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RECENT DEVELOPMENTS IN TRADEMARK LAW

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*274 This article reviews selected noteworthy trademark decisions reported in the United States Patents Quarterly, Second Series, for the months of September, October, and November of 1996.

I. Trademarks and the Internet

A. Domain Names and Dilution: *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*¹

The plaintiff, Hasbro, took exception to the defendants' use of "candyland.com" for a sexually explicit Internet website domain name, in light of Hasbro's ownership of the mark CANDY LAND, registered since 1951 for a children's game.² As a result, Hasbro sought a preliminary injunction against the defendants' use of "candyland".³

The court concluded that Hasbro had demonstrated a probability of success on the merits and was entitled to a preliminary injunction.⁴ In so doing, the court found that Hasbro was likely to succeed in demonstrating that the defendants' use of the domain name "candyland.com" diluted Hasbro's trademark both under the new Federal Trademark Dilution Statute⁵ and Washington's state dilution statute,⁶ and that Hasbro was suffering irreparable harm.⁷ The court entered a preliminary *275 injunction preventing the defendants from using CANDY LAND to advertise, operate, or maintain any Internet site.⁸ Interestingly, the court did allow the defendants to post a referral notice at the "candyland.com" address for a ninety-day period, indicating the new Internet address for the defendants' site, as long as the defendants' referral notice did not include any hyperlink to the new site.⁹

B. Home Page Use: *Playboy Enterprises Inc. v. Chuckleberry Publishing Inc.*¹⁰

Playboy Enterprises obtained an injunction in 1981 preventing the defendant from publishing, printing, distributing, or selling an English language "male sophisticate magazine" in the United States using the name "Playmen," based upon Playboy Enterprises's ownership of the mark PLAYBOY for similar products.¹¹ In January 1996, Playboy Enterprises discovered that the defendant had introduced an Internet site featuring the "Playmen" name and using the domain name "playmen.it."¹² Playboy Enterprises brought this action seeking an order that the defendant's conduct was in contempt of the 1981 injunction.¹³

This case is particularly interesting because the 1981 injunction could not have contemplated the Internet in its scope; this was the position adopted by the defendant.¹⁴ Nevertheless, the court granted Playboy Enterprises' motion.¹⁵ In so doing, the court examined the purpose of the injunction and determined that it was intended "to restrict the ability of Defendant to distribute its product in the United States."¹⁶ Accordingly, the court opined that excluding Internet uses from the decree would "emasculate the Injunction."¹⁷ Further, the court held that the defendant did distribute pictorial images within the United States in violation of the injunction, despite the defendant's argument that it had only uploaded its services onto a web server in Italy.¹⁸ The defendant did more than merely provide access to the Internet *276 by actively soliciting customers and also inviting viewers to download pictures; according to the court, these activities constituted distribution.¹⁹

Finding that the defendant's conduct was in violation of the 1981 court order, the court imposed several sanctions, including an order that the defendant shut down its site and refrain from taking subscriptions in the United States.²⁰ The parties sought a

reconsideration of this opinion,²¹ with the issue being whether the defendant sold or distributed its non-subscription Internet service, PLAYMEN Lite (as opposed to its subscription Internet service, PLAYMEN Pro) in the United States.²² The court held that PLAYMEN Lite and PLAYMEN Pro were “not two separate and distinct services … but were actually one service—the ‘PLAYMEN Internet Service,’” and, thus, were part of the distribution of PLAYMEN products.²³

C. Jurisdiction: *Bensusan Restaurant Corp. v. King*²⁴

The plaintiff brought this action alleging infringement of its service mark, THE BLUE NOTE, used for a jazz club in New York City.²⁵ The defendant operated a small club in Columbia, Missouri under the name THE BLUE NOTE, as well, and began promoting his club via a website on the Internet.²⁶ The defendant had specifically disclaimed any association with the plaintiff’s club in his website but had, for a time, included a hyperlink to the plaintiff’s website.²⁷ The plaintiff brought suit alleging trademark infringement, dilution, and unfair competition.²⁸ The case was before the court on the defendant’s motion to dismiss pursuant to Fed. R. Civ. P. 12(b)(2), for lack of personal jurisdiction.²⁹

Pursuant to the relevant long arm statute, the court held that it was capable of exercising personal jurisdiction over the defendant if the plaintiff could demonstrate that the defendant had committed a tortious act within the state of New York.³⁰ The issue then distilled to whether the defendant’s act of creating a website in Missouri *277 (with a telephone number to order the infringing product) was an offer of sale in New York.³¹ The court concluded that it was not since the multiple steps an Internet user would have to undertake to acquire tickets to the Missouri club, including picking up the tickets in Missouri, resulted in infringing act taking place in Missouri, not New York.³²

The plaintiff argued that the court could exercise jurisdiction over the defendant if the defendant either committed tortious acts outside of New York that caused injuries in New York, or if the defendant could have reasonably expected consequences in New York and thereby derived substantial revenue from interstate commerce.³³ The court concluded that jurisdiction was not proper under this theory either, because 99% of the defendant’s revenue was derived in Missouri, and the defendant’s knowledge of the New York club was insufficient to show a discernible effort to market in New York.³⁴

