In this cancellation proceeding, the parties had agreed that the mark PARMA was not geographically deceptive in 1969 when it was registered, since at that time Parma was not known as a source of ham products in the United States. The Board ruled that since the mark was not geographically deceptive when registered, it cannot be canceled as being deceptive after becoming incontestable. The balance of competing interests shifts from protecting the public to preserving the property interest of the trademark owner after a registration becomes incontestable.

***69 V. *CJC Holdings, Inc. v. Wright & Lato, Inc.*⁷**

The Fifth Circuit refused to adopt a per se rule that deliberate copying of trade dress makes a case "exceptional" for the purpose of awarding attorneys' fees. The Court vacated the award of attorneys' fees and remanded because the district court did not make sufficient findings of fact to allow proper review of its ruling that the case was "exceptional."

VI. *DAK Industries, Inc. v. Daiichi Kosho Co.*⁸

In granting summary judgment for the opposer on applicant's defenses of laches, acquiescence and estoppel, the Board held that laches cannot begin to run in an opposition proceeding until the disputed mark is published for opposition. A period of delay during prior negotiations over use of the mark was held not to effect the timeliness of filing an opposition.

VII. *In re Homes & Land Publishing Corp.*⁹

The trademark examining attorney had refused to register the mark RENTAL GUIDE for a real estate rental listing magazine, taking the position that the mark was generic. The Board reversed, finding first that the mark was merely descriptive and second that applicant had proved secondary meaning. The Board ruled that 3.5 million dollars in sales in a two-year period was sufficient to show secondary meaning absent evidence to the contrary.

VIII. *In re Old Glory Condom Corp.*¹⁰

The Board held that a determination of "scandalous" within the meaning of Section 2(a) of the Lanham Act must be made in the context of "contemporary attitudes." The mark OLD GLORY CONDOM CORP. and design, which consisted of a pictorial representation of a condom decorated with stars and stripes, was held to be not scandalous, and thus registerable, because applicant's use of the mark and design demonstrated the purposes of promoting safe sex and preventing AIDS. Using condoms to save lives was considered by the Board to be "a patriotic act."

IX. *In re Schiapparelli Searle*¹¹

The Board affirmed a refusal to register on the ground that the specimens submitted did not support a trademark use. Applicant had sought to register the mark THE ACTIVE INGREDIENT IS QUALITY for pharmaceuticals sold by prescription. The specimens submitted were brochures, describing the goods, which were intended to be placed in a prescribing physician's office (left by detail men to help persuade the physician to prescribe). This case gives a good summary of the law regarding specimens since the *70 TRADEMARK LAW REVISION ACT of 1988,¹² *In re Lands' End, Inc.*,¹³ and *Lands' End, Inc. v. Manbeck*.¹⁴

X. *Interstate Battery Systems v. Wright*¹⁵

The district court granted summary judgment to the plaintiff on its trademark infringement, unfair competition and counterfeiting claims and permanently enjoined the defendant from using the plaintiff's federally registered marks INTERSTATE, POWER VOLT, EURO and AMERITRON for batteries. The defendant, formerly the plaintiff's authorized distributor, intentionally mislabeled third party batteries with the plaintiff's marks, shipped the batteries to retailers in the plaintiff's trucks with drivers wearing the plaintiff's uniforms, and represented to dealers that the batteries were genuine

products. The Court awarded treble damages and attorneys' fees, and ordered an accounting.

XI. *Lloyd's Food Products, Inc. v. Eli's, Inc.*¹⁶

The Court expressly approved the use of yellow page directories to prove third party usage of service marks. The rationale was that a yellow pages ad is a direct advertisement, which is a proper trademark use of a service mark. Since the directory pages showed actual use by third parties in promoting their services, they were properly admissible as evidence of use by others.

XII. *Matrix Essentials, Inc. v. Emporium Drug Mart, Inc.*¹⁷

In this appeal from a summary judgment dismissing the complaint, the plaintiff asserted that the defendant, Emporium, was selling "non-genuine" products bearing the plaintiff's trademark. The plaintiff established that its specialty hair care products were intended to be marketed exclusively through "licensed cosmetologists," trained by the plaintiff to provide "professional consultation" with the purchase of a Matrix product. Emporium, a discount drug store, had somehow acquired a supply of Matrix products and was selling them directly from its shelves, without any consultation. The Court of Appeals affirmed the decision below and provided a very useful and persuasive analysis of the previous cases that considered when a product is "genuine" and, therefore, not a trademark infringement. The Court also applied its rationale to a claim under Section 43(a) of the Lanham Act.¹⁸ Stating that "the element of consumer confusion" was critical, the Fifth Circuit determined that Matrix's use of professional hair care salons as its exclusive distribution channel was "more marketing-related than quality-related." It noted that the disputed goods had been manufactured and labeled by Matrix, and there was no evidence that consumers expected the professional consultation or considered it important. Finally the Court refused to accept that it was a "misleading representation of fact" for Emporium to present Matrix's products on a store shelf thereby suggesting that the manufacturer had decided that the consultation was no longer necessary.

