

U.S. Trademark Law Recent Case Developments

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Federal Court Decisions and Pending Cases - 2017

- Disparaging and scandalous trademarks
- Genericness
- Nominative Fair Use
- Extraterritorial reach of the Lanham Act
- Scope of trademark and trade dress protection for design features

Disparaging/Scandalous Marks

- ***In re Tam***, 808 F.3d 1321 (Fed Cir. 2015) (en banc), cert. granted sub nom, *Lee v. Tam*, 137 S. Ct. 30 (2016), Case No. 15-1293 (oral argument Jan. 18, 2017) – “The Slants” Asian American dance rock band’s constitutionality challenge to Lanham Act Sec. 2(a) on First Amendment grounds remains pending; Sec. 2(a) bars any mark comprised of disparaging matter.
- ***Pro-Football, Inc. v. Blackhorse***, Case No. 15-1874 (4th Cir. 2016 oral arg. stayed pending *Lee v. Tam*), cert. denied, U.S. No. 13-311 (Oct. 3, 2016) - same Lanham Act provision used in 2014 to revoke the Washington Redskins football team’s six REDSKINS trademark registrations.

Disparaging/Scandalous Marks

- Lee v. Tam – Federal Circuit's *en banc* decision held Section 2(a) ban unconstitutional as violating Freedom of Speech clause in First Amendment.
- USPTO rejection was based on content and point of view—"viewpoint discrimination"; strict scrutiny review standard applied, unlawful burden placed on free speech; Trademark Trial and Appeal Board had affirmed refusal of THE SLANTS for "entertainment in the nature of live performances by a musical band".

Disparaging/Scandalous Marks

- 2 separate concurrences, in addition to Federal Circuit opinion.
- Arguably *Lee v. Tam* may shift regulatory control of speech from legislature to judiciary, unwisely.
- Possible “floodgates” risk? Clause also extends to scandalous and immoral subject matter; if *Tam* prevails, would marks like BULLSHIT (beverages), A-HOLE PATROL (online comedy social club) and THE CHRISTIAN PROSTITUTE (clothing) would be permitted?

Genericness

- **Royal Crown Co. Inc. v. The Coca-Cola Company** (TTAB 2016), on appeal, Case 16-2375 (Fed Cir. Nov. 17, 2016) – registrability of ZERO for soft products, chased since 2003.
- Coca-Cola defended eight oppositions against its various ZERO- marks for soda, sport and energy drinks (w/o disclaimer) arguing ZERO not generic for no-calorie beverages; TTAB dismissed RC's oppositions to 13 Coke applications, but sustained as to four applications, subject to Coke's amending to include the ZERO disclaimer.



Nominative Fair Use

- ***International Info. Sys. Security Certification Consortium v. Security Univ. LLC*** (2d Cir. 2016), cert. den., Case No. 16-352 (2017)
- TM fair use doctrine created by 9th Circuit in 1992; a company may use another's mark, so long as it uses no more of it than necessary and no sponsorship/affiliation suggested.
- 2d Circuit Court of Appeals created new approach – incorporated doctrine into 8-prong likelihood of confusion test.

Extraterritorial Reach - Lanham Act

- ***Belmora LLC v. Bayer Consumer Care AG***, Case No. 15-1335 (4th Cir. 2016), cert. denied, Case No. 16A116 (Feb. 27, 2017) – U.S. Supreme Court declined to revisit decision that absent use of mark in U.S., foreign corporation still had basis to pursue unfair competition claim.
- ***Trader Joe's Company v. Hallatt***, 835 F.3d 960 (9th Cir. 2016) – Lanham Act applicable to actions of Canadian individual who purchased genuine branded goods and re-sold in his Vancouver shop at inflated prices.

Extraterritorial Reach - Lanham Act

- Belmora – Bayer's trademark FLANAX, Mexican brand name for ALEVE pain reliever, has never been used in U.S. commerce.
- Belmora's use of FLANAX in U.S. was intended to dupe Mexican-American consumers, district court found Bayer lacked standing, in absence of its own U.S. use.
- USPTO intervened on appeal, argued Paris Convention, Art. 6bis obligations.
- Court of Appeals recognized Lanham Act unfair competition provision, Sec. 43(a), did not contain have any requirement for actual use of mark.

Extraterritorial Reach - Lanham Act

- Trader Joe's – plaintiff is a well-known American grocery store, specialty goods sold at affordable prices; trademarks and trade dress communicate "South Pacific theme"
- Employees in Washington state and Oregon Trader Joe stores observed Hallatt purchasing large quantities (branded and unbranded) of goods, several times a week; Hallatt admitted to re-sale in "copycat" Vancouver store, Pirate Joe's, similar logo.
- Ninth Circuit unanimously in reversal; Lanham Act reaches Hallatt's actions, 2-step test applied.