Finally, the court noted that, even if jurisdiction could be established, asserting such jurisdiction would violate due process,³⁵ notwithstanding the seemingly contrary conclusion of the Sixth Circuit in *CompuServe Inc. v. Patterson*.³⁶ The court distinguished *CompuServe* by holding that the act of creating an internationally accessible website was not, standing alone, an act purposefully directed toward a forum state, and that the defendant had not purposefully availed himself of the laws of New York.³⁷ The court therefore granted the defendant’s motion to dismiss.³⁸

D. Domain Names and Likelihood of Confusion: *Intermatic Inc. v. Toeppen*³⁹

The plaintiff, Intermatic, brought this action seeking relief for federal trademark infringement,⁴⁰ unfair competition,⁴¹ and dilution,⁴² along with other state claims, based upon the defendant’s registration of the domain name *278 “intermatic.com”.⁴³ Intermatic, which is involved in the manufacturing and distribution of a wide variety of electrical and electronic products, had been operating under the registered mark INTERMATIC since 1941.⁴⁴ Despite demands that the defendant relinquish rights in the domain name so that Intermatic could acquire it, the defendant refused, and the domain name was put on hold by Network Solutions, Inc.—the organization responsible for domain name registrations in the United States.⁴⁵ This lawsuit was then initiated by Intermatic.⁴⁶

The defendant operated an Internet service provider business and had registered approximately 240 Internet domain names, among which were several prominent business names, such as “deltaairlines.com”, “eddiebauer.com”, and “neiman-marcus.com”.⁴⁷ The defendant had not obtained authorization to use these names, claiming that no authorization was necessary.⁴⁸ The court concluded that one of the defendant’s “business objectives is to profit by the resale or licensing of these domain names, presumably to the entities who conduct business under these names.”⁴⁹ Prior to registering “intermatic.com,” the defendant had not used INTERMATIC, although the defendant apparently began using the mark for the proposed sale of computer software later.⁵⁰ Both parties moved for summary judgment.⁵¹

Labeling the defendant a “cyber-squatter,”⁵² the court stated that Intermatic’s mark had become famous within the meaning of 15 U.S.C. § 1125(c)⁵³ and that the defendant’s “intention to arbitrage the ‘intermatic.com’ domain name constitute d commercial use.”⁵⁴ As a result, the court granted summary judgment for Intermatic on its federal and state dilution claims.⁵⁵

The court engaged in a thorough discussion of the basis for the new Federal Trademark Dilution Act of 1995 and the current law pertaining to trademarks and domain names, and concluded that Intermatic's mark was being diluted, especially since the domain name was minted on every web *279 page.⁵⁶ However, the court noted that genuine issues of material fact remained as to the likelihood of confusion, and it thereby denied the remaining portion of Intermatic's motion for summary judgment as well as the defendant's motion for summary judgment.⁵⁷ Finally, the court issued an order permanently enjoining the defendant from taking any action to prevent Intermatic from obtaining the domain name "intermatic.com", as well as prohibiting the defendant from asserting any further interest in the name.⁵⁸

II. The Federal Trademark Dilution Act of 1995

A. The Act Takes Center Stage: *Ringling Bros.-Barnum & Bailey Combined Shows Inc. v. Utah Division of Travel Development*⁵⁹ and *Ringling Bros.-Barnum & Bailey Combined Shows Inc. v. B.E. Windows Corp.*⁶⁰

In each of these cases, Ringling Bros.-Barnum & Bailey attempted to enforce its rights in its well-known slogan THE GREATEST SHOW ON EARTH, by relying on the Federal Trademark Dilution Act of 1995, 15 U.S.C. § 1125(c).⁶¹

In *Utah Division*, the offending slogan was THE GREATEST SNOW ON EARTH, used to promote tourism and travel in Utah.⁶² After failing to successfully oppose registration of Utah Division's mark before the Trademark Trial and Appeal Board, the plaintiff sought judicial relief.⁶³ The defendant argued that its slogan was imitative of the plaintiff's mark and not identical and, thus, was not subject to the anti-dilution statute.⁶⁴

The debate hinged on interpretation of the statute with regard to "famous marks" and their use in commerce; the defendant argued that the statutory language applied only to identical uses of marks.⁶⁵ The court concluded that this was "contrary to the statute's plain and unambiguous language"⁶⁶ and that similar marks *280 were contemplated by the statute.⁶⁷ Consequently, the defendant's motion to dismiss on these grounds was denied.⁶⁸

In *B.E. Windows*, the offending slogan was "The Greatest Bar on Earth," used to promote a bar and restaurant at the top of the World Trade Center.⁶⁹ The plaintiff argued that the defendant's use of this slogan was inconsistent with the family-oriented image the plaintiff encourages with its mark.⁷⁰ Consequently, the plaintiff sought a preliminary injunction, relying on the Federal Trademark Dilution Act and New York's anti-dilution statute.⁷¹

The *B.E. Windows* court came out quite differently than the *Utah Division* court, finding that the plaintiff had not shown either irreparable harm or a likelihood of success on the merits and denying injunctive relief.⁷² The court seemed to apply a much stricter standard than the *Utah Division* court, basing its decision on the fact that the marks were not identical and that the defendant's mark was not used for the circus or amusement/entertainment industry.⁷³ While not expressly denying the plaintiff's right to protect its mark against infringement and dilution in this instance,⁷⁴ particularly with regard to "blurring,"⁷⁵ the court was unimpressed by the evidence presented in support of the preliminary injunction and was critical of the plaintiff's ability to restrict similar uses outside of the circus or amusement industry.⁷⁶

