AIPLA

TRADEMARK

LITIGATION COMMITTEE

JUNE 2005

THIRD QUARTERLY CASE SUMMARY UPDATE

Including Cases Decided From

March 15, 2005 to June 15, 2005.

FIRST CIRCUIT

1. Preliminary Injunction Standard; Secondary Meaning (Acquired Distinctiveness).

In **genR8TNext, LLC. v. Las Vegas Institute for Advanced Dental Studies, Inc., et al.,** 2005 WL 1088793 (D.N.H. May 5, 2005), plaintiff moved for an *ex parte* temporary restraining order pursuant to Fed. R. Civ. P. 65(b) to enjoin defendants from using the name "International Academy of Comprehensive Aesthetics", claiming it was confusingly similar to Plaintiff's "Academy of Comprehensive Esthetics." Plaintiff's complaint set forth claims for false designation of origin under the Lanham Act and violations of the New Hampshire Consumer Protection Act.

According to the pleadings, in April of 2003, Plaintiff established a professional organization called the Academy of Comprehensive Esthetics for the purpose of providing education and credentialing services to dental professionals practicing cosmetic dentistry. Defendant, William Dickerson, who had been scheduled to speak at one of plaintiff's events, launched an organization called the International Academy of Comprehensive Aesthetics in February of 2005. Defendant's organization offered similar services – professional education services and seminars - and marketed them through the same or substantially similar channels as plaintiff's organization. Plaintiff filed an application for trademark registration on April 18, 2005, but neither name was a registered trademark at the time of the court's opinion.

Taking the above pleadings as true, the court considered plaintiff's motion to temporarily enjoin defendants from going forward with a planned advertising campaign. The court, *citing Rio Grande Cmty. Health Ctr., Inc., v. Rullan*, 397 F.3d 56, 75 (1st Cir. 2004), set forth the traditional factors required for a temporary restraining order as 1) a likelihood of success on the merits, 2) irreparable harm to the plaintiff should preliminary relief not be granted, 3) whether the harm to the defendant from granting preliminary relief exceeds the harm to the plaintiff from denying it, and 4) the effect of the preliminary injunction on the public interest. The court found that plaintiff had shown a potential for irreparable harm, but had failed to demonstrate a likelihood of success on the merits.

Specifically, the court rejected plaintiff's assertion that the mark was suggestive, finding instead that the words "esthetic" and "aesthetic" are widely understood in dentistry to mean cosmetic dentistry. As such, no "imagination, thought and perception," would be involved and the mark was likely to be found descriptive. The court then found that the mark was not likely to be found to have acquired secondary meaning within the field of dentistry – *i.e.*, understood by dental professionals "to refer to a product or service with a particular source." The court based this finding on the relatively limited length of time the plaintiff had been using the name - since April of 2003, the relatively limited marketing exposure – several trade publications ads and several e-mail campaigns, and the seemingly wide use of "academy," "aesthetic," and "esthetic" in connection with similar services in the field of dentistry.

Because the plaintiff failed to demonstrate likelihood of success in proving that its name was a protectible trademark, the court denied plaintiff's motion for a temporary restraining order.

Legal Standard: Fed. R. Civ. P. 65(b).

Appellate status: None.

2. Likelihood of Confusion.

In **Judith Re v. Jodi R.R. Smith, et al.,** 2005 WL 1140769 (D. Mass. May 11, 2005), plaintiff sued defendants for misappropriation of her federally registered service mark, SOCIAL SAVVY®. Defendants moved for summary judgment asserting, among other things, that the mark had become generic. The court denied the motion.

The facts in the light most favorable to plaintiff were as follows. Plaintiff had conducted thousands of seminars and classes across the United States since 1986. Her best-attended events included "A Day of SOCIAL SAVVY®" and "An Etiquette SOCIAL SAVVY® Dinner." Since 1986, the Ritz-Carlton Hotel in Boston had regularly hosted the day seminar. Other well-known hotels, such as the Four Seasons in Seattle and San Francisco, the Century Plaza Hotel in Los Angeles, the Palace Hotel in New York, and the Ritz Carlton Hotels in New York, Cleveland and St. Louis, hosted her seminars. Plaintiff also conducted business and wedding etiquette classes for adults, including "SOCIAL SAVVY® For Business" and "SOCIAL SAVVY® Weddings."

Plaintiff's classes were not lucrative. She never reached gross earnings of $10,000.00 in any year. However, she had been interviewed on CNN, the Today Show, Good Morning America, American Journal, the Joan Rivers Show, the Montel Williams Show, The View, etc., and articles about her seminars had appeared in a variety of the most widely circulated newspapers and magazines across the country.

In 1991, plaintiff registered her mark – SOCIAL SAVVY® – in connection with "training programs and educational classes . . . teaching young people the social graces." In 1997, she filed an affidavit pursuant to 15 U.S.C. § 1065, establishing the "incontestability" of her mark, and in 2001, renewed the mark with the PTO.

Plaintiff also authored a book in 1991 entitled *Social Savvy: A Teenager's Guide to Feeling Confident in Any Situation*. The publisher, Simon and Schuster, had published it in part because of the national media attention plaintiff had received. The book went through eleven printings over thirteen years, but sales did not generate royalties above the $35,000 advance paid by Simon & Schuster. Plaintiff's mark was prominently displayed in her book.

In February of 2003, defendant, Barnes & Noble Inc., decided to publish etiquette guides for young adults. Deciding that "etiquette" would be "too stuffy" in the title, they settled on *The Girl's Guide to Social Savvy* and *The Guy's Guide to Social Savvy*. They hired defendant, Jodi Smith, to author the book, after locating her through an internet search. Smith had incorporated her etiquette consulting firm – Mannersmith – in 1996, and had been engaged in offering etiquette advice through training sessions, public speaking, writing, and her website at *www.Mannersmith.com*. In an e-mail to Barnes & Noble, Smith called their attention to plaintiff's book, noting that "the big words in the title are Social Savvy," and wanting to make sure there would not be a legal problem by the use of "Social Savvy" in the title of the book she was to write for Barnes & Noble.

The court set forth statutory and case law authority for the rule that an "incontestable" mark is subject to defenses based upon the assertion that the mark is generic, but is immune from defenses asserting that the mark is merely descriptive. Turning then to the issue of whether the mark had become generic, the court noted that the defense had provided evidence suggesting that the mark had become generic, and plaintiff had countered with affidavits of hotel employees experienced in booking etiquette courses. These affidavits attested that "social savvy" was associated with plaintiff's seminars in the minds of the relevant consumers.

The court then considered the defendants' contention that plaintiff's registration did not extend to defendants' book because the registration itself associated the mark only with "training programs and educational classes." Recognizing a split of authority as to whether there is a presumption that a trademark owner's rights only extend as far as the goods or services set forth in the registration certificate, the court adopted the broader view that trademark remedies can extend to any goods or services that are likely to cause confusion. The court then found that reasonable jurors could find plaintiff's book to be a teaching material related to her SOCIAL SAVVY® seminars, and that defendants' book could be found to be associated with plaintiff.

Legal Standard: Fed. R. Civ. P. 56(c).

Appellate status: None.

3. Preliminary Injunction Standard; Secondary Meaning (Acquired Distinctiveness).

Society of Accredited Marine Surveyors, Inc, v. Scanlan, 2005 WL 670541 (D. Mass. March 23, 2005), involved defendant's use of the acronym "AMS" to designate himself as an "Accredited Marine Surveyor." Plaintiff, Society of Accredited Marine Surveyors, Inc., was a membership association offering training, testing, and certification for marine surveying professionals. Plaintiff registered the acronym as a certification mark stating that "the mark is used by persons certified by [plaintiff] to provide marine surveying services and to indicate that the performance of the services was performed by a person certified by [plaintiff]." Defendant was accredited in marine surveying by another organization, and thereafter began advertising himself as an accredited marine surveyor utilizing the "AMS" designation.

Plaintiff sued defendant in the Middle District of Florida, alleging infringement and seeking injunctive relief. A default judgment was entered against Defendant, a resident of Massachusetts. Plaintiff then filed an action in Massachusetts state court to enforce the judgment, and defendant removed it to federal court and counterclaimed seeking cancellation of the mark. The court, finding a lack of evidence of proper service in the Florida case, dismissed plaintiff's Complaint to enforce the default judgment and dissolved the injunction.

In defendant's counterclaim to cancel the AMS mark, defendant alleged that others had used the mark before plaintiff, that the mark was obtained by fraud, and that the mark is generic. As to the prior use allegation, the court cited authority for the rule that a registered mark is presumptively valid, and a "party seeking cancellation must rebut this presumption by a preponderance of the evidence." The defendant failed to meet this burden because the only evidence he provided of prior use was a letter from the founder of the school that accredited defendant which stated, "I was using A.M.S. and so was . . . my ex-husband from 1984 until 1989 when we decided to concentrate solely on training other surveyors." The court found that even if such a letter could provide competent evidence, it was insufficient because there was no additional evidence to put the stated use in context, *i.e.*, how was the mark used, to what extent was it used, and for what purpose. Thus, defendant's evidence of prior use was insufficient to defeat plaintiff's presumptively valid certification mark.

Defendant also alleged that plaintiff obtained the mark by fraud because plaintiff's president was aware that third parties were claiming a right to use the mark when he signed the application, declaring that "to the best of his knowledge and belief no other person, firm, corporation or association has the right to use said mark in commerce." Since there was no evidence that the president had subjective knowledge that another party had an actual right to use the mark, there was no support for defendant's fraud claim. Similarly, there was no support for the claim based upon the president's declaration that he believed plaintiff to be the owner of the mark. Lastly, the court found that plaintiff's failure to disclose defendants' concurrent use of the mark could not support a fraud claim because there is no obligation to disclose other known users of a mark to the PTO.

Defendant supported his claim that the mark was generic by arguing that the acronym is also used to abbreviate Agricultural Market Services, and that the words "accredited," "marine," and "surveyor" are all found in the dictionary and are in the public domain. The court found these arguments insufficient, stating that defendant failed to prove the mark was generic "from the viewpoint of the relevant purchasing public."

The court noted that Defendant had failed to assert that the mark should be cancelled because it was used merely as a title or degree of the person rendering services, rather than as a certification of the services offered by those authorized to use the mark. The court entered summary judgment for plaintiff on the cancellation claims.

Legal Standard: Fed. R. Civ. P. 56(c).

Appellate status: Notice of Appeal filed by Defendant on 4/20/05.

SECOND CIRCUIT

1. Likelihood of Confusion; *Res Judicata* Effect of TTAB Proceeding

Light Sources, Inc. v. Cosmedico Light, Inc., 360 F. Supp. 2d 432 (D. Conn. 2005), involved a dispute over the allegedly infringing terms "THR" and "TLR" as part of model numbers for ultraviolet light bulbs used in tanning beds. In 1996, Light Sources brought an opposition proceeding before the Trademark Trial and Appeals Board, contesting Cosmedico's attempt to register the mark "VHR" for ultraviolet bulbs. The parties settled, and the TTAB granted Cosmedico a registration for the mark "VHR." Subsequently, Cosmedico alleged that two companies – Light Sources and Tan Systems – infringed its "VHR" mark by using the terms "THR" and "TLR" as part of their model numbers – for example, "FR71T12-THR160." Cosmedico also brought claims of false designation of origin, common law infringement, and violation of the Connecticut Unfair Trade Practices Act. Cosmedico, Light Sources, and Tan

Systems made cross-motions for partial summary judgment, and Cosmedico argued that the doctrine of *res judicata* barred Light Sources and Tan Systems from challenging Cosmedico's right to exclusive use of the term "VHR."

The court granted summary judgment in part and denied it in part. Beginning with an analysis of likelihood of confusion using the eight Poloroid factors, the court concluded that there were numerous disputed issues of fact preventing it from evaluating likelihood of confusion on summary judgment. Accordingly, it declined to grant summary judgment on infringement. Likewise, the court refused to grant summary judgment on false designation of origin and common law infringement, both which require a showing of likelihood of confusion. However, the court noted that it had "some considerable doubt" about Cosmedico's ability to prove its case in light of the Second Circuit's holding in Arrow Fastner Co. v. Stanley Works, 59 F.3d 384 (2d Cir. 1995). In that case, the circuit court held that a plaintiff had failed to establish likelihood of confusion where the trademarked term was only one part of a multi-digit model number used to identify the allegedly infringing product.

Next, the court turned to Cosmedico's *res judicata* claim. Although the court recognized that, generally, administrative proceedings before the TTAB may have *res judicata* effect, the effect could not extend to Tan Systems, because it was not a party to the original TTAB action. Additionally, the *res judicata* effect on Light Sources would be limited to only those claims "that directly concern Cosmedico's right to *register* the 'VHR' mark" – not claims concerning Cosmedico's use of the "VHR" mark – because only claims concerning Cosmedico's registration could have been brought in the TTAB proceeding.

Legal Standards:

- Infringement: Likelihood of Confusion. The crucial issue in an action for trademark infringement is "whether there is any likelihood that an appreciable number of ordinary prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." Savin Corp. v. Savin Group, 391 F.3d 439, 456 (2d Cir. 2004).

- Likelihood of Confusion Factors. The factors that a court must consider in determining likelihood of confusion are: (1) the strength of the senior mark; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) the likelihood that the prior owner will "bridge the gap"; (5) actual confusion; (6) the defendant's good faith (or bad faith) in adopting its own mark; (7) the quality of the defendant's product; and (8) the sophistication of the buyers. Savin Corp. v. Savin Group, 391 F.3d 439, 456 (2d Cir. 2004).
- *Res judicata* effect of TTAB proceedings. Generally, administrative proceedings may have *res judicata* effect if they are adjudicative in nature. Administrative proceedings before the TTAB are generally considered administrative in nature.

