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Recent Developments

RECENT DEVELOPMENTS IN TRADEMARK LAW

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***349 I. Introduction**

This quarter the federal courts held that promotional materials for the film *Midnight in the Garden of Good and Evil* bore no overall similarity to the cover of the book of the same name,[1] that even if children were confused, adults were entitled to have a good laugh at Barney getting beaten up by the Chicken,[2] that the sex lives of celebrities are matters of "public concern,"[3] and on a more serious note, that the Eleventh Amendment protects states from suits brought in federal court alleging violations of the Lanham Act.[4] This article will examine these decisions and others reported in the October 5, 1998, through December 21, 1998, advance sheets of the United States Patent Quarterly, divided by substantive areas of interest.

***350 II. Major Constitutional and Topical Issues**

A. State Sovereign Immunity under the Eleventh Amendment; Definitions of "Property" Within the Meaning of the Due Process Clause of the Fourteenth Amendment: *Chavez v. Arte Publico Press*

On remand from the Supreme Court in light of *Seminole Tribe of Florida v. Florida*,[5] the Fifth Circuit determined that it had no jurisdiction under Article III of the United States Constitution, as limited by the Eleventh Amendment, to hear Chavez's copyright and Lanham Act claims against the University of Houston ("University").[6] The court recognized that states and their subdivisions may waive the immunity granted them by the Eleventh Amendment, but declined to find such waiver here,

based merely on the University's voluntary entry into a business heavily regulated by federal law (i.e. publishing for profit).[7] The court also recognized that Congress has the power to abrogate the Eleventh Amendment's protections by exercising its powers under Section 5 of the Fourteenth Amendment ("Section 5"), but held that Congress' attempted abrogation in this case was passed pursuant to its powers under Article I rather than Section 5 and was thus invalid.[8] Although the original opinion following remand was unanimous, the court has since revised the opinion to include a dissent filed by Judge Wisdom. In that dissent, Judge Wisdom challenges the court's reasoning as to both waiver and abrogation, although ultimately agreeing that the facts at hand do not support a finding that the University waived its Eleventh Amendment immunity.[9] This divided panel opinion has since been vacated by the court's decision to take the case en banc, but an understanding of that opinion may prove useful, nonetheless, if only as a framework for analyzing the en banc decision to come.

As it stands, then, the opinion is remarkable in constitutional terms for its purported overruling (or recognition of overruling, depending on one's perspective) ***351** of *Parden v. Terminal Ry. of Ala. State Docks Dept.*,[10] the leading case on voluntary waiver of state sovereign immunity. For our purposes, however, the most interesting debate within this particular panel focuses on the majority's contention that Section 5 "does not embrace congressional enforcement of the copyright and Lanham acts," or, put another way, those interests protected by the Copyright and Lanham Acts do not rise to the level of "property" within the meaning of the Fourteenth Amendment's Due Process Clause, such that Congress' protection of such interests would be authorized by Section 5 rather than Article I.[11] With regard to the court's interpretation of the Lanham Act, the majority appears to have been misled by an over-literal interpretation of Chavez's claims,[12] equating her contention that an interest in not having her name misappropriated qualifies as a species of property with the "reputation as property interest" argument rejected in *Paul v. Davis*.[13] Yet the heart of the property interest in Chavez's claim is not a general "right" to control one's perception by the public (i.e. reputation), but rather the specific right to control the commercial good-will associated with one's name. Given that one may be able to put a price tag on the latter but not the former, an argument that commercial good-will qualifies as "property" within the meaning of the Due Process Clause seems on much more solid footing than a similar argument dealing with mere reputation.

A full exploration of this holding and its theoretical implications are beyond the scope of this article, but in any event, practitioners should not read the decision as too alarming, given that skillful pleading will eliminate most Eleventh Amendment problems.[14]

B. Trademarks and the Internet

1. Protecting Internet Domain Names: *Minnesota Mining & Mfg. Co. v. Taylor*

Minnesota Mining & Manufacturing ("3M") filed suit seeking a preliminary injunction against Brian Taylor's use and registration of the domain names "post-it.com," "post-its.com," and "ipost-it.com."[15] The court granted 3M's motion, finding that (1) 3M was likely to succeed in its claims of trademark infringement and ***352** dilution, (2) 3M would suffer irreparable injury if the injunction were not granted, and (3) an injunction against Taylor's actions would be "in the public interest," given that Taylor was "misus[ing] … the Internet, which is a resource that has the potential to benefit hundreds of millions of people."[16] The defendant made no appearance, and the court engaged in no significant analysis on Taylor's behalf.

2. Dusting Off Common Law Trespass Principles to Protect Against New Forms of Dilution: *America Online Inc. v. IMS.*

America Online Inc. ("AOL") moved for summary judgment on its claims against Joseph J. Melle, Jr. and others for trespass to chattels under Virginia common law, false designation of origin under the Lanham Act, and dilution under the Lanham Act connected with Melle's use of the AOL system to send bulk e-mails containing the letters "aol.com" in their headers.[17] The district court granted AOL's motion as to each count, finding that (1) Melle did not dispute that his conduct satisfied all the elements of common law trespass to chattels, i.e., the intentional use or intermeddling with personal property in rightful possession of another without authorization,[18] (2) Melle's statement that he did not know how the letters "aol.com" ended up in the headers attached to his bulk e-mails was irrelevant given that the false designation of origin statute contains no scienter requirement,[19] and (3) AOL demonstrated dilution by tarnishment as a matter of law by producing evidence of more than 50,000 customer complaints directed to AOL concerning Melle's bulk e-mails.[20]

3. Ordering a Foreign Defendant and Its United States Subsidiary to Modify the Company Web Site: *Alpha Indus. Inc. v. Alpha Sportswear Ltd.*

With no discussion of the extent of its equity powers, the district court ordered defendants to "amend their web sites such that it is clear to the public that they are prohibited from selling jackets in the United States."[21] The suit involved plaintiff's claim of trademark infringement, false designations of origin, and unfair competition, specifically alleging that Alpha Sportswear's use of the mark ALPHA ***353** for blank sports uniforms and other bulk-type clothing sales targeted to sports teams infringed Alpha Industries' use of the mark ALPHA for male casual clothing such as jeans, pants, jackets, vests, and shirts.[22] The court found a likelihood of confusion only as to Alpha Sportswear's use of the ALPHA mark for jackets, given that these were the only similar goods produced by the parties.[23] The court's judgment in favor of plaintiff included almost $8,000 in damages as an accounting of defendant's profits and a permanent injunction against Alpha Sportswear selling or advertising for sale any jackets in United States commerce.[24]

III. Theoretical Discussions of Trademark Principles

A. Third Party Use as Establishing Common Law Rights in a Mark: *Johnny Blastoff Inc. v. Los Angeles Rams Football Co.*

Following the announcement that the L.A. Rams football team might move to St. Louis, but before the first use of that mark by defendant Los Angeles Rams Football Co. ("L.A. Rams Co."), plaintiff Johnny Blastoff, Inc. ("JBI") obtained state registration of the mark ST. LOUIS RAMS for sports apparel and arguably used that mark in commerce.[25] JBI subsequently filed several applications for federal registration of the mark ST. LOUIS RAMS, and the L.A. Rams Co. filed appropriate oppositions.[26] Following substantial discovery as to JBI's first application for federal registration, JBI filed suit against the L.A. Rams Co., seeking numerous declaratory judgments concerning the parties' competing claims to and right to registration of the mark ST. LOUIS RAMS.[27] Defendants counterclaimed to enjoin the PTO from granting JBI's application to register the mark ST. LOUIS RAMS and for cancellation of JBI's state trademark registration for "Rams" as generic.[28] On defendant's motion for summary judgment, the district court found that (1) it had no statutory authority to rule on the registerability of plaintiff's mark given that the PTO had yet to resolve JBI's pending applications and a determination of registerability was not necessary to resolve the claims of the present suit[29] and (2) ***354** although the L.A. Rams Co. did not use the mark ST. LOUIS RAMS in commerce until after the date of JBI's state registration, the L.A. Rams Co. did acquire superior rights in the mark as "a clear and obvious adaptation" of its L.A. RAMS mark, used extensively by the public and the media to refer to the L.A. Rams football team, in anticipation of that team's move to St. Louis.[30] The court acknowledged that generally only use by the trademark owner will suffice to create rights in a mark, but nevertheless noted that in some circumstances "a party can acquire trademark rights in a modified version of its existing mark that has been adopted and used solely by the public [when] [f]ailing to extend [[[such] rights … would … [defeat] trademark law's core goal of preventing public confusion about the source of a product."[31]

B. Functionality Doctrine Seeks to Protect Competition Rather than Commercial Success: *Pebble Beach Co. v. Tour 18 I Ltd.*

In an extensive and detailed opinion, the Fifth Circuit affirmed the district court's judgment granting limited equitable relief to the plaintiffs with some slight modifications in the language of the district court's injunction.[32] The suit involved two golf courses operated by defendant Tour 18 I Ltd. ("Tour 18") consisting of a collection of replica golf holes from sixteen famous golf courses.[33] Plaintiffs, operators of some of the courses from which Tour 18 copied its holes, challenged not only Tour 18's use of their marks in connection with promotional materials and the course itself, but also the copying of their hole designs as an infringement of protectible trade dress.[34]

