

RECENT DEVELOPMENTS IN TRADEMARK LAW

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I. ACQUISITION AND MAINTENANCE OF TRADEMARK RIGHTS

A. Reverse Passing Off

- Where the relevant issue is whether consumers mistakenly believe that the senior user's products actually originate with the junior user, it is appropriate to survey the senior user's customers. The court should limit survey evidence in reverse confusion cases to the customers of the senior user. *Citizens Financial Group, Inc. v. Citizens National Bank et al.*, 383 F.3d 110 (3d Cir. 2004).

B. Famous Marks

- In *Empresa Cubana Del Tabaco v. Culbro Corporation*, 399 F.3d 462 (2d Cir. 2005), the Second Circuit held that the Cuban embargo, which prevents Cuban companies from selling cigars in the U.S., barred the plaintiff from wielding trademark rights under the famous marks doctrine.
- *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004) was decided prior to the *Empresa* case whereby the 9th Circuit held that the "famous" or "well-known" mark doctrine can be asserted in the U.S. even where there is no use in the U.S. Specifically, the plaintiff had a chain of over 100 stores throughout Mexico named GIGANTE. The defendant was a San Diego company that began operating GIGANTE Market after the plaintiff's mark became known in the San Diego area. The United States Court of Appeals for the Ninth Circuit held that there is a famous mark exception to the territoriality principle of trademark law.

II. REGISTRABILITY

A. Descriptive Marks

- In *In re Oppedahl & Larson LLP*, 71 USPQ2d 1370 (Fed. Cir. 2004), the CAFC affirmed the TTAB's holding that the mark PATENTS.COM for "computer software for managing a database of records and for tracking the status of the records by means of the Internet" was merely descriptive and therefore not registrable. More specifically, the term PATENTS.COM was deemed to merely describe patent-related goods provided via the Internet and that the addition of ".com" to the descriptive term "patents" only strengthened the descriptiveness of the mark. In making such a ruling, the CAFC dismissed Appellant's assertion that domain names are by their nature inherently distinctive because they can only be associated with one entity or source at a time.

Interestingly, the Court declined to adopt a *per se* rule that the addition of a TLD to an otherwise unregistrable mark will not add any source-identifying significance, underscoring that this is not a "bright-line" rule since "exceptional circumstances" might lead to a different result.

- In the 10th Circuit, “Bob the Beerman” a/k/a Robert Donchez claimed that Coors Brewing Company misappropriated the beer-vending character that he created as well as the related term “beerman”. The appellate court held that even assuming the evidence presented by the vendor was sufficient to allow a reasonable jury to find that the term “beerman” was descriptive rather than generic, the vendor failed to present sufficient evidence to allow a reasonable jury to find that the term had acquired a secondary meaning. *Donchez v. Coors Brewing Company, et al.*, 392 F. 3d 1211 (10th Cir. 2004).

1. Geographically Deceptively Misdescriptive Marks

- In *In re Consolidated Specialty Restaurants, Inc.*, 71 USPQ2d 2004 (TTAB 2004), the Board deemed COLORADO STEAKHOUSE & Design for restaurant services primarily geographically deceptively misdescriptive under Trademark Act § 2(e)(3) on the basis that the Examining Attorney submitted sufficient evidence illustrating that patrons will likely be misled to make some meaningful connection between the restaurant and Colorado.

In conducting its analysis, the Board noted that the standard for determining whether a mark is primarily geographically deceptively misdescriptive is three-pronged: (1) the primary significance of the mark is a generally known geographic location; (2) the consuming public is likely to believe the place identified in the mark indicates the origin of the goods or services bearing the mark, when in fact the goods or services do not come from that place; and (3) the misrepresentation was a material factor in the consumer’s decision.

In response to the Office’s refusal to register, Applicant argued that its use of the mark was not primarily geographically deceptively misdescriptive of restaurant services, but instead conveyed the style and atmosphere of the restaurant. Even more, Applicant argued that the Examiner did not provide evidence supporting the heightened standard of materiality. The Board, citing *In re Les Halles de Paris J.V.*, 334 F.3d 1371, 67 USPQ2d 1539 (Fed. Cir. 2003), noted that an inference of materiality arises when there is a showing of a “very strong services-place association.” In the instant case, the evidence showed that Colorado is known for its steaks and that the public is aware of the connection of Colorado with high quality steak or beef – making it parallel to Wisconsin cheese or Florida Key lime pie. Accordingly, the Board affirmed the Examiner’s refusal to register the mark.

