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Preface

This Update contains excerpts from, and notes about, cases and other materials that have been published in the time since the casebook was published.

The purpose of the Update is to keep the casebook materials current in an era when the volume of trademark law makes for a continually moving target. In compiling the Update, we have intentionally been more inclusive in some respects than in the main casebook. We have included as full excerpts only leading cases or cases that highlight an important developing aspect of trademark and unfair competition law. However, we have also included notes about other cases (including many district court cases from the last eighteen months) that, when taken with the existing casebook, are more extensive than are necessary to understand or teach the subject matter of the Trademarks course. We have done so because we believe it helpful, as part of the updating process, to provide current examples of issues raised explicitly by notes and questions in the main casebook. We hope this enhances the pedagogical value of our casebook, and provides a currency that stimulates students and instructors alike. As a result, when we teach from the casebook, we do not add to our existing reading assignments every last page of the Update. Instead, we are more selective. We almost always assign the cases that are excerpted in full (where indicated, in lieu of cases excerpted in the casebook). But we use the notes and questions more selectively, as more up-to-date examples that provide the basis for vibrant class discussion.

We have discontinued our past practice of providing a separate set of statutory materials. All of these are readily available online at sites that are continually updated. Thus, we have provided links to the relevant materials at http://www.indiana.edu/~tmlaw.

As always, we welcome your comments on the wisdom of this editorial choice, as well as on any other aspect of the casebook or the Update.

G.B.D.
M.D.J.
CREATION OF TRADEMARK RIGHTS
DISTINCTIVENESS

At p. 51 add the following to note 3:

The possibility that marks denied registration by virtue of statutory prohibitions might still have protection under the common law (enforced via Section 43(a)) is considered further in Chapter 5.

At p. 56 add the following to note 1:

How should the approach of trademark law to the relevance of generic top level domains in assessing distinctiveness change now that ICANN is in the process of rolling out domains based on brands (e.g., .CANON)? That process and the disputes that it has engendered are discussed in Chapter 8.

At p. 56 insert the following after note 4:

EXAMINATION GUIDE 1-14
APPLICATIONS FOR MARKS COMPRISING GTLDS FOR DOMAIN-NAME REGISTRY OPERATOR AND REGISTRAR SERVICES
March 2014

This examination guide updates the policy and procedure relating to the USPTO’s handling of applications for marks comprising a generic top-level domain name (“gTLD”), and sets forth the circumstances under which a mark consisting of a gTLD may be registered for domain-name registry operator and registrar services.¹

¹ A “registry operator” maintains the master database of all domain names registered in each top-level domain, and also generates the “zone file,” which allows computers to route Internet traffic to and from top-level domains anywhere in the world and a “registrar” is an entity through which domain names may be registered, and which is responsible for keeping website contact information records and submitting the technical information to a central directory (i.e., the “registry”). The terms “registry operator” and “registrar” refer to distinct services and are not interchangeable. Further, “registry operators” and “registrars” are distinguishable from resellers, which are entities that are authorized by registrars to sell or register particular Internet addresses on a given top-level domain. See Internet Corporation for Assigned Names and Numbers, Glossary, http://www.icann.org/en/about/learning/glossary (accessed March 19, 2014).
I. GENERIC TOP-LEVEL DOMAIN NAMES FOR DOMAIN-NAME REGISTRY OPERATOR AND REGISTRAR SERVICES

A. Background

A top-level domain (“TLD”) is the string of letters in an Internet domain name that follows the last “.” or “dot” (e.g., in the URL “http://www.uspto.gov”, “.gov” is the TLD). If a TLD has three or more characters (i.e., it is not a “country code” TLD, such as “.ca” for Canada or “.jp” for Japan), it is known as a “generic top-level domain” or “gTLD.” USPTO policy has provided, in part, that:

If a mark is composed solely of a TLD for “domain name registry services” (e.g., the services of registering .com domain names), registration generally must be refused under Trademark Act §§1, 2, 3, and 45, 15 U.S.C. §§1051, 1052, 1053, and 1127, on the ground that the TLD would not be perceived as a mark.5

The policy relied, in part, on the premise that gTLDs typically were merely abbreviations of the class of intended users of the gTLD (e.g., “.com” for commercial entities, “.gov” for government agencies, etc.) or subject matter of the domain space (e.g., “.edu” for educational institutions).

B. Introduction of New gTLDs and Effect on USPTO Policy

The Internet Corporation for Assigned Names and Numbers (“ICANN”) has begun a program to introduce new gTLDs. Some of the new gTLDs under consideration may have significance as source identifiers. To the extent that some of the new gTLDs under consideration comprise existing registered trademarks or service marks that are already strong source identifiers in other fields of use, some of the premises underlying existing USPTO policy regarding the registration of gTLDs may no longer hold true for such gTLDs (e.g., a gTLD consisting of a coined mark is not an abbreviation of an entity type or class of intended user of domain space). Where the wording following the “.” or “dot” is already used as a trademark or service mark, the appearance of such marks as a gTLD may not negate the consumer perception of them as source indicators. Accordingly, the USPTO is amending its gTLD policy to allow, in some circumstances, for the registration of a mark consisting of a gTLD for domain-name registry operator and registrar services.

5 TMEP §1215.02(d).
II. UPDATED USPTO POLICY ON GTLDS AS TRADEMARKS

A. Requirements for Trademark Registration

A mark composed solely of a gTLD for domain-name registry operator and registrar services fails to function as a trademark because consumers are predisposed to view gTLDs as merely a portion of a web address rather than as an indicator of the source of domain-name registry operator and registrar services. Therefore, registration of such marks must initially be refused under Trademark Act §§1, 2, 3, and 45, 15 U.S.C. §§1051, 1052, 1053, and 1127, on the ground that the gTLD would not be perceived as a mark. However, the applicant may, in some circumstances, avoid or overcome the refusal by providing evidence that the applied-for mark will be perceived as a source identifier. In addition, the applicant must show that: (i) it has entered into a currently valid agreement with ICANN (a “Registry Agreement”) designating the applicant as the entity responsible for operation of the registry, i.e., maintaining the database and generating the zone file (the “Registry Operator”) for the gTLD identified by the mark; and (ii) the identified services will be primarily for the benefit of others. All of the requirements, as described more fully below, must be satisfied.

1. Applicant Must Provide Evidence that the Applied-For Mark Will Be Perceived as a Source Identifier.

[As evidence that evidence that the applied-for mark will be perceived as a source identifier, the] applicant must submit evidence that the gTLD shown in the applied-for mark is the subject of one or more currently active prior U.S. registrations for goods or services that are related to the identified subject matter of the websites to be registered via the applied for domain-name registry operator and registrar services”.

The submitted prior U.S. registration must show the same mark as shown in the applied-for mark. However, the lack of a “.” or “dot” in the submitted prior U.S. registration is not determinative as to whether or not the mark in the prior U.S. registration is the same as the mark in the application. . .

Because a consumer’s ability to recognize a gTLD in an application as a source identifying mark is based, in part, on the applicant’s prior registration(s) for the same mark, the applicant must limit the “field of use” for the identified domain-name registry operator and registrar services to fields that are related to the goods/services listed in the submitted prior registration(s). For example, if the applicant submits prior registrations identifying its goods as “automobiles” and its services as “automobile dealerships,” the services in the application may be identified as “domain-name registry operator and registrar services for websites featuring automobiles and information about automobiles.” However, the applicant may not identify its services as either “domain-name registry operator and registrar services for websites featuring information about restaurants” or merely as “domain-name registry operator and registrar services.” . . .
b. Additional Proof that the Mark Used as a gTLD Will Be Perceived as a Mark

In addition to the prior registration(s), the applicant must also submit a significant amount of additional evidence relevant to the issue of whether the mark, with or without the “.” or “dot,” will immediately function to identify the source of the domain-name registry operator and registrar services rather than merely being perceived as a portion of an Internet domain name that can be acquired through applicant’s services. Because consumers are so highly conditioned and may be predisposed to view gTLDs as non-source indicating, the applicant must show that consumers already will be so familiar with the wording as a mark that they will transfer the source recognition even to the domain-name registry operator and registrar services.

2. Registry Agreement/ICANN Contract

If the applicant has not entered into a Registry Agreement with ICANN designating the applicant as the Registry Operator for the gTLD identified by the mark, consumers may be deceived by use of a particular gTLD as a mark. Consumers generally would believe that the applicant’s domain-name registry operator and registrar services feature the gTLD in the proposed mark, and would consider its availability material in the purchase of these services. Therefore, to avoid a deceptiveness refusal under Section 2(a) of the Trademark Act, the applicant must: (i) submit evidence that it has entered into a currently valid Registry Agreement with ICANN, designating the applicant as the Registry Operator for the gTLD identified by the applied-for mark prior to registration; and (ii) indicate in the identification of services that the domain-name registry operator and registrar services feature the gTLD shown in the mark.

3. Legitimate Service for the Benefit of Others

To be considered a service within the parameters of the Trademark Act, an activity must, inter alia, be primarily for the benefit of someone other than the applicant. Therefore, the examining attorney must issue an information request with the following inquiries in order to determine if the domain-name registry operator and registrar services will be primarily for the benefit of others:

• Does the applicant intend to use the applied-for mark as a gTLD?
• Does the applicant intend to operate a registry for the applied-for mark as a new gTLD and sign a Registry Agreement with ICANN for such gTLD?
• To what entities and industries will the applicant’s domain-name registry operator and registrar services be targeted?

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17 TMEP §1301.01(a)(ii); see In re Reichhold Chems., Inc., 167 USPQ 376, 377 (TTAB 1970).
• Does the applicant intend to register domain names for others using the gTLD identified by the applied-for mark and will there be any restrictions on to whom it will be available?

While operating a gTLD registry that is only available for the applicant’s employees or for the applicant’s marketing initiatives alone generally would not qualify as a service, registration for use by the applicant’s affiliated distributors typically would.

If the applicant fails to indicate for the record that the applicant’s domain-name registry operator and registrar services are, or will be, primarily for the benefit of others, the examining attorney must refuse registration pursuant to Sections 1, 2, 3, and 45 of the Trademark Act.

At p. 67 add the following to note 11:

What weight would you give to the number of “likes” a product Facebook page had received?

At p. 69, add the following new note:

21. Order of analysis – genericness vs. descriptiveness. In In re Louisiana Fish Fry Prods., Ltd., 797 F.3d 1332 (Fed. Cir. 2015), the applicant sought to register LOUISIANA FISH FRY PRODUCTS BRING THE TASTE OF LOUISIANA HOME! (along with a design) for seafood sauce mixes. The PTO required the applicant to disclaim FISH FRY PRODUCTS on the ground that it was either generic or merely descriptive without secondary meaning. In a split decision, a panel of the Federal Circuit affirmed on the descriptiveness ground and declined to reach the genericness ground. Judge Newman dissented, arguing that the court should have addressed genericness first. Does it matter? Why? The court did not cite Zatarains – but this is not surprising. Why isn’t it?

At p. 83, insert the following case before the Notes and Questions

PRINCETON VANGUARD, LLC v. FRITO–LAY NORTH AMERICA, INC.
786 F.3d 960 (Fed. Cir. 2015)

O’MALLEY, Circuit Judge:

Princeton Vanguard, LLC (“Princeton Vanguard”) appeals from the final decision of the Trademark Trial and Appeal Board (“the Board”) cancelling its registration of the mark PRETZEL CRISPS for pretzel crackers on the Supplemental Register and denying its application to register PRETZEL CRISPS on the Principal Register. Because the Board
applied the incorrect legal standard in evaluating whether the mark is generic, we vacate and remand for further proceedings.

BACKGROUND

On April 21, 2004, Princeton Vanguard filed U.S. Trademark Application Serial No. 78/405,596, seeking to register PRETZEL CRISPS in standard character format for “pretzels” on an intent-to-use basis under § 1(b) of the Lanham Act, 15 U.S.C. § 1051. The trademark examining attorney refused registration on the Principal Register on grounds that the proposed mark was merely descriptive under 15 U.S.C. § 1052(e)(1). In response, Princeton Vanguard: (1) amended its identification of goods from “pretzels” to “pretzel crackers;” (2) disclaimed the exclusive right to use the term “pretzel” apart from the mark as a whole; and (3) requested registration on the Supplemental Register. Princeton Vanguard subsequently obtained Registration No. 2,980,303 for the PRETZEL CRISPS mark on the Supplemental Register.

Several years later, Princeton Vanguard filed U.S. Trademark Application Serial No. 76/700,802, seeking to register PRETZEL CRISPS in standard character format for “pretzel crackers” on the Principal Register. In its application, Princeton Vanguard identified October 6, 2004 as its first use of the mark in commerce, disclaimed the exclusive right to use the term “pretzel” apart from the mark as shown, and claimed acquired distinctiveness in the mark as a whole.

On July 2, 2010, Frito–Lay North America, Inc. (“Frito–Lay”) filed a notice of opposition to Princeton Vanguard’s Application Serial No. 76/700,802 to register PRETZEL CRISPS on the Principal Register. In its opposition, Frito–Lay argued that the term PRETZEL CRISPS is generic for pretzel crackers and thus is not registrable. In the alternative, Frito–Lay asserted that PRETZEL CRISPS is highly descriptive of a type of cracker product and has not acquired distinctiveness. Frito–Lay subsequently filed a petition to cancel Supplemental Registration No. 2,980,303 on the same grounds. The petition for cancellation was consolidated with the opposition proceeding and both parties filed motions for summary judgment.

In denying Frito–Lay’s motion for summary judgment that the mark is generic, the Board found that Princeton Vanguard’s submissions, including survey evidence and news articles, “give[ ] rise to a genuine dispute regarding the element of whether the public understands ‘pretzel crisps’ as the generic wording for pretzel crackers, or as designating applicant as the source of pretzel cracker products bearing the mark.” The Board likewise denied Princeton Vanguard’s later motion for summary judgment, finding a genuine dispute as to whether the mark is generic for pretzel crackers and whether it has acquired distinctiveness. The parties agreed to proceed to trial on the summary judgment record, as well as supplemental expert declarations . . . .
On February 28, 2014, the Board sustained Frito-Lay's opposition to Princeton Vanguard's application and granted its petition for cancellation. At the outset, the Board found that “pretzel crisps” is a compound term, not a phrase, and analyzed the terms individually. . . . Specifically, the Board found that the term “pretzel” in PRETZEL CRISPS is generic for pretzels and pretzel snacks, and the term “crisps” is generic for crackers. In reaching this conclusion, the Board cited: (1) media references and third-party use of the term “crisps” to identify crackers; (2) registrations disclaiming the term “crisps”; (3) dictionary definitions of the word “crisp”; (4) Princeton Vanguard's admission that its products provide nutritional facts for a serving size of a stated number of “crisps”; (5) a few generic references to the combined term “pretzel crisps;” and (6) the surveys of two of the parties' experts: Dr. Alex Simonson for Frito-Lay and Dr. E. Deborah Jay for Princeton Vanguard.

Dr. Simonson's survey found that 41% of respondents thought PRETZEL CRISPS was a brand name, 41% thought it was a category name, and 18% answered “don't know” or “not sure.” Dr. Jay noted several problems with Dr. Simonson's methodology, including that “the universe of survey participants was underinclusive,” the two options of giving no opinion—“don't know” and “not sure”—may have caused confusion, and Dr. Simonson failed to conduct a “mini-test” to determine whether participants understood the difference between brand names and category (generic) names. The Board agreed with Dr. Jay's criticisms of Dr. Simonson's survey, and thus gave Frito Lay's survey little probative weight. As to Dr. Jay's survey—which found that 55% of respondents thought that PRETZEL CRISPS was a brand name, while 36% thought it was a common or generic name—the Board noted Dr. Simonson's objection to the screening criteria, but did not adopt it.

The Board indicated that it considered the entire record, including the surveys, but gave “controlling weight to the dictionary definitions, evidence of use by the public, including use by the media and by third-parties in the food industry, and evidence of use by defendant itself.” On this record, the Board found “PRETZEL CRISPS” is generic for “pretzel crackers.” The Board explained that its conclusion would be the same if it had analyzed PRETZEL CRISPS as a phrase instead of a compound term, because “the words strung together as a unified phrase also create a meaning that we find to be understood by the relevant public as generic for 'pretzel crackers.'” Given the Board's finding of genericness, it did not address whether the term PRETZEL CRISPS, when used in connection with pretzel crackers, has acquired distinctiveness.

Princeton Vanguard timely appealed to this court. . . .

**DISCUSSION**

We review the Board's legal conclusions de novo and its factual findings for substantial evidence. [cit.] Whether the Board applied the correct legal standard in assessing the mark is a question of law we review de novo. See In re Dial-A-Mattress Operating Corp., 240 F.3d 1341, 1345 (Fed.Cir.2001). Whether an asserted mark is generic is a question of fact.
In re Hotels.com, LP, 573 F.3d 1300, 1301 (Fed.Cir.2009). Accordingly, “[o]n appellate review of the Board’s factual finding of genericness, we determine whether, on the entirety of the record, there was substantial evidence to support the determination.” Id. at 1302.

On appeal, Princeton Vanguard argues that the Board erred in its genericness analysis when it assessed the PRETZEL CRISPS mark as a compound term instead of a phrase. Specifically, Princeton Vanguard contends that the Board “took the short-cut of analyzing whether the words ‘pretzel’ and ‘crisps’ are each generic for a pretzel and a cracker, and then it merely assumed the public would understand the combined mark PRETZEL CRISPS to be generic for ‘pretzel crackers’ without due consideration of the actual evidence of record.” According to Princeton Vanguard, by focusing solely on the mark’s constituent parts, the Board: (1) deviated from this court’s precedent, which requires consideration of the mark in its entirety; and (2) failed to consider the evidence of record, which shows that the purchasing public understands the term PRETZEL CRISPS to be a brand name.

For the reasons explained below, we agree with Princeton Vanguard that the Board applied the incorrect legal standard when it failed to consider the relevant public’s understanding of the PRETZEL CRISPS mark in its entirety.

A. The Board Applied the Incorrect Legal Standard

. . . . We have said that determining a mark’s genericness requires “a two-step inquiry: First, what is the genus of goods or services at issue? Second, is the term sought to be registered or retained on the register understood by the relevant public primarily to refer to that genus of goods or services?” Id. at 990. Evidence of the public’s understanding of the mark may be obtained from “any competent source, such as consumer surveys, dictionaries, newspapers and other publications.” In re Northland Aluminum Prods., Inc., 777 F.2d 1556, 1559 (Fed.Cir.1985). In an opposition or cancellation proceeding, the opposer or petitioner bears the burden of proving generic-ness by a preponderance of the evidence. See Magic Wand, Inc. v. RDB, Inc., 940 F.2d 638, 641–42 (Fed.Cir.1991).

Applying the first prong of the Marvin Gin test, the Board defined the genus of goods at issue as “pretzel crackers.” Turning to the second prong, the Board identified the relevant public as “ordinary consumers who purchase and eat pretzel crackers.” Neither party disputes these findings on appeal.

The Board began its discussion of the public’s perception of the mark by stating that it “first must decide how to analyze the term.” Although the Board acknowledged that the ultimate inquiry is whether the mark as a whole is generic, it then cited In re Gould Paper Corp., 834 F.2d 1017 (Fed.Cir.1987), for the proposition that, “in cases where the proposed mark is a compound term (in other words a combination of two or more terms in ordinary grammatical construction), genericness may be established with evidence of the meaning of the constituent words.” The Board indicated that, “[b]y contrast, ‘where the proposed mark is a phrase ... the board cannot simply cite definitions and generic uses of the constituent
terms of a mark; it must conduct an inquiry into the meaning of the disputed phrase as a whole.” Id. (quoting Dial–A–Mattress, 240 F.3d at 1345).

The Board appears to believe that there is a dichotomy in the standard applicable to a particular mark depending on whether it is a compound term or a phrase. According to the Board, if the mark is a compound term, then Gould applies, and it can focus on the individual words, but if it is a phrase, American Fertility requires that the Board consider the mark in its entirety. Because the Board found “no additional meaning added to ‘PRETZEL CRISPS’ in relation to ‘pretzel crackers,’ when the individual terms are combined,” the Board analyzed it as a compound term. The Board then considered the terms individually and concluded that “pretzel” is generic for pretzels and pretzel snacks, and “crisps” is generic for crackers.

The problem with the Board’s analysis is that there is only one legal standard for genericness: the two-part test set forth in Marvin Ginn. . . . On appeal, Frito–Lay cites our decisions in Gould and American Fertility to suggest that the Board can somehow short-cut its analysis of the public’s perception where “the purported mark is a compound term consisting merely of two generic words.” As discussed below, however, there is no such short-cut, and the test for genericness is the same, regardless of whether the mark is a compound term or a phrase. Neither Gould nor American Fertility hold otherwise.

The applicant in Gould sought to register the mark SCREENWIPE for goods identified as “pre-moistened, anti-static cloth for cleaning computer and television screens.” While the Board looked to the individual definitions of “screen” and “wipe,” we found that “Gould’s own submissions provided the most damaging evidence that its alleged mark is generic and would be perceived by the purchasing public as merely a common name for its goods rather than a mark identifying the good’s source.” Indeed, Gould described its own product as “a ... wipe ... for ... screens.” Given this admission, we noted that the “compound immediately and unequivocally describes the purpose, function and nature of the goods as Gould itself tells us.” . . . In that context, where the mark in its entirety has exactly the same meaning as the individual words, we stated that “the PTO has satisfied its evidentiary burden if, as it did in this case, it produces evidence ... that the separate words joined to form a compound have a meaning identical to the meaning common usage would ascribe to those words as a compound.” Because “the terms remain as generic in the compound as individually,” we concluded that the compound itself was generic.

In American Fertility, we explained that: (1) Gould did not alter the legal standard for genericness; and (2) the correct legal test “is set forth in Marvin Ginn and is to be applied to a mark ... as a whole, for the whole may be greater than the sum of its parts”. In that case, the Board held that the proposed mark—SOCIETY FOR REPRODUCTIVE MEDICINE—was generic based on evidence of record relating solely to the individual terms. . . . We vacated the Board’s decision on appeal, finding that it applied the incorrect legal standard when it “assumed the genericness of a phrase as a whole based solely on proof of the genericness of its individual terms.”
In reaching this conclusion in *American Fertility*, we clarified that the *Gould* decision “did not purport to modify *Marvin Ginn* ... and seemingly sought to follow” it by focusing on *Gould’s* generic use in its entirety. We reiterated that *Marvin Ginn* requires evidence of the “genus of goods or services at issue” and the “understanding by the general public that the mark refers primarily to ‘that genus of goods or services.’” . . . “Properly interpreted, *Gould* does not justify a shortcut around this test, but rather found that the evidence presented met this burden.” We further indicated that the Board “cannot simply cite definitions and generic uses of the constituent terms of a mark ... in lieu of conducting an inquiry into the meaning of the disputed phrase as a whole to hold a mark ... generic.” Accordingly, we remanded the case for the Board to apply the *Marvin Ginn* test to the mark as a whole.

In subsequent decisions, this court has reiterated that, “[a]n inquiry into the public's understanding of a mark requires consideration of the mark as a whole. Even if each of the constituent words in a combination mark is generic, the combination is not generic unless the entire formulation does not add any meaning to the otherwise generic mark.” In re *Steelbuilding.com*, 415 F.3d 1293, 1297 (Fed.Cir.2005). . . .

On appeal, Frito–Lay argues that *American Fertility* is distinguishable from this case because it involved a phrase, not a compound term. According to Frito–Lay, the applicable legal standard depends on an initial “factual determination of whether the purported mark is a compound term or a phrase.” We disagree. Regardless of whether the mark is a compound term or a phrase, the applicable test is the same and the Board must consider the record evidence of the public's understanding of the mark as a whole. Our decision in *Gould* merely provides additional assistance in assessing the genericness of compound terms where it can be shown that “the public understands the individual terms to be generic,” and the joining of those terms into one compound word provides no additional meaning. It is not a shortcut and does not supplant the two-part test set forth in *Marvin Ginn*.

Even in cases where we have recognized that *Gould* provides an evidentiary standard applicable to compound terms, we have nonetheless emphasized that the Board must consider the mark in its entirety. See *Hotels.com*, 573 F.3d at 1304-06 (citing *Gould* and concluding that “the Board satisfied its evidentiary burden, by demonstrating that the separate terms ‘hotel’ and ‘.com’ in combination have a meaning identical to the common meaning of the separate components”). . . .

In *1800Mattress.com*, for example, the Board initially considered the terms “mattress” and “.com” individually and determined that they were both generic. We explained that the Board “then considered the mark as a whole and determined that the combination added no new meaning, relying on the prevalence of the term ‘mattress.com’ in the website addresses of several online mattress retailers that provide the same services as Dial–A–Mattress.” In affirming the Board’s decision, we indicated that the Board “properly determined” that “the correct inquiry is whether the relevant public would understand, when
hearing the term 'mattress.com,' that it refers to online mattress stores.” Accordingly, even in circumstances where the Board finds it useful to consider the public’s understanding of the individual words in a compound term as a first step in its analysis, the Board must then consider available record evidence of the public’s understanding of whether joining those individual words into one lends additional meaning to the mark as a whole. [cit.]

As noted, here, the Board determined that PRETZEL CRISPS is a compound term, not a phrase, and evaluated the terms individually under Gould. The Board concluded that the “commonly understood meaning of the words ‘pretzel’ and ‘crisps,’ demonstrates that purchasers understand that ‘PRETZEL CRISPS’ identifies ‘pretzel crackers.’” Where, as here, the record is replete with evidence of the public’s perception of the term PRETZEL CRISPS as a whole, it is unclear why the Board would resort to analyzing the terms individually or why it would believe doing so would aid its analysis. In any event, as we have explained, the appropriate legal standard set forth in Marvin Ginn requires consideration of the mark as a whole.

At the end of its decision, the Board stated in passing that, although it analyzed the term PRETZEL CRISPS as a compound term, “were we to analyze it as a phrase, on this record, our conclusion would be the same, as the words strung together as a unified phrase also create a meaning that we find to be understood by the relevant public as generic for ‘pretzel crackers.’” But the Board’s decision lacks any indicia that it actually engaged in such an analysis. Specifically, as explained below, there is no evidence that the Board conducted the necessary step of comparing its findings with respect to the individual words to the record evidence demonstrating the public’s understanding of the combined term: PRETZEL CRISPS. By failing to do so, the Board took the type of short-cut analysis we have said is prohibited and ignored evidence that might compel a contrary conclusion. . . . We conclude, therefore, that the Board applied the incorrect legal standard in its genericness determination. On remand, the Board must consider evidence of the relevant public’s understanding of the term PRETZEL CRISPS in its entirety.

B. Evidence of Record

As previously discussed, the relevant public’s perception is the primary consideration in determining whether a term is generic. . . . And, as noted, evidence of the public’s perception may be obtained from “any competent source, such as consumer surveys, dictionaries, newspapers and other publications.”

One of our sister circuits has indicated that “direct consumer evidence, e.g., consumer surveys and testimony is preferable to indirect forms of evidence.” [cit]. We likewise have recognized that “consumer surveys may be a preferred method of proving genericness.” [cit.]

On appeal, Princeton Vanguard argues that the Board cherry-picked the media references in the record and chose only those references that supported genericness. . .
Given our conclusion that the Board applied the incorrect standard for genericness and our decision to remand for application of the correct legal test, we need not analyze the parties' specific arguments with respect to the evidence of record. . . .

The record here contains significant evidence in the form of declarations, survey evidence, and evidence of use of PRETZEL CRISPS in the snack food industry and by the media and Frito-Lay does not dispute Princeton Vanguard's description of much of it. Though the Board is not required to discuss every piece of evidence, it cannot focus primarily on evidence of the word "crisps" in isolation, select a few pieces of evidence involving the combined term "pretzel crisps," and conclude that the trademark is generic. Nor can it disregard the results of survey evidence without explanation. Just as it may not short-cut its legal analysis, the Board may not short-cut its consideration of the factual record before it. . . .

CONCLUSION

Because we find that the Board applied the incorrect legal standard in assessing whether the term PRETZEL CRISPS is generic, we vacate the Board's decision cancelling Registration No. 2,980,303 and its decision sustaining Frito-Lay's opposition to Application Serial No. 76/700,802. We remand for application of the appropriate standard as set forth in Marvin Ginn and discussed herein.

[Vacated and remanded.]

At p. 90, add the following to Problem 2-4:

(19) #TACOTUESDAY for restaurant services. (As you proceed through Part II of the casebook, you might consider what other doctrines of trademark law might present obstacles to the registration of hashtag as marks. How are such marks used differently than conventional marks?)

Insert the following case at p. 105 after Amazing Spaces:

NOLA SPICE DESIGNS, L.L.C., v. HAYDEL ENTERPRISES, INC.

783 F.3d 527 (5th Cir. 2015)

STEPHEN A. HIGGINSON, Circuit Judge:

This case concerns the intersection between intellectual property rights and a Mardi Gras tradition. Haydel Enterprises appeals the district court's grant of summary judgment to Nola Spice Designs and Raquel Duarte on claims of trademark infringement, unfair competition, trademark dilution, copyright infringement, and unfair trade practices. We affirm.
FACTS AND PROCEEDINGS

During Mardi Gras parades in New Orleans, parade “krewes” throw strands of plastic beads to onlookers, who, in turn, have created “bead dogs” by twisting these strands into the shape of a dog. Haydel Enterprises (“Haydel”) owns Haydel's Bakery in New Orleans, which makes and sells pastries and cakes, including its popular king cake sold during the Mardi Gras season. In 2008, Haydel commissioned an artist to design a mascot, which was named “Mardi Gras Bead Dog.” On October 13, 2009, and December 1, 2009, the United States Patent and Trademark Office (“PTO”) issued two trademark registrations to Haydel for, respectively, the phrase “MARDI GRAS BEAD DOG” and its bead dog design. The design consists of a “stylized dog wearing a beaded necklace, with the dog being formed by a series of spheres designed to look like Mardi Gras style beads. The dog has two eyes and a nose, all formed by smaller beads.” Both registrations cover king cake pastries, jewelry, and clothing (shirts, hats, and baby jumpsuits). Haydel sells these items in its New Orleans store, online, and through its licensee Fleurty Girl, a New Orleans retailer. . . . Haydel has acknowledged that its mascot “brings to mind the traditional bead dog” made of Mardi Gras beads. Nevertheless, Haydel asserts that its mascot and its use of the phrase “Mardi Gras Bead Dog” differ from the Mardi Gras tradition in key respects, which we will discuss.

In May 2012, Raquel Duarte formed Nola Spice Designs, which sells jewelry and accessories, including necklaces and earrings featuring bead dog trinkets. Duarte twists each bead dog by hand from beads and wire, following the same general method that she used to make bead dogs as a child during Mardi Gras. By contrast, the bead dogs in Haydel's jewelry are made of sterling silver. Duarte sells her jewelry on the Internet under titles that include the phrase “bead dog,” but not “Mardi Gras bead dog.” . . .

Haydel learned of Duarte's bead dogs through Haydel's customers [and brought suit alleging inter alia trademark infringement. Both parties moved for summary judgment].

The district court granted in part and denied in part the motion for summary judgment filed by Nola Spice Designs and Duarte (collectively, “Nola Spice”) and denied Haydel's motion for summary judgment. Specifically, the district court granted summary judgment to Nola Spice on its claim for a declaratory judgment that it was not infringing Haydel's trademarks, and the court cancelled those trademarks as unprotectable . . . The district court also granted summary judgment to Nola Spice on Haydel's claims of trademark infringement, unfair competition, trademark dilution . . .

DISCUSSION

I. Trademark Infringement

[The Court separately analyzed the distinctiveness of Haydel's word mark (“Mardi Gras Bead Dog”) and the distinctiveness of its design mark (the bead dog design).]
A. Word Mark

The district court found, and Nola Spice argues on appeal, that “Mardi Gras Bead Dog” is not entitled to trademark protection because it is generic, or alternatively, because it is descriptive and has not acquired secondary meaning. Haydel argues that “Mardi Gras Bead Dog” is suggestive as applied to its jewelry and arbitrary as applied to its clothing and king cakes.

The record evidence, read in the light most favorable to Haydel, demonstrates that the term “Mardi Gras Bead Dog” refers to the figure of a dog made from Mardi Gras beads. David Haydel, Jr., testified that “[b]ead dog, beaded dog, a dog made of beads are all common terms for describing” a dog made from Mardi Gras-style beads. Dawn Turner, a Louisiana resident, submitted an affidavit stating that she has “childhood memories of making handmade bead dogs from broken Mardi Gras beads.” Similarly, Mary–Clare Manson stated in an affidavit that at Mardi Gras parades, her daughter learned from other children “how to twist the broken beads into the shape of a dog, which we have called bead dogs for many years.” Although these trinkets are sometimes described as “bead dogs” and not “Mardi Gras bead dogs,” Philip Weddle, the artist who created Haydel’s bead dog design, agreed at his deposition that the terms “Mardi Gras” and “bead dog” “naturally go together.” “You know, it’s a bead dog. It’s kind of hard ... not [to] put them together, Mardi Gras.” Indeed, the Copyright Office, in response to Haydel’s application for a copyright registration in its bead dog design, noted that “Mardi Gras bead dogs ... have apparently become well-known and traditional parts of Mardi Gras.” The record evidence thus makes clear that the relevant public—those familiar with Mardi Gras traditions—perceives the term “Mardi Gras bead dog” primarily to refer to a dog made of Mardi Gras beads. However, Haydel does not sell dogs made of Mardi Gras beads. Rather, Haydel sells silver jewelry in the shape of bead dogs, clothing with the image of a bead dog, and king cakes containing or accompanied by bead dog figurines. On this record, therefore, the term “Mardi Gras Bead Dog” describes a characteristic of Haydel’s products, and not the products themselves. Nola Spice therefore has not carried its burden at summary judgment of demonstrating that “Mardi Gras Bead Dog” is generic as applied to Haydel’s jewelry, clothing, and king cake.

The district court nevertheless properly classified Haydel’s mark as descriptive. “A descriptive term identifies a characteristic or quality of an article or service, such as its color, odor, function, dimensions, or ingredients.” Amazing Spaces, 608 F.3d at 241 (citation omitted). “Examples of descriptive marks would include Alo with reference to products containing gel of the aloe vera plant and Vision Center in reference to a business offering optical goods and services.” Id. We have noted that “the concept of descriptiveness must be construed rather broadly.” Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 792 (5th Cir.1983) . . . . A central inquiry to assess descriptiveness is the “imagination test,” which “seeks to measure the relationship between the actual words of the mark and the product to which they are applied.” Id. “If a word requires imagination to apply it to the product or service in question, it tends to show that the term as used is suggestive. On the
other hand, if the word conveys information about the product, it is descriptive.” Union Nat'l Bank of Tex., 909 F.2d at 848.

The record makes clear that the phrase “Mardi Gras Bead Dog” conveys information about Haydel's clothing, jewelry, and king cake. The bead dog design embodied in each of these products is, in Haydel's words, a “rendering of the old time bead dog.” In addition, Haydel's own public statements closely link these products to the traditional Mardi Gras bead dog. Haydel advertises its clothing on its website as “Mardi Gras Bead Dog parade gear,” next to a description of the Mardi Gras tradition of twisting beads into the shape of a dog. Likewise, Haydel advertises its jewelry as a way to “[s]how your Mardi Gras spirit year round.” Fleurty Girl, which sells Haydel's jewelry pursuant to a license, published the following advertisement: “In New Orleans, you can twist your Mardi Gras beads a certain number of ways and make what we call a Bead Dog. Now available for the first time ever in sterling silver.” These statements make clear that the bead dog image is a central aspect of Haydel's clothing and jewelry. Similarly, the use of “Mardi Gras bead dog” in connection with king cake, a popular Mardi Gras tradition, conveys information about the bead dog figurine inside or accompanying the king cake. No reasonable juror could find that imagination is required to link Haydel's clothing, jewelry, and king cake to the phrase “Mardi Gras bead dog,” as Haydel uses that phrase.

A second test to determine descriptiveness is “whether competitors would be likely to need the terms used in the trademark in describing their products.” Zatarains, 698 F.2d at 793 (internal quotation marks and citation omitted). An article in a magazine published by Haydel describes the traditional bead dog as “a fond memory of Mardi Gras' past and symbol of the City's youth.” Another magazine article refers to the traditional bead dog as “an iconic Mardi Gras symbol.” Given the bead dog's popularity and its close connection to Mardi Gras, common sense indicates that other vendors would need to use the term “Mardi Gras bead dog” to describe their own Mardi Gras-themed clothing, accessories, and baked goods containing the image of a bead dog. See id. (“Common sense indicates that in this case merchants other than Zatarain's might find the term ‘fish fry' useful in describing their own particular batter mixes.”)

In response to compelling evidence of descriptiveness, Haydel fails to identify evidence raising a genuine factual issue as to the word mark's inherent distinctiveness. Haydel argues that its word mark must be suggestive as applied to jewelry because Nola Spice conceded in its motion for summary judgment that “Haydel does not make and sell bead dogs.” However, that statement at most reflects that the phrase “Mardi Gras bead dog” is not generic as applied to Haydel's merchandise. Indeed, other phrases conveying a product's shape have been found to be descriptive. See Vox Amplification Ltd. v. Meussdorffer, No. 13–4922, 2014 WL 558866, at *6 (E.D.N.Y. Feb. 11, 2014) (“‘Teardrop[,]’ ... used in conjunction with a teardrop-shaped instrument body, is clearly descriptive.”) . . . 

Also unpersuasive is Haydel's argument that its word mark is arbitrary as applied to clothing and king cake. Arbitrary marks “bear no relationship to the products or services to
which they are applied.” Amazing Spaces, 608 F.3d at 241 (citation omitted); see also Union Nat'l Bank of Tex., 909 F.2d at 845 (“[T]he term ‘arbitrary’ refers to ordinary words which do not suggest or describe the services involved.”). Haydel notes that “Apple” is commonly described as an arbitrary mark in connection with computers, even though an Apple computer displays the image of an apple. See Sport Supply Grp., Inc. v. Columbia Cas. Co., 335 F.3d 453, 460 n. 7 (5th Cir.2003). However, a mark’s categorization under the Abercrombie typology depends on the context in which it appears and on the nature of the products sold. See Union Nat’l Bank of Tex., 909 F.2d at 847. Apple Computer sells electronic products, which bear no relationship to the fruit. By contrast, Haydel’s public statements make clear that it is marketing Mardi Gras-related merchandise; the bead dog image on its clothing and the bead dog figurine inside or accompanying its king cake are part of and describe the product being sold. No reasonable juror could therefore conclude that the phrase “Mardi Gras bead dog” “bear[s] no relationship” to Haydel’s clothing and king cake. Amazing Spaces, 608 F.3d at 241 (citation omitted). Because the record compels the conclusion that Haydel’s word mark is descriptive as applied to jewelry, clothing, and king cake, the mark is legally protectable as a source identifier only if it has acquired secondary meaning, which we discuss below.

B. Design Mark

We now analyze the distinctiveness of Haydel’s design mark, which the PTO defined as “a stylized dog wearing a beaded necklace, with the dog being formed by a series of spheres designed to look like Mardi Gras style beads. The dog has two eyes and a nose, all formed by smaller beads.”

While the Abercrombie test determines the inherent distinctiveness of word marks, we recently embraced the Seabrook Foods test to determine the inherent distinctiveness of a design mark, although we did not “go so far as to hold that the Abercrombie test is eclipsed every time a mark other than a word is at issue.” Amazing Spaces, 608 F.3d at 243. . . .

We have noted that “[t]he first three of the Seabrook Foods ‘questions are merely different ways to ask whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicator of origin—a trademark.’” Id. at 243–44 (internal quotation marks omitted) (quoting I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 40 (1st Cir.1998) (quoting 1 McCarthy on Trademarks § 8:13)). If not, then the mark is not inherently distinctive and is protectable only upon a showing of secondary meaning. Id. at 247. We have also found useful the following language from the Restatement: “The manner in which a symbol or design is used ... is relevant to the likelihood that it will be perceived as an indication of source. In some instances a design is likely to be viewed as mere ornamentation rather than as a symbol of identification.” Restatement (Third) of Unfair Competition § 13 cmt. d; Amazing Spaces, 608 F.3d at 246; see also 1 McCarthy on Trademarks § 3:3 (“Usually, if when viewed in context, it is not immediately
obvious that a certain designation is being used as an indication of origin, then it probably is not. In that case, it is not a trademark.

We measure the distinctiveness of a design mark with reference to the market in which the mark is used, although uses beyond that market are also relevant. See Amazing Spaces, 608 F.3d at 245 n. 18 (framing the inquiry as whether the design mark “identifies and distinguishes Amazing Spaces's self-storage services from others' self-storage services,” while noting that “[t]his does not mean ... that we must blind ourselves to uses beyond the self-storage services industry”). In evaluating distinctiveness, our circuit and other courts have considered evidence of third-party use of similar marks. See id. at 232 (noting that “the same or a similar five-pointed star was used in commerce in at least 63 different industries and businesses on buildings, property, and as part of logos and on the buildings of at least 28 other self-storage locations” (internal quotation marks and citation omitted)); see also Seabrook Foods, 568 F.2d at 1345 (noting “evidence of third-party uses and registrations of similar marks on frozen foods, indicating that Seabrook’s ‘oval’ design is not unique in this field”); Wiley v. Am. Greetings Corp., 762 F.2d 139, 142 (1st Cir.1985) (applying Seabrook Foods and affirming a grant of summary judgment on a common law trademark claim on the ground that the mark—a red heart affixed to the left breast of a teddy bear—was not inherently distinctive, noting that “[t]he record contains pictures of, and references to, an abundance of plush animals, including many teddy bears, that sport heart designs on their chests or other parts of their anatomy”).

To prevail on summary judgment, Nola Spice must offer sufficient evidence both to overcome the presumption of inherent distinctiveness that accompanies Haydel's registration, and to compel the conclusion that Haydel's design mark is not inherently distinctive as a matter of law. See Amazing Spaces, 608 F.3d at 234. A first step is to define the relevant market. Haydel defines the relevant market as one for pastries, clothing, and jewelry, while Nola Spice argues that the market is one for “bead dogs.” We believe the market is appropriately defined as one for Mardi Gras-themed products. This definition is consistent with advertising of Haydel's products, which makes clear that Haydel is selling Mardi Gras-themed merchandise to an audience familiar with Mardi Gras traditions. See generally A.J. Canfield Co. v. Honickman, 808 F.2d 291, 303 (3d Cir.1986) (recognizing the importance of consumer understanding to determining the relevant product genus). Haydel describes its clothing as “Mardi Gras Bead Dog parade gear.” Haydel's jewelry is advertised as a traditional bead dog cast in sterling silver, and as a way to “[s]how your Mardi Gras spirit year round.” As Haydel acknowledges, king cake is also a Mardi Gras tradition. We therefore must consider whether Haydel's bead dog design is “so unique, unusual or unexpected” in the market for Mardi Gras-themed merchandise that it “will automatically be perceived by customers as an indicator of origin.” Amazing Spaces, 608 F.3d at 243-44. We may also consider uses of bead dog designs beyond that market, given that a “[c]ommonplace ... design[s] ... appearance on numerous products makes it unlikely that consumers will view [it] as distinctive of the goods or services of a particular seller.” Restatement (Third) of Unfair Competition § 13 cmt. d; Amazing Spaces, 608 F.3d at 245 n. 18.
The record is replete with evidence that Haydel's design is substantially similar to the traditional bead dog that parade-goers have long crafted from Mardi Gras beads. Haydel describes its design mark as “a rendering of the old time bead dog, jazzed up for the 21st century.” In its application for a copyright registration for its bead dog design, Haydel acknowledged that the image “brings to mind the traditional bead dog.” Indeed, David Haydel, Jr. testified that every bead dog that could be made would “look like” Haydel's trademarked design. Ryan Haydel likewise testified that there was not “any other way to make a bead dog” besides Haydel's bead dog design. An article published in the magazine Rally to Rescue describes Haydel's design mark as taking “the form of an iconic Mardi Gras symbol: the bead dog.” In addition to these statements, the record contains various images of traditional bead dogs that are similar to Haydel's design. These include a photograph of a bead dog trinket on an artist's weblog; a photograph of a bead dog crafted by Duarte from Mardi Gras-style beads during her deposition, which Haydel acknowledges is a traditional bead dog trinket; and still shots from a YouTube.com video, titled Boudreaux the BeadDog, featuring a cartoon bead dog.