In response, Tour 18 challenged plaintiffs' golf hole designs as merely functional, alleging in part that because Tour 18 was in the business of "providing replicas of famous golf holes," it could not achieve "commercial success" without producing such replicas.[35] The court rejected this attempt to unilaterally define one's competitors as *per se* functional, noting that a contrary rule would "practically obliterate trademark protection for product design" because companies could always claim that they were in the business of providing "replicas" of popular products.[36] ***355** Moreover, "[t]o define functionality based upon commercial success would allow the second comer to trade on the first comer's goodwill, purely because it would be easier to market his product and not because he could not produce a viable, competitive product."[37] Such a result, the court

found, would not comport with the Supreme Court's recent pronouncements on functionality in *Qualitex Co. v. Jacobson Prods. Co., Inc.*,[38] which "ma [[[de] … clear that [in order for any effect on commercial success to contribute to a finding of functionality such effect] must be great enough to significantly disadvantage competitors in ways other than consumer preference for a particular source."[39]

C. Artistic Style is Not Protectible Trade Dress: *Leigh v. Warner Bros.*

In July 1993, the publishing company Random House hired Jack Leigh, a professional photographer, to create a photograph for use on the cover of the book *Midnight in the Garden of Good and Evil, A Savannah Story* by John Berendt.[40] Leigh submitted numerous photographs to Random House, but the company ultimately chose the photograph entitled "Midnight, Bonaventure Cemetery, Savannah, Georgia," depicting a sculpture in that cemetery generally known as "the Bird Girl."[41] In October 1996, Leigh obtained a copyright for the photograph.[42] In 1997, defendant Warner Brothers began filming a motion picture based on the book, and engaged in extensive marketing of the film using various images of the Bird Girl in connection with Internet icons, movie posters, the cover to the film soundtrack, and in footage from the film itself.[43] Leigh filed suit for copyright and trademark infringement, and the parties filed cross-motions for summary judgment.[44]

The copyright portions of the decision need not concern us here, except to note the court's holding that Leigh could copyright only those elements of his photograph over which he exercised "creative control," not simply the idea of using the Bird Girl as a symbol of the story.[45] With respect to the Lanham Act claims, the district court ***356** made short shrift of Leigh's claim of trademark protection for his photograph, holding that "if a picture or work of art merely identifies the artist rather than any products or services, it cannot be protected as a trademark."[46] The court declined to follow decisions such as *Hartford House Ltd. v. Hallmark Cards, Inc.*,[47] and *Romm Art Creations Ltd. v. Simcha Int'l, Inc.*,[48] which indicate that trademark law may protect the "style" of an artist, noting that those decisions "have been roundly criticized for improperly applying the Lanham Act to claims that are truly copyright claims."[49] Following *Romm Art* in this case, the court held, would give Leigh a monopoly over the mere idea of photographing the Bird Girl—a result not contemplated either by copyright or trademark law.[50]

Erring on the side of caution, however, the district court went on to hold that even if Leigh's photograph were entitled to trademark protection, the studio's publicity surrounding the *Midnight* movie would cause no likelihood of confusion among consumers.[51] Applying the factors detailed in *E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, Inc.*,[52] the court found that (1) Leigh's mark (to the extent it existed) was weak in light of the extensive third-party use of his photograph in connection with various marketing souvenirs relating to the book, (2) apart from the choice of subject-matter (i.e., the Bird Girl statue in the Bonaventure Cemetery), no similarity of design existed between the studio's publicity pictures and Leigh's photograph, particularly in terms of lighting, angle and the "overall impression of the appearance of the images," (3) Leigh and the studio sell different products (fine art photographs and motion pictures, respectively) to different consumers through different retail outlets, (4) while Warner Brothers' use of the Bird Girl images were clearly designed to capitalize on the association of the statute with the book, Warner Brothers had no intent to capitalize on Leigh's reputation, and (5) affidavits submitted by Leigh's friend and a colleague stating that they were confused as to whether Leigh had granted the studio permission to use his photograph were not sufficient evidence of actual confusion to defeat a motion for summary judgment.[53]

357 D. Trademark Misuse as a Defense to a Charge of Infringement is a Phantom Legal Theory: *Northwestern Corp. v. Gabriel Mfg. Co.

Defendant in trademark infringement suit moved to dismiss the complaint on grounds that plaintiff "misused" its trademark.[54] The district court denied the motion, finding that the defense of "trademark misuse" was a "phantom legal theory," cobbled together out of mere innuendo from past cases.[55] To the extent the doctrine exists, the court held that it permits dismissal not when the plaintiff has offended any public policy, but rather only when the plaintiff has offended the public policy which grants the privilege [plaintiff] is seeking to protect," i.e., the avoidance of public confusion as to the source of goods found in the marketplace.[56] Here, defendant argued that plaintiff had circumvented bankruptcy, restrained trade, and extended its patent rights, all of which the court acknowledged were "bad things," yet did not involve plaintiff's use of its trademark to misrepresent its goods or confuse the public.[57]

E. Trade Dress Functionality Doctrine Guards against the Extension of Expired Patents: *Disc Golf Ass'n Inc. v. Champion Discs Inc.*

The Ninth Circuit affirmed the district court's grant of summary judgment to defendant Champion Discs, finding that to the extent defendant copied plaintiff's design of its "disc golf basket," the design was merely functional and not a protectible trade dress.[58] The court relied heavily on the fact that Disc Golf had earlier obtained a utility patent (since expired) for just such a device.[59] Citing the Supreme Court's recent explanation of the relationship between trade dress functionality and patent law in *Qualitex Co. v. Jacobson Prods. Co.*,[60] the court noted that Disc Golf cannot extend its expired patent by now claiming trade dress protection for its design and thereby "maintain[ing] monopoly control in perpetuity over the market for disc golf targets."[61]

***358 IV. Applications of Established Trademark Law**

A. Court Cases

1. *Para Labs. Inc. v. Better Botanicals Inc.*

Para Labs. Inc. ("Para Labs") sued Better Botanicals Inc. ("Better Botanicals"), alleging that Better Botanical's use of the marks "Indulge Dead Sea Salt Bath Therapy," "Cheer Dead Sea Salt Therapy," and "Purify Dead Sea Salt Therapy" for bath products infringed Para Labs' mark "Batherapy," also for bath products.[62] The district court denied Para Labs' motion for a preliminary injunction, finding that (1) "Batherapy" was protectible as a suggestive mark,[63] (2) consumers were not likely to be confused as to the source or sponsorship of the competing products in light of the significant price differential between Better Botanical's products and Para Labs' products and Better Botanical's prefacing of the words "Bath Therapy" with terms such as "Indulge Dead Sea Salt," "Cheer Dead Sea Salt," and "Purify Dead Sea Salt,"[64] and (3) Better Botanical was engaging in fair use of the words "Bath Therapy" as necessary to describe its product to the public.[65]

2. *Moscow Distillery Cristall v. Pepsico Inc.*

In an unpublished decision relying heavily on the respect due jury verdicts on appeal, the Ninth Circuit affirmed a judgment in favor of Moscow Distillery Cristall ("MDC") on its claims of trademark infringement related to Pepsico Inc.'s ("Pepsi") use of the name "Stolichnaya Cristall" for vodka.[66] Pepsi argued that the district court erred in limiting its jury instructions on likelihood of confusion to issues involving the marks' similarity in sound, appearance, and meaning,[67] omitting any reference to other factors set forth in *AMF Inc. v. Sleekcraft Boats*.[68] The court of appeals found no error in this instruction, holding that the similarity factors ***359** addressed by the district court were sufficient to establish likelihood of confusion where the products were in direct competition.[69]

In addition, the court rejected Pepsi's claim that the jury could not have reasonably concluded that MDC owned the mark at issue.[70] Although Pepsi presented strong evidence that "it had decision making authority regarding the name of the vodka product, and that it invested greater resources than MDC in popularizing Stolichnaya Cristall," the court found the jury's determination that MDC owned the mark reasonable in light of (a) the general rule that when "a manufacturer and its distributor contest the ownership of a trademark, and no contractual agreement controls, the manufacturer presumptively owns the mark," and (b) conflicting evidence as to "which party conceived of the mark, which party caused the mark to be affixed to the product, which party exercised control over the quality of the product, and with which party buyers identified the product."[71]

3. *Southern Foods Group L.P. v. Ben & Jerry's Homemade Inc.*

Southern Foods Group L.P. ("Southern Foods") sued Ben & Jerry's Homemade Inc. ("Ben & Jerry's"), claiming that Ben & Jerry's use of name TOTALLY NUTS in connection with one of its DILBERT'S WORLD ice cream flavors infringed Southern Food's use of TOTALLY NUTS in connection with its MEADOW GOLD brand "Totally Nuts" ice cream.[72] In the reported decision, the court denied Southern Foods' motion for preliminary injunction, finding no likelihood of confusion between the two products.[73] While acknowledging that TOTALLY NUTS and TOTALLY NUTS are "identical in a vacuum," the court found that the product packages "could not be more visually distinct in the marketplace, based on the coloring schemes, lettering schemes, and the prominent inclusion of the Dilbert comic character on [Ben & Jerry's] product."[74]