B. Oppositions & Cancellations and the New Act: *Babson Bros. Co. v. Surge Power Corp.*⁷⁷

Surge Power applied to register SURGE for electric generators and automobiles.⁷⁸ Babson Bros. opposed registration, relying on its previously used and registered mark SURGE; the mark had been used in connection with various *281 items of dairy farm equipment.⁷⁹ Babson Bros. sought to amend its opposition to add a dilution claim based upon the Federal Trademark Dilution Act of 1995,⁸⁰ after that law was enacted.⁸¹

Considering this a case of first impression, the Board analyzed the legislative history and intent of the new act and concluded that it did not create a statutory basis for opposition or cancellation.⁸² Pointing out that the Lanham Act provides many causes of action not available in opposition or cancellation actions, the Board held that its role remains limited to determining the right to both register marks and maintain registrations.⁸³

III. Board and Commissioner Proceedings

A. Assignment Pitfalls: *Clorox Co. v. Chemical Bank*⁸⁴

Clorox petitioned to cancel Chemical Bank's registration for the mark SUPER SCRUB in connection with a household cleanser, based upon Clorox's prior use of the registered mark SOFT SCRUB on a similar product.⁸⁵ As one of the grounds for cancellation, Clorox asserted that the intent-to-use application for the mark was assigned to Chemical Bank prior to the statement of use being filed, in violation of 15 U.S.C. § 1060.⁸⁶ Section 1060 prohibits the assignment of an intent-to-use application prior to the filing of a statement of use unless the assignee is a successor to the pertinent portion of the applicant's business.⁸⁷ Chemical Bank argued that the "assignment" was part of a loan and security agreement whereby the assignor was granted a license back to use the mark.⁸⁸

The Trademark Trial and Appeal Board held that, based upon the language of the agreement in question, the assignment was not conditional but was instead an outright assignment of rights; these rights included ownership of the mark as well as the associated goodwill, despite the fact that the agreement was intended to secure *282 loan financing.⁸⁹ After a discussion of the intent of 15 U.S.C. § 1060 (as this was considered a case of first impression with respect to the interpretation of this provision) the Board held that the intent-to-use application was assigned in violation of 15 U.S.C. § 1060. As a result, the registration was void since Chemical Bank was not a successor to the business of the assignor.⁹⁰

B. Publication and ITUs: *In re Circuit City Stores West Coast Inc.*⁹¹

Applicant petitioned the Commissioner of Patents and Trademarks to permit the filing of amendments to allege use with respect to several of its applications that had been approved but not yet published.⁹² This procedure is governed by 37 C.F.R. § 2.76(a), which prohibits the filing of an amendment alleging use after an application has been approved for publication.⁹³ The Commissioner can waive these rules if a petitioner can show that an extraordinary situation exists, justice so requires, and no other party is thereby injured.⁹⁴

The Commissioner agreed that the strict time limit of Rule 2.76(a) could, in many cases, cause "more administrative difficulties than those it was designed to avoid."⁹⁵ The Commissioner concluded that a waiver was appropriate in this case and that "as long as an application can be removed from the publication cycle, on petition it is appropriate to grant relief from Trademark Rule 2.76(a) when the application has been approved for publication but has not yet been published."⁹⁶

C. Registration Amendments: *In re Umax Data System Inc.*⁹⁷

The Commissioner of Patents and Trademarks agreed to reverse the post registration examiner's refusal to amend the applicant's UMAX registration, pursuant to 15 U.S.C. § 1057(e).⁹⁸ The Post Registration division had refused to amend the registration (which consisted of a stylized version of the word UMAX), arguing that the amendment constituted a material alteration of the original mark.⁹⁹ *283 In fact, the amended version appears to be only a slight variation in the stylization. The Commissioner reversed, stating that the commercial impression of the mark was essentially the same as the original mark.¹⁰⁰ While, in the past, such reversals were based on clear error or abuse of discretion, the Commissioner decided that the same standard of review should be applied as where an amendment to an application is requested.¹⁰¹ Thus, the Commissioner expressly overruled prior case law to the contrary.¹⁰² As a result, adverse decisions regarding Section 7 amendments will now be evaluated to determine whether the post registration examiner's decision was a "correct one."¹⁰³

IV. Procedure and Remedies

A. Appeals: *Citi Traffic Corp. v. Metro Traffic Control Inc.*¹⁰⁴

The plaintiffs brought suit alleging that the defendant had infringed the federally registered service mark, SHADOW TRAFFIC.¹⁰⁵ The defendant counterclaimed, alleging, *inter alia*, that the plaintiffs had engaged in infringement.¹⁰⁶ Moreover, the defendant argued that the plaintiff's registration should be canceled by order of the court to the Commissioner of Patents and Trademarks¹⁰⁷ based upon the defendant's alleged prior use under 15 U.S.C. § 1119.¹⁰⁸ The defendant had previously failed to obtain a favorable ruling on its petition for cancellation before the Trademark Trial and Appeal Board and subsequently appealed that decision to the Federal Circuit.¹⁰⁹ The appeal was pending when the plaintiff brought the instant suit. The defendant moved for injunctive relief, and the plaintiffs moved for dismissal of the cancellation counterclaim.¹¹⁰