Haydel argues that its design is distinct from a traditional bead dog because its design has eyes, a nose, a tail, and a necklace. However, the cartoon in Boudreaux the BeadDog also has eyes, a nose and a tail. Other images in the record depict dog trinkets made of beads and wearing a “necklace,” which may be described as a collar. At most, the eyes, nose, tail, and collar on Haydel's design are a mere “refinement” of the traditional bead dog, which is a well-known image to those who celebrate Mardi Gras. See Wiley, 762 F.2d at 142 (“The fact that Wiley's alleged mark is a red heart, permanently affixed to the left breast of a teddy bear does not ... serve to distinguish [plaintiff's] use of the design from others' uses of hearts on other stuffed animals. These characteristics, even if they in combination could be deemed unique, are 'mere refinement[s] of a commonly-adopted and well-known form of ornamentation....'” (emphasis in original) (quoting Seabrook Foods, 568 F.2d at 1344)). Given the similarity between Haydel's design mark and a traditional Mardi Gras bead dog, no reasonable juror could conclude that Haydel's mark is “so unique, unusual or unexpected” when used in connection with Mardi Gras-themed merchandise that it would “automatically be perceived by customers as an indicator of origin.” Amazing Spaces, 608 F.3d at 243-44. Hence, Haydel's design mark, like its word mark, is not inherently distinctive and may be protected only if it has acquired secondary meaning.

[The Court agreed with the district court that Haydel failed to raise a fact issue as to whether its design and word marks acquired secondary meaning, concluding that “the overwhelming evidence demonstrates that Haydel's marks are not distinctive and therefore not protectable.”]

At p. 129, add the following to note 10:
See also In re Frankish Enters Ltd., 113 U.S.P.Q.2d 1964 (TTAB 2015) (applying Seabrook to find an image of a monster truck inherently distinctive of “entertainment services in the nature of monster truck exhibitions”).

At p. 137, before the Notes and Questions, add the following new case:

**FAIR WIND SAILING, INC. v. DEMPSTER**

764 F.3d 303 (3d Cir. 2014)

FUENTES, Circuit Judge:

I.

A.

The complaint alleges the following facts, which we assume to be true and construe in the light most favorable to the plaintiff. See *Ashcroft v. Iqbal*, 556 U.S. 662, 678–80 (2009).

Fair Wind is a Michigan corporation that owns sailing schools throughout the United States, including one in St. Thomas, Virgin Islands. The St. Thomas school exclusively uses catamarans.

In July 2007, Fair Wind hired Larry Bouffard as a captain and sailing instructor for its St. Thomas school. Bouffard entered into a contract with Fair Wind, which contained a provision precluding Bouffard from joining a Fair Wind competitor within 20 miles of the St. Thomas school for two years after the end of his employment with Fair Wind. A popular instructor, Bouffard stayed with Fair Wind for over three years.

In June 2010, Bouffard introduced Dempster to Fair Wind as a potential instructor and captain. Relying on Bouffard’s assurance that Dempster was qualified for the post, Fair Wind hired Dempster for a probationary two-week period. Fair Wind was dissatisfied with Dempster’s performance, and declined to retain Dempster at the end of those two weeks.

Shortly after Fair Wind terminated Dempster, Bouffard resigned. At or about this time, however, Dempster and Bouffard decided to open a sailing school together in St. Thomas. By the following winter, Dempster and Bouffard’s school, VISS, was up and running, in direct competition with Fair Wind. Opening VISS violated Bouffard’s two-year noncompete agreement with Fair Wind.

Since its inception, VISS has copied Fair Wind’s St. Thomas school in several respects. VISS employs 45-foot catamarans, the same boats used by Fair Wind. VISS also uses teaching curriculum and itineraries identical to those used by Fair Wind, and employs the
same procedures for student feedback. The marketing on VISS’s website is identical to Fair Wind’s marketing. Additionally, the VISS website contains a picture of a catamaran belonging to Fair Wind, includes “student testimonials” from students who took classes with Dempster while he worked for Fair Wind, and mentions Bouffard’s experience teaching “[o]ver the last year,” presumably in reference to his time teaching at Fair Wind.

Fair Wind alleges that “[s]ince VISS began competing with Fair Wind, Fair Wind has lost considerable business and reputation.” It also alleges that “Dempster and VISS have been enriched by their improper and unjustified conduct.”

B.

Fair Wind filed an action against Dempster and VISS in the District Court of the Virgin Islands. The complaint, as amended shortly thereafter, alleged three claims against Dempster and Fair Wind: (1) a “trade dress” infringement claim under § 43(a) of the Lanham Act; (2) a common-law tortious interference claim; and (3) a common-law unjust enrichment claim. VISS filed a motion to partially dismiss the complaint under Rule 12(b)(6) of the Federal Rules of Civil Procedure, arguing that Fair Wind failed to state claims for trade dress infringement or unjust enrichment.

The District Court concluded that Fair Wind had failed to state claims for either trade dress infringement or unjust enrichment. As to the trade dress claim, the District Court concluded that the complaint had several dispositive flaws. First, the District Court explained that Fair Wind had failed to allege facts about its business that “amount[ed] to its trade dress.” *Fair Wind Sailing, Inc. v. Dempster,* No. 2011–55, 2013 WL 1091310, at *4 (D.V.I. Mar. 15, 2013). “Without knowing the precise product features that Fair Wind seeks to protect” as trade dress, the District Court “struggle[d] to undertake a productive Rule 12(b)(6) analysis.” *Id.* Second, assuming that the product features at issue amounted to a trade dress, the Court determined that the complaint was “devoid of any allegations that [these features were] inherently distinctive or ha[d] acquired any secondary meaning.” *Id.* at *4–5. Third, the District Court determined that the product features comprising Fair Wind’s alleged trade dress were “functional” and therefore fell beyond the protections of the Lanham Act. *Id.* at *5–6. . . .

[The District Court awarded defendants their attorneys’ fees. Plaintiffs appealed both the dismissal order and the fees order.]

II.

We first consider Fair Wind’s trade dress claim. Like the District Court, we conclude that Fair Wind has failed to properly state a claim for trade dress infringement. We therefore affirm the District Court’s dismissal of the claim.

[After invoking Section 43(a) and some fundamentals of trade dress law, the court continued:] [I]t is the plaintiff’s duty to “articulat[e] the specific elements which comprise its
distinct dress.” See Landscape Forms, Inc. v. Columbia Cascade Co., 113 F.3d 373, 381 (2d Cir.1997); see also 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 8:3 (4th ed.2014) (“[T]he discrete elements which make up the [trade dress claim] should be separated out and identified in a list.”).4 This allows the district court to ensure that the claim is not “pitched at an improper level of generality, i.e., the claimant [does not] seek[ ] protection for an unprotectable style, theme or idea.” Landscape Forms, 113 F.3d at 381. Even before it reaches the question of protectability, however, a district court should scrutinize a plaintiff’s description of its trade dress to ensure itself that the plaintiff seeks protection of visual elements of its business. As the Sixth Circuit has noted, “any ‘thing’ that dresses a good can constitute trade dress.” Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc., 280 F.3d 619, 630 (6th Cir.2002). However, the “thing” must “dress[ ] a good.” Id. That is, the alleged trade dress must create some visual impression on consumers. Otherwise, there is simply no “dress” to protect.

According to Fair Wind, its trade dress is “the combination of its choice to solely employ catamaran vessels” and its “unique teaching curriculum, student testimonials, and registered domain name,” which “all combine to identify Fair Wind’s uniquely configured business to the general public.” By its own terms, then, Fair Wind’s “trade dress” is simply a hodgepodge of unconnected pieces of its business, which together do not comprise any sort of composite visual effect. Fair Wind is not arguing that VISS stole Fair Wind’s “look” in order to lure away customers. In fact, several of the elements of Fair Wind’s trade dress—such as the teaching curriculum—are not clearly visual aspects of the business at all.6 Rather, Fair Wind

4 For example, in Rose Art Industries v. Swanson, 235 F.3d 165, 171 (3d Cir.2000), the plaintiff claimed that the following elements comprised its trade dress:

(1) a prominent band that is either straight or wavy and often black in color that cuts across the middle of the front of the package, extending to the sides with the words “CRAYONS” or “WASHABLE MARKERS” or other descriptive term in white letters imprinted on the band (the “Band and Letter feature”); (2) a yellow background on the top of the package with a contrasting background color (either red, purple, pink, or a combination of purple fading to red) on the bottom of the package; and (3) a prominent display of the Rose Art logo in golden yellow (either foil or print) or red, either with or without a rainbow “swish” design behind the logo on the front of the package. In addition, in its presentation to the District Court, Rose Art included three other elements in its claim of infringement: (1) the statement “since 1923”; (2) the statement on the front of the package that the product is “Certified Non–Toxic;” and (3) the sentence inviting consumer comments, “Rose Art invites your comments and questions about this product. Please write to Rose Art Industries, Inc., Consumer Affairs, 6 Regent St., Livingston, NJ 07039 or call 1–800–CRAYONS.” 235 F.3d at 169.

6 We do not suggest that the curriculum of a sailing school, if part of, for example, an overall look of a schoolhouse or a website, could not be part of a business’s trade dress. Cf. Fuddruckers, Inc. v. Doc’s B.R. Others, Inc., 826 F.2d 837, 841 (9th Cir.1987) (noting that a menu, in combination with other aspects of a restaurant’s decor, can constitute protectable trade dress). But the complaint does not in any way indicate that Fair Wind’s curriculum creates any kind of visual impression. It is not even clear from the complaint that Fair Wind’s curriculum is something that can be seen.
asserts that Defendants have harmed Fair Wind “by copying every material element of Fair Wind’s business and presenting [it to] the public.” Id. at 15. This claim has little to do with trade dress.

Because Fair Wind has failed to give Defendants adequate notice of what overall look it wishes to protect, its trade dress claim cannot survive Defendants’ motion to dismiss. See Twombly, 550 U.S. at 555, 127 S.Ct. 1955.

In sum...Fair Wind’s claim does not hold water.

[Affirmed as to dismissal; remanded as to attorneys’ fees.]

At p. 139, add the following to the end of note 8:

See also In re Frankish Enters Ltd., 113 U.S.P.Q.2d 1964 (TTAB 2015) (holding that “while trade dress in the nature of product design can never be inherently distinctive, product packaging trade dress and trade dress for services can be inherently distinctive”). For the proposition that service trade dress can be inherently distinctive the Board in Frankish cited Two Pesos (and Chippendales). Do you think that properly reads Wal-Mart? The Board then applied Seabrook to find this image of a monster truck inherently distinctive of “entertainment services in the nature of monster truck exhibitions”.

![Image of a monster truck]
The Board stressed that “applicant does not seek registration of its design for a product, it seeks registration of its ‘fanciful, prehistoric animal’ design for its monster truck exhibition services, and under Two Pesos, trade dress for services may be inherently distinctive.” Are you persuaded by this distinction? Does it present any dangers? If a competitor manufactured trucks bearing the same design, could the applicant bring an infringement claim? You should reconsider this question after reading the materials in Chapter 7.

At p. 139, add the following notes and questions:

9. Functionality. The Fair Wind court also ruled that even if the plaintiff had adequately defined the trade dress, it was functional in any event. According to the court, the alleged trade dress was functional because “[s]tudent feedback procedures, catamarans, teaching itineraries, and curriculum all affect the quality of Fair Wind’s business. They play a critical role in the consumer demand for Fair Wind’s services, rather than merely identifying Fair Wind as the source of the sailing instruction.” After you have studied the materials on functionality in Chapter 3, consider whether you agree with this analysis. Also consider whether the analysis of trade dress (for distinctiveness or for functionality) should rest on the qualities of individual elements of the trade dress, or on the trade dress taken as a whole.

10. Attorneys’ fees. The Fair Wind opinion also contains an important ruling on fee-shifting. Addressing the attorneys’ fees issue (to which we will return in Ch. 12), the Third Circuit adopted the standard enunciated in Octane Fitness, LLC v. Icon Health & Fitness, Inc., 134 S.Ct. 1749 (2014). There, the Supreme Court had ruled that under the attorneys’ fees provision in the patent statute, 35 U.S.C. § 285, “an ‘exceptional’ case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” Id. at 1756. This standard eliminates the need to show that a party acted in subjective bad faith in addition to bringing an objectively baseless claim. Id. The Octane Court also had noted that Lanham Act Section 35(a) contained an identical exceptional case provision. The Third Circuit ruled that the Octane Court was sending a “clear message” that its standard for finding a patent case exceptional should also apply to trademark cases.

At p. 157, add the following to the end of note 4:

If a bar operated a karaoke machine using pirated music and video tracks copied from the authentic products of the plaintiff, could the plaintiff sue for trademark infringement when the pirated tracks displayed without authorization the trademark that the plaintiff owned for karaoke services? Would your answer be affected by the form in which the authentic karaoke performances were distributed (e.g., distributed on a CD as opposed to distributed via a digital file)? See Slep-Tone Ent. Corp. v. Sellis Enterprises, —F.Supp.3d— (N.D. Ill. Apr. 3, 2015).
At p. 158, at the end of Chapter 2, add the following new case:

**GENSLER JR. & ASSOCIATES, INC. v. STRABALA**  
764 F.3d 735 (7th Cir. 2014)

EASTERBROOK, Circuit Judge:

After leaving Gensler, an architectural firm with projects throughout the world, where he had been a Design Director, Jay Marshall Strabala opened his own firm, 2Define Architecture. Strabala stated on its website (http:// www.define-arch.com/en/featured), on his personal Flickr site, or both, that he had designed five projects for which Gensler is the architect of record: Shanghai Tower, Hess Tower, Three Eldridge Place, the Houston Ballet Center for Dance, and the headquarters of Tesoro Corporation. Gensler contends that Strabala’s statements, a form of “reverse passing off” in the argot of this field, violate § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). But the district judge dismissed the complaint, ruling that, because Strabala did not say that he built or sold these structures, he could not have violated § 43(a). 2012 WL 600679, 2012 U.S. Dist. LEXIS 21255 (N.D.Ill. Feb. 21, 2012). The court then dismissed Gensler’s state-law claims, relying on its concession that the outcome of its federal-law claim controls the whole suit. 2012 WL 600679 at *2, 2012 U.S. Dist. LEXIS 21255 at *8–9.

The district court read *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), to limit § 43(a) to false designations of goods’ origin—and since Gensler’s claim concerns services rather than goods, the court held that Gensler cannot invoke the Lanham Act. That conclusion misreads *Dastar*. True enough, it held that the absence of a false or misleading designation of goods’ origin nixed a Lanham Act claim, but that was because the suit involved only goods. The Supreme Court did not read “services” out of the Lanham Act. Nor did it hold that a false claim of origin is the only way to violate § 43(a). If it had done that, then *POM Wonderful LLC v. Coca–Cola Co.*, --- U.S. ----, 134 S.Ct. 2228 (2014), could not have come our as it did, for there was no dispute about who made what, as opposed to whether one seller was trying to deceive consumers about what its product contained.

*Dastar* held that a copyright can’t be extended by using the Lanham Act. Dastar, the defendant, copied and sold some videos after the copyright expired. Dastar correctly identified itself as the producer of the physical objects that embodied the intellectual property; doing so satisfied both statutes, the Court held. Twentieth Century Fox, which had owned the copyright before its expiration, did not contend that Dastar had falsely identified itself as the videos’ creator, wrongly imputed the newly made copies to Twentieth Century Fox, or made any other false claim. Because the origin of goods had been correctly designated, and no false statement made, the Court held that § 43(a) did not supply a claim for relief. Gensler, by contrast, does assert there has been a false claim of origin—though of
services rather than goods. Gensler maintains that Strabala falsely claims to have been the creator of intellectual property (the designs of the five buildings). Architects’ success in winning clients depends on what they have accomplished; Gensler has a strong interest in defending its reputation for creativity and preventing a false claim that someone else did the design work.

Section 43(a)(1) reads:

Any person who, on or in connection with any goods or services, ... uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person [shall be liable in a civil action.]

Gensler contends that Strabala made a “false or misleading representation of fact” (his role in designing the five buildings) that is “likely to ... deceive as to the ... connection[ ] or association of such person [Strabala] with another person [Gensler]” and to deceive clients about the “origin” of the designs. Nothing in Dastar forecloses such a claim. See Societe Des Hotels Meridien v. LaSalle Hotel Operating Partnership, LP, 380 F.3d 126 (2d Cir. 2004). The district court thought that Gensler should have relied on copyright law rather than the Lanham Act, but Strabala did not make or sell copies of any plans or drawings in which Gensler claims a copyright. A false claim of authorship, without the making of copies (or some other act covered by 17 U.S.C. § 106), is outside the scope of copyright law. Gensler’s only plausible federal claim rests on § 43(a).

The question remains, however, whether Gensler has a tenable claim. It charges Strabala with a form of fraud, so we would expect its complaint to allege with particularity the nature of the grievance—what Strabala said and why it is false. See Fed.R.Civ.P. 9(b). Yet the complaint contains only a few quotations and does little to explain what part of each is false. For example, it quotes this from Strabala’s Flickr site: “Shanghai Tower was designed by American architect Marshall Strabala.” But it does not say why the statement that he “designed” the building is false.

We can think of three ways in which an architect’s assertion that he designed a building could be false:

- The architect did not have anything to do with the design, never having worked on the project.
• The architect worked on the project but overstated his role. For example, the architect may have designed some of a building’s details, but not its basic appearance or attributes.

• The architect worked on the project and contributed some or even all important features, but the project was so complex that no one person bore full responsibility.

The first of these would be like Strabala claiming to have directed the motion picture *Casablanca*. The second would be like a junior associate, who did some research but contributed only a few pages of text, claiming to have been the author of Arnold, Fortas & Porter’s brief in *Gideon v. Wainwright*. Frank Lloyd Wright was accused of overstating his role at Adler & Sullivan in this way, in order to get commissions after he set up his own practice in 1893.

Gensler’s complaint does not contend that Strabala’s statements are false or misleading in either of these ways. Instead Gensler appears to rely on the third possibility: that big buildings are team jobs that *no one* designs. The complaint alleges, for example: “The Gensler team that designed the Shanghai Tower included approximately one hundred people who devoted significant time to the project. [Strabala] was one of many members of that Gensler team. Gensler, not [Strabala], is the source of the architectural and design services rendered in designing the Shanghai Tower.” It is as if Warner Bros. wanted Michael Curtiz, who directed *Casablanca*, to keep silent about his role because the film could not have succeeded without Humphrey Bogart’s and Ingrid Bergman’s acting, Max Steiner’s music, Arthur Edeson’s cinematography, Murray Burnett’s and Joan Alison’s play, Julius and Philip Epstein’s screenplay, and the contributions of a hundred others—or at least to append to any claim of directorship something along the lines of “many persons in addition to directors bear credit for a film’s success or blame for its failure.” As Gensler sees it, the auteur approach to filmmaking is legally impermissible in the architectural business.

Yet if the gist of Gensler’s complaint is that big projects require big teams—and that Gensler insists on institutional rather than personal credit—where’s the falsity? If Strabala (like Frank Lloyd Wright during much of his career) designed houses for unsophisticated clients, then Gensler might have a point, though it would have trouble proving damages. (Gensler does not allege that it designs houses or other small projects, so it could not be injured by a stratagem that boosted Strabala in the eyes of naı́ve clients.) But as far as we can see, from the parties’ web sites as well as the complaint, both Gensler and 2Define specialize in large projects, which have sophisticated clients—may indeed have in-house architects to oversee the hiring and work of firms such as Gensler and 2Define, just as large businesses have in-house counsel to oversee legal projects. Gensler’s complaint observes that 2Define describes itself as “specializ[ing] in complex high profile projects”, which is how Gensler describes its own business. People who pay millions for substantial projects (Shanghai Tower will cost more than $4 billion by the time it is finished in 2015) know full well that it takes an architectural team to design and execute the plans. They also know that teams have
leaders—and Gensler has not alleged that Strabala said anything false by implying that he was the (or a) leader of the teams on these five projects.

If sophisticated clients would not be misled, then this suit represents an effort by Gensler to conceal the fact that a designer of Shanghai Tower (and other big projects) has flown the coop. That fact is known, to be sure, but if Gensler wins this case other architects who leave will be required to keep mum about their accomplishments—and then it will be Gensler, not the departing architect, that is in a position to make a misleading presentation to a future client. If only “Gensler” and not any real person designs a building, the firm can never suffer from the departure of talented designers, because Gensler the corporation remains. Alternatively the suit could be understood as an effort to impair competition by imposing costs on a departing architect, even though setting up a new firm does not violate any contract (and the old employer does not allege a theft of trade secrets). New competition by people who leave large firms to set up small rivals is beneficial for consumers.

These considerations make it tempting to affirm the district court’s judgment, though not for the district court’s reasons. Yet Strabala has not asked us to take that course. His brief defends the district court’s reasoning and does not ask us to affirm on a different ground. It does not invoke Rule 9(b) or contend that sophisticated clients understand that no single architect is the sole designer of a monster project such as Shanghai Tower. The district court dismissed the complaint under Rule 12(b)(6), and we do not think that Gensler has pleaded itself out of court just by alleging that Strabala tries to attract sophisticated customers for large projects. At least for now, Strabala is not arguing that any of Gensler’s allegations, or the suggestion that sophisticated clients might think Strabala the sole designer of a billion-dollar building, is implausible as Ashcroft v. Iqbal, 556 U.S. 662 (2009), and Bell Atlantic Corp. v. Twombly, 550 U.S. 544 (2007), use that term. Nor does Gensler’s complaint rule out the possibility that it competes with Strabala to build some smaller projects with less sophisticated clients. We have explained why the complaint’s legal theory is tenable, and the possibility that it might fail on the facts does not authorize a court of appeals to dismiss a suit before the parties have joined issue on vital topics.

[Vacated and remanded.]
FUNCTIONALITY

At p. 169, add the following to end of note 3:


At p. 213, before Notes and Questions, add the following case:

APPLE INC. v. SAMSUNG ELECTRONICS CO. LTD.
786 F.3d 983 (Fed. Cir. 2015)

Prost, Chief Judge:

BACKGROUND

Apple sued Samsung in April 2011. On August 24, 2012, the first jury reached a verdict that numerous Samsung smartphones infringed and diluted Apple's patents and trade dresses in various combinations and awarded over $1 billion in damages.

[T]he diluted trade dresses are Trademark Registration No. 3,470,983 ("'983 trade dress") and an unregistered trade dress defined in terms of certain elements in the configuration of the iPhone. [The District Court upheld the jury determinations over Samsung's post-trial motions].

DISCUSSION

I. Trade Dresses

The jury found Samsung liable for the likely dilution of Apple's iPhone trade dresses under the Lanham Act. When reviewing Lanham Act claims, we look to the law of the regional circuit where the district court sits. [cit]. We therefore apply Ninth Circuit law.
It is necessary for us to determine first whether Apple's asserted trade dresses, claiming elements from its iPhone product, are nonfunctional and therefore protectable.

“In general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.” Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 850 n.10 (1982). “A product feature need only have some utilitarian advantage to be considered functional.” Disc Golf Ass’n v. Champion Discs, Inc., 158 F.3d 1002, 1007 (9th Cir.1998). A trade dress, taken as a whole, is functional if it is “in its particular shape because it works better in this shape.” [Leatherman Tool Corp. v. Cooper Indus., 199 F.3d 1009 (9th Cir. 1999)].

“[C]ourts have noted that it is, and should be, more difficult to claim product configuration trade dress than other forms of trade dress.” Id. at 1012–13 (discussing cases). Accordingly, the Supreme Court and the Ninth Circuit have repeatedly found product configuration trade dresses functional and therefore non-protectable. . . .

Moreover, federal trademark registrations have been found insufficient to save product configuration trade dresses from conclusions of functionality. [cit]. The Ninth Circuit has even reversed a jury verdict of non-functionality of a product configuration trade dress. See Leatherman, 199 F.3d at 1013 (reversing jury verdict that a trade dress on the overall appearance of a pocket tool was non-functional). Apple conceded during oral argument that it had not cited a single Ninth Circuit case that found a product configuration trade dress to be non-functional. . . .

The Ninth Circuit's high bar for non-functionality frames our review of the two iPhone trade dresses on appeal. While the parties argue without distinguishing the two trade dresses, the unregistered trade dress and the registered ‘983 trade dress claim different details and are afforded different evidentiary presumptions under the Lanham Act. We analyze the two trade dresses separately below.

A. Unregistered Trade Dress

Apple claims elements from its iPhone 3G and 3GS products to define the asserted unregistered trade dress:

a rectangular product with four evenly rounded corners;

a flat, clear surface covering the front of the product;

a display screen under the clear surface;

substantial black borders above and below the display screen and narrower black borders on either side of the screen; and
when the device is on, a row of small dots on the display screen, a matrix of colorful square icons with evenly rounded corners within the display screen, and an unchanging bottom dock of colorful square icons with evenly rounded corners set off from the display's other icons.

As this trade dress is not registered on the principal federal trademark register, Apple “has the burden of proving that the claimed trade dress, taken as a whole, is not functional....” See 15 U.S.C. § 1125(c)(4)(A).

Apple argues that the unregistered trade dress is nonfunctional under each of the Disc Golf factors that the Ninth Circuit uses to analyze functionality: “(1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.” See Disc Golf, 158 F.3d at 1006. However, the Supreme Court has more recently held that “a feature is also functional ... when it affects the cost or quality of the device.” See TrafFix, 532 U.S. at 32. The Supreme Court's holding was recognized by the Ninth Circuit as “short circuiting some of the Disc Golf factors.” Sealt, 668 F.3d at 686–87. Nevertheless, we explore Apple's contentions on each of the Disc Golf factors and conclude that there was insufficient evidence to support a jury finding in favor of non-functionality on any factor.

1. Utilitarian Advantage

Apple argues that “the iPhone's physical design did not ‘contribute unusually ... to the usability’ of the device.” Apple further contends that the unregistered trade dress was “developed ... not for ‘superior performance.’” Neither “unusual usability” nor “superior performance,” however, is the standard used by the Ninth Circuit to determine whether there is any utilitarian advantage. The Ninth Circuit “has never held, as [plaintiff] suggests, that the product feature must provide superior utilitarian advantages. To the contrary, [the Ninth Circuit] has suggested that in order to establish nonfunctionality the party with the burden must demonstrate that the product feature serves no purpose other than identification.” Disc Golf, 158 F.3d at 1007 (internal quotation marks omitted).

The requirement that the unregistered trade dress “serves no purpose other than identification” cannot be reasonably inferred from the evidence. Apple emphasizes a single aspect of its design, beauty, to imply the lack of other advantages. But the evidence showed that the iPhone's design pursued more than just beauty. Specifically, Apple's executive testified that the theme for the design of the iPhone was:

to create a new breakthrough design for a phone that was beautiful and simple and easy to use and created a beautiful, smooth surface that had a touchscreen and went right to the rim with the bezel around it and looking for a look that we found was beautiful and easy to use and appealing.

30
Moreover, Samsung cites extensive evidence in the record that showed the usability function of every single element in the unregistered trade dress. For example, rounded corners improve “pocketability” and “durability” and rectangular shape maximizes the display that can be accommodated. A flat clear surface on the front of the phone facilitates touch operation by fingers over a large display. The bezel protects the glass from impact when the phone is dropped. The borders around the display are sized to accommodate other components while minimizing the overall product dimensions. The row of dots in the user interface indicates multiple pages of application screens that are available. The icons allow users to differentiate the applications available to the users and the bottom dock of unchanging icons allows for quick access to the most commonly used applications. Apple rebuts none of this evidence.

Apple conceded during oral argument that its trade dress “improved the quality [of the iPhone] in some respects.” It is thus clear that the unregistered trade dress has a utilitarian advantage. See Disc Golf, 158 F.3d at 1007.

2. Alternative Designs

The next factor requires that purported alternative designs “offer exactly the same features” as the asserted trade dress in order to show non-functionality. Tie Tech, 296 F.3d at 786 (quoting Leatherman, 199 F.3d at 1013–14). A manufacturer “does not have rights under trade dress law to compel its competitors to resort to alternative designs which have a different set of advantages and disadvantages.” Id.

Apple, while asserting that there were “numerous alternative designs,” fails to show that any of these alternatives offered exactly the same features as the asserted trade dress. Apple simply catalogs the mere existence of other design possibilities embodied in rejected iPhone prototypes and other manufacturers' smartphones. The “mere existence” of other designs, however, does not prove that the unregistered trade dress is non-functional. See Talking Rain, 349 F.3d at 604.

3. Advertising of Utilitarian Advantages

“If a seller advertises the utilitarian advantages of a particular feature, this constitutes strong evidence of functionality.” Disc Golf, 158 F.3d at 1009. An “inference” of a product feature's utility in the plaintiff's advertisement is enough to weigh in favor of functionality of a trade dress encompassing that feature. Id.

Apple argues that its advertising was “[f]ar from touting any utilitarian advantage of the iPhone design....” Apple relies on its executive's testimony that an iPhone advertisement, portraying “the distinctive design very clearly,” was based on Apple's “product as hero”
approach. The “product as hero” approach refers to Apple's stylistic choice of making “the product the biggest, clearest, most obvious thing in [its] advertisements, often at the expense of anything else around it, to remove all the other elements of communication so [the viewer] sees[s] the product most predominantly in the marketing.”

Apple's arguments focusing on its stylistic choice, however, fail to address the substance of its advertisements. The substance of the iPhone advertisement relied upon by Apple gave viewers “the ability to see a bit about how it might work,” for example, “how flicking and scrolling and tapping and all these multitouch ideas simply [sic].” Another advertisement cited by Apple similarly displayed the message, “[t]ouching is believing,” under a picture showing a user’s hand interacting with the graphical user interface of an iPhone. Apple fails to show that, on the substance, these demonstrations of the user interface on iPhone's touch screen involved the elements claimed in Apple's unregistered trade dress and why they were not touting the utilitarian advantage of the unregistered trade dress.

4. Method of Manufacture

The fourth factor considers whether a functional benefit in the asserted trade dress arises from “economies in manufacture or use,” such as being “relatively simple or inexpensive to manufacture.” Disc Golf, 158 F.3d at 1009.

Apple contends that “[t]he iPhone design did not result from a ‘comparatively simple or inexpensive method of manufacture’” because Apple experienced manufacturing challenges. Apple's manufacturing challenges, however, resulted from the durability considerations for the iPhone and not from the design of the unregistered trade dress. According to Apple's witnesses, difficulties resulted from its choices of materials in using “hardened steel”; “very high, high grade of steel”; and, “glass that was not breakable enough, scratch resistant enough.” Id. These materials were chosen, for example, for the iPhone to survive a drop:

If you drop this, you don't have to worry about the ground hitting the glass. You have to worry about the band of steel surrounding the glass hitting the glass.... In order to, to make it work, we had to use very high, high grade of steel because we couldn't have it sort of deflecting into the glass.

The durability advantages that resulted from the manufacturing challenges, however, are outside the scope of what Apple defines as its unregistered trade dress. For the design elements that comprise Apple's unregistered trade dress, Apple points to no evidence in the record to show they were not relatively simple or inexpensive to manufacture. [cit].

In sum, Apple has failed to show that there was substantial evidence in the record to support a jury finding in favor of non-functionality for the unregistered trade dress on any of the Disc Golf factors. Apple fails to rebut the evidence that the elements in the unregistered trade dress serve the functional purpose of improving usability. Rather, Apple focuses on the “beauty” of its design, even though Apple pursued both “beauty” and functionality in the
design of the iPhone. We therefore reverse the district court's denial of Samsung's motion for judgment as a matter of law that the unregistered trade dress is functional and therefore not protectable.

B. The Registered '983 Trade Dress

In contrast to the unregistered trade dress, the '983 trade dress is a federally registered trademark. The federal trademark registration provides “prima facie evidence” of non-functionality. [cit]. This presumption “shift[s] the burden of production to the defendant ... to provide evidence of functionality.” Once this presumption is overcome, the registration loses its legal significance on the issue of functionality. Id. (“In the face of sufficient and undisputed facts demonstrating functionality, ... the registration loses its evidentiary significance.”).

The '983 trade dress claims the design details in each of the sixteen icons on the iPhone's home screen framed by the iPhone's rounded-rectangular shape with silver edges and a black background:

The first icon depicts the letters “SMS” in green inside a white speech bubble on a green background;

...

the seventh icon depicts a map with yellow and orange roads, a pin with a red head, and a red-and-blue road sign with the numeral “280” in white;

...

the sixteenth icon depicts the distinctive configuration of applicant's media player device in white over an orange background.

'983 trade dress (omitting thirteen other icon design details for brevity).

It is clear that individual elements claimed by the '983 trade dress are functional. For example, there is no dispute that the claimed details such as “the seventh icon depicts a map with yellow and orange roads, a pin with a red head, and a red-and-blue road sign with the numeral ‘280’ in white” are functional. See id. Apple's user interface expert testified on how icon designs promote usability. This expert agreed that “the whole point of an icon on a smartphone is to communicate to the consumer using that product, that if they hit that icon, certain functionality will occur on the phone.” The expert further explained that icons are “[v]isual shorthand for something” and that “rectangular containers” for icons provide “more real estate” to accommodate the icon design. Apple rebuts none of this evidence.
Apple contends instead that Samsung improperly disaggregates the '983 trade dress into individual elements to argue functionality. But Apple fails to explain how the total combination of the sixteen icon designs in the context of iPhone's screen-dominated rounded-rectangular shape—all part of the iPhone's "easy to use" design theme—somehow negates the undisputed usability function of the individual elements. Apple's own brief even relies on its expert's testimony about the "instant recognizability due to highly intuitive icon usage" on "the home screen of the iPhone." Apple's expert was discussing an analysis of the iPhone's overall combination of icon designs that allowed a user to recognize quickly particular applications to use. The iPhone's usability advantage from the combination of its icon designs shows that the '983 trade dress viewed as a whole "is nothing other than the assemblage of functional parts...." See Tie Tech, 296 F.3d at 786 (quoting Leatherman, 199 F.3d at 1013). There is no "separate 'overall appearance' which is non-functional." Id. (quoting Leatherman, 199 F.3d at 1013). The undisputed facts thus demonstrate the functionality of the '983 trade dress. "In the face of sufficient and undisputed facts demonstrating functionality, as in our case, the registration loses its evidentiary significance." See id. at 783.

The burden thus shifts back to Apple. But Apple offers no analysis of the icon designs claimed by the '983 trade dress. Rather, Apple argues generically for its two trade dresses without distinction under the Disc Golf factors. Among Apple's lengthy citations to the record, we can find only two pieces of information that involve icon designs. One is Apple's user interface expert discussing other possible icon designs. The other is a citation to a print iPhone advertisement that included the icon designs claimed in the '983 trade dress. These two citations, viewed in the most favorable light to Apple, would be relevant to only two of the Disc Golf factors: "alternative design" and "advertising." But the cited evidence suffers from the same defects as discussed [above]. Specifically, the expert's discussion of other icon design possibilities does not show that the other design possibilities "offer[ed] exactly the same features" as the '983 trade dress. See Tie Tech, 296 F.3d at 786 (quoting Leatherman, 199 F.3d at 1013–14). The print iPhone advertisement also fails to establish that, on the substance, it was not touting the utilitarian advantage of the '983 trade dress. The evidence cited by Apple therefore does not show the non-functionality of the '983 trade dress.

In sum, the undisputed evidence shows the functionality of the registered '983 trade dress and shifts the burden of proving non-functionality back to Apple. Apple, however, has failed to show that there was substantial evidence in the record to support a jury finding in favor of non-functionality for the '983 trade dress on any of the Disc Golf factors. We therefore reverse the district court's denial of Samsung's motion for judgment as a matter of law that the '983 trade dress is functional and therefore not protectable.

Because we conclude that the jury's findings of non-functionality of the asserted trade dresses were not supported by substantial evidence, we do not reach Samsung's arguments on the fame and likely dilution of the asserted trade dresses, the Patent Clause of the Constitution, or the dilution damages.
[The court affirmed the judgment on design and utility patent issues].

At p. 218 add at the end of note 7:

Compare Georgia-Pacific with McAirlaids, Inc. v. Kimberly-Clark Corp., 756 F.3d 307 (4th Cir. 2014). There, McAirlaids produced “airlaid,” a textile-like material composed of cellulose fiber. Airlaid is used in a wide variety of absorbent goods, including medical supplies, hygiene products, and food packages. To make airlaid, cellulose fiber is shredded into “fluff pulp,” which is arranged into loosely formed sheets. In contrast to most of its competitors, McAirlaids fuses these fluff pulp sheets through an embossing process that does not require glue or binders. McAirlaids patented its pressure-fusion process, and the resulting product. In this process, sheets of fluff pulp pass at very high pressures between steel rollers printed with a raised pattern. The rollers leave an embossing pattern on the resulting material, and the high-pressure areas bond the fiber layers into a textile-like product. In order for McAirlaids’s fusion process to adequately hold together the airlaid, the embossed design must fall within certain general size and spacing parameters. McAirlaids has chosen a “pixel” pattern for its absorbent products: the high-pressure areas form rows of pinpoint-like dots on the material. McAirlaids registered this pattern as trade dress with the U.S. Patent and Trademark Office with the following description: “the mark is a [three dimensional] repeating pattern of embossed dots” used in various types of absorbent pads. McAirlaids sued Kimberly-Clark for trademark infringement after Kimberly–Clark began using a similar dot pattern on its GoodNites bed mats, an absorbent product manufactured in a manner different from McAirlaids’s pads. The parties disputed whether McAirlaids’s chosen embossing pattern was functional. The Court of Appeals for the Fourth Circuit distinguished TrafFix because:

the utility patents in TrafFix protected the dualspring mechanism, which was the same feature for which MDI sought trade-dress protection. In contrast, McAirlaids’s utility patents cover a process and a material, but do not mention a particular embossing pattern as a protected element. The Court in TrafFix acknowledged that ‘a different result might obtain’ when ‘a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs.’ In such a case, the court must ‘examin[ed] the patent and its prosecution history to see if the feature in question is shown as a useful part of the invention.’ Here, McAirlaids’s patents cover a production process and a material, while the trade dress claimed is a particular pattern on the material that results from the process. Unlike in TrafFix, therefore, the pattern is not the “central advance” of any utility patent. Neither of McAirlaids’s patents refer to a particular embossing pattern. Both patents reference line-shaped as well as point- or dotshaped pressure areas, but the patents also directly acknowledge that embossing studs of different shapes can be used, including lines, pyramids, cubes, truncated cones, cylinders, and parallelepipeds. In fact, the diagrams of [the relevant patent] show hexagonal shapes rather than circles. Therefore, while
McAirlaids’s patents do provide evidence of the dots’ functionality, they are not the same “strong evidence” as the patents in TrafFix.

The court also concluded that “because the facts of this case are different from those presented to the Supreme Court in TrafFix, TrafFix’s holding about alternative designs is inapplicable here.” Thus, in addressing the alleged factual disputes, the Court considered evidence of alternative designs. Did the Fourth Circuit properly apply TrafFix? In what ways might Kellogg be relevant to the case? What weight would you give to the fact that patents for other nonwoven products specify that dot-shaped patterns are preferred for embossed bonding, but such patents also indicate that many designs can also be used? What is the relevance of testimony from McAirlaids officials that the pattern was chosen “[b]ecause it looked nice” and “[w]e liked it.” What about the fact that McAirlaids formerly produced airlaid imprinted with an embossing design of intersecting diagonal lines?

At p. 220, add the following as new note:


At p. 231, add the following to note 2:


At p. 219 add to note 19:

See also McAirlaids, Inc. v. Kimberly-Clark Corp., 756 F.3d 307 (4th Cir. 2014).

At p. 242 add to note 10:

See also In re Bottega Veneta Int’l, S.a.r.l., 2013 WL 5655822 (TTAB 2013) (non-precedential) (finding basket-weave pattern used on leather products nonfunctional based in part on the very narrow description that the plaintiff had submitted with its mark, namely, “a configuration of slim, uniformly-sized strips of leather, ranging from 8 to 12 millimeters in
width, interlaced to form a repeating plain or basket-weave pattern placed at a 45 degree angle over all or substantially all of the goods”). For a comparative treatment of the certainty (or lack thereof) that competitors might suffer from a mark described as covering predominantly all” of the surface of the goods, see Nestle v. Cadbury [2013] EWCA Civ. 1174 (UK) (color purple covering “whole or predominant” of surface of packaging for chocolate not registerable).

At p. 242 add as new notes:

11. A simplified test? In In re Florists’ Transworld Delivery, Inc., 106 U.S.P.Q.2d (BNA) 1784 (TTAB 2013), the Trademark Trial and Appeal Board affirmed the denial of the registration of the color black for packaging for flower arrangements. The Board’s decision turned in large part on its analysis of competitive need. In a concurring opinion, Judge Bucher indicated some impatience with the existing case law and complex doctrinal categories. Instead, he said he would simply apply “first principles” and ask whether “the public interest is best served by refusing to permit a particular feature to be taken from the ‘public domain’”, which would involve analysis of “whether the non-traditional indicator should remain permanently available for competitors to use freely”. Are you attracted to this approach?

12. The functionality of food flavors? A district court has held that the flavor of food is functional and thus unprotectable by trademark. See New York Pizzeria, Inc. v. Syal, 56 F.Supp.3d 875 (S.D.Tex. 2014) (“If the hurdle is high for trademarks when it comes to the flavor of medicine, it is far higher—and possibly insurmountable—in the case of food. People eat, of course, to prevent hunger. But the other main attribute of food is its flavor, especially restaurant food for which customers are paying a premium beyond what it would take to simply satisfy their basic hunger needs. The flavor of food undoubtedly affects its quality, and is therefore a functional element of the product”). Do you agree with this as a per se rule?
At p. 256, after *Aycock*, add the following new case:

**COUTURE v. PLAYDOM, INC.**
778 F.3d 1379 (Fed. Cir. 2015)

DYK, Circuit Judge:

On May 30, 2008, appellant filed an application to register the service mark PLAYDOM pursuant to Lanham Act § 1(a), 15 U.S.C. § 1051(a). As a specimen showing use of the mark, appellant submitted a “[s]creen capture of [a] website offering Entertainment Services in commerce.” Also on May 30, 2008, appellant had created the website, which was hosted at www.playdominc.com. As of May 30, 2008, the website included only a single page, which stated: “welcome to PlaydomInc.com. We are proud to offer writing and production services for motion picture film, television, and new media. Please feel free to contact us if you are interested: playdominc@gmail.com.” The webpage included the notice: “Website Under Construction.” No services under the mark were provided until 2010, well after the application was filed. The PLAYDOM mark was registered by the United States Patent and Trademark Office (“PTO”) on January 13, 2009, as registration no. 3,560,701.