***71 XIII. *National Football League Properties v. Playoff Corp.*¹⁹**

The district court denied the plaintiff's motion for a preliminary injunction on the grounds that the plaintiff failed to prove irreparable harm from the defendant's use of National Football League trademarks on trading cards. The Court denied the motion even though it rejected the defendant's fair use defense and found that the defendant had infringed the plaintiff's trademark rights. The Court refused to hold that irreparable harm automatically arises when there is a finding of trademark infringement.

XIV. *Prudhomme v. Proctor & Gamble Co.*²⁰

The district court denied the defendant's motion to dismiss an action by Chef Paul Prudhomme claiming that the defendant's television commercial for FOLGER'S instant coffee, which featured a Prudhomme look-alike, infringed his rights under § 43(a)²¹ and § 32(1)²² of the Lanham Act, the Louisiana trademark statute,²³ and common law rights of publicity and privacy. The Court found that issues of fact existed concerning whether the commercial clearly identified the alleged look-alike as someone other than Prudhomme and whether Prudhomme's image had acquired distinctiveness. It allowed all claims to proceed.²⁴

Footnotes

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¹ 849 S.W.2d 894 (Tex. App.--Austin 1993, n.w.h.).

² 798 F. Supp. 411, 24 U.S.P.Q.2d (BNA) 1951 (S.D. Tex. 1992).

³ 803 F.2d 166, 231 U.S.P.Q. (BNA) 634 (5th Cir. 1986).

⁴ 26 U.S.P.Q.2d (BNA) 1398 (S.D. Tex. 1993).

⁵ 979 F.2d 60, 25 U.S.P.Q.2d (BNA) 1212 (5th Cir. 1992).

⁶ 23 U.S.P.Q.2d (BNA) 1894 (Trademark Trial & App. Bd. 1992).

⁷ 979 F.2d 60, 25 U.S.P.Q.2d (BNA) 1212 (5th Cir. 1992).

⁸ 25 U.S.P.Q.2d (BNA) 1622 (Trademark Trial & App. Bd. 1992).

⁹ 24 U.S.P.Q.2d (BNA) 1717 (Trademark Trial & App. Bd. 1992).

¹⁰ 26 U.S.P.Q.2d (BNA) 1216 (Trademark Trial & App. Bd. 1993).

¹¹ 26 U.S.P.Q.2d (BNA) 1520 (Trademark Trial & App. Bd. 1993).

¹² 15 U.S.C. § 1051 (1988).

¹³ 21 U.S.P.Q.2d (BNA) 148 (Trademark Trial & App. Bd. 1991).

¹⁴ 797 F. Supp. 511, 24 U.S.P.Q.2d (BNA) 1314 (E.D. Va. 1992).

¹⁵ 811 F. Supp. 237, 26 U.S.P.Q.2d (BNA) 1699 (N.D. Tex. 1993).

¹⁶ 987 F.2d 766, 25 U.S.P.Q.2d (BNA) 2027 (Fed. Cir. 1993).

¹⁷ 988 F.2d 587, 26 U.S.P.Q.2d (BNA) 1532 (5th Cir. 1993).

¹⁸ 15 U.S.C. § 1125(a) (1988).

¹⁹ 808 F. Supp. 1288, 25 U.S.P.Q.2d (BNA) 1788 (N.D. Tex. 1992).

²⁰ 800 F. Supp. 390, 24 U.S.P.Q.2d (BNA) 1627 (E.D. La. 1992).

²¹ 15 U.S.C. § 1125(a) (1988).

²² 15 U.S.C. § 1114(1) (1988).

²³ L.S.A. -- R.S. 51:223.1 (1992).

²⁴ The plaintiff had one other cause of action on defendant's legal fault in breaching LA. CIV. CODE art. 2315. The court allowed this claim to proceed as well.