*284 The court denied both motions.¹¹¹ First, the court held that by appealing the TTAB decision to the Federal Circuit, the defendant waived its right to have the Board decision reviewed—without such right of review, the court could not find that the defendant would likely prevail on the merits.¹¹² Thus, the defendant’s motion for preliminary injunction was denied.¹¹³

With regard to the plaintiffs’ motion to dismiss, the plaintiffs argued that the TTAB decision should bar this action under the doctrine of collateral estoppel.¹¹⁴ However, because the defendant had appealed the adverse TTAB ruling to the Federal Circuit, the court concluded that it could not decide the cancellation issue while the appeal was pending.¹¹⁵ Thus, the court denied the plaintiffs’ motion as well.¹¹⁶

B. Depositions: *Furniture World Inc. v. D.A.V. Thrift Stores Inc.*¹¹⁷

The plaintiff moved to compel the testimony of certain witnesses designated by the defendant.¹¹⁸ In one circumstance, the plaintiff sought to compel the deposition testimony of an expert who was slated to testify at trial.¹¹⁹ The defendant had directed the witness not to answer on the grounds of attorney work product privilege.¹²⁰ The court held that the expert’s capacity as one expected to testify at trial required that the requested discovery be divulged pursuant to Fed. R. Civ. P. 26(a)(2).¹²¹ The defendant had argued that since this same witness was also retained as a non-testifying expert regarding rebuttal of the plaintiff’s expert testimony, “exceptional circumstances” were required to compel discovery.¹²² The court disagreed, however, stating that in these circumstances, a potential witness cannot be shielded from later questioning under the work product doctrine by also being *285 declared a consulting expert.¹²³ On the other hand, the court acknowledged that its ruling might change if the expert were removed from the list of witnesses expected to testify at trial.¹²⁴

As for the other witness in question, the defendant had directed him not to answer certain deposition questions on the grounds of relevancy and scope.¹²⁵ The court pointed out that relevance was not a proper ground for instructing a witness not to answer a deposition question.¹²⁶ Thus, the court granted the motion to compel with regard to this witness.¹²⁷

C. Geographical Limits: *All Video, Inc. v. Hollywood Entertainment Corp.*¹²⁸

The plaintiff owned several video stores in the Detroit area operating under the mark HOLLYWOOD VIDEO.¹²⁹ The defendant had a much wider territory of operation for its video stores (operating under the same name) and had obtained a federal registration for this mark as well as for the mark HOLLYWOOD VIDEO SUPERSTORE.¹³⁰ The defendant moved into the Detroit area, prompting this suit and the plaintiff’s request for a preliminary injunction.¹³¹

The defendant was able to trace its use of HOLLYWOOD VIDEO to a time before the plaintiff first used its mark.¹³² Thus, the court held that the plaintiff could only exclude the defendant’s use of HOLLYWOOD VIDEO from areas in which the plaintiff actually operated stores on the date the defendant filed its application for registration.¹³³ The injunction was granted, but was limited to a small radius¹³⁴ around each of the plaintiff’s stores in existence at the time the defendant filed its application.¹³⁵

***286 D. Speculative Awards: *McClaran v. Plastic Industries, Inc.*¹³⁶**

The parties were disputing the use of a mark consisting of the letter *M* in wavy stylization (suggesting water) for kayaks.¹³⁷ Originally, the defendant had sought the plaintiff’s permission to mold kayaks using the plaintiff’s distinctive design.¹³⁸ However, the contractual relationship eventually deteriorated.¹³⁹ The dispute, heavily rooted in breach of contract issues, included a claim for infringement of the *M* mark, since the defendant’s molded kayak forms included impressions of the plaintiff’s mark.¹⁴⁰ As to the issue of trademark infringement, the jury awarded over \$800,000 in compensatory damages to the plaintiff.¹⁴¹

On appeal, the Ninth Circuit held that the trademark infringement claim should be remanded for a review of the finding of liability.¹⁴² The court also held that the jury’s damage award in this respect should be reversed, even if liability were upheld, since the award was speculative.¹⁴³ The Ninth Circuit reasoned that the plaintiff could not prove damages with any reasonable certainty since he had not yet entered into the kayak production business and, thus, had no record of profits upon which to base an award.¹⁴⁴

V. Substantive Issues

A. Trade Dress: *Krueger International, Inc. v. Nightingale, Inc.*¹⁴⁵

This dispute arose between two furniture manufacturers regarding a lightweight, high density, stackable chair design.¹⁴⁶ The plaintiff sought a preliminary injunction against the defendant's production of a "virtual carbon copy" of the plaintiff's very successful chair design.¹⁴⁷ The plaintiff had previously obtained a design patent for the chair, but this patent expired before the action was *287 commenced.¹⁴⁸ The defendant admitted copying the plaintiff's chair but justified its actions on the grounds that the design patent had expired.¹⁴⁹

The court focused its analysis on whether the chair design was inherently distinctive trade dress.¹⁵⁰ After reanalyzing the Second Circuit's decision in *Knitwaves, Inc. v. Lollytogs Ltd.*¹⁵¹ (wherein a special test for trade dress infringement was enunciated) as well as other prominent trade dress infringement cases, the court digressed into a discussion of "common misconceptions about the interplay of patent law and trade dress law."¹⁵² The court noted that although the existence of a prior design patent is relevant as to the issue of functionality, it is not dispositive of inherent distinctiveness.¹⁵³