On February 9, 2009, appellee filed an application to register the identical mark—PLAYDOM. Appellant’s registered mark was cited by the examining attorney as a ground for rejecting appellee’s application under Lanham Act § 2(d), 15 U.S.C. § 1052(d). On June 15, 2009, appellee filed a petition to cancel the registration of appellant’s mark, arguing, inter alia, that appellant’s registration was void ab initio because appellant had not used the mark in commerce as of the date of the application. On February 3, 2014, the Board granted the cancellation petition, stating that appellant “had not rendered his services as of the filing date of his application” because he had “merely posted a website advertising his readiness, willingness and ability to render said services,” and the registration was therefore void ab initio.

DISCUSSION

...
To apply for registration under Lanham Act § 1(a), a mark must be “used in commerce.” 15 U.S.C. § 1051(a)(1). A mark is used in commerce

on services when [1] it is used or displayed in the sale or advertising of services and [2] the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.


“The term ‘use in commerce’ means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.” 15 U.S.C. § 1127; see Aycock, 560 F.3d at 1357. “[A]n applicant’s preparations to use a mark in commerce are insufficient to constitute use in commerce. Rather, the mark must be actually used in conjunction with the services described in the application for the mark.” Aycock, 560 F.3d at 1360. “Without question, advertising or publicizing a service that the applicant intends to perform in the future will not support registration”; the advertising must instead “relate to an existing service which has already been offered to the public.” Id. at 1358 (internal quotation marks and citations omitted) (emphasis added).

We have not previously had occasion to directly address whether the offering of a service, without the actual provision of a service, is sufficient to constitute use in commerce under Lanham Act § 45, 15 U.S.C. § 1127.1 In Aycock, we stated that, “[a]t the very least, in order for an applicant to meet the use requirement, there must be an open and notorious public offering of the services to those for whom the services are intended.” 560 F.3d at 1358 (internal quotation marks and citation omitted). The applicant in Aycock had not made such an “open and notorious public offering of his ... service to intended customers,” and the registration was therefore void ab initio. Id. at 1361–62 (citation omitted). But we did not suggest in Aycock that an open and notorious public offering alone is sufficient to establish use in commerce. And appellant does not point to any decision by the Board which found mere offering of a service to be sufficient.

On its face, the statute is clear that a mark for services is used in commerce only when both [1] “it is used or displayed in the sale or advertising of services and [2] the services are rendered...” 15 U.S.C. § 1127 (emphasis added). This statutory language reflects the nature of trademark rights:
There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.... [T]he right to a particular mark grows out of its use, not its mere adoption....


Other circuits have interpreted Lanham Act § 45 as requiring actual provision of services. For example, in International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco, 329 F.3d 359, 361–66 (4th Cir. 2003), the Fourth Circuit held that, absent evidence of actual bookings made by a New York office for the Monte Carlo casino in Monaco, the activities of the New York office, including trade shows, advertising campaigns, partnering with charities, mail and telephone marketing, and soliciting media coverage, were insufficient to establish use in commerce of the “Casino de Monte Carlo” service mark. However, apart from the activities of the New York office, evidence that United States citizens had gone to the casino in Monaco established trade with a foreign nation and thus use in commerce. Id. at 365–66; see Sensient Techs. Corp. v. SensoryEffects Flavor Co., 613 F.3d 754, 759–63 (8th Cir. 2010) (analogizing to service marks and holding no use in commerce where alleged infringer issued press release, made announcement, gave presentations, and constructed website with “under construction” notice where there was no evidence of any sale or transport of goods bearing the mark at issue); Buti v. Impressa Perosa, S.R.L., 139 F.3d 98, 100–03 (2d Cir. 1998) (promotion of Italian cafe in the United States, including distributing promotional materials offering free meals, did not constitute use in commerce where restaurant services were only provided in Italy and not in the United States and where it was conceded that “the food and drink services ... form[ed] no part of the trade between Italy and the United States”).

The Board in this case and the leading treatise on trademarks also agree that rendering services requires actual provision of services. See McCarthy on Trademarks and Unfair Competition § 19:103 (4th ed. Supp.2013) (“To qualify for registration, the Lanham Act requires that the mark be both used in the sale or advertising of services and that the services themselves have been rendered in interstate or foreign commerce.” (emphasis in original)).

Here, there is no evidence in the record showing that appellant rendered services to any customer before 2010, and the cancellation of appellant’s registration was appropriate.

II

Appellant also argues that the Board erred in failing to allow him to amend the basis of the application to Lanham Act § 1(b), which provides for requesting registration where “a

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2 Although these other circuit cases involve infringement, they address the same language in Lanham Act § 45.
person ... has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce..." 15 U.S.C. § 1051(b)(1).

37 C.F.R. § 2.35(b) provides procedures for substitution of a basis in an application either before or after publication. 37 C.F.R. § 2.35(b)(1)-(2). But that provision contemplates substitution during the pendency of an application, not after registration. See TMEP § 806.03(j) (Jan.2015) ("Any petition to change the basis must be filed before issuance of the registration."). Therefore, the Board did not err in not granting appellant’s request to amend the basis of the application.

[Affirmed.]

At p. 265, add the following to the end of note 2:

If a manufacturer includes a mark in a tweet, does that constitute use in commerce sufficient to confer rights? Play Club by Cipriani, Case No. D2013-1883 (WIPO 2014).

In Problem 4-3, at p. 270, add the following to the end of the background readings:

The commercial impression inquiry carried out in the course of the tacking analysis is to be decided by the fact-finder. Hana Financial, Inc. v. Hana Bank, 135 S.Ct. 907, 911 (2015) ("Application of a test that relies upon an ordinary consumer's understanding of the impression that a mark conveys falls comfortably within the ken of a jury.") The Court reasoned that while the commercial impression test might be characterized as a mixed question of law and fact, such questions were usually reserved for juries. In addition, tacking cases are likely to be fact-intensive; they are unlikely to place the jury in the position of making general statements about the overarching legal standard for tacking. Finally, the argument that juries would behave unpredictably was not persuasive, given that the same argument could be made about the use of the jury in any setting.

The Court’s ruling may have implications for a more significant question: whether the likelihood-of-confusion inquiry should be deemed a question of law or a question of fact, because the lower courts have treated tacking and likelihood of confusion as roughly analogous when considering the question of fact/question of law issue. Hana Financial, Inc. v. Hana Bank, 735 F.3d 1158, 1164 n.5 (9th Cir. 2014) (Ninth Circuit treats tacking as a question of fact, consistent with its treatment of likelihood of confusion); Van Dyne Crotty, Inc. v. Wear-Guard Corp., 926 F.2d 1156, 1159 (Fed. Cir. 1991) (Federal Circuit treats tacking as a question of law). However, the Court in Hana made no mention of these potential implications.

Which party should have the burden of showing whether the earlier mark presents the same commercial impression as the later—the mark owner or the mark challenger? Why? See
M.Z. BERGER & CO., INC. v. SWATCH AG
787 F.3d 1368 (Fed. Cir. 2015)

CHEN, Circuit Judge:

I. BACKGROUND

Berger is a business that manufactures, imports, and sells watches, clocks, and personal care products. On July 5, 2007, it filed an intent-to-use application at the Patent and Trademark Office (PTO), seeking to register the mark “iWatch” for over thirty different goods, each of which belongs to one of three general categories: watches, clocks, and goods related to watches and/or clocks (e.g., clock dials, watch bands, and watch straps).

The application included a declaration which states that Berger has “a bona fide intention to use or use through [Berger’s] related company or licensee the mark in commerce on or in connection with the identified goods and/or services.”

The PTO approved the application for publication on May 21, 2008. On October 22, 2008, Swatch AG (Swatch) filed a Notice of Opposition on the basis that “iWatch” is confusingly similar to its mark, “Swatch.” Swatch later added a claim opposing the mark on ground that Berger lacked a bona fide intent to use the mark in commerce at the time Berger filed the application.

The Board assessed whether Berger had the requisite intent to use the iWatch mark by separately considering each of the three general categories of goods. With respect to Berger’s intent to use the iWatch mark on two of the categories, clocks and goods related to watches/clocks, the Board considered the testimony of Berger’s owner and CEO, Bernard Mermelstein. Mr. Mermelstein not only created the iWatch mark and instructed that the trademark application be filed, but he was Berger’s sole witness designated under Federal Rule of Civil Procedure 30(b)(6). The Board thus treated Mr. Mermelstein’s testimony as representing the views of the company at the time the application was filed.

Although the trademark application recited watches, clocks, and goods related to clocks and watches as the goods Berger intended to sell with the proposed mark, Mr. Mermelstein testified that Berger never intended for the mark to be used for any goods other than watches:

Q. Are there other products other than watches that you anticipate for use with the iWatch mark?
A. No.

Mr. Mermelstein further testified:

Q. At the time you filed the application you didn’t expect the iWatch mark to be used for clocks and personal care products?

A. No. Correct.

Berger’s paralegal who filed the application, Monica Titera, testified that Mr. Mermelstein instructed her to register the mark only for watches and clocks. When asked why the other related goods were identified in the application, Ms. Titera claimed that the list was “standard” and used to “leave all doors open.” Based on Mr. Mermelstein’s and Ms. Titera’s testimonies, the Board concluded that Berger lacked a genuine intent to use the mark on clocks and related goods.

With respect to the third category of goods, watches, the Board also concluded that Berger lacked a genuine plan to commercialize the iWatch mark on such goods. The Board considered the documentary evidence of record but found that such evidence did not demonstrate intent because the documents related solely to prosecution of the trademark application. As for the testimonial evidence presented by Berger, the Board found that Berger’s employees failed to tell a consistent story about the company’s intent at the time the application was filed. The Board lastly considered the company’s long history in the watch business, but found that Berger’s inaction with respect to a potential iWatch product diminished the value of such evidence.

The only documents relating to the potential use of the mark consisted of: (i) a trademark search performed by the paralegal; (ii) an internal email describing the substance of a discussion between the paralegal with the trademark examining attorney concerning the application; and (iii) a series of internal emails forwarding images of watches and a clock bearing the iWatch mark.

The Board agreed with Swatch that the documentary evidence only related to the trademark application and thus did not evidence a genuine intent to commercialize certain watches using the iWatch mark. It found that the trademark search was performed only a few days prior to the filing of the application. The Board found that the forwarded images were also prosecution-driven because they appeared to have been created and submitted to the PTO in response to the examining attorney’s request for additional information on how Berger planned to use the mark.

Moreover, the Board found there was conflicting testimony among Berger employees regarding what the images actually depicted. Some employees testified that the images were pictures of actual mockup watches and clocks. On the other hand, Mr. Mermelstein testified that no such mockups were ever made and that the images were generated for purposes of
advancing the trademark application. And although Berger employees claimed that creating physical models and renderings was a normal part of its product development process, Berger did not present any physical or documentary evidence relating to the iWatch mark beyond the images submitted to the PTO.

Based on Mr. Mermelstein’s admissions and the timing of the creation of the documents, the Board concluded that the documentary evidence did not establish that Berger had a bona fide intent to use the mark in commerce.

The Board then considered the remaining evidence, which consisted of Berger employee testimony, and likewise found that it failed to establish that Berger genuinely intended to use the mark in commerce. For example, Berger’s vice president of merchandising, Brenda Russo, generally recalled having discussed the iWatch mark for a few minutes with a buyer during a discussion in a Berger showroom. But this testimony conflicts with that of Mr. Mermelstein, who denied that Berger had discussions regarding the iWatch mark with anyone outside the company.

Ms. Russo’s testimony also appears to contradict representations Berger made to the PTO during prosecution of the trademark application. In particular, the examiner rejected the mark as descriptive because the “i” in iWatch could be interpreted as a well-established reference to “interactive.” In response to that rejection, Berger alleged:

The “i” does not refer to any particular feature of the watches or clocks. The “i” is purely arbitrary. The images we previously submitted were just mock-ups to show a buyer. However, the buyer decided that models which previously had interactive features were too expensive. Thus, there will be no interactive features on any models.

Ms. Russo, who was the only Berger witness who claimed to have met with a buyer, testified to the contrary. She recalled mentioning to the buyer that the watch would have certain technological features, and when asked at her deposition whether that buyer expressed concern about the cost of the iWatch watch, she answered “no.” Because the evidence relating to Ms. Russo’s discussion with the buyer conflicted with Berger’s statement during prosecution, the Board chose not to credit the alleged meeting as demonstrating bona fide intent.

The Board considered that some of Berger’s employees testified to having attended internal brainstorming sessions and merchandising meetings about the iWatch mark, none of which were documented in the record. But there was testimony from Mr. Mermelstein that suggested any alleged meetings would not have been particularly meaningful. For example, he testified that, as of 2010, three years after the application was filed, Berger had yet to figure out what type of watch it intended to sell with the iWatch mark, or even whether such a watch would have any particular features. Mr. Mermelstein also stated that, at the
time of the filing, Berger had little more than an aspiration to reserve rights in the mark in case it later decided to develop an associated watch:

Q. Okay. And how did you come up with that mark?

A. I think that I came up with the mark because of the advent of technology and information gathering around the globe over the last I guess few years, I thought that if we decided to do a—either a technology watch or information watch or something that would have that type of characteristics that would be a good mark for it.

(emphasis added).

Finally, the Board considered the fact that Berger had been in the business of making and selling watches and clocks for many years. It determined, however, that Berger’s history of making and selling watches was not particularly relevant to the instant dispute because Berger employees testified they had not previously made a watch with technological features, and admitted they never took any step toward developing any such features, either contemporaneous with the filing of the application or in the eighteen months thereafter. Though Berger represented to the PTO that the mark was not restricted to “interactive” watches, the Board found Berger’s inaction was significant in light of its contention that the idea was to use the mark with a “smart” watch. Berger argued that its intent to use the iWatch mark was corroborated by its use of a subsequent mark, i-Kidz and its efforts to develop the mark iMove for watches. The Board found this evidence unpersuasive, as these efforts were related to different marks and had occurred almost three years after the iWatch application was filed.

The Board ultimately concluded that some of Berger’s evidence, reviewed in isolation, may have been sufficient to establish intent. However, the circumstances as a whole—including the lack of documentary evidence and the conflicting testimony of Berger witnesses—demonstrated that Berger lacked a bona fide intent to use the mark in commerce as required, and sustained the opposition under Section 1(b) of the Lanham Act. Berger appealed the Board’s decision to sustain the opposition on this ground....

II. DISCUSSION

...

B

The Trademark Law Revision Act of 1988 (TLRA) contemplated the very scenario presented by this case. The TLRA changed the Lanham Act by permitting applicants to begin the registration process before actual use of the mark in commerce at the time of filing, so long as the applicant had a “bona fide intention... to use [the] mark in commerce” at a later date. 15 U.S.C. § 1051(b)(1) (emphasis added).
The prior version of the Lanham Act required that a trademark applicant already be using the mark in commerce at the time of the application’s filing to qualify for trademark registration. See Aycock Eng’g, Inc. v. Airflite, Inc., 560 F.3d 1350, 1357 (Fed. Cir. 2009). This requirement, however, led to the practice of some applicants engineering a “token use,” which refers to the most minimal use of a trademark, designed purely to secure rights in that mark before an applicant is truly prepared to commercialize a good or service in connection with a given mark. In the legislative record of the TLRA, Congress noted that token use was problematic for a number of reasons, including that such uses were not uniformly available across industries. S.REP. NO. 100–515 (“Senate Report”), at 6 (1988), reprinted in 1988 U.S.C.C.A.N. 5577, 5582. For example, token use for large or expensive products, such as airplanes, or for service industries was “virtually impossible.” Id. Another problem was that the rules allowed registration based on minimal use, which led to an undesirable surplus of registered but virtually unused marks. Id. On the other hand, Congress also recognized that the use requirement placed “significant legal risks on the introduction of new products and services” and disadvantaged certain industries and smaller companies in the marketplace. Id. at 5. An applicant already using a mark in commerce risks, for example, potential infringement of a competitor’s pre-existing mark prior to being able to begin the process of securing its own rights.

Congress sought to address these problems in passing the TLRA. Id. To address the problem of “token use,” the TLRA heightened the burden for use applications by requiring that an applicant’s use be "bona fide use of [the] mark in the ordinary course of trade." Trademark Law Revision Act of 1988, Pub. L. No. 100–667, 102 Stat. 3935 (effective November 16, 1989) (codified at 15 U.S.C. § 1127) (emphasis added). Concurrently, the TLRA lowered the bar to starting registration by allowing applicants to proceed on the basis that they have a “bona fide intention to use the mark in commerce” at a later date. 15 U.S.C. § 1051(b)(1); see H.R.REP. NO. 100–1028 (“House Report”), at 8–9 (1988) (“By permitting applicants to seek protection of their marks through an ‘intent to use’ system, there should be no need for ‘token use’ of a mark simply to provide a basis for an application. The use of the term ‘bona fide’ is meant to eliminate such ‘token use’ and to require, based on an objective view of the circumstances, a good faith intention to eventually use the mark in a real and legitimate commercial sense.”); J. Thomas McCarthy, 3 McCarthy on Trademarks and Unfair Competition § 19.14, at 19.47–48 (4th ed. 2014) (McCarthy on Trademarks).

While applicants can begin the registration process having only a sincere intent, the TLRA also requires that applicants filing such intent-to-use applications must in due course either (i) file a verified statement of actual use of the mark, or (ii) convert the application into a use application. 15 U.S.C. §§ 1051(b)(3), (c), (d). In other words, such applicants are eventually required to show that the mark is being used in commerce before obtaining a registration on the mark.
Because this court has not previously done so, we first address the issue of whether lack of a bona fide intent is proper statutory grounds on which to challenge a trademark application. The PTO has long held that lack of such intent is a proper basis on which an opposer can challenge an applicant’s registration. We agree...Because a bona fide intent to use the mark in commerce is a statutory requirement of a valid intent-to-use trademark application under Section 1(b), the lack of such intent is a basis on which an opposer may challenge an applicant’s mark. We note that the one other circuit court to address this issue has likewise so held. Aktieselskabet AF 21.Nov.2001 v. Fame Jeans Inc., 525 F.3d 8, 21 (D.C.Cir.2008).

D

We turn now to the question of what “bona fide intention” means under Section 1(b) of the Lanham Act. In its entirety, Section 1(b)(1) specifies that:

A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.


There is no statutory definition of the term “bona fide,” but the language is clear on its face that an applicant’s intent must be “under circumstances showing the good faith of such person.” Id. The reference to “circumstances showing the good faith” strongly suggests that the applicant’s intent must be demonstrable and more than a mere subjective belief. Both the PTO and the leading treatise on trademark law have arrived at this same understanding. See Lane, 33 U.S.P.Q.2d at 1355; 3 McCarthy on Trademarks § 19.14, at 19.48 (“Congress did not intend the issue to be resolved simply by an officer of the applicant later testifying, ‘Yes, indeed, at the time we filed that application, I did truly intend to use the mark at some time in the future.’ ”).

This interpretation is confirmed by the legislative history, where Congress made clear that whether an applicant’s intent is “bona fide” should be assessed on an objective basis:

Although “bona fide” is an accepted legal term, it can be read broadly or narrowly, subjectively or objectively, by a court or the Patent and Trademark Office. In connection with this bill, “bona fide” should be read to mean a fair, objective determination of the applicant’s intent based on all the circumstances.
Senate Report at 24 (emphasis added); see also id. at 23 (“Bona fide intent is measured by objective factors.”); House Report at 8–9 (“The use of the term ‘bona fide’ is meant to require, based on an objective view of the circumstances, a good faith intention to eventually use the mark in a real and legitimate commercial sense.”). In addition, an applicant’s intent must reflect an intention to use the mark consistent with the Lanham Act’s definition of “use in commerce”:

[T]he bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.

15 U.S.C. § 1127; see also Senate Report at 24–25 (quoting the definition). The applicant’s intention to use the mark in commerce must have been “firm.” Senate Report at 24.

Neither the statute nor the legislative history indicates the specific quantum or type of objective evidence required to meet the bar. Indeed, Congress expressly rejected inclusion of a statutory definition for “bona fide” in order to preserve “the flexibility which is vital to the proper operation of the trademark registration system.” Id. 5

Accordingly, we hold that whether an applicant had a “bona fide intent” to use the mark in commerce at the time of the application requires objective evidence of intent. 15 U.S.C. § 1051(b)(1). Although the evidentiary bar is not high, the circumstances must indicate that the applicant’s intent to use the mark was firm and not merely intent to reserve a right in the mark. See id. § 1127; see also Senate Report at 24–25. The Board may make such determinations on a case-by-case basis considering the totality of the circumstances.

III. M.Z. BERGER’S APPEAL

A

Berger argues that it satisfied the minimal standard for intent, and that the Board improperly discounted Berger’s evidence. Berger’s arguments hinge on its belief that the Board should have found the intent requirement satisfied because Berger offered some objective evidence in support of its position. Viewed in isolation, the evidence Berger prefers to focus on could perhaps lead a reasonable fact-finder to conclude there was bona fide intent. As discussed above, however, all circumstances regarding an applicant’s bona fide intent

5 The PTO has promulgated a rule specifying that an applicant’s ongoing efforts to make use of a mark “may include product or service research or development, market research, manufacturing activities, promotional activities, steps to acquire distributors, steps to obtain governmental approval, or other similar activities.” 37 C.F.R. § 2.89(d). Although this rule relates to the required showing of “good cause” for an extension to file a statement of use, i.e., at a time after the initial filing, such evidence may also indicate sources of objective evidence of an applicant’s bona fide intent to use the mark in commerce.
intent must be considered, including those facts that would tend to disprove that Berger had
the requisite intent. 15 U.S.C. § 1051(b)(1); see also Lane, 33 U.S.P.Q.2d at 1353 (“[W]hether
an applicant has a bona fide intention ... must be an objective determination based on all
the circumstances.”(emphasis added)).

Here, viewing the evidence as a whole, we find that substantial evidence supports the
Board’s conclusion. First, we agree with the Board that the documentary evidence offered by
Berger appears to relate only to the prosecution of the trademark application. [The Board
had cited Research In Motion Ltd. v. NB OR Corp., 92 U.S.P.Q.2d (BNA) 1926, 1931
(T.T.A.B.2009) (“If the filing and prosecution of a trademark application constituted a bona
fide intent to use a mark, then in effect, lack of a bona fide intent to use would never be a
ground for opposition or cancellation, since an inter partes proceeding can only be brought
if the defendant has filed an application.”)]. The paralegal who performed the trademark
search testified that such searches are routinely conducted before Berger files a trademark so
that Berger does not waste time filing an application on an unavailable mark. It is undisputed
that the internal email relaying the substance of a discussion with the trademark examining
attorney also relates to the application. The other internal emails, which forwarded the
images of two watches and a clock bearing the mark, were undisputedly submitted to the
PTO in response to the trademark examining attorney’s request for documents showing how
the mark would be used.

Faced with conflicting statements from Berger witnesses about whether the images were
created for prosecution or for business reasons evidencing intent, the Board exercised its
discretion in crediting the testimony of Mr. Mermelstein, Berger’s Rule 30(b)(6) witness, over
that of other Berger employees...We defer to the Board’s determination of the weight and
credibility of such evidence. See, e.g., Velander v. Garner, 348 F.3d 1359, 1371 (Fed.Cir.2003)
(stating, in a PTO interference proceeding, that it is “within the discretion of the trier of fact
to give each item of evidence such weight as it feels appropriate”). Having found that the
documentary evidence was generated in relation to the trademark application, the Board
reasonably determined that such images were likely created with an intention to advance the
prosecution of the trademark application rather than an intention to move forward on an
actual product in commerce.

Berger has offered no reason to disturb the Board’s findings based on the remaining
testimonial evidence. The Board properly exercised its judgment in finding that Berger
lacked a bona fide intent to use the mark on any of the goods identified in the application.
Mr. Mermelstein admitted that there was no intent to use the iWatch mark for clocks, and
Ms. Titera conceded that the other accessories and related goods were only designated to
leave Berger’s options open.

With respect to watches, the Board considered conflicting testimony about Berger’s
alleged meeting with a buyer, as well as whether the watch would be technological in nature.
The Board was within its discretion to disagree with Berger’s bottom-line position that it
possessed a bona fide intent, given the inability of the Berger witnesses to pull together a consistent story on a number of issues, e.g., would the watch be technological, did actual physical samples exist, were potential customers ever consulted. Critically, Mr. Mermelstein all but conceded that Berger had not yet made a firm decision to use the mark in commerce at the time of its application. ("[I]f [Berger] decided to do a—either a technology watch or information watch or something that would have that type of characteristics that [iWatch] would be a good mark for it."). See, e.g., Research in Motion, 92 U.S.P.Q.2d at 1931 (applicant’s stated belief that the mark would be “a good mark for future use” does not establish a bona fide intent to use).

We also find unavailing Berger’s contention that the Board ignored Berger’s history in the watch industry. The Board did consider Berger’s past but noted that even though the iWatch mark was allegedly to be used with a “smart” watch, Berger had never made such a watch and took no steps following the application to develop such a watch. We find no error with the Board’s determination that there was no nexus between Berger’s general capacity to produce watches and the capacity required to produce a “smart” watch.

Ultimately, we find that the Board properly exercised its judgment as the trier of fact in assessing the evidence and concluding that Berger did not have a bona fide intent to use the mark at the time of its application. Berger’s contention that the Board “missed the forest for the trees” by systematically discrediting each piece of evidence is misplaced. Quite to the contrary, the Board’s opinion reflects that it carefully considered Berger’s evidence and understandably found that Berger lacked “bona fide” intent to use the iWatch mark on the recited goods at the time of the application was filed.

The bar for showing a bona fide intent is not high. But in our view, considering the inconsistent testimony offered by Berger employees and the general lack of documentary support, substantial evidence supports the Board’s conclusion that Berger’s intent at the time of the application was merely to reserve a right in the mark, and not a bona fide intent to use the mark in commerce.

B

Berger also argues that the Board applied the wrong legal standard for bona fide intent, “because it insisted upon evidence that [Berger] had taken steps to promote, develop and market the iWatch mark at the time that it filed its original application.” Berger argues that the Board’s emphasis on objective evidence conflicts with the application and registration steps outlined in the PTO’s administrative review process and regulations. In other words, Berger contends the Board erred by applying a more stringent threshold for bona fide intent than required by statute or by the PTO’s regulations and procedures.

We disagree. Nowhere did the Board state that the applicable standard requires an applicant to have actually promoted, developed, and marketed the mark at the time of the
application. Nor did the Board state that it applied such a standard. To the contrary, the Board’s opinion reflects that it reached its conclusions by considering all the relevant facts and circumstances, including those that indicated Berger lacked intent. This is indeed the proper inquiry under the Lanham Act. 15 U.S.C. § 1051(b)(1) (intent to use must be “under circumstances showing the good faith of such person”).

We also find that the Board’s opinion is not inconsistent with PTO practice. The PTO is within its discretion to allow intent-to-use applications to proceed, at the time of filing, upon only a verified statement of bona fide intent to use. See id. § 1051(b)(3)(B). However, the agency has the statutory authority to seek further evidence of the applicant’s “bona fide” intent. See id. § 1051(b)(1). Indeed, not only did the agency contemplate that an applicant’s intent to use may be at issue in inter partes proceedings, but it reserved the right to make its own inquiry into the issue under appropriate circumstances:

Generally, the applicant’s sworn statement of a bona fide intention to use the mark in commerce will be sufficient evidence of good faith in the ex parte context. Consideration of issues related to good faith may arise in an inter partes proceeding, but the USPTO will not make an inquiry in an ex parte proceeding unless evidence of record clearly indicates that the applicant does not have a bona fide intention to use the mark in commerce.


We find that the Board did not err in its application of the standard for bona fide intent. As discussed supra, whether an applicant has a bona fide intent to use a mark in commerce is an objective inquiry based on the totality of the circumstances. The Board conducted such an inquiry.

[Affirmed.]

At p. 280, add the following new note:

6. The rule against assigning ITU applications. Review the anti-assignment rule in Lanham Act Section 10 and consider the following scenario. A was a wholly-owned subsidiary of B. B was in turn a wholly-owned subsidiary of C. A filed an ITU application. While the application was still pending and prior to the filing of the statement of use, A assigned the ITU application to C. The assignment agreement left intact the parent/subsidiary relationship between C and A. That is, C did not become a successor to A (or a portion of A) as a result of this assignment agreement. Is the transfer a violation of the anti-assignment rule of Lanham Act Section 10, such that the registration should be cancelled? Or should Section 10 be construed to prohibit assignments in cases where it appears that the assignor

At p. 293, before Problem 4-5, add:

See also Southern California Darts Assoc. v. Zaffina, 762 F.3d 921 (9th Cir. 2014) (holding that an unincorporated association that promoted competitive darts events could own rights in mark SOUTHERN CALIFORNIA DARTS ASSOCIATION).

At p. 306, add the following to the end of note 2:

Consider the following three cases. First, consider Herb Reed Enterprises, LLC v. Florida Entertainment Mgmt., Inc., 736 F.3d 1239 (9th Cir. 2013), one of many lawsuits involving rights to the mark THE PLATTERS for a musical group. Herb Reed, one of the original band members, had signed an employment agreement in 1956 with Five Platters, Inc. (FPI), in which he assigned to FPI any rights in the name THE PLATTERS in exchange for shares of FPI stock. Eventually, Reed left the group, and, in 1984, FPI sued Reed for trademark infringement over use of the name. In 1987, Reed and FPI settled. Under the terms of the settlement agreement, Reed retained the right to perform as “Herb Reed and the Platters” but agreed not to perform under the name “The Platters.” Apparently, the agreement did not address rights in any commercial recordings, and from 1987 forward, Reed continued to receive copyright royalties from previously-recorded PLATTERS songs. In 2012, Reed (through his company) sued Florida Entertainment Management (“FEM,” successor to FPI) for trademark infringement. Reed’s company apparently claimed trademark rights in HERB REED AND THE PLATTERS, and asserted that FEM’s use of THE PLATTERS infringed. FEM argued abandonment. The court analyzed the issue by addressing uses of THE PLATTERS mark. According to the court

[t]he receipt of royalties is a genuine but limited usage of the mark that satisfies the “use” requirement, especially when viewed within the totality of the circumstances—namely, that Reed was constrained by the settlement. . . Receipt of royalties certainly qualifies as placement of “The Platters” mark on goods sold, and supports the finding that there was no abandonment.

*Id.* at 1248. Does the court’s analysis reflect an appropriate use of the totality-of-the-circumstances test? Or does it suggest that the test could be largely pretextual? In any event, should the court have reframed its analysis, asking whether the mark HERB REED AND THE PLATTERS had been abandoned?

Second, consider the following. Assume that a firm called Action Ink held a registration for the mark ULTIMATE FAN for “promoting the goods and/or services of others by conducting a contest at sporting events.” Action Ink last held a contest in 1995. Thereafter, until the time of suit (2012), Action Ink had solicited clients, set out various infringement threat letters, but had held no contests. After initiating the suit, Action Ink had signed a licensing agreement with Tulane University under which Tulane took a license
in exchange for donating 300 tickets (football tickets, we assume) to a charity of Tulane's choice. Do Action Ink’s activities after 1995 constitute actual use? Establish evidence of an intent to resume use?

Third, consider how you might apply the totality of the circumstances test to the following facts. Specht, formed a start-up company in 1998 called Android Data Company (ADC) to distribute software and engage in various web-based services. ADC registered ANDROID DATA for these services in 2002, but by that time, ADC had stopped its major operations. Assume that ADC discontinued the use of the mark at that time, and consider whether the following activities establish an intent to resume use:

- ADC maintained its website for some time, but by 2005 had allowed the URL androiddata.com to lapse
- Specht passed out some business cards bearing the ANDROID DATA mark in 2005
- Specht delivered a mass mailing to potential customers in December 2007, but generated no sales for ADC
- ADC revived the website in 2009 under a new URL, android-data.com

See Specht v. Google Inc., 747 F.3d 929 (2014). How, if at all, is your analysis affected by the fact that another start-up (Android, Inc.) was formed in 2005 to develop an operating system for a smartphone; the start-up was subsequently bought out by Google; and, in November 2007, Google released a beta version of the ANDROID operating system software?

At p. 306, add the following to the end of note 5:

Suppose that in 2008, a firm states that it plans to rebrand one of its subsidiaries. Suppose that the firm adopts the new mark in 2008 but continues to display the old mark in some customer presentations, maintains a website with a domain name corresponding to the old mark, and accepts customer payments made in reference to the old mark. Should the firm’s apparent prospective intent to abandon the old mark, articulated in 2008, affect the analysis as to whether the mark owner had discontinued use of the old mark? In particular, should it affect whether the firm’s post-2008 uses of the old mark are deemed to be bona fide uses that would negate a finding that the mark owner had discontinued use? See Wells Fargo & Co. v. ABD Ins. & Fin. Services, Inc., 758 F.3d 1069 (9th Cir. 2014).

At p. 312, add the following to the end of Problem 4-11(2):

For an arguably similar scenario occurring outside the context of sports franchises, consider the following. Suppose that a party registers the following mark for clothing:

KELME
Suppose that after some time, the party ceases using the mark in the form shown above, and instead uses the mark as shown below:

![Kelme Logo]

Assume that more than three years have passed since the party began using the newer mark. Has the party abandoned rights in the registered mark? Would it be appropriate to borrow the “same commercial impression” test from the tacking cases to determine whether the party’s use of the newer mark should be treated as a continuation of the use of the older mark? See *Jack Wolfskin Ausrustung Fur Draussen GmbH & Co. KGAA v. New Millenium Sports, S.L.U.*, 797 F.3d 1363 (Fed. Cir. 2015).

At pp. 321-22, add the following at the end of note 4:

At p. 350, at the end of the Fraudulent Procurement discussion, add the following new paragraph:

Even under the stringent standard of the Bose case, fraud contentions may succeed, at least where the facts are extreme. In Nationstar Mortgage LLC v. Ahmad, 112 U.S.P.Q.2d (BNA) 1361 (TTAB 2014), Nationstar asserted that Ahmad had filed an application under Section 1(a) claiming use of NATIONSTAR in connection with various services, but knew that he had not used the mark for any of those services at the time of filing. The TTAB concluded that the opposition should be sustained on the fraud argument. The Board declined to credit Ahmad’s testimony purporting to show use. The Board expressed skepticism about Ahmad’s credibility, and noted that he was either unwilling or unable to provide information that would have helped authenticate the business cards, flyers, and letters that he offered in an attempt to corroborate his assertions of use. The Board inferred that Ahmad had made false representations with an intent to deceive the PTO. That Ahmad had filed the application pro se did not spare him from the fraud finding under these circumstances, the Board decided.

At p. 351, before the heading “Cancellation,” add the following new paragraph:

A particular concern is whether the affidavit of continued use accurately reflects the registrant’s actual activities in the marketplace. A USPTO study released in July 2014 suggests that there is a reasonable basis for this concern. In nearly half of five hundred randomly-selected registrations, the registrant failed to meet the USPTO’s request to verify the previously claimed use on particular goods and/or services. USPTO, Post Registration Proof of Use Pilot Status Report, <www.uspto.gov/trademarks/notices/Post_Registration_Proof_of.Use.doc (July 2014)>. What changes would you suggest for improving the integrity of the register?

At p. 352, before heading B., insert the following:
Appeal. As we previously noted (Chapter 1, pp. 37-8), while TTAB determinations are usually appealed to the Court of Appeals for the Federal Circuit, the Lanham Act permits an applicant, or a party to an inter partes proceeding, to initiate a civil action in the place of an appeal to the Federal Circuit. 15 U.S.C. § 1071(b)(1). As the Fourth Circuit has explained:

In a § 1071(b) action, the district court reviews the record de novo and acts as the finder of fact. *Durox Co. v. Duron Paint Mfg. Co.*, 320 F.2d 882, 883–84 (4th Cir.1963). The district court has authority independent of the PTO to grant or cancel registrations and to decide any related matters such as infringement and unfair competition claims. 15 U.S.C. § 1071(b)(1). The district court must admit the PTO record if a party so moves, and if admitted, the record “shall have the same effect as if originally taken and produced in the suit.” *Id.* at § 1071(b)(3). Whether or not the record is admitted, the parties have an unrestricted right to submit further evidence as long as it is admissible under the Federal Rules of Evidence and Civil Procedure. *Id.*; see also *Kappos v. Hyatt*, 132 S.Ct. 1690, 1700 (2012) (interpreting § 1071(b)'s patent parallel, 35 U.S.C. § 145).

*Kappos* is the primary case interpreting the patent and trademark civil action statutes. In *Kappos*, the PTO argued that in a § 145 proceeding where new evidence is admitted, the district court should defer to its findings, and “should overturn the PTO's factual findings only if the new evidence clearly establishes that the agency erred.” *Id.* at 1690, 1695–96 (2012). The Supreme Court rejected the PTO's premise that a § 145 suit “creates a special proceeding that is distinct from a typical civil suit filed in federal district court,” *id.* at 1696, and adopted the Federal Circuit’s position that “where new evidence is presented to the district court on a disputed fact question, a de novo finding will be necessary to take such evidence into account together with the evidence before the board.” *Id.* at 1700 (quoting *Fregeau v. Mossinghoff*, 776 F.2d 1034, 1038 (Fed.Cir.1985)). It held that the district court “does not act as the ‘reviewing court’ envisioned by the APA,” because the court must determine, among other things, “how the new evidence comports with the existing administrative record,” and “as a logical matter [it] can only make [this] determination[ ] de novo because it is the first tribunal to hear the evidence.” *Id.* at 1696, 1700.

*Kappos* also explicitly defines the only situation where consideration of the TTAB decision is permitted. The Court adopted the Federal Circuit's rule that “the district court may, in its discretion, `consider the proceedings before and findings of the Patent Office in deciding what weight to afford an applicant's newly-admitted evidence.’” *Id.* at 1700 (quoting *Hyatt v. Kappos*, 625 F.3d 1320, 1335 (Fed.Cir.2010)). In sum, where new evidence is submitted, de novo review of the entire record is required because the district court “cannot meaningfully defer to the PTO's factual findings if the PTO considered a different set of facts.” *Id.*
Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150, 155-56 (4th Cir. 2014). Where the facts show that an applicant had failed to provide the newly-admitted evidence to the PTO, district courts are permitted to give less weight to that evidence. *Hyatt*, 625 F.3d at 1335.

A legislative proposal is pending that would give the Court of Appeals for the Federal Circuit exclusive appellate jurisdiction over all appeals from Section 21(b) district court actions. H.R. 9 (proposed Section 9(h)(10), one of a set of so-called “technical corrections”).

**Orders to cancel.** Recall that Lanham Act Section 37 empowers courts to order that a registration be cancelled in whole or in part. (We previously discussed Section 37 in Chapter 2 (note 20, after *Zatarains*), and in Chapter 3 (where we saw the Second Circuit exercising that power in *Louboutin*). Section 37 does not create an independent basis for federal court jurisdiction. Rather, it may be asserted as a defense in a trademark infringement action. *Airs Aromatics, LLS v. Opinion Victoria’s Secret Stores Brand Mgmt., Inc.*, 744 F.3d 595 (9th Cir. 2014).

At p. 353, delete *Harjo* and substitute the following new case:

**PRO-FOOTBALL, INC. v. BLACKHORSE**


LEE, District Judge:

...

**BACKGROUND**

The “Washington Redskins” are a well-known professional football team. The “Redskins” mark was first used by the “Washington Redskins” National Football League (“NFL”) franchise in 1933... PFI [Pro-Football, Inc.] owns, and has always owned, the Redskins Marks. The Redskins Marks are:

1. Registration No. 0836122 (registered September 26, 1967) for the mark THE REDSKINS (stylized), shown below, for “entertainment services—namely, football exhibitions rendered in stadia and through the media of radio and television broadcasts,” in Class 41;
2. Registration No. 0978824 (registered February 12, 1974) for the mark WASHINGTON REDSKINS, in typed drawing form, for “entertainment services—namely, presentations of professional football contests,” in Class 41;

3. Registration No. 0986668 (registered June 18, 1974) for the mark WASHINGTON REDSKINS and design, shown below, for “entertainment services—namely, presentations of professional football contests,” in Class 41;

![Washington Redskins Logo](image1)

4. Registration No. 0987127 (registered June 25, 1974) for the mark THE REDSKINS and design, shown below, for “entertainment services—namely, presentations of professional football contests,” in Class 41;

![The Redskins Logo](image2)

5. Registration No. 1085092 (registered February 7, 1978) for the mark REDSKINS, in typed drawing form, for “entertainment services—namely, presentations of professional football contests,” in Class 41; and

6. Registration No. 1606810 (registered July 17, 1990) for the mark REDSKINETTES, in typed drawing form, for “entertainment services, namely, cheerleaders who perform dance routines at professional football games and exhibitions and other personal appearances,” in Class 41.

[Blackhorse petitioned to cancel PFI’s registrations, invoking Section 2(a). PFI and Blackhorse filed motions and cross-motions for summary judgment on several issues, including the Section 2(a) disparagement issue.]
STANDARDS OF REVIEW

... 

B. Review of TTAB Decision

15 U.S.C. § 1071(b)(1) “permits a party in a trademark suit to initiate a civil action in the place of an appeal of the TTAB’s determination to the Federal Circuit.” Swatch AG v. Beehive Wholesale, LLC, 739 F.3d 150, 155 (4th Cir.2014). “In a § 1071(b) action, the district court reviews the record de novo and acts as the finder of fact. The district court has authority independent of the PTO to grant or cancel registrations and to decide any related matters such as infringement and unfair competition claims.” Id. (citing 15 U.S.C. § 1071(b)(1); Durox Co. v. Duron Paint Mfg. Co., 320 F.2d 882, 883–84 (4th Cir.1963)). Where a party to such an action exercises its right to supplement the TTAB record, the Court gives no deference to the TTAB’s findings. Swatch, 739 F.3d at 156.

ANALYSIS

... 

A. Trademark Registration vs. Trademarks Themselves

As a threshold matter, throughout the pleadings the parties conflated the legal principles surrounding trademarks with those surrounding trademark registration. Just as Allen Iverson once reminded the media that they were wasting time at the end of the Philadelphia 76ers’ season “talking about practice” and not an actual professional basketball game, the Court is similarly compelled to highlight what is at issue in this case—trademark registration, not the trademarks themselves. It is the registrations of the Redskins Marks that were scheduled for cancellation by the TTAB’s decision, not the trademarks. In fact, the TTAB itself pointed out that it is only empowered to cancel the statutory registration of the marks under Section 2(a); it cannot cancel the trademarks themselves. See Blackhorse v. Pro–Football, Inc., 111 U.S.P.Q.2d 1080, 2014 WL 2757516, at *1 (T.T.A.B.2014) (citation omitted). Thus, regardless of this Court’s ruling, PFI can still use the Redskins Marks in commerce.

It is also important to identify the effect of federal trademark registration. A trademark is “any word, name, symbol, or device or any combination thereof used by any person to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.” Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992). Federal law does not create trademarks. See In re Trade–Mark Cases, 100 U.S. 82, 92 (1879)...

