The Year in Trademark Law
Midwest IP Institute
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What We Will Cover

1) Post-*Bose* Trademark Fraud Update
2) Lessons in Trademark Coexistence and Cross-Border Licensing Agreements
3) Dilution Update
4) Genericness & Distinctiveness
5) Use in Commerce
6) Stevens Act
7) The Best of the Rest

Trademark Fraud Overview

- Every single paper filed with the Trademark Office carries the risk of a fraud challenge, throughout the entire lifecycle of a trademark application and any resulting registration.
- Over the past 7 years, trademark fraud has been one of the hottest, most rapidly developing and widely discussed legal issues facing virtually all trademark owners and their counsel.
- During this period, the TTAB granted fraud-based oppositions and cancellations at a record pace, on what has been described as a "strict liability" standard, often on summary judgment, some times even *sua sponte*.
- Then, last August, the CAFC decided *In re Bose.*

Trademark Fraud: Pre-*Medinol*

- "Rarely proven," but "often pled."
- A "disfavored" claim/defense.
- Must be "proven to the hilt."
- "Clear and convincing" evidence required.
- Any and all doubts resolved in favor of the accused.
- Leaving nothing to "speculation, conjecture or surmise."
- Focus on subjective intent to deceive PTO.
- Inadvertence, honest mistakes, negligent omissions, all excused.

Trademark Fraud: During the *Medinol* Era (2003-2009)

- Examine the "Objective Manifestations" of Intent.
- Knew or "Should Have Known" Standard of Fraud.
- Summary Judgment, even *Sua Sponte*.
- "Stents and Catheters," not a lengthy, highly technical, or otherwise confusing ID of goods.
- Solemnity of Oath stressed.
- Two-year delay in correcting alleged oversight confirms "reckless disregard" for the truth.
- Language barriers, unfamiliarity with U.S. trademark law, etc., won't avoid fraud findings.

Understanding *Bose*

- The *Bose* decision expressly rejected the "should have known" fraud standard followed by the TTAB in *Medinol* and its progeny (mere negligence not enough).

- Under *Bose*, trademark fraud only occurs when an applicant or registrant *knowingly* makes a *false*, *material* representation of fact in connection with a trademark application or registration, with an actual *intent to deceive* or otherwise mislead the PTO. *Subjective intent to deceive*, however difficult it may be to prove, is an *indispensable element* in the fraud analysis.

Understanding *Bose* Continued…

- Simple negligence and even gross negligence are not enough to meet the higher standard, and honest misunderstandings, inadvertence, or mere negligent omissions will be valid excuses.
- The CAFC declined to rule on whether a "reckless disregard" for the truth meets the test.
- Nevertheless, it is clear that fraud must be "proven to the hilt" with "clear and convincing" evidence, leaving no room for "speculation, inference or surmise," and resolving any doubt against the charging party.

Life After *Bose* Continued…

- Pleading Fraud with Particularity
- Viability of Summary Judgment
- Standard of Sufficient Culpability
- Applying the Standard
- Remedies & Consequences
- Viability of *Medinol* Progeny
- Best Practices Going Forward

Life After *Bose* Continued…

- Pleading Fraud With Particularity

  -Societe Cooperative et. al v. Albrecht-Piazza, LLC (TTAB 2009) (not precedential) (relying on *Bose* to require amendment of fraud claim: "pleadings of fraud made on 'information of belief' where there is no separate indication that the pleader has actual knowledge of the facts supporting a claim of fraud also are insufficient")

Life After *Bose* Continued…

-*Asian and Western Classics B.V. v. Lynne Selkow*, 92 USPQ2d 1478 (TTAB 2009) (precedential) (petitioner had not alleged "the elements of fraud with particularity in accordance with Fed. R. Civ. P. 9(b), made applicable to Board proceedings by Trademark Rule 2.116(a).")

-*Ayush Herbs, Inc. v. Hindustan Lever Ltd. Co.* (TTAB 2009) (not precedential) (denying applicant's motion to amend counterclaim to add fraud claim because of failure to comply with Rule 9(b), reminding applicant that Rule 11 applies to counterclaim for fraud).