4. ***Ideal World Marketing Inc. v. Duracell Inc.***

Ideal World Marketing Inc. ("Ideal World") sued Duracell Inc. ("Duracell"), claiming that Duracell's use of "PowerCheck" as a mark for alkaline batteries ***360** allowing the user to verify the amount of power left in the battery at a particular time infringes Ideal World's prior use of "Power Check" for camcorder battery packs.[75] The court granted summary judgment to Duracell because the court found the mark "PowerCheck" descriptive rather than suggestive, and Ideal World came forward with no summary judgment evidence establishing the existence of a genuine issue of material fact as to whether "PowerCheck" had developed secondary meaning as a source-identifier of Ideal World's goods.[76] With regard to its finding of lack of secondary meaning, the court considered Ideal World's minimal advertising, minimal sales, failure to produce any survey evidence demonstrating consumer association between the PowerCheck mark and Ideal World, and also Ideal World's admission that its name did not appear on any of the PowerCheck camcorder battery packaging.[77]

5. ***Imperial Toy Corp. v. Ty Inc.***

Imperial Toy Corp. ("Imperial") sued Ty, Inc. ("Ty") for trademark infringement, alleging that Ty's use of "Roary" as the name of its new "Beanie Babies" lion toy infringed Imperial's rights in the use of "Roary" as the name for the lion toy in its line of "Friendly Pebble Pets" bean bag toys.[78] The district court granted Imperial's motion for a preliminary injunction, finding that (1) "Roary" was suggestive rather than descriptive as to a stuffed lion toy that did not in fact roar or emit any sounds at all,[79] (2) "Roary" was a trademark in and of itself, rather than merely an indication of a particular style of toy,[80] and (3) Imperial was likely to succeed in demonstrating a likelihood of confusion between the two toys in light of the identical marks, substantially similar products, overlap in the outlets of sale and the fact that Ty knew of but decided to ignore Imperial's prior use of "Roary."[81] In addition, the court noted that an injunction requiring Ty to temporarily retire its lion toys named "Roary," would cause no undue harm to Ty in light of its policy of ***361** arbitrarily retiring various toys in an effort to build excitement in "Beanie Babies" collectors.[82]

6. ***Sanrio Co. Ltd. v. Ann Arctic Inc.***

Sanrio Co. Ltd. ("Sanrio") brought suit against Ann Arctic Inc. ("Arctic") for copyright, trademark, and trade dress infringement relating to Arctic's sale of allegedly counterfeit goods bearing various Sanrio trademarks such as "Hello Kitty," "My Melody," "Little Twin Stars," "Pochacco," "Cheery Chums," and others.[83] The court granted Sanrio's motion for a preliminary injunction, finding that most of Sanrio's marks were either fanciful or arbitrary and that Sanrio was likely to succeed in proving likelihood of confusion given that Arctic's copies were "essentially identical" to Sanrio's authorized products.[84]

7. ***Mattel Inc. v. Jcom Inc.***

The district court awarded damages and attorney's fees to Mattel, Inc. ("Mattel") on its claim against Jcom Inc. ("Jcom") under the Federal Dilution Statute related to Jcom's operation of a website entitled "Barbie's Playhouse" through which customers would pay to view sexually explicit images of "Barbie," with the option of an accompanying voice over the telephone.[85] The website essentially copied the script and pink coloring associated with Mattel's BARBIE trademark, and the court found that the additional use of the word "playhouse" to describe the site was a deliberate effort to evoke Mattel's product in the mind of the viewer.[86]

8. ***Dean v. Simmons*****.**

District court denied Dean's motion for a preliminary injunction against defendant Richard Simmons' marketing of the "Love to Stretch Strap," a device designed to assist exercisers in performing a deep, full stretch of their muscles without a partner to provide resistance.[87] Dean alleged that the Love to Stretch Strap infringed on his prior rights in a similarly designed stretching strap, but the two affidavits Dean submitted as evidence of actual consumer confusion were not in fact ***362** sworn to by consumers.[88] In addition, the court chastised Dean for *creating* a likelihood of confusion by not marketing his product in a consistent color and thereby weakening his claim to a protectible trade dress.[89]

9. ***Streetwise Maps Inc. v. VanDam Inc.***

The Second Circuit affirmed the district court's dismissal of Streetwise Maps Inc.'s ("Streetwise") complaint for trademark and copyright infringement connected with VanDam Inc.'s ("VanDam") use of the mark "StreetSmart" for maps, finding that (1) Streetwise's use of the mark "Streetwise" for maps was suggestive, but weak in light of prevalent third-party usage,[90] (2) although the marks themselves were similar, differences in the commercial presentation of the marks such as different fold patterns, logos, dress colors, and typeface, substantially lessened any likelihood of confusion,[91] (3) Streetwise had produced no evidence of actual confusion,[92] and (4) the district court's finding that VanDam chose its mark StreetSmart in good faith was not clearly erroneous despite VanDam's knowledge of the Streetwise mark.[93]

10. ***Sugar Busters L.L.C. v. Brennan*****.**

Sugar Busters L.L.C. ("Sugar Busters") filed a complaint seeking preliminary and permanent injunctions against the defendants' marketing of a book entitled "Sugar Bust for Life" ("defendants' book").[94] Sugar Busters alleged that the defendants' book infringed plaintiff's trademark "SUGARBUSTERS," particularly as that mark appears in connection with Sugar Busters' diet book entitled "SUGAR BUSTERS! CUT SUGAR TO TRIM FAT" ("plaintiff's book").[95] The court had little trouble finding a likelihood of confusion, given that defendants' book used a very similar title and also prominently featured a white square on the cover, much like the cover of plaintiff's book, which depicted a white square in the form of sugar cube.[96] The defendants appear to have focused their arguments on issues of protectibility— ***363** specifically whether the assignment through which plaintiff obtained rights in the mark was void as "not in connection with the assignment of a particular business in which [the mark] has been used," and whether plaintiff subsequently abandoned the mark by granting a "naked license" to the very corporation from whom it received the mark.[97] The court laid out the law on these issues in some detail, but in terms of factual analysis, noted only that plaintiff's products and services "comport with the products and services sold by the [assigning] corporation," and also that plaintiff "licensed the [assigning] corporation to use the mark for only six months to enable it to wind down its operations."[98]

11. ***Breuer Electric Mfg. Co. v. Hoover Co.***

Breuer Electric Mfg. Co. ("Breuer") sued The Hoover Company ("Hoover"), claiming that Hoover's use of a graphic depicting a tornado on its WINDTUNNEL upright vacuum cleaners as designed for and marketed to household users infringed Breuer's mark TORNADO and TORNADO AND DESIGN, as used on Breuer's commercial upright vacuum cleaners.[99] The district court denied Breuer's motion for a preliminary injunction, finding that (1) Hoover's use of a tornado graphic in connection with its WINDTUNNEL vacuum cleaners was trademark use rather than mere descriptive use, (2) Breuer had demonstrated some likelihood of confusion with regard to commercial purchasers, but had demonstrated no present likelihood of confusion as to household purchasers, and (3) while the court agreed that Hoover's use of the tornado graphic in connection with its WINDTUNNEL household vacuum cleaners might create difficulties for Breuer if and when it decided to enter the household vacuum cleaner market, Breuer had presented no evidence of any present or immediate intent to enter this market, such that preliminary relief would be necessary.[100]

12. ***Graham Webb Int'l v. Helene Curtis Inc.***

Graham Webb Int'l ("Graham Webb") sued Helene Curtis, Inc. ("Helene Curtis"), alleging that Helene Curtis' use of the mark "ThermaSilk" for hair care products activated by the heat of various styling tools such as dryers and curlers infringed Graham Webb's mark "ThermaSilk," as used for a special complex of ingredients included in Graham Webb's "Intensives" line of hair care products ***364** ("ThermaSilk Complex"), also formulated to be activated by the heat of various styling tools such as dryers or curlers.[101] The district court denied Graham Webb's motion for a preliminary injunction finding in relatively unremarkable fashion that (1) those products containing the ThermaSilk Complex represented a small portion of Graham Webb's business, (2) Helene Curtis had spent large sums of money promoting its ThermaSilk brand products, and (3) the evidence submitted by the parties at this stage was not sufficient for the court to resolve the factual issue of which party first used the ThermaSilk mark.[102] In addition, however, the court made the somewhat unusual findings that (a) ThermaSilk as a mark for hair care products activated by the heat of styling tools was descriptive rather than suggestive, indicating that the mark could not be protected absent additional evidence of secondary meaning, (b) Graham Webb's mark "ThermaSilk" and Helene Curtis' mark "ThermaSilk" were "easily distinguishable" given the differing presentations of the marks on the product packaging, (c) the parties did not "sell their products through the same channels," given that Graham Webb

distributed its products only through beauty salons, and Helene Curtis sold to various retail outlets, (d) Graham Webb's survey demonstrating "a strong likelihood of source confusion" was sufficiently criticized by Helene Curtis' expert Dr. Jacob Jacoby to discount the court's reliance on that survey as evidence of actual confusion, and (e) "purchasers of plaintiff's [hair care] products exercise sufficient care in their buying decisions to negate the probability that they would purchase defendants' [hair care] products inadvertently."[103] Based on these findings, the court determined that protection of the status quo pending a full trial on the merits required the denial of Graham Webb's motion.[104]