The owner of a trademark can apply to register it with the PTO under the Lanham Act. See15 U.S.C. § 1051. After reviewing an application, “[if] a trademark examiner believes that registration is warranted, the mark is published in the Official Gazette of the PTO” as well as the Principal Register. B & B Hardware, Inc. v. Hargis Indus., -- U.S. ----, 135 S.Ct.
What is at issue here is the registration of the Redskins Marks and the benefits associated with registration, not the use of the marks.

B. Constitutional Challenges

[The court’s discussion of the constitutional challenges to Section 2(a) has been omitted.]

C. Lanham Act Challenges

... Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), provides that registration should be denied to any mark that “[c]onsists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute....” Id. The TTAB has established a two-part test to determine whether a mark contains matter that “may disparage.” The parties agree that the test in this case is as follows:

1. What is the meaning of the matter in question, as it appears in the marks and as those marks are used in connection with the goods and services identified in the registrations?

2. Is the meaning of the marks one that may disparage Native Americans?


When answering the second question, whether the term “redskins” “may disparage” Native Americans, courts should look to the views of Native Americans, not those of the general public. Id. Moreover, Blackhorse Defendants are only required to show that the marks “may disparage” a “substantial composite” of Native Americans. See Geller, 751 F.3d at 1358 (citations omitted). A substantial composite is not necessarily a majority. See In re Boulevard Ent., Inc., 334 F.3d 1336, 1340 (Fed.Cir.2003) (citing In re McGinley, 660 F.2d 481, 485 (C.C.P.A.1981)); In re Mavety Media Grp., 33 F.3d 1367, 1370 (Fed.Cir.1994) (citation omitted).

Courts consider dictionary evidence when determining whether a term “may disparage” a substantial composite of the referenced group. In In re Boulevard, the Federal Circuit held...
that when a mark has only “one pertinent meaning[,] a standard dictionary definition and an accompanying editorial designation alone sufficiently demonstrate[,] that a substantial composite of the general public” considers a term scandalous. 334 F.3d 1336, 1340–41 (Fed.Cir.2003) (emphasis added) (citing 15 U.S.C. § 1052(a)) (finding that a mark had one “pertinent meaning” when all of the dictionaries consulted contained usage labels characterizing a term as “vulgar”).

Courts can use usage labels to decide whether a term “may disparage” a specific referenced group, as opposed to the general public in Section 2(a) “scandalous” actions, because usage labels denote when words are disparaging or offensive to the group referenced in the underlying term...

Thus, using a dictionary’s usage labels to determine whether a term “may disparage” a substantial composite of Native Americans during the relevant time period is consistent with the Federal Circuit’s holding in Boulevard. See In re Fox, 702 F.3d 633, 635 (Fed.Cir.2012) (“But where it is clear from dictionary evidence that the mark as used by the applicant in connection with the products described in the application invokes a vulgar meaning to a substantial composite of the general public, the mark is unregisterable.”(citation and internal quotation marks omitted)); In re Heeb Media, LLC, 89 U.S.P.Q.2d 1071, 2008 WL 5065114, at *5 (T.T.A.B.2008) (“It has been held that, at least as to offensive matter, dictionary evidence alone can be sufficient to satisfy the USPTO’s burden, where the mark has only one pertinent meaning.” (citing Boulevard, 334 F.3d at 1340–41)).

However, when dictionaries are not unanimous in their characterization of a term, additional evidence must be adduced to satisfy the PTO’s burden. Reversing the TTAB’s finding that a mark was scandalous based solely on discordant dictionary characterizations, the Federal Circuit explained:

In view of the existence of such an alternate, non-vulgar definition, the Board, without more, erred in concluding that in the context of the adult entertainment magazine, the substantial composite of the general public would necessarily attach to the mark BLACK TAIL the vulgar meaning of “tail” as a female sexual partner, rather than the admittedly non-vulgar meaning of “tail” as rear end. In the absence of evidence as to which of these definitions the substantial composite would choose, the PTO failed to meet its burden of proving that Mavety’s mark is within the scope of § 1052(a) prohibition.

Mavety Media Grp., 33 F.3d at 1373–74 (emphasis added).

1. The Meaning of the Matter in Question is a Reference to Native Americans
The Court finds that the meaning of the matter in question in all six Redskins Marks—the term “redskins” and derivatives thereof—is a reference to Native Americans. PFI admits that “redskins” refers to Native Americans. The team has consistently associated itself with Native American imagery. First, two of the Redskins Marks contain an image of a man in profile that alludes to Native Americans, including one that also has a spear that alludes to Native Americans. Registration No. 0986668 (left) and Registration No. 0987127 depict:

Second, the team’s football helmets contain an image of a Native American in profile:

Id.; see also Criss Decl. Ex. 118 at 0:51–1:30; Ex. 130, 132–37. Fourth, as shown below, the Redskins cheerleaders, the “Redskinettes” also dressed in Native American garb and wore stereotypical black braided-hair wigs:


As stated by the TTAB in Harjo and confirmed by the D.C. District Court:

This is not a case where, through usage, the word “redskin(s)” has lost its meaning, in the field of professional football, as a reference to Native Americans in favor of an entirely independent meaning as the name of a professional football team. Rather, when considered in relation to the other matter comprising at least two of the subject marks and as used in connection with respondent’s services, “Redskins” clearly both refers to respondent’s professional football team and carries the allusion to Native Americans inherent in the original definition of that word.

2. The Redskins Marks “May Disparage” a Substantial Composite of Native Americans During the Relevant Time Period

The Court finds that the meaning of the marks is one that “may disparage” a substantial composite of Native Americans in the context of the “Washington Redskins” football team. The relevant period for the disparagement inquiry is the time at which the marks were registered. Blackhorse, 2014 WL 2757516, at *4 (citations omitted). Here, the Court focuses on the time period between 1967 and 1990. When reviewing whether a mark “may disparage,” the PTO does not, and practically cannot, conduct a poll to determine the views of the referenced group. See In re Loew’s Theatres, Inc., 769 F.2d 764, 768 (Fed.Cir.1985). Instead, three categories of evidence are weighed to determine whether a term “may disparage”: (1) dictionary definitions and accompanying editorial designations; (2) scholarly, literary, and media references; and (3) statements of individuals or group leaders of the referenced group regarding the term. [cit.]

Furthermore, by using the term “may disparage,” Section 2(a) does not require that the mark holder possess an intent to disparage in order to deny or cancel a registration. See Harjo, 284 F.Supp.2d at 125; Blackhorse, 2014 WL 2757516, at *9–*10 (citing Heeb Media, 2008 WL 5065114, at *8; Squaw Valley, 2006 WL 1546500). Also, in order to be cancelled or denied registration, the marks must consist of matter that “may disparage” in the context of the goods and services provided. See In re McGinley, 660 F.2d 481, 485 (C.C.P.A.1981).

a. Dictionary Evidence

First, the record evidence contains dictionary definitions and accompanying designations of “redskins” that weigh in favor of finding that the Redskins Marks consisted of matter that “may disparage” a substantial composite of Native Americans when each of the six marks was registered. Dictionary evidence is commonly considered when deciding if a term is one that “may disparage.” See Am. Freedom Def. Initiative v. Mass. Bay Transp. Auth., 781 F.3d 571, 585 (1st Cir.2015); In re Geller, 751 F.3d 1355, 1358 (Fed.Cir.2014); In re Lebanese Arak Corp., 94 U.S.P.Q.2d 1215, 2010 WL 766488, at *5 (T.T.A.B.2010); In re Heeb Media, LLC, 89 U.S.P.Q.2d 1071, 2008 WL 5065114, at *5 (T.T.A.B.2008); In re Squaw Valley Dev. Co., 80 U.S.P.Q.2d 1264, 2006 WL 1546500, at *10–*14 (T.T.A.B.2006).

The record contains several dictionaries defining “redskins” as a term referring to North American Indians and characterizing “redskins” as offensive or contemptuous... [The court cited eleven dictionaries. None of them used “disparaging” as the usage label, but the court asserted that this did not matter; the usage label “offensive” was equivalent to disparaging.]

Furthermore, Dr. David Barnhart, one of PFI’s linguistics experts, said that characterizing “redskins” as “disparaging” from 1967 to 1985 is too strong a term to apply. Criss Decl. Ex. 14 at 181:9–12. However, he did declare that in that same time period, the term “certainly might be offensive.” Id. This weighs in favor of finding that “redskins” “may
disparage” for two reasons. First, Dr. Barnhart stated that “disparage” required intent, Criss Decl. Ex. 14 at 181:13–182:3, and both parties agree that “may disparage,” which is the standard posed by Section 2(a)—not does disparage—does not require intent. Second, as explained above, in Section 2(a) “may disparage” cases both the Federal Circuit and the TTAB use “disparage” and derivatives of “offend” interchangeably. Thus, the Court finds that Dr. Barnhart’s declaration that “redskins” “certainly might be offensive” is highly probative and weighs in favor of finding that “redskins” “may disparage” a substantial composite of Native Americans during the relevant time period.

Finally, the expert linguists from both parties, Dr. Geoffrey Nunberg for Blackhorse Defendants and Ronald Butters for PFI, both agree that dictionaries tend to lag in updating usage labels for ethnic slurs. (Doc. 71 at 70.) This shows that Webster’s Collegiate Dictionary (1898) (“often contemptuous”), The Random House Dictionary of the English Language (1966) (“Often Offensive”), and The Random House Dictionary of the English Language (1967) (“Often Offensive”) were not inaccurate in recognizing that the term was “often contemptuous” or “often offensive.” Instead, it suggests that the term “redskin” may have been viewed as offensive or contemptuous well in advance of the 1898 entry.

Because both Federal Circuit and TTAB precedent establish that usage labels are relevant, the Court rejects PFI’s challenges and finds that the record evidence of eleven dictionary definitions and their usage labels describing “redskins” as “offensive” or “contemptuous,” along with Dr. Barnhart’s testimony that “redskins” “might be offensive,” weigh towards finding that between 1967 and 1990, the Redskins Marks consisted of matter that “may disparage” a substantial composite of Native Americans.

b. Scholarly, Literary, and Media References

Second, the record evidence contains scholarly, literary, and media references that weigh in favor of finding that “redskins” “may disparage” a substantial composite of Native Americans when each of the six Redskins Marks was registered. Scholarly, literary, and media references evidence is often considered when evaluating whether a mark consists of or comprises matter that “may disparage.” [cit.] [The court reviewed more than two dozen quotes from newspaper articles and encyclopedias from the 1960s through 1990 suggesting that Native Americans resented the use of the term “redskin.”]

c. Statements of Individuals or Group Leaders

Third, the record evidence contains statements of Native American individuals or leaders of Native American groups that weigh in favor of finding that the Redskins Marks consisted of matter that “may disparage” a substantial composite of Native Americans during the relevant time period. The TTAB considers statements from individuals in the referenced group and leaders of organizations within that referenced group when it makes its “may disparage” finding. See In re Heeb Media, LLC, 89 U.S.P.Q.2d 1071, 2008 WL 5065114, at
Blackhorse Defendants reference a 1972 meeting between PFI's president and a few major Native American organizations about the "Washington Redskins" team name to show that it "may disparage." . . .

The Court finds this meeting probative on the issue of whether the mark consisted of matter that "may disparage" a substantial composite of Native Americans during the relevant time period. Representatives of several prominent Native American organizations protesting the "Redskins" name is strong evidence that the term "may disparage." [Pro-Football Inc.'s President] Williams himself regarded the Native Americans he met with as "leaders," rather than a group of individuals representing their own interests. (Id.)

In support of their argument that prominent Native American organizations and leaders in the Native American community have long opposed the use of the term "redskins" as the name of an NFL football team name, Blackhorse Defendants have submitted several declarations [from] prominent Native Americans [including] Raymond Apodaca (former Area Vice President of NCAI and Governor for the Yselta Del Sur Pueblo); Leon Cook (former NCAI President and former Council Member and Tribal Administrator for the Red Lake Nation); Kevin Gover (prominent attorney, former Assistant Secretary of the Interior for Indian Affairs, and current Director of the Smithsonian Institution's National Museum of the American Indian); and Suzanne Harjo (former Executive Director of the NCAI and 2014 recipient of the Presidential Medal of Freedom for her work on behalf of Native Americans). Each declaration affirms Blackhorse Defendants' argument that from 1967 to 1990, the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans.

[The court reviewed the declarations in detail.]

The Court finds that the declarations from these prominent Native American individuals and leaders, replete with the actions of groups concerning the "Washington Redskins" football team and anecdotes of personal experiences with the term "redskin," show that the Redskins Marks consisted of matter that "may disparage" a substantial composite of Native Americans during the relevant time period.

Additional evidence that the marks consisted of matter that "may disparage" is found in the NCAI Resolution. In 1993, the Executive Council of the NCAI passed a resolution on the "Washington Redskins" team name. Founded in 1944, NCAI bills itself as "the oldest and largest intertribal organization nationwide representative of, and advocate for national, regional, and local tribal concerns." Criss Decl. Ex. 108. The resolution provided, in pertinent part, that, "[T]he term REDSKINS is not and has never been one of honor or respect, but instead it has always been and continues to be a pejorative, derogatory, denigrating, offensive, scandalous, contemptuous, disreputable, disparaging and racist
designation for Native American[s]." Criss Decl. Ex. 108 (emphasis added). The Court finds that this resolution is probative of NCAI’s constituent members’ collective opinion of the term “redskin” and PFI’s marks for many years, including when the last Redskins Mark was registered. See In re Heeb Media LLC, 89 U.S.P.Q.2d 1071, 2008 WL 5065114, at *1 (T.T.A.B.2008) (affirming denial of registration of a mark based in part on excerpts from “individuals representing Jewish groups or in their individual capacity,” which provided that they “consider the term HEEB to be a disparaging”).

PFI objects to this evidence on relevancy grounds because the resolution was passed outside of the relevant time period. However, as suggested by the TTAB in Blackhorse, this is just like any other testimony from individuals that was taken after the fact: witnesses testify about what they perceived in the past. PFI may challenge the weight this evidence is afforded but the words of the resolution are indisputable: this national organization of Native Americans declared that the term “REDSKINS” has always been derogatory, offensive, and disparaging. Because this evidence tends to prove or disprove a matter, see FED.R.EVID. 401, the Court overrules PFI’s objection and finds that the resolution is probative of whether a substantial composite of Native Americans thought “redskin” “may disparage” them during the relevant time period.

Throughout PFI’s briefs it appears to suggest that the evidence of the 1972 meeting with former-PFI president Williams, NCAI’s 1993 resolution on the team name, and any other evidence of Native American opposition is immaterial because “mainstream Native Americans” support the team name “Washington Redskins.” Respondents in In re Heeb Media, LLC, 89 U.S.P.Q.2d 1071, 2008 WL 5065114 (T.T.A.B.2008), and In re Squaw Valley Dev. Co., 80 U.S.P.Q.2d 1264, 2006 WL 1546500 (T.T.A.B.2006), also tried to dismiss the views of those finding a term offensive as out of the mainstream. The TTAB rejected this argument both times. The Court agrees with the TTAB’s approach and similarly rejects PFI’s attempted characterization of some of Blackhorse Defendants’ witnesses and their respective testimony. That a “substantial composite” is not necessarily a majority further compels this result. Assuming the Court accepted PFI’s proffered dichotomy of “mainstream” versus “avant-garde” members of a referenced group, as a matter of principle it is indisputable that those with “non-mainstream” views on whether a term is disparaging can certainly constitute a substantial composite of a referenced group. The Court finds that to be the case here.

PFI sought to rebut Blackhorse Defendants’ evidence multiple ways. First, PFI relies upon the 1977 All–Indian Half–Time Marching Band and Pageant and Native Americans naming their own sports teams “Redskins” to argue that the term is not disparaging. (Doc. 100 at 37.) Hundreds of Native Americans participated in the half-time program and several-hundred more applied but were ultimately not able to partake in the event. (Id.) PFI contends that the “positive tone” of the Native American press reports on the event, among other things, shows that the mark did not consist of matter that “may disparage” a substantial composite Native Americans during the relevant time period. (Id.) Additionally, PFI maintains that Native Americans’ own extensive use of the term “Redskins” for different
nicknames and the names of over twenty local sports teams precludes it from being considered as a term that “may disparage.”

The Court finds these arguments unpersuasive because this evidence does not show that there is a substantial composite of Native Americans who find the term “redskin” not one that “may disparage.” In re Heeb Media, LLC, 89 U.S.P.Q.2d 1071, 2008 WL 5065114, at *1 (T.T.A.B.2008). The TTAB acknowledged that there was a movement within the Jewish community to take command of the term “heeb” and not be offended by it. Id. at *5–*6. However, despite the fact that “many of this country’s most established Jewish philanthropies and cultural organizations have openly and actively supported Applicant’s magazine,” id. at *3, the TTAB held that the evidence showed there was still a substantial composite of Jewish individuals who would find the term “heeb” to be one that “may disparage.”

In Heeb, the TTAB explained that disparate views within the community of the referenced group countenance reliance on the rule that a substantial composite is not necessarily a majority. The TTAB wrote:

"With regard to applicant’s argument that a minority opinion should not veto registration of a particular mark, this is not in keeping with the standard set forth by our primary reviewing court. While case law does not provide a fixed number or percentage, it is well established that a “substantial composite” is not necessarily a majority. Here we have clear evidence that a substantial composite of the referenced group considers HEEB to be a disparaging term. The examining attorney has presented evidence from various segments of the Jewish community, including the Anti-Defamation League, a university professor, rabbis, a talk-show host and ordinary citizens.

Id. at *8.

The current case mirrors the circumstances in Heeb. Similar to Heeb, segments of the Native American community have decried “redskin” as disparaging, including the NCAI, a former tribal leader, and an author. The Court recognizes PFI’s evidence that some members of the Native American community did not ever, and do not now, find “redskin” disparaging, whether in the context of the “Washington Redskins” or not. As reinforced in Heeb, the substantial composite rule does not require that a majority of the referenced group find that a mark consists of matter that “may disparage.” Id. Accordingly, PFI’s argument that the 1977 halftime show and the use of “Redskins” as a nickname by Native Americans means that the term is not one that “may disparage” must fail because, consistent with Heeb, the record evidence shows that a substantial composite of Native Americans find that the term is offensive.
Accordingly, the Court finds that the record evidence of statements from Native American leaders and groups weighs in favor of finding that between 1967 and 1990, the Redskins Marks consisted of matter that “may disparage” a substantial composite of Native Americans.

Through Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), Congress has made a judgment that the federal trademark registration program will not register marks that “may disparage” different groups. A denial or cancellation of registration simply signifies that because a mark does not meet the requirements of the federal trademark registration program, the mark owner will not be able “to call upon the resources of the federal government in order to enforce that mark.” In re Fox, 702 F.3d 633, 640 (Fed.Cir.2012).

The determination of whether a substantial composite of the referenced group believes that a mark consists of a term that “may disparage” is not a mathematical equation requiring the parties to argue over whether the evidence shows that a specific threshold was met. See Heeb, 2008 WL 5065114, at *8 (citation omitted). Instead, courts consider (1) dictionary definitions and accompanying editorial designations; (2) scholarly, literary, and media references; and (3) statements of individuals or group leaders of the referenced group on the term.

Here, the Court finds that the record contains evidence in all three categories demonstrating that between 1967 and 1990, the Redskins Marks consisted of matter that “may disparage” a substantial composite of Native Americans. The dictionary evidence included multiple definitions describing the term “redskin” in a negative light, including one from 1898—almost seventy years prior to the registration of the first Redskins Mark—characterizing “redskin” as “often contemptuous.” The record evidence also includes references in renowned scholarly journals and books showing that “redskin” was offensive prior to 1967. Encyclopedia Britannica described its poor repute in 1911. The record evidence also shows that in 1972 NCAI, a national Native American organization founded in 1944, sent its president to accompany leaders of other Native American organizations at a meeting with the president of PFI to demand that the team’s name be changed. NCAI also passed a resolution which provided that it has always found the term and team name “Redskins” to be derogatory, offensive, and disparaging.

PFI cites to no cases from either the Federal Circuit or the TTAB where the record contained evidence of (1) multiple dictionary definitions and usage labels showing that a term was “often offensive” and “often contemptuous”; (2) scholarly, literary, and media references in journals, books, newspaper articles and editorials, and encyclopedias referencing a term as “derogatory,” “deprecatory,” an “ethnophaulism,” and a “racial epithet”; and (3) statements from individuals and organizations in the referenced group explaining how a mark consists of matter that is offensive to them, and the mark owner was still permitted to maintain a federal trademark registration. That is because the case law is clear: when all three categories contain evidence that a mark consists of matter that “may
disparage” a substantial composite of the referenced group, the TTAB and the Federal Circuit have denied or cancelled the mark’s registration.

This remains true even when there is also dictionary evidence that does not characterize the term as offensive, literary references using the term in a non-disparaging fashion, and statements from members of the referenced group demonstrating that they do not think the mark consists of matter that “may disparage.” That is because Section 2(a) does not require a finding that every member of the referenced group thinks that the matter “may disparage.” Nor does it mandate a showing that a majority of the referenced group considers the mark one that consists of matter that “may disparage.” Instead, Section 2(a) allows for the denial or cancellation of a registration of any mark that consists of or comprises matter that “may disparage” a substantial composite of the referenced group.

The Court finds that Blackhorse Defendants have shown by a preponderance of the evidence that there is no genuine issue of material fact as to the “may disparage” claim: the record evidence shows that the term “redskin,” in the context of Native Americans and during the relevant time period, was offensive and one that “may disparage” a substantial composite of Native Americans, “no matter what the goods or services with which the mark is used.” In re Squaw Valley Dev. Co., 80 U.S.P.Q.2d 1264, 2006 WL 1546500, at *16 (T.T.A.B.2006). “Redskin” certainly retains this meaning when used in connection with PFI’s football team; a team that has always associated itself with Native American imagery, with nothing being more emblematic of this association than the use of a Native American profile on the helmets of each member of the football team.

See supra.

Accordingly, the Court finds that the Redskins Marks consisted of matter that “may disparage” a substantial composite of Native Americans during the relevant time period, 1967–1990, and must be cancelled. Also, consistent with the parties’ concession that Section 2(a)’s “may disparage” and “contempt or disrepute” provisions use the same legal analysis, the Court further finds that the Redskins Marks consisted of matter that bring Native Americans into “contempt or disrepute.” Thus, Blackhorse Defendants are entitled to summary judgment on [the petition for cancellation].
D. Laches

[The court’s analysis is omitted. The court concluded that the disparagement claim was not barred by laches “because (1) Blackhorse Defendants did not unreasonably delay in petitioning the TTAB; and (2) the public interest at stake weighs against its application.”]

[The court granted the Blackhorse summary judgment motions and denied the PFI summary judgment motions.]

At p. 361, delete notes 4 through 7 and substitute the following:

4. **Time frame for the Section 2(a) inquiry.** Does Section 2(a) prohibit only the registration of a mark that is scandalous or disparaging at the time of registration? Or does it extend to marks that are perceived to comply with Section 2(a) when registered, but later become scandalous or disparaging because of a shift in sensibilities? What of marks that are rejected as violating Section 2(a) when initially examined, but later come to be viewed as neither scandalous nor disparaging because of a shift in sensibilities?

5. **Timing of cancellation petition; laches.** What is the time frame for initiating a cancellation action? Lanham Act Section 14(3) specifies that a cancellation action based on an alleged violation of Section 2(a) may be brought “[a]t any time.” How does this apparently unrestricted language square with the equitable doctrine of laches? Compare *Bridgestone/Firestone Research Inc. v. Automobile Club de l’Ouest de la France*, 245 F.3d 1359 (Fed. Cir. 2001) (laches applicable); *Marshak v. Treadwell*, 240 F.3d 184 (3d Cir. 2001) (laches not applicable). The Supreme Court has resolved a comparable issue under copyright law. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S.Ct. 1962 (2014) (laches could not be invoked to bar a claim for damages brought within the three-year statute of limitations provided under the Copyright Act).

Under general equitable principles, the laches clock runs from the time when a party knew or should have known of the existence of a claim, to the time when the party files a claim for relief. How should the laches clock work in a cancellation case based on Section 2(a) disparagement (assuming that laches applies)? Should the clock start as soon as the registration issues? What if some members of the allegedly disparaged group were not even born when the registration issued? Must laches apply uniformly across the group, or does equity counsel that individual differences be taken into account? If individual differences—such as a party’s tender age—are to be considered, should members of an allegedly disparaged group seek out the infants among them and bring the cancellation petition nominally on behalf of the infants? The issue arose in *Harjo*, the predecessor to *Blackhorse*. There, the TTAB had held that laches was inapplicable because there was a public policy interest at stake that transcended the petitioners’ personal interests. *Harjo v. Pro-Football, Inc.*, 30...
U.S.P.Q.2d (BNA) 1828, 1831 (TTAB 1994). This rule of law was rejected on appeal, Pro-
Football, Inc. v. Harjo, 284 F.Supp.2d 96 (D.D.C. 2003), and the district court decided that laches barred the claim. The D.C. Circuit reversed and remanded, holding that the laches clock begins to run only when the petitioner reaches the age of majority, Harjo v. Pro-Football, Inc., 415 F.3d 44 (D.C. 2005) (concluding that under this rule, the claim asserted by the youngest of the Harjo petitioners might survive). On remand, the district court again ruled for the team. Pro-Football, Inc. v. Harjo, 567 F.Supp.2d 46, 62 (D.D.C.2008), and the D.C. Circuit affirmed. Pro-Football, Inc. v. Harjo, 565 F.3d 880 (D.C. Cir. 2009). Meanwhile, a new set of petitioners initiated the Blackhorse cancellation proceeding. The Blackhorse petitioners reached the age of majority between 2000 and 2005, as discussed in the Blackhorse decision.

6. Consequences of denying registration. Does denial of federal registration affect the would-be registrant’s freedom to use a mark? For example, in the Blackhorse case, would the cancellation of the WASHINGTON REDSKINS mark prevent the football team from continuing to use the mark? If not, what precisely did the cancellation petitioners accomplish? (You may wish to examine the extensive media coverage of the case.) More broadly, what policy does the Section 2(a) exclusion achieve? Does this affect your conclusions about the wisdom of the policy rationales underlying Section 2(a), as discussed in the prior notes? If you were representing the franchise, would you recommend that the franchise owners continue using the mark? Adopt a new mark? And what of use by third parties? If the PTO cancels a registration, isn’t it quite possible that there will be more third-party use?

7. Outcome under Section 43(a). May the owner of a mark that is deemed unregistrable under Section 2(a) simply enforce common law rights in the mark in a Section 43(a) action? The legal issue is whether the Section 2 bars (or any aspects of Section 2, for that matter) necessarily apply in the context of a Section 43(a) action. Consider whether you agree with the following commentary from one of the lawyers who assisted in the cancellation petition in the Harjo case:

[S]candalous, immoral, and disparaging trademarks, and any other marks refused registration under the Lanham Act for policy reasons, should not be susceptible of de jure protection under Section 43(a) of the Lanham Act. Otherwise, the policy that justifies banning the registration of scandalous, immoral, and disparaging trademarks would be too easily circumvented. For example, if a court were to grant protection under Section 43(a) to an unregistrable scandalous, immoral, or disparaging trademark, the federal government could still be seen as wasting its precious time and resources on undesirable material. Likewise, granting Section 43(a) protection to such marks would subvert the policy of discouraging or at least not encouraging their use. Surely, a refusal to register scandalous, immoral, and disparaging trademarks would ring hollow to those offended by them if the courts were to allow their protection under Section 43(a).

In Renna v. County of Union, N.J., 2014 WL 2435775 (D.N.J. May 29, 2014), the County had been denied registration of its official seal under Lanham Act Section 2(b). It argued that it could nonetheless assert federal trademark rights under the seal as an unregistered mark pursuant to Section 43(a), but the court dismissed the argument:

I am persuaded that Section 2 declares certain marks to be unregistrable because they are inappropriate subjects for trademark protection. It follows that such unregistrable marks, not actionable as registered marks under Section 32, are not actionable under Section 43, either.

The application of Section 2 standards to Section 43(a) cases makes sense. First, consistency has an independent virtue here: “What the law does not need is a separate set of different substantive trademark rules followed in § 43(a) cases.... A plethora of different rules and standards provides neither predictability nor consistency, both hallmarks of a rational and democratic legal system.” McCarthy on Trademarks and Unfair Competition § 27:18. Second, as established above, Section 43 is intended to provide unregistered marks with the same protection provided to registered marks. A mark should not earn extra protection because it is not registered. The Congressional scheme would be scrambled if Section 43(a) were used to protect marks that could never have received any protection as registered marks.

Id. at *8-9. Are you persuaded? Should courts extend this approach to the Section 2(a) disparagement bar? Would bringing a Section 43(a) action “call upon the resources of the federal government” in ways not unlike a registration application? If so, does Blackhorse suggest that a Section 43(a) action could be barred if the mark at issue is deemed to be disparaging?

At p. 363, note 8, delete the reference to Harjo.

At p. 363, delete note 9 and substitute the following:

9. Section 2(a) and the First Amendment. Could the Washington Redskins prevail on an argument that cancelling their registration based on the Section 2(a) disparagement prohibition restricts their speech in violation of the First Amendment? The team raised such an argument in challenging the TTAB’s decision in Blackhorse. While the case was pending at the District Court for the Eastern District of Virginia, the U.S. Supreme Court decided an important First Amendment case. In Walker v. Texas Div., Sons of Confederate Veterans, Inc., 135 S.Ct. 2239 (2015), the Supreme Court ruled in a 5-to-4 split that the State of Texas was entitled to refuse to issue SCV’s proposed specialty license plate design that featured a Confederate flag. The refusal did not trigger First Amendment concerns because the
specialty plate conveyed government speech. Subsequently, the district judge in Blackhorse issued his ruling. In a portion of the Blackhorse opinion that we excluded, the court held that Section 2(a)’s disparagement bar does not implicate First Amendment concerns because cancelling a Federal registration does not “burden, restrict or prohibit” Pro-Football’s use of the mark. In addition, applying Walker, the court determined that the registered trademark is government speech because (1) the act of registration conveys government approval of the mark; (2) the public closely associates trademark registration with the federal government; and (3) the federal government exercises editorial control over what appears on the Principal Register. The team will presumably appeal the issue to the Court of Appeals for the Fourth Circuit.

In the meantime, another case presenting the same First Amendment issue came before the Court of Appeals for the Federal Circuit. The case involved an appeal from the PTO’s refusal to register THE SLANTS for an Asian-American dance band. Disregarding the fact that the band had adopted the mark in order to assert control over a self-referential, disparaging term (see Problem 5-3 for other examples of self-referential disparagement), a panel of Federal Circuit judges had voted to affirm the rejection, and had rejected the applicant’s constitutional challenges. In re Tam, 785 F.3d 567 (Fed. Cir. 2015). Judge Moore filed “additional views” arguing that the Federal Circuit should revisit its case law upholding the constitutionality of Section 2(a). Judge Moore argued that barring registration violates the First Amendment free speech clause because withholding the benefits of Federal registration severely burdens the use of the mark (although it does not prohibit its use altogether) without advancing any countervailing substantial governmental interests. The Federal Circuit sua sponte vacated the panel decision and ordered rehearing en banc to address the First Amendment question. In re Tam, 600 Fed. Appx. 775 (Apr. 27, 2015). The case was pending as of the time of this writing.

How would you advise the Federal Circuit to decide Tam? How would you advise the Fourth Circuit to rule on the First Amendment argument in Blackhorse?

At p. 364, delete note 12 and substitute the following:

12. A targeted legislative solution? Would you support a legislative proposal to amend Section 2(a) to provide a conclusive presumption of disparagement where a mark includes the term “redskin” and is either (1) used in connection with references to Native American persons, or (2) commonly understood to refer to Native American persons? See H.R. 1278, 113th Cong., 1st Sess. (introduced Mar. 20, 2013).

At p. 365, add the following new note:

13. Section 2(a) scandalousness vs. Section 2(a) disparagement. In Harjo, the TTAB distinguished between Section 2(a) scandalousness and Section 2(a) disparagement. According to the
TTAB, scandalousness required a showing that the mark was shocking when perceived by a substantial composite of the general population—a test that the Harjo petitioners were unable to satisfy. Does the statutory text support the distinction between scandalousness and disparagement? Does it make good policy sense to have a Section 2(a) bar that considers marks from the perspective of the general population, and another that considers marks from the perspective of an affected group?

At p. 365, Problem 5-2, delete the reference to Harjo and substitute Blackhorse.

At p. 367, Problem 5-2, add the following:

(5) Applicant seeks to register STOP THE ISLAMISATION OF AMERICA used in connection with “providing information regarding understanding and preventing terrorism.” See In re Geller, 751 F.3d 1355 (Fed. Cir. 2014).

At p. 367, Problem 5-4, add the following to the end of the first paragraph:

See also Empresa Cubana Del Tabaco v. General Cigar Co., Inc., 753 F.3d 1270 (Fed. Cir. 2014) (discussing these requirements).

At p. 372, delete Appalachian Log Homes and substitute the following new case:

IN RE THE NEWBRIDGE CUTLERY CO.
776 F.3d 854 (Fed. Cir. 2015)

LINN, Circuit Judge:

BACKGROUND

Applicant is an Irish company headquartered in Newbridge, Ireland, that designs, manufactures and sells housewares, kitchen ware and silverware in the United States and elsewhere around the world under the mark NEWBRIDGE HOME. Applicant designs its products in Newbridge, Ireland, and manufactures some, but not all, of its products there. In the United States, its products are available for sale through its website and through retail outlets that feature products from Ireland.

... The Trademark Examiner refused to register the mark as being primarily geographically descriptive when applied to applicant’s goods under 15 U.S.C. § 1052(e)(2) (2012). The Board affirmed, concluding that Newbridge, Ireland, is a generally known geographic place and the relevant American public would make an association between applicant’s goods and Newbridge, Ireland.
The Newbridge Cutlery Company appeals...

ANALYSIS

II. 15 U.S.C. § 1052(e)

There have been few decisions by this court dealing with primarily geographically descriptive marks. We last discussed such marks in detail nearly thirty years ago. See In re Societe Generale Des Eaux Minerales De Vittel S.A., 824 F.2d 957 (Fed. Cir. 1987). To give context to our analysis, we begin with a discussion of the evolution of the current statutory framework.

A.

In various circumstances, geographical names have long been refused trademark protection in the United States. See, e.g., Delaware & Hudson Canal Co. v. Clark, 80 U.S. 311, 324, 13 Wall. 311, 20 L.Ed. 581 (1871). The Trademark Act enacted in 1905 prohibited registering any mark that was “merely a geographical name or term.” Act of Feb. 20, 1905, ch. 592, 33 Stat. 724, 726 (repealed 1946); 15 U.S.C. § 85 (1940).

In interpreting this phrase, the Patent Office (now the PTO), with the blessing of the courts, would reject applications upon a showing that a mark was a geographical name, independent of any consumer recognition of the name. For instance, in In re Kraft–Phenix Cheese Corp., the Court of Customs and Patent Appeals affirmed a rejection of CHANTELLE, a town in France, for cheese stating:

[T]he fact that the town is little known in this country does not change the situation. The statute, in prohibiting the registration of geographical terms made no exemption in favor of those which lacked importance or of those which were not well known by the people in this country. The Patent Office and the courts are not privileged to read unwarranted exemptions into the act.

28 CCPA 1153, 120 F.2d 391, 392 (1941) (citing cases); see also In re Nisley Shoe Co., 19 CCPA 1211, 58 F.2d 426, 427 (1932) (explaining that the analogous provision preventing registration of a mark “which consists merely in the name of an individual,” 15 U.S.C. § 85 (1940), “makes no exception in the case of uncommon or rare names”). See generally 2 J.T. McCarthy, Trademarks & Unfair Competition § 14:27 (4th ed. 2014) (“McCarthy”). The policy rationale for refusing to register such marks was that allowing such registration would
preempt other merchants from the named location from identifying the origin of their own goods. See, e.g., In re Plymouth Motor Corp., 18 CCPA 838, 46 F.2d 211, 213 (1931) (“a geographical name or term, by which is meant a term denoting locality, cannot be exclusively appropriated as a trade-mark because such a term is generic or descriptive, and any one who can do so truthfully is entitled to use it” (internal quotations omitted)), overruled on other grounds by In re Canada Dry Ginger Ale, 24 CCPA 804, 86 F.2d 830, 833 (1936); accord Canada Dry, 86 F.2d at 831 (quoting Delaware & Hudson Canal, 80 U.S. at 324).

In 1938, Congressman Lanham proposed major amendments to the Trademark Act. See H.R. 9041, 75th Cong. (3rd Sess.) (Jan. 19, 1938). With regard to geographical marks, he originally proposed prohibiting the registration of any mark that “has merely a descriptive or geographical meaning,” id. § 3(e), thus keeping the law of geographic marks essentially unchanged. In discussing this section, Mr. Edward S. Rogers, “who played a significant role in drafting the Lanham Act,” In re Nantucket, Inc., 677 F.2d 95, 107 (C.C.P.A.1982) (Nies, J., concurring) (citing S.P. Ladas, The Contribution of Edward S. Rogers in the Int’l Field of Industrial Property, 62 Trademark Rep. 197 (1972)), claimed that the 1905 statute, preventing registration on “merely geographical names,” was “very troublesome.” Hearings on H.R. 9041 Before the Subcomm. On Trade-marks of the House Comm. on Patents, 75th Cong., 3rd Sess. at 71 (1938). According to Mr. Rogers:

The present construction of the Patent Office of that language is that they take a word without reference to its connotation, and if it appears in the atlas anywhere as the name of a place, or if it appears in the Postal Guide they say that is a geographical name or term, and hence is not registrable.

Id. at 71–72.

The next year, Congressman Lanham proposed an amended bill that would prevent registration for “a mark which, when applied to the goods of the applicant, has merely a descriptive or geographical, and no other, meaning.” H.R. 4744, 76th Cong. (1st Sess.) § 2(e) (Mar. 3, 1939) (emphasis added). In discussing this language, Mr. Rogers reiterated the problem of where to draw the line on the registrability of geographical names, and suggested amending the statute to prevent registration of marks, which, “when applied to the goods of the applicant, [are] primarily geographical and descriptive of them.” Hearings on H.R. 4744 before the Subcomm. on Trade-Marks of the House Comm. on Patents, 76th Cong., 1st Sess. 19 (Mar. 28, 1939) (emphasis added). The next day, at the behest of Congressman Lanham, Mr. Rogers read into the record an amended version of this section, which, inter alia, would prevent registration of a mark which, “[w]hen applied to the goods of the applicant is primarily geographically descriptive of them.” See id. at 39 (Mar. 29, 1939). When Congressman Lanham reintroduced the bill later that year, he used this language, see H.R. 6618, 76th Cong. (1st Sess.) § 2(e) (June 1, 1939), and this language survived in the statute as enacted. In addition, the statute was subsequently amended to also refuse registration for primarily geographically deceptively misdescriptive marks. See Nantucket, 677 F.2d at 108–11 (Nies, J., concurring) (describing this legislative history).
Thus, in the Lanham Act, section 1052(e) instructed the PTO to refuse to register a mark if, “when applied to the goods of the applicant it is primarily geographically descriptive or deceptively misdescriptive of them.” § 1052(e)(2) (1946). Both primarily geographically descriptive and deceptively misdescriptive marks could be registered, however, if they acquired distinctiveness. See id. § 1052(f). In sum:

“The 1946 Lanham Act steered away from the prior practice of looking a word up in an atlas or gazetteer and then refusing registration if there was any place on earth called by that word.”

In re Jacques Bernier, Inc., 894 F.2d 389, 391 (Fed.Cir.1990) (quoting 1 McCarthy § 14:10, at 647 (2d. ed.1984)) (internal ellipses removed). Thus, while the genesis of the refusal to register geographical names was to prevent a first registrant from preempting all other merchants from identifying the source of their goods, the focus of the 1946 Lanham Act moved to a more nuanced restriction that considered the primary significance of the mark when applied to the goods.

Congress later replaced the phrase “when applied to the goods of the applicant” with “when used on or in connection with the goods of the applicant.” 15 U.S.C. § 1052(e)(2) (1988). The legislative history of these revisions explains that these changes were “not substantial and [were] not intended to change the law.” S.Rep. No. 100–515, at 22, reprinted in 1988 U.S.C.C.A.N. 5577, 5584 (discussing the identical amendments in § 1051); id. at 27, 1988 U.S.C.C.A.N. at 5590 (analogizing the § 1051 and § 1052(e) amendments).

Finally, in 1993, following the United States’ entry into the North American Free Trade Agreement, Dec. 17, 1992, art. 1712, 32 I.L.M. 605 (hereinafter “NAFTA”), § 1052(e) was amended to essentially its current form, in which primarily geographically descriptive marks and primarily geographically deceptively misdescriptive marks are divided into two subsections, (e)(2) and (e)(3), respectively, with the latter now foreclosed from registration even if acquired distinctiveness is shown. See 15 U.S.C. § 1052(f) (2012). The legislative history of the 1993 NAFTA amendments explains that “[t]he law as it relates to ‘primarily geographically descriptive’ marks would remain unchanged.” 139 Cong. Rec. 30,237 (1993), quoted in Cal. Innovations, 329 F.3d at 1339–40.

While the 1993 amendments have now foreclosed registration of geographically deceptively misdescriptive marks, they made no distinction, in geographical significance, between geographically descriptive marks and geographically deceptively misdescriptive marks. Under the statute, it is clear that refusal to register extends under both subsections (e)(2) and (e)(3) only to those marks for which the geographical meaning is perceived by the relevant public as the primary meaning and that the geographical significance of the mark is to be assessed as it is used on or in connection with the goods.

B.
This court's predecessor provided considerable guidance in interpreting the statutory language relating to primarily geographical marks in *Nantucket*, a pre-NAFTA case dealing with primarily geographically deceptively misdescriptive marks. See 677 F.2d 95. The PTO rejected the mark NANTUCKET for shirts because it considered the mark primarily geographically deceptively misdescriptive, as the “term NANTUCKET has a readily recognizable geographic meaning, and no alternative non-geographic significance.” *Id.* at 97 (quoting *In re Nantucket Inc.*, 209 U.S.P.Q. 868, 871 (T.T.A.B.1981)) (internal citations removed). The Court of Customs and Patent Appeals reversed, concluding that there was no showing of an association in the public’s mind between the place, i.e., Nantucket, and the marked goods, i.e., the shirts. *See id.* at 101. The court explained:

“The wording of [§ 1052(e)] makes it plain that not all terms which are geographically suggestive are unregistrable. Indeed, the statutory language declares nonregistrable only those words which are ‘primarily geographically descriptive.’ The word ‘primarily’ should not be overlooked, for it is not the intent of the federal statute to refuse registration of a mark where the geographic meaning is minor, obscure, remote, or unconnected with the goods. Thus, if there be no connection of the geographical meaning of the mark with the goods in the public mind, that is, if the mark is arbitrary when applied to the goods, registration should not be refused under § 2(e)(2).”

*Id.* at 99 (quoting *World Carpets, Inc. v. Dick Littrell’s New World Carpets*, 438 F.2d 482, 486 (5th Cir.1971)) (emphasis and internal citations omitted).

