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Recent Developments

RECENT DEVELOPMENTS IN TRADEMARK LAW

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## \*103 I. Overview

In the last few months, the federal courts took on issues ranging from initial interest confusion to whether a song could serve as a trademark. Along the way, the Ninth Circuit analogized the use of a competitor’s trademark as a metatag to the placement of a misleading billboard, the Fourth and Second Circuits set up a split over whether actual harm is required to make out a claim for federal dilution, the Federal Circuit may have wiped out *Sears/Compco* preemption, and the Supreme Court rejected Congress’ attempt to abrogate the sovereign immunity of states from charges of false advertising under the Lanham Act. Additionally, the Trademark Trial & Appeal Board (“Board”) cancelled the “Redskins” registrations because they were, in part, disparaging to Native Americans, and it stifled the King’s attempt to lock up a registration on his every likeness. Also worth noting, registrations can now be opposed and cancelled on the ground of section 43(c) dilution.

## II. Trademark Infringement on the Internet

### A. Initial Interest Confusion Expands to Metatags in the Ninth Circuit: *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*<sup>1</sup>

Armed with federal trademark and service mark registrations for MOVIEBUFF and the doctrine of “initial interest

confusion,” Brookfield Communications (“BC”) took West Coast Entertainment Corp. (“WCE”) to task over WCE’s announcement that it would be providing an entertainment information service on its web site, *moviebuff.com*.<sup>2</sup> BC alleged, *inter alia*, counts of trademark infringement and unfair competition in violation of sections 32 and 43(a)(1) of the Lanham Act.<sup>3</sup>

BC sold “MovieBuff” computer software and also offered an Internet-based searchable database under the MOVIEBUFF mark on its web sites.<sup>4</sup> After threatening WCE with suit if WCE chose to launch a web site at *moviebuff.com* containing a searchable entertainment-related database similar to BC’s and then receiving a press release in return announcing just such a launch, BC filed suit and quickly applied *ex parte* for a temporary restraining order (“TRO”) enjoining WCE from using the mark MOVIEBUFF, or any other confusingly similar term, including \*104 *moviebuff.com*, as WCE’s domain name or in any of the source code (including in the metatags) for any of its web pages.<sup>5</sup> The district court construed BC’s TRO motion as a motion for a preliminary injunction and denied it.<sup>6</sup> BC appealed and moved for an injunction pending appeal, which the district court also denied.<sup>7</sup>

Shortly after WCE launched its web site at *moviebuff.com*, BC filed an emergency motion for injunction pending appeal with the Ninth Circuit.<sup>8</sup> The court granted the motion and granted BC the relief it sought in its original TRO motion.<sup>9</sup> WCE filed a motion for reconsideration and modification, the court’s<sup>10</sup> treatment of which is the subject of the remainder of this summary.<sup>11</sup>

In a very lengthy opinion, the court set forth the reasons the district court erred with respect to its priority and likelihood of confusion determinations. First, the crux of the court’s priority determination turned on the doctrines of “tacking” and what constituted “use.”<sup>12</sup> WCE attempted to tack its use of “The Movie Buff’s Movie Store” to its use of *moviebuff.com* in order to establish priority to BC’s use of “MovieBuff.”<sup>13</sup> WCE did not meet the “exceedingly strict” standard for tacking, however, because consumers would not regard *moviebuff.com* as essentially the same mark as “The Movie Buff’s Movie Store.”<sup>14</sup>

The court also concluded that BC’s use of its service mark preceded WCE’s use,<sup>15</sup> explaining that although WCE registered *moviebuff.com* as a domain name in early 1996 (prior to BC’s use of its service mark on its web sites), registration alone did not constitute use for the purpose of acquiring priority.<sup>16</sup> Further, the court rejected the district court’s holding that registration of the domain name with the \*105 intent to use it commercially was sufficient to convey trademark rights.<sup>17</sup> The court characterized WCE’s use of *moviebuff.com* on e-mail correspondence with lawyers and customers as use akin to putting a mark on letterhead or an architectural drawing, and not as use that was sufficiently public “to identify the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.”<sup>18</sup>

The court applied the Ninth Circuit’s eight likelihood of confusion factors to determine the likelihood that BC would be able to establish that the public would associate WCE’s web site at *moviebuff.com* with BC.<sup>19</sup> The court’s noteworthy observations during its analysis included: 1) the characterization of the differences between the appearances of the marks as “inconsequential” considering that “Web addresses are not caps-sensitive and...the ‘.com’ top-level domain signifies the site’s commercial nature,”<sup>20</sup> and 2) the irrelevance of the .com addition considering the otherwise identical pronunciation of the marks, for example.<sup>21</sup> In the end, the court held that BC had demonstrated a likelihood of success on its infringement and unfair competition Lanham Act claims.<sup>22</sup>

The court’s analysis of the likelihood of confusion issue with respect to WCE’s right to utilize “moviebuff” metatags turned on its application of the doctrine of “initial interest confusion.”<sup>23</sup> The court explained that while a WCE web site that utilized “moviebuff” as a metatag would likely show up as a “hit” on a search engine hit list, no confusion would be likely to result from WCE’s domain name since WCE was not permitted to use *moviebuff.com*.<sup>24</sup> However, the court went on to argue that despite the absence of source confusion (*i.e.*, consumers *would* realize they were patronizing WCE rather than BC if they clicked on the WCE hit), initial interest confusion nevertheless existed because “by using...‘MovieBuff’ to divert people looking for ‘MovieBuff’ to its web site, [WCE] improperly benefits from the goodwill that [BC] developed in its mark.”<sup>25</sup>

**\*106** It is worth noting that the court likened the use of another’s trademark as a metatag to posting a sign on the highway directing potential customers to A’s address when, in fact, only B’s business exists at that location.<sup>26</sup> Customers looking for A, the court pointed out, would unwittingly arrive at B.<sup>27</sup> Unable to locate A, but seeing B, the customer might patronize B. The court reasoned that although customers would not be confused in the sense that they would recognize they were patronizing B and not A, the fact remained that “[B] would be misappropriating [A’s] acquired goodwill.”<sup>28</sup> The author submits that a more accurate analogy to the use of a trademark as a metatag, given the ease with which the hits returned by most search engines can be explored, is the placement of one’s billboard beside a competitor’s billboard, or the placement of

one's business near a competitor's business. In these cases, as in the case of competing hits on a hit list, a consumer is presented with two equally accessible options; this contrasts rather sharply with the court's "analogous" situation in which the would-be consumer is physically located at B without an immediate way to get to A. The court's analogy seems to ascribe to Internet search engine users a low level of sophistication.

### **III. Trademark Dilution**

#### **A. Second Circuit Finds No Need for Proof of Actual Dilution: *Nabisco, Inc. v. PF Brands, Inc.*<sup>29</sup>**

In *Nabisco*, the Second Circuit rejected the Fourth Circuit's recent pronouncement that a successful federal dilution claim requires proof of an "actual, consummated harm."<sup>30</sup> Defendants, PF Brands, Inc. and Pepperidge Farm, Inc. (collectively "Pepperidge Farm"), received word late in 1998 that plaintiff, Nabisco, Inc. ("Nabisco"), had plans to begin competing with them in the market of animal-shaped cheese crackers.<sup>31</sup> Although other companies had produced cheese crackers shaped like sea creatures in the past, one of which was a short-lived product of Nabisco's called "Snorkels," Pepperidge Farm's GOLDFISH cheese crackers stood \*107 alone in the fish-shaped cheese cracker market.<sup>32</sup> Upon learning of Nabisco's intention to enter its market, Pepperidge Farm protested by sending Nabisco a cease and desist letter. Nabisco responded by filing a complaint against Pepperidge Farm, seeking a declaratory judgment that Nabisco's product did not violate any of Pepperidge Farm's rights in its fish-shaped cracker.<sup>33</sup> Pepperidge Farm counterclaimed that Nabisco's anticipated activity constituted dilution under section 43(c) of the Lanham Act.<sup>34</sup> Pepperidge Farm moved for a preliminary injunction that would bar Nabisco from marketing its product.<sup>35</sup>