Appellate status: Neither party has appealed. A jury trial on the remaining claims is set for October 17, 2005.

2. Reverse Palming Off

In ***McGraw-Hill Cos. v. Ingenium Techs. Corp.***, 364 F. Supp. 2d 352 (S.D.N.Y. Apr. 6, 2005), the court was faced with publisher McGraw-Hill's motion for a temporary restraining order against its former partner Ingenium. McGraw-Hill and Ingenium together offered a subscription service providing data about the construction industry. McGraw-Hill supplied the data, and Ingenium provided custom software that allowed subscribers to manipulate the data. Although the subscribers' contracts were with McGraw-Hill, Ingenium also worked directly with the subscribers to customize software. McGraw-Hill and Ingenium agreed to terminate this partnership effective July 1, 2005, and McGraw-Hill intended to produce and market its own custom software for subscribers. On March 31, 2005, Ingenium sent an email to subscribers, stating that the original service was "marketed and distributed" by McGraw-Hill but "provided by" Ingenium, and that, after July 1, Ingenium would continue to provide the service under a separate contract with each subscriber. McGraw-Hill sought a temporary restraining order to prevent Ingenium from further contact with subscribers.

The court granted the temporary restraining order. Specifically, the court held that McGraw-Hill had demonstrated that there were "serious questions" as to whether Ingenium had engaged in reverse palming off. Reverse palming off is a form of trademark infringement in which "(1) the product at issue originates with the plaintiff; (2) the origin of the product is falsely designated by the defendant; (3) the false designation of origin causes consumer confusion; and (4) the plaintiff is harmed by such confusion." Further, the court held that the balance of equities favored McGraw-Hill, because Ingenium had offered no reason why it was necessary to send an email to subscribers before the court had the opportunity to resolve precisely whose customers the subscribers were.

Legal Standards:

- Reverse palming off. Reverse palming off is a form of trademark infringement where: (1) the product at issue originates with the plaintiff; (2) the origin of the product is falsely designated by the defendant; (3) the false designation of origin causes consumer confusion; and (4) the plaintiff is harmed by such confusion. Societe des Hotels Meridien v. LaSalle Hotel Operating Partnership, L.P., 380 F.3d 126, 131 (2d Cir. 2004).

Appellate status: Neither party has appealed the temporary restraining order. The parties have submitted briefs on McGraw-Hill's motion for a preliminary injunction.

3. Likelihood of Confusion

Hershey Foods Corp. v. Voortman Cookies, Ltd., No. 05-970JSR (S.D.N.Y. Apr. 25, 2005), involved a dispute over Voortman's use of the term "Zeer-Oh's!" to describe its non-fat sandwich cookies. Hershey, which owns the mark ZERO and uses it the marketing of its "Zero bar" candy bar, brought suit alleging infringement, false designation of origin, dilution, and state law violations. Hershey moved for a preliminary injunction.

The court denied Hershey's motion. Applying the Polaroid factors, the court reasoned that, although Hershey's mark is strong, it is substantially dissimilar to Voortman's mark, and the packaging of the Zeer-Oh's! cookies is entirely unlike the packaging of the Zero bar. Accordingly, although the sound of "zero" is similar to the sound of "Zeer-Oh's!," any potential consumer confusion is "instantly removed" when the consumer sees the Zeer-Oh's! package. The court therefore denied Hershey's motion for a preliminary injunction, because it regarded "the likelihood that these two marks will be confused to be little better than zero."

Legal Standards:

- Preliminary injunction standard. A showing that a significant number of consumers are likely to be confused about the source of the good identified by the allegedly infringing mark is generally sufficient to demonstrate both irreparable harm and a likelihood of success on the merits. Virgin Enters. Ltd. v. Nawab, 335 F.3d 141, 145 (2d Cir. 2003).

Appellate status: Hershey did not appeal the denial. The parties stipulated to dismissal of the case on June 1, 2005.

4. Calculation of Damages; First Amendment

In ***The Apollo Theater Foundation, Inc. v. Western International Syndication***, No. 02-10037DLC, 2005 WL 1041141 (S.D.N.Y. May 5, 2005), the Apollo Theater – owner of the mark "It's Showtime at the Apollo" – brought suit against Western, a former distributor that had launched a competing variety show entitled "Showtime in Harlem," or simply "Showtime." Apollo accused Western of infringement, false designation of origin, dilution, state law trademark infringement and dilution, and breach of the duty of good faith and fair dealing. Apollo articulated five possible theories for calculation of damages for infringement: (1) Western's profits; (2) Apollo's lost profits; (3) a reasonable royalty; (4) Apollo's lost income from a lucrative sponsorship arrangement with McDonald's; and (5) the cost of corrective advertising. Western moved for summary judgment, claiming that all of Apollo's damages theories resulted in zero damages. Western also moved for summary judgment on First Amendment grounds, claiming that the terms "Showtime" and "Showtime in Harlem" were artistic in nature and therefore constitutionally protected speech. Apollo moved for summary judgment on Western's equitable defenses.

The court granted summary judgment for Western on four of Apollo's five damages theories, but denied summary judgment on Apollo's claim of a reasonable royalty. The court reasoned that Apollo could not recover damages equal to Western's profits, because Western's allegedly infringing "Showtime" programs operated at a net loss. Nor could Apollo recover on a theory of lost profits, because it had presented no evidence that the "It's Showtime at the Apollo" program would have been profitable absent Western's alleged infringement. Apollo also failed to demonstrate that it would have been able to renew its sponsorship agreement with McDonald's in the absence of Western's alleged infringement, and Apollo presented no evidence indicating any expenditure for corrective advertising. However, the court reasoned that Apollo could recover a reasonable royalty, rejecting Western's claim that such a royalty would amount to a "compulsory license." Although requiring payment of a reasonable royalty on <u>future</u> use of a trademark is an improper compulsory license, imposing damages in the amount of a reasonable royalty for <u>past</u> infringement is entirely permissible.

Next, the court denied Western's motion for summary judgment on its First Amendment defense. Under the Second Circuit's <u>Rogers</u> test, the use of a trademarked term is not constitutionally protected speech if the term has "no artistic relevance" to the underlying work, or if the term "explicitly misleads as to the source or content of the work." Confusingly similar titles of works are not protected by the First Amendment. In this case, the court reasoned that the similarity between "It's Showtime at the Apollo" and the allegedly infringing "Showtime" and "Showtime in Harlem" was a disputed issue of fact, incapable of resolution at summary judgment. Finally, the court granted summary judgment for Apollo on Western's equitable defenses, finding no factual basis for Western's claims of unclean hands, laches, estoppel, waiver, or abandonment.

Legal Standards*:*

- Measures of damages for infringement. There are at least five, non-mutually exclusive methods for measuring monetary recovery in a trademark infringement action. They are an award to the plaintiff: (1) measured by defendant's profits, either as a way of measuring plaintiff's loss or under an unjust enrichment theory; (2) measured by its actual business damages and losses caused by the wrong; (3) measured by its own loss of profits caused by the wrong; (4) of punitive damages in addition to actual damages, for the purpose of punishing defendant; and (5) of reasonable attorney's fees incurred in prosecution.
- First Amendment protection for trademarked terms. Trademark infringement occurs notwithstanding the First Amendment where the alleged infringer's usage has "no artistic relevance" to the underlying work or, if some artistic relevance is present, the title "explicitly misleads as to the source or the content of the work." Rogers v. Grimaldi, 875 F.2d 994, 999 (2d Cir. 1989).
- First Amendment protection for trademarked terms. The Rogers test does not apply to misleading titles that are confusingly similar to other titles. The public interest in sparing consumers this type of confusion outweighs the slight public interest in permitting authors to use such titles. Rogers v. Grimaldi, 875 F.2d 994, 999 n.5 (2d Cir. 1989).

Appellate status*:* Neither party has appealed. Trial is scheduled to begin July 25, 2005.

5. Trade Dress Entitled to Protection; Functionality of Trade Dress

Fibermark, Inc. v. Brownville Specialty Paper Prods., Inc., No. 02-0517, 2005 WL 1173562 (N.D.N.Y. May 11, 2005), involved a dispute between manufacturers of pressboard. Pressboard is a dense, rigid paper product. Both Fibermark and Brownville manufacture pressboard and sell it to so-called "converters," who convert the pressboard into finished products (file folders, three-ring binders, notebooks, and reports covers) for sale to retailers. All pressboard has a mottled appearance, as a result of the inherent properties of paper and the manufacturing process. Fibermark claimed that the manufacturing process could be controlled so as to obtain a similar – though not identical – mottled appearance for all pressboard manufactured in a particular way. It brought suit against Brownville, claiming that Brownville had infringed Fibermark's trade dress by producing pressboard with a mottled appearance similar to that of Fibermark's pressboard. Brownville moved for summary judgment, alleging that Fibermark's mottling did not constitute a protectable trade dress.

The court denied Brownville's motion for summary judgment. First, the court concluded that a reasonable trier of fact could conclude that Fibermark's mottling was protectable. Despite slight variations, the overall look of Fibermark's mottling was consistent; moreover, there was evidence that Brownville had deliberately manipulated the manufacturing process to mimic Fibermark's mottling. Next, the court concluded that the mottling was not functional. Although some mottling occurs as a necessary result of the manufacturing process, the mottled look may be manipulated by variations in the manufacturing process, without affecting the cost or quality of the pressboard. Accordingly, the court reasoned that Fibermark's trade dress infringement allegations survived summary judgment.

Legal Standards*:*

- Trade dress infringement. To succeed on a trade dress infringement claim, Plaintiff must show: (1) that its trade dress is entitled to protection under the Lanham Act; and (2) that Defendant's dress infringes on Plaintiff's dress by creating a likelihood of confusion. To be entitled to protection under the Act, plaintiff's trade dress must either be inherently distinctive or be shown to have acquired distinctiveness through "secondary meaning." Landscape Forms, Inc. v. Columbia Cascade Co., 113 F.3d 373, 377 (2d Cir. 1997).
- Trade dress: functionality. Even if Plaintiff can demonstrate that its trade dress is entitled to protection, there will be no liability if the feature is functional. Landscape Forms, Inc. v. Columbia Cascade Co., 113 F.3d 373, 377 (2d Cir. 1997).
- Trade dress infringement. A plaintiff asserting trade dress rights in the design of a product is therefore required to surmount additional hurdles. In any action under § 43(a), the plaintiff must prove (1) that the mark is distinctive as to the source of the good, and (2) that there is a likelihood of confusion between its good and the defendant's. Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 114-16 (2d Cir. 2001).

Appellate status*:* Brownville has not appealed. Trial is scheduled to begin June 20, 2005.

THIRD CIRCUIT

1. **Injunction; gripe sites**

In **Board of Dirs. of Sapphire Bay Condo. West v. Simpson**, 2005 WL 1006922 (3d Cir., May 2, 2005), a condominium's board of directors sued a unit owner, alleging Lanham Act violations and a number of common law trademark-related claims arising from the owner's unauthorized use of the board's trade name and service mark. Specifically, the unit owner had established a "gripe" website complaining about the Board's activities and had registered various marks derivative of the Board's mark, including "Sapphire Bay West," "Sapphire Bay Condos West," and several others.

The District Court of the Virgin Islands, applying the legal standard for injunctions, granted a preliminary injunction in favor of the Board. The Court found, among other things, that the Board had established a likelihood of success on the merits, including likelihood of confusion. The strength of the mark and instances of actual confusion, particularly close in time to when the gripe site was posted, were integral to the court's decision. The court also found for the Board on its dilution claim.

The Third Circuit Court of Appeal affirmed the decision of the district court, concluding the court had properly considered the relevant factors.

Legal Standard: The district court applied the four-part test for a preliminary injunction.

Appellate status: Neither party has appealed.

2. **Intervention**

In **Lawrence Music, Inc. v. Samick Music Corp**., 227 F.R.D. 262 (W.D. Pa., March 28, 2005), the parties asserted claims against each other arising out of plaintiff's use of the Internet domain name **SAMICKGUITARS.COM** because the domain name incorporates defendant's registered trademark**—SAMICK.** The plaintiff's insurer, Erie Insurance, which was defending plaintiff as to defendant's counterclaims pursuant to a reservation of rights, moved to intervene in order to present special jury verdicts.

The district court, in making a timeliness assessment concerning the motion to intervene, considered (1) the stage of the proceedings when the movant seeks to intervene; (2) the possible prejudice caused to other parties by delay; and (3) the reason for delay. Here, the insurer did not act in a timely manner to intervene, and its requested jury verdicts would inject contentious issues and disrupt the trial. Therefore, its motion was denied.

Appellate status: Neither party has appealed.

3. **Trade Dress**

In **Perk Scientific, Inc. v. Ever Scientific, Inc**., 2005 WL 851078 (E.D. Pa., April 11, 2005), a company sued its former employee who set up a rival company to sell a competing glucose tolerant beverage used to test for diabetes and other conditions. Plaintiff filed suit in the E.D. Pennsylvania for violation of Section 43(a) and misappropriation of trade secrets and various other state claims. The plaintiff claimed that defendant had infringed protectable trade dress in various elements of its product: namely that both products (1) are packaged in plastic bottles and shrink-wrap, and (2) are non-carbonated and offered in orange and fruit punch flavors.