Life After *Bose* Continued…

- *E.&J. Gallo Winery v. Quala S.A.* (TTAB 2009) (not precedential).
  - Opposer failed to sufficiently plead fraud in opposing Section 44(e) Application.
  - Rule 9 requires details of the "who, what when, where, and how" of the fraud.
  - TTAB discouraging fraud claim if need to prove lack of bona fide intent first.

Life After Bose Continued…

- Pleading Fraud With Particularity
  - *Meckatzer Lowenbrau Benedikt Weiss KG v. White Gold, LLC*, Cancellation No. 92051014 (TTAB 2010) (precedential).
  - Allegations of non-use supported by investigation helped to save from dismissal.
  - Need not plead a specific non-party individual who signed declaration had intent to deceive.
  - Dicta: Bose "did not change the consequences of fraud, when it is proved."

Life After *Bose* Continued…

- Viability of Summary Judgment

  -*Enbridge, Inc. v. Excelerate Energy Ltd. P'ship*, 92 USPQ2d 1537 (TTAB 2009) (precedential).

  - Denying opposer's motion for summary judgment based on genuine issues of material fact as to the intent to deceive element, even though applicant admitted it never made use of mark in connection with at least one of the listed services.

Life After *Bose* Continued…

- Viability of Summary Judgment
  - *DaimlerChrysler Corp. v. American Motors*, Cancellation No. 92045099 (TTAB 2010).
  - Found fraud sufficiently pled w/o explicitly using words "intent to deceive," but it is preferred.
  - Fraud, and intent to deceive, is not the "inevitable conclusion" from the facts here.
  - Suggesting "reckless disregard" may suffice.
  - Intent "typically unsuited" for resolution by summary judgment.

Life After *Bose* Continued…

- Other Recent Fraud Cases

  -*M.C.I. Foods, Inc. v. Bunte* (Cancellation No. 92045959) (TTAB September 13, 2010) (unspecified advice of counsel precluded fraud finding).

  -*North Atlantic Operating Co., Inc. v. DRL Enterprises, Inc.* (Opposition No. 91158276) (bare allegation of applicant's knowing and willful misuse of federal registration symbol sufficient avoid dismissal of fraud claim).

Life After *Bose* Continued…

- A Standard of "Sufficient Culpability" to Infer a Specific Intent to Deceive.
- "Reckless Disregard" for the Truth is Not Occasioned By a General Counsel Signing Declaration With Unreasonable Interpretation of Law, So Long as No Cases Existed At the Time, Specifically Rejecting the Interpretation.

A Conversation With Chief Administrative Judge of TTAB Gerard Rogers

- Some "Buyer's Remorse" With *Medinol*
- Months Following *Bose* at TTAB
- Struck By Number of Fraud Cases
- "Most Cases" Have Fraud Claim
- Smoking Gun, Direct Evidence: Rare
- Much Less Likely to Grant S.J. Motions
- "No Other Reasonable Conclusion"
- Being Reversed Still Advances Law

Trademark Agreements

Am. Eagle Outfitters, Inc. v. Lyle & Scott Ltd., 584 F.3d 575 (3d Cir. 2009)

Sunstar, Inc. v. Alberto-Culver Co., 2009 Lexis 23759 (7th Cir. Oct. 28, 2009)

Am. Eagle Outfitters, Inc. v. Lyle & Scott Ltd., 584 F.3d 575 (3d Cir. 2009)

AMERICAN EAGLE
OUTFITTERS
ae.com

LYLE & SCOTT
SCOTLAND

Am. Eagle Outfitters, Inc. v. Lyle & Scott Ltd., 584 F.3d 575 (3d Cir. 2009)

The "London Memorandum":

- $1 million payment by AE to LS
- Both use house marks with eagle designs
- AE to sell products in AE stores, stores within stores or AE website
- AE right of first refusal to purchase LS marks
- "perpetual and worldwide pertaining to goods of LS registrations" (Clause 4)
- Each party consents to registration of other party's design and AE withdraws its opposition against LS application in US (Clause 6)

Am. Eagle Outfitters, Inc. v. Lyle & Scott Ltd., 584 F.3d 575 (3d Cir. 2009)