In affirming the district court's order preliminarily enjoining the distribution of Nabisco's goldfish crackers, the Second Circuit took the position that the Lanham Act did not require, and Pepperidge Farm need not have provided, proof of actual dilution.<sup>36</sup> In rejecting the Fourth Circuit's requirement to the contrary, the Second Circuit reasoned that requiring such proof seemed inappropriate for a number of reasons.<sup>37</sup> Among its concerns, the court asserted that the senior user might never be able to establish diminished revenues (an approach suggested by the Fourth Circuit as probative of dilution), much less link the diluting activity to the lost revenue.<sup>38</sup> The court also criticized the Fourth's Circuit's suggestion that a consumer survey could be used as proof of dilution, arguing that such surveys were "not highly reliable" and that those seeking to establish a cause of action for dilution should be able to "make their case through circumstantial evidence that will justify an ultimate inference of injury."<sup>39</sup> The Second Circuit recognized the requirement that the accused activity cause dilution as opposed to create a likelihood thereof, but the court reasoned that a literal reading of the statute as requiring actual harm would leave the senior user without a preliminary injunctive remedy. As a result of having no remedy, the senior user would be required to endure a non-compensable injury before it could hope to stop the junior user's activity.<sup>40</sup> Additionally, the court asserted that a literal reading could also financially harm junior users who would \*108 otherwise be able to pursue a declaratory judgment that their planned activity would not dilute the senior user's mark before expending the funds to launch their new product or service.<sup>41</sup>

It is also worth noting that the Second Circuit took into account the following factors in reviewing the district court's order: (1) distinctiveness;<sup>42</sup> (2) similarity of the marks;<sup>43</sup> (3) the proximity of the products and likelihood of bridging the gap;<sup>44</sup> (4) interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products;<sup>45</sup> (5) shared consumers and geographic limitations;<sup>46</sup> (6) sophistication of consumers;<sup>47</sup> (7) actual confusion;<sup>48</sup> (8) adjectival or referential quality of the junior use;<sup>49</sup> (9) harm to the junior user and delay by the senior user;<sup>50</sup> and (10) the effect of senior's prior laxity in protecting the mark.<sup>51</sup> The Second Circuit advised the district court not to confine itself to an analysis of the federal dilution claim using only the *Mead* factors<sup>52</sup> if the claim went to trial.<sup>53</sup>

#### **\*109 B. E-mail Addresses Used as Surnames Do Not Cause Dilution: *Avery Dennison Corp. v. Sumpton*<sup>54</sup>**

In this case, the Ninth Circuit reversed the district court's order that both granted summary judgment to the plaintiff, Avery Dennison Corporation ("AVD"), and ordered the defendants to transfer their domain name registrations to AVD.<sup>55</sup> AVD sells office products and industrial fasteners under the registered trademarks AVERY and DENNISON, respectively.<sup>56</sup> AVD is also engaged in e-commerce, marketing its products as *avery.com* and *averydennison.com*. The defendants provide Internet e-mail accounts for a fee and had registered thousands of domain-name combinations<sup>57</sup> for doing so; among these combinations were *avery.net* and *dennison.net*.<sup>58</sup> AVD sued defendants on the ground of, *inter alia*, federal dilution.<sup>59</sup> The district court concluded as a matter of law that the disputed trademarks were famous, denied summary judgement to

defendants, granted summary judgment to AVD on its dilution claims, and ordered defendants to transfer their registrations to *avery.net* and *dennison.net* to AVD.<sup>60</sup>

In reversing the district court's decision and remanding the dilution claim to the lower court with instructions to grant summary judgment to the defendants,<sup>61</sup> the court disposed of the issue of the "famousness" of AVD's marks by analyzing the eight factors provided under 15 U.S.C. § 1125(c)(1).<sup>62</sup> In considering the distinctiveness factor, the court concluded that AVD had made its threshold showing \*110 but nothing more.<sup>63</sup> The court followed the established principle that although "Avery" and "Dennison" were surnames for which distinctiveness had to be demonstrated through secondary meaning, AVD's federal registrations on the marks carried that burden.<sup>64</sup> The court then determined that the parties' goods and services flowed through different channels of trade and that neither enjoyed, nor attempted to enjoy, recognition in the other's customer base:

[The defendants'] sought-after customer base is Internet users who desire vanity e-mail addresses, and [AVD's] customer base includes purchasers of office products and industrial fasteners. No evidence demonstrates that [AVD] possesses any degree of recognition among Internet users or that [the defendants] direct their e-mail services at [AVD's] customer base.<sup>65</sup>

Another factor that counseled the court against finding that AVD's marks were famous was the extent to which third parties used "Avery" and "Dennison," both on and off the Internet.<sup>66</sup>

The court paid little more than lip service to the factors in AVD's favor. While conceding that the remaining four statutory factors supported AVD's position given the extensive use, advertising and sales, and international market associated with its marks, the court afforded the results of AVD's pre-acquainted consumer surveys no weight and dismissed AVD's Internet presence.<sup>67</sup>

Turning to the "commercial use" factor, the court found that the defendants had registered the domain-name combinations in question with an intent to capitalize on their surname status, and the court determined that the defendants were using them not as trademarks but for their non-trademark value.<sup>68</sup>

Finally, in analyzing the dilution prong of the test, which the court had earlier stated would be met with a showing that the defendants' use presented a *likelihood* of dilution,<sup>69</sup> the court explained why the defendants were guilty of neither "cybersquatting" dilution nor tarnishment. Initially, the court defined cybersquatting dilution as a lessening of a mark's capacity to serve as a source-identifier on the Internet, and then the court highlighted the fact that the top-level domain of the \*111 defendants' domain-name combinations was *.net*, not *.com*.<sup>70</sup> Moreover, while evidence existed that the distinction between those two was "illusory," "a factfinder could infer that dilution does not occur with a *trademark.net* registration.... [And thus a] genuine issue of fact...should have prevented summary judgement for [[[AVD]]."<sup>71</sup> As for AVD's claim of tarnishment, AVD argued that since the defendants housed both lewd domain-name registrations and those in question on the same site, the defendants' customers might associate *avery.net* and *dennison.net* with those lewd registrations.<sup>72</sup> The court rejected the argument on the ground that a user would have to move from, for example, *avery.net* to a lewd registration by linking *through defendants' home page*, which might remove any association with AVD's marks the user had.<sup>73</sup> Thus, a genuine issue of fact had existed.<sup>74</sup>

### C. Fourth Circuit Requires Proof of Actual Harm to Mark's Selling Power: *Ringling Bros.-Barnum & Bailey Combined Shows Inc. v. Utah Division of Travel*<sup>75</sup>

In *Ringling Bros.*, the Fourth Circuit tackled the issue of what elements are required to establish dilution under section 43(c) of the Lanham Act.<sup>76</sup> After a lengthy review of the history of dilution law at the state level and the federal courts' interpretation of that law, the court arrived at the conclusion that to make out a cause of dilution the plaintiff must show: (1) a similarity between the junior and senior marks sufficient to evoke an "instinctive mental association" of the two by a relevant universe of consumers that (2) is the effective cause of (3) an actual lessening of the senior mark's selling power, expressed as "its capacity to identify and distinguish goods or services."<sup>77</sup> The court did point out that this construction was narrower than that generally accorded state-law dilution provisions by the federal courts; the crux of the distinction in interpretations being that federal dilution requires actual, consummated dilution and not the mere likelihood of dilution, which was proscribed by the state statutes.<sup>78</sup>

\*112 The Fourth Circuit rejected Ringling's argument that to make out a case of dilution Ringling need only have established

that the junior mark was sufficiently similar to the senior mark that persons viewing the two would instinctively make a mental association between the marks.<sup>79</sup> The court refuted Ringling's argument by pointing out what the court thought were two assumptions that necessarily served as the basis for Ringling's argument, and then the court explained that those supposed assumptions did not comport with the court's interpretation of the Act.<sup>80</sup> The two points underlying the court's analysis of Ringling's argument were: 1) the Lanham Act was aimed at protecting a mark's selling power and not its "distinctiveness" as such, and 2) the Lanham Act proscribed actual dilution versus the mere likelihood thereof.<sup>81</sup>

The first assumption required by Ringling's argument, was that the interest intended to be protected by the Lanham Act was the senior mark's distinctiveness as such.<sup>82</sup> This, the court opined, was akin to a property-right-in-gross interpretation.<sup>83</sup> The court gave an example of its in-gross interpretation—Ringling's admission that a mental association would be presumed when the exact mark was used on another's goods or services.<sup>84</sup> However, the Lanham Act, would not bear a property-right-in-gross interpretation.<sup>85</sup>

The second assumption necessary for Ringling's argument was that both cause and harm might be judicially presumed from the sufficient similarity of the two marks.<sup>86</sup> The court stated that:

[T]he Act [cannot] be interpreted to require proof of actual economic harm and its effective cause, but permit them to be judicially presumed from proof alone of the mark's sufficient similarity...[because] [u]nder basic evidentiary presumption principles, the probabilities are not high enough nor means of proof sufficiently lacking to allow such a presumption.<sup>87</sup>