The plaintiff claimed that although other similar products had been on the market since the 1970s, its product was unique because when launched, it was the only one that was non-carbonated. It also was apparently the first company to offer such a product in a plastic bottle. However, the plaintiff did not claim that its plastic bottles were particularly distinctive or that the defendant's bottles were otherwise similar -- just that they were both made of plastic.

The district court rejected the trade dress claims and denied plaintiff's motion for TRO. The court found that plastic bottles and shrink-wrap are functional. The court doubted whether inherent product features, such as flavors or the lack of carbonation, could really serve as trade dress. However, even if they could, they clearly had a functional purpose in this case beyond brand identification. For example, making the product more palatable to the patient was a purpose beyond brand identification.

The court also held that the plaintiff could not satisfy the distinctiveness prong of the test either as:

> (a) there was nothing inherently distinctive about packaging a product in plastic bottles and shrink-wrap, and
>
> (b) Samara Bros. prohibited a finding of inherent distinctiveness in a product design or feature (such as its flavoring or composition).

The court also rejected the plaintiff's claim of secondary meaning for its product features based on just a few months of exclusive use. The court stated that "it is extremely unlikely that purchasers of Plaintiff's product have, in a matter of months, come to view its plastic packaging and lack of carbonation as a designation of the product's source rather than features of the product itself."

Legal Standard: The court applied the four-part test for issuing a temporary restraining order under *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharms. Co.*, 290 F.3d 578, 586 (3rd Cir.2002).

Appellate status: Neither party has appealed

FOURTH CIRCUIT

1. **Trademark Infringement Actions**

Community First Bank v. Community Banks, District Court ND Maryland, Civ. No. RDB 04-1359 – (N.D. Maryland 2005)(unpublished) Plaintiff Community First Bank ("CFB"), a small banking institution with a single location in Pikesville, Maryland, filed this action for Maryland State trademark violations after Defendant Community Banks, a much larger bank based in central Pennsylvania, expanded its operations into Carroll County, Maryland and announced its intention to further expand throughout Maryland. Community Banks filed a counterclaim seeking to cancel CFB's Maryland trademark and seeking damages. Cross motions for summary judgment were filed by the parties. CFB, upon learning of Community Banks plan to expand into Maryland, sought registration of the marks "COMMUNITY FIRST BANK," "CFB COMMUNITY FIRST BANK Stylized," and "CFB Stylized." It did not seek federal registrations. Defendant has not attempted to register any state or federal trademarks.

The court found that that the term "community bank" is commonly used in the banking industry to denote a particular category of banking institution. The court also found that the inclusion of the term "first" does nothing to distinguish this bank from others in the generic category and does not render a generic name protectable. Therefore, CFB's trademarks are generic, and as a result, the issue of infringement may not be reached. Moreover, even if

CFB's marks were held to be descriptive, plaintiff's claim fails because it has failed to establish secondary meaning.

The court subsequently held that the trademarks encompassing the words "community first bank" must be cancelled, finding that the marks are generic and alternatively, that the marks were descriptive and that secondary meaning has not been established. The defendant withdrew its counterclaim with respect to the stylized mark of the letters CFB and therefore that registration was allowed to remain in force and effect.

2. Infringement and Action for Cancellation based on Fraud on the Trademark Office.

Daesang Corporation v. Rhee Bros., Inc., Civil No. AMD 03-551, (D. Md. 2005), 2005 U.S. Dist. LEXIS 9066 Daesang Corporation ("Daesang") seeks cancellation of a federal trademark registration consisting of a Korean alphabet depiction which transliterates to the term "Soon Chang" and damages under Maryland law for tortious interference with business relations and prospective economic advantage against defendant-counterplaintiff Rhee Bros. Inc. ("Rhee Bros."). Daesang alleges that the mark should be cancelled because Rhee Bros. obtained registration of the mark fraudulently, and that, alternatively, the claim to exclusive use of the mark is unenforceable because (a) it is geographically descriptive, lacking in secondary meaning and (b) it is used in a manner that is geographically deceptively misdescriptive. Rhee Bros. asserts counterclaims for trademark infringement, unfair competition and false designation of origin under 15 U.S.C 1125(a), and trademark dilution in violation of 15 U.S.C. 1125(c), as well as common law trademark infringement and unfair competition.

Soon Chang is a province of South Korea well known for and associated with producing high quality "gochujang," a Korean condiment or sauce commonly known as "hot pepper paste" or "hot bean paste." Most Koreans and Korean-Americans, the primary purchasers of gochujang in the United States, are familiar with the goods-place association between Soon Chang and gochujang.

Rhee Bros. is primarily in the business of selling Asian food products, including gochujang which it started selling in 1978, using the term "Soon Chang" in its brand name. Rhee Bros. was granted Registration No. 1,468,524 for the term "soon chang" in the Korean alphabet in December 1987. The registration was subsequently cancelled because Rhee Bros failed to file a Section 8 affidavit even though it had continuously used the mark in commerce from 1978 through the date of cancellation. A new application for the mark ("application No. 1") was filed in April 1994, which received a descriptiveness objection, but was not characterized as geographical. This application was subsequently deemed abandoned on February 23, 1996 for failure to file a response to an office action. The application was reinstated in December, 1996. An office action issued and in the response Rhee Bros. stated that Soon Chang is a region in Korea that is "famous for sauces" but that there was no goods-place association for the mark in the United States, even though Rhee Bros. emphasized on its labels and advertisements "Soon Chang, the historical traditional way of the past, the way it was before" and also emphasized the hometown taste of Soon Chang gochujang.

In August 1996, however, another Rhee Bros. filed a second application for the mark ("application No. 2"). A different examiner was assigned to application No. 2. An office action was issued and in the response Rhee Bros. included a statement that Soon Chang is the name of a town located in South Korea. Application No. 2 was subsequently registered on March 3, 1998 and is now being challenged by Daesang.

With respect to the application No. 1, a subsequent office action was issued rejecting the application in view of the fact that it was primarily geographically deceptively misdescriptive, and requiring Rhee Bros. to submit evidence of secondary meaning. Rhee Bros. never responded and the Application was abandoned.

Daesang, a Korean corporation, sells a variety of food products in the United States, including gochujang, which it makes in the Soon Chang province of South Korea. Since at least 1992, Daesang has sold gochujang continuously in the United States under other marks and indicates the geographical origin of the product through the use of Korean characters that transliterate to “soon chang.” Rhee Bros. had knowledge of the use of the term “soon chang” by Daesang’s predecessor, Miwon, since at least 1993, when Rhee Bros. unsuccessfully attempted to persuade Miwon to pay Rhee Bros. a royalty to use the term “soon chang.” Despite the Rhee Bros.’ registration, Daesang was able to obtain registration of the Korean characters which transliterate to “soon chang.” During that application process, Rhee Bros. submitted a letter of protest to the Trademark Office where in it indicated that the term “soon chang” is geographically descriptive, and that the public association with “soon chang” is presumed.

The court found that Rhee Bros. did indeed have knowledge of the geographical descriptiveness of “soon chang” at the time of its initial application to the PTO in August, 1996, and presumably as far back as 1970, as evidenced by the testimony of Mr. Rhee at trial. The material omission in its 1996 application that Soon Chang is famous for high-quality gochujang, in combination with all the evidence in the record, points to Rhee Bros. fraudulent intent in concealing this highly relevant information from the PTO. The court stated that “given the plethora of evidence establishing Soon Chang’s fame for high-quality gochujang and Rhee Bros.’ knowledge of such, Rhee Bros.’ dubious candor with regard to the instant trademark clearly included a duty to disclose the goods-place association between Soon Chang and gochujang." The court concluded that had Rhee Bros. made the disclosure, the PTO would certainly have denied registration on the ground that this association rendered the mark deceptive and primarily geographically deceptively misdescriptive.

Even if the court were to find that Rhee Bros. did not obtain the registration by actual fraud, Rhee Bros. had failed to show secondary meaning in the otherwise unprotected geographically descriptive term "soon chang." Accordingly, the court found that Rhee Bros. failed to meet the requisite evidentiary standard to support a finding of secondary meaning through use of its Korean characters for "soon chang" in connection with gochujang. The court subsequently ordered Rhee Bros. registration be cancelled.

Additionally, the court concluded that Daesang's tortuous interference claim against Rhee Bros. must fail, found no malice and refused to award attorneys' fees to the plaintiff.

In conclusion, on the basis of its findings and conclusions, the court declared that (1) Daesang's use of Soon Chang or its Korean equivalent does not constitute trademark infringement, dilution or unfair competition and does not violate any state or federal laws or common laws; (2) Daesang's use of Soon Chang is fair use within the meaning of 15 U.S.C. § 1115(b)(4) and creates no likelihood of confusion; (3) Rhee Brothers has never established any trademark or exclusive rights in the geographical name, because this name, as used by Rhee Bros. (a) is deceptive and thus barred from protection 15. U.S.C. § 1052(a), and (b) it is primarily geographically deceptively misdecriptive and thus barred from protection under 15 U.S.C. § 1052(e)(3); and (4) the court has enjoined Rhee Bros. from interfering with Daesang's use of Soon Chang on gochujang products manufactured in Soon Chang, Korea.

3. Eight counts – 1) copyright infringement; 2) trademark infringement; 3) unfair competition; 4) misappropriation of trade secrets under the Maryland Trade Secrets Act; 5) conversion; 6) tortious interference with prospective advantage; 7) tortious interference with contractual relations and 8) breach of fiduciary duty.

<u>Mays & Associates Inc. v. Robin N. Euler and David R. Euler</u>, Civil Case No. RDB 05-437, (D. Md. 2005), 2005 U.S. Dist. LEXIS 9454 Mays & Associates Inc. ("Mays") is a Maryland-based, full service web and print design developer for print, television, radio, interactive, multi-media, and website design. Defendant Robin Euler ("Euler") was a graphic designer at Mays until January 5, 2005. Euler was not asked, nor did she sign a non-compete or a trade secret agreement with Mays during the entire time of her employment. After terminating her employment Euler established Red Robin Design, her own graphic and web design boutique, specializing in creating logos, websites and marketing materials for small to medium-sized businesses. On the Red Robin Design website, Euler had a section showing her portfolio of work which included designs that she created while an employee of Mays for clients of Mays. Euler posted the following disclaimer:

> **"Disclaimer:** The project shown here was designed and executed by owner, Robin N. Euler, while on staff as senior graphic and web designer for Mays & Associates Inc. This image is not intended for sale or distribution, and we do not take the credit for handling this particular account through Red Robin Design. It is only intended to be used as an example of Robin N. Euler's creative work."

On February 11, 2005, Mays filed 30 copyright applications for works created while Euler was employed at Mays, and subsequently filed this lawsuit. Only two works for which the plaintiff has applied for copyrights remain at issue in this matter. Registrations have not yet been issued.

Mays alleges that Euler violated the Copyright Act by using certain graphic works on the Red Robin Design website that belong to Mays without its authorization, and that Euler violated the Lanham Act because Red Robin Design's use of these images have caused, or are likely to cause, confusion, mistake or deception in the marketplace as to the origin, sponsorship, or approval of the services or commercial activities being offered by Euler. Euler argues that this Court lacks subject matter jurisdiction over Mays' Copyright Act claim because Mays merely *applied* for a copyright on the even of filing suit, but has not actually received a *registered* copyright for either of the two works at issue here. Euler further claims that Mays' Lanham Act claim cannot be maintained because it is preempted by copyright law and does not state a claim upon which relief can be granted.

The first issue is whether or not the two copyrights in question can be considered as obtaining registration upon application. The court, after a lengthy discussion, held that although all other courts within the Fourth Circuit have adopted that principle, this particular court has not. Further, the plain meaning of 17 U.S.C. § 411(a), when read in its ordinary, contemporary and common meaning, clearly evidences Congress' intent to require something more than application for copyright prior to filing suit. In the instant case, plaintiff filed 30 copyright applications on a Friday and immediately, on the following Monday, sought injunctive relief. The court found that the imposition of jurisdiction would cause the court to "prejudge" determinations of the Copyright Office prior to its exercise of its expertise in the review of copyright applications. The court subsequently found that the plain language of the Copyright Act requires registration of a copyright or denial of same as jurisdictional prerequisites to instituting an action for copyright infringement. Since the Copyright Office did not register or deny copyrights for the two works in question, the court lacks jurisdiction with respect to the copyright infringement claim. The defendants' motion to dismiss pursuant to

Rule 12(b)(1) was granted as to the Copyright Act claim and the court dismissed Mays' first count.

With respect to the Mays' Lanham Act claim under § 43(a), unfair competition, Euler argued that the Lanham Act claim cannot be asserted in this case since it is preempted by copyright law. Euler posted the disclaimer on the Red Robin Design website for the works created while Euler was employed at Mays. The disclaimer makes clear that the works shown are not intended for sale or distribution. However, Mays contends that the disclaimer does not properly attribute credit to Mays for its "creative work in the development, implementation, design and execution of the reproduced and displayed Mays-owned portfolio samples." However, in *Dastar Corp. v. Twentieth Century Fox Film Corp*, 539 U.S. 23 (2003), cited by the defendants, § 43(a) of the Lanham Act only covers the tangible goods themselves, and not "any idea, concept or communication embodied in those goods," which is covered, in this case, by copyright law. Therefore, the court refused to honor the plaintiff's Lanham Act claim, and granted defendants' motion to dismiss this claim.

With respect to the remaining state law claims, the court declined to exercise supplemental jurisdiction, and subsequently dismissed counts III through VIII without prejudice.