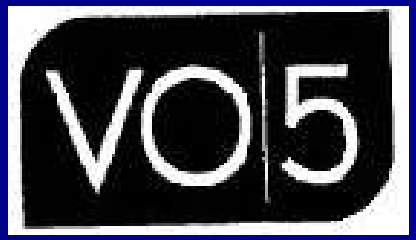
- Reviewing grant of summary judgment, court addressed two issues:
  1. whether an enforceable contract was formed
  2. whether the terms were sufficiently clear to warrant SJ
  - i.e., whether both parties manifested an intention to be bound and terms sufficiently definite and material to be specifically enforced
- Copious note taking, negotiator with authority to bind, willingness to sign, referral to memo as agreement were manifestations of intent to be bound
- "The agreement reached. . . covered all the necessary bases. . . and the agreement is not impossible to understand."

Sunstar, Inc. v. Alberto-Culver Co., 2009 Lexis 23759 (7th Cir. Oct. 28, 2009)

Original Licensed Marks

Added

"Updated" Logo



Sunstar, Inc. v. Alberto-Culver Co., 2009 Lexis 23759 (7th Cir. Oct. 28, 2009)

- District court refused to instruct the jury on the legal meaning of the term *senyoshiyoken*, finding it irrelevant, enjoined Sunstar, terminated the agreement, and ordered the marks returned to Alberto-Culver. Sunstar appealed.
- Sunstar maintained agreement gave it freedom to update VO5 logos because the license used the Japanese term *senyoshiyoken* – meaning "exclusive use rights"
- Alberto-Culver argued agreement governed by Illinois law and *senyoshiyoken* term only indicated Sunstar's right to record the license
- Court determined that key issue was the meaning of *senyoshiyoken* – a meaning not clearly evident from agreement.
- Because *senyoshiyoken* had no meaning under Illinois law, the court looked to Japanese trademark law to determine its meaning.

Sunstar, Inc. v. Alberto-Culver Co., 2009 Lexis 23759 (7th Cir. Oct. 28, 2009)

- According to Japanese law, the holder of a *senyoshiyoken* is treated, in certain circumstances, as if the trademark owner.
- Based on legal scholarship (rather than expert testimony), court concluded that a *senyoshiyoken* has same rights to make minor changes to a mark.
- Particularly where license term is 99 years
- Court held Sunstar had not violated the terms of the license and was free to make the minor changes to the mark.

If sophisticated contracting parties use a foreign technical legal term in their contract, the presumption is that it is used in its technical legal sense.

Dilution

Victoria's Secret v. Moseley, No. 08-5793 (6th Cir., May 19, 2010)

Nat'l Pork Bd. v. Supreme Lobster & Seafood Co., Opp. No. 91166701 (TTAB June 11, 2010)

Victoria's Secret v. Moseley (6th Cir. 2010)

- 2006 TDRA Interpretation
- Affirmed Injunction – Tarnishment
- "Clear Semantic Association"
- "Rebuttable Presumption" or at Least "Very Strong Inference" of a Dilution By Way of Likelihood of Tarnishment
- "Victor's Little Secret" is now "Cathy's Little Secret"

Nat'l Pork Bd. v. Supreme Lobster & Seafood Co. (TTAB 2010)

- Second dilution finding by TTAB since FTDA enacted in 1999.
- Part of "fabric" of popular U.S. culture
- 80-85% awareness helped prove fame
- Considered all six FTDA factors on blurring, but no discussion of third party use of "the other red meat" as healthy alternative to beef?

Use in Commerce

Sales Board v. Pfizer, Inc., 644 F.Supp.2d 1127 (D. Minn. 2009)

Sales Board v. Pfizer, Inc., 644 F.Supp.2d 1127 (D. Minn. 2009)

Action Selling - Pharmaceuticals - Pfizer Corporation Sales Training
Flash Streaming Video

Sales Board v. Pfizer, Inc., 644 F.Supp.2d 1127 (D. Minn. 2009)

- "Internal use" of a mark may constitute "use in commerce" for purposes of trademark infringement if members of the relevant purchasing public are also among the employees or other persons who may encounter such internal use.