2. Surname Refusals

- In *In re Gregory*, 70 USPQ2d 1792 (TTAB 2004), the Board affirmed the Examiner’s refusal to register the mark ROGAN for jewelry, handbags, footwear, and apparel items on the grounds that the mark is primarily merely a surname under Trademark Act §2(e)(4). In examining the Applicant’s appeal of the Examiner’s refusal to register ROGAN on the Principal Register, the Board examined the following factors: (1) whether the word is a common or rarely used surname; (2) whether anyone connected with the Applicant has that surname; (3) whether the word has a meaning other than a

surname; (4) whether the word looks and sounds like a surname; and (5) whether the word presented is used in a stylized form distinctive enough to create a separate non-surname impression. In its analysis, the Board noted that the name is rather common because, in addition to the uncovered 1087 residential listings, the surname was shared by the Director of the USPTO, a sports figure, and a few well-publicized politicians, and additionally has the look and sound of a surname. The Board viewed these factors as trumping the others, and deemed the mark unregistrable.

B. Generic Marks

- In *In re Candy Bouquet Int'l, Inc.*, 73 USPQ 2d 188 (TTAB 2004), the Applicant sought registration of the mark CANDY BOUQUET for “retail, mail, and computer order services in the field of gift packages of candy,” but the Examiner refused registration on the basis that it was generic. On appeal, the Board affirmed the Examiner’s determination, noting that the test for genericness, namely whether ordinary consumers would understand the term to primarily refer to a specific type of gift package of candy, was met. In so doing, the Board underscored that a term that is generic for a particular class of goods is also generic for a particular class of services for selling such goods. Accordingly, the mark CANDY BOUQUET was not registrable with the Trademark Office.
- In *In re Eddie Z’s Blinds & Drapery, Inc.*, Serial No. 76/112,441 (February 28, 2005), Applicant sought registration of the mark BLINDSANDDRAPERY.COM for “distributorships and on-line retail store outlets featuring blinds, draperies, and wall coverings,” but registration was refused based on the Examiner’s assessment that the mark was generic. On appeal, the Board noted that the critical issue is to determine whether the record shows that members of the relevant public primarily use or understand the term sought to be registered to refer to the category or class of goods and/or services in question. The Board underscored that this determination involves a two step test: (1) an assessment of the genus of goods or services at issue; and (2) a determination of whether the term sought to be registered is understood by the relevant public primarily to refer to that genus of goods or services. The Board held that compound words may be refused as generic when definitions of the individual terms which are joined to create the compound term are generic – and more specifically, that the addition of a TLD, does not change this fact. Accordingly, as the Board found that BLINDSANDDRAPERY.COM was generic for at least one of the recited services, registration was refused.
- In *Zimmerman v. National Association of Realtors*, 70 USPQ2d 1425 (TTAB 2004), Petitioner sought cancellation of the collective marks REALTOR and REALTORS on the basis that they have become generic for real estate services. The Board denied the petitions to cancel the marks on the grounds that they are not generic. In making its assessment, the Board noted that (1) the trademark holder does not use these marks to identify the genus of the services covered thereunder; (2) the record did not show evidence of generic use of the mark by competitors; (3) dictionary references recognize the marks as such; and (4) members of the real

estate profession, a relevant component of the consuming public, view the terms as trademarks.