4. **Breach of Contract; Misappropriation of Trade Secrets, Fraud**

Commonwealth Laminating & Coating, Inc. v. Film Technologies International, Inc., and Welmark International Pte, Ltd., and H. S. Poon, Civil Action No. 7:04CV00350, (W.D. Va. 2005), 2005 U.S. Dist. LEXIS 8386 The parties entered into a distribution agreement which gave Welmark the exclusive right to distribute plaintiff's products in Asia. Plaintiff alleges that under the agreement, Welmark was obligated to protect plaintiff's

SunTek(tm) trademark, to maintain the confidentiality of the information supplied by Plaintiff, and to use the SunTek(tm) artwork and logo information only in connection with the sale and marketing of Plaintiff's products, which Plaintiff alleges Welmark failed to do when Welmark sold other products under the SunTek(tm) trademark and disclosed confidential information. Plaintiff further alleges that Welmark breached its obligations by failing to cancel its trademark applications for the name "SunTek" in Singapore and China, by receiving and accepting the registration of the mark in those countries, and by licensing the use of the mark to others in China.

Defendants failed to appear and the court concluded that the plaintiff is entitled to default judgment.

FIFTH CIRCUIT

1. Elements of a protectable trademark.

Keane v. Fox Television Stations, Inc., 2005 WL 627973 (5th Cir. March 17, 2005). Plaintiff alleged that defendants misappropriated his concept for a television show named "American Idol." Plaintiff's complaint stated several causes of action, including trademark infringement. The Fifth Circuit affirmed the trail court's dismissal of the case for failure to state a claim under Rule 12(b)(6). The court held that the plaintiff's claim was based on two fallacies: (1) that being first to use the phrase "American Idol" gave him trademark rights and (2) that rights in unregistered concepts or ideas are protectable. Ideas cannot support trademark rights, and the plaintiff had engaged in no commercial activity that would support trademark rights.

Legal standard: application of Fed. R. Civ. P. 12 (b)(6).

Appellate status: no indication petition for *cert.* filed.

2. Establishing lost profits.

System Forward America, Inc. v. Martinez, 2005 WL 900256 (5th Cir. April 15, 2005). Plaintiff owned the registered service marks POP-A-LOCK and POP-A-LOCK A CAR DOOR UNLOCKING SERVICE AND DESIGN. It alleged that defendant had infringed its marks through the use of the name POP-A-CAR-OPEN. The district court granted plaintiff's motion for summary judgment, awarded damages and granted injunctive relief. The defendant appealed the award of damages, which came from a magistrate's report and recommendation.

Reviewing the decision of the district court for plain error, the Fifth Circuit affirmed. The defendant argued that he was unable to separate the profits associated with POP-A-CAR-OPEN from those arising from his other businesses. The court of appeals found such conclusory statements were insufficient to prevent summary judgment.

Legal standard: review of findings for plain error.

Appellate status: no indication petition for *cert.* filed.

3. Descriptiveness; defendant's profits.

Blendco v. Conagra Foods, Inc., 2005 WL 1170444 (5th Cir. May 18, 2005).Plaintiff alleged that defendant infringed its BETTER-N-BUTTER mark through the use of the name BETTER 'N BUTTER. Both products were oil-based butter substitutes. A jury found that plaintiff's mark was suggestive. The court awarded plaintiff the defendant's profits; however, it limited the recovery to the profits defendant obtained from any customer that had previously bought plaintiff's product (irrespective of whether the customer was confused by the names).

The Fifth Circuit affirmed, finding no clear error in the jury's verdict that the plaintiff's mark was suggestive. The court reviewed four tests for descriptiveness and found that they did not uniformly demonstrate that the plaintiff's mark was descriptive. It also held that the district court did not abuse its discretion in its damage award.

Legal standard: distinctiveness is question of fact; review of jury verdict for clear error; review of award of damages for an abuse of discretion.

Appellate status: no indication petition for *cert*. filed.

4**.** **Product Disparagement**.

Tissue Transplant Technology, Ltd. v. Osteotech, Inc., 2005 WL 958407 (W.D. Tex. April 16, 2005).

Plaintiff procured and distributed human bone and related soft tissue for transplantation. It entered into a contract with Defendant for processing services. Plaintiff alleged, *inter alia*, that the defendant began competing with it and disparaged it in the marketplace. The defendant moved to dismiss for failure to state a claim. The court held that the allegations of disparagement were sufficient to state a claim under § 43(a) of the Lanham Act.

Legal standard: application of Fed. R. Civ. P. 12 (b)(6).

Appellate status: case ongoing; no notice of appeal filed.

SIXTH CIRCUIT

1. Copyright preemption of unfair competition claims.

ATC Distribution Group, Inc. v. Whatever It Takes Transmissions & Parts, Inc., 402 F.3d 700 (6th Cir. March 30, 2005).Plaintiff merged with Hester Transmission Parts, a company founded by Kenny Hester ("Hester"). Several years later, Hester left plaintiff's employment and founded a competing company. Plaintiff alleged that the defendants used its parts numbers, catalog and product illustrations and that the defendants improperly represented that their company was "formerly HTP" (Hester Transmission Parts). Plaintiff asserted claims for copyright infringement, trademark infringement and unfair competition. The district court granted summary judgment for defendants on plaintiff's trademark and unfair competition claims, except for their use of "formerly HTP."

The Sixth Circuit affirmed, finding that the Copyright Act preempted the plaintiff's unfair competition claim. The only basis for that claim was the misappropriation of parts numbers, and the court held such intellectual property rights were within the scope of the Copyright Act. (The court found that plaintiff had waived its trademark infringement claims based on the way it briefed its appeal.)

Legal standard: application of copyright preemption; *de novo* review of summary judgment.

Appellate status: petition for *en banc* rehearing filed.

2. Abandonment; Initial interest confusion.

Stilson & Associates, Inc. v. Stilson Consulting Group, Inc., 2005 WL 1059277 (6th Cir. May 6, 2005).

This case involved a dispute between civil engineering firms. Plaintiff Stilson & Associates, Inc. was established in the 1940s and was later merged into plaintiff DLZ Ohio, Inc. Defendants did business under the name "Stilson Consulting Group." Plaintiffs alleged trademark infringement and unfair competition. After a bench trial, the district court found for plaintiffs on their Lanham Act and unfair competition claims, issuing a permanent injunction.

The Sixth Circuit affirmed. It first held that plaintiffs had not abandoned the Stilson name. Finding no clear error, the court of appeals rejected the defendants' argument that the plaintiffs' position was analogous to a company selling out a product line after a decision to discontinue the product. The Sixth Circuit also rejected the defendant's position that initial interest confusion cannot sustain a finding of likelihood of confusion, holding that allegations of initial interest confusion must be examined on a case-by-case basis.

Legal standards: Defendant asserting abandonment faces a strict burden of proof; application of likelihood of confusion factors not driven by "mathematical precision."

Appellate status: no indication petition for *cert.* filed.

3. Exceptional case; enhanced damages and attorney fees.

Curcio Webb, LLC v. National Benefit Programs Agency, Inc., 2005 WL 993025 (S.D. Ohio March 31, 2005).

Plaintiff, a benefits and human resources consulting firm, assisted companies in finding providers for employee benefit plans. As part of these efforts, it created a proposal document that assisted it in contacting and soliciting information from providers. Plaintiff alleged that the defendant, also a benefits consulting firm, copied one of its proposal documents; it stated claims for copyright infringement, false designation of origin under § 43(a) of the Lanham Act, unfair competition under § 43(a) and common law unfair competition.

The defendant filed a motion for judgment on the pleadings, arguing that the plaintiff was not entitled to attorney fees or enhanced damages on its Lanham Act and unfair competition claims. The district court granted the motion. On plaintiff's claims under the Lanham Act, the court found that willfulness must be pleaded to obtain both enhanced damages and attorney fees, and that the plaintiff had failed plead willfulness. The plaintiff failed to support its § 43(a) Lanham Act unfair competition claim by alleging either a likelihood of confusion or the existence of a protectable mark. Plaintiff was also not entitled recover attorney fees or enhanced damages for its common law unfair competition claim. Plaintiff based this cause of action on the copying of its proposal document; accordingly the claim was preempted by the Copyright Act.

Legal standard: application of Fed. R. Civ. P. 12(c).

Appellate status: motion for summary judgment pending.

4. Exceptional case; attorney fees.

<u>Savannah College of Art and Design v. Houeix</u>, 2005 WL 1073608 (S.D. Ohio April 22, 2005).Plaintiff alleged that defendant had infringed and diluted its SCAD trademark because defendant owned two websites, scad.info and scad-and-us.info. After the district court granted his motion for summary judgment, the defendant filed an application for attorney fees and costs.

The court denied the application, holding that the case was not exceptional. It cited several factors that supported its decision. First, plaintiff had raised a colorable infringement claim since it based its cause of action on a good-faith reading of the law in a developing area (use of the mark on the internet). Second, economic disparity alone does not justify an award of attorney fees. Finally, plaintiff had a colorable dilution claim under the ACPA because the claim was not unfounded when brought. The plaintiff relied on a niche fame theory, and there was no controlling Sixth Circuit authority on this issue when plaintiff filed its complaint.

Legal standard: Determination of whether case exceptional under 15 U.S.C. § 1117(a).

Appellate status: no notice of appeal filed.

5. Secondary meaning; likelihood of confusion; functionality.

S.H. Leggitt Co. v. Fairview Fittings and Manufacturing Co., 2005 WL 1106901 (W.D. Mich. April 25, 2005).

The parties were competitors in sales of natural gas regulators. Plaintiff alleged that defendant had copied two of its products and used similar part numbers. It asserted two claims under § 43(a) of the Lanham Act: (1) trade dress infringement (concerning the configuration of the parts) and (2) unfair competition and trademark infringement (concerning the parts numbers). The district court denied defendant's motion for summary judgment, finding that questions of fact existed on secondary meaning, likelihood of confusion and functionality.

Legal standard: application of Fed. R. Civ. P. 56.

Appellate status: case settled.

6. Exceptional case; attorney fees.

J.M. Hollister, LLC v. American Eagle Outfitters, Inc., 2005 WL 1076246 (S.D. Ohio May 5, 2005).

Plaintiff sued to enforce common law trademark rights in the number "22." The district court granted the defendant's motion for summary judgment, and the defendant filed an application for attorney fees and costs. The court denied that application, finding that the case was not exceptional. The mere granting of the defendant's motion for summary judgment was not dispositive. In addition, the district court concluded that the suit was neither unfounded nor filed to harass the defendant. The parties had agreed that it was possible to acquire trademark rights in a number. As a result, plaintiff's claim was colorable. Plaintiff attempted to resolve the case short of litigation, and its case was not so weak to demonstrate that it knew the action was clearly improper.

Legal Standard: Application of 15 U.S.C. § 1117(a); no discussion of evidentiary standard.

Appellate status: no notice of appeal filed.

7. Likelihood of confusion.

City Bonding Co. v. Hauther, *2005 WL 1159431* (E.D.Tenn). May 17, 2005). Plaintiff, City Bonding Company, alleged defendant's use of name "City & County Bail Bonding Co." infringed its trademark under § 43(a) of the Lanham Act. Both parties were in the business of providing bail bonds. The district court granted the motion for preliminary injunction after examining the likelihood of confusion factors.

Legal standard: application of likelihood of confusion factors (no mathematical precision required), standard for issuance of preliminary injunction.

Appellate status: No notice of appeal filed.

SEVENTH CIRCUIT

1. Trademark Infringement

Mid-West Mgmt., Inc. v. Capstar Radio Operating Co., 74 U.S.P.Q. 2d (BNA) 1371 (W.D. Wisc. 2005), Plaintiff management company filed a suit against defendant radio company alleging that defendant had violated § 43(a) of the Lanham Act, 15 U.S.C.S. § 1125(a), Wis. Stat § 132.033, and state common law by using a specified three word phrase

("Madison's Progressive Talk") in connection with its radio broadcasts. Plaintiff also sought declaratory relief under the Declaratory Judgment Act, 28 U.S.C.S. § 2201. Defendant filed a Fed. R. Civ. P. 12(b)(6) dismissal motion.

The court denied plaintiff's motion for a preliminary injunction, finding that the phrase was merely descriptive and that plaintiff was unlikely to be able to show that the phrase had acquired a secondary meaning. Despite those findings, the court denied defendant's dismissal motion. Plaintiff had sufficiently stated a claim of trademark infringement under 15 U.S.C.S. § 1125(a) and Wis. Stat. 132.033 because it had alleged that it had a valid trademark, that defendant had infringed upon that trademark, and that defendant's use of the phrase was likely to cause confusion among radio listeners and advertisers. Although the court had previously found that the phrase was descriptive, dismissal of plaintiff's claims was not appropriate because it might be able to present evidence showing that the phrase had acquired a secondary meaning.

Lorillard Tobacco Co. v. Amoco & Food Shop 5, Inc., 360 F. Supp. 2d 882 (N.D. Ill. 2005) Plaintiff trademark holder sued defendant gas station and food shop operator, alleging that it sold and offered for sale counterfeit cigarettes in violation of the holder's registered trademarks. The holder moved for summary judgment on the claim that the operator infringed the registered trademarks in violation of 15 U.S.C.S. § 1114(1).