\***113** The Fourth Circuit also affirmed the district court's finding that Ringling's evidence failed to show dilution under the Act.<sup>88</sup> Ringling had offered as evidence a consumer survey that essentially elicited from those surveyed what word they would use to complete the phrase THE GREATEST \_\_ ON EARTH.<sup>89</sup> Upon completion of the statement, those surveyed were asked to disclose with whom or what they associated the completed statement.<sup>90</sup> The surveyee was then asked whether they could think of any other word with which to fill in the blank and with whom or what they associated the resulting statement.<sup>91</sup> The district court pointed out that consumer familiarity with Ringling's mark was greater in Utah, where Utah's mark, THE GREATEST SNOW ON EARTH, was best-known, than in the rest of the country, where Utah's mark was virtually unknown.<sup>92</sup> Additionally, the district court pointed out that virtually every surveyee associated Ringling's mark with the Ringling Circus and not with Utah or anything related thereto.<sup>93</sup> The Fourth Circuit "[had] no concern respecting the specific finding that the survey evidence [did] not show the use of Utah's junior mark had caused any actual harm to Ringling's mark in the form of a lessening of that mark's former capacity to identify and distinguish Ringling's Circus as its subject."<sup>94</sup>

It should be noted that, at least in this case, the Fourth Circuit appears to be characterizing one form of evidence that would be sufficient to establish actual harm to the famous mark's selling and advertising power as proof of likelihood of confusion. This may be significant considering that the definition for dilution specifies that the presence or absence of a likelihood of confusion, mistake, or deception is irrelevant to establishing dilution.<sup>95</sup>

Next, the Fourth Circuit admonished the district court for its analysis of Ringling's federal dilution claim under the "*Mead* factors."<sup>96</sup> The court indicated that the *Mead* factors, which include the similarity of the marks, the similarity of \***114** products, consumer sophistication, predatory intent, and renown of the two marks, were not appropriately suited for assessing the federal dilution claim.<sup>97</sup> While the factors were useful in interpreting state law dilution claims, the requirement of actual harm and effective causation were not proper matters of proof based on an analysis of those factors.<sup>98</sup> The court stated that of the factors, "only mark similarity and, possibly, degree of 'renown' of the senior mark would appear to have trustworthy relevance under the federal Act."<sup>99</sup> The court also offered several suggestions on proving actual harm.<sup>100</sup>

#### IV. False Advertising

##### A. States Are Not Subject to Suit Under False-Advertising Provisions of Lanham Act, Despite Express Provision Therein to the Contrary: *College Savings Bank v. Florida Prepaid Postsecondary Educational Expense Board*.<sup>101</sup>

In *Florida Prepaid*, the Supreme Court held that the Trademark Remedy Clarification Act ("TRCA"),<sup>102</sup> which subjects states to suits brought under section 43(a) of the Lanham Act for false and misleading advertising, did not abrogate the sovereign

immunity that is afforded the states by the Eleventh Amendment, despite express language in the Lanham Act to that effect.<sup>103</sup> The Court rejected the argument of petitioner, College Savings, that the TRCA was a legislative exercise by Congress to enforce the Fourteenth Amendment (the only means by which Congress can abrogate state sovereign immunity).<sup>104</sup> Specifically, the Court rejected College Savings's claims that the TRCA was enacted to remedy and prevent state deprivations without due process of two species of "property" rights: (1) a right to be free from a business competitor's false advertising about its own product, and (2) a right to be secure in one's business interests.<sup>105</sup> As to the first asserted right, the Court \*115 determined that the Lanham Act's false-advertising provisions bore no relationship to any right to exclude "[t]he hallmark of a protected property interest...."<sup>106</sup> Similarly, for the second asserted right, the Court determined that while the assets of a business are property, "business in the sense of *the activity of doing business*, or *the activity of making a profit* is not property in [the sense necessary to the success of College Savings's argument]."<sup>107</sup>

The Court also held that defendant/respondent, Florida Prepaid, had not expressly waived its sovereign immunity, and expressly overruled *Parden v. Terminal Railway of Alabama State Docks Department*,<sup>108</sup> a case upon which College Savings had relied for its constructive waiver argument.<sup>109</sup>

#### **B. Controversy Created by False Advertiser Does Not Provide Protection from Liability Under First Amendment: *Porous Media Corp. v. Pall Corp.*<sup>110</sup>**

In this case, the Eighth Circuit rejected Pall Corporation's ("Pall's") argument that its Lanham Act liability for false advertising should be curbed by the "limited purpose public figure" doctrine of the First Amendment.<sup>111</sup> Porous Media Corp. ("Porous") and Pall produced competing disposable filters used in oxygen concentrators and ventilators.<sup>112</sup> Pall's model was sufficiently hydrophobic (*i.e.*, water-repellant) to be suited for use in the expiratory side of ventilators, in contrast to Porous' model that was only suitable for use in "dry" applications.<sup>113</sup>

As the senior competitor protective of its market share, Pall attempted to thwart Porous' success in the filter market by sending several of Porous' largest customers a memo Pall characterized as an "ALERT," which urged the reader to consider the "serious hydrophobic deficiency" of Porous' product.<sup>114</sup> The jury found that Pall's memo had "actually deceived or had the tendency to deceive a substantial segment" of the relevant market and that Porous was injured as a result of "Pall's false or \*116 misleading statements."<sup>115</sup> The jury awarded Porous \$1.6 million on its false advertising claim.<sup>116</sup>

In considering the issue of whether Porous was a "limited purpose public figure," the court was unable to identify the particular public controversy giving rise to the complained-of speech, other than the one created by Pall through its warning to Porous' customers.<sup>117</sup> The court then noted, "[i]t is well settled that 'those charged with defamation cannot, by their own conduct, create their own defense by making a claimant a public figure.'"<sup>118</sup>

The Eighth Circuit also rejected Pall's argument that Pall's conduct was not "commercial speech"—a requirement for Lanham Act liability.<sup>119</sup> The court pointed out that Pall's memo was an advertisement because the memo urged readers to buy Pall's filter and not Porous'.<sup>120</sup> That the memo did so by specific reference to both products, and that Pall may have been driven to inform the market of what it perceived to be public health dangers associated with Porous' filter, were irrelevant because Pall's motivation for the memo was in part economic, and commercial speech need not originate solely from economic motives.<sup>121</sup>

### **V. Theoretical Discussions of Trademark and Unfair Competition Principles**

#### **A. An Assignment in Gross, a Potentially Protectable Book Title, and an Unkept Promise: *Sugar Busters L.L.C. v. Brennan*<sup>122</sup>**

In *Sugar Busters L.L.C.*, the Fifth Circuit reversed the district court's entry of a preliminary injunction preventing the sale and distribution of the cookbook, "Sugar Bust for Life!," which the district court had determined infringed plaintiff's federally registered service mark, SUGARBUSTERS.<sup>123</sup> The court determined that the assignment of the service mark to the plaintiff had been in gross because the plaintiff \*117 made virtually no showing that its book and the assignor's retail store named "Sugarbusters" were sufficiently similar to prevent consumer confusion as to the services being offered in connection with the book.<sup>124</sup>

Also, the plaintiff argued that a preliminary injunction was appropriate because the plaintiff had demonstrated a likelihood of success on its unfair competition claims under § 43(a) of the Lanham Act.<sup>125</sup> The court was faced with the question of whether the defendant's use of the title "Sugar Bust for Life!" would likely cause confusion or mislead consumers as to its connection with plaintiff's book, "Sugar Busters! Cut Sugar to Trim Fat." The court recognized that defendant's book title, and perhaps any book title,<sup>126</sup> was capable of functioning as trademark.<sup>127</sup> The court then remanded to the district court the issue of whether plaintiff's book title had acquired secondary meaning and, if so, whether the defendant's book title "is so likely to confuse consumers that it outweighs any First Amendment interests defendants have in the title of their book."<sup>128</sup> The plaintiff also urged the court to grant a preliminary injunction on the ground that the defendant's book title violated the plaintiff's common law service mark in "SUGAR BUSTERS!" based on the fact that the plaintiff had held over one hundred seminars promoting its book and the "SUGAR BUSTERS!" lifestyle.<sup>129</sup> However, the court remanded the issue. The court also remanded to the district court for consideration of: (a) the defendants' fair-use defense, and (b) the equitable issue of whether the plaintiff's representations about the subject cookbook eliminated the plaintiff's entitlement to an injunction.<sup>130</sup>

#### **B. Functionality Reconciles Unfair Competition Law—State and Federal—with Patent Law: *Midwest Industries, Inc. v. Karavan Trailers, Inc.*<sup>131</sup>**

In this case, the Federal Circuit reversed the district court's grant of summary judgment to Karavan Trailers Inc. ("Karavan") where the district court held that Midwest Industries Inc.'s ("Midwest's) state and federal trade dress claims were \*118 preempted by patent law.<sup>132</sup> The court also held, *en banc*, that it was applying, and would apply, Federal Circuit law in determining whether patent law conflicts with other federal statutes or preempts state law causes of action.<sup>133</sup> Midwest sued Karavan over Karavan's manufacture and sale of watercraft trailers that used curved winch posts, a feature disclosed and claimed in a patent of which Midwest was the exclusive licensee.<sup>134</sup> Midwest alleged violations of section 43(a) of the Lanham Act and of Iowa's trademark laws.<sup>135</sup>