C. Likelihood of Confusion

- In *Alfacell Corp. v. Anticancer, Inc.*, 71 USPQ2d 1301 (TTAB 2004), the Board sustained Petitioner's petition to cancel Respondent's registration for the mark ONCASE for "therapeutic compositions containing reagents for in vivo anticancer use," on the basis that it was confusingly similar to Petitioner's earlier used mark ONCOCASE for cancer-treating drugs. The Board cautiously noted that where marks are used on pharmaceuticals, it is extremely important to avoid the coexistence of marks that will cause confusion. Accordingly, the Board determined that the similarities in the marks and trade channels trumped any differences between the marks.
- In *Baseball America, Inc. v. Powerplay Sports, Ltd.*, 71 USPQ2d 1844 (TTAB 2004), Opposer, the owner of the previously registered mark BASEBALL AMERICA & Design for publications, opposed registration of two applications for BASEBALL AMERICA covering posters, educational services in the field of baseball history and trivia, organizing baseball exhibitions for stadiums, museums, and other public venues, and providing facilities for a baseball hall of fame, alleging a likelihood of confusion. The Board sustained the oppositions noting that confusion was likely given the similarity of the marks, similarity of the covered goods and services, and the similarity of the trade channels and class of purchasers.
- In *In re Chatam Int'l, Inc.*, 71 USPQ2d 1944 (Fed. Cir. 2004), the CAFC affirmed the TTAB's decision upholding the Examining Attorney's refusal to register the mark JOSE GASPAR GOLD for tequila on the basis that it was confusingly similar with GASPAR'S ALE for beer and ale. Both the Examiner and the Board viewed the term GASPAR as the dominant feature of the marks, and the reason why the marks appeared similar in appearance. Applicant argued that in making such a determination, the Board improperly dissected the two marks in violation of the anti-dissection rule, which states that a likelihood of confusion cannot be predicated on dissection of a mark, that is, on only part of a mark. The Federal Circuit underscored that once all of the features of the mark are considered, it is not improper to state that more or less weight has been given to a particular feature of the mark, provided the ultimate conclusion rests on a consideration of the marks in their entireties. Noting that the Board had good reason for discounting the terms ALE, JOSE, and GOLD as significant differences between the marks, the court stated that even though the marks are not word-for-word copies, substantial evidence supports the Board's determination that the marks are strikingly similar, especially given the similarity of the covered goods.
- In *Shen Mfg. Co. v. The Hotel Ritz Limited*, 73 USQP2d 1350 (Fed. Cir. 2004), the Hotel Ritz sought registration of the marks RITZ for cooking and wine classes, PUTTING ON THE RITZ for shower curtains, a design mark RITZ PARIS RITZ HOTEL for dinnerware, and a design mark for RITZ PARIS RITZ HOTEL floor

and wall coverings, and THE RITZ KIDS for apparel. Opposer alleged that the marks were confusingly similar to its mark RITZ used in connection with textile items, including dish towels, potholders, aprons, bathroom towels, and ironing board covers since 1892. The Board deemed that the design marks and the mark PUTTING ON THE RITZ were not confusingly similar to the cited marks, however it determined that the marks RITZ for cooking classes and THE RITZ KIDS for apparel were confusingly similar, the former because Opposer's products are used in the kitchen and the latter because apparel could be close to aprons. The CAFC agreed with the TTAB's assessment with respect to the PUTTING ON THE RITZ and RITZ design marks, but disagreed with the TTAB on its refusal to register RITZ for cooking classes and THE RITZ KIDS for clothing products.

- In *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772*, 73 USPQ 2d 1689 (Fed. Cir. 2005), the CAFC affirmed the Board's finding that the mark VEUVE ROYALE for sparkling wines should be refused registration because of a likelihood of confusion with Opposer's marks VEUVE CLICQUOT and VEUVE CLICQUOT PONSARDIN & Design for sparkling wines. However, the CAFC reversed the Board's conclusion that there was a likelihood of confusion between Applicant's mark VEUVE ROYALE (which translates to ROYAL WIDOW) and Opposer's mark THE WIDOW. In its analysis, the CAFC underscored that when it is unlikely that an American buyer will translate a foreign mark and will take it as it is, then the doctrine of foreign equivalents will not be applied. In comparing the French marks, the Board noted that an appreciable number of purchasers are unlikely to translate the marks in English – so its holding with respect to the English mark was inconsistent. The Court took special note that the doctrine of foreign equivalents is not an absolute rule. Rather, it should be viewed as a guideline and should only be applied when it is likely that the ordinary American purchaser would stop and translate the word into its English equivalent.