There was a presumption that the holder's marks were protectable and valid because the five counterfeited trademarks were registered. Since the operator did not challenge the five trademarks, the first requirement to establish a trademark infringement claims was fulfilled. The operator's use of the marks was likely to cause consumer confusion because the packaging of the counterfeit cigarettes was virtually indistinguishable from the authentic cigarettes, the counterfeit goods were the exact same type as the genuine cigarettes and were displayed on shelves intermingled with the authentic cigarettes, and the consumers' degree of care was likely to be minimal given that the cigarettes were widely available and inexpensive. Moreover, the holder's trademark was strong and actual confusion was likely given that the marks on the counterfeit cigarettes were virtually identical to the marks on the authentic cigarettes. The lack of evidence suggesting that the operator knew that the cigarettes were not authentic concerned the issues of damages and remedies, not liability. Thus, the holder was entitled to summary judgment on the 15 U.S.C.S. § 1114(1) claiM.

The Quizno's Master, LLC v. Kadriu, No. 04 C 4771, 2005 U.S. Dist. LEXIS 7626 (N.D. Ill. Apr. 4, 2005). Plaintiff franchisor sought a preliminary injunction against defendant franchisee to enjoin the franchisee from continued use of the franchisor's trademarks. The franchisee filed counterclaims to rescind the franchise agreement and sought punitive damages for alleged fraud. The franchisor sought to stay the counterclaims on the grounds that they had to be brought in an arbitration proceeding.

The franchisee told the franchisor that she was closing her store. The franchisor sought to enjoin the franchisee from using its trademarks and demanded, among other things, the return of any items bearing the trademark as well as a transfer of telephone numbers tied to the store. The franchisee counterclaimed that the franchisor fraudulently induced her into the franchise agreement by using high pressure sales tactics, promising that the store would return $ 10,000 per month, and by concealing that two other franchises had been signed to open within walking distance of her franchise location. The court found that with regard to the counterclaims, the contract's validity and the specific performance claim had to be left for the arbitrator to decide. The franchisee failed to show that arbitration would be prohibitively expensive and there were no federal statutory rights involved in the counterclaims. The franchisor was entitled to a preliminary injunction because it was likely to prevail on its Lanham Act claims under 15 U.S.C.S. §§ 1125(a)(1) and 1114(1) regardless of whether the franchisee prevailed on her counterclaims.

2. Right of Publicity

Raveling v. HarperCollins Publrs., Inc., No. 04-2963, 2005 U.S. Dist. LEXIS 6513 (7th Cir. March 4, 2005) HarperCollins Publishers produced a book about a man's organized crime involvement. The book contained several photographs, including one in which the photographic subject was holding the man's infant son in her arms on the infant son's christening day. She was holding the infant because she was his godmother; a reputed mobster, the infant's godfather, was also in the photograph. A caption stated that the man's sister-in-law was holding the infant. The sister-in-law, who was the photographic subject, filed a lawsuit and claimed that the photograph cast her in a false negative light by suggesting she was associated with the criminal society that was the subject of the book. The trial court granted the publisher's motion to dismiss, and subsequently denied her motion for reconsideration and for leave to file an amended complaint. On appeal, the appellate court found that the photographic subject's complaint was properly dismissed because she did not show any of the elements of the state law tort of false light invasion of privacy. It also found her motions for relief from the judgment were properly denied, as her complaint showed she could not allege any set of facts entitling her to relief.

Toney v. L'Oreal U.S.A. Inc., 406 F.3d 905 (7th Cir. 2005) (NOTE: replace previous case note with this). June Toney, a television, print, and runway model, authorized Johnson Products Company to use her likeness on the packaging and in advertising for ULTRA SHEEN

SUPREME. L'Oreal acquired the brand several years after Toney's deal with Johnson had ended. Toney sued over use of her likeness beyond the authorized timed period, claiming violation of her right of publicity under Illinois law and violation of 15 U.S.C. 1125(a). The district court held that the model's right of publicity claim was preempted under § 301 of the Copyright Act, 17 U.S.C.S. § 301. Although the court initially affirmed the decision, it later vacated its opinion. Upon reconsideration, it found that the district court had erred in its preemption holding. The complaint sufficiently put the companies on notice that the model was asserting IRPA claims as to her identity. The IRPA protected the model's identity or persona, rather than the photographs that were taken of her. Her identity was not fixed in a tangible medium of expression, as defined in 17 U.S.C.S. § 102(a); no "work of authorship" was at issue in the model's IRPA right of publicity claim. The federal copyright law did not apply to the subject of her IRPA claims.

3. Damages

Aero Prods. Int'l, Inc. v. Intex Rec. Corp., No. 02 C 2590, 2005 U.S. Dist. LEXIS 12897 (N.D. Ill. June 9, 2005) A jury found that defendants willfully infringed plaintiff patent holders' patent and violated the holders' trademark. The holders were awarded damages and also were awarded attorneys' fees under 35 U.S.C.S. § 285. The holders submitted a petition seeking $ 2,217,356.93 in fees and $ 156,617.43 in expenses. One defendant claimed that the holders were entitled to $ 1,668,398.70 in attorneys' fees and $ 110,555.18 in expenses.

Defendant argued that the hourly rates sought for the holders' four principal attorneys were excessive, but the court found that the rates were not out of line with rates disclosed in surveys. Also, although the technology involved in the case was relatively simple, the patent issues were complex, and the high skill level of the holders' attorneys was a significant factor in achieving a favorable result. The court did reduce the fee request by eliminating fees for a particular month to reflect the holders' unnecessary filing of briefs in support of motions that were mooted by the jury verdict. It was not unreasonable for the holders to have had two attorneys present at each deposition or to have had all four trial attorneys present during the pretrial conference and at trial. Nor were the hours billed by one attorney to prepare for an invalidity defense unreasonable, even though the defense was not presented at trial; defendant stated at the pretrial conference and during opening statements that it would offer invalidity defenses, then abruptly abandoned them. Certain expenses for copying charges, taxi costs, and meals were not shown to have been reasonable and were not allowed. The holders were awarded $ 2,127,771.48 in attorneys' fees and $ 110,555.18 in expenses.

Ind. Cheer Elite, Inc. v. Champion Cheering Org., Cause No. 3:05-CV-125 RM, 2005 U.S. Dist. LEXIS 12342 (N.D. Ind. June 22, 2005) A hearing was held to determine plaintiff corporation's damages under 15 U.S.C.S. § 1117(a) in connection with its action alleging unfair competition, trademark infringement, and false designation of origin against defendant competitor.

The court held that $45,000 was a more reasonable figure to assign to the competitor's profits than its gross sales. The competitor's profits were difficult to ascertain with certainty because it chose not to participate in the suit. The record did not allow a finding that plaintiff lost any business as a direct result of the competitor's infringement. The injury to the mark was substantial, since at competitions, score sheets were misdelivered, parents misunderstood when their child performed, and the performance of the competitor's competitors reflected on plaintiff's competitors. Curative advertising was necessary. There was no authority for awarding damages to a corporate party for embarrassment or emotional distress. Because the competitor's infringement was deliberate, it was entitled to attorney fees. The court granted judgment to the corporation against the competitor in the sum of $ 70,473 and attorney fees in the sum of $ 7,358.

4. Attorney's Fees

Te-Ta-Ma Truth Foundation-Family of URI v. World Church of the Creator, No. 00 C 2638, 2005 U.S. Dist. LEXIS 10363 (N.D. Ill. May 23, 2005)(NOTE: this updates previous report). Upon remand from the Court of Appeals for the Seventh Circuit, plaintiff foundation brought a motion for attorneys' fees pursuant to 15 U.S.C.S. § 1117(a). The foundation had received a judgment in its favor against defendant church in a trademark infringement action brought under the Lanham Act, 15 U.S.C.S. § 1051 et seq.

The court found that the fees requested by the foundation were reasonable and appropriate based upon the findings of the appellate court and the foundation's billing memorandum that reflected the amount of time each attorney expended on the litigation. The work delineated in the billing memorandum was overwhelming and clearly attributable to the church's conduct during the course of litigation. The court further found that the fee request was consistent with the lodestar calculation approach. The court also awarded the foundation post-judgment interest calculated from the date of entry of the judgment pursuant to 28 U.S.C.S. § 1961(a).

JCW Invs., Inc. v. Novelty, Inc., 366 F. Supp. 2d 688 (N.D. Ill. 2005) Plaintiff toy manufacturer prevailed in a trademark and copyright infringement case against defendant toy manufacturer. Plaintiff sought recovery of attorney fees, which was referred to a special master. The special master recommended an award of approximately $ 596,399. Defendant objected to the special master's report and recommendation.

The court rejected most of defendant's objections to the fee recommendation. For example, defendant complained that too much weight was given to plaintiff's billing records, and there was insufficient consideration that defendant's attorneys billed far less than plaintiff's attorneys. The court noted that plaintiff had the burden to prove infringement and met that burden. That its lawyers spent more time than defendant's in doing so could not be used to reduce the amount of fees owed. Without proof that plaintiff's attorneys fabricated time records or padded them in an inappropriate manner, the court stated that there was simply no reason to reduce the fees generated by time that was so obviously well-spent from plaintiff's perspective. The court also rejected defendant's contentions that the time descriptions were vague and that there were inefficiencies caused by plaintiff's loss of its primary counsel. The court noted that plaintiff was not required to use the lawyer with the lowest billing rate, particularly in a case as vigorously litigated as this one. The court did reduce the $ 80,000 in fees claimed between the first fee petition and the updated fee petition to $ 60,000.

5. Unfair Competition

Keaton and Keaton v. Keaton, 824 N.E.2d 1261 (Ind. Ct. App. 2005 Plaintiff corporation sued defendant partnership, alleging unfair competition. The Allen Circuit Court (Indiana) denied a summary judgment motion filed by the corporation and granted summary judgment in favor of the partnership. The corporation appealed.

The corporation and the partnership were both law firms. The principals of both the corporation and the partnership had the same last name, and, therefore, both practiced with similar names. The corporation argued that the partnership's use of a nearly identical name constituted unfair competition and had a tendency to deceive the public. To support its argument, the corporation described three incidents: (1) it once received records that were requested by the partnership, (2) it once received an order from a court relating to a case in which the partnership was counsel, and (3) a clerk asked one of the partnership's principals if he were related to the corporation's principals. The corporation failed to designate any other evidence that the partnership's conduct tended to deceive the public so as to pass off its business as that of the corporation. The appellate court found that the inference that the corporation asked it to draw from apparently inadvertent mistakes or simple curiosity was unreasonable. For a cause of action for unfair competition, some level of intent to deceive was needed. The corporation failed to designate any evidence of deceit by the partnership.

EIGHTH CIRCUIT

1. Fair use; Cybersquatting; Contempt

In **Faegre & Benson, LLP v. Purdy**, 367 F. Supp. 2d 1238 (D. Minn. 2005), William Purdy, an anti-abortion activist for a group called "Please Don't Kill Your Baby," registered several domain names incorporating the name of the law firm of Faegre & Benson ("Faegre"). The content of these sites criticized the firm for representing opposing parties in earlier litigation. The District Court had previously entered a preliminary injunction barring Purdy's use of Faegre's trademarks or trade dress in his sites and enjoining him "from using domain names identical to or confusingly similar to Faegre & Benson's marks unless the protest or critical commentary nature of the attached website is apparent from the domain name itself." The Eighth Circuit affirmed this preliminary injunction in a per curiam opinion. *Faegre & Benson, LLP v. Purdy*, No. 04-1189, 2005 WL 742732 (8th Cir. Apr. 4, 2005).

The District Court had also entered Contempt Orders, and Faegre filed a motion contending that Purdy had violated an earlier Contempt Order, alleging trade dress infringement and violations of the Anticyberquatting Consumer Protection Act (ACPA). The Court ruled that the content of Purdy's web pages did not constitute trade dress infringement—

despite the similarity in appearance—because the use of disclaimers and altered graphical elements "should alert the consumer that the web pages are parodies; thus, they are less likely to confuse consumers as to the sponsorship, affiliation, or source of Purdy's web pages."

The Court separated the ACPA claim into three analyses: cybersquatting, metatags, and appropriation of an individual's name. In its earlier Contempt Orders, the Court required that Purdy discontinue use of three domain names (faegre-benson-tencommandments.com, faegre-benson-voteforpresidentbush.com, and john-faegre-kerry.com) because "those three names were confusingly similar to Faegre's protected mark." Ruling on the instant motion, the Court declared that Purdy had been in contempt of the earlier Order until he ceased displaying content on the pages represented by the domain names. However, the Court held that a fourth domain name, directed at specific federal judges, did not violate the order.

Because the content of Purdy's site was permissible criticism of Faegre, the Court allowed Purdy to use Faegre trademarks in metatags directing search engines to his site, but held that "he is not permitted to use Faegre's marks in his metatags in order to divert internet users from Faegre's web site." Finally, the Court held that Purdy misappropriated the name of plaintiff (and online writer) John Hinderaker by registering a domain name (hindrocket.com) identical to his pseudonym.

For violating the Contempt Order, the Court fined Purdy $500 per day until the day he ceased to be in contempt, for a total of $69,500, and awarded Faegre attorney's fees of $37,139.20. The Court also rejected Purdy's motion for recusal of the judge.

Appellate status: Notice of Appeal to 8th Circuit (Entered 6/7/2005).

2. Likelihood of Confusion; Functionality

In **Rainbow Play Systems, Inc. v. Groundscape Technologies, LLC**, 364 F. Supp. 2d 1026 (D. Minn. 2005), Rainbow Play Systems ("Rainbow") sued Groundscape Technologies, LLC ("Groundscape") for trademark infringement, trade dress infringement and other claims. Groundscape, a manufacturer of ground surfacing, marketed its products to distributors of Rainbow's wooden play sets. Groundscape used Rainbow's trademark in a presentation to these distributors, included a Rainbow system on its website, and required Groundscape distributors to place its products under play systems. The District Court granted Groundscape's motion for summary judgment on all claims. The Court held that Groundscape's use of Rainbow's trademark in its presentation did not generate a likelihood of confusion or cause Rainbow any damages. Moreover, the Rainbow products used to market Groundscape's products were functional and, therefore, not protected as trade dress. The elements of play systems, including the "slide, A-frame design, materials, brackets, and other elements serve as structural components that cannot be protected without unfairly squelching competition."