The district court relied on *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*,<sup>136</sup> in arriving at its decision.<sup>137</sup> In *Vornado*, the Tenth Circuit determined that when a certain product configuration is claimed in a utility patent and is "a described, significant inventive aspect of the invention,...patent law prevents its [federal] protection as trade dress, even if the configuration is nonfunctional."<sup>138</sup> In arriving at its decision, the *Vornado* court considered the "clear and continuing trend" that the Supreme Court's decisions in *Sears, Roebuck & Co. v. Stiffel Co.*<sup>139</sup> and *Compco Corp. v. Day-Brite Lighting, Inc.*<sup>140</sup> had "collectively manifest[ed] in favor of the public's right to copy."<sup>141</sup> In *Sears* and in *Compco*, the Court determined that state unfair competition laws were preempted by federal patent law when those state laws were implicated solely from product copying.<sup>142</sup> In this case, the district court followed the *Vornado* decision to the letter and ruled for Karavan without considering the issue of the winch post's functionality.<sup>143</sup>

In reversing the district court's decision, the Federal Circuit explained that the doctrine of functionality reconciled the fact that a product configuration could be protected under both patent law and federal trademark law.<sup>144</sup> In other words, a \*119 functional product feature<sup>145</sup> will not be afforded Lanham Act protection because doing so could extend to *infinity* the duration of protection that might otherwise be *limited* under patent law.<sup>146</sup> The court remanded the issue of functionality to the district court and opined that the Tenth Circuit was alone in its view that federal trade dress protection was precluded by patent law regardless of functionality.<sup>147</sup>

As for Midwest's state law claims, the Federal Circuit indicated that the same functionality considerations provided the balance between state trademark law and patent law, and that, moreover, the Supreme Court's decision in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*<sup>148</sup> controlled its decision.<sup>149</sup> The court appears to have stamped out whatever non-functionality driven preemptive considerations remained of the Supreme Court's *Sears* and *Compco* decisions:

That is not to say that patent law principles have no preemptive effect on state law claims simply because those claims are for trade dress protection. If, under the rubric of "trade dress" protection, state law should purport to give Midwest the right to exclude others from using a feature that confers a significant non-reputation-related market advantage over its competitors, the state law cause of action would conflict with federal patent law principles and be preempted. The central question, as under the Lanham Act, is whether the feature for which trade dress protection is asserted is functional.<sup>150</sup>

#### **C. An Incontestable Product Design Registration Is Subject to Cancellation if Generic: *Sunrise Jewelry Manufacturing***

### ***Corp. v. Fred S.A.<sup>151</sup>***

In *Sunrise Jewelry*, the Federal Circuit reviewed the Board's dismissal of Sunrise Jewelry Manufacturing Corporation's ("Sunrise's") petition to cancel Fred S.A.'s ("Fred's") registration of a "metallic nautical rope design" for clocks, watches, and jewelry. The Board held that, as a product design, Fred's trademark could not serve as a name for Fred's goods and thus could not be challenged on the ground that the mark had become the "generic name" for the goods.<sup>152</sup> The Federal Circuit vacated the Board's dismissal, reasoning that reading product designs out of the definition of "generic name" in 15 U.S.C. § 1064(3) "would allow incontestable \*120 trademarks other than names that become generic to retain incontestable status despite their inability to serve as source designators."<sup>153</sup> Such a result, the court determined, would be inconsistent with the law that a generic trade dress is unprotectable.<sup>154</sup> A corollary to this law, the court posited, is that "the registration of a trade dress which is generic may be cancelled."<sup>155</sup> The court remanded to the Board the issue of determining whether Fred's trademark was generic as applied to Fred's products.<sup>156</sup>

### ***D. Squawk Away, Miss Piggy, A "Signature" Song Cannot Serve as a Trademark: Oliveira v. Frito-Lay, Inc.<sup>157</sup>***

In a rather confused opinion, the Southern District of New York ruled that musical works cannot serve as "any word, name, symbol, or device, or any combination thereof"<sup>158</sup> capable of identifying and distinguishing a product's source.<sup>159</sup> Astrud Gilberto ("Gilberto") sued Frito-Lay, Inc. ("FL") for dilution under 15 U.S.C. § 1125(c) based on FL's use of Gilberto's purported trademark song, "The Girl from Ipanema," in the background of a Baked Lays® commercial that featured the vocal stylings of Miss Piggy.<sup>160</sup> The court resolved Gilberto's dilution claim by deciding that "there is no [f]ederal trademark protection for a musical work."<sup>161</sup> As support for its decision, the court mentioned the requirement that a mark be used in commerce to distinguish one's goods in order to be protected under the Lanham Act,<sup>162</sup> but the court fell short in completing its thought since it failed to point out that Gilberto's song was not used to identify any goods. The court did, however, assert that copyright law was the proper protector of musical works.<sup>163</sup> As Gilberto \*121 had no cognizable property right, his unfair competition and unjust enrichment claims also fell.<sup>164</sup>

## **VI. Applications of Established Trademark Law**

### ***A. Altered Watch is No Longer a Rolex: Rolex Watch, U.S.A., Inc. v. Michel Co.<sup>165</sup>***

In *Rolex Watch, U.S.A.*, the Ninth Circuit reversed the district court's decision not to permanently enjoin the defendant from placing the ROLEX mark on the Rolex watches he altered and sold.<sup>166</sup> The court determined that the alterations the defendant made to the watches resulted in a new product, albeit one containing a Rolex movement and casing.<sup>167</sup> Accordingly, the court concluded that the district court's requirement that the defendant put his own independent mark on the replacement parts was inadequate because the requirement failed to convey the "basic changes" that had been made to the watch.<sup>168</sup> The court also affirmed the district court's determination that the plaintiff had failed to satisfy its burden to show with reasonable certainty the defendant's gross sales of the altered watches.<sup>169</sup> The plaintiff's attempt to rely on the defendant's testimony that thirty percent of defendant's business involved reconditioning used Rolex watches was inadequate to show gross sales attributed to the altered Rolex watches because the estimate did not isolate those alterations that were requested by a customer and those that went into watches he sold generally.<sup>170</sup>

### ***B. Samoto Designs L.L.C. v. Singh<sup>171</sup>***

In denying defendant's motion to dismiss all three claims of plaintiff's complaint pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure, the district court in this case held that plaintiff's first claim sufficiently alleged a claim under 15 U.S.C. § 1125(a), whether for reverse passing off or for trade dress \*122 infringement, "and that, to the extent the complaint proceeds on the latter theory, defendant may plead the aesthetic functionality defense."<sup>172</sup>

### ***C. Supplemental Jury Instruction Directing Jury to Determine Extent of Common Law Trademark Rights in New Stylized Design Did Not Preclude Consideration of Accrued Rights in the Word Itself: Time, Inc. v. Petersen Publishing Co.<sup>173</sup>***

In *Petersen Publishing*, the Second Circuit affirmed the principle in trademark law that the stylized version of a mark may receive a level of protection that is different from the level of protection that accompanies the word itself.<sup>174</sup> Time, Inc. (“Time”) sued Petersen Publishing Co. (“Petersen”) and attempted to enjoin Petersen’s use of the name “Teen People” for a magazine.<sup>175</sup> Time complained that Petersen’s use of “Teen People” would infringe Time’s PEOPLE trademark, and Petersen responded by pleading that Time’s use of “Teen People” would infringe Petersen’s TEEN trademark.<sup>176</sup> The district court denied Petersen’s motion for a temporary restraining order and a preliminary injunction and also denied Time’s motion for summary judgment.<sup>177</sup>

At trial, Petersen’s claims for trademark infringement and unfair competition went to the jury.<sup>178</sup> In response to a question from the jury querying whether the change in Teen’s trademark from “TEEN” to “Teen” had an effect on the validity or strength of Petersen’s mark, the district court responded with a supplemental instruction over Petersen’s objection.<sup>179</sup> The supplemental instruction directed the jury that the original registration for the original mark (TEEN) was still valid and in effect, but that it was up to the jury to determine whether Petersen had acquired any common law rights in the new design (Teen).