13. ***Children's Factory Inc. v. Benee's Toys Inc.***

Children's Factory Inc. ("Children's Factory") appealed the district court's judgment in favor of defendant Benee's Toys Inc. ("Benee's Toys") on Children's Factory's claims of trade dress infringement.[105] The Eighth Circuit affirmed, finding that "[a]lthough we agree with the district court's determination that Benee deliberately copied Children's Factory toys, we also agree with the district court's ***365** finding that Benee clearly represents to the ultimate consumer that Benee manufactures its own products."[106] The court distinguished *Truck Equip. Serv. Co. ("TESCO") v. Fruehauf Corp.*,[107] which held that marketing one's own product using the photograph of a competitor's product tended to "promote rather than ensure against confusion because one may conclude that the similarity exists because the defendant purchased the plaintiff," by noting that in *TESCO*, "customers were 'continually asking to determine what, if any, differences distinguished the products of the two companies.'"[108] Here, Children's Factory had produced the direct testimony of only one consumer who "thought Children's Factory was operating under a different name."[109]

The court also found no clear error in the district court's determination that the trade dress of certain other Children's Factory toys was merely functional and had not acquired secondary meaning.[110] Here the court noted that Children's Factory produced no customer survey to the district court, but found "[t]he most compelling evidence against [the] product's secondary meaning [in] the fact that Children's Toys sold its [products] almost exclusively through distributor catalogs wherein [its] name was not even mentioned."[111]

14. ***NBA Prop. Inc. v. Dahlonega Mint Inc.***

NBA Properties Inc. ("NBA Properties"), a company authorized to exploit marks owned by teams within the National Basketball Association ("NBA"), sued Dahlonega Mint Inc. and others (collectively "Dahlonega Mint") in connection with Dahlonega Mint's unauthorized production and sale of 67 sports card designs depicting professional athletes in their team uniforms complete with the team names and logos and 53 additional sports card designs depicting professional athletes in their team uniforms with the team names and logos removed.[112] Dahlonega Mint conceded liability as to the 67 designs containing the team names and logos, but contested NBA Properties' motion for summary judgment as to the 53 designs from ***366** which the team names and logos had been removed.[113] The district court agreed with Dahlonega Mint that fact issues remained as to likelihood of confusion because although the NBA marks were suggestive, a factfinder might reasonably conclude that the strength of these marks lay in the team names and logos, meaning that the exclusion of such names and logos would reduce or eliminate any likelihood of confusion.[114]

15. ***Major League Baseball Prop. Inc. v. Pacific Trading Cards Inc.***

Major League Baseball Prop. Inc. ("Properties"), a company formed by the owners of major league baseball clubs, sought a preliminary injunction against Pacific Trading Cards Inc.'s ("Pacific") imminent release of a series of unauthorized sports card depicting players in their official uniforms.[115] The court denied any relief, finding that consumers were not likely to be confused because they had no interest in the source of the cards or the particular licensing arrangements generally used to produce them. In addition, Pacific made no attempt to "pass off" its cards as endorsed by Properties and was merely engaging in "fair use" of the team logos as any photograph of players taken during a game would necessarily and incidentally depict some portion of the name and logo contained on such uniform.[116] With regard to Properties' dilution claims, the court noted that Properties introduced no evidence of an "inappropriate" portrayal of the players or their uniforms and that "competition [in the baseball card market] that is not unfair is to be encouraged, not enjoined."[117]

16. ***Henri Bendel Inc. v. Sears, Roebuck & Co.***

The district court granted summary judgment in favor of Sears, Roebuck & Co. ("Sears"), finding that no reasonable jury could conclude that Sears' green and white striped cosmetic bags infringed any protectible trade dress design owned by Henri Bendel Inc. ("Bendel's") in brown and white striped cosmetic bags.[118] Noting that "only a limited number of designs [were] available for cosmetic bags," the court ***367** determined that "Bendel's seeks in essence to do precisely what the functionality doctrine was designed to protect against, that is, … inhibit legitimate competition by controlling common and useful product features such as stripes, plastic coating, and gold zipper pulls."[119]

17. *Lyons Partnership L.P. v. Giannoulas*.

Lyons Partnership L.P. ("Lyons"), owner of the rights to "Barney," the purple and green dinosaur "brought to life through the imagination of young children," sued Ted Giannoulas, the man behind "the Chicken," a popular sports mascot, in connection with Giannoulas'/the Chicken's slapstick routine involving a purple dragon, specifically designed to evoke the image of Barney.[120] The court's description of the routine is worth reading in its own right, but the bottom line is that the Chicken forces the putative Barney to engage in an "urban-style rap dance competition and wrestling match," which the putative Barney handles in some unusual (and apparently amusing) ways.[121] Lyons noted that "complaints have been lodged by parents whose children were allegedly upset by the performance," but the court found that the confusion of "small children, incapable of reasoning" does not amount to "actual confusion."[122] Moreover, the court found that Giannoulas was engaging in nothing more than a "good-faith intent to parody," which is by definition not an intent to confuse.[123] Lyons' complaint was dismissed with prejudice.[124]

B. Board Proceedings

1. *In re Bacardi & Co. Ltd.*

The TTAB affirmed the examining attorney's refusal of Bacardi Inc.'s application to register HAVANA SELECT, HAVANA CLASSICO, HAVANA PRIMO, OLD HAVANA, and HAVANA CLIPPER as marks for rum and beverages containing rum, finding that such marks were primarily geographically deceptively ***368** misdescriptive.[125] Bacardi argued initially that HAVANA "evokes an historic and stylistic image," associated with a "pre-Castro free-wheeling lifestyle," rather than a primarily geographic meaning, but the court found that Bacardi had produced "absolutely no evidence" to support this claim.[126] The examining attorney, on the other hand, had submitted evidence from dictionaries, encyclopedias and gazetteers indicating that Havana, Cuba, is a major city which produces a variety of goods, among which rum is listed as a significant product. The court also rejected Bacardi's plea of "extenuating circumstances" based on the current Castro government confiscation of its manufacturing plant in Havana and the present status of United States law, which continues to forbid the importation of any products manufactured in Cuba.[127] Even if the products did originate in Havana, the court noted, the marks would nonetheless be refused registration as "primarily geographically descriptive."[128]

2. *In re Benetton Group, S.p.A.*

The Board affirmed the examining attorney's decision to deny Benetton, Inc.'s ("Benetton") application to register a green rectangle as a mark for clothing and related goods, finding that this symbol was nothing more than a background design used to display the Benetton trademark, rather than an independently recognizable source-identifier.[129] The Board emphasized that "background design may be registered as a trademark only if it creates a commercial impression separate and apart from the word and/or design mark in conjunction with which it is used," and placed particular weight on Benetton's admission that it had never used the green rectangle separate and apart from one of the Benetton marks.[130]

3. *Penguin Books, Ltd. v. Eberhard*.

The Board sustained the opposition of Penguin Books, Ltd. ("Penguin") and refused Rainer Eberhard's application to register a design mark depicting a penguin in face-front, standing position as a mark for computer programs and accompanying ***369** instruction manuals.[131] The Board found that Eberhard's proposed mark was likely to cause confusion with opposer's renowned PENGUIN mark for books and prerecorded computer programs.[132] Although Eberhard asserted that he had priority of use over Penguin as to computer programs, the Board noted that "a registration of a subsequent-user opposer is sufficient

to deny registration to applicant if there is a likelihood of confusion."[133]

4. ***Hard Rock Licensing Corp. v. Elsea.***

Over Administrative Judge Quinn's dissent, the Board dismissed Hard Rock Licensing Corp.'s ("Hard Rock") opposition to Elsea's application to register COUNTRY ROCK CAFE as a mark for restaurant and nightclub services and related goods, finding that Elsea's use of COUNTRY ROCK CAFE to describe its theme restaurant was not likely to cause consumers to mistakenly believe that Elsea's restaurants were somehow affiliated with and/or sponsored by Hard Rock's theme restaurants, operating under the name HARD ROCK CAFE.[134] In making this determination, the board placed primary weight on the dissimilarities in the overall commercial impressions of the marks—the HARD ROCK CAFE logo being presented in large block print over a circle and the COUNTRY ROCK CAFE logo being presented in connection with the skull of a steer set within a triangle.[135]

5. ***Corporate Document Serv. v. ICED Management.***

The Board granted applicant's motion for summary judgment in this opposition proceeding, finding that applicant was the senior user of the mark THE COPY CLUB in connection with document production services.[136] The fact that applicant's first use, as relied on to defeat opposer's claim of priority, was prior to the constructive date of its present intent-to-use application was immaterial, as was the intrastate character of that use, because while interstate use is a prerequisite to ***370** federal *registration*, rights in a mark are created by use, whether in inter- or intrastate commerce.[137]

6. ***In re Carolina Apparel.***

The Board affirmed the examining attorney's refusal to register the mark CAROLINA APPAREL for clothing as such mark was primarily geographically descriptive of the goods indicated, given that the goods in fact originate in North Carolina and "clothing and textiles" are among the chief products of both North and South Carolina.[138]