Appellate status: Judgment signed on 4/13/05, no notice of appeal filed.

3. Likelihood of Confusion; Secondary Meaning; Functionality

In **S&M Nutec, LLC v. T.F.H. Publications**, No. 03-1033-CV-W-NKL, 04-0615-CV-W-NKL, 2005 WL 1224607 (W.D. Mo. May 23, 2005), S&M Nutec, LLC ("Nutec"), the manufacturer of a canine dental treat known as "Greenies," sued T.F.H. Publications, Inc. ("TFH") for alleged trademark and trade dress infringement. Greenies are green treats that resemble the head of a toothbrush on one end and the knuckle of a bone on the other end. They are packaged in bags containing multiple treats and boxes containing individually wrapped treats. TFH's competing treat also uses a green color, toothbrush and knuckle design, and packaging of individual and multiple treats. The parties filed cross-motions for summary judgment. TFH conceded that summary judgment was appropriate on several of its counterclaims and the Court granted Nutec's motion with respect to these claims. The Court denied summary judgment on all other claims as disputed issues of material fact remained. Triable issues of fact included the functionality of the Greenies design, the descriptiveness of the "Greenies" trademark, whether the trade dress and trademark had acquired secondary meaning, and likelihood of confusion.

The parties subsequently stipulated dismissal of the case.

4. False Statements; Unfair Competition; Misappropriation of Trade Secrets

In **Lutheran Association of Missionaries and Pilots, Inc. v. Lutheran Association of Missionaries and Pilots, Inc.**, No. Civ. 03-6173 PAM/RLE, 2005 WL 629605 (D. Minn. Mar. 15, 2005), the Court had ruled, in an earlier stage of the litigation, that the plaintiff Lutheran Association of Missionaries and Pilots, Inc. ("LAMP-Canada") owned a set of disputed trademarks and that the defendant Lutheran Association of Missionaries and Pilots, Inc. ("LAMP-US") was liable for trademark infringement.

Subsequently, the parties filed cross-motions for summary judgment on several remaining claims. The Court ruled that LAMP-Canada failed its burden to survive a motion for summary judgment on two of its three remaining claims: false and misleading statements under the Lanham Act and disparagement under the Minnesota Deceptive Trade Practices Act. With respect to the third claim, alleging unfair competition under the Lanham Act and Minnesota law, the Court noted that the prior finding of trademark infringement constitutes a finding of unfair competition under the Lanham Act. However, the state claim requires proof of actual injury; because a genuine issue of material fact exists concerning injury, the Court ruled that this claim would proceed to trial.

Of LAMP-US's several counterclaims, the central claim is that LAMP-Canada's use of a donor list constituted misappropriation of trade secrets in violation of Minnesota law. The Court determined that this claim relies on two triable issues of fact: whether LAMP-US owns the list and, if it does, whether LAMP-Canada misappropriated the list. A determination of whether the joint venture between the two LAMPS owned any property subject to equitable dissolution also remained for trial. However, two of LAMP-US's claims, for conversion and tortious interference with prospective business advantage, failed as a matter of law.

The parties subsequently stipulated dismissal of the case.

5. Service Mark; Certification Mark; Likelihood of Confusion

In **Mid-State Aftermarket Body Parts, Inc. v. MQVP, Inc**., 361 F. Supp. 2d 896 (E.D. Ark. 2005), MQVP, Inc. ("MQVP") is the owner of MQVP®, a registered service mark. MQVP monitors and tracks after-market parts from manufacturers, through distributors, and to auto repair shops for quality assurance. In order to be a member of the program, manufacturers and distributors must meet certain criteria, enroll in MQVP reporting systems, and pay MQVP certain fees. Participating companies may use the MQVP® mark and advertise their membership in the program. Mid-State Aftermarket Body Parts, Inc. ("Mid-State") declined to join the MQVP program, but advertised that it had "MQVP parts available." Mid-State claimed that this statement was technically correct, as it purchases auto parts from manufacturers who are members of the MQVP program. Mid-State filed an action for declaratory judgment that its statement that it had "MQVP parts available" did not infringe on the registered MQVP® service mark. MQVP responded with counterclaims alleging false designation in violation of the Lanham Act, trademark infringement, counterfeiting, deceptive trade practices in violation of Arkansas law, unfair competition and tortious interference with business expectancies. The parties filed cross-motions for summary judgment.

Central to the case is the categorization of the MQVP® mark. MQVP insisted that MQVP® was a service mark: the company registered the mark as a service mark and maintained that the mark represented MQVP's quality assurance and product tracing services. However, the District Court noted that MQVP's usage of the mark suggested that the mark was, in fact, a certification mark. Rather than using the mark to indicate the source of the owner's products, the owner of a certification mark grants permission to use the mark to certify the quality, origin, or other characteristics of the user's good or service. In particular, the Court was concerned about the frequent usage of the MQVP® mark to refer to goods: "A trademark identifies goods, and a certification mark may refer to goods or services, but a service mark identifies services. If MQVP® is a service mark, then it does not refer to goods. If it does not refer to goods, the phrase *MQVP parts* is nonsensical; like the phrase *horse feathers*, the phrase can be spoken and written, but it means nothing."

The Court found that the analysis differed depending on whether MQVP® was a certification mark or a service mark. The Court noted that if MQVP® were a certification mark identifying specific qualities of auto parts, then the mark could confuse auto parts customers to the detriment of competing auto parts distributors if it were applied to unqualified goods. However, used as a service mark, MQVP® refers to MQVP's quality assurance and tracing services, which it sells to manufacturers, distributors and insurers who may wish to participate in the program. Mid-State does not compete with MQVP for these services and did not direct its use of the mark to these entitles; therefore, Mid-State's use of the mark would not confuse customers in the relevant market.

Because MQVP insisted that MQVP® is a service mark, the Court applied its service mark analysis to the case and granted Mid-State's motion for summary judgment on the claims of trademark infringement, false designation, and counterfeiting. Using similar analysis, the Court likewise granted summary judgment to Mid-State on MQVP's claims under Arkansas law of unfair competition and tortious interference with business expectancies. On MQVP's false advertising claim, the Court concluded that MQVP had presented no evidence of actual confusion among customers concerning the products marketed by Mid-State and granted summary judgment to Mid-State. Finally, in a later proceeding, the Court denied MQVP's motion for reconsideration of several points raised in the opinion, including the usage of a service mark on goods and the relevant market for MQVP's services.

Appellate Status: Pending motion for attorney's fees to be treated as a Rule 59 motion.

NINTH CIRCUIT

1. Preliminary injunction; concurrent state proceeding

In **Sutter Home Winery, Inc. v. Madrona Vineyards, L.P.**, No. C 05-0587 MHP, 2005 U.S. Dist. LEXIS 4581 (9th Cir. March 23, 2005), plaintiff Sutter Home Winery brought a trademark infringement action against defendant Madrona Vineyards for the defendant's use of the mark "MELANGE DE TROIS" in connection with the sale of wine. Sutter Home used the mark to sell white, red, and rose wines, and sought a preliminary injunction against Madrona's use of the mark. Madrona opposed the motion for a preliminary injunction, and also urged the court to stay or dismiss the action under the "Colorado River doctrine" pending resolution of a concurrent state court proceeding. The Ninth Circuit, however, refused to apply the Colorado River doctrine because of the "exceptional circumstances" present in the case. In particular, the court found that Madrona preemptively filed its state court complaint only as a result of the threat of litigation for violation of federal law, and that Madrona intended to deprive Sutter Home "of the opportunity to seek redress for violations of federal law in a federal forum." The court also denied the plaintiff's motion for a preliminary injunction, finding that application of the Sleekcraft factors did not establish by a preponderance of the evidence that Sutter Home would be able to prove a likelihood of consumer confusion at trial.

Appellate Status: Stipulation and order dismissing case with prejudice.

2. Standing; false advertising

In **The Jack Russell Terrier Network of Northern California v. American Kennel Club, Inc.**, 407 F.3d 1027 (9th Cir. 2005), appellants Jack Russell Terrier Network of Northern California brought a false advertising claim against appellees the Jack Russell Terrier Club of America ("JRTCA"), a national breed club and dog registry. JRTCA opposed Jack Russell Terrier breeders who registered with the American Kennel Club ("AKC"), and published their names in its bimonthly magazine. JRTCA published the name of the appellants, who were a former regional JRTCA affiliate, after the appellants registered with AKC. The appellants alleged that JRTCA's publication is "false advertisement that [misrepresents] the quality of [JRTCA's] Jack Russell Terriers by falsely implying that JRTCA-only terriers are superior to all other Jack Russell Terriers and by falsely implying that those dogs excluded do not meet JRTCA standards."

The court held that the appellants did not have standing to sue under the Lanham Act because the appellants and JRTCA are not competitors and the appellants have not suffered "a competitive injury." The court also held that the appellants could not satisfy standing through claiming that AKC, a related organization, would have had standing.

Appellate Status: Mandate issued.

3. Jury award; attorneys' fees

In **Watec Co., LTD. v. Liu**, 403 F.3d 645 (9th Cir. 2005), appellants Chia Liu and Watec America appealed the District Court for the Central District of California's denial of their motion for a new trial, claiming that denial of their mid-trial motion for judgment as a matter of law had the effect of an evidentiary ruling that barred them from presenting their defense to appellee Watec Japan's trademark infringement claim.

Watec Japan, a manufacturer and seller of compact security cameras, set up an American distributor, Watec America. Watec Japan licensed to Watec America the use of the "WATEC" and "WAT" marks for the purpose of selling Watec Japan's cameras. Watec America registered the marks with the USPTO and they have since become incontestable. Eventually, Watec America began selling cameras made by manufacturers other than Watec Japan, but still sold them under the WATEC and WAT marks. Watec Japan initiated suit against Watec America for breach of contract and trademark infringement. Watec America counterclaimed for trademark infringement. At trial, the jury rejected Watec America's trademark claim against Watec Japan, and instead returned a $5.9 million verdict in favor of Watec Japan. The jury also found that Watec Japan was entitled to attorneys' fees because it found that the trademark infringement was intentional. The district court found the $5.9 million verdict excessive as a matter of law and offered Watec Japan a remittitur reducing the amount to just over $2 million. The district court also awarded Watec Japan attorneys' fees in the amount of $289,612.

Watec America appealed the jury's verdict on trademark infringement on the grounds that Watec Japan did not make the requisite showing to overcome Watec America's incontestable federal trademark rights. The Ninth Circuit, however, noted that one of the statutory exceptions to incontestability states "that a registration is not incontestable to the extent that it infringes on another's valid rights in the mark acquired under state law by a use continuing from a date prior to the federal registration of the mark." 15 U.S.C. § 1065. Although Watec America claimed there was insufficient evidence of market penetration in any state to support the jury's finding that Watec Japan had acquired nationwide rights in the marks, the Ninth Circuit held that there was substantial evidence from which a jury could have found that Watec Japan had acquired nationwide senior common law rights in the marks, and that there was continuous use through the use of the marks by its licensee, Watec America.

The Ninth Circuit also held that there was no evidence to suggest impermissible conduct by Watec Japan, and thus there was no evidence to suggest that passion and prejudice affected the liability finding. As a result, the Ninth Circuit held that the district court's use of a remittitur was appropriate. Lastly, the Ninth Circuit vacated and remanded the issue of awarding attorneys' fees. The court held that determination that a trademark case is exceptional, and thus warrants an award of attorneys' fees, is a question of law for the district court, not the jury. Because the district court failed to state its reasons for awarding attorneys' fees, the Ninth Circuit remanded the case to the district court so it may decide whether the case is exceptional, and, if so, to expressly explain why.

Appellate Status: Watec America's motion for transfer of consideration of appellate attorneys' fees to the district court has been denied without prejudice.

4. Fair use and likelihood of confusion

In **KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.**, No. 01-56055, 2005 U.S. App. LEXIS 9037 (9th Cir. May 19, 2005), the Ninth Circuit considered the remand of a case from the Supreme Court on the relationship between the fair use defense and likelihood of confusion. The Ninth Circuit applied the Supreme Court's holding that "a plaintiff claiming infringement of an incontestable mark must show likelihood of consumer confusion as part of the prima facie case, while the defendant has no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used descriptively, not as a mark, fairly, and in good faith." The Supreme Court left open for the Ninth Circuit to decide how to assess the extent of any likely consumer confusion in determining fair use. The Ninth Circuit held that the degree of consumer confusion remains a factor in evaluating fair use. Thus, the Ninth Circuit remanded the case back to the district court to evaluate factually the extent of any likelihood of confusion.

Appellate Status: KP Permanent's petition for rehearing has been filed.

5. Reverse confusion; likelihood of confusion

In **Surfvivor Media, Inc. v. Survivor Productions**, 406 F.3d 625 (9th Cir. 2005), plaintiffs senior trademark holders Surfvivor Media appealed from the District Court for the District of Hawaii's grant of summary judgment in favor of defendants on federal and state trademark infringement claims related to the CBS reality television show Survivor.