D. Specimens

- In *In re Dell*, 71 USPQ2d 1725 (TTAB 2004), the Board held that a website page which displays the covered product, and provides a means of ordering such product, can constitute a point of sale “display associated with the goods,” as long as the mark appears on the webpage in a way that a consumer could associate the display of the mark with the goods.

In this case, Dell sought registration of the mark QUIETCASE for “computer hardware; internal cases for computer hardware being parts of computer workstations.” As its specimen, it submitted a webpage printout showing its Dell Precision Workstation, with the mark QUIETCASE™ being used in a bullet point section describing the acoustic environment of the products. The Examining Attorney deemed that the specimen did not prominently display the mark since it was incorporated in a list of bullet points, and as such, was “mere advertising” and not sufficiently associated with the picture of the goods to be an acceptable specimen.

The Board reversed the Examiner's refusal recognizing that an "on-line shopping setting" requires a modernization of the interpretation of the "display associated with the goods" analysis. Since only one product was shown on the web-page (and it filled up the computer screen), the mark was deemed to be larger on screen than it is on the printout. Even more, even though TM has no legal significance, its prominence contributed to the Board's finding that the specimen was sufficient. This decision resulted in an amendment to the Trademark Manual of Examining Procedure (TMEP) – See TMEP § 904.06(b).

E. Examiner's Request for Information

- In *In re Planalytics, Inc.*, 70 USPQ2d 1453 (TTAB 2004), the Board affirmed the Examiner's refusal to register Applicant's application for GASBUYER covering on-line services in the field of natural gas on the basis that (i) the mark is descriptive, and (ii) Applicant's failed to comply with the Examiner's request for information pursuant to Trademark Rule 2.61(b). In this case, during the application's prosecution, the Examiner required Applicant to submit product information regarding the covered services in order to determine the distinctiveness of the mark. In response, Planalytics referred the Examiner to its website, www.planalytics.com. The Board underscored that a "mere reference to a website does not make the information of record" particularly in light of the voluminous information and links that are available on a website, as well as its transitory nature.

F. False Designation of Origin

- In *In re Los Angeles Police Revolver and Athletic Club, Inc.*, 69 USPQ2d 1630 (TTAB 2004), the central issue was whether Applicant's registration of the mark TO PROTECT AND SERVE for drink glasses and apparel items should be refused as falsely suggesting a connection with the Los Angeles Police Department (LAPD). The Board deemed that the record did not demonstrate that the mark falsely suggests a connection with the LAPD because it showed that Applicant and the LAPD shared a commercial connection, particularly because Applicant's facilities were not only used by the LAPD for training and recreational purposes, but the phone directories expressly listed them as its training division.
- In the case of *In re Julie White*, 71 USPQ2d 1725 (TTAB 2004), the registration of APACHE for cigarettes was refused because use of the name of the federally recognized Apache tribes would falsely suggest a connection between Applicant and those persons or institutes. Applicant, a U.S. citizen and member of the St. Regis Band of Mohawk Indians of New York, applied to register APACHE on the Principal Register as a trademark for cigarettes. The Examiner refused registration pursuant to Trademark Act § 2(a), on the basis that registration of APACHE used for cigarettes may falsely suggest a connection with the nine federally recognized Apache tribes, and thus cannot be registered.

In its analysis, the Board noted that the test under Trademark Act § 2(a) and TMEP 1203.03(e) is fairly standard and has been met in this case:

- (1) The mark is the same as, or a close approximation of, the name or identity previously used by another person or institution;
- (2) The mark would be recognized as such (Applicant contended that APACHE is not uniquely associated with tribes and pointed to third party registrations and alternative dictionary definitions, but the Board did not accept these arguments as persuasive);
- (3) The person or institution named by the mark is not connected with the activities performed by applicant under the mark; and
- (4) The fame or reputation of the person or institute is such that, when the mark is used with the applicant's goods or services, a connection with the person or institution would be presumed.