7. ***In re Wada.***

The Board affirmed the examining attorney's refusal to register the mark NEW YORK WAYS GALLERY ("NEW YORK" disclaimed) for backpacks, duffel bags, and other traveling containers on the grounds that such mark was primarily geographically deceptively misdescriptive.[139] "[G]iven the renown of New York City as a fashion center," the Board noted that it could "only conclude that consumers would assume a connection with New York when encountering the mark NEW YORK WAYS GALLERY on applicant's hand bags, luggage, and related goods."[140] The amendments to the Lanham Act enacted by the North American Free Trade Enactment Act ("NAFTA"), although changing the effect of a determination that a mark is primarily geographically deceptively misdescriptive, do not affect the legal analysis of whether a mark is in fact primarily geographically deceptively misdescriptive.[141] Moreover, applicant cannot salvage registration by disclaiming that portion of a composite mark that is primarily geographically deceptively misdescriptive because "the public is unaware of disclaimers that quietly reside in the records of the [Patent and Trademark] Office."[142]

8. ***In re Southern Belle Frozen Foods Inc..***

Over the dissent of administrative trademark judge Hanak, the Board affirmed the examining attorney's refusal to register SEAFOOD ROYALE for frozen seafood ***371** to be served after cooking by the purchaser on the grounds that such mark was likely to cause confusion with the mark SHRIMP ROYALE, registered on the Supplemental Register for use with packaged, cooked meals containing shrimp.[143] The majority determined that both marks created a similar commercial impression and were used on related, generally inexpensive goods likely to be purchased without a great deal of care by ordinary consumers.[144] The dissent argued that SHRIMP ROYALE was a mark merely combining one descriptive term "shrimp" with another descriptive, laudatory term "royale," thus entitling the mark to an "extremely narrow scope of protection such that its registration on the Supplemental Register should serve to prevent the registration of only substantially identical marks for substantially identical goods."[145] The majority denied that "royale" was a merely descriptive, laudatory term, and held that in any event the same analysis applied to marks on the Supplemental Register as to those on the Principal Register.[146]

9. *In re File*.

The Board affirmed the examining attorney's refusal of File's application to register a mark consisting of "tubular lights running lengthwise down bowling lanes projecting over the gutters."[147] The Board found that this design did not function as an identifier of source, but was "merely ornamental."[148] Moreover, the Board noted that even accepting File's assertions that no other bowling alley used his particular lighting design, simply being the "one and only" user of a proposed mark did not "elevate that mark to the level of uniqueness required for [a finding of] inherent distinctiveness," such that the mark would be immediately perceived by consumers as an indicator of source.[149]

10. *In re Shiva Corp.*

The Board affirmed the examining attorney's refusal to register the mark TARIFF MANAGEMENT for computer programs designed to render more efficient use of a wide area network as such mark was merely descriptive of the services ***372** provided by the product.[150] Numerous NEXIS articles referred to "tariff management" as the process by which companies sought to minimize telephone charges associated with wide area networks, and therefore the Board saw no need to "dwell on … the individual meanings of the words 'tariff' and 'management.'"[151]

11. *In re Metaux Precieux S.A. Metalor*.

Board granted Metaux Precieux S.A. Metalor's ("MP") motion for reconsideration of the Commissioner's decision to affirm the examining attorney's refusal to accept MP's Section 8 affidavit as untimely filed, in light of the fact that MP's earlier, timely-filed affidavit contained a specimen showing a mark "materially different" than the one appearing in the registration certificate.[152] On reconsideration, the Board decided to overrule *In re Darnell*,[153] which held that specimens demonstrating a materially different use of a mark would be considered "omitted," rather than "deficient," meaning that applicants would have to file a new affidavit instead of merely curing the deficient specimen submitted with the old one.[154] Having overruled *Darnell*, the Board determined that specimens attached to Section 8 affidavits depicting use of a mark "materially different" from the mark appearing on the registration certificate would be viewed as merely "deficient," rather than "omitted" meaning that applicants would be able to "cure" the specimen rather than be forced to file a new affidavit (possibly outside the statutory time frame).[155]

V. Related Common Law and Statutory Actions

A. False Advertising: *Hot Wax Inc. v. Turtle Wax Inc.*

Hot Wax Inc. ("Hot Wax") sued Turtle Wax Inc. ("Turtle Wax") alleging that Turtle Wax engaged in false advertising by marketing its products as "waxes" when in fact its products do not contain wax.[156] On cross motions for summary judgment, ***373** the district court declined to grant judgment in favor of either party on the merits, citing conflicting testimony from both sides as to the "acceptable definition of wax" and the governing industry standards.[157] The court nevertheless dismissed Hot Wax's claims on the basis of laches, finding that (1) Hot Wax's twenty-year delay was unreasonable as a matter of law, (2) "[f]orcing Turtle Wax to abandon its image and name now [centered on an association with "wax" products] would result in a substantial prejudice," (3) despite the ongoing nature of Turtle Wax's alleged false advertising, Hot Wax cannot be permitted to hide behind technical interpretations of when the latest violation might have occurred in order to excuse its extreme twenty-year delay in bringing suit, (4) Hot Wax's allegations of "unclean hands" based on fraud are unfounded, particularly in light of Turtle Wax's consumer surveys indicating that purchasers receive exactly what they expect when they purchase Turtle Wax products, and (5) the egregious nature of Hot Wax's delay justifies not only the denial of damages, but injunctive relief as well.[158]

B. Commercial misappropriation of name and/or likeness

1. *Michaels v. Internet Entertainment Group Inc.*

In January 1998, plaintiff Bret Michaels filed suit against Internet Entertainment Group, Inc. ("IEG"), seeking to enjoin the marketing and distribution of a videotape depicting Michaels and his then-girlfriend Pamela Anderson Lee ("Lee") engaged in sexual intercourse (the "Tape").[159] After Michaels won a temporary restraining order against IEG, Lee intervened in the suit and joined Paramount Pictures Corp., Viacom, Inc., and "Hard Copy" (collectively "Paramount") as defendants, alleging additional violations of her right of publicity stemming from a story broadcast on the tabloid news program "Hard Copy" in which excerpts from the Tape were shown.[160] On Paramount's motion for summary judgment, the court determined that (1) Lee's claims were not preempted by the Copyright Act, given that she challenged not only Paramount's distribution of the tape, but also its alleged "promotion" of IEG's planned Internet broadcast,[161] (2) contrary to Lee's assertions, "her romantic connections, [as well as] her involvement in [the present] dispute are matters of public interest" and therefore Paramount's ***374** reporting on these issues is protected by the newsworthiness privilege,[162] (3) Hard Copy did not abuse the privilege by showing excerpts from the Tape rather than merely reporting on its existence because "[t]here is no authority for the proposition that the newsworthiness bar applies with less force to use of the plaintiff's likeness than it does to use of the plaintiff's name," regardless of the depth of intrusion such use may cause,[163] (4) Hard Copy's decision to announce the date and time of IEG's planned internet broadcast did not constitute promotion of the Tape,[164] and (5) "[a]lthough Lee … raised a genuine issue of fact as to the private nature of the acts depicted in the Hard Copy broadcast, she has not met her burden to produce evidence raising a genuine issue as to the lack of newsworthiness of the excerpts used in the broadcast," given that Lee is a "voluntary public figure," and the private facts broadcast bore a "substantial nexus" to a matter of public interest, i.e., Lee's romantic connections, not outweighed by the depth of intrusiveness caused by the Tape excerpts.[165]

The court also granted summary judgment to Paramount on Lee's claims of copyright infringement, finding that Paramount's broadcast of Tape excerpts constituted "fair use" given that Paramount's broadcast was "for the purpose of news reporting, did not involve a substantial appropriation of the contents of the Tape, and was not likely to have an adverse affect on Lee's market for the Tape."[166]

2. *Newcombe v. Adolph Coors Co.*

Donald Newcombe, a former major league baseball all-star whose career was cut short in part by a bout with alcoholism, alleged that Adolph Coors Co. ("Coors") in conjunction with other defendants, used his likeness in an advertisement for Killian's Irish Red Beer in violation of California's statutory and common-law protections against commercial misappropriation.[167] Newcombe also alleged various tort claims, charging Coors with having negligently created the advertisement, intentionally inflicting emotional distress upon him, and defaming him in light of his extensive public work in combating alcohol abuse.[168] In addition to denying Newcombe's motion to remand after discovering that the creator of the ***375** advertisement was a California resident (thereby allegedly destroying the diversity of the parties), the district court granted summary judgment to Coors on each of Newcombe's claims.[169]

On appeal, the Ninth Circuit affirmed the district court's decision to deny remand, but found genuine issues of material fact precluding summary judgment for Coors and co-defendant Foote Cone & Belding Advertising ("Belding"), the creator of the advertisement, as to Newcombe's statutory and common-law claims for commercial misappropriation.[170] Specifically, the court found that the advertisement at issue was essentially a copy of a newspaper photograph of Newcombe pitching in the 1949 World Series and therefore that the advertisement itself raised a triable issue of fact as to whether Newcombe was "readily identifiable" as the pitcher in the advertisement.[171] Minor differences such as changing the number of the uniform from 36 to 39 and changing the color of the bill of the pitcher's baseball cap could not overcome the otherwise identical rendition of the photograph, particularly because Newcombe was portrayed in both instances in his arguably distinctive and readily identifiable wind-up position.[172] In addition, the court found that Coors and Belding had "used" Newcombe's likeness to their commercial advantage because the drawing resembling Newcombe was a central feature of the advertisement and was designed to attract attention.[173] The parties did not dispute that Newcombe never consented to the use of his likeness and that he received no compensation for such use.[174]

VI. Procedural Issues

A. Motion to Transfer Venue Denied Based on Convenience of Witnesses: *Advertising to Women, Inc. v. Gianni Versace S.p.A.*.