*Nantucket’s* requirement that the mark be “connected” with the goods flowed, in part, from the statutory requirement that the mark has to be primarily geographically descriptive or deceptively misdescriptive “when applied to the goods of the applicant.” *Id.* at 98; *In re Loew’s Theatres, Inc.*, 769 F.2d 764, 767 (Fed.Cir.1985). The rationale for allowing registration of marks that relevant consumers do not view as primarily geographic is that the consumer would consider such marks “arbitrary.” *Nantucket*, 677 F.2d at 100 n. 8 (quoting Restatement (First) of Torts § 720 cmt. d). *See also* Restatement (First) of Torts § 720 cmt. c (expounding on the rationale). [The fact that] the phrase “when applied to the goods of the applicant” was replaced, in 1988, with the phrase “when used on or in connection with,” did not change the law. *Nantucket’s* interpretation of § 1052(e) is bolstered by the legislative history, which indicates that this section was introduced to eliminate rejections of geographical trademarks made without reference to their connotations to consumers in association with the goods or services for which the marks are used.

Since *Nantucket*, this court has set out specific requirements for determining whether a mark is primarily geographically descriptive or primarily geographically deceptively misdescriptive. As the statute uses the phrase “primarily geographically” in both the descriptive and deceptively misdescriptive subsections, this court’s decisions relating to one subsection inform the meaning of the other and make clear that to refuse registration under
either subsection the Trademark Examiner must show that: (1) “the mark sought to be registered is the name of a place known generally to the public,” Vittel, 824 F.2d at 959, and (2) “the public would make a goods/place association, i.e., believe that the goods for which the mark is sought to be registered originate in that place.” Id. Accord In re Miracle Tuesday, LLC, 695 F.3d 1339, 1343 (Fed.Cir.2012) (describing analogous factors for primarily geographically deceptively misdescriptive marks) (citing Cal. Innovations, 329 F.3d at 1341).

To refuse registration of a mark as being primarily geographically descriptive, the PTO must also show that (3) “the source of the goods is the geographic region named in the mark.” Bernier, 894 F.2d at 391. Accord Trademark Manual of Examining Procedure (“TMEP”) § 1210.01(a). In applying prongs (1) and (2) of this test, our precedent establishes that the relevant public is the purchasing public in the United States of these types of goods. As we made clear in Vittel, “we are not concerned with the public in other countries.” Vittel, 824 F.2d at 960. Accord Institut National Des Appellations D’Origine v. Vintners Int’l Co., 958 F.2d 1574, 1580–81 (Fed.Cir.1992).

Regarding the first prong of the test, that the population of the location is sizable and/or that members of the consuming public have ties to the location (to use the example in Loew’s: that Durango, Mexico, would be recognized by “the Mexican population of this country”) is evidence that a location is generally known. See Loew’s, 769 F.2d at 766, 768. By contrast, that the geographic meaning of a location is “minor, obscure [or] remote” indicates that the location is not generally known. See Nantucket, 677 F.2d at 99 (internal quotations omitted). Of course, there are many probative factors to the question of whether a location is generally known, and these are just a few examples.

In establishing the goods/place association required by the second prong of the test, we have explained that the PTO only needs to show “a reasonable predicate for its conclusion that the public would be likely to make the particular goods/place association on which it relies.” Miracle Tuesday, 695 F.3d at 1344 (quoting In re Pacer Tech., 338 F.3d 1348, 1351 (Fed.Cir.2003) (itself quoting Loew’s, 769 F.2d at 768)) (emphasis in Pacer). It need not show an “actual” association in consumers’ minds. Id. (citing Pacer, 338 F.3d at 1351). A goods/place association can be shown even where the location is not “‘well-known ′” or “‘noted’” for the relevant goods. Cal. Innovations, 329 F.3d at 1338 (quoting Loew’s, 769 F.2d at 767). If the Trademark Examiner establishes such a prima facie case, an applicant may rebut this showing with evidence “that the public would not actually believe the goods derive from the geographic location identified by the mark.” In re Save Venice New York, Inc., 259 F.3d 1346, 1354 (Fed.Cir.2001).

The PTO has long held that where: (1) a location is generally known; (2) the term’s geographic significance is its primary significance; and (3) the goods do, in fact, originate from the named location, a goods/place association can be presumed. See, e.g., In re Handler Fenton Westerns, Inc., 214 U.S.P.Q. 848, 849 (T.T.A.B.1982); Board’s Decision at *3 (citing cases); TMEP § 1210.04 (citing cases); see also Nantucket, 677 F.2d at 102 (Nies, J.,
concurring) (“[W]e must start with the concept that a geographic name of a place of business is a descriptive term when used on the goods of that business. There is a public goods/place association, in effect, presumed.” (internal footnote removed)). This presumption may well be proper, but, as this case can be decided on other grounds, we do not address its propriety and leave it for another day.

III. The Examiner’s Refusal

The Examiner found that the primary significance of the word “Newbridge” is a “generally known geographic place,” i.e., Newbridge, Ireland, and that the goods originated there. The Examiner then applied the TMEP’s presumption that a goods/place association existed. The word “home,” according to the Examiner, was “generic or highly descriptive” and, therefore, did not affect the geographic significance of the term. Accordingly, the Examiner rejected the mark under § 1052(e)(2).

There is no dispute that applicant’s goods are made in Newbridge, Ireland. Additionally, applicant does not contend that the presence of the term “home” in the mark affects whether the mark is primarily geographically descriptive. Accordingly, the question before us is whether “Newbridge” is primarily geographically descriptive when used on or in connection with applicant’s goods.

A. Primary Significance of NEWBRIDGE

The Board concluded that Newbridge, Ireland, is a place known generally to the public because it is (1) the second largest town in County Kildare and the seventeenth largest in the Republic of Ireland; (2) it is listed in the Columbia Gazetteer of the World; and (3) it appears on a number of websites including Wikipedia and tourism websites that advertise the location as “a large commercial town” with a “silverware visitor centre” in addition to museums, gardens, historical and battle sites, and a famous horse racing track.

Applicant argues that the relevant purchasing public would not be aware of the sources cited by the Board. Applicant also claims that Newbridge, Ireland, is not generally known to the relevant public as the name of a place based on the fact that the word “newbridge” has other, non-geographic meanings that would be more significant to an American consumer and that there are “several geographic locations called ‘Newbridge.’” Applicant also claims that Newbridge, Ireland, “is not found in commonly available political maps of Ireland on the internet” and that the PTO has registered other marks with the term “Newbridge.” The PTO responds that Newbridge is a town in Ireland from which applicant takes its name and from which applicant’s products actually originate. According to the PTO, this (1) distinguishes applicant’s situation from those in which others have registered the mark and (2) indicates the mark’s geographic significance irrespective of what other meanings and connotations the mark might have in the abstract. Finally, at oral argument, the solicitor implied that in this day and age, where the average American consumer has instant internet access, a location is generally known if the existence of the location can be reasonably found

The conclusion that Newbridge, Ireland, a town of less than twenty thousand people, is a place known generally to the relevant American public is not supported by substantial evidence. That Newbridge is the second largest town in County Kildare and the seventeenth largest in the Republic of Ireland reveals nothing about what the relevant American purchaser might perceive the word “Newbridge” to mean and is too insignificant to show that Newbridge is a place known generally to the American purchasing public. Similarly, while the Board relied on the Columbia Gazetteer of the World listing, what is missing is any evidence to show the extent to which the relevant American consumer would be familiar with the locations listed in this gazetteer.

Likewise, the fact that Newbridge, Ireland, is mentioned on some internet websites does not show that it is a generally known location. The internet (and websites such as Wikipedia) contains enormous amounts of information: some of it is generally known, and some of it is not. Cf. In re Bavaria St. Pauli Brauerei AG, 222 U.S.P.Q. 926, 928 (T.T.A.B.1984) (“there are dozens of other place names on the same page of the gazetteer that are likewise devoid of significance as places which any substantial quantity of American purchasers would associate with any particular products”). There is simply no evidence that the relevant American consumer would have any meaningful knowledge of all of the locations mentioned in the websites cited by the PTO.

Further, it is simply untenable that any information available on the internet should be considered known to the relevant public. The fact that potential purchasers have enormous amounts of information instantly available through the internet does not evidence the extent to which consumers of certain goods or services in the United States might use this information to discern the primary significance of any particular term. Neither is a place necessarily “generally known” just because a purchaser is informed that the name of the mark is the name of the place. In Vittel, we approvingly cited a Board decision that allowed registration of the mark AYINGER BIER for beer, even though the mark was present on the label and “in picture and words, show [ed] the brewery to be located in Aying.” Vittel, 824 F.2d at 960 (citing In re Brauerei Aying Franz Inselkammer KG, 217 U.S.P.Q. 73 (T.T.A.B.1983)). Of course, a potential purchaser of this beer would, seeing the label, learn of the existence of Aying (and learn that this was the origin of the beer). Nevertheless, Aying, Germany, was considered obscure for the purposes of §1052(e)(2).

To be clear, we do not foreclose the PTO from using gazetteer entries or internet websites to identify whether a location is generally known. See In re Bayer Aktiengesellschaft, 488 F.3d 960, 969 (Fed.Cir.2007). For example, we have credited gazetteer entries as part of the evidence used to establish that Durango, Mexico, was generally known. See Loew’s, 769 F.2d at 766 n. 3. But the gazetteer showing was just one piece of evidence that together with other evidence was sufficient to establish a prima facie case that Durango is known generally to the
relevant public. See id. at 768. Gazetteer entries and internet websites are valuable for the information they provide. But the mere entry in a gazetteer or the fact that a location is described on the internet does not necessarily evidence that a place is known generally to the relevant public. See Vittel, 824 F.2d at 959 (“In dealing with all of these questions of the public’s response to word symbols, we are dealing with the supposed reactions of a segment of the American public, in this case the mill-run of cosmetics purchasers, not with the unusually well-travelled, the aficionados of European watering places, or with computer operators checking out the meaning of strange words on NEXIS.”).

We have also considered the PTO’s evidence in toto and find that it likewise is not substantial evidence for the proposition that, to the relevant public, Newbridge, Ireland, is generally known. That Newbridge, Ireland, is not generally known is supported by the fact that certain maps and atlases do not include it. That “Newbridge” has other meanings, both geographical and non-geographical, also makes it less likely that Newbridge, Ireland, is generally known as the name of a place. On the other hand, the fact that the PTO has registered “newbridge” in contexts where the goods did not originate from Newbridge is not particularly probative since the PTO may have found no goods/place association in those contexts and, in any event, “decisions regarding other registrations do not bind either the agency or this court.” In re Boulevard Entm’t, Inc., 334 F.3d 1336, 1343 (Fed.Cir.2003) (citing In re Nett Designs, 236 F.3d 1339, 1342 (Fed.Cir.2001)).

In sum, the facts here are similar to those of the Board’s decision in Bavaria, which we cited approvingly in Vittel, which held that Jever, West Germany, a town of 10,342, was not generally known, despite being mentioned in a geographical index. Vittel, 824 F.2d at 960 (citing Bavaria, 222 U.S.P.Q. 926). Here, as in Bavaria, the evidence as a whole suggests that Newbridge, Ireland, is not generally known. Thus, to the relevant public the mark NEWBRIDGE is not primarily geographically descriptive of the goods, which is what matters. See, e.g., Nantucket, 677 F.2d at 100 n. 8 (“public association is determinative of arbitrariness”). Prong one of the test for primarily geographically descriptive marks is therefore not met. Accordingly, we need not and do not separately consider whether a goods/place association exists.

[Reversed and remanded.]

At p. 403, add the following to the end of note 3:

SCOPE AND ENFORCEMENT OF TRADEMARK RIGHTS
At p. 421 insert the following case after National Ass’n for Healthcare Communications:

DORPAN S.L. v. HOTEL MELIÁ, INC.
728 F.3d 55 (1st Cir. 2013)

LIPEZ, Circuit Judge:

This trademark infringement case is a dispute between two hotels over the right to use the mark “Meliá” in Puerto Rico. Defendant-appellant Hotel Meliá, Inc. (“HMI”) has operated the Hotel Meliá in Ponce, Puerto Rico for more than a century, but has never registered that mark with the United States Patent and Trademark Office (“USPTO”). Plaintiff-appellee Dorpan has held several registered marks using the name “Meliá” since the late 1990s. In 2007, Dorpan’s parent company opened a hotel called “Gran Meliá” in Coco Beach, Puerto Rico, approximately eighty miles from Ponce. At the close of discovery, the district court entered summary judgment in favor of Dorpan, concluding that, with the exception of the city of Ponce, Dorpan was entitled to exclusive use of the Meliá mark throughout Puerto Rico.

After reviewing the record, we conclude that a reasonable factfinder could conclude that the Hotel Meliá and Gran Meliá marks cannot co-exist in Puerto Rico without creating an impermissible likelihood of confusion among reasonable consumers. The district court’s decision to grant summary judgment in Dorpan’s favor was erroneous. Thus, we vacate the district court's entry of summary judgment and remand for further proceedings consistent with this opinion.
I.

A. Facts

[H]MI is a family-owned corporation operating a single hotel called Hotel Meliá in Ponce, Puerto Rico. HMI has operated the Hotel Meliá at the same location at 75 Cristina Street in Ponce without interruption since at least the 1890s. All parties agree that Hotel Meliá has a long and storied history in Ponce, having attracted over the years many famous guests, including United States President Theodore Roosevelt. HMI has never expanded beyond this single hotel in Ponce, nor does it plan to. Though HMI has used the Meliá mark in Ponce continuously for more than a century, HMI has never registered the Meliá mark with either the Puerto Rico Department of State or the USPTO.

Since the late 1990s, Dorpan, S.L. has held several registered trademarks using the mark “Meliá” in connection with the hotel industry in the United States. These marks have all become incontestible within the meaning of the Lanham Act. Dorpan’s principal business is to hold these marks on behalf of Sol Meliá, a public Spanish company. . . .

In 2004, Sol Meliá opened an all-inclusive resort on Coco Beach in Coco Beach [which, in 2007 it renovated] and re-opened [] as a luxury beach resort called “Gran Meliá.”

B. Proceedings Below

[H]MI filed a complaint in late 2008 against Sol Meliá in the Superior Court of Puerto Rico, asserting that it was the senior user of the Meliá mark, and that it had the sole right to use the Meliá mark in connection with hotel and restaurant services throughout Puerto Rico. Shortly thereafter, Dorpan filed a complaint against HMI in the United States District Court for the District of Puerto Rico, seeking a declaration that under the Lanham Act, Dorpan had the right to use the mark Meliá throughout Puerto Rico, and that to the extent that HMI had the right to use the Meliá mark, such right existed only in the city of Ponce. Almost simultaneously, Dorpan removed HMI’s commonwealth court complaint to federal court, and the district court consolidated the two cases. At the close of discovery, Dorpan moved for summary judgment on its declaratory judgment claim. The district court granted that motion, concluding that no reasonable jury could find a likelihood of consumer confusion between Hotel Meliá and Gran Meliá.

II.

B. The Trademark Rights Held by the Parties

The crux of the dispute in this case is that both parties claim to hold the exclusive right to use the Meliá mark in Puerto Rico. Dorpan claims that it has the exclusive right to use the Meliá mark in Puerto Rico under federal law. HMI claims that it has the exclusive right
to use the Meliá mark in Puerto Rico under Puerto Rico law. We discuss the contours of the rights held by each party in turn.

1. Dorpan's Rights Under the Lanham Act

... Dorpan is correct that incontestibility creates a presumption that the holder of the mark is entitled to exclusive use of the mark throughout the United States. [cit].

In this case, however, Dorpan's reliance on the undisputed incontestibility of its marks is misplaced. HMI does not seek to cancel, contest, or otherwise challenge Dorpan's registration. Rather, HMI claims that, as the undisputed senior user in Puerto Rico, the rights granted to Dorpan under federal law are limited by the rights HMI acquired under Puerto Rico law before Dorpan's mark became incontestible.

HMI's argument is often called a “Section 15 defense.” At the same time that Section 15 of the Lanham Act creates incontestibility, it explicitly limits the incontestible right of a federal trademark holder

to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark.

15 U.S.C. § 1065; [cit]. In other words, “[t]he territorial rights of a holder of a federally registered trademark are always subject to any superior common law rights acquired by another party through actual use prior to the registrant's constructive use.” Allard Enter., Inc. v. Advanced Programming Res., Inc., 249 F.3d 564, 572 (6th Cir.2001).

Because the parties agree that HMI is the senior user of the Meliá mark in Puerto Rico, the rights conveyed to Dorpan under the Lanham Act are limited by the extent of any rights HMI acquired under Puerto Rico law before Dorpan's federal registration became incontestible. Hence, before we can determine the contours of Dorpan's rights under federal law, we must determine the rights held by HMI under Puerto Rico law. See Advance Stores Co. v. Refinishing Specialties, Inc., 188 F.3d 408, 411–12 (6th Cir.1999) (extent of pre-existing common law trademark is determined by reference to state law).\(^\text{10}\)

\(^{10}\) There is some authority suggesting that the extent to which a pre-existing unregistered state law trademark limits rights conferred under the Lanham Act is a question that should be determined by federal common law rather than state law. See, e.g., Natural Footwear Ltd. v. Hart, Schaffner & Marx, 760 F.2d 1383, 1397–1400 (3d Cir.1985)(determining the rights of an unregistered senior user against registered junior user without reference to state law). We think that this approach cannot be reconciled with the plain language of Section 15 of the Lanham Act, which limits the rights conferred on a federal registrant insofar as the registrant’s use interferes with “a valid right acquired under the law of any State or Territory.” 15 U.S.C. § 1065 (emphasis added). At the same time, the common
2. HMI's Rights Under Puerto Rico Law

HMI has never registered its mark with the Puerto Rico Department of State. Like most U.S. jurisdictions, however, Puerto Rico law protects both registered and unregistered marks. The senior unregistered user of a mark in Puerto Rico does not automatically acquire a Commonwealth-wide right to use the mark. Rather, the senior unregistered user is entitled to exclusive use of the mark in the area where “he currently do[es] business.”

Thus, in this case, HMI is entitled, under Commonwealth law, to the exclusive use of the Meliá mark in the area where HMI “does business” using the Meliá mark. In this context, the geographic area in which an unregistered trademark is “in use” is defined as the area in which the use of similar mark would create a likelihood of confusion. See 5 J. McCarthy, McCarthy on Trademarks & Unfair Competition § 26:27 (4th ed.2011) (“The touchstone of the determination of a trade area is likelihood of confusion.”) (internal quotation marks omitted); [cit]. Thus, in this case, the inquiry into the geographic scope of HMI's pre-existing common law trademark rights and the likelihood of confusion analysis are one and the same. In other words, if Dorpan's use of a similar mark in Coco Beach creates a likelihood of confusion with HMI's mark, then HMI's trade area extends at least as far as Coco Beach and Dorpan's use infringes on that right. Likewise, if Dorpan's mark does not create a likelihood of confusion with HMI's, then HMI's trade area is considerably smaller and Dorpan is entitled to a declaratory judgment of non-infringement. See 5 McCarthy, § 26:27 (“A trade area is the area in which people have associated a service mark with a particular business such that they would likely be confused by someone else's unauthorized use of the mark.” (internal quotation marks omitted)).

Consequently, both the extent of HMI's rights under Puerto Rico law and Dorpan's rights under federal law turn on the same question: Does Dorpan's use of the Meliá mark in Puerto Rico create an impermissible likelihood of consumer confusion?

C. Likelihood of Confusion and the Pignons Factors

In determining whether likelihood of confusion exists in a particular case, we consider the eight factors laid out in Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 487 (1st Cir.1981) (“Pignons factors”).

Law of most jurisdictions, including Puerto Rico, seems to be essentially identical to federal common law. Thus, in practice, the choice of law in this context seems to be a distinction without a difference. Because Dorpan's federal registration of the Meliá mark in the late 1990s “puts all would-be users of the mark (or a confusingly similar mark) on constructive notice of the mark,” Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc., 831 F.2d 1177, 1180 (1st Cir.1987) (citing 15 U.S.C. § 1072), HMI's trade territory is technically frozen at the extent it had reached at the time of Dorpan's registration. Neither party, however, argues that HMI has changed its trade area since Dorpan registered the Meliá marks, so in this case this principle is irrelevant.

We consider the likelihood of confusion here in order to define the scope of HMI's unregistered trademark rights under Puerto Rico law. Thus, Puerto Rico law, not federal common law, technically...
We review the evidence pertinent to the Pignons factors de novo, considering the evidence offered to support each factor individually before considering whether, taking the factors together, no reasonable factfinder could conclude that Dorpan's use of the Meliá mark in Coco Beach creates a likelihood of confusion. . . .

[The court held that: the marks “Hotel Meliá” and “Gran Meliá” were essentially identical; the hotels offer substantially similar services to substantially similar customers) overnight, upscale lodgings to tourists and short-term visitors to Puerto Rico); the two hotels advertise and solicit customers in substantially similar manners; there was evidence of some level of actual confusion; there was no evidence from which a reasonable factfinder could infer that Dorpan decided to use the mark Meliá in order to cause market confusion or with an intent to exploit Hotel Meliá’s reputation and goodwill; and there were genuine issues of material fact on the respective strength of the competing marks (both marks had certain strengths, and the relevant question at trial would be whether their relative strengths contribute to consumer confusion.

Although these conclusions differed only marginally from those reached by the District Court, the Court of Appeals faulted the balancing of the factors by the District Court; it gave too little weight to evidence of actual confusion, and even without evidence of actual confusion, the other factors might be sufficient in itself to create at least a reasonable inference of a substantial likelihood of confusion between the two hotels. The court noted that “the situation in this case involves an even greater likelihood of confusion. Two hotels are using a nearly identical mark to sell nearly identical services in a relatively small geographic area.” Moreover, the district court gave far too much weight to its conclusion that Dorpan had not acted in bad faith.]

[T]he district court’s emphasis on the physical locale of the marks is largely beside the point. While the district court is correct that “HMI’s use of the Meliá mark is frozen” at its 1997 extent, the district court was incorrect to equate the use of the mark with the location of the hotel. The relevant inquiry here is the area in which the mark is in use in commerce. For hotels, that area is usually a much larger area than the city in which the hotel operates. Unlike many companies, such as retail outlets and professional services, that rely on service marks and have a local customer base, hotels seek to attract customers physically distant from the point of service. See 5 McCarthy, § 26:30 (“The trade area for services such as hotels, motels, and restaurants may be very large since purchasers are ambulatory and on the move. They may carry the reputation of the mark thousands of miles away from the actual outlet.”). Customers of upscale hotels typically do not live in the area where the hotel is located. The reputation of an upscale hotel that has been attracting guests for more than a century is unlikely to be limited only to the city where it is located.

governs our likelihood of confusion analysis. However, because Puerto Rico law uses the same standard for likelihood of confusion as that developed under federal common law, we use the case law developed under both bodies of law interchangeably. [cit].
Given these errors in the district court's analysis of the likelihood of confusion, we must vacate its summary judgment ruling and remand for further proceedings. On this record, there are genuine issues of material fact on the likelihood of confusion.

At p. 422 add the following to note 5:

The TTAB has stressed that the advent of the internet has not undermined the vitality of the concurrent use principle. See America's Best Franchising, Inc. v. Abbott, 2013 WL 3168104 (TTAB 2013). Should it? Or does it make it even more important?

In Southwestern Mgmt, Inc. v. Ocinomled, Ltd., 2015 WL 4464550 (TTAB June 11, 2015), the Board declined to issue a concurrent use registration for the mark DELMONICO’S for restaurant services where the applicant had used the mark in upstate New York and sought a federal registration for the entire United States other than within 40 miles of each of a Manhattan restaurant by the same name and two restaurants of the same name opened by the celebrity chef Emeril Lagasse in New Orleans and Las Vegas. Each of the restaurants opened around the same time as the applicant’s restaurant; the applicant started using its mark prior to any filing for the mark by the rival restaurants. The Board held that the applicant had the rights to use the mark DELMONICO’S in upstate New York but that its goodwill was confined to that area. In contrast, the Manhattan restaurant had national fame by virtue of sharing the same address with a previous restaurant of that name (even though it held no legal rights through that prior institution) and the New Orleans and Las Vegas locations had national fame by virtue of Emeril Lagasse (whose television shows had featured the restaurants). As a result, the Board concluded that concurrent use would give rise to confusion even within upstate New York and thus refused the application for a concurrent use registration applying the term of Section 2(d). If either of the opponents sought a federal registration, should a registration issues for something less than the entire United States?

At p. 445, add to the end of note 4:

In the Bayer v. Belmora litigation, the applicant (Belmora) filed an appeal of the Board’s decision to cancel the registration. But Bayer (the petitioner) filed a notice of election to have review by civil action by a district court in the Fourth Circuit under Section 21 of the Lanham Act. Assume that the Fourth Circuit and the Federal Circuit disagree on the existence of a well-known mark doctrine; which case law should the district court apply? In a confused opinion, which meandered through the potential application of Lexmark Int’l Inc. v. Static Control Components, Inc., 134 S. Ct. 1377 (2014) on questions of standing, see infra Chapter 10, the court clearly indicated an unwillingness to recognize the well-known marks doctrine either via the Lanham Act or the Paris Convention. It also premised a claim under Section 14(3) on use of the mark in the United States (which the opponent had not done). The case is now on appeal to the Fourth Circuit.
At p. 445, at the end of note 5, add the following:
CONFUSION-BASED TRADEMARK LIABILITY THEORIES

At p. 492, add the following to the end of note 4:

For a useful discussion of the issue, see Arrowpoint Capital Corp. v. Arrowpoint Asset Mgmt., LLC, 793 F.3d 313 (3d Cir. 2015) (analyzing whether confusion among brokers or dealers sufficed even if there was no evidence as to confusion among end consumers of investment services).

At pp. 512-13, add the following at the end of note 9:


At p. 516, note 14, add the following:

The U.K. trial court’s decision in Interflora was reversed on appeal and the case was remanded for trial. Interflora v. Marks & Spencer PLC [2014] EWCA Civ. 1403 (CA Eng.).

At p. 524, after the McCarthy cite, add the following:

Should the clearly erroneous standard apply only to the ultimate conclusion as to likelihood of confusion, or should it also apply to each of the individual factors? Pom Wonderful LLC v. Hubbard, 775 F.3d 1118 (9th Cir. 2014) (addressing the issue).

At p. 525, after the Eastland Music citation, add the following:

See also Hornady Mfg. Co., Inc. v. Doubletap, Inc., 746 F.3d 995 (10th Cir. 2014) (upholding a grant of summary judgment of no infringement).
At p. 531, after the *Virgin* case, insert the following new case:

Both the *Virgin* case and the following case are interesting examples of the modern likelihood-of-confusion analysis and should help you formulate your views about how well that analysis is working in the current trademark litigation climate.

**KRAFT FOODS GROUP BRANDS LLC v. CRACKER BARREL OLD COUNTRY STORE, INC.**

735 F.3d 735 (7th Cir. 2013)

POSNER, Circuit Judge:

This is a trademark infringement suit brought by Kraft against Cracker Barrel Old Country Store . . . The district judge granted Kraft a preliminary injunction against the sale by Cracker Barrel Old Country Store of food products to grocery stores under the name Cracker Barrel, which is a registered trademark of Kraft. To prevent confusion (an especially apt goal in a trademark case), we'll call Cracker Barrel Old Country Store “CBOCS,” as do the parties.

Kraft is a well-known manufacturer of food products sold in grocery stores. Its products include a wide variety of packaged cheeses, a number of them sold under the trademarked “Cracker Barrel” label. Kraft has been selling cheese in grocery stores under that name for more than half a century. Thousands of grocery stores carry Kraft cheeses bearing that label. Kraft does not sell any non-cheese products under the name Cracker Barrel.

CBOCS is a well-known chain of low-price restaurants (it opened its first restaurant in 1969), 620 in number at last count, many of them just off major highways. Upon learning recently that CBOCS planned to sell a variety of food products (not including cheese, however), such as packaged hams, in grocery stores under its logo, “Cracker Barrel Old Country Store” (the last three words are in smaller type in the logo), Kraft filed this suit. It claims that many consumers will be confused by the similarity of the logos and think that food products so labeled are Kraft products, with the result that if they are dissatisfied with a CBOCS product they will blame Kraft.

Kraft acknowledges that a trademark does not entitle its owner to prevent all other uses of similar or even identical marks. “It would be hard, for example, for the seller of a steam shovel to find ground for complaint in the use of his trade-mark on a lipstick.” *L.E. Waterman Co. v. Gordon*, 72 F.2d 272, 273 (2d Cir.1934)(L. Hand, J.). And likewise identical marks used on similar products sold through different types of sales outlet might cause no confusion—indeed Kraft does not question CBOCS’s right to sell the food products at issue under the name Cracker Barrel in CBOCS’s restaurants, in CBOCS’s small “country stores” that adjoin the restaurants, or by mail order or on the Web. It objects only to their sale in grocery stores. The district judge found the likelihood of confusion, and of resulting harm to Kraft, from CBOCS’s selling through such outlets sufficient to warrant the grant of a preliminary injunction. These are factual determinations, which bind us unless clearly erroneous, [cit.]—a reinforcing consideration being the need for expeditious determination of whether to order preliminary relief. The district judge must act with a certain haste, and we must hesitate to nitpick his findings and casually remand for further proceedings bound to cause additional delay. Kraft moved for a preliminary injunction on March 8 of this year; it was granted on July 1; it is now November. The grant of the preliminary injunction followed extensive discovery, the presentation of expert evidence, and some live testimony. Of the allegedly infringing CBOCS products, only the
spiral hams had been shipped to grocery stores before the preliminary injunction was issued; and by then the stores had sold them all.

Below, copied from CBOCS's website, is a picture of the logo that appeared on CBOCS food products shipped to grocery stores.

Up close at least, it looks different from the label “Cracker Barrel” that appears on Kraft’s cheeses. Yet even if a Cracker Barrel cheese and a CBOCS ham (or other food products) were displayed side by side in a grocery store, which would make a shopper likely to notice the difference between the labels, the words “Cracker Barrel” on both labels—and in much larger type than “Old Country Store” on CBOCS’s label—might lead the shopper to think them both Kraft products.

Most consumers of Cracker Barrel cheese must know that it’s a Kraft product, for the name “Kraft” typically though not invariably appears on the label, as in the following picture:
Kraft is concerned with the potential for confusion of shoppers at the 16,000 or so grocery stores (or similar retail entities) that sell Cracker Barrel cheeses, if the stores also carry CBOCS food products under the CBOCS logo (not only ham but also delicatessen meats, bacon, sausages, jerky, meat glazes, baking mixes, coating mixes, oatmeal, grits, and gravies—all are sold by CBOCS). Were Cracker Barrel cheeses and Cracker Barrel meats exhibited side by side on the shelf, the difference in the appearance of the logos of the two brands might as we said lead some consumers to think they were made by different companies—but might lead others to think the opposite, since different products of the same manufacturer are often exhibited together. If on the other hand the Kraft cheeses and CBOCS food products are at different locations in the store, some consumers might forget the difference between the logos and think all the products Kraft products. [cit.] Even savvy consumers might be fooled, because they know that producers often vary the appearance of their trademarks.

It’s not the fact that the parties’ trade names are so similar that is decisive, nor even the fact that the products are similar (low-cost packaged food items). It is those similarities coupled with the fact that, if CBOCS prevails in this suit, similar products with confusingly similar trade names will be sold through the same distribution channel—grocery stores, and often the same grocery stores—and advertised together. (In the brief period before the preliminary injunction was issued, in which CBOCS hams were sold in grocery stores, an online ad for Cracker Barrel Sliced Spiral Ham by a coupons firm provided a link to a coupon for Kraft’s Cracker Barrel cheeses.) The competing products would also be likely to appear in the same store circulars. Such similarities and overlap would increase the likelihood of consumer confusion detrimental to Kraft. [cit.]

Still another reason to expect confusion is that both Cracker Barrel cheeses and most meat products that CBOCS has licensed for sale to grocery stores are inexpensive—under $5. Generally only very cost-conscious consumers are apt to scrutinize carefully the labels of the less expensive items sold in a grocery store. Familiarity is likely to have made the name Cracker Barrel salient to grocery shoppers, and so any product bearing that name might be attributed to Kraft even if close scrutiny of the label would suggest that the product might well have a different origin.

If a significant number of consumers confused the names and thought CBOCS’s products were made by Kraft, Kraft could be badly hurt. A trademark’s value is the saving in search costs made possible by the information that the trademark conveys about the quality of the trademark owner’s brand. The brand’s reputation for quality depends on the owner’s expenditures on product quality and quality control, service, advertising, and so on. Once the reputation is created, the firm will obtain greater profits because repeat purchases and word-of-mouth endorsements will add to sales and because consumers will be willing to pay a higher price in exchange for a savings in search costs and an assurance of consistent quality. These benefits depend on the firm’s ability to maintain that consistent quality. When a brand’s quality is inconsistent, consumers learn that the trademark does not enable them to predict their future consumption experiences from their past ones. The trademark does not then reduce their search costs. They become unwilling to pay more for the branded than for the unbranded good, and so the firm no longer earns a sufficient return on its expenditures on promoting the trademark to justify them.

The particular danger for Kraft of CBOCS’s being allowed to sell food products through the same outlets under a trade name confusingly similar to Kraft’s “Cracker Barrel” trade name is that if CBOCS’s products are inferior in any respect to what the consumer expects—if a consumer has a bad experience with a CBOCS product and blames Kraft, thinking it the producer—Kraft’s sales of
Cracker Barrel cheeses are likely to decline; for a consumer who thinks Kraft makes bad hams may decide it probably makes bad cheeses as well. [cit.]

Granted, there is a consumer interest that is in tension with the interest in avoiding confusion. Consumers benefit from having a variety of products to choose among. CBOCS wants to offer grocery shoppers products that it sells in its restaurants. Think Starbucks—a notable example of a chain of restaurants (coffee houses) that sells its major food product (coffee) in grocery stores as well. The preliminary injunction prevents CBOCS from doing that pending resolution of the case. But CBOCS has and utilizes an alternative channel to its consumers, outside the restaurant channel—an alternative channel of ever greater significance in the electronic age: the Web. CBOCS’s 620 restaurants invite their legions of customers to visit the CBOCS website, which displays pictures of the hams and other food products that it sells and links for buying the food from CBOCS online. Some of the foods are also sold in CBOCS’s “country stores” adjoining the restaurants. Yet doubtless CBOCS thinks it can reach additional consumers by placing its food products in grocery stores—else it wouldn’t have issued the licenses that invited this suit (which it anticipated).

So competition in food products will be harmed if CBOCS prevails in this suit, to the extent that the sale of CBOCS food products in grocery stores confuses consumers and as a result impairs sales of Kraft products for reasons having nothing to do with any product-quality problems with Kraft. But competition will be helped to the extent that grocery stores are able to offer their customers an additional product line. The weighing and balancing of these competing interests with any precision are not feasible undertakings in a preliminary-injunction proceeding, and probably not in a full trial either. Imponderables are likely to dominate.

About all that is feasible at the preliminary-injunction stage is for the judge to estimate the likelihood that the plaintiff will prevail in a full trial and which of the parties is likely to be harmed more by a ruling, granting or denying a preliminary injunction, in favor of the other party, and combine these findings in the manner suggested in such cases as Abbott Laboratories v. Mead Johnson & Co., 971 F.2d 6, 12 (7th Cir.1992): “the more likely it is the plaintiff will succeed on the merits, the less the balance of irreparable harms need weigh towards its side; the less likely it is the plaintiff will succeed, the more the balance need weigh towards its side.” See also Grocery Outlet Inc. v. Albertson’s Inc., 497 F.3d 949, 951 (9th Cir.2007) (per curiam).

But for the grant of a preliminary injunction to be proper, the harm to the plaintiff also must be judged irreparable—meaning not fully compensable or avoidable by the issuance of a final judgment (whether a damages judgment or a permanent injunction, or both) in the plaintiff’s favor. [cit.] For if the harm can be fully repaired in the final judgment, there is no reason to hurry the adjudicative process.

Consistent with this analysis, if the plaintiff has a strong likelihood of prevailing in the full trial, and the costs to him if the preliminary injunction is denied are at least as great as the costs to the defendant if it is granted, and the plaintiff’s costs could not be fully recouped by him in a final judgment in his favor, the injunction should be issued. [cit.] That seems the situation here, given the district judge's findings. The likelihood of confusion seems substantial and the risk to Kraft of the loss of valuable goodwill and control therefore palpable. And as emphasized in the Abbott Laboratories [opinion] cited earlier, irreparable harm is especially likely in a trademark case because of the difficulty of quantifying the likely effect on a brand of a nontrivial period of consumer confusion (and the interval between the filing of a trademark infringement complaint and final judgment is
Sure not to be trivial). And on the other side of the ledger, there is no information on how many new customers CBOCS can expect to obtain by selling through grocery stores, given that it already sells its food products at its country stores and on its website. So there is no basis for concluding that it is losing heavily as a result of not being able to sell through grocery stores until and unless it obtains a final judgment in its favor.

So the grant of the preliminary injunction must be affirmed. But mainly for future reference we want to say something about the consumer survey that Kraft presented in support of its claim of confusion. Consumer surveys conducted by party-hired expert witnesses are prone to bias. There is such a wide choice of survey designs, none foolproof, involving such issues as sample selection and size, presentation of the allegedly confusing products to the consumers involved in the survey, and phrasing of questions in a way that is intended to elicit the surveyor's desired response—confusion or lack thereof—from the survey respondents. See Robert H. Thornburg, “Trademark Surveys: Development of Computer-Based Survey Methods,” 4 John Marshall Rev. Intellectual Property L. 91, 97 (2005); Michael Rappeport, “Litigation Surveys—Social ‘Science’ as Evidence,” 92 Trademark Rep. 957, 960–61 (2002); Jacob Jacoby, “Experimental Design and the Selection of Controls in Trademark and Deceptive Advertising Surveys,” 92 Trademark Rep. 890, 890 (2002); see also Joseph Sanders, “Science, Law, and the Expert Witness,” 72 Law & Contemp. Probs., Winter 2009, pp. 63, 73–75. Among the problems identified by the academic literature are the following: when a consumer is a survey respondent, this changes the normal environment in which he or she encounters, compares, and reacts to trademarks; a survey that produces results contrary to the interest of the party that sponsored the survey may be suppressed and thus never become a part of the trial record; and the expert witnesses who conduct surveys in aid of litigation are likely to be biased in favor of the party that hired and is paying them, usually generously. All too often “experts abandon objectivity and become advocates for the side that hired them.” Id. at 75.

Of course, judges and jurors have their own biases and blind spots. As Judge Jerome Frank noted many years ago, dissenting in a pair of trademark cases that Seventeen magazine had brought against the makers of “Miss Seventeen” girdles, “as neither the trial judge nor any member of this court is (or resembles) a teen-age girl or the mother or sister of such a girl, our judicial notice apparatus will not work well unless we feed it with information directly obtained from ‘teen-agers’ or from their female relatives accustomed to shop for them.” Triangle Publications, Inc. v. Rohrlitch, 167 F.2d 969, 976 (2d Cir.1948). And so a judge’s finding that confusion was likely was “nothing but a surmise, a conjecture, a guess.” Id.

Nevertheless it’s clear that caution is required in the screening of proposed experts on consumer surveys. Kraft’s expert in this case was Hal Poret, an experienced survey researcher, and we won’t hold it against him that he appears to be basically a professional expert witness. See www. pli. edu/ Content/ Faculty/ Hal_ Poret/_/ N= 4 o Z 1 z 138 h 0? ID= PE 830174 (visited Nov. 13, 2013). Poret was able to obtain a random or at least representative sample of 300 American consumers of whole-ham products, email them photographs of the CBOCS sliced spiral ham, and ask them in the email whether the company that makes the ham also makes other products—and if so what products. About a quarter of the respondents said cheese. It’s difficult to know what to make of this. The respondents may have assumed that a company with a logo that does not specify a particular food product doesn’t make just sliced spiral ham. So now they have to guess what else such a company would make. Well, maybe cheese.
Poret showed a control group of 100 respondents essentially the same ham, but made by Smithfield—and none of these respondents said that Smithfield also makes cheese. Poret inferred from this that the name “Cracker Barrel” on the ham shown the 300 respondents had triggered their recollection of Cracker Barrel cheese, rather than the word “ham” being the trigger. That is plausible, but its relevance is obscure. Kraft's concern is not that people will think that Cracker Barrel cheeses are made by CBOCS but that they will think that CBOCS ham is made by Kraft, in which event if they have a bad experience with the ham they'll blame Kraft.

Also it's very difficult to compare people's reactions to photographs shown to them online by a survey company to their reactions to products they are looking at in a grocery store and trying to decide whether to buy. The contexts are radically different, and the stakes much higher when actual shopping decisions have to be made (because that means parting with money), which may influence responses.

In some cases an attractive alternative to a survey might be the use of statistical data to determine the effect of the allegedly infringing logo. Suppose that before this suit was filed, CBOCS products had been sold for a time in a number of grocery stores. Probably in some of them Kraft Cracker Barrel cheese would have been displayed side by side with CBOCS hams plus similar meat products sold at comparable prices, while in other stores the cheeses and the hams would have been displayed in different areas of the store, and still other grocery stores would have carried CBOCS hams but not Kraft Cracker Barrel cheese. By examining the “lift” (greater sales) if any that CBOCS hams obtain by proximity to the Kraft Cracker Barrel label, an expert witness might be able to estimate the extent of consumer confusion. The greater the lift (and hence the greater the confusion) the greater the likelihood of a consumer's blaming Kraft as the supposed maker of the CBOCS hams if the consumer has a bad experience with the hams. Such a study would not have been feasible in this case, however, given the grant of the preliminary injunction, which has kept CBOCS hams with its Cracker Barrel logo out of grocery stores for now. Nor have we such confidence in the reliability of such a study that we would think it an adequate basis for refusing to grant preliminary injunctions in trademark cases.

We can imagine other types of expert testimony that might be illuminating in a case such as this—testimony by experts on retail food products about the buying habits and psychology of consumers of inexpensive food products. “Although the ordinary consumer's mindset is central to trademark law and policy, neither courts nor commentators have made any serious attempt to develop a framework for understanding the conditions that may affect the attention that can be expected to be given to a particular purchase. Some of the classic judicial descriptions cast the ordinary consumer as 'ignorant ... unthinking and ... credulous' or 'hasty, heedless and easily deceived.' In other cases, the courts have bristled at the 'claimed asinity' of the buying public, suggesting instead that the average buyer is 'neither savant nor dolt,' but is one who ‘lacks special competency with reference to the matter at hand but has and exercises a normal measure of the layman's common sense and judgment.' For the most part, however, the debate is a vacuous war of words, uninformed by any careful theoretical modeling of consumer psychology or empirical study of consumer behavior.” Thomas R. Lee, Glenn L. Christensen & Eric D. DeRosia, “Trademarks, Consumer Psychology, and the Sophisticated Consumer,” 57 Emory L.J. 575, 575–76 (2008) (footnotes deleted).

We have doubts about the probative significance of the Poret survey. But the similarity of logos and of products, and of the channels of distribution (and the advertising overlap) if CBOCS is allowed to sell its products through grocery stores under its Cracker Barrel logo, and the availability to the company of alternatives to grocery stores for reaching a large consumer public under the logo, provide adequate support for the issuance of the preliminary injunction.
At p. 545, insert the following at the end of note 3:

Where a mark is not a recognized English word, the parties should offer evidence about how consumers would pronounce the word rather than speculating about the general rules of phonetics. Stoncor Group, Inc. v. Specialty Coatings, Inc., 759 F.3d 1327 (Fed. Cir. 2014) (debating whether the mark STONSHIELD for coatings used on concrete floors would be pronounced with a long “o,” as in “Stone Shield,” or with a short “o,” akin to the word “on”).