The jury returned a verdict in favor of Time, and Petersen appealed, contending that the supplemental instruction effectively directed the jury to disregard the \*123 previous 40 years of Petersen’s continuous use of its TEEN mark.<sup>180</sup> The Second Circuit disagreed, pointing out that the district court had correctly distinguished between the new stylized version of the mark and the previous version.<sup>181</sup> The court indicated that while Petersen may have possessed trademark rights in both the word itself and common law rights in the new design of the word, the latter could only have been acquired after use of that new design commenced.<sup>182</sup> The court found that because the district court’s supplemental instruction had not precluded the jury from considering whether rights had accrued in the use of the word itself and whether those rights had been infringed, the district court had not misled the jury as to the correct legal standard, nor had the district court failed to adequately inform the jury of the law.<sup>183</sup>

#### **D. Rights of Band Members to Use the Name of the Group: *Robi v. Reed*<sup>184</sup>**

In *Robi*, the Ninth Circuit affirmed the district court’s determination that Robi, a former band member of The Platters, took no rights to the group’s name with him when he departed.<sup>185</sup> Robi assigned what he considered to be his rights to use the name, The Platters, and associated goodwill to his wife Martha.<sup>186</sup> Martha then managed, booked, and presented a group called The Platters, which lacked any original Platters members.<sup>187</sup> The court found that Robi’s assignment was invalid because members of a group do not retain rights to use the group’s name when they leave so he had no rights to assign to Martha.<sup>188</sup> The court also determined that Reed, the founder of The Platters and only remaining original member, retained the right to use the group name to the exclusion of Robi.<sup>189</sup> The court colored its decision as one consistent with “the basic purposes of trademark law and the Lanham Act,” because allowing Martha Robi to organize a competing group called The Platters “would lead to confusion among reasonable consumers.”<sup>190</sup>

#### **\*124 E. *Hermès International v. Lederer de Paris Fifth Ave., Inc.*<sup>191</sup>**

In *Hermès*, the court prevented the plaintiff from enjoining two of the defendants from selling certain knock-off products because, as to those defendants, the plaintiff was guilty of laches.<sup>192</sup> The court rejected the plaintiff’s argument that its delay was excusable under the doctrine of “progressive encroachment,” which dictates that the laches clock begins to run not when the infringer first acts, but rather on the date the defendants’ acts “first significantly impacted on plaintiff’s good will and business reputation.”<sup>193</sup> The court indicated that (a) the plaintiff failed to provide evidence that the defendants’ activities were of such a low profile or sales that the activities did not significantly impact on the plaintiff’s rights until very recently, (b) the defendants denied that the quality or price of their products had increased recently, and (c) the plaintiff had provided no evidence that defendants’ sales had increased as a result of their web presence.<sup>194</sup> The plaintiff had delayed for nine to nineteen years without even writing the defendants a warning letter.<sup>195</sup>

### **VII. Board Proceedings**

#### **A. Competing Designs Result in Registrability of Zippo Lighter Configuration: *In re Zippo Manufacturing Co.*<sup>196</sup>**

Accepting the evidence submitted by Applicant that its lighter configuration had acquired distinctiveness as a trademark, the Examining Attorney nevertheless finally refused registration on the ground that Applicant's cigarette lighter configuration was *de jure* functional.<sup>197</sup> The Examining Attorney argued that Applicant's cigarette lighter configuration was dictated by the utilitarian functions it performed, which purportedly included the fact that the rectangular design best accommodated the lighter's internal mechanism and allowed it to hold more lighter fluid. Also, the rounded edges gave the lighter a sleek design that made it easier to hold and less likely to tear the inside of a pocket.<sup>198</sup>

\*125 After considering the evidence of record on the factors affecting functionality,<sup>199</sup> the Board reversed the final refusal to register the latter configuration. In arriving at its decision, the Board considered the following: (1) an expired utility patent owned by Applicant, which claimed the internal mechanism that was present in the product configuration in question, disclosed nothing of inherent utilitarian value about said configuration, (2) none of Applicant's literature touted the configuration at issue as an utilitarian advantage, (3) of the six alternative designs submitted by Applicant that were similar in type to Applicant's lighter, none were identical or even substantially similar to Applicant's particular configuration, and (4) despite the lack of direct evidence on point, the presence of the alternative designs demonstrated that other lighter manufacturers could compete effectively with Applicant's design, a situation that might not have existed when a court thirty years earlier found that the lighter configuration that Applicant sought to register was functional because of economic reasons.<sup>200</sup>

#### **B. "Redskins" Marks Disparaging to Native Americans: *Harjo v. Pro-Football, Inc.*<sup>201</sup>**

In a decision that quickly gained the attention of the press, the Board granted a petition to cancel six federal registrations, all of which contained some form of the word "Redskin," under 15 U.S.C. § 1052(a)<sup>202</sup> on the grounds that the subject marks may disparage Native Americans and may bring them into contempt or disrepute.<sup>203</sup> In considering the issue of disparagement,<sup>204</sup> the Board rejected the respondent's argument that the word "Redskins," as used in its marks and as applied to its services, denoted only the Washington Redskins football team.<sup>205</sup> Instead, the Board declared that the word "Redskins" referred to not only the respondent's professional \*126 football team, but it also carried an allusion to Native Americans.<sup>206</sup> The Board then concluded that a derogatory connotation of the word "Redskins" in connection with Native Americans extended to the term as it was used in respondent's marks; the respondent's marks may have been disparaging<sup>207</sup> of Native Americans to a substantial composite of that group of people.<sup>208</sup> The Board analyzed the "contempt or disrepute" issue in a rather conclusory fashion,<sup>209</sup> having determined that the "disparagement" guidelines were equally applicable to determining whether the subject marks brought Native Americans into contempt or disrepute.<sup>210</sup>

The Board denied the petition to the extent that it sought to cancel the registrations on the ground that the subject marks consisted of or comprised scandalous matter.<sup>211</sup> The Board recognized that while the petitioner had established that during the relevant time periods, a substantial composite of the general population would find the word "Redskins" as used in the marks and applied to the subject services to be a derogatory term of reference to Native Americans,<sup>212</sup> the "continuous renown in the sport of football and acceptance of the word 'Redskin(s)' in connection with respondent's football team [was] inconsistent with the sense of outrage by a substantial composite of the general population that would be necessary to find [[["Redskins"] scandalous...in...context ....]]<sup>213</sup>

#### **C. Sorry, King, Only One Mark Per Application: *In re Elvis Presley Enterprises, Inc.*<sup>214</sup>**

In this proceeding, the Board affirmed the Examining Attorney's final refusal to register "the likeness and image of Elvis Presley" as a trademark for cotton fabric.<sup>215</sup> In its brief, Applicant indicated that it was seeking to register the likeness \*127 and image of the King "in all possible manners of presentation without limitation as to age, manner of dress or pose."<sup>216</sup>

In defending her final refusal to register the mark on the ground that the Applicant had failed to provide an acceptable drawing of the applied-for mark, the Examining Attorney highlighted the public's right to notice. As the Board explained, in the absence of an accurate representation of the to-be-registered mark, "members of the public and examining attorneys will be unable to ascertain what mark(s) applicant claims rights in, or obtains rights in."<sup>217</sup> The Applicant countered the final refusal by arguing that it was not required to provide such a drawing because the mark was not capable of being represented in a drawing.<sup>218</sup> The Board disposed of this argument on the ground that, even assuming the exception had been met, the Applicant had not provided an adequate description of the mark (an alternative requirement to providing an acceptable drawing) because it was attempting to register more than one mark—an unacceptable practice.<sup>219</sup> The Board rejected the

Applicant's argument that all poses of Presley—young, old, gyrating or stationary—functioned as a single mark given the King's unique and unmistakable persona.<sup>220</sup> As support for its position, the Board asserted that the various images of Presley were too different, and that the Applicant would have a monopoly on the use of all images which resembled depictions of Presley.<sup>221</sup>

#### **D. Purchaser's Perception of Manner in Which Mark is Used Dictates Protectability: *In re Packaged Ice, Inc.*<sup>222</sup>**

Faced with an appeal from a final refusal to register a mark on the ground that it was not used to identify the source of the goods specified in the application, the Board affirmed on the ground that the purchaser of the goods in question would be led to believe the goods came from Applicant based on the business relationship between the two and not the manner in which the mark was used on the products.<sup>223</sup> Packaged Ice, the Applicant, sought to register the mark PACKAGED ICE, INC. and \*128 design for plastic bags for packaging.<sup>224</sup> Applicant manufactures automatic bagging ice machines that make, bag, and merchandise ice.<sup>225</sup> Applicant licenses the use of the machines to retail stores, and the license agreement requires the licensee to use only plastic bags provided by Applicant. The mark in question appears on each plastic bag sold to the licensees.<sup>226</sup>

In support of its argument that the licensees would view the bags as coming from Applicant on the basis of the business relationship between the entities and not the manner in which Applicant used the mark on the bags, the Board asserted that (a) the bags stated that the ice therein came from Applicant, (b) the purchase of the bags was a license fee and not a payment related to the cost of the bags, and (c) the licensees would, when confronted with the packaged ice as it emerged from the leased machines, view the mark as an indicator of the source of the ice rather than of the bags.<sup>227</sup> The dissent argued that the majority had been unable to offer any support for its position and pointed to evidence in the record<sup>228</sup> that the dissent believed would demonstrate how the licensees would associate the applied-for mark with the bags and not the ice or the leased machines.<sup>229</sup>