Worthy of particular note is the Board's comment regarding the fourth prong of the Trademark Act § 2(a) test. Specifically, the Board cautioned that the inquiry for determining fame for Trademark Act § 2(a) purposes varies greatly from the analysis one would conduct under a traditional likelihood of confusion analysis or as famous under a dilution analysis. Rather, for purposes of Trademark Act § 2(a), one must determine whether the name is unmistakably associated with, and as used in connection with the covered goods or services, would point specifically to that person or institution. Since the evidence demonstrated that "Native Americans not only are engaged in large-scale marketing of cigarettes, but in manufacturing of Native American brands of cigarettes," the Board determined that the test was met.

G. Oppositions

- In *Yahoo! Inc. v. LouFrani*, 70 USPQ2d 1735 (TTAB 2004), Applicant, Mr. Loufrani, filed a trademark application for a "Smiley" design in several classes. During the prosecution of his application, he filed a petition to divide certain classes - which meant that the parent application retained the original Serial Number and the child application was given a new number. The parent application was published on December 10, 2002, and Yahoo! filed an extension to file a Notice of Opposition which expired on March 10, 2003. On March 10, 2003, Yahoo! filed a Notice of Opposition against the child application, and a week later filed an "amended" Notice of Opposition against the original parent application. Applicant did not file an Answer, but instead filed a Motion to Dismiss for Opposer's failure to timely file the Notice of Opposition. The Board held that an opposition filed after the expiration of the would-be Opposer's time for opposing must be denied by the Board as late. Essentially, a Notice of Opposition which misidentified the application to be opposed, namely, the Application Number, Publication Date, and Class Identifications, could not be amended as a "minor discrepancy," and thus, Opposer's untimely filing of a corrected Notice of Opposition was denied.

- In *Stoller v. Hyperstealth Biotechnology Corp.*, 2005 U.S. App. LEXIS 5855 (April 2005), the U.S. Court of Appeals for the Federal Circuit held that filing an opposition against one class of goods does not involve the same likelihood of confusion issues regarding another class of goods in the same application and thus, *res judicata* does not apply.
- In *In re Borlind Gesellschaft fur kosmetische Erzeugnisse mbH*, 73 USPQ2d 2019 (TTAB 2005), the Board reaffirmed that a paper copy Request for Extension of Time to Oppose a Trademark Act § 66(a) trademark application (based on the Madrid Protocol) mailed to the TTAB will not be accepted by the Board. Pursuant to the Madrid Protocol Implementation Act, Requests for Extension of Time to Oppose Trademark Act § 66(a) applications must be filed electronically via ESTTA, the Board's electronic filing system. Accordingly, potential Opposer's Extension Request filed by mail was denied.

III. INFRINGEMENT

A. Likelihood of Confusion

- Even where there is no evidence of actual customer confusion in connection with the purchase of car products instead of used cars, initial confusion by consumers (i.e., mistakenly calling Auto Zone when intending to call Car Zone) can give rise to trademark infringement. Initial confusion factors consist of situations where consumers do not exercise a high level of care in making their decisions and the product relatedness. Since in this case the products were not similar, Car Zone was not more likely to benefit from the goodwill of Auto Zone with an established mark. *Auto Zone, Inc. et. al. v. Tri-State Auto Outlet, Inc.* 2005 U.S. Dist. LEXIS 10924 (Dist. Del. , June 7, 2005).
- The Seventh Circuit in *Sullivan v. CBS Corp.*, 385 F.3d 772 (7th Cir. 2004) concurred with the district court that Sullivan could not demonstrate any likelihood of confusion between his CDs and merchandise for his Band "Survivor" and the television series "Survivor" that distributed music CDs and merchandise bearing the logo of the well-known television show. There was no evidence presented that "Survivor" the Band enjoyed fame and recognition as the originator of any products other than rock albums and concert t-shirts.

B. Trademark Use by Third-party

- In *Government Employees Insurance Company v. Google, Inc.*, 330 F. Supp.2d 700 (E.D. Va. 2004), the Court agreed with GEICO's claims that Google, Inc. is liable for Lanham Act violations by its advertisers since it exercised significant control over the content and thus the "trademark use" of the GEICO marks incorporated into the advertisements that appear on their search results pages.