At p. 547, insert the following at the end of note 6:

In Hornady Mfg. Co., Inc. v. Doubletap, Inc., 746 F.3d 995 (10th Cir. 2014), the court rejected a family-of-marks argument. Hornady sold ammunition and related products under a variety of names incorporating the word “Tap,” such as TAP FPD, TAP PRECISION, and GMX TAP. Doubletap sold ammunition under the name DOUBLETAP. Hornady argued that it owned a family of “TAP” marks, and that the court should infer that consumers would perceive DOUBLETAP to be part of the TAP family. The court disagreed, seeming to invoke the anti-dissection principle. Are the family-of-marks and anti-dissection principles irreconcilably in conflict? Is there a way to harmonize the two?

At p. 554, insert the following new note:

8. Intent to copy product design. Lubecore and Groeneveld compete in the market for grease pumps used in commercial trucks. Assume that Lubecore copied the appearance of Groeneveld’s grease pump but labeled its pump prominently with its own trademark, and likewise used its own trademark on its sales literature. Suppose that everyone agrees that by copying Groeneveld’s trade dress, Lubecore was specifically targeting consumers who were familiar with Groeneveld’s product and offering them another option. Is this the sort of intent evidence that cuts in favor of a likelihood of confusion? Does it cut against a likelihood of confusion? Suppose that customers testified that they assumed that the parties’ products operated similarly and that they had a certain “comfort zone” with the Lubecore product because it appeared to be identical to the Groeneveld product. How, if at all, does this evidence affect your analysis of the intent factor? See Groeneveld Transport Efficiency, Inc. v. Lubecore Int’l, Inc., 730 F.3d 994 (6th Cir. 2013).

At p. 554, add the following to the end of note 3:

Suppose that an investment firm seeks to register “STONE LION CAPITAL” in connection with “financial services, namely investment advisory services, management of investment funds, and fund investment services.” The firm markets its services only to high-end investors who invest significant amounts of capital. For purposes of assessing the consumer sophistication factor, is the proper frame of reference the services as specified in the application (which would extend all potential customers) or the services as actually rendered in practice (high-end customers only)? See Stone Lion Capital Partners, L.P. v. Lion Capital LLP, 746 F.3d 1317 (Fed. Cir. 2014).

At p. 561, add the following at the end of note 7:
For another example, see *Kate Spade Saturday LLC v. Saturdays Surf LLC*, 950 F.Supp.2d 639 (S.D.N.Y. 2013). Saturdays Surf sold men’s apparel under the mark SATURDAYS SURF NYC from a website and through department stores such as Bloomingdale’s. Kate Spade introduced a line of KATE SPADE SATURDAY clothing for women that it planned to sell from a website and through KATE SPADE SATURDAY retail stores. Are these different channels of trade, cutting against a likelihood of confusion? Is it relevant that the KATE SPADE house mark is very well-known for women’s clothing?

At p. 562, add the following new note:

9. The “something more” standard. In *In re St. Helena Hospital*, 774 F.3d 747 (Fed. Cir. 2014), the Federal Circuit reversed a Section 2(d) refusal to register TAKETEN for a 10-day residential health improvement program at an in-patient medical facility. The refusal had been based on a prior registration, TAKE10! for “printed manuals, posters, stickers, activity cards and educational worksheets dealing with physical activity and physical fitness.” The court concluded that there was not substantial evidence to support the Board’s finding that the applicant’s services were similar to the goods recited in the prior registration. According to the court, in cases where the relatedness of goods and services is not self-evident, the PTO must show “something more” than the mere fact that the goods and services are used together. *Id.* at 753 (citing *Shen Mfg. Co. v. Ritz Hotel, Ltd.* 393 F.3d 1238, 1244 (Fed. Cir. 2004)). For example, where an applicant sought to register BLUE MOON for beer, and the PTO asserted a prior registration of BLUE MOON for restaurant services, the PTO was required to show something more than just the fact that some restaurants are known to sell private label beer in order to establish that consumers would assume that the beer served in a restaurant has the same origin as the restaurant services. *In re Coors Brewing Co.*, 343 F.3d 1340 (Fed. Cir. 2003). In *St. Helena*, the Federal Circuit observed that its “something more” rule need not be limited to cases involving the alleged relatedness of restaurant services and certain goods. Instead, the court ruled, the standard applies “whenever the relatedness of the goods and services is not evident, well-known or generally recognized.” *St. Helena*, 774 F.3d at 753. Does this suggest that the standard will apply in the majority of contested cases? Is this a good thing?

At pp. 562-63, Problem 7-5, add the following:


At p. 573, after the *Recot* citation, add the following:

In a case in which an applicant’s mark is alleged to be confusingly similar to a prior registered mark under Section 2(d), what is the significance (if any) of the strength of the prior registered mark? Suppose that applicant seeks a registration for PEACE LOVE AND JUICE for juice bar services, and the owner of a prior registration of PEACE & LOVE for restaurant services opposes, citing Section 2(d). The evidence shows that many third parties used combinations of “peace” and “love” for restaurants or the like – such as PEACE LOVE AND PIZZA; PEACE LOVE AND BEER; and PEACE LOVE AND CHOCOLATE, to name only a few. Should this evidence be relevant to demonstrate that the opposer’s mark is relatively weak, such that the applicant’s use of similar terms
is less likely to trigger confusion? See *Juice Generation, Inc. v. GS Enterprises LLC*, 794 F.3d 1334 (Fed. Cir. 2015).

At p. 574, add the following to the end of Problem 7-8(2):

The Court granted the certiorari petition in July 2014. The questions presented were:

(1) Whether the TTAB’s finding of a likelihood of confusion precludes Hargis from re-litigating that issue in infringement litigation, in which likelihood of confusion is an element.
(2) Whether, if issue preclusion does not apply, the district court was obliged to defer to the TTAB’s finding of a likelihood of confusion absent strong evidence to rebut it.

In an opinion by Justice Alito, the Court held 7-2 (Thomas and Scalia dissenting) that “[s]o long as the other ordinary elements of issue preclusion are met, when the usages [of a mark] adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.” *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S.Ct. 1293, 1312 (2015) (remanding to allow the Eighth Circuit to apply the rule). But the Court also remarked that “many registrations will not satisfy those ordinary elements,” *id.* at 1306, and that therefore “for a great many registration decisions issue preclusion obviously will not apply.” *Id.* Elsewhere in the opinion the Court elaborated:

If a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation. By contrast, if a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue. Thus, if the TTAB does not consider the marketplace usage of the parties’ marks, the TTAB’s decision should “have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.” [citing 6 McCarthy § 32:101, at 32-246.]

*Id.* at 1308. So was the Court saying that issue preclusion might apply in theory, but rarely would in reality? (Justice Ginsburg filed a concurring opinion that seemed to express that understanding.) Or did the Court leave the door open for routine arguments of preclusion? Consider also the potential impact on TTAB adjudication. Do you think that the Court’s decision will alter the TTAB’s approach to framing its analysis? How so? On remand, the Eighth Circuit determined that “the usages of the marks adjudicated before the TTAB were materially the same as the usages before the district court,” and ruled that the requirements for giving preclusive effect to the TTAB’s ruling were met. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 800 F.3d 427 (8th Cir. 2015) (vacating and remanding to the trial court for further proceedings).

At p. 574, add a new paragraph (3) after Problem 7-8(2):

(3) Patent law recognizes doctrines of “prosecution disclaimer” and “prosecution history estoppel” to prevent patent applicants from making a representation before the PTO (usually a representation that narrows the scope of patent protection) and then making a contrary representation in litigation. Should these doctrines apply to trademark registrations? (This exercise of estoppel is different from giving preclusive effect to a PTO determination, of course, but it is worth considering here because, like the issue preclusion problems discussed in this Problem, the estoppel issue treats elements of the PTO administrative proceeding as limiting in later court proceedings.) For example, suppose that
Juice Generation seeks to register the mark PEACE LOVE & JUICE (with design) for services (juice bars), and GS opposes on the ground that it owns registrations for a family of marks including the phrase PEACE & LOVE (for restaurant services). Yes, we know, it’s ironic that owners of peaceful, loving marks would be duking it out with each other – but that’s not important right now. When GS was registering its marks, it faced a rejection based on a prior mark, PEECE LUV CHIKIN (used in connection with chicken, we’re assuming). If GS had argued that there were many third-party usages of “peace and love” such that consumers tended to distinguish among them even based on minor differences (like spelling “peace” as “peece”) should this argument now be available for use against GS in the opposition against Juice Generation – specifically, to indicate that the GS mark must have a relatively narrow scope? Juice Generation, Inc. v. GS Enterprises LLC, 794 F.3d 1334, 1340 (Fed. Cir. 2015) (addressing slightly different facts).

At p. 588, before the Notes and Questions, insert the following new case:

MULTI TIME MACHINE, INC. v. AMAZON.COM, INC.
804 F.3d 930 (9th Cir. 2015)

[In an opinion released in July 2015, reported at 792 F.3d 1070, a split Ninth Circuit panel held that there was a triable issue of fact as to initial interest confusion on the record presented in this case. Judge Bea wrote the opinion, joined by Judge Quist, a district court judge who was sitting by designation in the case. Judge Silverman dissented. Subsequently, Judges Silverman and Quist voted to grant panel rehearing. (Judge Bea voted against.) The July 2015 opinion was then withdrawn, and the following opinion substituted for it. Judge Silverman wrote the new opinion, joined by Judge Quist, while Judge Bea filed a dissent.]

SILVERMAN, Circuit Judge:

In the present appeal, we must decide whether the following scenario constitutes trademark infringement: A customer goes online to Amazon.com looking for a certain military-style wristwatch—specifically the “MTM Special Ops”—marketed and manufactured by Plaintiff Multi Time Machine, Inc. The customer types “mtm special ops” in the search box and presses “enter.” Because Amazon does not sell the MTM Special Ops watch, what the search produces is a list, with photographs, of several other brands of military style watches that Amazon does carry, specifically identified by their brand names—Luminox, Chase–Durer, TAWATEC, and Modus.

MTM brought suit alleging that Amazon’s response to a search for the MTM Special Ops watch on its website is trademark infringement in violation of the Lanham Act. MTM contends that Amazon’s search results page creates a likelihood of confusion, even though there is no evidence of any actual confusion and even though the other brands are clearly identified by name. The district court granted summary judgment in favor of Amazon, and MTM now appeals.

[1] We affirm. “The core element of trademark infringement” is whether the defendant’s conduct “is likely to confuse customers about the source of the products.” E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1290 (9th Cir.1992). Because Amazon’s search results page clearly labels the name and manufacturer of each product offered for sale and even includes photographs of the items,
no reasonably prudent consumer accustomed to shopping online would likely be confused as to the source of the products. Thus, summary judgment of MTM’s trademark claims was proper.

I. Factual and Procedural Background

MTM manufactures and markets watches under various brand names including MTM, MTM Special Ops, and MTM Military Ops. MTM holds the federally registered trademark “MTM Special Ops” for timepieces. MTM sells its watches directly to its customers and through various retailers. To cultivate and maintain an image as a high-end, exclusive brand, MTM does not sell its watches through Amazon.com. Further, MTM does not authorize its distributors, whose agreements require them to seek MTM’s permission to sell MTM’s products anywhere but their own retail sites, to sell MTM watches on Amazon.com. Therefore, MTM watches have never been available for sale on Amazon.com.

Amazon is an online retailer that purports to offer “Earth’s Biggest Selection of products.” Amazon has designed its website to enable millions of unique products to be sold by both Amazon and third party sellers across dozens of product categories.

Consumers who wish to shop for products on Amazon’s website can utilize Amazon’s search function. The search function enables consumers to navigate Amazon.com’s large marketplace by providing consumers with relevant results in response to the consumer’s query. In order to provide search results in which the consumer is most likely to be interested, Amazon’s search function does not simply match the words in the user’s query to words in a document, such as a product description in Amazon.com’s catalog. Rather, Amazon’s search function—like general purpose web search engines such as Google or Bing—employs a variety of techniques, including some that rely on user behavior, to produce relevant results. By going beyond exactly matching a user’s query to text describing a product, Amazon’s search function can provide consumers with relevant results that would otherwise be overlooked.

Consumers who go onto Amazon.com and search for the term “mtm special ops” are directed to a search results page. On the search results page, the search query used—here, “mtm special ops”—is displayed twice: in the search query box and directly below the search query box in what is termed a “breadcrumb.” The breadcrumb displays the original query, “mtm special ops,” in quotation marks to provide a trail for the consumer to follow back to the original search. Directly below the breadcrumb, is a “Related Searches” field, which provides the consumer with alternative search queries in case the consumer is dissatisfied with the results of the original search. Here, the Related Search that is suggested to the consumer is: “mtm special ops watch.” Directly below the “Related Searches” field is a gray bar containing the text “Showing 10 Results.” Then, directly below the gray bar is Amazon’s product listings. The gray bar separates the product listings from the breadcrumb and the “Related Searches” field. The particular search results page at issue is displayed below:
MTM watches are not listed on the page for the simple reason that neither Amazon nor MTM sells MTM watches on Amazon.

MTM filed a complaint against Amazon, alleging that Amazon’s search results page infringes MTM’s trademarks in violation of the Lanham Act. Amazon filed a motion for summary judgment, arguing that (1) it is not using MTM’s mark in commerce and (2) there is no likelihood of consumer confusion. In ruling on Amazon’s motion for summary judgment, the district court declined to resolve the issue of whether Amazon is using MTM’s mark in commerce, and, instead, addressed the issue of likelihood of confusion. In evaluating likelihood of confusion, the district court utilized the eight-factor test set forth in AMF Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir.1979). Relying on our recent decision in Network Automation, Inc. v. Advanced Systems Concepts, 638 F.3d 1137 (9th Cir.2011), the district court focused in particular on the following factors: (1) the strength of MTM’s
mark; (2) the evidence of actual confusion and the evidence of no confusion; (3) the type of goods and degree of care likely to be exercised by the purchaser; and (4) the appearance of the product listings and the surrounding context on the screen displaying the results page. Upon reviewing the factors, the district court concluded that the relevant Sleekcraft factors established “that there is no likelihood of confusion in Amazon’s use of MTM’s trademarks in its search engine or display of search results.” Therefore, the district court granted Amazon’s motion for summary judgment.

III. Discussion

To prevail on a claim of trademark infringement under the Lanham Act, “a trademark holder must show that the defendant’s use of its trademark ‘is likely to cause confusion, or to cause mistake, or to deceive.’” Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Mgmt., 618 F.3d 1025, 1030 (9th Cir.2010) (quoting 15 U.S.C. § 1125(a)(1)(A)). “The test for likelihood of confusion is whether a ‘reasonably prudent consumer’ in the marketplace is likely to be confused as to the origin of the good or service bearing one of the marks.” Dreamworks Prod. Group v. SKG Studio, 142 F.3d 1127, 1129 (9th Cir.1998). “The confusion must ‘be probable, not simply a possibility.’” Murray v. Cable NBC, 86 F.3d 858, 861 (9th Cir.1996).

Here, the district court was correct in ruling that there is no likelihood of confusion. Amazon is responding to a customer’s inquiry about a brand it does not carry by doing no more than stating clearly (and showing pictures of) what brands it does carry. To whatever extent the Sleekcraft factors apply in a case such as this—a merchant responding to a request for a particular brand it does not sell by offering other brands clearly identified as such—the undisputed evidence shows that confusion on the part of the inquiring buyer is not at all likely. Not only are the other brands clearly labeled and accompanied by photographs, there is no evidence of actual confusion by anyone.

To analyze likelihood of confusion, we utilize the eight-factor test set forth in Sleekcraft. However, “we have long cautioned that applying the Sleekcraft test is not like counting beans.” One Indus., 578 F.3d at 1162; see also Network Automation, Inc. v. Advanced Sys. Concepts, 638 F.3d 1137, 1145 (9th Cir.2011) (“The Sleekcraft factors are intended as an adaptable proxy for consumer confusion, not a rote checklist.”). “Some factors are much more important than others, and the relative importance of each individual factor will be case-specific.” Brookfield Commc’ns v. West Coast Entm’t Corp., 174 F.3d 1036, 1054 (9th Cir.1999). Moreover, the Sleekcraft factors are not exhaustive and other variables may come into play depending on the particular facts presented. Network Automation, 638 F.3d at 1145–46. This is particularly true in the Internet context. See Brookfield, 174 F.3d at 1054 (“We must be acutely aware of excessive rigidity when applying the law in the Internet context; emerging technologies require a flexible approach.”). Indeed, in evaluating claims of trademark infringement in cases involving Internet search engines, we have found particularly important an additional factor that is outside of the eight-factor Sleekcraft test: “the labeling and appearance of the advertisements and the surrounding context on the screen displaying the results page.” Network Automation, 638 F.3d at 1154.

In the present case, the eight-factor Sleekcraft test is not particularly apt. This is not surprising as the Sleekcraft test was developed for a different problem—i.e., for analyzing whether two competing brands’ marks are sufficiently similar to cause consumer confusion. See Sleekcraft, 599 F.2d at 348.
Although the present case involves brands that compete with MTM, such as Luminox, Chase-Durer, TAWATEC, and Modus, MTM does not contend that the marks for these competing brands are similar to its trademarks. Rather, MTM argues that the design of Amazon’s search results page creates a likelihood of initial interest confusion because when a customer searches for MTM Special Ops watches on Amazon.com, the search results page displays the search term used—here, “mtm special ops”—followed by a display of numerous watches manufactured by MTM’s competitors and offered for sale by Amazon, without explicitly informing the customer that Amazon does not carry MTM watches.

Thus, the present case focuses on a different type of confusion than was at issue in Sleekcraft. Here, the confusion is not caused by the design of the competitor’s mark, but by the design of the web page that is displaying the competing mark and offering the competing products for sale. Sleekcraft aside, the ultimate test for determining likelihood of confusion is whether a “reasonably prudent consumer” in the marketplace is likely to be confused as to the origin of the goods. Sleekcraft, 599 F.2d at 353. Our case can be resolved simply by an evaluation of the web page at issue and the relevant consumer. Cf. Brookfield, 174 F.3d at 1054 (“[I]t is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors.”). Indeed, we have previously noted that “[i]n the keyword advertising context [i.e., where a user performs a search on the internet, and based on the keywords contained in the search, the resulting web page displays certain advertisements containing products or services for sale,] the ‘likelihood of confusion will ultimately turn on what the consumer saw on the screen and reasonably believed, given the context.’” Network Automation, 638 F.3d at 1153. In other words, the case will turn on the answers to the following two questions: (1) Who is the relevant reasonable consumer?; and (2) What would he reasonably believe based on what he saw on the screen?

Turning to the first question, we have explained that “[t]he nature of the goods and the type of consumer is highly relevant to determining the likelihood of confusion in the keyword advertising context.” Network Automation, 638 F.3d at 1152. “In evaluating this factor, we consider ‘the typical buyer exercising ordinary caution.’” Au–Tomotive Gold, Inc. v. Volkswagen of Am., Inc., 457 F.3d 1062, 1076 (9th Cir.2006) (quoting Sleekcraft, 599 F.2d at 353). “Confusion is less likely where buyers exercise care and precision in their purchases, such as for expensive or sophisticated items.” Id. Moreover, “the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace.” Network Automation, 638 F.3d at 1152.

The goods in the present case are expensive. It is undisputed that the watches at issue sell for several hundred dollars. Therefore, the relevant consumer in the present case “is a reasonably prudent consumer accustomed to shopping online.” Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1176 (9th Cir.2010).

Turning to the second question, as MTM itself asserts, the labeling and appearance of the products for sale on Amazon’s web page is the most important factor in this case. This is because we have previously noted that clear labeling can eliminate the likelihood of initial interest confusion in cases involving Internet search terms. See, e.g., Playboy Enters., 354 F.3d at 1030 n. 44 (explaining that clear labeling “might eliminate the likelihood of initial interest confusion that exists in this case”); Network Automation, 638 F.3d at 1154 (same). Indeed, MTM itself argues: “The common thread of [the Ninth Circuit’s decisions in Brookfield, Playboy, and Network Automation] is that liability under the Lanham Act can only be avoided as a matter of law where there is clear labeling to avoid the
MTM argues that initial interest confusion might occur because Amazon lists the search term used—here the trademarked phrase “mtm special ops”—three times at the top of the search page. MTM argues that because Amazon lists the search term “mtm special ops” at the top of the page, a consumer might conclude that the products displayed are types of MTM watches. But, merely looking at Amazon’s search results page shows that such consumer confusion is highly unlikely. None of these watches is labeled with the word “MTM” or the phrase “Special Ops,” let alone the specific phrase “MTM Special Ops.” Further, some of the products listed are not even watches. The sixth result is a book entitled “Survive!: The Disaster, Crisis and Emergency Handbook” by Jerry Ahem. The tenth result is a book entitled “The Moses Expedition: A Novel” by Juan Gómez-Jurado. No reasonably prudent consumer, accustomed to shopping online or not, would assume that a book entitled “The Moses Expedition” is a type of MTM watch or is in any way affiliated with MTM watches. Likewise, no reasonably prudent consumer accustomed to shopping online would view Amazon’s search results page and conclude that the products offered are MTM watches. It is possible that someone, somewhere might be confused by the search results page. But, “[u]nreasonable, imprudent and inexperienced web-shoppers are not relevant.” Tabari, 610 F.3d at 1176; see also Network Automation, 638 F.3d at 1153 (“[W]e expect consumers searching for expensive products online to be even more sophisticated.”). To establish likelihood of confusion, MTM must show that confusion is likely, not just possible. See Murray, 86 F.3d at 861.

MTM argues that in order to eliminate the likelihood of confusion, Amazon must change its search results page so that it explains to customers that it does not offer MTM watches for sale before suggesting alternative watches to the customer. We disagree. The search results page makes clear to anyone who can read English that Amazon carries only the brands that are clearly and explicitly listed on the web page. The search results page is unambiguous—not unlike when someone walks into a diner, asks for a Coke, and is told “No Coke. Pepsi.” See Multi Time Mach., Inc. v. Amazon.com, Inc., 792 F.3d 1070, 1080–81 (9th Cir.2015) (Silverman, J., dissenting).

In light of the clear labeling Amazon uses on its search results page, no reasonable trier of fact could conclude that Amazon’s search results page would likely confuse a reasonably prudent consumer accustomed to shopping online as to the source of the goods being offered. Cf. Playboy, 354 F.3d at 1030 n. 44 (Clear labeling “might eliminate the likelihood of initial interest confusion that exists in this case.”); Network Automation, 638 F.3d at 1154 (same). As Judge Berzon put it, “I do
not think it is reasonable to find initial interest confusion when a consumer is never confused as to source or affiliation, but instead knows, or should know, from the outset that a product or web link is not related to that of the trademark holder because the list produced by the search engine so informs him.” Playboy, 354 F.3d at 1034–35 (9th Cir.2004) (Berzon, J., concurring).

MTM attempts to argue that summary judgment of its claims is inappropriate because there are numerous factual disputes related to Amazon’s search results page. But, to the extent there are factual disputes between the parties, none is material to the analysis. MTM cannot dispute the fact that the watches at issue sell for hundreds of dollars. Therefore, as a matter of law, the relevant consumer would be a reasonably prudent consumer accustomed to shopping online. See Tabari, 610 F.3d at 1176; Network Automation, 638 F.3d at 1152–53. Further, MTM cannot dispute the contents of the web page at issue. A review of Amazon’s web page shows that each product listed for sale is clearly labeled with the product’s name and manufacturer and a photograph, and no product is labeled with MTM’s mark. Thus, the undisputed facts show that it is highly unlikely that a reasonably prudent consumer accustomed to shopping online would be confused as to the source of the goods offered for sale on Amazon’s web page.

The likelihood of confusion is often a question of fact, but not always. In a case such as this, where a court can conclude that the consumer confusion alleged by the trademark holder is highly unlikely by simply reviewing the product listing/advertisement at issue, summary judgment is appropriate. Cf. M2 Software, 421 F.3d at 1085 (explaining that summary judgment of a trademark claim is appropriate where the plaintiff has failed to present “sufficient evidence to permit a rational trier of fact to find that confusion is ‘probable,’ not merely ‘possible’ ”). Indeed, in the similar context of evaluating claims of consumer deception when dealing with false advertising claims, we have at least twice concluded—after a review of the label or advertisement at issue—that there was no likelihood of consumer deception as a matter of law because no reasonable consumer could have been deceived by the label/advertisement at issue in the manner alleged by the plaintiff. See, e.g., Davis v. HSBC Bank, 691 F.3d 1152, 1162 (9th Cir.2012); Freeman v. Time, Inc., 68 F.3d 285, 289–90 (9th Cir.1995).

Further, we are able to conclude that summary judgment is appropriate in the present case without delving into any factors other than: (1) the type of goods and the degree of care likely to be exercised by the purchaser; and (2) the labeling and appearance of the products for sale and the surrounding context on the screen displaying the results page. Cf. Brookfield, 174 F.3d at 1054 (“It is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors”). However, if we were to evaluate each of the remaining Sleekcraft factors, those factors would not change our conclusion, here, because those factors are either neutral or unimportant.

“Actual confusion”—We have held that “[a] showing of actual confusion among significant numbers of consumers provides strong support for the likelihood of confusion.” Playboy, 354 F.3d at 1026 (noting that a strong showing by the plaintiff in regard to this factor alone can reverse a grant of summary judgment). However, here, there is no evidence of actual confusion. The only “evidence” MTM presented to the district court of actual confusion is the deposition testimony of MTM’s president stating that someone named Eric told him, in reference to Amazon’s web page, “it’s confusing.” Hearsay problems aside, this testimony is too speculative to show actual confusion because there is no evidence showing that Eric was a potential consumer. Indeed, at oral argument, MTM conceded that it does not have evidence of actual consumer confusion. Therefore, this factor
does not weigh in MTM’s favor.

“Defendant’s Intent”—We have also held that “[a] defendant’s intent to confuse constitutes probative evidence of likely confusion: Courts assume that the defendant’s intentions were carried out successfully.” Playboy, 354 F.3d at 1028 (footnote omitted). MTM argues that the design of Amazon’s search results page is evidence of its intent to cause confusion. The design, however, indisputably produces results that are clearly labeled as to the type of product and brand. Amazon has designed its results page to alleviate any possible confusion about the source of the products by clearly labeling each of its products with the product’s name and manufacturer. Therefore, this factor also does not weigh in MTM’s favor.

“Strength of the Mark”—MTM argues that it has presented sufficient evidence below from which a jury could properly conclude that its trademark is both conceptually strong and commercially strong. However, we find that this factor is unimportant under the circumstances of this case. Even assuming MTM’s mark is one of the strongest in the world—on the same level as Apple, Coke, Disney, or McDonald’s—there is still no likelihood of confusion because Amazon clearly labels the source of the products it offers for sale.

Further, as we previously found in Network Automation, the remaining Sleekcraft factors are unimportant in a case, such as this, involving Internet search terms where the competing products are clearly labeled and the relevant consumer would exercise a high degree of care. See Network Automation, 638 F.3d at 1150–53 (finding “proximity of goods,” “similarity of marks,” “marketing channels,” and “likelihood of expansion” to be unimportant in a trademark case involving Internet search terms where the advertisements are clearly labeled and the relevant consumers would exercise a high degree of care).

IV. Conclusion

In light of Amazon’s clear labeling of the products it carries, by brand name and model, accompanied by a photograph of the item, no rational trier of fact could find that a reasonably prudent consumer accustomed to shopping online would likely be confused by the Amazon search results.

[Affirmed.]

BEA, Circuit Judge, dissenting:

Today the panel holds that when it comes to internet commerce, judges, not jurors, decide what labeling may confuse shoppers. In so doing, the court departs from our own trademark precedent and from our summary judgment jurisprudence. Because I believe that an Amazon shopper seeking an MTM watch might well initially think that the watches Amazon offers for sale when he searches “MTM Special Ops” are affiliated with MTM, I must dissent.

If her brother mentioned MTM Special Ops watches, a frequent internet shopper might try to purchase one for him through her usual internet retail sites, perhaps Overstock.com, Buy.com, and
At Overstock’s site, if she typed “MTM special ops,” the site would respond “Sorry, your search: ‘mtm special ops’ returned no results.” Similarly, at Buy.com, she would be informed “0 results found. Sorry. Your search for mtm special ops did not return an exact match. Please try your search again.”

Things are a little different over at “Earth’s most customer-centric company,” as Amazon styles itself. There, if she were to enter “MTM Special Ops” as her search request on the Amazon website, Amazon would respond with its page showing (1) MTM Special Ops in the search field (2) “MTM Specials Ops” again—in quotation marks—immediately below the search field and (3) yet again in the phrase “Related Searches: MTM special ops watch,” (emphasis in original) all before stating “Showing 10 Results.” What the website’s response will not state is the truth recognized by its competitors: that Amazon does not carry MTM products any more than do Overstock.com or Buy.com. Rather, below the search field, and below the second and third mentions of “MTM Special Ops” noted above, the site will display aesthetically similar, multi-function watches manufactured by MTM’s competitors. The shopper will see that Luminox and Chase–Durer watches are offered for sale, in response to her MTM query.

MTM asserts the shopper might be confused into thinking a relationship exists between Luminox and MTM; she may think that MTM was acquired by Luminox, or that MTM manufactures component parts of Luminox watches, for instance. As a result of this initial confusion, MTM asserts, she might look into buying a Luminox watch, rather than junk the quest altogether and seek to buy an MTM watch elsewhere. MTM asserts that Amazon’s use of MTM’s trademarked name is likely to confuse buyers, who may ultimately buy a competitor’s goods.

MTM may be mistaken. But whether MTM is mistaken is a question that requires a factual determination, one this court does not have authority to make.

By usurping the jury function, the majority today makes new trademark law. When we allow a jury to determine whether there is a likelihood of confusion, as I would, we do not make trademark law, because we announce no new principle by which to adjudicate trademark disputes. Today’s brief majority opinion accomplishes a great deal: the majority announces a new rule of law, resolves whether “clear labeling” favors Amazon using its own judgment, and, sub silentio, overrules this court’s “initial interest confusion” doctrine.

Capturing initial consumer attention has been recognized by our court to be a grounds for finding of infringement of the Lanham Act since 1997. Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1405 (9th Cir.1997) (identifying “initial consumer attention” as a basis for infringement). In 1999, citing Dr. Seuss, we expressly adopted the initial interest confusion doctrine in the internet context, and never repudiated it. Brookfield Communications, Inc. v. West Coast

1 MTM sells its products only through its own approved distributors.

2 As of June 17, 2015, the shopper might be subject to even more confusion if she began her search of Amazon’s wares through Google. If she searched Google for “Amazon MTM special ops watch,” one of the search results would be a static page on Amazon’s website. Amazon’s static webpage stated that “At Amazon.com, we not only have a large collection of mtm special ops watch products [which, of course, is flatly untrue], but also a comprehensive set of reviews from our customers. Below we’ve selected a subset of mtm special ops watch products [a repetition of the untruth] and the corresponding reviews to help you do better research, and choose the product that best suits your needs.” Amazon, http://www.amazon.com/gp/feature.html?ie=UTF8 & docId=1001909381. Amazon has since removed the page.
Entertainment Corp., 174 F.3d 1036, 1062 (9th Cir.1999). It may not apply where the competing goods or services are “clearly labeled” such that they cause only mere diversion, but whether such goods or services are clearly labeled so as to prevent a prudent internet shopper’s initial confusion depends on the overall function and presentation of the web page. The issue is whether a prudent internet shopper who made the search request and saw the Amazon result—top to bottom—would more likely than not be affected by that “initial interest confusion.” That is, an impression—when first shown the results of the requested MTM Special Ops search—that Amazon carries watches that have some connection to MTM, and that those watches are sold under the name Luminox or Chase–Durer. Whether there is likelihood of such initial interest confusion, I submit, is a jury question. Intimations in our case law that initial interest confusion is bad doctrine notwithstanding, it is the law of our circuit, and, I submit, the most fair reading of the Lanham Act.

Tellingly, the majority does not cite to the statutory text, which provides that the nonconsensual use of a registered trademark will infringe where “such use is likely to cause confusion, or cause mistake, or deceive.” 15 U.S.C. § 1114(1)(a). The majority reads the statute to contain language that it does not, essentially reading the clause “at point of sale” into the end of § 1114(1)(a). Similarly, the majority reads 15 U.S.C. § 1125 to apply only at point of sale—the majority writes that it is unreasonable to suppose that a reasonably prudent consumer accustomed to shopping online would be confused about the source of the goods where Luminox and Chase–Durer watches are labeled as such, but does not address the possibility that a reasonably prudent consumer might initially assume that those brands enjoyed some affiliation with MTM which, in turn, could cause such a shopper to investigate brands which otherwise would not have been of interest to her.

To reach its conclusion, the majority purports to apply this court’s precedent in Network Automation, Inc. v. Advanced Systems Concepts, Inc., 638 F.3d 1137, 1145 (9th Cir.2011). In so doing, the majority ignores the procedural posture of that case. There, plaintiff Network Automation and defendant Advanced Systems Concepts both sold job scheduling and management software. Id. at 1142. Network Automation advertised its product by purchasing certain keywords—including registered trademarks belonging to Advanced Systems—which, when typed into various search engines, included Network Automation’s website “www.NetworkAutomation.com” as a labeled, sponsored link among the search results. Id. Advanced Systems alleged violation of the Lanham Act and moved for a preliminary injunction. Id. at 1143. The district court granted a preliminary injunction to Advanced Systems, and Network Automation appealed. Id. On appeal, this court reversed and vacated the preliminary injunction.

To do so, this court did not find that there was no genuine issue of fact as to likelihood of confusion. Instead, this court properly considered whether the facts, as the court understood them, favored Advanced Systems in Network Automation because a preliminary injunction requires “the moving party [there, the plaintiff alleging infringement] demonstrate a fair chance of success on the merits or questions serious enough to require litigation.” Arc of California v. Douglas, 757 F.3d 975, 993 (9th Cir.2014). Therefore, the Network Automation court properly considered the weight of the evidence to decide whether Advanced Systems had a fair chance of success on the merits. Here, we are not tasked to determine whether MTM is likely to succeed, nor to consider the weight of the evidence. As this is an appeal from a summary judgment, we must decide whether the non-moving party (MTM) tendered a genuine issue of fact. Network Automation did not announce a rule that clear labeling is per se a question of law, nor that a judge’s determination that products are clearly labeled precludes a triable issue of fact as to trademark infringement.
Indeed, even if Network Automation were not so readily distinguishable by its procedural posture, it is factually distinguishable. In Network Automation, the “diversionary” goods were clearly labeled on the response page as “Sponsored Links,” showing that the producers of those products were the ones advertising for themselves, not for the firm named in the search request. Network Automation, 638 F.3d at 1144. Unlike the sponsored links at issue in Network Automation, and unlike its competitors Buy.com and Overstock.com, Amazon does not forestall any confusion by informing customers who are searching “MTM Special Ops” that Amazon does not carry any such products. Amazon does just the opposite. It responds by twice naming MTM, and once specifically naming watches.

On this record, a jury could infer that users who are confused by the search results are confused as to why MTM products are not listed. There is a question of fact whether users who are confused by the search result will wonder whether a competitor has acquired MTM or is otherwise affiliated with or approved by MTM. See Brookfield Communications, 174 F.3d at 1057. This is especially true as to a brand like MTM, as many luxury brands with distinct marks are produced by manufacturers of lower-priced, better-known brands—just as Honda manufactures Acura automobiles but sells Acura automobiles under a distinct mark that is marketed to wealthier purchasers, and Timex manufactures watches for luxury fashion houses Versace and Salvatore Ferragamo. Like MTM, Luminox manufactures luxury watches, and a customer might think that MTM and Luminox are manufactured by the same parent company. The possibility of initial interest confusion here is likely much higher than if, for instance, a customer using an online grocery website typed “Coke” and only Pepsi products were returned as results. No shopper would think that Pepsi was simply a higher end version of Coke, or that Pepsi had acquired Coke’s secret recipe and started selling it under the Pepsi mark.

In any event, even as to expensive goods—for instance, pianos sold under a mark very similar to the famous Steinway and Sons brand’s mark—the issue is not that a buyer might buy a piano manufactured by someone other than Steinway thinking that it was a Steinway. The issue is that the defendant’s use of the mark would cause initial interest confusion by attracting potential customers’ attention to buy the infringing goods because of the trademark holder’s hard-won reputation. Brookfield, 174 F.3d at 1063 (citing Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 523 F.2d 1331, 1341–42 (2d Cir.1975)).

A jury could infer that the labeling of the search results, and Amazon’s failure to notify customers that it does not have results that match MTM’s mark, give rise to initial interest confusion. If so, a jury could find that Amazon customers searching for MTM products are subject to more than mere diversion, since MTM is not required to show that customers are likely to be confused at the point of sale. Playboy Enterprises, Inc. v. Netscape Communications Corp., 354 F.3d 1020, 1025 (9th Cir.2004).

Assuming arguendo that the majority properly found that Amazon’s search results are clearly labeled, the majority extends its factual determinations further by determining that in this case, clear labeling outweighs the other eight factors considered in trademark suits, factors that remain the law of this circuit: (1) strength of the mark(s); (2) proximity or relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels; (6) degree of consumer care; (7) the defendants’ intent; and (8) likelihood of expansion. Network Automation, 638 F.3d at 1145 (citing AMF v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir.1979)). To be sure, courts must be flexible in their application of the factors, as some may not apply in every case. Playboy, 354 F.3d at 1026. Here, for instance, the likelihood of expansion does not apply because both MTM and Amazon already sell luxury watches, so whether either is likely to expand its sales into the luxury watch market is not a question. However, where the Sleekcraft factors could tip in either direction, there is a jury question.
Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Management, Inc., 618 F.3d 1025, 1039 (9th Cir. 2010). Simply stating that the Sleekcraft factors do not favor the plaintiff, or don’t bear on the clarity of the labeling, does not resolve the underlying factual question.

Having exercised its own judgment to determine that this presentation is not confusing, the majority purports to consider the Sleekcraft factors, though the opinion essentially states that some of the factors are per se irrelevant—for instance, as to the Sleekcraft factor, “strength of the mark,” the majority assert that “under the circumstances of this case,” the factor is unimportant because “Amazon clearly labels the source of the products it offers for sale.” By reiterating the conclusion at which it had already arrived, the majority ignores the factor and the fact-intensive analysis it entails. A mark’s strength is a measure of how uniquely identified it is with a product or service, and therefore how deserving of trademark protection. Fortune Dynamic, 618 F.3d at 1032. “A mark’s conceptual strength depends largely on the obviousness of its connection to the good or service to which it refers. The less obvious the connection, the stronger the mark, and vice versa.” Id. at 1032. Conceptual strength is considered along a continuum, and in this circuit, marks may be classified as falling into one of five categories, from conceptually weak to conceptually strong: generic, descriptive, suggestive, arbitrary, or fanciful. Fortune Dynamic, 618 F.3d at 1033. Whether a mark is descriptive or suggestive is a question of fact. Id. at 1034. In an infringement suit, “the distinction [between a descriptive and suggestive mark] is important because if the mark is suggestive, there is a stronger likelihood that the ‘strength of the mark’ factor favors the [plaintiff].” Id. Here, the phrase “MTM Special Ops” requires “a mental leap from the mark to the product,” because the phrase does not expressly refer to watches. Fortune Dynamic, 618 F.3d at 1033. Indeed, by evoking elite military forces (“Special Ops”), the goods suggested by the phrase are as likely to be protective gear, binoculars, weapons, or boots as they are watches. A jury could find that the mark is suggestive and conceptually strong because it does not obviously refer to watches, or that it is merely descriptive because the watches are made in a military style. Either way, the weight of the evidence is a question of fact, and there is a genuine issue of fact as to the conceptual strength of the mark. As in Fortune Dynamic, “a jury should assess the conceptual strength of [plaintiff’s] mark in the first instance.” 618 F.3d at 1033. However, the majority simply brushes off the question as irrelevant “under the circumstances.” The circumstances surrounding the case are questions of fact, not law, and should be given to a jury to determine.

Similarly, the majority finds that Amazon’s intent weighs in favor of Amazon. A defendant’s intent is relevant because a “defendant’s intent to confuse constitutes probative evidence of likely confusion.” Playboy, 354 F.3d at 1029. MTM submitted evidence that Amazon vendors and customers had complained to Amazon because they did not understand why they received certain non-responsive search results when they searched for products that are not carried by Amazon. The evidence showed that Amazon employees did not take action to address the complaints by explaining to the public how its search function works. One Amazon employee noted that explaining BBS to

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4 Amazon’s search algorithm responds to its customers’ behavior using a Behavior Based Search (“BBS”) technology, which uses data about what customers view and purchase after searching certain terms. Amazon does not program the terms; the function responds solely to customer behavior. If enough customers search for a certain keyword, “X,” and then look at or purchase another product “Y,” even if X and Y are not obviously related, future customers who search for X may receive search results including Y. But the BBS function is not solely responsible for the search results. The results list also includes matches based on a search of terms on Amazon’s pages—for instance, streaming video of a show called Special Ops Mission may be called up. Whether a particular result appears because of BBS or a traditional search of matching terms is not evident from the matches, and the relevant products (which are based on search terms) and recommended products (based on BBS) are mingled together.
the public might draw customers’ and vendors’ unwanted scrutiny to the matter. Amazon did not disclose to shoppers that its search function responds to customer behavior.

As in Playboy, this evidence suggests, “at a minimum, that defendants do nothing to alleviate confusion ... Although not definitive, this factor provides some evidence of an intent to confuse on the part of defendants.” Playboy, 354 F.3d at 1029. From evidence that “Earth’s most customer-centric company” took no action on these complaints, a jury could infer that Amazon intended to confuse its customers.

The majority ignores this evidence on the basis of its conclusion that Amazon created a page with clearly labeled wares, and further concludes that Amazon must not have intended to confuse customers, or its page would not be clearly labeled. However, to conclude that there is no triable issue of fact, the majority may not overlook or ignore evidence to the contrary in the record, or assume that a jury would weigh evidence the same way that the panel does.

Finally, the majority repeatedly states that not only does Amazon clearly label its products, but there is no evidence of actual confusion. Assuming arguendo that there is no evidence from which a jury could infer actual confusion, the absence of actual confusion is not dispositive of whether there is a genuine issue of fact. Where evidence of actual confusion is submitted, it is “strong support for the likelihood of confusion.” Network Automation, 638 F.3d at 1151. But actual confusion “is not necessary to a finding of likelihood of confusion under the Lanham Act. Indeed, proving actual confusion is difficult and the courts have often discounted such evidence because it was unclear or insubstantial.” Id. A plaintiff need not show actual confusion to prevail.

Through its cursory review of the Sleekcraft factors and conclusory statements about clear labeling, the majority purports to apply this circuit’s trademark law, and ignores the doctrine of initial interest confusion. In so doing, the majority today writes new trademark law and blurs the line between innovation and infringement.