Acknowledging that the individual design elements of the chair served both functional and aesthetic purposes, the court concluded that the overall look of the trade dress must be considered.¹⁵⁴ While denying the request for a preliminary injunction, the court noted ominously that the plaintiff had "raised serious questions of trade dress infringement" based upon the court's analysis of the likelihood of confusion factors.¹⁵⁵

B. Acquisition of Rights: *Sengoku Works Ltd. v. RMC International Ltd.*¹⁵⁶

This case addressed a dispute between a foreign manufacturer and an exclusive U.S. distributor of kerosene heaters over ownership of the mark KEROHEAT.¹⁵⁷ Sengoku manufactured the kerosene heaters overseas, and RMC imported and distributed them in the United States.¹⁵⁸ RMC obtained a federal registration in the United States for the mark KEROHEAT.¹⁵⁹ Each party claimed ownership in the mark.¹⁶⁰

*288 After a jury trial, Sengoku prevailed on its claim that RMC's use of the KEROHEAT mark on heaters not manufactured by Sengoku constituted trademark infringement.¹⁶¹ As a result, the court ordered RMC's trademark registration canceled and its use of KEROHEAT on heaters not manufactured by Sengoku enjoined.¹⁶² RMC appealed that judgment.¹⁶³

On appeal, the Ninth Circuit opined that, where a dispute arises between a manufacturer and a distributor, one must first look to the agreement between the parties, and "in the absence of an agreement between the parties, the manufacturer is presumed to own the trademark."¹⁶⁴ While the Ninth Circuit added that this is a rebuttable presumption, it nonetheless affirmed the lower court judgment, concluding that no agreement on the matter existed between the parties.¹⁶⁵ The Ninth Circuit went on to hold that Sengoku's status as a foreign manufacturer was not controlling and that a jury could reasonably have concluded that Sengoku had prior use of the mark and, thus, was the proper owner.¹⁶⁶

C. Surveys and Likelihood of Confusion: *Anheuser-Busch Inc. v. Customer Co.*¹⁶⁷

The plaintiff sought a preliminary injunction against the defendant's use of a red, white, and blue beer label motif using the slogan "The Beer of Beers," based upon the plaintiff's long time use of a similar color motif for its beer label, "The King of Beers."¹⁶⁸ The Ninth Circuit held that the plaintiff's trademark was valid and, after an analysis of the eight factor likelihood of confusion test, concluded that the plaintiff had demonstrated a likelihood of success on the merits.¹⁶⁹ Consequently, the court granted the plaintiff's motion for preliminary injunction.¹⁷⁰ The court seemed particularly compelled by the results of a survey (conducted on behalf of the plaintiff) of 204 individuals, 107 of whom thought the plaintiff produced or authorized the defendant's beer (suggesting the existence of actual confusion).¹⁷¹

*289 D. Unfair Competition: *Informix Software, Inc. v. Oracle Corp.*¹⁷²

Informix, a manufacturer of database software and servers, sued Oracle and Melita International Corporation for declaratory relief, trademark cancellation, unfair competition, and trade libel with regard to the trademark UNIVERSAL SERVER.¹⁷³

Melita had registered the trademark for a memory device used to store and retrieve video, audio, image, and data information for which Oracle had an exclusive license.¹⁷⁴ Oracle sought dismissal of the cancellation, unfair competition, and trade libel claims against it.¹⁷⁵

With regard to the cancellation claim, Oracle argued that Melita, not Oracle, was the proper defendant.¹⁷⁶ Informix argued that since an exclusive licensee can sue for infringement on behalf of a trademark owner, Oracle was a proper defendant.¹⁷⁷ The court disagreed and dismissed the claim, stating that only the trademark owner, not the exclusive licensee, is a proper defendant for a cancellation action.¹⁷⁸ The court pointed out that an exclusive licensee cannot, for example, defend a registration and that the trademark owner, not the licensee, is ultimately responsible for the validity of the mark.¹⁷⁹

As for the unfair competition and trade libel claims, the court granted Oracle's motions to dismiss subject to leave to amend.¹⁸⁰ Informix argued that Oracle made public statements about Informix's right to use the phrase "universal server" (which Informix contended was generic or descriptive) causing Melita to send cease and desist letters to Informix regarding the mark.¹⁸¹ The court concluded that "asserting rights enforceable by statute is not actionable as unfair competition."¹⁸² However, in light of the new allegations made by Informix regarding the unfair competition claim (which were not included in the complaint), the court granted *290 Informix leave to amend.¹⁸³ Informix did not oppose Oracle's motion to dismiss the trade libel claim, but was granted leave to amend that claim as well.¹⁸⁴

E. Secondary Meaning: *Leejay Inc. v. Bed Bath & Beyond Inc.*¹⁸⁵

The plaintiff and the defendant in this case had operated retail stores for several years under the respective marks BED & BATH and BED BATH & BEYOND.¹⁸⁶ In 1994, their markets began to overlap, prompting the plaintiff to file for a preliminary injunction against the defendant's use of the mark BED BATH & BEYOND.¹⁸⁷ The defendant asserted that "bed and bath" was a commonly used phrase with respect to a particular category of domestic products, akin to the category term "hardware."¹⁸⁸ The court explained that even if a substantial portion of the consuming public recognized BED & BATH as identifying the plaintiff, secondary meaning would not be found if the primary significance of the words remained descriptive.¹⁸⁹ In this case, the court held that "the words 'bed and bath' themselves, apart from their stylized presentation in the Leejay logo," did not have secondary meaning.¹⁹⁰