Plaintiffs Advertising to Women, Inc. ("ATW") and Loliere, Inc. ("Loliere") filed suit in the United States District Court for

the Northern District of Illinois against defendants Gianni Versace S.p.A. ("Versace") and Saks Fifth Avenue ("Saks") for trademark infringement, unfair competition, and false designation of origin, alleging that Versace's use of the mark "Blonde" for fragrances infringed ***376** ATW's federally registered trademark "eau de Blonde," also used in connection with fragrances.[175]

The court denied Versace's motion to transfer venue to the United States District court for the Southern District of New York, despite the fact that Loliere, Versace, and Saks all had their principal places of business in New York City, because the court accorded "substantial weight" to the convenience of the witnesses, rather than the parties.[176] Here, plaintiff had identified a number of non-party witnesses residing in Illinois while defendant named only one witness residing in New York whose testimony was described with sufficient particularity for the court to determine that such testimony would be material to the defense.[177]

B. Seventh Amendment Guarantees Right to a Jury Trial for Accounting of Profits Claims: *Alcan Int'l Ltd. v. S.A. Day Manuf. Co.*

Alcan Int'l Ltd. ("Alcan") filed suit against S.A. Day Manuf. Co. ("Day") for product disparagement under the Lanham Act and related state-law claims.[178] Day filed similar counter-claims seeking injunctive relief, an accounting for profits, and costs and attorney's fees.[179] Alcan moved to strike Day's demand for a jury trial, arguing that an action for an accounting of profits under the Lanham Act is equitable rather than legal in nature.[180] Magistrate Judge Heckman denied Alcan's motion, finding that the Supreme Court's decision in *Dairy Queen, Inc. v. Wood*,[181] settled any dispute as to the legal nature of an accounting remedy.[182] There the Supreme Court noted explicitly that although accounting remedies were traditionally considered equitable in nature, this characterization rested on the assumption that rendering an accounting of one party's profits was a task too complicated to be resolved by any body other than an court of equity—an assumption now recognized by the courts as at least generally false.[183] Accordingly, Magistrate Heckman held that given Alcan's failure to demonstrate any particularly complex issues relating to ***377** an accounting of its profits such that the accounting might only be conducted by a court, Day's counter-claims seeking an accounting of profits would be considered legal rather than equitable and subject to the Seventh Amendment's guarantee of a jury trial.[184]

C. Declamatory Judgment Jurisdiction Denied Because Complaint was Filed in Anticipation of Litigation: *Wireless Marketing Corp. v. Cherokee Inc.*

From September 1997 through February 1998, Cherokee Inc. ("Cherokee") sent numerous letters to Wireless Marketing Corp. ("Wireless") demanding that it cease use of the mark CHEROKEE on its C.B. radios.[185] At least one of these letters noted that unless such change was made Cherokee would "take appropriate steps to protect its valuable trademark rights."[186] Cherokee's last letter to Wireless prior to Wireless' filing of the present complaint was dated February 11, 1998, and requested a response within ten days. Wireless responded on February 20, 1998, stating that it would need additional time to consider its options but would "formally respond" by March 6, 1998.[187] On March 6, 1998, Wireless filed the present suit for declaratory judgment of trademark non-infringement against Cherokee, amending its complaint on March 13, 1998, to include Spell C. LLC ("Spell") as a defendant. Spell filed a trademark infringement action against Wireless in the United States District Court for the Central District of California on March 10, 1998.[188]

The district court in the present suit declined to exercise jurisdiction, finding that Wireless had filed this action "in anticipation of litigation" in an attempt to mount a "preemptive strike" designed to secure the most favorable forum for its claims.[189] The court found the facts of this case indistinguishable from those in *Tempco Elec. Heater Corp. v. Omega Eng'g, Inc.*,[190] where the Seventh Circuit affirmed the district court's refusal to exercise jurisdiction over a declaratory judgment action filed on the day plaintiff received defendant's "cease and desist" letter and only four days before defendant filed an infringement action in another district.[191]

378 D. No Basis for Finding of Contempt When Suit Dismissed by Stipulation Pursuant to Fed. R. Civ. P. 41(a)(1)(ii): *Hester Indus. Inc. v. Tyson Foods Inc.

The Second Circuit reversed the district court's judgment of civil contempt against Tyson Foods Inc. ("Tyson Foods"), based on Tyson's violation of certain conditions allegedly attached to the district court's earlier dismissal, finding that the district court's earlier dismissal was not a judgment based on Fed. R. Civ. P. 41(a)(2)[192], providing for dismissal "upon such terms

and conditions as the court deems proper," but rather a stipulated dismissal under Fed. R. Civ. P. 41(a)(1)(ii)[193] authorized by the parties themselves.[194] "Because the dismissal was effectuated by stipulation of the parties, the court lacked the authority to condition dismissal on compliance with the [parties' settlement] [a]greement," even though that agreement was attached to the court order, and therefore any violation of the agreement would not constitute contempt against the court.[195]

E. Some Evidence of Damages Required to Survive Summary Judgment: *Bernbach v. Harmony Books*.

Attorney Jeffrey N. Bernbach sued Harmony Books ("Harmony"), the publisher of his book *Job Discrimination: How to Fight, How to Win* (the "book") alleging violations of the Lanham Act and various state statutes related to Harmony's mistaken listing of Rae Lindsay as co-author of the book on certain documents provided to the Library of Congress, bookstores, and others.[196] On Harmony's motion for summary judgment, the district court granted judgment in favor of Harmony, finding that (1) Bernbach's only evidence of damages amounted to "speculation that the erroneous identification [of Lindsay as his co-author] will prove 'demeaning' to him professionally because colleagues may someday see the identification … and conclude that [Bernbach] 'is a real phony"' and (2) although a "mere likelihood of consumer confusion may justify injunctive relief under the Lanham Act, 'something more than a plaintiff's mere subjective belief that he is injured or likely to be damaged is required."'[197]

***379 F. Appellate Oversight of District Court's Likelihood of Confusion Analysis and Related Findings: *Rolex Watch USA Inc. v. Meece*.**

Rolex Watch USA Inc. ("Rolex"), the exclusive United States distributor of authorized Rolex products, sued Robert Meece, a wholesaler of jewelry repairs and repair parts, alleging various violations of the Lanham Act and state law connected with Meece's sale of (1) non-genuine parts for use in repairing Rolex watches, (2) new Rolex watches "enhanced" with non-genuine parts to simulate the appearance of a different, more expensive style of Rolex, (3) used Rolex watches "converted" through the addition of and replacement with non-genuine parts in order to simulate the appearance of a different, more expensive style of Rolex, and (4) non-genuine watch bracelets fitted with genuine Rolex clasps bearing the Rolex trademark.[198]

The district court found in favor of Rolex, and enjoined Meece from, *inter alia*, "performing any services which would involve injecting into commerce a watch bearing a Rolex mark which is reconstructed with generic replacement parts and which simulates a … Rolex watch."[199] The Fifth Circuit interpreted this injunction to prohibit not only the injection into commerce of used Rolex watches reconstructed or converted with non-genuine parts, but also the injection into commerce of new Rolex watches "enhanced" with non-genuine parts.[200] Based on this interpretation, the court determined that the district court erred in finding Meece's $81,882.83 in profits from these activities *de minimis*.[201] Moreover, the district court erred in failing to recognize "considerable evidence" that Meece's activities amounted to "counterfeiting" such that Rolex may be entitled to treble profits (absent evidence of extenuating circumstances).[202] The court noted that "[i]n this regard, Rolex introduced evidence that Meece distributed enhanced new watches without any markings or disclosures that would reach ultimate consumers or secondary purchasers; and that the watches contained the Rolex factory seal and the Rolex tag and were distributed in genuine Rolex boxes, with winding instructions copied from a Rolex booklet."[203]

The court found no clear error in the district court's findings that Meece did not deliberately infringe Rolex's marks and that Meece was not guilty of contributory infringement, but did find error in the district court's "fail [[[[ure] to ***380** consider and weigh all of the digits of confusion."[204] The court therefore remanded the case to the district court to reconsider the likelihood of confusion in light of testimony from Rolex's expert regarding how consumers might be confused as to the source of the watches at issue, and also to reconsider Meece's potential liability for counterfeiting.[205]

Judge Smith dissented, stating that he would have simply affirmed the district court in all respects.[206]

VII. Conclusion

Decisions from this quarter have elaborated on the theoretical underpinnings of the functionality doctrine, provided many applications of the traditional likelihood of confusion analysis, and suggested new legal avenues for dealing with Internet infringement. Most prominently, however, the *Chavez* case from the Fifth Circuit may set the stage for future constitutional battles over the status of intellectual "property" within the meaning of the Fourteenth Amendment's due process clause. What

benefits these battles may provide remains far from clear, but constructive analyses of the theories involved will undoubtedly strengthen our overall approach to the protection of commercial names and marks.