Plaintiffs hold three federal trademarks for the mark "SURFVIVOR," and use the mark in the sale of Hawaiian beach-themed products ranging from sunscreen to t-shirts to surfboards. Several years after plaintiffs began using the mark, defendant CBS began broadcasting Survivor. Following the show's commercial success, defendants began using the "SURVIVOR" mark on a wide range of consumer merchandise, including t-shirts, shorts, and hats. Plaintiffs alleged instances of actual consumer confusion. Defendants commissioned a survey that revealed that out of four hundred consumers, only two percent were confused by the two marks. Defendants moved for summary judgment and the district court granted the motion.

The Ninth Circuit disregarded any claim for forward confusion because plaintiffs failed to reference this theory in the complaint. Turning to the plaintiffs' reverse confusion claim, the Ninth Circuit applied the Sleekcraft factors and held that plaintiffs' evidence did not raise a material issue of fact regarding likelihood of confusion. The Ninth Circuit also affirmed summary judgment for the state trademark claims, holding that the likelihood of confusion standard for state trademark infringement in Hawaii is identical to the Sleekcraft test.

Appellate Status: Petition for rehearing en banc has been denied.

6. Cybersquatting and the commercial use requirement

In **Bosley Medical Institute, Inc. v. Kremer**, 403 F.3d 672 (9th Cir. 2005), plaintiff Bosley Medical Institute appealed the Southern District of California's grant of summary judgment for defendant Michael Steven Kremer in an action for trademark infringement, dilution, and violation of the Anticybersquatting Consumer Protection Act ("ACPA").

Kremer obtained hair restoration services from Bosley and was dissatisfied with the outcome. Kremer set up a website critical of Bosley under the domain name www.BosleyMedical.com. Bosley owns the registered trademark of the "BOSLEY MEDICAL INSTITUTE" and sued Kremer for trademark infringement, dilution, and violation of the ACPA. The district court granted summary judgment on the infringement and dilution claims because Kremer's website was noncommercial and the court found that noncommercial use of a trademark does not constitute infringement or dilution under the Lanham Act. Although the Ninth Circuit affirmed the summary judgment, the court found that the district court erroneously applied the Lanham Act. While the district court focused on the "use in commerce" language in the Act, 15 U.S.C. § 1125(d), the Ninth Circuit explained that "use in commerce" is "simply a jurisdictional predicate to any law passed by Congress under the Commerce Clause," and that the district court instead should have determined whether Kremer's use was "in connection with a sale of goods or services." Id.

The Ninth Circuit reversed summary judgment on the cybersquatting issue, finding that there is no "commercial use" requirement in the ACPA, but that the statute focuses instead on "commercial intent." The district court should have decided, under the ACPA elements, whether there was (1) a bad faith intent to profit from the mark, and whether (2) the mark used was confusingly similar to another's mark or dilutive of another's famous mark. The Ninth Circuit held that "[a]llowing a cybersquatter to register the domain name with a bad faith intent to profit but get around the law by making noncommercial use of the mark would run counter to the purpose of the Act."

Because the district court did not offer Bosley an opportunity to conduct discovery on the ACPA issue, the Ninth Circuit reversed summary judgment to allow Bosley an opportunity to prove that Kremer registered the domain name with a bad faith intent to profit. Specifically, Bosley argued that with further discovery it could establish that Kremer had attempted to sell the domain name.

Appellate Status: Rehearing has been denied. Case has been remanded to Southern District of California on ACPA issue.

7. Cybersquatting and control of websites

In **The Cruising Co., Etc., Inc. v. Mahnken Enterprises, Inc., et al.**, No. C05632P, 2005 WL 1354532 (W.D. Wash. June 6, 2005), plaintiff The Cruising Co., a travel agency, sought a preliminary injunction against Rebekah Mahnken for "cybersquatting" on Cruising

Co.'s websites. The Cruising Co. hired Mahnken as an independent contractor. At that time, Cruising Co. did not have a website. The parties disputed who came up with the idea for the websites and who provided most of their content. The sites were registered in Mahnken's name and she maintained them. Although Cruising Co. later hired Mahnken as an employee, she was eventually terminated. Mahnken claimed that she is still an independent contractor, however, and should continue to maintain the websites on behalf of Cruising Co. Cruising Co. claimed that Mahnken had unlawfully retained control of the sites and prevented the company from communicating with its customers. Cruising Co. argued that Mahnken's wrongful control of the websites that were formerly controlled by Cruising Co. is likely to cause consumer confusion. The court denied the preliminary injunction because there is a factual dispute as to who controls the websites. Also, the court found that even assuming that Mahnken controlled the websites, there was not enough evidence to suggest that this would be wrongful because it is not clear who pays for the control of the websites.

Appellate Status: Preliminary injunction has been denied.

8. Paid-placement keyword advertisements

In **Google Inc. v. American Blind & Wallpaper Factory, Inc.**, C 03-05340 JF, 2005 U.S. Dist. LEXIS 6228 (N.D. Cal. March 30, 2005), counter-defendant Google and third-party defendants Ask Jeeves, Earthlink, AOL, Netscape, and Compuserve moved to dismiss counterclaimant American Blind & Wallpaper Factory's claims of trademark infringement, false representation, dilution, contributory trademark infringement, and contributory dilution.

American Blind, a direct-to-consumer retailer of custom window treatments and wall coverings, alleged that Google's "AdWords" program infringes on the American Blind trademark. AdWords enables advertisers to purchase or bid on specific keywords that, when entered by a Google user, will generate "Sponsored Links" at the top and sides of the search-results page. Google's advertising customers pay a fee whenever Google users click on the Sponsored Links. American Blind alleged that several of its competitors had purchased Google keywords that were "identical or substantially similar" to American Blind's trademarks. Further, American Blind alleged that the Sponsored Links to American Blind's competitors are inconspicuous and thus often confuse users as to their source. Likewise, because the third-party defendants use Google as their search engine, American Blind alleged that they also profited each time users clicked on the Sponsored Links rather than American Blind's link on the search-results page.

The defendants moved to dismiss all claims on the ground that American Blind had not alleged actionable trademark "use." Defendants cited several authorities, including the Sixth Circuit, that suggested that a defendant does not engage in the requisite "use" of a trademark unless the defendant used the mark to identify the source of its own goods or services. The district court, however, relied on contrary authority, in particular, Playboy Enterprises, Inc. v. Netscape Communications Corp., 354 F.3d 1020 (9th Cir. 2004). Thus, the court held that in light of the uncertain state of the law, it could not warrant dismissal of American Blind's counterclaim and third-party claims at the pleading stage. Although Google attempted to distinguish Playboy, the court found that Google's distinctions would prematurely require the entry of factual findings at the motion-to-dismiss stage. Under similar reasoning, the court also declined to dismiss American Blind's alternative claims of contributory trademark infringement and contributory dilution.

Appellate Status: Order granting third-party defendants' request to extend time for initial disclosures has been filed.

9. Insurance policy coverage of trademark infringement claims

In **Edwards Theatres, Inc. v. United National Insurance Company**, No. 03-56312, 2005 U.S. App. LEXIS 4667 (9th Cir. March 18, 2005), the Ninth Circuit affirmed a judgment from the Central District of California that defendant United National Insurance Company had a duty to defend plaintiff insured Edwards Theatres against a corporation's lawsuit alleging deceptive advertising and trademark infringement. The suit against Edwards alleged that Edwards engaged in "a pattern of deceptive advertising" by advertising the "IMAX" trademark in connection with conventional films. Under Edwards' insurance policy, United National had a duty to defend Edwards against any suit arising out of "the use of another's advertising idea in [Edwards'] advertisements." The Ninth Circuit noted that under California law, "a duty to defend arises whenever the facts alleged in the third party complaint gives rise to potential liability under the policy," and held that "advertising idea" in a commercial liability policy was a broad term that included coverage for trademark infringement. The Edwards policy contained no explicit exclusion for trademarks, and thus the Ninth Circuit held that "Edwards had an objectively reasonable expectation that trademark infringement committed in the course of its advertising activities was a covered offense triggering United National's duty to defend."

Appellate Status: Mandate issued.

10. Gray market/parallel imports

In **American Circuit Breaker Corporation v. Oregon Breakers Inc**, 406 F.3d 577 (9th Cir. 2005), plaintiff American Circuit Breaker Corporation ("ACBC") appealed the District Court for the District of Oregon's grant of summary judgment in favor of defendants Oregon Breakers in ACBC's action alleging trademark infringement and unfair competition.

ACBC holds the "STAB-LOK" trademark in the United States, while Schneider Canada holds the STAB-LOK trademark in Canada. A subsidiary of Schneider manufactures circuit breakers for both Schneider and ACBC. The circuit breakers sold by the companies are identical with the exception of their casing color -- black circuit breakers for ACBC and gray circuit breakers for Schneider. Oregon Breakers, a United States company, purchased gray circuit breakers from a Canadian third-party supplier and, without ACBC's permission, sold them with the STAB-LOK trademark in the United States. ACBC brought suit against Oregon Breakers. The parties stipulated that there were no material differences between the black and gray circuit breakers, and that the Oregon Breakers circuit breakers are "genuine products." The district court accepted the stipulation, entered a final judgment, and dismissed all of ACBC's claims. ACBC appealed the dismissal of its trademark infringement and unfair competition claims.

Although there was some dispute by the parties as to whether the case is technically a "gray market" case, the Ninth Circuit held that ultimately the issue is whether there is a likelihood of confusion among U.S. customers as to source. The Ninth Circuit, however, could not apply the Sleekcraft factors to determine likelihood of confusion because the stipulation that the Oregon breakers were "genuine products" in conjunction with the final judgment led the court "to conclude that there is no material issue of fact with respect to infringement, that ACBC failed to establish infringement and, consequently, the dismissal of claims was appropriate."

The Ninth Circuit, governed by NEC Elecs. v. Cal Circuit ABCO, 810 F.2d 1506 (9th Cir. 1987), affirmed that trademark law does not generally reach the sale of genuine goods bearing a true mark even when such sale is without the mark owner's consent. Without evidence of infringement that undermines ACBC's goodwill or leaves consumers in a state of confusion, the Ninth Circuit held that dismissal was proper and supported by the law, the stipulation, and the record.

Appellate Status: Order granting appellant ACBC an extension to file petition for panel rehearing and rehearing en banc has been filed. ACBC's petition was served to panel on May 16, 2005. Order granting appellee Oregon Breakers' motion to extend time to file response to petition has been filed.

TENTH CIRCUIT

1. Trademark Infringement, Motion to Exclude Expert Testimony in Valuating Damages

Robert J. Pound v. Airosol Company, Inc. et al Civ. No. 02-2632-CM (D. Kansas, 2005)

Plaintiff brought several claims against several defendants regarding the sale and distribution of a pesticide called Black Knight. Following several summary judgment motions, Plaintiff's only remaining claim alleges that defendants' sale and distribution of Black Knight violated the Lanham Act, 15 U.S.C. §1125(a). Pending before the Court is defendant Airosol's motion to exclude testimony of various individuals regarding the amount of damages to be awarded.

Plaintiff owns a reptile business called Pro Products, Inc. In September 2000, Plaintiff patented and began selling the pesticide Provent-A-Mite. Airosol manufactured, advertised, distributed and sold the pesticide Black Knight, a direct competitor of Provent-A-Mite.

Plaintiff has proffered testimony from Constance L. Ward, a certified public accountant who is accredited in Business Valuation, is a Certified Fraud Examiner and a Certified Valuation Analyst, to "analyze facts for purposes of quantifying Airosol's profits and damages suffered by the Plaintiff as a result of the Defendant's actions." Ms. Ward's testimony relates to the value of Plaintiff's damages calculated primarily for its Lanham Act claim against Defendants. Airosol has moved to exclude Ms. Ward's testimony on the ground that it does not meet the requirements for admission of expert testimony set forth in Federal Rule of Evidence 702 and under *Daubert v. Merrell Dow Pharmaceutical, Inc.*, 509 U.S. 579 (1993).

The first issue before the Court is whether the Plaintiff must prove actual damages sustained as a result of Defendant's alleged Lanham Act violation, or whether he may estimate his damages. The Court refused to accept the Defendant's argument that the Court should follow one of two cases in determining whether or not damages should be awarded (*McGinley v. Franklin Sports, Inc.*, 192 F.Supp. 2nd 1214 (D. Kan. 2002) and *Eckel Industries Inc. v. Primary Bank*, 26 F. Supp. 2nd 313 (D. N.H. 1998)) because neither of the cases are precedent in the Tenth Circuit involving false advertising under the Lanham Act and both are patent infringement cases.

The Court had previously ruled on this issue and cited *Brunswick Corp. v. Spin-It Realco*, 832 F.2nd 513 (10th Circuit, 1987), which held that where a Lanham Act violation "is of such a nature as to preclude exact ascertainment of the amount of damages, plaintiff may recover upon a showing of the extent of the damages as a matter of just and reasonable inference, although the results may be only an approximation," and that "evidence of the amount of damages may be circumstantial and inexact." *Id* at 526 (citing Eastman Kodak Co v. S. Photo Materials Co., 273 U.S. 359, 379 (1927)).

The Court previously held that plaintiff is not required to prove actual damages to prevail on its Lanham Act claim, but may instead approximate his damages based on circumstantial or inexact information, and that Tenth Circuit requires the Plaintiff to initially prove the existence of actual damages to prevail on a Lanham Act claim in the form of actual consumer confusion or deception. If the Plaintiff prevails on its Lanham Act claim, the jury must decide the amount of damages to award. The Court must decide whether Ms. Ward is qualified to testify regarding the amount of damages allegedly suffered by plaintiff.