F. Product Modification: *Nellcor Puritan Bennett Inc. v. Medical Taping Systems*¹⁹¹

The plaintiff manufactured and sold medical devices for monitoring oxygen in patients' blood; the devices bore the NELLCOR trademark in what the plaintiff claimed to be distinctive coloring and marking.¹⁹² The defendants had obtained several of the plaintiff's products from area hospitals and modified the sensors to make them reusable, labeling them as such in the process.¹⁹³ The plaintiff brought *291 suit arguing that the use of its trademark and trade dress in connection with these modified products was an infringement of its rights.¹⁹⁴

Relying on *Champion Spark Plug Co. v. Sanders*,¹⁹⁵ the court refused to grant the plaintiff's request for a preliminary injunction, pointing out that defendants' modified products were not available on the public market.¹⁹⁶ The court pointed out that the products were modified for hospitals at the request of hospital purchasing agents, who knew of the defendants' modifications and who were expected to be sophisticated consumers (unlike the potentially unsuspecting customers in *Champion*).¹⁹⁷ Also considered relevant was the fact that the products were labelled by the defendants as being modified in a manner not authorized by Nellcor.¹⁹⁸

G. Antitrust Claims: *Clorox Co. v. Sterling Winthrop, Inc.*¹⁹⁹

This case arose out of a decades old controversy between the parties and their predecessors over the use of the mark PINE-SOL, after that mark was found to infringe the mark LYSOL.²⁰⁰ The dispute was resolved in a series of agreements whereby Clorox's predecessor was granted permission to use the mark PINE-SOL, subject to certain limitations.²⁰¹ In the instant suit, Clorox attempted to argue that the agreement currently dictating its use of PINE-SOL violated antitrust laws.²⁰²

The court soundly disagreed with Clorox, stating that it was "attempting to squeeze the square trademark peg into the round antitrust hole."²⁰³ Essentially, Clorox was attempting to void an agreement that was negotiated in detail and that placed no competitive limitation on the owner of the PINE-SOL mark.²⁰⁴ In fact, the court found the outcome of the agreements to be

“pro-competitive” since the PINE-SOL mark had flourished despite the initial decisions rejecting registration and finding infringement of the LYSOL mark.²⁰⁵ Further, the agreements placed no *292 limitation on Clorox’s participation in the household cleaning market.²⁰⁶ Consequently, the court granted summary judgment against Clorox, citing “in the interest of saving the trees and saving the enormous costs that this litigation spawns.”²⁰⁷

Footnotes

^{a1} Strasburger & Price, L.L.P., Dallas, Texas.

¹ 40 U.S.P.Q.2d (BNA) 1479 (W.D. Wash. 1996).

² *Id.* at 1480.

³ *Id.* at 1479.

⁴ *Id.* at 1480.

⁵ Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (codified at 15 U.S.C. § 1125(c)).

⁶ WASH. REV. CODE ANN. § 19.77.160 (1997).

⁷ *Hasbro*, 40 U.S.P.Q.2d at 1480.

⁸ *Id.*

⁹ *Id.*

¹⁰ 39 U.S.P.Q.2d (BNA) 1746 (S.D.N.Y. 1996).

¹¹ *Id.* at 1747.

¹² *Id.* at 1748.

¹³ *Id.* at 1747.

¹⁴ *Id.* at 1749.

¹⁵ *Id.* at 1754.

¹⁶ *Id.* at 1750.

17 *Id.*

18 *Id.* at 1752.

19 *Id.*

20 *Id.* at 1754.

21 *Playboy Enter., Inc. v. Chuckleberry Pub'g, Inc.*, 39 U.S.P.Q.2d (BNA) 1846 (S.D.N.Y. 1996).

22 *Id.* at 1848.

23 *Id.* at 1849-50.

24 937 F.Supp. 295, 40 U.S.P.Q.2d (BNA) 1519 (S.D.N.Y. 1996).

25 *Id.* at 297, 40 U.S.P.Q.2d at 1520.

26 *Id.*

27 *Id.* at 297-98, 40 U.S.P.Q.2d at 1520-21.

28 *Id.* at 298, 40 U.S.P.Q.2d at 1521.

29 *Id.*

30 *Id.* at 299, 40 U.S.P.Q.2d at 1521-22.

31 *Id.*, 40 U.S.P.Q.2d at 1522.

32 *Id.*

33 *Id.*

34 *Id.* at 300, 40 U.S.P.Q.2d at 1522-23.

35 *Id.*, 40 U.S.P.Q.2d at 1523.

36 89 F.3d 1257, 39 U.S.P.Q.2d (BNA) 1502 (6th Cir. 1996).

³⁷ *Bensusan*, 937 F.Supp. at 301, 40 U.S.P.Q.2d at 1523-24.

³⁸ *Id.*, 40 U.S.P.Q.2d at 1524.

³⁹ 40 U.S.P.Q.2d (BNA) 1412 (N.D. Ill. 1996).

⁴⁰ 15 U.S.C. § 1114(l) (1994).

⁴¹ 15 U.S.C. § 1125(a) (1994).

⁴² 15 U.S.C.A. § 1125(c) (1997).

⁴³ *Intermatic*, 40 U.S.P.Q.2d at 1413.