Footnotes

[a1] Arnold White & Durkee, Austin, Texas.

[1] Leigh v. Warner Bros., 10 F. Supp.2d 1371, 48 U.S.P.Q.2d (BNA) 1172 (S.D. Ga. 1998).

[2] Lyons Partnership, L.P. v. Giannoulas, 14 F. Supp.2d 947, 48 U.S.P.Q.2d (BNA) 1759 (N.D. Tex. 1998).

[3] Michaels v. Internet Entertainment Group, Inc., 48 U.S.P.Q.2d (BNA) 1891 (C.D. Cal. 1998).

[4] Chavez v. Arte Publico Press, 48 U.S.P.Q.2d (BNA) 1481 (5th Cir. 1998).

[5] Seminole Tribe of Fla. v. Florida, 517 U.S. 44, *cert. denied*, 517 U.S. 1133 (1996).

[6] *Chavez*, 48 U.S.P.Q.2d at 1488. The present summary of *Chavez* is deliberately abbreviated and admittedly inadequate as a basis for discussion of the Eleventh Amendment issues involved. The author intends this description to serve merely as background material necessary to understand how definitions of property within the meaning of the Fourteenth Amendment due process clause relate to a state's claim of immunity under the Eleventh Amendment. More information on the Eleventh Amendment generally may be found in John C. Jeffries, Jr., *In Praise of the Eleventh Amendment and Section 1983*, 84 VA. L. REV. 47 (1998).

[7] *Id.* at 1484.

[8] *Id.*

[9] *Id.* at 1490.

[10] 377 U.S. 184 (1964), *reh'g denied*, 377 U.S. 1010 (1964).

[11] *Chavez*, 48 U.S.P.Q.2d at 1486.

[12] *Id.* at 1485.

[13] 424 U.S. 693, *reh'g denied*, 425 U.S. 985 (1976).

[14] *See* Jeffries, *supra* note 6.

[15] Minnesota Mining & Mfg. Co. v. Taylor, 21 F. Supp.2d 1003, 48 U.S.P.Q.2d (BNA) 1701 (D. Minn. 1998).

[16] *Id.* at 1005, 48 U.S.P.Q.2d at 1702.

[17] America Online Inc. v. IMS, 24 F. Supp.2d 548, 549, 48 U.S.P.Q.2d (BNA) 1857, 1858 (E.D. Va. 1998).

[18] *Id.* at 550, 48 U.S.P.Q.2d at 1859.

[19] *Id.* at 551-552, 48 U.S.P.Q.2d at 1860.

[20] *Id.* at 552, 48 U.S.P.Q.2d at 1860-1861.

[21] Alpha Indus. Inc. v. Alpha Sportswear Ltd., 48 U.S.P.Q.2d (BNA) 1448, 1453 (E.D. Va. 1998).

[22] *Id.* at 1449.

[23] *Id.* at 1452.

[24] *Id.* at 1453.

[25] Johnny Blastoff Inc. v. Los Angeles Rams Football Co., 48 U.S.P.Q.2d (BNA) 1385, 1386 (W.D. Wis. 1998).

[26] *Id.*

[27] *Id.*

[28] *Id.*

[29] *Id.* at 1394.

[30] *Id.* at 1396.

[31] *Id.* at 1396-1397.

[32] Pebble Beach Co. v. Tour I Ltd., 155 F.3d 526, 553-556, 48 U.S.P.Q.2d (BNA) 1065, 1086-1088 (5th Cir. 1998).

[33] *Id.* at 534, 48 U.S.P.Q.2d at 1069.

[34] *Id.* at 535, 48 U.S.P.Q.2d at 1069.

[35] *Id.* at 538, 48 U.S.P.Q.2d at 1072.

[36] *Id.* at 539, 48 U.S.P.Q.2d at 1072.

[37] *Id.*

[38] 514 U.S. 159, 34 U.S.P.Q.2d (BNA) 1161 (1995).

[39] *Pebble Beach*, 155 F.3d at 539, 48 U.S.P.Q.2d at 1072.

[40] *Leigh v. Warner Bros.*, 10 F. Supp.2d 1371, 1374, 48 U.S.P.Q.2d (BNA) 1172, 1173 (S.D. Ga. 1998).

[41] *Id.*

[42] *Id.*

[43] *Id.*

[44] *Id.*

[45] *Id.* at 1377, 48 U.S.P.Q.2d at 1176.

[46] *Id.* at 1380, 48 U.S.P.Q.2d at 1178.

[47] 647 F. Supp. 1533, 1 U.S.P.Q.2d (BNA) 1030 (D. Colo. 1986), *aff'd*, 846 F.2d 1268, 6 U.S.P.Q.2d (BNA) 2038 (10th Cir. 1988).

[48] 786 F. Supp. 1126, 22 U.S.P.Q.2d (BNA) 1801 (E.D.N.Y. 1992).

[49] *Leigh*, 10 F. Supp. at 1381, 48 U.S.P.Q.2d at 1178.

[50] *Id.* at 1381-1382, 48 U.S.P.Q.2d at 1179-1180.

[51] *Id.* at 1383, 48 U.S.P.Q.2d at 1180-1181.

[52] 756 F.2d 1525, 225 U.S.P.Q. (BNA) 1131 (11th Cir. 1985), *reh'g denied* 765 F.2d 154 (11th Cir. 1985).

[53] *Leigh*, 10 F. Supp.2d at 1382-1383, 48 U.S.P.Q.2d at 1180-1181.

[54] Northwestern Corp. v. Gabriel Mfg. Co., 48 U.S.P.Q.2d (BNA) 1902, 1906 (N.D. Ill. 1998).

[55] *Id.* at 1911.

[56] *Id.* at 1907-1908.

[57] *Id.* at 1909.

[58] Disc Golf Ass'n Inc. v. Champion Discs Inc., 158 F.3d 1002, 1009-1010, 48 U.S.P.Q.2d (BNA) 1132, 1138 (9th Cir. 1998).

[59] *Id.* at 1006, 48 U.S.P.Q.2d at 1135.

[60] 514 U.S. 159, 34 U.S.P.Q.2d (BNA) 1161 (1995).

[61] *Disc Golf*, 158 F.3d at 1006, 48 U.S.P.Q.2d at 1135.

[62] Para Labs, Inc. v. Better Botanicals Inc., 48 U.S.P.Q.2d (BNA) 1050, 1051 (E.D.N.Y. 1998).

[63] *Id.* at 1052.

[64] *Id.* at 1053.

[65] *Id.* at 1054.

[66] Moscow Distillery Cristall v. Pepsico Inc., 48 U.S.P.Q.2d (BNA) 1217, 1218 (9th Cir. 1998).

[67] *Id.* at 1219.

[68] 599 F.2d 341, 204 U.S.P.Q. (BNA) 808 (9th Cir. 1979).

[69] *Moscow Distillery*, 48 U.S.P.Q.2d at 1219.

[70] *Id.*

[71] *Id.* at 1218-1219.

[72] Southern Foods Group L.P. v. Ben & Jerry's Homemade Inc., 48 U.S.P.Q.2d (BNA) 1220 (D. Utah 1998).

[73] *Id.* at 1222.

[74] *Id.*

[75] Ideal World Mktg. Inc. v. Duracell Inc., 15 F. Supp.2d 239, 48 U.S.P.Q.2d (BNA) 1287, 1288 (E.D.N.Y. 1998).

[76] *Id.* at 246, 48 U.S.P.Q.2d at 1292.

[77] *Id.* at 245-246, 48 U.S.P.Q.2d at 1292-1293.

[78] Imperial Toy Corp. v. Ty Inc.. 48 U.S.P.Q.2d (BNA) 1299, 1300 (N.D. Ill. 1998).

[79] *Id.* at 1301.

[80] *Id.* at 1302.

[81] *Id.* at 1303-1304.

[82] *Id.* at 1305.

[83] Sanrio Co. Ltd. V. Ann Arctic Inc., 48 U.S.P.Q.2d (BNA) 1429, 1430 (E.D.N.Y. 1998).

[84] *Id.* at 1435.

[85] Mattel Inc. v. Jcom Inc., 48 U.S.P.Q.2d (BNA) 1467 (S.D.N.Y. 1998).

[86] *Id.* at 1469.

[87] Dean v. Simmons, 48 U.S.P.Q.2d (BNA) 1475 (D. Vt. 1998).

[88] *Id.* at 1477.

[89] *Id.*

[90] Streetwise Maps Inc. v. VanDam Inc., 159 F.3d 739, 744, 48 U.S.P.Q.2d (BNA) 1503, 1507 (2d Cir. 1998).

[91] *Id.* at 744, 48 U.S.P.Q.2d at 1507-1508.

[92] *Id.* at 745, 48 U.S.P.Q.2d at 1508.

[93] *Id.*, 48 U.S.P.Q.2d at 1508-1509.

[94] Sugar Busters L.L.C. v. Brennan, 48 U.S.P.Q.2d (BNA) 1511, 1512 (E.D. La. 1998).

[95] *Id.* at 1516.

[96] *Id.* at 1514.