The parties argued as to whether or not Ms. Ward's method of estimating plaintiff's loss of profits was acceptable. The Court was unwilling to state that a one-to-one sales assumption is never a suitable damages calculation and found that some market analysis is necessary to accurately estimate plaintiff's lost profits. Since Ms. Ward did not conduct an analysis of the reptile market, she failed to consider the actual potential sales Plaintiff might have acquired if Black Knight had not been on the market. In addition, the court found that Ms. Ward failed to consider price differential of the two products which the Court stated could clearly have deterred some Black Knight consumers from purchasing Provent-A-Mite.

The Court found that Ms. Ward's methodology was not helpful to the trier of fact and therefore excluded Ms. Ward's expert testimony.

2. Trademark Infringement, Injunction

Delta Western Group, LLC – Daniel B. McCully and Donald B. Little v. Ruth E. Fertel Inc. and Ruth's Chris Steakhouses (D.CT. No. 2:00-CV-45-TC) (10^{th} Circuit 2005) Appellant/Cross Appellee Delta Western Group, LLC (DWG) challenges the District Court's permanent injunction enjoining DWG from using the trademark "U.S. Prime." The Court of Appeals affirmed the permanent injunction.

DWG opened a restaurant in December 1999 called U.S. Prime Steakhouse in Park City, Utah. Shortly thereafter, Ruth U. Fertel, Inc. (RUFI) owner of Ruth Chris' Steak House chain, notified DWG that it was infringing on RUFI's registered mark "U.S. Prime" and threatened a lawsuit. DWG responded by initiating this action against RUFI challenging the validity of RUFI's mark under the Federal Trade Commission Act and the Lanham Act. RUFI counter-claimed alleging trademark infringement. RUFI filed a motion to dismiss DWG's complaint for failure to state a claim, which was granted, as well as a motion for preliminary injunction, subsequently requesting that it be a permanent injunction, and also seeking its attorney's fees.

After a hearing and an agreement by the parties, that the District Court issued an Order making the preliminary injunction permanent, but refused to award fees to either party. Subsequently, DWG filed the present appeal challenging the permanent injunction stating that the District Court failed to consider new evidence prior to the permanent injunction hearing, and argued that the agreement either did not cover the issues of RUFI's unclean hands and need for secondary meaning or, alternatively that the agreement was coerced by the District Court through the threat of sanctions. The Court found the latter argument borderline offensive. In addition, the Court found that the entire scope of the preliminary injunction was included within the Agreement and found that DWG had waived its right to appeal the Order.

With respect to RUFI's motion for sanctions, the Court found that while the District Court did not impose sanctions against DWG but warned defendants that he was getting very close to having sanctions imposed, the Court found that on appeal DWG and its counsel have crossed a line. The Court granted RUFI's motion and ordered DWG to pay RUFI's attorneys fees. Finally, the Court found that DWG's motion for sanctions against RUFI were without merit.

3. Trademark Infringement and Trade Dress Infringement

Klein-Becker USA, LLC v. Product Quest Manufacturing, Inc., and Vital Science, Corp. Case No. 2:04CV 01146 DR (D. Utah 2005) Plaintiff is the exclusive licensee for a cosmetic product by the name of StriVectin-SD(R). StriVectin-SD(R) is the registered trademark and was introduced in July of 2002.

Defendant Product Quest is in the business of manufacturing private label products for various retail chains. In January of 2004, after having learned about StriVectin SD(R), Product Quest began to manufacture and distribute NuVectin TM, its discounted version of the skin therapy for wrinkles.   NuVectin TM is sold for $24.99 per 6 oz. tube, whereas StriVectin-SD(R) is sold for $135 per 6 oz tube.

Plaintiff filed a motion to enjoin defendants from continuing to use the name NuVectin TM or any cosmetic product utilizing a “Vectin” suffix and from selling products “which bear Klein-Becker’s trade dress or any confusingly similar variation thereof.” The court concluded that the plaintiff had failed to meet its burden of a strong showing of likelihood of success on the merits as to either its trademark infringement claim or its trade dress infringement claim. The court, in considering whether a likelihood of confusion exists, reviewed a list of factors including similarity of the marks, intent to copy, evidence of actual confusion, similarity of products and manner of marketing, degree of care exercised by consumers, and strength of the StriVectin-SD(R) mark. The court also reviewed the trade dress infringement and considered the distinctiveness and secondary meaning of the trade dress of the plaintiff’s product, as well as the likelihood of confusion in the marketplace.

For the reasons stated, the court found that the plaintiff had failed to meet the burden of proof for a preliminary injunction to issue and denied its motion.

ELEVENTH CIRCUIT

1. Preliminary Injunction; actual confusion

In Hi-Tech Pharmals, Inc. v. Herbal Health Prods., Inc., 2005 WL 1242182 (11th Cir., May 26, 2005), a manufacturer of dietary supplement sold under the mark STAMINA-RX sued a manufacturer of a similar product sold as STAMINAPRO for trademark and trade dress infringement. The Plaintiff moved for preliminary injunction, which the United States District Court for the Northern District of Georgia denied. The 11th Circuit Court of Appeal affirmed, ruling that the manufacturer was not likely to prevail on the merits and had failed to establish irreparable harm.

Plaintiff argued that the district court legally erred by requiring it to show actual consumer confusion instead of the proper threshold of a likelihood of confusion. The Eleventh Circuit disagreed. The district court said that actual confusion was one of the "most important factors in the likelihood of confusion analysis," but it also said that Hi-Tech had "not presently demonstrated a substantial *likelihood* of success. Thus, the court had not incorrectly required a showing of actual confusion, and plaintiff could not demonstrate a likelihood of success on the merits.

Further, plaintiff failed to establish irreparable harm needed to obtain a preliminary injunction because: 1. it could not show a likelihood of success on the merits; and 2) in any event, sales of plaintiff's product exceeded $3,000,000 "in the last month and the product is currently on back order."

Legal standard: To be entitled to a preliminary injunction, plaintiff was required to demonstrate (1) a substantial likelihood of success on the merits; (2) a substantial threat of irreparable injury without the injunction; (3) that the harm to Hi-Tech outweighs the harm to

Herbal Health; and (4) that an injunction would be in the interest of the public. *Palmer v. Braun*, 287 F.3d 1325, 1329 (11th Cir.2002).

Appellate status: Neither party has appealed.

2. Trade Dress

In HI Ltd. P'ship v. Winghouse of Fla., Inc., 347 F. Supp. 2d 1256 (M.D. Fla., Dec. 13, 2004), the owner of "Hooters" sports bar and grill brought an action against a competitor, Wing House, alleging trade dress infringement and dilution in contravention of Lanham Act, common-law unfair competition, and violation of Florida's Deceptive and Unfair Trade Practices Act. Defendant, Winghouse, moved for judgment as matter of law.

The District Court granted Winghouse's motion for summary judgment, holding that plaintiff's "Hooters Girl" was not entitled to trade dress protection, and that the remaining features of its restaurants were not sufficiently similar.

The court found that the "Hooters Girl" was primarily functional, and thus was not entitled to trade dress protection, even though the Hooters Girl wore a distinctive orange and white uniform. The Hooters Girl's predominant function was to provide vicarious sexual recreation, to titillate, entice, and arouse male customers' fantasies.

Further, the decor of Winghouse was not sufficiently similar to that of Hooters to infringe on Hooters' trade dress, even though both restaurants attired their female servers similarly, and had wood weave plates, vertical paper towel spools, wooden tables, table tents, wood interior, sports memorabilia and pictures affixed to walls, and a menu describing the restaurant on its reverse side. A servers uniform consisting of a tank top t-shirt and nylon running shorts was fairly common to sports bar and grills and Hooters' trade dress consisted of fairly generic items commonly found in sports bar and grills, beach-themed restaurants, and raw bars. The restaurants differed in name, exterior, and the presence of orange, a full bar, and a gaming area.

Appellate status: Neither party has appealed.

FEDERAL CIRCUIT

1. Surname Refusal/Paris Convention Requirements

In re Rath, 402 F.3d 1207 (Fed. Cir. 2005). The Federal Circuit affirmed the Trademark Trial and Appeal Board's decision refusing applications to register DR. RATH and RATH (Serial Nos. 75/753,445 and 75/753,597) on the ground that the marks were primarily, merely surnames under section 2(e)(4). The applicant was a German citizen who claimed registration under section 44(e) based on corresponding foreign registrations. The applicant conceded that the marks were primarily, merely surnames but asserted that applying section 2(e)(4) to foreign registrants was incompatible with the United States' obligations under the Paris Convention.

Specifically, the applicant pointed to article 6 *quinquies* of the Convention which allows only three specific exceptions to the requirement that home country registrations may not be denied registration in other Convention member countries -- namely marks that (i) infringe third-party rights, (ii) are devoid of any distinctive character, or (iii) are contrary to morality or public order or would deceive the public. The Trademark Office argued that surname refusals fit within the "devoid of any distinctive character" exception in article 6 *quinquies* and the TTAB had affirmed on that basis. However, the majority of the Federal Circuit panel held that it was not necessary to reach that issue because foreign applicants are required to meet the same eligibility requirements for registration as domestic applicants even if those requirements may conflict with the Paris Convention. Although the majority opinion places all applicants on the same playing field for purposes of section 2 refusals, it leaves open the question of whether the U.S. is in compliance with its treaty obligations.

In a concurring opinion, Judge Bryson stated that he would have decided the case on the narrower basis urged by the Trademark Office and avoided the issue of whether the Lanham Act and the Paris Convention might be inconsistent. However, the concurrence raises the possibility that other section 2 grounds for refusal that do not clearly fit within the three exceptions in article 6 *quinquies* might be impermissible with respect to section 44(e) applicants.

As an initial matter, the entire panel held that the Paris Convention is not self-executing and so required implementing legislation through section 44 of the Lanham Act. The majority also rejected the applicant's argument that section 44 mandates registration provided the owner of a foreign registration meets the eligibility criteria specified in the Paris Convention. The relevant portion of section 44(e) provides that "A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register <u>if eligible</u>, otherwise on the supplemental register herein provided" (emphasis added). The majority read the "if eligible" language to mean eligible under the rest of the Lanham Act rather than simply eligible under the terms of the Convention. Consequently, under the majority's ruling, although mandating that foreign applicants pass the section 2 bars to registration may arguably be inconsistent in some cases with the Paris Convention, that is what section 44 requires.

By contrast, the concurring opinion found it "inconceivable" that although Congress clearly intended to implement the Paris Convention obligations through section 44, it may have failed in that objective because it failed to understand the requirements of the Convention and had then labored under the delusion that it had done so ever since. Instead, Judge Bryson asserted that based on statutory construction, the legislative history and prior case law, "if eligible" should more reasonably be read to refer to the factors for Convention eligibility as articulated in section 44(b). However, Judge Bryson found it unnecessary to decide in this case whether any of the section 2 grounds for refusal are incompatible with the Convention because in his opinion, surnames are a subset of descriptive marks and hence in the absence of secondary meaning, refusal on that basis is consistent with the “devoid of any distinctive character” exception in article 6 *quinquies*.

TRADEMARK TRIAL AND APPEAL BOARD

1. Discovery in Opposition Proceedings

Pioneer Kabushiki Kaisha v. Hitachi High Technologies America, Inc. 74 U.S.P.Q.2d 1672 (TTAB 2005). In an ongoing discovery battle in an opposition proceeding, Hitachi filed a motion for a protective order to prevent Pioneer from taking depositions of an additional six of its executives. Pioneer filed a motion for judgment as sanctions for Hitachi’s failure to make those deponents available while its motion for a protective order was pending. Hitachi also filed a motion to compel supplemental responses to its document requests with respect to certain materials held by Pioneer’s expert witness.

The Trademark Trial and Appeal Board granted Hitachi’s motion for a protective order as to three of the executives finding that those deponents had little unique or superior knowledge of the facts at issue. The Board denied Hitachi’s motion as to the other three executives on the grounds that they did appear to have relevant knowledge and their depositions would not necessarily be entirely duplicative of prior testimony. However, the Board limited those depositions to three hours per deponent, restricted the subject matter to a specific issue, and required the depositions to be conducted consecutively over one and a half days.

The Board denied Pioneer's motion for sanctions on the grounds that, Hitachi had filed its motion for a protective order prior to the scheduled depositions dates and that had its employees subsequently appeared for those depositions, that motion would have been moot. The Board also noted that since it cannot not award attorneys' fees or other costs, a subsequent grant of the motion for a protective order would not have made Hitachi whole if the depositions had already taken place. Under the circumstances, therefore, the Board held that Hitachi's non-appearance was not sanctionable conduct.

Finally, the Board granted Hitachi's motion to compel. Hitachi had requested that Pioneer provide documents generated by Pioneer's survey expert witness in connection with his survey. Pioneer had indicated in response to Hitachi's document requests that it would provide such expert witness documents but then claimed that the documents were held by the non-party witness and as such, were not within Pioneer's possession and control. Since discovery had closed, Hitachi no longer had the opportunity to obtain the documents through a subpoena to the expert witness. The Board noted that "possession, custody and control" under FRCP Rule 34(a) includes documents that the requested party has the legal right to obtain even if they are not in its possession. Under the circumstances, the Board held that Hitachi had reasonably assumed that documents related to a survey commissioned by Pioneer would be within its possession or control, and that Pioneer had acted unreasonably by not informing Hitachi if they truly were not, thereby depriving Hitachi of the opportunity to issue a subpoena. The Board concluded that "[a] party may not mislead its adversary by stating it will produce documents, and then fail to do so and claim that the documents are not within its possession and control."