### **VIII. Federal Legislation**

On August 5, 1999, the "Trademark Amendments Act of 1999" ("the 1999 revision") was signed into law.<sup>230</sup> The 1999 revision amended the Lanham Act to provide for the opposition and cancellation of federal registrations on the ground of section 43(c) dilution.<sup>231</sup> It also amended sections 35(a) and 36 to include willful dilution as a basis for monetary recovery and the destruction of infringing articles.<sup>232</sup> Additionally, as a result of the 1999 revision, federal immunity from infringement and dilution lawsuits no longer exists.<sup>233</sup> Finally, the Act was also amended to \*129 specify that, in an action for infringement of an unregistered trade dress, the person asserting trade dress protection has the burden of proving that the trade dress is not functional.<sup>234</sup>

### **IX. Conclusion**

Most of the decisions summarized above demonstrate that the federal courts are capable of engaging in thoughtful and thoroughly reasoned analyses of trademark and unfair competition principles. However, these analyses are not always firmly grounded in logic, such as the Ninth Circuit's attempt to analogize the result of using a metatag to the result of using a misleading billboard. Although the analogy is appealing at first blush, the immediacy of navigation afforded users of the information superhighway does not exist on the *interstate* highway and so cuts against the Ninth Circuit's argument. Additionally, the Southern District of New York is in fairly desperate need of guidance as to the distinction between fame and distinctiveness before it takes on another dilution case. Despite these analytical shortcomings, however, the new issues that were resolved will be a little less novel the next time they are addressed, and the decisions thereon will serve to guide us on how best to protect marks, trade dress, and commercial names.

### **Footnotes**

<sup>a1</sup> Arnold, White & Durkee, Austin, Texas. All opinions expressed in this article are those of the author and do not necessarily reflect the opinions of Arnold White & Durkee.

<sup>1</sup> 174 F.3d 1036, 50 U.S.P.Q.2d (BNA) 1545 (9th Cir. 1999).

<sup>2</sup> *See id.* at 1042, 50 U.S.P.Q.2d at 1547-48. Domain-name combinations (e.g., moviebuff.com), domains (e.g., .com), and e-mail addresses are italicized within the text.

<sup>3</sup> *See id.* at 1043, 50 U.S.P.Q.2d at 1548. *See also* Lanham Act § 32, 15 U.S.C.A. § 1114 (West 1998 & Supp. Oct. 1999); Lanham Act § 43(a)(1), 15 U.S.C. § 1125(a)(1) (1994).

<sup>4</sup> *See Brookfield Communications*, 174 F.3d at 1041, 50 U.S.P.Q.2d at 1547.

<sup>5</sup> *See id.* at 1042-43, 50 U.S.P.Q.2d at 1548.

<sup>6</sup> *See id.* at 1043, 50 U.S.P.Q.2d at 1548.

<sup>7</sup> *See id.*

<sup>8</sup> *See id.*

<sup>9</sup> *See id.*

<sup>10</sup> Throughout this article, unless otherwise noted, references to “the court” are references to the court that rendered the opinion being summarized.

<sup>11</sup> *See id.* at 1044, 50 U.S.P.Q.2d at 1548-49.

<sup>12</sup> *See id.* at 1047-53, 50 U.S.P.Q.2d at 1552-57.

<sup>13</sup> *See id.* at 1047, 50 U.S.P.Q.2d at 1552.

<sup>14</sup> *Id.* at 1048-49, 50 U.S.P.Q.2d at 1552-53.

<sup>15</sup> *See id.* at 1049, 50 U.S.P.Q.2d at 1553-54.

<sup>16</sup> *See id.* at 1051, 50 U.S.P.Q.2d at 1555.

<sup>17</sup> *See id.* at 1052, 50 U.S.P.Q.2d at 1555.

<sup>18</sup> *Id.*, 50 U.S.P.Q.2d at 1555-56.

<sup>19</sup> The factors include: similarity of the conflicting designations; relatedness or proximity of the two companies’ products or services; strength of BC’s mark; marketing channels used; degree of care likely to be exercised by purchasers in selecting goods; WCE’s intent in selecting its mark; evidence of actual confusion; and likelihood of expansion in product lines. *See id.* at 1053-54, 50

U.S.P.Q.2d at 1557.

<sup>20</sup> *Id.* at 1055, 50 U.S.P.Q.2d at 1558.

<sup>21</sup> *See id.*

<sup>22</sup> *See id.* at 1061, 50 U.S.P.Q.2d at 1563.

<sup>23</sup> *See id.* at 1062, 50 U.S.P.Q.2d at 1564.

<sup>24</sup> *See id.*, 50 U.S.P.Q.2d at 1563-64.

<sup>25</sup> *Id.*, 50 U.S.P.Q.2d at 1564. The Eighth Circuit's assertion that by using "moviebuff" as a metatag, a searcher is diverted to WCE's web site, implies that a searcher's browser would automatically be linked to WCE's web site after entering "moviebuff" as a search engine search term. The court seems to have overlooked the intermediate step of clicking on the hit corresponding to WCE's web site that would be required of the searcher following the entry of the search term and subsequent retrieval of a hit list.

<sup>26</sup> *See id.* at 1064, 50 U.S.P.Q.2d at 1565.

<sup>27</sup> *See id.*

<sup>28</sup> *Id.*

<sup>29</sup> 51 U.S.P.Q.2d (BNA) 1882 (2d Cir. 1999).

<sup>30</sup> *Id.* at 1893 (quoting Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 464, 50 U.S.P.Q.2d (BNA) 1065, 1077 (4th Cir. 1999), discussed *infra* at notes 75-100 and accompanying text).

<sup>31</sup> *See id.* at 1885.

<sup>32</sup> *See id.*

<sup>33</sup> *See id.*

<sup>34</sup> *See id.* *See also* Lanham Act § 43(c), 15 U.S.C.A. § 1125(c) (West 1998 & Supp. Oct. 1999).

<sup>35</sup> *See Nabisco*, 51 U.S.P.Q.2d at 1885.

<sup>36</sup> *See id.* at 1893.

<sup>37</sup> *See id.* Compare to this the Ninth Circuit's requirement that the defendant's use present only a "likelihood of dilution." Avery Dennison Corp. v. Sumpton, 51 U.S.P.Q.2d (BNA) 1801, 1804 (9th Cir. 1999), discussed *infra* at text accompanying notes 54-74.

38 *See id.* at 1893.

39 *Id.*

40 *See id.* at 1893-94.

41 *See id.* at 1894.

42 *See id.* at 1888-89. With regard to distinctiveness, the court declared that not only was distinctiveness a statutory requirement, but also the distinctiveness of the mark would determine the degree that the junior's use would have a diluting effect. *See id.* at 1888. Thus, "the more distinctiveness the mark possesses, the greater the interest to be protected." *Id.*

43 *See id.* at 1889.

44 *See id.* The court rejected Nabisco's argument that infringement laws should solely govern the use of competing products to the exclusion of dilution laws. Pointing out that while the two laws protected different harms, the court saw "no reason why dilution cannot occur...where the products are competing.... The closer the junior user comes to the senior's area of commerce, the more likely it is that dilution will result from the use of a similar mark." *Id.* (citation omitted).

45 *See id.* at 1890.

46 *See id.*

47 *See id.* at 1890-91.

48 *See id.* at 1891. (noting that while the absence of evidence of actual confusion has no probative value, dilution has occurred when consumers have been confused)

49 *See id.* at 1891-92. Here, the Second Circuit borrowed the fair use defense to trademark infringement. *See Lanham Act § 33(b)(4), 15 U.S.C. § 1115(b)(4) (1994).* The court indicated that the closer junior marks were related to the product or service the marks were associated with (i.e., the more "adjectival" the association), the less likely the junior marks would dilute the strength of the senior mark.

50 *See id.* at 1892.

51 *See id.*

52 *See infra* text accompanying note 96.

53 *See Nabisco*, 51 U.S.P.Q.2d at 1895-96.

54 189 F.3d 868, 51 U.S.P.Q.2d (BNA) 1801 (9th Cir. 1999).

<sup>55</sup> *See id.* at 871, 51 U.S.P.Q.2d at 1802.

<sup>56</sup> *See id.* at 873, 51 U.S.P.Q.2d at 1803.

<sup>57</sup> A domain-name combination as used herein includes a top-level domain, such as *.net*, and a second-level domain, such as “avery” or “dennison.”

<sup>58</sup> *See id.*

<sup>59</sup> *See id.*

<sup>60</sup> *See id.* at 873, 51 U.S.P.Q.2d at 1803-04.