[97] *Id.*

[98] *Id.*

[99] Breuer Elec. Mfg. Co. v. Hoover Co., 48 U.S.P.Q.2d (BNA) 1705, 1707 (N.D. Ill. 1998).

[100] *Id.* at 1715-1716.

[101] Graham Webb Int'l v. Helene Curtis Inc., F. Supp.2d 919, 921, 48 U.S.P.Q.2d (BNA) 1730, 1732 (D. Minn. 1998).

[102] *Id.* at 919, 48 U.S.P.Q.2d at 1730.

[103] *Id.* at 929, 48 U.S.P.Q.2d at 1739.

[104] *Id.* at 931, 48 U.S.P.Q.2d at 1741.

[105] Children's Factory Inc. v. Benee's Toys Inc., 160 F.3d 489, 491, 48 U.S.P.Q.2d (BNA) 1826, 1827 (8th Cir. 1998).

[106] *Id.* at 495, 48 U.S.P.Q.2d at 1830.

[107] 536 F.2d 1210 (8th Cir. 1979).

[108] *Children's Factory*, 160 F.3d at 495, 48 U.S.P.Q.2d at 1830 (quoting *TESCO*, 536 F.2d 1210, 191 U.S.P.Q. (BNA) 79 (8th Cir. 1976)).

[109] *Id.*

[110] *Id.* at 497-498, 48 U.S.P.Q.2d at 1836.

[111] *Id.*

[112] NBA Prop. Inc. v. Dahlonega Mint Inc., 48 U.S.P.Q.2d (BNA) 1927, 1928-1929 (N.D. Ga. 1998).

[113] *Id.* at 1931.

[114] *Id.* at 1933.

[115] Major League Baseball Prop. Inc. v. Pacific Trading Cards Inc., 48 U.S.P.Q.2d (BNA) 1944, 1945 (S.D.N.Y. 1998), *vacated* 150 F.3d 149, 47 U.S.P.Q.2d (BNA) 1477 (2d Cir. 1998).

[116] *Id.* at 1947.

[117] *Id.*

[118] Henri Bendel Inc. v. Sears, Roebuck & Co., 25 F. Supp.2d 198, 199, 48 U.S.P.Q.2d (BNA) 1948 (S.D.N.Y. 1998).

[119] *Id.* at 202, 48 U.S.P.Q.2d at 1951.

[120] *Lyons Partnership L.P. v. Giannoulas*, 14 F. Supp.2d 947, 949, 48 U.S.P.Q.2d (BNA) 1759, 1761 (N.D. Tex. 1998).

[121] *Id.* at 950-951, 48 U.S.P.Q.2d at 1762.

[122] *Id.* at 953, 48 U.S.P.Q.2d at 1764.

[123] *Id.*

[124] *Id.* at 956, 48 U.S.P.Q.2d at 1766.

[125] *In re* Bacardi & Co. Ltd., 48 U.S.P.Q.2d (BNA) 1031, 1033 (T.T.A.B. 1998).

[126] *Id.* at 1034.

[127] *Id.* at 1035.

[128] *Id.*

[129] *In re* Benetton Group, S.p.A., 48 U.S.P.Q.2d (BNA) 1214, 1217 (T.T.A.B. 1998).

[130] *Id.* at 1215-1216.

[131] Penguin Books, Ltd. V. Eberhard, 48 U.S.P.Q.2d (BNA) 1280, 1286-1287 (T.T.A.B. 1998), *appeal dismissed*, 1998 WL 808437 (Fed. Cir. 1998).

[132] *Id.*

[133] *Id.*

[134] Hard Rock Café Licensing Corp. v. Elsea, 48 U.S.P.Q.2d (BNA) 1400, 1408-1410 (T.T.A.B. 1998).

[135] *Id.* at 1408-1409.

[136] Corporate Document Services Inc. v. I.C.E.D. Management Inc., 48 U.S.P.Q.2d (BNA) 1477, 1479 (T.T.A.B. 1998).

[137] *Id.* at 1479-1480.

[138] *In re* Carolina Apparel, 48 U.S.P.Q.2d (BNA) 1542, 1543 (T.T.A.B. 1998).

[139] *In re* Wada, 48 U.S.P.Q.2d (BNA) 1689, 1691 (T.T.A.B. 1998).

[140] *Id.*

[141] *Id.* at 1692.

[142] *Id.*

[143] *In re* Southern Belle Frozen Foods Inc., 48 U.S.P.Q.2d (BNA) 1849, 1850-1851 (T.T.A.B. 1998).

[144] *Id.*

[145] *Id.* at 1853 (J. Hanak, dissenting).

[146] *Id.* at 1851 n.1.

[147] *In re* File, 48 U.S.P.Q.2d (BNA) 1363 (T.T.A.B. 1998).

[148] *Id.* at 1367.

[149] *Id.* at 1366.

[150] *In re* Shiva Corp., 48 U.S.P.Q.2d (BNA) 1957, 1959 (T.T.A.B. 1998).

[151] *Id.* at 1958.

[152] *In re* Metaux Precieux S.A. Metalor, 48 U.S.P.Q.2d (BNA) 1798, 1799 (T.T.A.B. 1998).

[153] 33 U.S.P.Q.2d (BNA) 1372 (Comm'r Pats. 1993).

[154] *Id.* at 1373.

[155] *Metaux*, 48 U.S.P.Q.2d at 1799.

[156] Hot Wax Inc. v. Turtle Wax Inc., 27 F. Supp.2d 1043, 1045, 48 U.S.P.Q.2d (BNA) 1602, 1603 (N.D. Ill. 1998).

[157] *Id.* at 1606, 48 U.S.P.Q.2d at 1048.

[158] *Id.* at 1050, 48 U.S.P.Q.2d at 1607.

[159] *Michaels v. Internet Entertainment Group Inc.*, 48 U.S.P.Q.2d (BNA) 1891, 1893 (C.D. Ca. 1998).

[160] *Id.*

[161] *Id.* at 1894.

[162] *Id.* at 1895.

[163] *Id.*

[164] *Id.* at 1896.

[165] *Id.* at 1899.

[166] *Id.* at 1902.

[167] Newcombe v. Adolph Coors Co., 157 F.3d 686, 48 U.S.P.Q.2d (BNA) 1190, 1192 (9th Cir. 1998).

[168] *Id.*

[169] *Id.* at 690, 48 U.S.P.Q.2d at 1192.

[170] *Id.* at 694, 48 U.S.P.Q.2d at 1196.

[171] *Id.* at 692, 48 U.S.P.Q.2d at 1194.

[172] *Id.*, 48 U.S.P.Q.2d at 1195.

[173] *Id.* at 693, 48 U.S.P.Q.2d at 1195.

[174] *Id.*

[175] Advertising to Women, Inc. v. Gianni Versace S.p.A., 48 U.S.P.Q.2d (BNA) 1046, 1047 (N.D. Ill. 1998).

[176] *Id.* at 1050.

[177] *Id.* at 1049.

[178] Alcan Int'l Ltd. V. S.A. Day Mfg. Co., 48 U.S.P.Q.2d (BNA) 1151, 1152 (W.D.N.Y. 1998).

[179] *Id.*

[180] *Id.*

[181] 369 U.S. 469, 133 U.S.P.Q. (BNA) 294 (U.S. 1962).

[182] *Alcan*, 48 U.S.P.Q.2d at 1152.

[183] *Id.* at 1153.

[184] *Id.* at 1153-1154.

[185] Wireless Mktg. Corp. v. Cherokee Inc., 48 U.S.P.Q.2d (BNA) 1693, 1693-1694 (N.D. Ill. 1998).

[186] *Id.* at 1694.

[187] *Id.*

[188] *Id.*

[189] *Id.* at 1695.

[190] 819 F.2d 746, 2 U.S.P.Q.2d (BNA) 1930 (7th Cir. 1987).

[191] *Id.*

[192] FED. R. CIV. P. 41(a)(2).

[193] FED. R. CIV. P. 41(a)(1)(ii).

[194] Hester Indus. Inc. v. Tyson Foods Inc., 160 F.3d 911, 916, 48 U.S.P.Q.2d (BNA) 1844, 1847-1848 (2d Cir. 1998).

[195] *Id.*

[196] Bernback v. Harmony Books, 48 U.S.P.Q.2d (BNA) 1696, 1697 (S.D.N.Y. 1998).

[197] *Id.* (quoting *Johnson & Johnson v. Carter-Wallace Inc.*, 631 F.2d 186, 189, 208 U.S.P.Q. (BNA) 169, 172 (2d Cir. 1980)).

[198] Rolex Watch USA Inc. v. Meece, 158 F.3d 816, 820-821, 48 U.S.P.Q.2d (BNA) 1589, 1593 (5th Cir. 1998).

[199] *Id.* at 822, 48 U.S.P.Q.2d at 1594-1595.

[200] *Id.*

[201] *Id.* at 826, 48 U.S.P.Q.2d at 1597.

[202] *Id.* at 826-827, 48 U.S.P.Q.2d at 1598.

[203] *Id.* at 827, 48 U.S.P.Q.2d at 1598.

[204] *Id.* at 831, 48 U.S.P.Q.2d at 1601.

[205] *Id.*, 48 U.S.P.Q.2d at 1601-1602.

[206] *Id.*, 48 U.S.P.Q.2d at 1602.