Genericness & Distinctiveness

In re Wm. B. Coleman Co., 93 USPQ2d 3019 (TTAB 2010)

Lahoti v. Vericheck, Inc., 586 F.3d 1190 (9th Cir. 2009)

In re Wm. B. Coleman Co., 93 USPQ2d 3019 (TTAB 2010)

- Application for ELECTRIC CANDLE COMPANY for "light bulbs… lighting fixtures" ultimately refused as generic
- Examiner – excerpts from Applicant's website, 3rd party use and dictionary definitions show "electric candle" to be unitary generic term
  - addition of "company" creates a compound word under *Gould*
  - entire phrase generic under *American Fertility*
- Applicant – ELECTRIC CANDLE COMPANY is not a compound term and no evidence of 3rd party use of entire phrase

In re Wm. B. Coleman Co., 93 USPQ2d 3019 (TTAB 2010)

Federal Cir. Precedent: *In re Gould Paper Corp.*

- The "compound word" approach
- SCREENWIPE held generic as applied to pre-moistened antistatic cloths for cleaning computer and television screens
- Expressly limited to "compound terms formed by the union of words" where public understands the individual terms to be generic for a genus of goods and the joining of the terms into one compound word lends "no additional meaning to the term"

In re Wm. B. Coleman Co., 93 USPQ2d 3019 (TTAB 2010)

Federal Cir. Precedent: *In re Am. Fertility Society*

- The "phrase" approach
- Evidence that components "Society" and "Reproductive Medicine" were generic was not enough to establish composite phrase SOCIETY FOR REPRODUCTIVE MEDICINE generic for association services in the field of reproductive medicine
- Must show that relevant public understands the composite mark to primarily refer to genus of services

In re Wm. B. Coleman Co., 93 USPQ2d 3019 (TTAB 2010)

- Issue: the effect of the addition of "company" to the term "electric candle" and the standard to be applied
- TTAB held it to be generic under both tests:
  - *Gould* : "electric candle" unitary generic term; space between one generic term and another does not preclude *Gould* analysis
  - *American Fertility* : cannot be read to allow addition of non-source identifying word such to a clearly generic term and thereby create a trademark.
- Mark may not describe "genus" but public would understand it to refer to company that sells "electric candles"

Lahoti v. Vericheck, Inc., 586 F.3d 1190 (9th Cir. 2009)

- David Lahoti self-proclaimed "internet entrepreneur".
- When he lost UDRP brought by Vericheck, he filed DJ action.
- District court ruled in favor of Vericheck, finding the Vericheck mark to be suggestive and inherently distinctive.
- On appeal to the 9th Circuit Court of Appeals,
- 9th Circuit remanded to District Court on suggestiveness finding.
- District Court "improperly required that the mark describe all of Vericheck's services, examined the mark in the abstract, and concluded that it could not analyze the mark's component parts."

The Stevens Act

Frayne v. Chicago 2016, Case No. 08 C 5290 (N.D. Ill., Oct. 2, 2009)

Frayne v. Chicago 2016, Case No. 08 C 5290 (N.D. Ill., Oct. 2, 2009)

- In 2004, Frayne registered numerous domain names for "cityandyear" combinations, including Chicago2016.com
- Registrar linked domain to pay-per-click parked page
- Frayne did not share in revenue
- In 2006, Chicago made a bid for the 2016 Olympic Games and USOC filed to register "CHICAGO 2016"
- In 2008, USOC filed UDRP after unsuccessfully attempting to persuade Frayne to sell the domain name
- Frayne filed suit in federal court seeking a declaratory judgment

Frayne v. Chicago 2016, Case No. 08 C 5290 (N.D. Ill., Oct. 2, 2009)

- Holding: DENIED motion for summary judgment by defendants Chicago 2016 and USOC on Stevens Act and ACPA claims against plaintiff/registrant of www.chicago2016.com

  (At the time of the hearing, Chicago2016.com began displaying content related to advantages/disadvantages of hosting the Olympics – Frayne's stated intent for the site)

Frayne v. Chicago 2016, Case No. 08 C 5290 (N.D. Ill., Oct. 2, 2009)

Stevens Act Claim:

- USOC need not prove contested use is likely to cause confusion and Lanham Act defenses not available
- USOC may file against any person if use of a mark or symbol "falsely representing association with, or authorization by, [the USOC]" 36 USC §220506(c)(4)
- Limited in application to commercial speech:
  - "uses for the purpose of trade, to induce the sale of any goods or services, or to promote any theatrical exhibition, athletic performance, or competition"

Frayne v. Chicago 2016, Case No. 08 C 5290 (N.D. Ill., Oct. 2, 2009)

Stevens Act Claim:

- Court held that parking page was commercial
- But there was a question of fact as to whether *plaintiff* "used" the trademark, in this case the domain, for commercial purposes.
  - Frayne did not receive revenues from parking page
  - No evidence that he even knew of the parking page or consented to the registrar's use of it.