<sup>61</sup> *See id.* at 881, 51 U.S.P.Q.2d at 1810.

<sup>62</sup> These factors include:

(A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered...on the principal register.

Lanham Act § 43(c)(1) 15 U.S.C. § 1125(c)(1) (1994 & Supp. II 1996).

<sup>63</sup> *See Avery Dennison Corp.*, 189 F.3d at 877, 51 U.S.P.Q.2d at 1807.

<sup>64</sup> *See id.*

<sup>65</sup> *Id.* at 878, 51 U.S.P.Q.2d at 1807-08.

<sup>66</sup> *See id.*, 51 U.S.P.Q.2d at 1808.

<sup>67</sup> *See id.* As an aside, the court pointed out that likelihood of confusion “should not be considered under the [Lanham Act].” *Id.* at 879, 51 U.S.P.Q.2d at 1809.

<sup>68</sup> *See id.* at 879-80, 51 U.S.P.Q.2d at 1809.

<sup>69</sup> *See id.* at 873-74, 51 U.S.P.Q.2d at 1804.

<sup>70</sup> *See id.* at 880-81, 51 U.S.P.Q.2d at 1809-10.

<sup>71</sup> *Id.* at 881, 51 U.S.P.Q.2d at 1810.

72 *See id.*

73 *See id.*

74 *See id.*

75 170 F.3d 449, 50 U.S.P.Q.2d (BNA) 1065 (4th Cir. 1999).

76 Lanham Act § 43(c), 15 U.S.C.A. § 1125(c) (West 1998 & Supp. Oct. 1999).

77 *Id.* at 453-59, 50 U.S.P.Q.2d at 1068-72.

78 *See id.* at 458-59, 50 U.S.P.Q.2d at 1072.

79 *See id.* at 452, 458-59, 50 U.S.P.Q.2d at 1067, 1072.

80 *See id.* at 459, 50 U.S.P.Q.2d at 1072-73.

81 *See id.* at 458, 50 U.S.P.Q.2d at 1072.

82 *See id.* at 459, 50 U.S.P.Q.2d at 1072-73.

83 *See id.*, 50 U.S.P.Q.2d at 1073.

84 *See id.* at 459, 50 U.S.P.Q.2d at 1073 n.5 (noting Ringling's reliance on the portion of the legislative history explaining that "the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under the [[[Act.]]").

85 *Id.* at 459, 50 U.S.P.Q.2d at 1073.

86 *See id.*

87 *Id.* at 459-60, 50 U.S.P.Q.2d at 1073 (citing 2 MCCORMICK ON EVIDENCE § 343, at 454-55 (John William Strong ed., 4th ed. 1992)).

88 *See id.* at 461-63, 50 U.S.P.Q.2d at 1075-76.

89 *See id.* at 462, 50 U.S.P.Q.2d at 1075.

90 *See id.*

91 *See id.*

<sup>92</sup> See *id.* at 462, 50 U.S.P.Q.2d at 1076.

<sup>93</sup> See *id.*

<sup>94</sup> *Id.* at 463, 50 U.S.P.Q.2d at 1076.

<sup>95</sup> See 15 U.S.C. § 1127 (1994 & Supp. IV 1998).

<sup>96</sup> See generally *Mead Data Central, Inc. v. Toyota Motor Sales U.S.A., Inc.*, 10 U.S.P.Q.2d (BNA) 1961 (2d Cir. 1989) (reversing the district court's entry of an injunction prohibiting Toyota from using Lexus as the name of their luxury car because the use of that mark would likely dilute the distinctive quality of LEXIS, used by Mead Data Central, Inc. for its computerized legal research service).

<sup>97</sup> See *Ringling Bros.*, 170 F.3d at 463, 50 U.S.P.Q.2d at 1076.

<sup>98</sup> See *id.* at 463, 50 U.S.P.Q.2d at 1077.

<sup>99</sup> *Id.* at 464, 50 U.S.P.Q.2d at 1077.

<sup>100</sup> See *id.* at 464, 50 U.S.P.Q.2d (BNA) at 1077-78.

<sup>101</sup> 119 S. Ct. 2219, 51 U.S.P.Q.2d (BNA) 1065 (1999).

<sup>102</sup> Trademark Remedy Clarification Act, Pub. L. No. 102-542, 106 Stat. 3567 (1992) (codified as amended in scattered sections of 15 U.S.C.).

<sup>103</sup> See *College Savings Bank*, 119 S. Ct. at 2233, 51 U.S.P.Q.2d at 1075.

<sup>104</sup> See *id.* at 2224-25, 51 U.S.P.Q.2d at 1068-69.

<sup>105</sup> See *id.* at 2224, 51 U.S.P.Q.2d at 1068.

<sup>106</sup> *Id.*

<sup>107</sup> *Id.* at 2225, 51 U.S.P.Q.2d at 1069.

<sup>108</sup> 377 U.S. 184 (1964).

<sup>109</sup> See *College Savings Bank*, 119 S.Ct. at 2226, 51 U.S.P.Q.2d at 1069-71.

<sup>110</sup> 173 F.3d 1109, 50 U.S.P.Q.2d (BNA) 1419 (8th Cir. 1999).

<sup>111</sup> *See id.* at 1120, 50 U.S.P.Q.2d at 1425.

<sup>112</sup> *See id.* at 1113, 50 U.S.P.Q.2d at 1420.

<sup>113</sup> *See id.*

<sup>114</sup> *Id.* at 1114, 50 U.S.P.Q.2d at 1421.

<sup>115</sup> *Id.* at 1115, 50 U.S.P.Q.2d at 1422.

<sup>116</sup> *See id.*

<sup>117</sup> *Id.* at 1119-20, 50 U.S.P.Q.2d at 1425-26.

<sup>118</sup> *Id.* at 1120, 50 U.S.P.Q.2d at 1426 (quoting *Hutchinson v. Proxmire*, 443 U.S. 111, 135 (1979) and *Lundell Mfg. Co. v. ABC, Inc.*, 98 F.3d 351, 363 (8th Cir. 1996)).

<sup>119</sup> *See id.* at 1120, 50 U.S.P.Q.2d at 1426.

<sup>120</sup> *See id.*

<sup>121</sup> *See id.* at 1121, 50 U.S.P.Q.2d at 1426-27.

<sup>122</sup> 177 F.3d 258, 50 U.S.P.Q.2d (BNA) 1821 (5th Cir. 1999).

<sup>123</sup> *See id.* at 266, 50 U.S.P.Q.2d at 1826.

<sup>124</sup> *See id.*

<sup>125</sup> *See id.* at 267, 50 U.S.P.Q.2d at 1826. *See also* Lanham Act § 43(a), 15 U.S.C.A. § 1125(a) (West 1998 & Supp. Oct. 1999).

<sup>126</sup> *See id.* at 268, 50 U.S.P.Q.2d at 1828 (“Over forty years ago, the Court of Customs and Patent Appeals...determined that, ‘however arbitrary, novel or nondescriptive *of contents* the name of a book—its title—may be, it nevertheless *describes* the book.’”).

<sup>127</sup> *See id.* at 269, 50 U.S.P.Q.2d at 1828.

<sup>128</sup> *Id.* at 270, 50 U.S.P.Q.2d at 1829.

<sup>129</sup> *See id.*

<sup>130</sup> *See id.* at 271-72, 50 U.S.P.Q.2d at 1830.

<sup>131</sup> 175 F.3d 1356, 50 U.S.P.Q.2d (BNA) 1672 (Fed. Cir. 1999) (en banc).

<sup>132</sup> *See id.*

<sup>133</sup> *See id.* at 1356-57, 50 U.S.P.Q.2d at 1673.

<sup>134</sup> *See id.* at 1357, 50 U.S.P.Q.2d at 1674.

<sup>135</sup> *See id.* *See also* Lanham Act § 43(a), 15 U.S.C.A. § 1125(a) (West 1998 & Supp. Oct. 1999); IOWA CODE § 548 (1999).

<sup>136</sup> 58 F.3d 1498, 35 U.S.P.Q.2d (BNA) 1332 (10th Cir. 1995).

<sup>137</sup> *See* Midwest Industries, Inc. v. Karavan Trailers, Inc., 175 F.3d at 1358, 50 U.S.P.Q.2d at 1674.

<sup>138</sup> *Vornado*, 58 F.3d at 1510, 35 U.S.P.Q.2d at 1342.

<sup>139</sup> 376 U.S. 225, 140 U.S.P.Q. (BNA) 524 (1964).

<sup>140</sup> 376 U.S. 234, 140 U.S.P.Q. (BNA) 528 (1964).

<sup>141</sup> *Vornado*, 58 F.3d at 1505, 35 U.S.P.Q.2d at 1338.

<sup>142</sup> *See id.* at 1504, 35 U.S.P.Q.2d at 1337 (characterizing Supreme Court's decisions).