More troubling, the majority ignores the role of the jury. Summary judgment law is an aid to judicial economy, but it can be so only to the extent that it comports with the Seventh Amendment. Were we to reverse and remand, MTM might well lose. The likelihood of that outcome is irrelevant to the question whether there is a genuine issue of fact. I respectfully dissent.

Amazon submitted evidence that purports to show that no customers were confused, because customers who searched for “Luminox” were 21 times as likely to purchase a Luminox watch as were customers who searched for “MTM Special Ops.” It isn’t surprising that customers who search for an item (Luminox watches) are more likely to buy that item than customers who did not search for it but searched for another product (MTM watches). However, a jury might view this purported evidence of no actual confusion as flawed because a user researching watches might initially be confused about the availability of MTM watches online and so not purchase a Luminox the same day. Further, some users did search for “MTM Special Ops” and purchase a competitor’s watch the same day, which a jury could find probative of some confusion.
At p. 601, after note 9, add the following new case:

FORTRES GRAND CORP. v. WARNER BROS. ENT. INC.
763 F.3d 696 (7th Cir. 2014)

MANION, Circuit Judge:

I. Factual Background

Fortres Grand develops and sells a security software program known as “Clean Slate.” It also holds a federally registered trademark for use of that name to identify the source of “computer software used to protect public access computers by scouring the computer drive back to its original configuration upon reboot.” Trademark Reg. No. 2,514,853. As the description in the trademark registrations suggests, the program wipes away any user changes to a shared computer (wiping the slate clean, so to speak). It is the kind of program that might be used at schools, libraries, hotels, etc., to keep public computers functioning properly and free of private data. Because a desktop management program is security software, its single most important characteristic is its trustworthiness. Fortres Grand had been able to establish its Clean Slate software in the marketplace as a trustworthy program.

In July 2012, Warner Bros. released The Dark Knight Rises, the third and final installment in a film depiction of the comic book hero Batman. The film was an immense commercial success. In the film, Batman and his allies battle a shadowy organization hell-bent on the destruction of Gotham City, Batman’s home town. One of Batman’s allies, the antihero Selina Kyle (Catwoman), begins the story as an unwitting pawn of the shadowy organization. In exchange for her unique services as a cat burglar, the organization agrees to give her a software program known as “the clean slate,” which was developed by “Rykin Data Corporation” and enables an individual to erase all traces of her criminal past from every database on earth so that she may lead a normal life (that is, to wipe her slate clean). But after Kyle completes her task, she is betrayed and told that the program, “the clean slate,” does not exist. When she becomes aware of the extent of the shadowy organization’s plans—to detonate a nuclear device in Gotham City—she aids Batman in neutralizing the threat. Near the climax of the movie, the destruction of the city appears imminent. But Batman assembles a team, including Selina Kyle, to try to save the city. Batman’s alter ego—the billionaire, industrialist, and philanthropist Bruce Wayne—had secretly acquired and hid the clean slate program. Batman gives “the clean slate” program to Selina Kyle in exchange for her aid. After rendering the agreed aid and obtaining the means to a clean slate and escape, she nonetheless stays to continue combating the nuclear threat. (“Spoiler Alert”) Batman and his allies are able to save Gotham City and, in the closing scene of the movie, we see that Selina Kyle has apparently used the program to erase her criminal past and that she is
leading a “normal” life with Bruce Wayne (to the extent dining at a Florentine café with the billionaire alter ego of the Caped Crusader is normal).

Additionally, as part of the marketing of the movie, two websites were created purporting to be affiliated with the fictional Rykin Data Corporation. The websites contained descriptions of the clean slate hacking tool and its operation and an image of a fictional patent. Nothing was available for purchase or download from the websites—they were purely an informational extension of the fictional Gotham City universe.

After the film was released, Fortres Grand noticed a significant decline in sales of its Clean Slate software. It believes that this decline in sales was due to potential customers mistakenly believing that its Clean Slate software is illicit or phony on account of Warner Bros.’ use of the name “the clean slate” in *The Dark Knight Rises*. Accordingly, Fortres Grand filed suit alleging that Warner Bros.’ use of the words “clean slate” in reference to the software in its movie infringed Fortres Grand’s trademark in violation of Lanham Act §§ 32, 43 (codified at 15 U.S.C. §§ 1114, 1125 respectively), and Indiana unfair competition law. But, on Warner Bros.’ motion, the district court dismissed Fortres Grand’s complaint under Rule 12(b)(6) for failing to state a claim. The district court concluded that Fortres Grand had not alleged a plausible theory of consumer confusion, upon which all of its claims depend, and that Warner Bros.’ use of the words “the clean slate” was protected by the First Amendment. Fortres Grand appeals.

II. Discussion


All three of Fortres Grand’s claims depend on plausibly alleging that Warner Bros.’ use of the words “clean slate” is “likely to cause confusion.” [cit.] But general confusion “in the air” is not actionable. Rather, only confusion about “origin, sponsorship, or approval of ... goods” supports a trademark claim. 15 U.S.C. § 1125; see also 4 *McCarthy on Trademarks and Unfair Competition* § 24:6 (4th ed.) (describing the various semantic formulations of the actionable objects of confusion, which are the same under §§ 1114 and 1125); *Custom Vehicles, Inc. v. Forest River, Inc.*, 476 F.3d 481, 484 (7th Cir.2007) (using the phrase “emanates from, is connected to, or is sponsored by” partially drawn from “affiliation, connection, or association” in § 1125 to communicate the same concept). Further, “goods” means “the tangible product sold in the marketplace.” ‘ *Eastland Music*, 707 F.3d 869, 872 (quoting *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 31 (2003)). For convenience, we generally use the word “origin” as shorthand for “origin, sponsorship, or approval.”
In a traditional trademark action, the confusion of origin is mistaking a junior user’s product as originating from a senior user. ("Senior user" meaning the first, and protected, user of the mark and “junior” user meaning a later, and potentially infringing, user of the mark.) Initially, Fortres Grand argued that consumers could be confused into thinking that the movie was sponsored by Fortres Grand by virtue of the appearance of “clean slate” software. It has since abandoned those arguments on appeal.

Instead, Fortres Grand argues that it has stated a claim via “reverse confusion,” a theory that we have recognized. See Peaceable Planet, Inc. v. Ty, Inc., 362 F.3d 986, 987 (7th Cir.2004) (citing Sands, Taylor & Wood Co. v. Quaker Oats Co., 978 F.2d 947, 957–58 (7th Cir.1992)); see also 4 McCarthy §§ 23:10, 25:6 n.1 (distinguishing between “reverse passing off” and “reverse confusion”). In reverse confusion, the senior user’s products are mistaken as originating from (or being affiliated with or sponsored by) the junior user. This situation often occurs when the junior user is a well-known brand which can quickly swamp the marketplace and overwhelm a small senior user. Quaker Oats Co., 978 F.2d at 950 (junior user was the manufacturer of Gatorade); see also 4 McCarthy § 23:10 (discussing examples of reverse confusion cases against junior users like Goodyear, Maytag, and Mattel). The harm from this kind of confusion is that “the senior user loses the value of the trademark—its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets.” Quaker Oats, 978 F.2d at 957. To state a claim for infringement based on reverse confusion, Fortres Grand must plausibly allege that Warner Bros.’ use of the words “clean slate” in its movie to describe an elusive hacking program that can eliminate information from any and every database on earth has caused a likelihood that consumers will be confused into thinking that Fortres Grand’s Clean Slate software “emanates from, is connected to, or is sponsored by [Warner Bros.]” [cit.]

In considering the plausibility of such an allegation of confusion we look to the applicable test for likelihood of confusion. In this circuit, we employ a seven-factor test:

1. the degree of similarity between the marks in appearance and suggestion; 2. the similarity of the products for which the name is used; 3. the area and manner of concurrent use; 4. the degree of care likely to be exercised by consumers; 5. the strength [or “distinctiveness”] of the complainant’s mark; 6. actual confusion; and 7. an intent on the part of the alleged infringer to palm off his products as those of another.

McGraw–Edison Co. v. Walt Disney Prods., 787 F.2d 1163, 1167–68 (7th Cir.1986) (quoting Helene Curtis Indus., Inc. v. Church & Dwight Co., Inc., 560 F.2d 1325, 1330 (7th Cir.1977)). The district court relied heavily on the “similarity of the products” factor in its conclusion that Fortres Grand failed to state a claim, concluding that Fortres Grand’s software and Warner Bros.’ movie were so dissimilar that confusion was implausible. See

7 However, the seventh factor is irrelevant in a reverse confusion analysis because the junior user is not trying to profit from the senior user’s brand. Quaker Oats, 978 F.2d at 961.
Fortres Grand, 947 F.Supp.2d at 928–29. Fortres Grand argues on appeal that it was error for the district court to rely so heavily on one factor, and that the proper product to compare to its software is the fictional software in the movie made by the fictional Rykin Data Corporation. There is little authority on how to treat the “similarity of the products” factor when one of them is fictional, see Fortres Grand, 947 F.Supp.2d at 924 (citing 6 McCarthy § 31:149), but what few cases have confronted the issue have considered the likelihood of confusion between the senior user’s product and the junior user’s creative work—not any fictional product therein. See Davis v. Walt Disney Co., 430 F.3d 901, 904 (8th Cir.2005) (comparing senior user’s products and services with Disney’s movie—not the fictional product in the movie bearing a mark similar to the senior user’s); Ocean Bio-Chem, Inc. v. Turner Network Television, Inc., 741 F.Supp. 1546, 1557(S.D.Fla.1990) (similarly comparing the senior user’s product to Turner’s movie rather than the fictional product contained therein). This approach makes sense in light of the Supreme Court’s emphasis on confusion about the origin, sponsorship, or approval of “the tangible product sold in the marketplace.” Dastar, 539 U.S. at 31. In fact, in forward confusion cases where the allegedly infringing use is in a junior user’s movie, the Supreme Court’s interpretation of “goods” in § 1125 likely compels lower courts to look to the movie, since it is the junior user’s only tangible product in the marketplace about which consumers could be confused. In reverse confusion based on a junior user’s movie, however, it is not so cut-and-dried. Because the confusion is about the origin, sponsorship, or approval of the senior user’s product, which is tangible, there is no clear command that we compare that product (the software) to Warner Bros.’ tangible product (its movie) when considering the factor.8 Regardless, because the infringing act is the junior user’s use of the mark “in connection with any goods,” 15 U.S.C. § 1125, we think the word “goods” must mean the same thing there (tangible goods) that it means in the later clause, and so we conclude that Warner Bros.’ movie—its tangible good—is the correct comparator product, even while using the product-similarity factor to analyze reverse confusion. For the purposes of Rule 12(b)(6), we also consider the Rykin Data websites as advertisements for its tangible good, the movie.

But that does not end the product comparison question. While movies and desktop management software are dissimilar products, “[t]he fact that the products at issue may be ‘very different’ is not dispositive of the issue of the similarity of the products in determining the existence of a likelihood of confusion between products. The question is ‘whether the products are the kind the public attributes to a single source.’” McGraw–Edison, 787 F.2d at 1169 (quoting E. Remy Martin & Co., S.A. v. Shaw–Ross Int’l Imports, Inc., 756 F.2d 1525, 1530 (11th Cir.1985)). Infringement can occur if the trademarks are used on “goods related in the minds of consumers in the sense that a single producer is likely to put out both goods.” Id.

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8 We assume the Supreme Court would view a downloaded file from a website as the tangible product sold by Fortres Grand in this context, even though it is not literally tangible. We think, in general, the relevant question of source in the context of a download is which entity is responsible for the file hosted on the server which is downloaded by the consumer.
In McGraw–Edison, we held there was sufficient evidence to raise a question of fact about “whether the products are the kind the public attributes to a single source” where the evidence showed that McGraw–Edison (the senior user) made electrical fuses bearing the “TRON” mark and that Disney (the allegedly infringing junior user) had made videogames, toys, and had licensed telephones bearing the “TRON” mark (styled after its TRON movie). Id. In McGraw–Edison, the infringing mark was used on Disney’s merchandise for the TRON movie. We held that “utilitarian electrical products” could be confused as originating from the same source as “entertainment-based” products powered by electricity when both are labeled “TRON.” Id. It is also plausible that entertainment-based products could be confused as being affiliated with (by means of licensing) the same source as a movie.

The problem here is that Fortres Grand wants to allege confusion regarding the source of a utilitarian desktop management software based solely on the use of a mark in a movie and two advertising websites. Warner Bros., unlike Disney, does not sell any movie merchandise similar to Fortres Grand’s software which also bears the allegedly infringing mark. Fortres Grand mentions that Warner Bros. sells video games. Desktop management software and video game software may be similar enough to make confusion plausible, but Fortres Grand does not allege that the video games bear the “clean slate” mark. Nor does Fortres Grand allege that desktop management software is a commonly merchandised movie tie-in (as a video game might be). Accordingly, the only products available to compare—Fortres Grand’s software and Warner Bros.’ movie—are quite dissimilar, even considering common merchandising practice. Fortres Grand has alleged no facts that would make it plausible that a super-hero movie and desktop management software are “goods related in the minds of consumers in the sense that a single producer is likely to put out both goods.”

Fortres Grand emphasizes that we have clearly stated that courts should not rely on the weakness of a single factor to dispose of a trademark infringement claim. AHP Subsidiary Holding Co. v. Stuart Hale Co., 1 F.3d 611, 616 (7th Cir.1993) (“None of the seven confusion factors alone is dispositive in a likelihood of confusion analysis.”). But its allegation of reverse confusion is just as implausible in light of the other factors. Both the movie and Fortres Grand’s software are available on the internet, but the movie was shown first and primarily in theaters and Fortres Grand’s software is only available at its website, not at other places on the internet. And anyone who arrives at Fortres Grand’s website is very unlikely to imagine it is sponsored by Warner Bros. (assuming, safely, that Fortres Grand is not using Catwoman as a spokesperson for its program’s efficacy). See FORTRESGRAND.COM, Clean Slate 7, http://www.fortresgrand.com/products/cls/cl.htm. And the movie websites, while on the internet, sell no products and are clearly tied to the fictional universe of Batman. Further, Warner Bros.’ use of the mark is not a traditional use in the marketplace, but in the dialogue of its movie and in extensions of its fictional universe, so the “the area and manner of concurrent use” also makes confusion unlikely. Fortres Grand also asserts that consumers of “security software,” similar to what it sells, are discerning and “skeptical,” which is indicative of a “degree of care likely to be exercised by consumers” making confusion unlikely. Additionally, the mark “clean slate” is just one variation of a phrase (pinakis
agraphos in Greek (often translated “unwritten tablet”) or tabula rasa in Latin (often translated “blank slate” or “scrapped tablet”) that traces its origins at least as far back as Aristotle and is often used to describe fresh starts or beginnings. While the use of the term may be suggestive for security software, its use descriptively (and suggestively) is quite broad, including in reference to giving convicted criminals fresh starts, to redesigning the internet, or, indeed, to a movie about an investigator with amnesia. Accordingly, Warner Bros.’ descriptive use of the words “clean slate” in the movie’s dialogue to describe a program that cleans a criminal’s slate is unlikely to cause confusion. See Quaker Oats Co., 978 F.2d at 959 (7th Cir.1992) (“In a reverse confusion case, then, it may make more sense to consider the strength of the mark in terms of its association with the junior user’s goods.” (emphasis added)).

Finally, Fortres Grand speculates that there must have been actual confusion because of “internet chatter” and “web pages, tweets, and blog posts in which potential consumers question whether the CLEAN SLATE program, as it exists in The Dark Knight Rises, is real and could potentially work.”12 But this is not an allegation of actual confusion. This is an assertion that consumers are speculating that there really could be a hacking tool that allows a user to erase information about herself from every database on earth. Id. At best Fortres Grand’s argument is that consumers are mistakenly thinking that its software may be such a hacking tool (or an attempt at such a hacking tool), and not buying it. But this is not reverse confusion about origin. Whoever these unusually gullible hypothetical consumers are, Fortres Grand has not and could not plausibly allege that consumers are confused into thinking Fortres Grand is selling such a diabolical hacking tool licensed by Warner Bros. Fortres Grand’s real complaint is that Warner Bros.’ use of the words “clean slate” has tarnished Fortres Grand’s “clean slate” mark by associating it with illicit software. But this type of harm may only be remedied with a dilution claim. See 15 U.S.C. § 1125(c). And it would not be appropriate to use a contorted and broadened combination of the “reverse confusion” and “related products” doctrines to extend dilution protection to non-famous marks which are explicitly excluded from such protection by statute. Id. (“the owner of a famous mark ... shall be entitled to an injunction against another person who ... commences use of a mark ... that is likely to cause ... dilution by tarnishment of the famous mark” (emphasis added)).

12 Fortres Grand also argues that its drop in sales means there must have been confusion. But that is a thin reed to lean on. Fortres Grand alleges that, as a result of the movie, “[o]nline searches for CLEAN SLATE now return hundreds of results relating to the CLEAN SLATE program from The Dark Knight Rises,” and that it has had to expend money on “corrective advertising.” Far from implying confusion, these allegations merely logically connect Fortres Grand’s loss of sales with its website showing up lower in search results. See, e.g., CHITIKA.COM, The Value of Google Result Positioning, http://chitika.com/googlepositioning-value (showing that the ten results on the first page of Google’s search results for a particular term get 91.5% of the traffic). And proof that internet searchers are more interested in exploring the feasibility of a fictional hacking tool than in Fortres Grand’s desktop management software is not proof that they are confused about the source of Fortres Grand’s software.
In fact, the only factor to which Fortres Grand’s allegations lend any strength is the similarity of the marks—both marks are merely “clean slate” or “the clean slate.” But juxtaposed against the weakness of all the other factors, this similarity is not enough. Trademark law protects the source-denoting function of words used in conjunction with goods and services in the marketplace, not the words themselves. *Anti–Monopoly, Inc. v. Gen. Mills Fun Grp.*, 611 F.2d 296, 301 (9th Cir.1979) (“It is the source-denoting function which trademark laws protect, and nothing more.”). Assuming all Fortres Grand’s other allegations are true, its reverse confusion allegation—that consumers may mistakenly think Warner Bros. is the source of Fortres Grand’s software—is still “too implausible to support costly litigation.” *Eastland Music*, 707 F.3d at 871. Accordingly, we need not—and do not—reach Warner Bros.’ argument that its descriptive use of the words “clean slate” in the dialogue of its movie is shielded by the First Amendment. *Eastland Music*, 707 F.3d at 871 (“It is unnecessary to consider possible constitutional defenses to trademark enforcement, ... [when the] complaint fails at the threshold.”).

[Affirmed.]
NON-CONFUSION-BASED TRADEMARK LIABILITY THEORIES

At. p. 649, delete the Starbucks opinion insert the following new opinion:

STARBUCKS CORP. v. WOLFE’S BOROUGH COFFEE, INC.
736 F.3d 198 (2d Cir. 2013)

LOHIER, Circuit Judge:

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BACKGROUND

We assume familiarity with the underlying facts and long procedural history of the case, which are set forth in our previous opinions, Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 477 F.3d 765 (2d Cir.2007) (“Starbucks II”), and Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 588 F.3d 97 (2d Cir.2009) (“Starbucks IV”). We recount them here only as necessary to explain our disposition of this appeal.

As of 2005, when the bench trial occurred, Starbucks had grown from a single coffee shop in Seattle in 1971 to a singularly prominent global purveyor of specialty coffee and coffee products, with 8,700 retail locations worldwide and revenues of $5.3 billion for fiscal year 2004. Starbucks U.S. Brands is the owner, and Starbucks Corporation a licensee, of at least 56 valid United States trademark registrations that include the Starbucks Marks. The Starbucks Marks are displayed on signs and at multiple locations in each Starbucks store, as well as on the Starbucks website.

Starbucks has devoted substantial time, effort, and money to advertising and promoting the Starbucks Marks. From fiscal year 2000 to 2003, Starbucks spent over $136 million on advertising, promotion, and related marketing activities, essentially all of which featured the Starbucks Marks. Starbucks actively polices the Starbucks Marks, demanding that infringing uses be terminated and, where necessary, commencing litigation. Well before Black Bear
used the term “Charbucks” as part of any product name, the Starbucks Marks were “famous” within the meaning of the FTDA.

Black Bear manufactures and sells roasted coffee beans and related goods via mail and internet order, at a limited number of New England supermarkets, and at a single New Hampshire retail outlet. In 1997 Black Bear developed a coffee blend named “Charbucks Blend”; it now sells a dark-roast coffee called “Mister Charbucks” or “Mr. Charbucks.” When Black Bear began manufacturing coffee using the Charbucks Marks, it was aware of the Starbucks Marks. One of the reasons Black Bear used the term “Charbucks” was the public perception that Starbucks roasted its beans unusually darkly. Soon after Black Bear began to sell Charbucks Blend, Starbucks demanded that it cease using the Charbucks Marks. Black Bear nevertheless continued to sell coffee under the Charbucks Marks, and in 2001 Starbucks started this action claiming, among other things, trademark dilution in violation of 15 U.S.C. §§ 1125(c), 1127.3

The District Court held a two-day bench trial in March 2005. At trial, two matters of significance to this appeal occurred. First, Black Bear’s founder, James O. Clark III, testified that the name “Charbucks” had previously been used during “the coffee wars in Boston between Starbucks and the Coffee Connection,” a Boston-based company.4 Second, Starbucks introduced the testimony of Warren J. Mitofsky, a scientist in the field of consumer research and polling. Mitofsky explained the results of a telephone survey he had conducted of six hundred participants, designed to be representative of the United States population. The survey found that when asked, “What is the first thing that comes to your mind when you hear the name ‘Charbucks,’ spelled C–H–A–R–B–U–C–K–S?,” 30.5 percent of participants answered “Starbucks,” while 9 percent answered “coffee.”5 When the participants were asked, “Can you name any company or store that you think might offer a product called ‘Charbucks’?,” 3.1 percent responded “Starbucks,” and another 1.3 percent responded “coffee house.”6 Mitofsky concluded that “[t]he number one association of the name ‘Charbucks’ in the minds of consumers is with the brand ‘Starbucks.’ ” Commenting on the scope of his survey, Mitofsky also stated: “[I]f you want to know the reaction to the name Charbucks, then the telephone is perfectly adequate. If you want to measure the reaction or the familiarity with other visual cues, then it’s not the right method.”

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3 Starbucks also asserted claims of [trademark infringement and unfair competition under the Lanham Act and related state law causes of action, all of which were dismissed during the course of the suit.]


5 Other common responses included “barbeque” or “charcoal” (7.9 percent); “restaurant” or “grill” (7.5 percent); “meat,” “steak,” or “hamburger” (4.6 percent); and “money” (3.9 percent).

6 More popular responses to this second question included: “grocery store” (18.3 percent); “discount store” (16.9 percent); “restaurant” (7.0 percent); “department store” (4.8 percent); and “hardware store” or “home improvement store” (3.7 percent).

Starbucks appealed. While the appeal was pending, Congress passed the Trademark Dilution Revision Act of 2006 ("TDRA"). In light of this change in the governing law, we vacated the judgment of the District Court and remanded for further proceedings. Starbucks II, 477 F.3d at 766.

On remand, after further briefing, the District Court again ruled in Black Bear's favor for substantially the same reasons set forth in its earlier opinion, but it also analyzed the federal dilution claim in light of the TDRA. See Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 559 F.Supp.2d 472, 475–79 (S.D.N.Y.2008) ("Starbucks III"). In particular, the District Court considered the six non-exclusive factors listed in the statute and made the following findings: (1) the marks were minimally similar, which the court deemed alone sufficient to defeat Starbucks' claim; (2) (a) the distinctiveness of the Starbucks Marks, (b) the exclusivity of their use by Starbucks, and (c) their high degree of recognition, all weighed in favor of Starbucks; (3) the intent factor weighed in Black Bear's favor because Black Bear's intent to create an association with the Starbucks Marks did not constitute bad faith; and (4) evidence from Mitofsky's survey was "insufficient to make the actual confusion factor weigh in [Starbucks'] favor to any significant degree." Balancing all six factors, the District Court held that the record was "insufficient to demonstrate the requisite likelihood that the association arising from the similarity of the core terms is likely to impair the distinctiveness of Starbucks' mark, and Plaintiff is not entitled to injunctive relief under that statute."

Starbucks appealed again, arguing that the District Court erred in finding that the Charbucks Marks are not likely to dilute the Starbucks Marks. In Starbucks IV, we examined the District Court's findings as to the first, fifth, and sixth factors, as well as its balancing of the statutory factors that bear on the likelihood of dilution by blurring. We held that "the District Court did not clearly err in finding that the Charbucks Marks were minimally similar to the Starbucks Marks," because the context of the Charbucks Marks (on Black Bear's packaging, on its website, and in the phrases "Charbucks Blend" and "Mister Charbucks") differentiated them from the famous marks. We concluded, however, that "the District Court erred to the extent it required 'substantial' similarity between the marks," and we suggested that the District Court had overemphasized the similarity factor. In particular, we stated that the inclusion of "the degree of similarity" as only one of six factors in the revised statute indicates that even a low degree of similarity would not categorically bar a dilution-by-blurring claim.

Turning to the fifth and sixth factors—intent to associate and actual association—we held that the District Court had erred by requiring "bad faith" to find that the intent to associate factor favored Starbucks. Noting the survey results, which demonstrated some degree of association between "Charbucks" and "Starbucks," we also held that the District Court erred
by relying on evidence supporting the absence of “actual confusion” to conclude that the actual association factor did not weigh in Starbucks' favor “to any significant degree.” The absence of actual or likely confusion, we reasoned, does not bear directly on whether dilution is likely.

Emphasizing that the analysis of a dilution by blurring claim must ultimately focus on whether an association, arising from the similarity between the subject marks, ‘impairs the distinctiveness of the famous mark,’ we vacated the judgment of the District Court and remanded for reconsideration of the claim in light of our discussions of the first, fifth, and sixth statutory factors.

In its opinion and order following that remand, see Starbucks Corp. v. Wolfe's Borough Coffee, Inc., No. 01 Civ. 5981, 2011 WL 6747431 (S.D.N.Y. Dec. 23, 2011)(“Starbucks V”), the District Court recognized that the second through fifth statutory factors favored Starbucks. But the court again found that the first factor (the similarity of the marks) favored Black Bear because the marks were only minimally similar when presented in commerce—that is, when the Charbucks Marks are viewed on the packaging, which includes the phrases “Charbucks Blend” or “Mister Charbucks.”

As for the sixth factor (actual association), the District Court acknowledged that the results of the Mitofsky survey “constitute evidence of actual association,” but it then significantly discounted those results on the ground that the survey inquired into associations only with the isolated word “Charbucks” and failed to present the Charbucks Marks in full context. The court also compared the survey results in this case with those in other cases. Here, it noted, only 30.5 percent of respondents associated “Charbucks” with “Starbucks,” while in other trade dilution cases 70 percent to 90 percent of survey respondents associated the relevant marks. The District Court also compared the 3.1 percent of respondents who thought a product called “Charbucks” would be made by Starbucks to the 28 percent of respondents who made a similar origin association in a Ninth Circuit trademark dilution case. (citing Jada Toys, Inc. v. Mattel, Inc., 518 F.3d 628, 636 (9th Cir.2008)). With the benefit of these comparisons, the District Court found that the actual association factor weighs “no more than minimally” in Starbucks' favor.

In evaluating the likelihood of dilution, the District Court emphasized the “association” and “similarity” factors. Citing the TDRA’s definition of dilution by blurring as “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark,” the District Court explained that “[t]he statutory language leaves no doubt” that these two factors are “obviously important.” After balancing all six factors, the District Court held that Starbucks had failed to meet its burden of showing that it was entitled to injunctive relief:

[T]he Charbucks marks are only weakly associated with the minimally similar Starbucks marks and, thus, are not likely to impair the distinctiveness of the famous Starbucks marks. In other words, [Starbucks] has failed to carry its burden
of proving that [Black Bear's] use of its marks, as evidenced on the record before the Court, is likely to cause dilution by blurring.

[cit.]

On appeal, Starbucks challenges both the factual findings of minimal similarity and weak association and the conclusion that it failed to demonstrate a likelihood of dilution.

DISCUSSION

A. History of Federal Trademark Dilution Law

[Omitted.]

B. Standard of Review

After a bench trial on a claim for trademark dilution by blurring, where the district court evaluates and balances the factors listed in the TDRA, we review the court's determinations as to each factor for clear error and its balancing of those factors de novo. See [Tiffany (NJ) Inc. v. eBay Inc., 600 F.3d 93,101 (2d Cir. 2010)]; Starbucks IV, 588 F.3d at 105. Accordingly, the District Court's factual findings regarding each factor bearing on the likelihood of trademark dilution by blurring will not be disturbed unless "on the entire evidence [we are] left with the definite and firm conviction that a mistake has been committed," [cit.] while the balancing of those factors to determine the likelihood of dilution is a legal exercise subject to de novo review. To determine how to conduct the balancing, we look first to the language of the statute. [cit.]

We previously have declined to treat the factors pertinent to a trademark dilution analysis as an inflexible, mechanical test, suggesting instead that the importance of each factor will vary with the facts. Nabisco, Inc. v. PF Brands, Inc.,191 F.3d 208, 227–28 (2d Cir.1999), abrogated on other grounds by Moseley, 537 U.S. at 433. Accordingly, we need not consider all six statutory factors listed in 15 U.S.C. §§ 1125(c)(2)(B)(i)-(vi) if some are irrelevant to the ultimate question; nor are we limited to those six factors. See Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 266 (4th Cir.2007) (“Not every factor will be relevant in every case, and not every blurring claim will require extensive discussion of the factors.”). Instead, we employ a “cautious and gradual approach,” which favors the development of a nonexclusive list of trademark dilution factors over time. Nabisco, 191 F.3d at 217.

C. Factual Findings: The Statutory Factors

We employ the same standard here that we use in the context of trademark infringement. . . .The statutory factors enumerated in § 1125(c)(2)(B) are similar in kind to the [likelihood of confusion] factors. For example, both lists include the “similarity between” the two marks; “strength” of the mark in [the likelihood of confusion factors test] is akin to “distinctiveness” in § 1125; and “actual confusion” in [the likelihood of confusion factors test] mirrors “actual association” in § 1125.
On appeal, Starbucks challenges two of the District Court’s findings: (1) that there is only a minimal degree of similarity between the Starbucks Marks and the Charbucks Marks; and (2) that Starbucks demonstrated only a weak association between the marks. The District Court did not clearly err with regard to either finding.

1. Degree of Similarity

In *Starbucks IV* we held that “[w]ith respect to the first factor—the degree of similarity between the marks—the District Court did not clearly err in finding that the Charbucks Marks were minimally similar to the Starbucks Marks.” We highlighted the difference between the Starbucks Marks and Charbucks Marks when the latter are placed in the context of Black Bear’s packaging and the word “Charbucks” is incorporated into the phrases “Charbucks Blend” and “Mister Charbucks.” “The law of the case ordinarily forecloses relitigation of issues expressly or impliedly decided by the appellate court.” [cit.] Although not binding, the doctrine “counsels a court against revisiting its prior rulings in subsequent stages of the same case absent ‘cogent’ and ‘compelling’ reasons such as ‘an intervening change of controlling law, the availability of new evidence, or the need to correct a clear error or prevent manifest injustice.’” [cit.] Starbucks advances no compelling reason for us to revisit our ruling on the issue of similarity. It urges that the holding in *Starbucks IV* applied only to our “likelihood of confusion” analysis, and that the District Court erred by considering the contexts in which consumers encounter the Charbucks Marks. We reject such a crabbed view of the holding and adhere to our prior ruling that the District Court did not clearly err in finding minimal similarity.

2. Actual Association

Starbucks next contends that the District Court’s finding that actual association “weighs no more than minimally” in Starbucks’ favor, was error for two reasons. First, Starbucks argues, Black Bear’s admitted intent to create an association—the fifth statutory factor—raises a “presumption of association,” or at least is strong evidence of actual association—the sixth statutory factor. Second, it argues that the District Court improperly discounted the Mitofsky survey evidence, which, in Starbucks’ view, proves a high degree of actual association. We reject both arguments.

a. Intent to Create an Association

As an initial matter, an intent to create an association is a separate factor under the TDRA and does not constitute *per se* evidence that the actual association factor weighs in favor of the owner of the famous mark. In support of its argument to the contrary, Starbucks quotes McCarthy’s treatise, which states, “If the junior [user] intended to create an association, the law may assume that it succeeded.” McCarthy § 24:119. Starbucks similarly relies on *Federal Express Corp. v. Federal Espresso, Inc.*, 201 F.3d 168 (2d Cir.2000), a dilution case in which we stated that the trier of fact “may well find that the marks are of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior, especially in light of the testimony of [Federal Espresso’s founder] that she
chose the name Federal Espresso, in part, precisely because it would call to mind Federal Express.” \textit{Id.} at 177 (quotation marks omitted).

Both Federal Espresso and McCarthy’s treatise acknowledge the importance of the intent factor in determining likelihood of dilution. This makes sense, as district courts must evaluate whether a junior mark is “likely to cause” “association arising from the similarity” between the marks “that impairs the distinctiveness of the famous mark,” 15 U.S.C. §§ 1125(c)(1), (c)(2)(B), and the intent to associate may bear directly on the likelihood that the junior mark will cause such an association.

That said, “we interpret statutes to give effect, if possible, to every clause and word and to avoid statutory interpretations that render provisions superfluous.” [cit.] Adopting Starbucks’ presumption argument would effectively merge the intent to associate and the actual association factors, by making the former determinative of the latter, rather than treating them as distinct but related considerations. We therefore conclude that the District Court did not clearly err in finding that Clark's testimony concerning the origin of the Charbucks Marks was not an “admission” of actual association and that his intentions were not definitive proof of an actual association between the marks.

b. Mitofsky Survey

Nor did the District Court err when it discounted the Mitofsky survey evidence because the survey measured only how respondents reacted to the isolated word “Charbucks,” rather than to the Charbucks Marks in context, and because the share of respondents who indicated an association between the marks was “relatively small.” We arrive at this conclusion for two reasons.

First, it coheres with our decision in \textit{Starbucks IV}, in which we discerned no clear error in the District Court's consideration of context—including the addition of “Mister” or “Blend” to “Charbucks” and Black Bear's packaging—in assessing the marks' similarity, as consumers are likely to experience the product only in the context of those full phrases and Black Bear's packaging or website. \textit{Starbucks IV}, 588 F.3d at 106. In our analysis of Starbucks' infringement claim, we similarly determined that the District Court did not clearly err when it found (1) that the survey failed to demonstrate significant actual confusion, “[p]articularly in light of the fact that the survey was administered by telephone and did not present the term 'Charbucks' in the context in which Black Bear used it,” and (2) that the survey should have examined the effects of “a hypothetical coffee named either 'Mister Charbucks' or 'Charbucks Blend'” on the respondents' impressions of Starbucks coffee as a measure of dilution by tarnishment.

Second, our conclusion also comports with our prior precedents and other cases unrelated to Starbucks. In \textit{Playtex Products, Inc. v. Georgia-Pacific Corp.}, 390 F.3d 158 (2d Cir.2004), a case interpreting the pre-revision FTDA, we held that the results of a consumer
survey showing an association between the marks “Moist–Ones” and “Wet Ones” were inadmissible as evidence of actual dilution because the defendant's product was “presented and packaged” as “Quilted Northern Moist–Ones.” Id. at 168 (emphasis added). District courts within our Circuit have applied the same reasoning in evaluating surveys in the infringement context. [cit.] In the dilution context, the language of the FTDA, which requires a plaintiff to show the defendant’s “use of a mark ... in commerce that is likely to cause dilution by blurring ...,” 15 U.S.C. § 1125(e)(1) (emphasis added), clarifies that the way the defendant's mark is used in commerce is central to the dilution inquiry. As in Playtex, the District Court was within its rights to conclude that the Mitofsky survey had limited probative value because the defendant's marks were not presented to survey respondents as they are actually “presented and packaged” in commerce.

Citing our decision in Nabisco, Starbucks nevertheless argues that consumers are likely to hear and view the term “Charbucks” outside the context of Black Bear’s packaging and without the full phrases “Mister Charbucks” and “Charbucks Blend.” Nabisco, 191 F.3d at 218 (rejecting an argument under the pre-revision FTDA that packaging made two marks dissimilar, because many consumers would see the marks outside of the packaging). But Starbucks presented no record evidence that “Charbucks” is ever read or heard in isolation,13 and in the absence of such evidence, we are not persuaded by the argument. To the contrary, as we noted in Starbucks IV, “it is unlikely that ‘Charbucks’ will appear to consumers outside the context of its normal use,” and “it was not clearly erroneous for the District Court to find that the ‘Mister’ prefix or ‘Blend’ suffix lessened the similarity between the [marks].”

Starbucks also challenges the District Court's finding that the association between “Charbucks” and Starbucks was “relatively small.” It contends that the Mitofsky survey in fact provided evidence of substantial actual association. We disagree.

It is true that in response to Mitofsky’s question most probative of actual association—“What is the FIRST THING that comes to your mind when you hear the name ‘Charbucks,’ spelled C–H–A–R–B–U–C–K–S?”—30.5 percent of respondents said “Starbucks,” and 9 percent said “coffee.” Both of these responses suggest an association between “Charbucks” and the Starbucks Marks. In Jada Toys, 518 F.3d at 636, for example, the Ninth Circuit held that a survey demonstrated actual association because it showed that 28 percent of respondents thought Jada's product was made by Mattel when asked who they thought produced the item. Here, however, the equivalent question in Mitofsky’s survey was: “Can you name any company or store that you think might offer a product called ‘Charbucks’?”14 In response to that question concerning source on the Mitofsky survey,

13 Although the name “Mr. Charbucks” is presented in plain text on at least one page of Black Bear’s website, all other record uses of the Charbucks Marks situate them in Black Bear’s distinct color scheme, font, and layout.
14 Both that question and the question discussed in Jada Toys test not merely association but also source confusion. Source confusion may be probative of association, because to confuse Charbucks
however, only 3.1 percent of respondents answered “Starbucks” and 1.3 percent answered “coffee house.” These percentages are far below that for the equivalent question in Jada Toys and fail to demonstrate anything more than minimal actual association.\(^5\)

Ultimately, on this factor, we consider only whether the District Court clearly erred when it found that the Mitofsky survey tilts the “actual association” factor “no more than minimally in [Starbucks’] favor.” Had the Mitofsky survey presented the Charbucks Marks as they appear in commerce, we might well conclude that the District Court erred. But the word “Charbucks” was presented outside of its marketplace context, and Starbucks, which bears the burden of proof, see Jada Toys, 518 F.3d at 634, failed to show that this flaw did not materially impact the survey results. We therefore conclude that the record supports the District Court’s decision to discount the survey and consider the actual association factor as weighing only minimally in Starbucks’ favor.

D. Balancing

We next balance the factors enumerated in § 1125(c)(2)(B), along with any other factors that bear on a likelihood of dilution, de novo. In balancing these factors, we are again mindful that the test is not an inflexible one, and that the ultimate question is whether the Charbucks Marks are likely to cause an association arising from their similarity to the Starbucks Marks, which impairs the Starbucks Marks’ tendency to identify the source of Starbucks products in a unique way.

We have already affirmed the District Court’s finding of minimal similarity between the Charbucks Marks and the Starbucks Marks. That finding weighs heavily in Black Bear’s favor. Certainly, a plaintiff may show a likelihood of dilution notwithstanding only minimal similarity. But here, minimal similarity strongly suggests a relatively low likelihood of an association diluting the senior mark. The statute itself emphasizes the similarity of marks. See § 1125(c)(2)(B) (defining “dilution by blurring” as “association arising from the similarity between a mark or a trade name and a famous mark that impairs the distinctiveness of the famous mark” (emphasis added)). Indeed, in Starbucks IV, we stated that “‘similarity’ is an integral element in the definition of ‘blurring’” under the TDRA and suggested that, without any similarity, there could be no dilution by blurring.\(^17\)

\(^5\) Of course, in Starbucks IV, we rejected a per se or threshold requirement of “substantial similarity” between the marks at issue in federal dilution actions. In doing so, however, we did not suggest that a finding of minimal similarity could not be highly probative of the likelihood of dilution.
The next three factors—the degrees of distinctiveness, exclusive use, and recognition—are features of the senior mark itself that do not depend on the use of the junior mark. “[T]he degree of distinctiveness of the senior mark has a considerable bearing on the question whether a junior use will have a diluting effect.... [T]he more distinctiveness the mark possesses, the greater the interest to be protected.” Nabisco, 191 F.3d at 217. There is no question that “Starbucks”—an arbitrary mark as applied to coffee—is highly distinctive. See id. at 216. Moreover, because, as the District Court found, the Starbucks Marks are in substantially exclusive use “the mark’s distinctiveness is more likely to be impaired by the junior use,” 2005 Hearing, at 14 (statement of Anne Gundelfinger). Lastly, as 79 percent of Mitofsky survey respondents were familiar with Starbucks, it is undisputed that Starbucks constitutes a widely recognized mark, and that this factor favors Starbucks.

Although the three factors of distinctiveness, recognition, and exclusivity favor Starbucks and bear to some degree on our assessment of the likelihood of dilution by blurring, the more important factors in the context of this case are the similarity of the marks and actual association. We agree with the District Court that the distinctiveness, recognition, and exclusive use of the Starbucks Marks do not overcome the weak evidence of actual association between the Charbucks and Starbucks marks. To the contrary, viewed in light of Starbucks’ fame, both globally and among the Mitofsky survey participants more particularly, the fact that more survey participants did not think of “Starbucks” upon hearing “Charbucks” reinforces the District Court’s finding that the marks are only minimally similar, and therefore unlikely to prompt an association that impairs the Starbucks Marks. Likewise, although the distinctiveness and exclusive use of the Starbucks Marks help Starbucks prove susceptibility to dilution by association arising from similarity between the Charbucks and Starbucks marks, they do not demonstrate that such an association is likely to arise, as Starbucks needed to show to obtain an injunction. Accordingly, these factors weigh only weakly in Starbucks’ favor.

In this case, we attribute a moderate amount of significance to the fifth factor, intent to create an association. Clark’s testimony indicated that Black Bear was capitalizing on an historic connection between the word “Charbucks” and “Starbucks,” which arose out of the so-called “coffee-wars” in Boston, Massachusetts, see Starbucks IV, 588 F.3d at 111, and that he “meant to evoke an image of dark-roasted coffee of the type offered by Starbucks,” “[W]here, as here, the allegedly diluting mark was created with an intent to associate with the famous mark,” Starbucks IV, 588 F.3d at 109, we agree with the District Court that this factor favors a finding of a likelihood of dilution.

The final, disputed factor, actual association, is highly relevant to likelihood of association. In the analogous context of determining the “likelihood of confusion” for trademark infringement claims, we have noted that “[t]here can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion,” even though a showing of actual confusion is not necessary to prevail on such a claim. [cit.] The same
principle obtains with respect to proof of actual association in dilution claims. And as noted, the Mitofsky survey demonstrated weak actual association, at best.

Weighing the factors above de novo, we agree with the District Court that Starbucks did not demonstrate a likelihood of dilution by blurring. Ultimately what tips the balance in this case is that Starbucks bore the burden of showing that it was entitled to injunctive relief on this record. Because Starbucks' principal evidence of association, the Mitofsky survey, was fundamentally flawed, and because there was minimal similarity between the marks at issue, we agree with the District Court that Starbucks failed to show that Black Bear’s use of its Charbucks Marks in commerce is likely to dilute the Starbucks Marks.