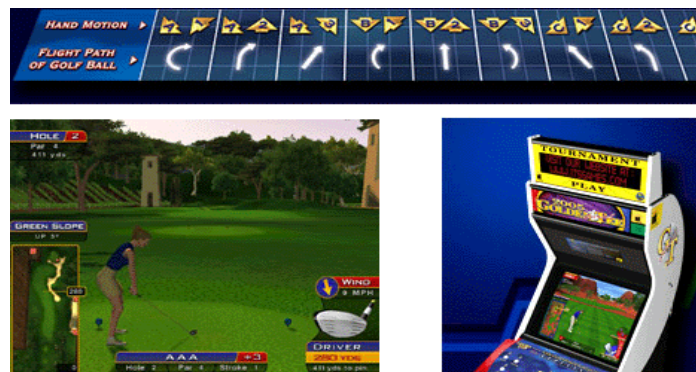
C. Breach of Consent-to-Use Agreements

- A trademark infringement claim may be brought against a party acting outside a consent-to-use agreement, when use of the mark is outside what was permitted in the agreement, provided nothing else in the agreement expressly precluded such a claim. The court did note that the damages and confusion in such a trademark claim had to be measured incrementally in such cases. That is, the only actionable confusion is that resulting from the breach – not any confusion that may have been inherent in the uses permitted by the agreement. The same limitation is true for damages. *Brennan's, Inc. et al v. Brennan & Company, Inc. et al.*, 376 F. 3d 356 (5th Cir. 2004)
- The Eighth Circuit found infringement due to a likelihood of confusion when the owner of LOUIS KEMP and LOUIS KEMP SEAFOOD CO began using the LOUIS KEMP marks without permission on a line of precooked wild rice products after an agreement had been reached with a third-party to sell the right to use and register the marks LOUIS KEMP and LOUIS KEMP SEAFOOD CO for surimi-based products and other seafood accessory products within the natural zone of expansion. The Eighth Circuit found that the record contained undisputed testimony that there were instances of actual confusion, even if those instances were not "rampant." Moreover, evidence shown by the corporations' own salesmen that even sophisticated professional buyers experienced actual confusion, supported a finding that confusion was likely. *Kemp et al. v. Bumble Bee Seafoods, Inc.*, 398 F. 3d 1049 (8th Cir. 2005).

IV. TRADE DRESS

A. Functionality

- In *Incredible Technologies, Inc. v. Virtual Technologies, Inc.*, 400 F.3d 1007 (7th Cir. 2005), the Seventh Circuit affirmed the Northern District of Illinois's order denying a preliminary injunction reasoning that although the defendant essentially copied, with some stylistic changes, the layout of buttons and instructions found on the plaintiff's control panel for a video golf game, the control panel in the plaintiff's game was functional and therefore not subject to trade dress protection.



- In *Tumblebus Inc. v. Cranmer*, 399 F.3d 754 (6th Cir. 2005), the Sixth Circuit found that the plaintiff's TUMBLEBUS mark (used on buses retrofitted with gymnastics and other athletic equipment) was inherently distinctive and that the plaintiff had sufficiently alleged likelihood of confusion. However, the court found that the record did not support that the plaintiff was likely to prevail on its trade dress infringement claim because the plaintiff failed to specify what particular aspects of its vehicular design qualified as distinctive, non-functional trade dress that was confusingly similar to the defendant's vehicular design, and therefore denied injunctive relief.



B. Secondary Meaning

- In *Healthpoint, Ltd. v. River's Edge Pharmaceuticals, L.L.C.*, 2005 WL 356839 (W.D. Tex. Feb. 14, 2005), Healthpoint, Ltd. claimed that the trade dress in its skin care product is (1) distinctive; (2) has acquired secondary meaning in the pharmaceutical and medical industries as well as among patients using the product; and (3) the defendant's use of a similar bottle with similar color designs creates a likelihood of confusion among doctors and patients. Defendant filed a Motion to Dismiss for failure to state a claim alleging that Plaintiff will not be able to prove the elements of its trade dress claim. The court denied Defendant's Motion because Plaintiff did allege causes of action for trade dress violations.