<sup>143</sup> *See* Midwest Industries, Inc. v. Karavan Trailers, Inc., 175 F.3d at 1358, 50 U.S.P.Q.2d at 1674.

<sup>144</sup> *See id.* at 1361-64, 50 U.S.P.Q.2d at 1677-79.

<sup>145</sup> The court recited the Supreme Court's definition of a functional feature as being one that, if exclusively used, would put competitors at a significant non-reputation-related disadvantage. *See Midwest Indus.*, 175 F.3d at 1362, 50 U.S.P.Q.2d at 1677 (citing Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 165 (1995)).

<sup>146</sup> *See id.* 50 U.S.P.Q.2d at 1677.

<sup>147</sup> *See id.* at 1364, 50 U.S.P.Q.2d at 1679.

<sup>148</sup> 489 U.S. 141, 9 U.S.P.Q.2d (BNA) 1847 (1989).

<sup>149</sup> See *Midwest Indus.*, 175 F.3d at 1364-65, 50 U.S.P.Q.2d at 1679.

<sup>150</sup> *Id.* at 1365, 50 U.S.P.Q.2d at 1679 (citations omitted).

<sup>151</sup> 175 F.3d 1322, 50 U.S.P.Q.2d (BNA) 1532 (Fed. Cir. 1999).

<sup>152</sup> See *id.* at 1323-24, 50 U.S.P.Q.2d at 1533-34.

<sup>153</sup> *Id.* at 1326, 50 U.S.P.Q.2d at 1535. See also U.S.C. § 1064(3) (1994 & Supp. IV 1998).

<sup>154</sup> See *Sunrise Jewelry*, 175 F.3d at 1326, 50 U.S.P.Q.2d at 1535.

<sup>155</sup> *Id.*

<sup>156</sup> See *id.*

<sup>157</sup> 50 U.S.P.Q.2d (BNA) 1152 (S.D.N.Y. 1999).

<sup>158</sup> 15 U.S.C.A. § 1127 (West 1998 & Supp. Oct. 1999).

<sup>159</sup> See *Oliveira*, 50 U.S.P.Q.2d at 1155.

<sup>160</sup> See *id.* at 1153. See also Lanham Act § 43(c), 15 U.S.C.A. § 1125(c) (West 1998 & Supp. Oct. 1999).

<sup>161</sup> *Id.* at 1155. In resolving the dilution claim, the court consistently mischaracterized the literal requirement that the mark in question be “famous” as being an alternative to the requirement that the mark be distinctive. See *id.* at 1154.

<sup>162</sup> See *id.* at 1155.

<sup>163</sup> See *id.*

<sup>164</sup> See *id.* at 1156-57.

<sup>165</sup> 179 F.3d 704, 50 U.S.P.Q.2d (BNA) 1939 (9th Cir. 1999).

<sup>166</sup> See *id.*

<sup>167</sup> See *id.* at 709-10, 50 U.S.P.Q.2d at 1944.

<sup>168</sup> *See id.* at 710, 50 U.S.P.Q.2d at 1944.

<sup>169</sup> *See id.* at 712, 50 U.S.P.Q.2d at 1945.

<sup>170</sup> *See id.*

<sup>171</sup> 50 U.S.P.Q.2d (BNA) 1797 (S.D.N.Y. 1999).

<sup>172</sup> *Id.* at 1798-99. *See also* FED. R. CIV. P. 12(b)(6); Lanham Act § 43(a), 15 U.S.C.A. § 1125(a) (West 1998 & Supp. Oct. 1999).

<sup>173</sup> 173 F.3d 113, 50 U.S.P.Q.2d (BNA) 1474 (2d Cir. 1999).

<sup>174</sup> *See id.* at 118, 50 U.S.P.Q.2d at 1477.

<sup>175</sup> *See id.* at 116, 50 U.S.P.Q.2d at 1475.

<sup>176</sup> *See id.*

<sup>177</sup> *See id.*

<sup>178</sup> *See id.*

<sup>179</sup> *See id.*

<sup>180</sup> *See id.* at 119, 50 U.S.P.Q.2d at 1477.

<sup>181</sup> *See id.*

<sup>182</sup> *See id.* at 119, 50 U.S.P.Q.2d at 1478.

<sup>183</sup> *See id.* at 119, 50 U.S.P.Q.2d at 1477-78.

<sup>184</sup> 173 F.3d 736, 50 U.S.P.Q.2d (BNA) 1315 (9th Cir. 1999).

<sup>185</sup> *See id.*

<sup>186</sup> *See id.* at 738, 50 U.S.P.Q.2d at 1316.

<sup>187</sup> *See id.*

188 *See id.* at 740, 50 U.S.P.Q.2d at 1317.

189 *See id.*

190 *Id.*

191 50 F. Supp. 2d 212, 50 U.S.P.Q.2d (BNA) 1257 (S.D.N.Y. 1999).

192 *See id.* at 226, 50 U.S.P.Q.2d at 1268.

193 *Id.* at 223, 50 U.S.P.Q.2d at 1266 (citing 5 MCCARTHY § 31.19, at 31-43).

194 *See id.*

195 *See id.* at 224, 50 U.S.P.Q.2d at 1266.

196 50 U.S.P.Q.2d (BNA) 1852 (T.T.A.B. 1999).

197 *See id.* at 1853.

198 *See id.*

199 These factors are set forth in *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 213 U.S.P.Q. (BNA) 9 (C.C.P.A. 1982). These factors are: (1) the existence of a utility patent which discloses the utilitarian advantages of the design sought to be registered; (2) advertising by the applicant which touts the utilitarian advantages of the design; (3) facts tending to show the existence of alternative designs; and (4) facts from which it could be determined that the design results from a comparatively simple or cheap method of manufacture. *See id.* at 1340-41, 213 U.S.P.Q. at 15-16.

200 *See In re Zippo*, 50 U.S.P.Q.2d at 1853-55.

201 50 U.S.P.Q.2d (BNA) 1705 (T.T.A.B. 1999).

202 Lanham Act §2(a), 15 U.S.C. §1052(a) (1994 & Supp. IV 1998).

203 *See Harjo*, 50 U.S.P.Q.2d at 1749. The petition was brought by seven Native American persons, each of whom was an enrolled member of a different federally recognized Indian tribe. *See id.* at 1709.

204 The Board carefully pointed out that three distinct grounds for cancellation were at issue: 1) whether the marks were scandalous, 2) whether they were disparaging, and 3) whether they might bring persons into contempt or disrepute. *See id.* at 1735-40.

205 *See id.* at 1742.

206 *See id.* at 1742-43.

207 Before beginning its analysis of the issue, the Board pointed out that section 2(a) does not preclude the registration of matter that *is* disparaging; it precludes the registration of matter that *may be* disparaging. *See id.* at 1738. The use of the term “may” in connection with “disparage,” the Board reasoned, avoids an interpretation that would require a showing of intent to disparage—a showing that “would be extremely difficult in all except the most egregious cases.” *Id.*

208 *See id.* at 1748.

209 *See id.*

210 *See id.* at 1740.

211 *See id.* at 1749.

212 *See id.* at 1748.

213 *Id.* at 1749.

214 50 U.S.P.Q.2d (BNA) 1632 (T.T.A.B. 1999).

215 *Id.*

216 *Id.* (citing Applicant’s brief).

217 *Id.* at 1632-33.

218 *See id.* at 1633. The exception in question may be found at 37 C.F.R. § 2.51(c) (1999). *See id.*

219 *See id.* at 1633.

220 *See id.*

221 *See id.*

222 50 U.S.P.Q.2d (BNA) 1361 (T.T.A.B. 1999).

223 *See id.* at 1363.

224 *See id.* at 1362.

225 *See id.*

226 *See id.*

227 *See id.* at 1363-64.

228 Such as the words “Packaged Ice Bags,” which appeared beneath the item description column on the sales invoice. *See id.* at 1365 (Hanak, J., dissenting).

229 *See id.* at 1365-66 (Hanak, J., dissenting).

230 *See* Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218 (codified as amended in scattered sections of 15 U.S.C.A. (West Supp. Oct. 1999)). By its terms, the revisions apply only to applications filed on or after January 16, 1996.

231 *See* Lanham Act §§ 16(a), 17, 15 U.S.C.A. §§ 1063(a), 1064 (West Supp. Oct. 1999).

232 *See* Lanham Act §§ 35(a), 36, 15 U.S.C.A. §§ 1117(a), 1118 (West Supp. Oct. 1999).

233 *See* Lanham Act §§ 40(a), 45, 15 U.S.C.A. §§ 1122(a), 1127 (West Supp. Oct. 1999).

234 *See* Lanham Act § 43(a)(3), 15 U.S.C.A. § 1125(a)(3) (West Supp. Oct. 1999).