⁴⁴ *Id.*

⁴⁵ *Id.* at 1416.

⁴⁶ *Id.*

⁴⁷ *Id.* at 1414.

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.* at 1416.

⁵¹ *Id.* at 1413.

⁵² *Id.* at 1417.

⁵³ *Id.* at 1421.

⁵⁴ *Id.* at 1422.

⁵⁵ *Id.* at 1423-24.

⁵⁶ *Id.* at 1423.

⁵⁷ *Id.* at 1423-24.

⁵⁸ *Id.* at 1424.

⁵⁹ 935 F.Supp. 763, 40 U.S.P.Q.2d (BNA) 1303 (E.D. Va. 1996).

⁶⁰ 40 U.S.P.Q.2d (BNA) 1010 (S.D.N.Y. 1996).

⁶¹ *Utah Division*, 935 F.Supp. at 764, 40 U.S.P.Q.2d at 1303; *B.E. Windows*, 40 U.S.P.Q.2d at 1011.

⁶² *Utah Division*, 935 F.Supp. at 764, 40 U.S.P.Q.2d at 1303.

⁶³ *Id.*

⁶⁴ *Id.* at 765, 40 U.S.P.Q.2d at 1304.

⁶⁵ *Id.* at 765-66, 40 U.S.P.Q.2d at 1305.

⁶⁶ *Id.* at 765, 40 U.S.P.Q.2d at 1305.

⁶⁷ *Id.*

⁶⁸ *Id.* at 767, 40 U.S.P.Q.2d at 1306.

⁶⁹ *B.E. Windows*, 40 U.S.P.Q.2d at 1011, 1012.

⁷⁰ *Id.* at 1012.

⁷¹ *Id.* at 1011.

⁷² *Id.* at 1019.

⁷³ *Id.* at 1017-18.

⁷⁴ *Id.* at 1019.

⁷⁵ *Id.* at 1018.

⁷⁶ *Id.* at 1015.

77 39 U.S.P.Q.2d (BNA) 1953 (T.T.A.B. 1996).

78 *Id.*

79 *Id.*

80 15 U.S.C.A. § 1125(c) (1997).

81 *Babson Bros.*, 39 U.S.P.Q.2d at 1953.

82 *Id.* at 1954.

83 *Id.* at 1954-55.

84 40 U.S.P.Q.2d (BNA) 1098 (T.T.A.B. 1996).

85 *Id.* at 1099.

86 *Id.*

87 15 U.S.C. § 1060 (1994).

88 *Clorox*, 40 U.S.P.Q.2d at 1100.

89 *Id.* at 1103-04.

90 *Id.* at 1106.

91 40 U.S.P.Q.2d 1536 (T.T.A.B. 1996).

92 *Id.*

93 *Id.* at 1536-37.

94 *Id.* at 1536. *See* 37 CFR §§ 2.146(a)(5), 2.148 (1996).

95 *Circuit City*, 40 U.S.P.Q.2d at 1537.

96 *Id.*

⁹⁷ 40 U.S.P.Q.2d (BNA) 1539 (Com'r. Pat. & Tm. 1996).

⁹⁸ *Id.* at 1540.

⁹⁹ *Id.*

¹⁰⁰ *Id.* at 1541.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ 39 U.S.P.Q.2d (BNA) 1856 (E.D. Pa. 1996).

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* at 1857.

¹¹⁰ *Id.*

¹¹¹ *Id.* at 1856, 1858.

¹¹² *Id.* at 1858.

¹¹³ *Id.* at 1858.

¹¹⁴ *Id.*

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ 168 F.R.D. 61, 40 U.S.P.Q.2d (BNA) 1315 (D.N.M. 1996).

¹¹⁸ *Id.* at 62-63, 40 U.S.P.Q.2d at 1316-17.

¹¹⁹ *Id.* at 62, 40 U.S.P.Q.2d at 1316. Specifically, the plaintiff sought to compel testimony regarding whether the expert had performed any market research in connection with the trademark infringement action. *Id.*

¹²⁰ *Id.*

¹²¹ *Id.*, 40 U.S.P.Q.2d at 1317.

¹²² *Id.* at 62-63, 40 U.S.P.Q.2d at 1317.

¹²³ *Id.* at 63, 40 U.S.P.Q.2d at 1317.

¹²⁴ *Id.*, 40 U.S.P.Q.2d at 1318.

¹²⁵ *Id.*, 40 U.S.P.Q.2d at 1317.

¹²⁶ *Id.*

¹²⁷ *Id.* at 63-64, 40 U.S.P.Q.2d at 1317-18.

¹²⁸ 929 F.Supp. 262, 40 U.S.P.Q.2d (BNA) 1130 (E.D. Mich. 1996).

¹²⁹ *Id.* at 263, 40 U.S.P.Q.2d at 1131.

¹³⁰ *Id.* at 263-64, 40 U.S.P.Q.2d at 1131.

¹³¹ *Id.* at 264, 40 U.S.P.Q.2d at 1311-12.

¹³² *Id.* at 265-66, 40 U.S.P.Q.2d at 1133.

¹³³ *Id.* The court indicated that the defendant's application for registration served as "constructive notice" of the defendant's ownership of the mark. *Id.*

¹³⁴ The radius was based on the average video store trade area. *Id.*

¹³⁵ *Id.* at 268-69, 40 U.S.P.Q.2d at 1135.