- In *Bonazoli v. R.S.V.P. Int'l. Inc.*, 353 F. Supp. 2d 218 (D.R.I. 2005), the court granted the defendant's motion for summary judgment against the plaintiff's trade dress infringement claims on the basis that the design of the plaintiff's measuring spoons in the shape of a heart and the handle in the shape of an arrow shaft were aesthetically functional since (1) defendant presented evidence that the measuring spoons were functional because its appeal produces demand and (2) the plaintiff was unable to demonstrate secondary meaning in her product design because of the aesthetically pleasing nature of the product.



C. Infringement

- In *Alpha Kappa Alpha Sorority, et al. v. Converse, Inc.*, No. Civ.A.3:03-CV-2954-B, 2005 U.S. Dist. LEXIS 397 (N.D. Tex. Jan. 12, 2005), six Greek letter fraternity and sorority organizations failed to overcome Converse's motion to dismiss the plaintiffs' claims of trademark and trade dress infringement. The plaintiffs claimed that the defendant's shoe manufacturer infringed their trademarks and trade dress by using the founding years and organizational colors associated with the organizations on the defendant's athletic shoes under the defendant's "GREEKPAK" basketball shoe line.



The court held that the plaintiffs failed to identify any common law trademarks and also failed to allege that they own rights in any particular type of packaging or product configuration. Specifically, the court concluded that the plaintiffs failed to identify a form of product as to which their alleged trade dress applies, and that none of the plaintiffs demonstrated that they own any footwear bearing the alleged color and year combination.

V. DILUTION

A. Actual Dilution

- The Sixth Circuit in *AutoZone, Inc. and Speedbar, Inc. v. Tandy Corp.*, 373 F. 3d 786 (6th Cir. 2004) held that in actual dilution cases, the plaintiff is required to demonstrate a higher degree of similarity than is necessary in infringement claims. For “blurring” to occur for dilution, the marks must at least be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same. Blurring is one mark seen by customers as now identifying two sources.
- In *Playtex Products v. Georgia-Pacific Corp.*, 390 F.3d 158 (2d Cir. 2004), the Second Circuit held that because of the differences between Playtex Products, Inc.'s mark "Wet Ones" for pre-moistened wipes and "Quilted Northern Moist-Ones" for Georgia-Pacific Corp.'s pre-moistened wipes marks, no dilution claim can exist. In its holding, the Court relied on the presence of the "Quilted Northern" name on "Quilted Northern Moist-Ones," the fact that

"Moist" and "Wet" do not appear or sound similar, and the lack of credible evidence presented by a survey and expert, to cause Playtex Products, Inc.'s federal dilution claim to fail.

- In *Everest Capital Limited v. Everest Funds Management, L.L.C. et al*, 393 F.3d 755 (8th Cir. 2005), Everest Capital argued that it proved actual dilution as a matter of law because "the names and marks at issue are identical for purposes of trademark law." However, a claim under 15 U.S.C.S. § 1125(c)(1) requires proof of actual dilution. At least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution.

VI. DEFENSES

A. Fair Use

- In *KP Permanent Make-Up v. Lasting Impressions I, Inc.*, 125 S.Ct. 542 (2004), the Supreme Court held that a finding of likelihood of confusion does not preclude a finding of fair use pursuant to 15 U.S.C. § 1115(b)(4). Even more, the Court ruled that a party raising a statutory affirmative defense of fair use does not have the burden to negate any likelihood that the practice complained of will confuse consumers as to the origin of the goods or services affected.

The parties in this case both sold permanent makeup and both used some version of the term "micro color" in marketing. Petitioner claimed to have used the term MICROCOLOR in advertising since as early as 1990. Respondent filed an application for a design mark for MICRO COLORS IN 1992. Respondent's application ultimately registered and became incontestable in 1999. Also in 1999, Petitioner created a ten page advertisement featuring MICROCOLOR in large font over the word PIGMENT - Respondent learned of such use and sent Petitioner a demand letter. In response, Petitioner sought a declaratory judgment on several grounds including on the basis that Respondent's mark was generic, and Respondent counterclaimed that Petitioner was infringing on its mark. Petitioner sought summary judgment on the infringement claim, based on the statutory affirmative defense of fair use. The U.S. District Court for the Central District of California granted Petitioner's Motion for Summary Judgment, finding that "micro color" was generic or at least descriptive, and that Petitioner's use constituted a "fair use." On appeal, the Ninth Circuit determined that an analysis of likelihood of confusion was required prior to applying the fair use defense and thus the summary judgment motion should have been denied. Accordingly, the Ninth Circuit reversed the District Court's ruling. Because of the split of courts regarding the significance of likely confusion for a fair use defense to a trademark infringement claim, and the uncertainty surrounding the obligation of a party defending on that ground to show that it is unlikely to cause confusion, the Supreme Court granted Petitioner's petition for certiorari.