Frayne v. Chicago 2016, Case No. 08 C 5290 (N.D. Ill., Oct. 2, 2009)

Stevens Act Claim:

- City-plus-Olympic-year combinations were not automatically protectable marks under the Act
- However, certain combinations can acquire an association with the USOC
- Chicago 2016 likely gained association by April 2007 when Chicago became a 2016 Olympic candidate.
- But the parties did not brief the issue of when the association occurred, so the determination required further proceedings.

The Best of the Rest

The Best of the Rest

- *Tiffany, Inc. v. eBay, Inc.*, No. 08-3947-cv (2d Cir., April 1, 2010)
  - Generalized knowledge of third-party infringement remains insufficient to impute contributory liability of trademark infringement but may be sufficient to support liability for false advertising
- *Office Depot Inc. v. Zuccarini*, 596 F.3d 696 (9th Cir. 2010)
  - For purposes of asserting *quasi in rem* jurisdiction, Anti-Cybersquatting Protection Act (ACPA) provides persuasive direction that domain names are located both where the relevant registry and registrar are located

The Best of the Rest

- *Safer, Inc. v. OMS Investments, Inc.*, 94 USPQ2d 1031 (TTAB 2009)[PRECEDENTIAL]
  - Under Rule 2.122(e), internet evidence may be admitted pursuant to notice of reliance in the same manner as printed publications in general circulation if it identifies date of publication or date accessed and printed, and its source (e.g., the URL)
- *Research in Motion Ltd v. NBOR Corp.*, 92 USPQ2d 1926 (TTAB 2009)[PRECEDENTIAL]
  - Rule 2.112(d)(1) permits intro of pleaded reg. using TARR for original pleadings;
  - Rule 2.122(d)(2) seems to preclude it
  - TARR printouts are acceptable at the trial stage as well despite the wording of the rule

The Best of the Rest

- *Am. Express Mktg. & Devpt. Corp. v. Gilan Devpt. Corp.*, 94 USPQ2d 1294 (TTAB 2010)
  - In a case of first impression, TTAB held that "noncommercial use" exception could not be affirmative defense to a dilution claim

Best of the Rest

- *Amazon Technologies, Inc. v. Jeffrey S. Wax*, 95 USPQ2d 1865 (TTAB 2010) (precedential).
  - Textbook "document dump" warranted sanctions.
  - 31,144 pages on CD without index or categories violated prior order to organize and label docs by category.
  - Amazon denied summary judgment on lack of bona fide intent-to-use claim, genuine issues of fact remained.
  - Wax granted summary judgment on Amazon's Section 10 unlawful assignment claim, joint owner relinquished right.
  - Section 10 designed to prevent trafficking of marks.
  - In One Week: Knobbe Martens Out, Finnegan In.

Best of the Rest

- *Georgia-Pacific Consumer Products LP v. Myers Supply, Inc.* (8th Cir. 2010).
- Plaintiff didn't sue churches and schools that stuffed plaintiff's paper towel dispensers with cheaper paper towels, instead sued their supplier.
- No tortious interference or contributory trademark infringement, according to 2-1 majority.
- Refused to follow 4th Circuit decision finding liability
- Common practice to fill with generic paper towels if no lease on the dispenser.

Best of the Rest

- *Perfetti Van Melle USA v. Cadbury Adams USA* (E.D. KY 2010).
  - Preliminary Injunction Denied
  - Plaintiff unlikely to prevail in proving likely confusion between plaintiff's MENTOS PURE WHITE and DENTYNE PURE.
  - Consistent and prominent use of famous house marks helped to eliminate the likelihood of any consumer confusion.

Until Next Year!!

Thank You!!

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