¹³⁶ 97 F.3d 347, 40 U.S.P.Q.2d (BNA) 1225 (9th Cir. 1996).

¹³⁷ *Id.* at 352-53, 40 U.S.P.Q.2d at 1226-27.

¹³⁸ *Id.* 40 U.S.P.Q.2d at 1226-27.

¹³⁹ *Id.*

¹⁴⁰ *Id.* at 353, 40 U.S.P.Q.2d at 1227.

¹⁴¹ *Id.*

¹⁴² *Id.* at 361-62, 40 U.S.P.Q.2d at 1233.

¹⁴³ *Id.*

¹⁴⁴ *Id.* at 362, 40 U.S.P.Q.2d at 1234.

¹⁴⁵ 915 F.Supp. 595, 40 U.S.P.Q.2d (BNA) 1334 (S.D.N.Y. 1996).

¹⁴⁶ *Id.* at 598, 40 U.S.P.Q.2d at 1335.

¹⁴⁷ *Id.*, 40 U.S.P.Q.2d at 1335-36.

¹⁴⁸ *Id.* at 598-99, 40 U.S.P.Q.2d at 1336.

¹⁴⁹ *Id.*

¹⁵⁰ *Id.* at 600, 40 U.S.P.Q.2d at 1337.

¹⁵¹ 71 F.3d 996, 36 U.S.P.Q.2d (BNA) 1737 (2d Cir. 1995), *on remand*, 38 U.S.P.Q.2d (BNA) 1795 (S.D.N.Y. 1996), *aff'd*, 104 F.3d 353 (2d Cir. Nov. 22, 1996) (table).

¹⁵² *Krueger*, 915 F.Supp. at 601-04, 40 U.S.P.Q.2d at 1341.

¹⁵³ *Id.* at 605, 40 U.S.P.Q.2d at 1342.

¹⁵⁴ *Id.* at 607, 40 U.S.P.Q.2d at 1343.

¹⁵⁵ *Id.* at 613, 40 U.S.P.Q.2d at 1349.

¹⁵⁶ 96 F.3d 1217, 40 U.S.P.Q.2d (BNA) 1149 (9th Cir. 1996).

¹⁵⁷ *Id.* at 1218, 40 U.S.P.Q.2d at 1150.

¹⁵⁸ *Id.*

¹⁵⁹ *Id.* at 1219, 40 U.S.P.Q.2d at 1151.

¹⁶⁰ *Id.*

¹⁶¹ *Id.*

¹⁶² *Id.*

¹⁶³ *Id.*

¹⁶⁴ *Id.* at 1220, 40 U.S.P.Q.2d at 1151.

¹⁶⁵ *Id.* at 1220-21, 40 U.S.P.Q.2d at 1152.

¹⁶⁶ *Id.*

¹⁶⁷ 39 U.S.P.Q.2d (BNA) 1850 (N.D. Cal. 1996).

¹⁶⁸ *Id.* at 1851.

¹⁶⁹ *Id.* at 1853.

¹⁷⁰ *Id.*

¹⁷¹ *Id.* at 1852.

¹⁷² 927 F.Supp. 1283, 40 U.S.P.Q.2d (BNA) 1153 (N.D. Cal. 1996).

¹⁷³ *Id.* at 1284-85, 40 U.S.P.Q.2d at 1154.

¹⁷⁴ *Id.* at 1285, 40 U.S.P.Q.2d at 1154.

¹⁷⁵ *Id.*

¹⁷⁶ *Id.* at 1286, 40 U.S.P.Q.2d at 1155.

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.* at 1287, 40 U.S.P.Q.2d at 1156.

¹⁸¹ *Id.* at 1286, 40 U.S.P.Q.2d at 1156.

¹⁸² *Id.* at 1287, 40 U.S.P.Q.2d at 1156.

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ 40 U.S.P.Q.2d (BNA) 1209 (D. Mass. 1996).

¹⁸⁶ *Id.* at 1210-11.

¹⁸⁷ *Id.* at 1211.

¹⁸⁸ *Id.* at 1211-12.

¹⁸⁹ *Id.* at 1212-13 (quoting *Boston Beer Co. v. Slesar Bros. Brewing Co.*, 9 F.3d 175, 182, 28 U.S.P.Q.2d (BNA) 1778, 1783 (1st Cir. 1993)).

¹⁹⁰ *Id.* at 1213.

¹⁹¹ 39 U.S.P.Q.2d (BNA) 2016 (N.D. Cal. 1996).

¹⁹² *Id.* at 2017.

¹⁹³ *Id.*

¹⁹⁴ *Id.*

¹⁹⁵ 331 U.S. 125, 73 U.S.P.Q. (BNA) 133 (1947).

196 *Nellcor*, 39 U.S.P.Q.2d at 2018.

197 *Id.*

198 *Id.*

199 932 F.Supp. 469, 40 U.S.P.Q.2d (BNA) 1461 (E.D.N.Y. 1996).

200 *Id.* at 470, 40 U.S.P.Q.2d at 1461-62.

201 *Id.* at 470-71, 40 U.S.P.Q.2d at 1462.

202 *Id.* at 470, 40 U.S.P.Q.2d at 1461.

203 *Id.* at 471, 40 U.S.P.Q.2d at 1462.

204 *Id.*

205 *Id.*

206 *Id.*

207 *Id.* at 474, 40 U.S.P.Q.2d at 1465.