In its analysis, the Court underscored that §1114 places a burden of proving likelihood of confusion on the party charging infringement. However, the Lanham Act is silent about a showing of likely confusion in setting forth the elements of the fair use defense in § 1115(b)(4). Accordingly, the Court noted that since the burden of proving likelihood of confusion rests with the plaintiff, and the fair use defendant has no freestanding need to show confusion is unlikely, it follows that some possibility of consumer confusion must be compatible with fair use – and this is simply the risk the plaintiff accepted when it decided to identify its product with a mark that uses a descriptive phrase. As a caveat, the court did underscore that while its holding that fair use can occur along with some degree of confusion, it does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant’s use is objectively fair. This leads to the question -- how much confusion is too much to preclude a fair use defense? The Court has clearly left the lower courts to decide how such evidence of likely confusion will impact application of the defense.

B. Laches

- Although some circuits have applied a rebuttable presumption of laches in trademark infringement cases where a plaintiff failed to raise the claim within the statute of limitations period of the most analogous state law claim, the Fifth Circuit has yet to do so in trademark infringement cases. In *Just Add Water, Inc. v. Everything But Water, Inc.*, 2005 U.S. Dist. LEXIS 9444 (N.D. Tex. May 18, 2005), the Court found if there exists a progressive encroachment of an infringing mark, this may provide an excuse for an otherwise unreasonable delay.

VII. REMEDIES

A. Preliminary Injunction

- In *Hi-Tech Pharmaceuticals, Inc. v. Herbal Health Products, Inc. et al.*, 2005 U.S. App. LEXIS 9791 (11th Cir., May 26, 2005), Hi-Tech Pharmaceuticals sought a preliminary injunction to prevent Herbal Health Products, Inc. from producing, marketing, advertising, promoting, and selling its product, Stamina Pro, because it allegedly infringed on the trademark and trade dress of Hi-Tech's male sexual enhancement product, Stamina-Rx. In affirming the lower court’s denial of the preliminary injunction, the Court held that while actual confusion was one of the most important factors in the likelihood of confusion analysis, Hi-Tech Pharmaceuticals in this case did not demonstrate that irreparable harm would occur without the injunction. Hi-Tech argued that irreparable harm could be presumed when a likelihood of confusion was established, but the court found that plaintiff failed to show a "substantial likelihood of confusion." Further, Hi-Tech’s own evidence indicated that sales of its product exceeded \$ 3 million in the prior month, and the product was on back order.

B. Compensatory Damages

- Where actual damages could not be calculated, plaintiffs could receive defendants' profits for the contempt to deter future infringement and under a theory of unjust enrichment. *Mendoza v. Regis Corporation*, 2005 U.S. Dist. LEXIS 8518 (W.D. Tex. March 21, 2005).

C. Willfulness

- In *Banjo Buddies, Inc. v. Renosky*, the U.S. Court of Appeals for the Third Circuit found that, under the amended language of Section 35(a) of the Lanham Act, willfulness is an equitable factor to consider, but not a prerequisite to an award of profits for violation of Section 43(a) of the Lanham Act. 399 F.3d 168 (3d Cir. 2005).

VIII. ETHICS

A. Witness Tampering

- The Seventh Circuit in *Ty Inc. v. Softbelly's, Inc.*, 353 F.3d 528 (February 2005), found evidence of witness tampering and forfeited a more than \$700,000 damage award to the plaintiff. The witness tampering claims stemmed from a telephone call Ty's principal placed to Softbelly's expert witness to discuss whether he was coming to testify at the trial. Softbelly's expert was to testify that the term BEANIES was generic when used in connection with soft plush toys. Softbelly's expert did not testify and found it to be as a direct result of the telephone conversation with Ty's principal.