Scope of TM/Trade Dress Protection for Design Features

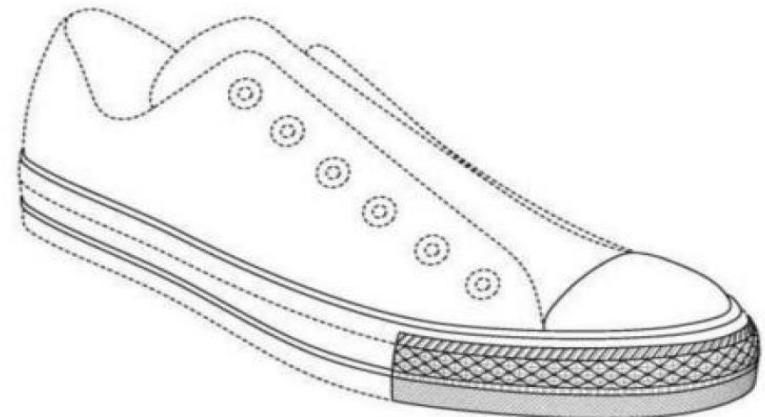
- **Converse Inc. v. ITC** – appeal pending, (Fed Cir. Case No. 16-2497) from In the Matter of Certain Footwear Prods., Inv. No. 337-TA-936 (ITC 2016)

“Converse Midsole” TM

US Reg. No. 4,398,753 (2013)

1. toe cap
2. toe bumper/texture
3. midsole stripe

First use 1932, 1.3 Billion sold



Scope of TM/Trade Dress Protection for Design Features

- ITC ruled that key design features (trade dress) of CONVERSE “Chuck Taylor” sneaker not protected under Lanham Act, TM registration held invalid
- 31 Defendants – Wal-Mart, Skechers, New Balance
- ITC reliance on evidence of 80 years of widespread use of similar designs by competitors and insufficiency of proof to show secondary meaning
- On appeal – challenge to invalidity decision and secondary meaning analysis; secondary meaning evidence overlooked, failure to assess if 3d party uses made commercial impression on relevant consumers.

Scope of TM/Trade Dress Protection for Design Features

- Converse TM application contained extensive evidence of secondary meaning/acquired distinctiveness, and record for earlier TM Reg. Nos. 4,062,112 and 4,065,482
- Outsole patterns also registered, arguments successful and importation ban issued.
- Survey evidence on secondary meaning critical, absence of exclusivity was determinative.
- ITC litigation initiated 2014, rarely used for trademark/trade dress cases.

Protectability - Feature of Useful Article

- ***Star Athletica, LLC v. Varsity Brands, Inc.*, 580 U.S. __, No. 15-866 (Mar. 22, 2017)**
- “A feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article, and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some tangible medium of expression—if it were imagined separately from the useful article”

Star Athletica – Case History

- Summary judgment originally granted in favor of Star Athletica; copyrights in cheerleading uniform chevron patterns found invalid; designs could not be “separated” from the useful article to which designs were applied.
- 6th Circuit Court of Appeals reversed the district court decision, acknowledging U.S. courts have not used a clear, consistent “separability” test.
- Split among circuit courts until now; as many as 9 tests recognized for “separability”.

Star Athletica - Interpretation

- Hybrid test for separability
- Applicability not limited to apparel
- Broader impact to non-functional aspects of product and packaging designs
- Justice Ginsburg's concurrence distinguished chevron designs at issue as copyrightable standing alone, separability analysis unnecessary
- Protectability of chevron designs undecided, remanded to district court for consideration.

U.S. Trends in Unfair Competition Claims

- Lanham Act Sec. 43(a).
- Nearly every state provides “mini” Lanham Act statutes, which may limit scope of claims.
- But state law may provide further, broader bases for claims, see e.g., California, Illinois, New York.
- These state laws address dilution, counterfeiting, false advertising, trade names, trade disparagement, unfair competition, passing off and unfair business practices (“mini”-FTC Act).

Trends in Unfair Competition Claims

- State Law claims are current resource for anti-Trump challenges
- **Modern Appealing Clothing v. Ivanka Trump Marks, LLC**, San Francisco Super. Ct. (filed Mar. 22, 2017) – class action, ITM gained unfair advantage when D. Trump elected, Gov't role for Ivanka;
- **K&D LLC t/a Cork v. Trump Old Post Office LLC**, DC Super. Ct (filed Mar. 6, 2017) – Trump hotel's unfair advantage in attracting business from gov't types.

- Thank you for your attention!



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