[Affirmed.]

At p. 657, notes 8 and 9, note that the reference to Starbucks is to the court’s 2009 opinion.

At p. 659, delete note 11.

At p. 686 add the following to note 4:

In Flat Rate Movers, Ltd. v. FlatRate Moving & Storage, Inc., -- F.Supp.3d --, 2015 WL 1849834 (S.D.N.Y., April 22, 2015), the court held that the bad faith required under the ACPA was a bad faith intent to profit from its cybersquatting activity. Does this reading comport with the purpose or text of the legislation?

At p. 689 add the following to note 10:

The Ninth Circuit has denied the possibility of a claim for contributory cybersquatting. See Petroliam Nasional Berhad v. GoDaddy.com, Inc., 737 F.3d 546 (9th Cir. 2013).

At p. 714, add the following note:

2A. The UDRP in new gtds. To what extent, in light of the expansion of the number of top level domains, is it appropriate to take into account the top level suffix of a domain name in determining any elements of a UDRP claim? See Canyon Bicycles GmbH v. Domains By Proxy, LLC, Case No. D2014-0206 (Mar. 14, 2014) (action by owner of mark CANYON for bicycles against registrant of canyon.bike).
At p. 715, add the following cases after note 10:

**COACH, INC. v. KOKO ISLAND**  
LLC Case No. LRO2013-0002 (WIPO 2013)

1. The Parties

The Objector/Complainant (“Objector”) is Coach, Inc. of New York, New York, United States of America, represented internally.

The Applicant/Respondent (“Respondent”) is Koko Island, LLC, of Bellevue, Washington, United States, represented by the IP & Technology Legal Group, United States.

2. The applied-for gTLD string

The applied-for gTLD string is <.coach>.

3.  

4. Factual Background

Founded in 1941, the Objector is a well-known United States company that manufactures and retails handbags, other leather goods and complementary accessories on a worldwide basis. The Objector has registered its COACH trademark with many national authorities, including the United States Patent and Trademark Office . . .

The Respondent has applied to register the opposed string <.coach> in compliance with the Internet Corporation for Assigned Names and Numbers (“ICANN”) guidelines. . . .

6. Discussion and Findings

To have standing to file the Legal Rights Objection, the Objector must submit documentation of its existing legal rights, which may include registered trademarks. The Objector has duly submitted copies of some of its trademark registrations, and the Respondent has not disputed the Objector’s standing, so the Panel finds that the Objector has standing to bring this Objection.

Pursuant to the Applicant Guidebook, Section 3.5.2, in deciding whether the Objector will prevail in its objection to the Respondent’s application for the opposed string <.coach>, the Panel will determine whether the potential use of the applied-for gTLD:

(i) takes unfair advantage of the distinctive character or the reputation of the objector’s registered or unregistered trademark or service mark (“mark”); or
(ii) unjustifiably impairs the distinctive character or the reputation of the objector’s mark; or
(iii) otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector’s mark.

For an objector to prevail, “there must be something more than mere advantage gained, or mere impairment, or mere likelihood of confusion.” See Right at Home v. Johnson Shareholdings, Inc., WIPO Case No. LRO2013-0030. Although the terms “unfair,” “unjustifiably,” and “impermissible” are not uniformly defined or understood in the trademark context, their use here suggests that, in order to sustain the Objection, the Panel must find something untoward about the Respondent’s behavior or something intolerable about the Respondent being permitted to keep the string in dispute, even if the Respondent’s conduct or motives do not rise to the level of bad faith.

The Procedure sets forth eight non-exclusive factors to aid the Panel in its analysis. In rendering its Determination, the Panel shall, among other things, consider:

i. Whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to the objector’s existing mark.
   ii. Whether the objector’s acquisition and use of rights in the mark has been bona fide.
   iii. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of the objector, of the applicant or of a third party.
   iv. Applicant’s intent in applying for the gTLD, including whether the applicant, at the time of application for the gTLD, had knowledge of the objector’s mark, or could not have reasonably been unaware of that mark, and including whether the applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.
   v. Whether and to what extent the applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a bona fide offering of goods or services or a bona fide provision of information in a way that does not interfere with the legitimate exercise by the objector of its mark rights.
   vi. Whether the applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been bona fide, and whether the purported or likely use of the opposed string by the respondent is consistent with such acquisition or use.
vii. Whether and to what extent the applicant has been commonly known by the sign corresponding to the gTLD, and if so, whether any purported or likely use of the gTLD by the applicant is consistent therewith and bona fide.

viii. Whether the applicant’s intended use of the gTLD would create a likelihood of confusion with the objector’s mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

These factors are not exclusive, nor are they meant to function as a scorecard, to see which party has more factors in its favor. Rather, the Panel is to consider these factors, along with any others that the Panel deems relevant, in considering the ultimate issues, as highlighted above, that is, whether the proposed string takes unfair advantage or unjustifiably impairs the distinctive character or the reputation of the Objector’s mark; and/or whether it otherwise creates an impermissible likelihood of confusion.

A. The Eight Factors

i. Identical or Similar

The Panel believes that the Objector has established its ownership of trademark rights in the mark COACH by submitting to the Panel appropriate evidence of its valid USPTO registrations for said mark. . . . The Panel finds that the opposed string, <.coach>, is identical in appearance and sound to the Objector’s COACH trademark. The string and the mark contain exactly the same word, pronounced the same way, and the initial dot (or period) in the string is inconsequential in this determination because it is a requirement of all such top level domain strings.

The string does not, however, necessarily have the same meaning as Objector’s trademark. Objector’s mark is not descriptive of its goods or services; rather, it is at least a suggestive if not an arbitrary mark. The meaning of the trademark COACH is thus as a brand name signifying the source of Objector’s goods. The string might be understood to have the same meaning by some Internet viewers, but others may ascribe to it one of its several dictionary meanings . . .

Accordingly, the Panel finds that the first factor weighs in the Objector’s favor as to appearance and sound, and is neutral as to meaning.

ii. Acquisition and Use of Rights

The Respondent concedes the validity of the Objector’s assertions that it has legitimately acquired its COACH trademark and uses it for the bona fide purpose of commerce. . . . Accordingly, the Panel finds that the second factor weighs in the Objector’s favor.

iii. Public Recognition of the String as a Mark
The third factor in the Legal Rights Analysis asks the Panel to consider the extent of recognition of the mark “in the relevant sector of the public.” It is not clear to the Panel what “sector” is relevant, but that may not matter since the Objector does not purport to limit the sector that is relevant. Instead, the Objector argues that its mark is famous even outside its traditional market segment (presumably leather goods, handbags and accessories), and that its mark is “known across many jurisdictions, many market segments and many diverse trademark classes.”

The evidence of record supports the Objector’s argument that its mark has achieved public recognition in at least some relevant sectors of the public. But that mark has achieved such recognition when it is used in connection with certain goods. The Objector has not submitted evidence that persuasively establishes that the letter string <.coach>, when used as a gTLD, will necessarily be seen as a reference to the Objector’s mark as contrasted with a reference to the word “coach” for its dictionary meaning.

The evidence also supports the Respondent’s argument that the dictionary word “coach” would be recognized for its dictionary meaning across a wide variety of sectors. “Coach” is not an obscure dictionary word rarely used for its dictionary meaning and mostly used solely for its trademark meaning; rather, “coach” is a common word which the general public may well associate with transportation, sport team leaders, academic tutors, artistic trainers, or goods or services other than those provided by the Objector under its mark. Other members of the public may associate the string “coach” with the television series named “Coach” that ran from 1989-1997 (according to the IMDb database), which series was listed on the first page of the search results when the Panel searched for the word “coach” on the Yahoo! and Google search engines.

Accordingly, the Panel finds that the third factor is neutral and favors neither party.

iv. Intent, Awareness and Pattern of Conduct

The Respondent does not dispute that it was aware of the Objector’s trademark prior to applying for the opposed string. The Respondent does dispute that it in any way intends to infringe on the COACH trademark. The Respondent claims that it will use the opposed string in a manner that conforms to the common dictionary meaning of the English language word “coach”. Moreover, the Respondent represents that it will put in place measures designed to prevent those applying for domain names attached to that string from infringing the Objector’s COACH trademark. The Objector counters that the Respondent’s proposed measures, and the funding available to the Respondent to implement them, will be insufficient to protect the Objector’s rights from likely scammers and cybersquatters. As both of these lines of contention depend upon subjective projections into the future, the Panel is disinclined to favor either position over the other. The Panel does note that the threat of cybersquatting behavior with respect to the creation of new TLDs probably is as likely as in connection with the older gTLDs, which have been subject to thousands of Uniform Domain Name Dispute Resolution Policy (“UDRP”) dispute resolution proceedings. The
Panel further notes that, if the Respondent allows a new registry operated at the gTLD <.coach> to be used for cybersquatting, the Respondent itself may be challenged under the Trademark Post-Delegation Dispute Resolution Procedure.

As to the Respondent’s pattern of conduct, the Objector contends, and the Respondent admits, that the Respondent has applied for some 307 new TLD strings. This appears to be more than any other applicant. However, that fact alone does not mean necessarily that the Respondent intends to engage in illegitimate use of trademark rights. Furthermore, the Panel notes that a number of the strings for which the Respondent has applied appear to consist of common dictionary words or abbreviations thereof (although the Panel notes that it has not reviewed evidence relating to other strings and could only make a finding as to a specific string after reviewing the relevant evidence). On the other hand, as the Objector claims, the opportunity for illegitimate use does exist when a string corresponds both to a dictionary word and a trademark. Indeed, as the Objector notes, among the strings the Respondent has applied for are <.express>, <.limited> and <.direct>, all of which are also identical to third party trademarks. However, panels have already rejected Legal Rights Objections filed against the first two of those strings, which shows that other panels also have recognized that the Respondent’s business model does not automatically translate into a finding of bad intent.

Indeed, as the Panel found in the Express, LLC case, this risk is an inherent function of the Objector’s decision to use a dictionary word as its brand name.

In sum, the Panel recognizes that the opposed string <.coach> consists of a common word that can readily be put to use to describe goods and services and activities other than those related to the Objector’s mark. On this record, the Panel cannot conclude that the Respondent has engaged in a pattern of abusive TLD string applications.

Accordingly, the Panel finds that the fourth factor favors the Respondent.

v. Use of or Preparations to Use

The Respondent has submitted no evidence to the Panel that it has used a sign or name that corresponds to the opposed string <.coach> in a bona fide offering of goods or services. Also, other than stating its plans, the Respondent has not presented any other evidence that it is preparing to use such a sign for those purposes. Moreover, the Respondent does not claim to represent or belong to any group or community to which such a sign might apply.

However, the Respondent has averred its intent and plans to use the opposed string with respect to third party registration of domain names that correspond to one or more of the dictionary meanings of the word “coach”. The Respondent asserts that such registration will increase international commerce and otherwise conform to the ICANN goals of expanding the number of TLDs available for public use. Moreover, the Respondent has, in its application for the opposed string, put forth several procedures that it intends to employ to curb potential abusive domain name registration and potential harm to the Objector’s trademark rights. These procedures include eight specific mechanisms and resources to be
adopted by the Respondent. These are in addition to the 14 protective measures developed by ICANN, to which the Respondent is also prepared to adhere. The Respondent contends, without counter from the Objector except a contention the amount is inadequate, that it has raised in excess of USD 100 Million to acquire and administer the TLDs for which it has applied, including the opposed string. That investment, the Respondent contends, will enable it to carry out its planned programs of TLD string usage and abuse protection.

The Objector contends that such anti-abuse measures will be insufficient – in large part because the funding to which the Respondent refers will not be enough to administer adequately the volume of TLDs for which the Respondent has applied. However, the Panel feels constrained to view the Objector’s contentions in this regard as conjecture. While the Panel believes that there is always the possibility for abusive domain name registrations, the Panel is not in a position to conclude that the Respondent has failed to put forth reasonable plans to mitigate those possibilities, or that such plans could not be modified in the future – possibly in conjunction with the Objector – to achieve that goal.

As a result, the Panel believes that, although the Respondent has not shown demonstrable preparations for a direct bona fide offering of goods, services or information by use of a sign corresponding to the opposed string, the Respondent does have preparations in place for offerings on an indirect basis through third-party domain name registrations in connection with the opposed string. Furthermore, the Panel finds that the Respondent is preparing to do so in a way so as not to interfere with the Objector’s legitimate exercise of its mark rights.

Accordingly, the Panel finds that the fifth factor favors the Respondent.

vi. Marks or Intellectual Property Rights

The Respondent claims that it “has rights in the <.coach> gTLD by virtue of its Application.” That, however, is not the test under the sixth element. Rather, the Applicant Guidebook directs the Panel to consider “whether the applicant has marks or other intellectual property rights in the sign corresponding to the gTLD.”

The Respondent has not presented any evidence to the Panel that the Respondent owns valid rights in any marks or any intellectual property rights that might pertain to a sign that corresponds to the opposed string. The Respondent contends that, as a member of the public, it is entitled to claim equal rights in the use of the common, descriptive, dictionary word “coach”, which corresponds to the opposed string. However, that does not give the Respondent any intellectual property rights in the opposed string <.coach>. On the other hand, there was no obligation on applicants for new gTLDs to show that they have intellectual property rights in strings for which they applied.

Accordingly, although the Panel finds that the sixth element favors the Objector, to the extent that the Respondent has not shown that it has marks or intellectually property in the
sign, the Panel does not believe that this militates against the Respondent’s overall position in this proceeding.

vii. Commonly Known By

The seventh factor asks whether “the applicant has been commonly known by the sign corresponding to the gTLD.” The Respondent claims this factor favors it because its “proposed bona fide use of a <.coach> gTLD is consistent with the rights it has acquired by its Application.” The Panel rejects that argument; otherwise, every application would automatically be proof that the applicant was commonly known by the applied-for string. Rather, the question is whether, outside of the application, the Respondent has been commonly known by the name “Coach.” The Respondent has presented no evidence that it has ever been commonly known as a sign that would correspond to the opposed string. The Panel thus concludes that the Respondent has not been so commonly known.

Accordingly, the Panel finds that the seventh factor favors the Objector.

viii. Likelihood of Confusion

The Objector contends that the Respondent’s purported use of the opposed string would cause a likelihood of confusion with the Objector’s trademark as to source, sponsorship, affiliation or endorsement of that string. The Objector argues that the general public will believe that the second-level domain names that the Respondent allows to be registered in the registry corresponding to the string will necessarily be associated with the Objector’s business because the Objector’s mark is identical to the string. The Objector points out that this likelihood of confusion will be heightened because other holders of famous trademarks and/or service marks are also seeking to obtain gTLD strings that correspond to their marks, setting a pattern to which consumers will expect the Objector to conform and causing them to see the <.coach> gTLD as a branded gTLD registry as well.

In response, the Respondent argues that, because the common word “coach” has meanings diverse from the Objector’s main area of commerce, the relevant public will not likely believe that the opposed string is sourced from, sponsored by, affiliated with or endorsed by the Objector. To support its argument, the Respondent has submitted evidence, in the form of a survey that found that only a small percentage of those surveyed identified the word “coach” primarily with the Objector. [T]he Objector has disputed the methodological validity of the survey. Rather than permit further briefing on this point, thus delaying a resolution, the Panel has elected to disregard the survey since it need not rely on the survey results to rule on the Legal Rights Objection.

The Panel agrees with the Respondent that there are several definitions of the word “coach”, and that many Internet users may equate that word with goods, services or activities other than those related to the Objector or its trademark. The Panel does not need survey evidence to know that “coach” is a common dictionary word, and is used frequently in
reference to the various definitions listed above. As also noted above, this does not preclude
the Panel from ascertaining that the Objector’s trademark is also well-established within the
relevant public. The Panel is thus of the belief that some Internet users may assume that a
domain name found at <.coach> will relate directly to merchandise offered under the
COACH trademark by the Objector, whereas others may associate the string with one of the
various dictionary meanings of “coach.”

On balance, the Panel cannot conclude that, given the many definitions of “coach”, an
appreciable number of Internet users will confuse the proposed string with the Objector’s
mark. Had the survey measured consumers’ perceptions of a <.coach> gTLD, that might have
provided more relevant evidence, but neither party submitted such evidence. Considering
the available evidence, however, the Panel finds that it is unclear whether the intended use
of the opposed string would create a likelihood of confusion with the Objector’s mark as to
the source, sponsorship, affiliation, or endorsement of that string.

Accordingly, the Panel finds that the eighth factor is neutral.

B. Conclusion

Taking into consideration all of the eight factors mandated by Section 3.5.2 of the
Applicant Guidebook, the Panel now turns to the ultimate question of whether the Objector
has sustained its burden of proving the grounds for the Objection as listed in Section 3.5.2.
Those grounds are referred to in Section 3.5.2 as Standards and Principles and it is clear
from that terminology that those who drafted the Guidebook intended them to be regarded
as pivotal in this proceeding. In any event, Section 3.5 goes on to make this determination
mandatory by providing that the Panel “will determine” the three grounds, to which the
Panel will now turn.

(I) Takes unfair advantage of the Objector’s mark

The first circumstance the Panel must address is whether the potential use of the
opposed string takes unfair advantage of the distinctive character or the reputation of the
Objector’s trademark. As reasoned in element iii above, the Panel recognizes that the
Objector’s COACH mark is relatively well-known throughout the world. Moreover, the
distinctive character and reputation of the Objector’s mark are of a high order, as the
Objector’s products appear to be considered by the relevant public to be of excellent quality.
As a result, the Panel believes that there is the distinct potential that the Respondent will
gain some advantage in using the opposed string <.coach> due to the distinction and
reputation of that mark if the gTLD registry is operated to permit registration of domain
names related to leather goods, handbags, accessories, and the other products sold by the
Objector, or if the websites to which domain names registered in this registry discuss,
advertise, promote, sell or otherwise address such products.
However, the Panel also believes that, if the Respondent sets rules that prohibit such confusing uses and instead promotes use of the gTLD for information, goods and services related to the dictionary meanings attached to the common word “coach,” confusion with the Objector’s trademark would be no more likely than any confusion caused when consumers use the word “coach” for its dictionary meaning in other real-world contexts. As noted above, this is a risk that the Objector assumed when it adopted as its trademark a common dictionary word.

The opposed string can – and, according to the Respondent, will – be used for domain names that reflect those alternative meanings. For example, the opposed string can be applied in the realms of team coaching, travel, mentoring, etc. Those areas of commerce are far afield from the sector for which the Objector mark is best known: leather goods, handbags, and other accessories. Although there may be some overlap in areas of offerings in which the Objector engages, but for which it is not so well known, the Panel is persuaded that this will constitute a relatively minor advantage to the Respondent in the potential use of the opposed string, and to the extent it does give rise to confusion, the Objector will be able to rely on any rights granted by the UDRP and the Trademark Post-Delegation Dispute Resolution Procedure (“TMPDDRP”). What is crucial, in the Panel’s opinion, is that there is no reason to believe that the potential use of the opposed string takes unfair advantage of the Objector’s mark.

In short, the Panel finds that the Objector has failed to provide sufficient evidence to conclude that the Respondent will gain an advantage that is unfair – in using the opposed string to register domain names – due solely and directly to the connection between the fame of the Objector’s COACH trademark and the unrelated goods and services likely available under those names.

Accordingly, the Panel finds that the Objector has failed to satisfy this circumstance that would require a denial of the Respondent’s application for the opposed string.

(II) Unjustifiably impairs Objector’s mark

Next, the Panel must determine whether the potential use of the opposed string <.coach> unjustifiably impairs the distinctive character or the reputation of the Objector’s mark. Again, the Panel agrees with the Objector’s contentions with respect to the considerable consumer regard held for the character and reputation of the goods sold under the Objector’s mark. Consequently, there is little doubt, in the Panel’s view, that there exists a possibility that the potential use to which the opposed string may be put – the registration of domain names under which goods and/or services may be marketed – may impair or tarnish that character or reputation. Simply put, those third party goods and/or services may be considered by the relevant public to be of lesser quality than the products offered under the Objector’s trademark.
However, once again, the Panel is mindful that any such impairment must be considered unjustifiable for the Objector to prevail on this issue. The Panel believes that the intent of ICANN in soliciting applications for new TLDs was to stimulate expansion and competition in connection with the provision of goods, services and information through the Internet. As a result, some impairment of established trademark and service mark rights is to be expected as the field of marks becomes more crowded. But, in this case, the mark in question, COACH, is also a common dictionary word and there is the potential for many uses on the Internet that would relate to the dictionary meaning of the word rather than the source-identifying meaning of the mark. Thus, the Panel is unconvinced that any resulting impairment to the COACH mark on account of the mere registration of the <.coach> gTLD by the Respondent is likely to be so great as to be classified as “unjustifiable” (bearing in mind, once again, the Objector’s rights under the TMPDDRP should the Respondent fail to manage the registry in a way that avoids undue impairment of the Objector’s trademark rights).

Accordingly, the Panel finds that the Objector has failed to satisfy this circumstance that would require a denial of the Respondent’s application for the opposed string.

(III) Creates an impermissible likelihood of confusion

Finally, the Panel must decide whether the potential use of the opposed string <.coach> otherwise creates an impermissible likelihood of confusion between the opposed string and the Objector’s mark. In factor i above, the Panel found that the opposed string, <.coach>, is identical to the COACH trademark. Thus, there is a possibility of some confusion between the opposed string and the Objector’s mark.

What is not clear is whether confusion will be likely, let alone whether any such likelihood of confusion would be impermissible, given the goals and intents of ICANN in promulgating the process for creating new gTLDs. In setting forth significant protections against abusive registrations that might result from use of the new strings, ICANN seems, in the Panel’s view, to have anticipated the risk of confusion between the use of those strings and existing trademark and service mark rights. In this case, as noted in the analysis of factor v above, the Respondent has even added eight more protective measures to ICANN’s protective scheme. Moreover, as reasoned in factor viii above, the Panel is uncertain as to the likelihood of confusion in the minds of the relevant Internet user group between the opposed string and the Objector’s mark, because the various definitions of the descriptive word “coach” would probably lead to uses of that string that do not coincide at all with the principal goods sold under that mark. Thus, while some confusion is possible, the Objector has not sustained its burden of proving that the potential use of the gTLD will create an impermissible likelihood of confusion. Further, to the extent that some low-level confusion may be created, the Panel believes that that degree of confusion is permissible within the structure that ICANN contemplates and can be resolved on a case-by-case basis as genuine complaints or concerns arise.
Accordingly, the Panel finds that the Objector has failed to satisfy this circumstance that would require a denial of the Respondent’s application for the opposed string.

7. Decision

For the foregoing reasons, the Objection is denied.

MERCK & CO, INC. V. MERCK KGaA
Case No. LRO2013-0069 (WIPO 2013)

1. The Parties

Objector/Complainant is Merck & Co, Inc., United States of America, represented by Reed Smith LLP, United States of America.

Applicant/Respondent is Merck KGaA, Germany represented by Bettinger Schneider Schramm, Germany.

2. The applied-for gTLD string

The applied-for gTLD string is <.merck> (the “Disputed gTLD String”).

3. Procedural History

The Legal Rights Objection (“LRO”) was filed with the WIPO Arbitration and Mediation Center (the “WIPO Center”) . . . pursuant to the New gTLD Dispute Resolution Procedure (the “Procedure”). . . .

4. Factual Background

Objector is a United States company, located in Whitehouse Station, New Jersey, United States. It is one of the largest pharmaceutical companies in the world. . . .

Merck Sharp & Dohme Corp, a United States corporation, is the owner of inter alia a United States trademark MERCK (stylized), with a registration date of February 15, 1916 (registration number 108566) and United States trademark MERCK (word mark) with a registration date of June 30, 1998, (registration number 2169031). . . . Objector is the owner and operator of the website “www.merck.com”.

Merck Sharp & Dohme Corp also owns various trademark registrations for MERCK SHARPE & DOHME throughout the world, outside Canada and the United States. Based on the information provided by Objector, it appears that only in Cuba, Ecuador, Iran (Islamic Republic of), Myanmar, Sudan, Syrian Arab Republic and Uzbekistan the MERCK SHARPE & DOHME trademarks are owned by Objector itself.
The Applicant of the Disputed gTLD String, Applicant in this Procedure, is a German partnership limited by shares, located in Darmstadt, Germany. It is one of the world’s oldest chemical and pharmaceutical companies. It has been an industry leader since its founding as the Engel-Apotheke (Angel Pharmacy) in 1668. It operates its worldwide business in more than 180 countries through over 250 affiliated companies which use Merck as the sole element or as component of their company name.

Applicant is the owner of various trademark registrations in countries throughout the world for the word mark MERCK for inter alia pharmaceutical products, including the German trademark filed on January 11, 1900 (registration number DD45659) and the Community Trademark applied for on April 1, 1996 (registration number 283986).

Applicant’s application for the Disputed gTLD String was originally posted on June 13, 2012. In that application the mission/purpose of the application was described inter alia in the following terms: “The “.MERCK” top-level domain will enable the Merck Community to communicate with all stakeholders as one group, and to communicate information about the Merck brand in a unified and global manner. The “.MERCK” space will further help Merck unite all members of the Merck Community under one single name online, and provide the Merck Community with a universal, comprehensive forum through which to present its information to the public.”

The common history of Objector and Applicant

The groups of companies of Objector and Applicant have a common history. Objector was founded as subsidiary of the Applicant. It has become an independent American company at the end of the First World War as a result of United States confiscation legislation.

In the 1930s the groups of companies of Objector and Applicant agreed on co-existence. The group of companies of Objector obtained the right to use the name MERCK in the United States and Canada. The group of companies of Applicant obtained the right to use the name MERCK everywhere except for the United States and Canada. The group of companies of Objector mainly uses the name and trademark MSD for its activities outside the United States and Canada. The co-existence agreements were amended in the 1970s.

6. Discussion and Findings

Introduction

Pursuant to Section 3.2.1 of the ICANN gTLD Applicant Guidebook (the “Guidebook”) a formal objection to an application for a New gTLD may be filed on any one
of four grounds, one of which is the Legal Rights Objection. The basis for a Legal Rights Objection is that "the applied-for gTLD string infringes the existing legal rights of the objector".

By virtue of Section 3.2.2.2 of the Guidebook: “A rightsholder has standing to file a legal rights objection. The source and documentation of the existing legal rights the objector is claiming (which may include either registered or unregistered trademarks) are infringed by the applied-for gTLD must be included in the filing.”

Accordingly, for a Legal Rights Objection to succeed Objector has to satisfy the Panel that it has relevant existing legal rights and that use of the string comprising the potential new gTLD infringes those rights. . .

Guidance as to how the Panel is to approach Legal Rights Objections may be found in Section 3.5.2 of the Guidebook, which reads as follows:

“In interpreting and giving meaning to GNSO Recommendation 3 (‘Strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law’), a DRSP panel of experts presiding over a legal rights objection will determine whether the potential use of the applied-for gTLD by the applicant takes unfair advantage of the distinctive character or the reputation of the objector’s registered or unregistered trademark or service mark (‘mark’) ...., or unjustifiably impairs the distinctive character or the reputation of the objector’s mark ...., or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector’s mark ....”

The Guidebook then goes on to provide that in the case where the objection is based on trademark rights, the panel will consider eight listed non-exclusive factors. The Panel will deal with each of these factors further below.

Objector’s Existing Legal Rights

[T]he Panel . . . finds adequate basis for a finding that Objector has standing in the present case, whether through controlled entities or through direct ownership of trademark rights sufficient for present purposes. To this preliminary finding, the Panel adds that in its view this case does not turn on the Parties’ trademark rights.

Trademark Infringement

Objector contends that Applicant cannot operate the Disputed gTLD String without infringing Objector’s trademark.

Objector contends that this Objection is valid and should be upheld because the potential use of the Disputed gTLD String by Applicant:
1. (i) takes unfair advantage of the distinctive character or the reputation of Objector’s registered trademark; and/or
2. (ii) unjustifiably impairs the distinctive character or reputation of Objector’s registered trademark; and/or
3. (iii) otherwise creates an impermissible likelihood of confusion between the Disputed gTLD String and Objector’s mark.

If Applicant is granted the Disputed gTLD String necessarily, as contended for by Objector, Applicant will be using “MERCK” in the course of trade; it will thus be using in certain territories in the course of trade a sign, which is similar to Objector’s trademark in relation to identical or similar services.

This is the essence of this dispute between the Parties. Objector has rights to use MERCK in certain parts of the world and Applicant has rights to use MERCK in other parts of the world. As a result Objector could infringe Applicant’s rights would it use MERCK in those last mentioned parts of the world and Applicant could infringe Objector’s rights when it uses MERCK in those first mentioned parts.

The starting point of this case is that Objector and Applicant are both bona fide users of the MERCK trademark, albeit for different territories.

The question is whether a bona fide trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an “uncovered” country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy (“UDRP”). If the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector’s registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector’s registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector’s mark is created, but it is not necessarily impermissible.

Of course a rejection of the Objection does not preclude Objector from taking regular legal action should the use of the Disputed gTLD String by Applicant be infringing. It is,
however, not for this Panel to anticipate on all the possible types of use Applicant could make of the Disputed gTLD.

It is also not for this Panel to interpret the existing coexistence agreements and arrangements between the Parties. Should the application of a new gTLD allegedly violate any such agreement or arrangement, it will be for the Parties to settle their dispute by means of the dispute resolution provisions of the contracts governing their relationship or as provided under applicable law.

For the aforementioned reasons the Panel rejects the Objection.

In reaching the above conclusion, the Panel has considered the following non-exclusive list of eight factors. [The Panel addressed each in turn . . . .]

viii. Whether Applicant’s intended use of the gTLD would create a likelihood of confusion with Objector’s mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

It is possible that Applicant’s use of the Disputed gTLD String could create a likelihood of confusion with Objector’s mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

Against this background, the Panel on the record before it determines that the Objection fails. The Panel adds here that this finding is without prejudice to any judicial proceedings existing now or in future involving the Parties.

7. Decision

. . . .

The Panel rejects the Objection.

At p. 716 add new note:

11. Uniform Rapid Suspension. The Uniform Rapid Suspension (“URS”) procedure complements the UDRP by offering a lower-cost, faster path to relief for rights holders in
the most clear-cut cases of infringement. The current version of the URS is effective March 2013. For full details, see http://newgtlds.icann.org/en/applicants/urs. How often, and in what circumstances, would you expect the URS to be used? How would you improve the procedure?
PERMISSIBLE USES OF ANOTHER’S TRADEMARK

At p. 759, add the following to the end of note 9:

See also Sorensen v. WD-40 Co., 792 F.3d 712 (7th Cir. 2015) (upholding a determination on summary judgment that defendant’s use of the term “inhibitor” was a descriptive fair use).

At pp. 812-13, add the following to the end of note 2:

Should the analysis for material differences depend on where the goods at issue are being sold? In particular, where the goods at issue are sold on eBay, should courts presume that eBay consumers are bargain hunters who expect that the goods that they are purchasing differ materially from the genuine goods? See Bose Corp. v. Ejaz, 732 F.3d 17 (1st Cir. 2013).

Should differences in production potentially be material? See Hokto Kinoko Co. v. Concord Farms, Inc., 738 F.3d 1085 (9th Cir. 2013) (involving trademarks on mushrooms; the genuine mushrooms were produced under certified organic standards but the imported mushrooms were not).

At p. 844-45, Problem 9-5(3), add the following after the Fortres cite:

aff’d, 763 F.3d 696 (7th Cir. 2014). Consider an alternative approach to the case: if there is no adequate showing of reverse confusion, then there is no need to reach the issue of permissible use. How would you apply the factors test to analyze reverse confusion in this case? In particular, how would you analyze the similarity of products factor? What are the products of the respective parties? See Fortres Grand, 763 F.3d at 701-04(discussing the issue).

At p. 854, before Rosetta Stone, insert the following new case:

NEW YORK YANKEES PARTNERSHIP v. IET PRODS. & SERVICES, INC.

HIGHTOWER, Administrative Trademark Judge:
IET Products and Services, Inc. ("Applicant") seeks to register three marks on the Principal Register:

- “THE HOUSE THAT JUICE BUILT” (in standard characters) for T-shirts, baseball caps, hats, jackets and sweatshirts (as amended), in International Class 25;

- The designation shown at right for T-shirts, baseball caps, hats, jackets and sweatshirts, in International Class 25; and

- THE HOUSE THAT JUICE BUILT (in standard characters) for mugs, in International Class 21.

New York Yankees Partnership (“Opposer”), which the record shows is owner of the New York Yankees Major League Baseball club, opposes registration of the marks on the grounds that they are likely to cause confusion with certain of its marks, including its top hat logo design (shown [below]) and
THE HOUSE THAT RUTH BUILT, pursuant to Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d); are likely to cause dilution of its marks by blurring pursuant to Trademark Act Section 43(c), 15 U.S.C. § 1125(c); and falsely suggest an association with its New York Yankees Major League Baseball club pursuant to Trademark Act Section 2(a), 15 U.S.C. § 1052(a). We sustain the opposition on the ground of dilution.

III. Dilution by Blurring

Dilution by blurring is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” Trademark Act Section 43(c)(2)(B). Dilution may be likely “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” Section 43(c)(1).

Our primary reviewing court, the Court of Appeals for the Federal Circuit, has set forth the following four elements a plaintiff must prove in a Board proceeding in order to prevail on a claim of dilution by blurring:

1. the plaintiff “owns a famous mark that is distinctive;

2. the defendant is using a mark in commerce that allegedly dilutes the plaintiff’s famous mark;

3. the defendant’s use of its mark began after the plaintiff’s mark became famous; and

4. the defendant’s use of its mark is likely to cause dilution by blurring or by tarnishment.”


[The TTAB concluded that elements (1)-(3) were satisfied.]

D. Whether Applicant’s Marks Are Likely To Cause Dilution

The final element of our dilution analysis assesses whether Applicant’s marks are likely to dilute Opposer’s marks. As noted supra, dilution by blurring occurs when a substantial percentage of consumers, on seeing the junior party’s use of a mark on its goods, are immediately reminded of the famous mark and associate the junior party’s use with the owner of the famous mark, even if they do not believe that the goods come from the famous mark’s owner. UMG Recordings Inc. v. Mattel Inc., 100 USPQ2d 1868, 1888 (TTAB 2011) (citing Toro Co., 61 USPQ2d at 1183).
[The TTAB invoked the statutory factors for blurring and proceeded to discuss each one.]

1. Applicant’s Top Hat and Syringe Design

(i) The degree of similarity between Applicant’s mark and the famous mark.

The Board noted in National Pork Board v. Supreme Lobster & Seafood Co., 96 USPQ2d 1479, 1497 (TTAB 2010), that,

after finding in the affirmative on the question of pre-existing fame, an important question in a dilution case is whether the two involved marks are sufficiently similar to trigger consumers to conjure up a famous mark when confronted with the second mark.

While we are not conducting a Section 2(d) likelihood of confusion analysis under this factor for dilution by blurring, we still consider the degree of similarity or dissimilarity of the marks in their entireties as to appearance, connotation, and commercial impression. Research in Motion Ltd. v. Defining Presence Marketing Group Inc., 102 USPQ2d 1187, 1198 (TTAB 2012) (“Research in Motion”). We consider the marks in terms of whether they are sufficiently similar in their overall commercial impressions that the required association exists. Nike Inc. v. Maher, 100 USPQ2d 1018, 1030 (TTAB 2011).

Applicant’s design mark is shown on the left below, while Opposer’s registered top hat design mark is shown in the center. Opposer also presented evidence that the top hat portion of its mark is generally depicted in a red-white-and-blue color scheme, as shown on the right:

![Image of design marks]

The overall similarity between the two design marks is immediately apparent. Each incorporates a circle and features a similarly patterned top hat resting atop a slender object leaning to the right.

We acknowledge that there are significant differences between the marks, the most obvious being that Applicant’s mark replaces Opposer’s bat with a syringe and its round baseball design with the round universal prohibition symbol. In addition, Applicant’s top
hat is slightly different in shape, bigger relative to the rest of the design, and extends outside the circle, while Opposer’s top hat lies within the circle. Opposer’s primary logo also includes the word “Yankees.” Nonetheless, when considered in their entireties, we find that the appearance of the marks overall is sufficiently similar that Applicant’s mark will “trigger consumers to conjure up” Opposer’s famous mark. That is, consumers encountering Applicant’s mark will immediately be reminded of Opposer’s famous top hat design mark and associate the two.

(ii) The degree of inherent or acquired distinctiveness of the famous mark.

Particularly in light of the presence of the top hat design, which is at most suggestive of Opposer’s distinctive “Yankees” team name, Opposer’s design mark is inherently distinctive. Even if the mark is not viewed as inherently distinctive, we found above that the mark is famous, which necessarily subsumes a finding that the mark has high acquired distinctiveness. This factor favors a likelihood of dilution.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

There is no evidence in the record of any third-party use of a design mark similar to Opposer’s top hat logo, as Applicant acknowledges. Therefore, we find that Opposer is engaging in substantially exclusive use of its top hat design mark. This factor also favors a likelihood of dilution.

(iv) The degree of recognition of the famous mark.

There is no direct evidence regarding the degree of consumer recognition of Opposer’s top hat design mark. Although we have found Opposer’s design mark to be famous, based on Applicant’s admission and record evidence, we do not view the record to contain sufficient evidence from which we could infer the degree of recognition of this mark. Cf. UMG Recordings Inc., 100 USPQ2d at 1887, 1889 (inferring substantial extent of recognition of famous mark). We therefore find this factor to be neutral.

(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

Applicant makes clear that it views its design mark to succeed as a parody precisely because it creates an association with Opposer’s design mark. Applicant’s President, Steven Lore, testified as follows:

THE PARODIC NATURE OF APPLICANT’S MARKS
95. In addition to the facts recited above, Applicant’s Syringe Design indicates two things: that it is the original, but also that it is not the original, and is instead a parody.

96. The inclusion of a Top Hat in Applicant’s Syringe Mark conveys that it is the original, i.e., Opposer’s Top Hat Mark; however, the inclusion of the representations of a syringe and the international prohibition symbol simultaneously convey that it is not the original and, rather, is a parody.

97. Likewise, the red, white and blue colors, which arc claimed, convey Applicant’s Mark is the original, but the inclusion of the representations of a syringe and the international prohibition symbol simultaneously convey that it is not the original and, rather, is a parody.

98. The other differences mentioned above also convey that it is not the original and, rather, is a parody.

99. The specific placement of the Top Hat outside (on top) of the international prohibition symbol and the extension of the syringe beyond the border of the international prohibition symbol simultaneously convey that it is not the original and, rather, is a parody.

In the same vein, Applicant argues in its brief that

... even if the Board concludes that Opposer’s mark is famous and even if the Board concludes that consumers are immediately reminded of the famous mark and associate the junior party’s use with owner [sic] of the famous mark even if they do not believe that the goods come from the famous mark’s owner, 15 U.S.C. § 1125(c)(3)(A)(ii) mandates that Applicant’s parody is non-actionable.

Applicant’s argument ignores the language of Section 43(c)(3)(A) ...which limits the “fair use” exclusion as defined in the statute to use of a famous mark “other than as a designation of source for the person’s own goods or services” (Section 43(c)(3)(A)). “Noncommercial” use also is excluded. (Section 43(c)(3)(C)). To obtain federal registration, an applicant’s use of the applied-for matter must be as a designation of source — i.e., as a mark — and commercial — i.e., used in commerce. See Trademark Act Sections 1, 2, 17, 18, and 45, 15 U.S.C. §§ 1051, 1052, 1067, 1068, and 1127. This proceeding is before the Board because Applicant is not seeking merely to make ornamental, expressive, or noncommercial use of its marks, but because Applicant has applied to register its trademarks as designations of the source of Applicant’s own T-shirts, baseball caps, hats, jackets, sweatshirts, and mugs. The fair use
exclusion is typically inapplicable when registration is sought, and it does not apply here. See *Research in Motion*, 102 USPQ2d at 1200.

On the facts before us, we find that the record evidence of Applicant’s intent to create an association with Opposer’s famous mark weighs in favor of a likelihood of dilution.

(vi) Any actual association between Applicant’s mark and the famous mark.

There is no evidence of any actual association between Opposer’s marks and Applicant’s. However, the applications were filed on an intent-to-use basis, and the record shows that Applicant has sold only 22 shirts bearing its marks. Thus, there has been a limited opportunity for the public to make any actual association between the parties’ design marks. We find this factor to be neutral.

**Conclusion as to Dilution by Applicant’s Top Hat and Syringe Design**

Dilution by blurring occurs when a substantial percentage of consumers, on seeing the junior party’s mark on its goods, are immediately reminded of the famous mark and associate the junior party’s mark with the owner of the famous mark, even if they do not believe that the goods emanate from the famous mark’s owner. All of the six factors we have considered weigh in favor of a likelihood of dilution to varying degrees except the fourth and sixth, which are neutral.

Moreover, although the dilution doctrine was designed to provide a remedy where the goods or services involved were neither competitive nor necessarily related, “courts have observed that the closer the products are to one another [in the marketplace], the greater the likelihood of both confusion and dilution.” *Toro*, 61 USPQ2d at 1184 n.20 (quotation omitted). Here, the parties’ goods are in-part identical and otherwise highly similar or related.

Finally, in its amended answer, Applicant asserts as an affirmative defense that its marks are parodies “and, as such, there exists no likelihood of confusion between Applicant’s marks and Opposer’s pleaded marks.” Although Applicant did not specifically address dilution in pleading this defense, as noted supra, Applicant argued in its brief that its marks are not diluting because they are parodies.

In *Research in Motion*, we stated that the Board would assess an alleged parody “as part of the circumstances to be considered for determining whether the [opposer] has made out a claim for dilution by blurring.” 102 USPQ2d at 1200. In assessing the impact of the alleged parody in *Research in Motion*, we followed the Fourth Circuit’s decision in *Louis Vuitton*

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45 The legislative history relating to this provision of the TDRA addresses not registration but civil actions, that is, “the threat of an injunction for mere likelihood of tarnishment” and “a separate exemption from a dilution cause of action for parody, comment and criticism.” H.R. REP. NO. 109-23, at 25 (2005), as reprinted in 2006 U.S.C.C.A.N. 1091.
Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 84 USPQ2d 1969 (4th Cir. 2007) ("Louis Vuitton"), a case applying the parody defense to use of the mark “Chewy Vuiton” for dog toys, which the plaintiff alleged diluted its LOUIS VUITTON mark for luxury goods. No other federal appellate court, to our knowledge, has adopted the Fourth Circuit’s interpretation that the possible parody effect of a defendant’s mark should be considered in determining whether a plaintiff has proved dilution by blurring. See Starbucks Corp. v. Wolfe’s Borough Coffee Inc., 588 F.3d 97, 92 USPQ2d 1769, 1778 (2d Cir. 2009) (declining to adopt or reject Louis Vuitton parody holding).

We take this opportunity to modify our prior suggestion in Research in Motion that an alleged parody should be considered as part of our dilution analysis even when parody does not provide a safe harbor for a defendant. We now choose to not consider the parody defense as part of the assessment of the dilution claim, because, as discussed supra, a mark that identifies source – which it must for registration – will not concurrently qualify for a statutory exclusion to a dilution claim. Stated another way, when an applicant’s mark is registrable, because it is being used in commerce to indicate source, such use is not a noncommercial use or fair use. Thus, given the circumstances generally presented by opposition and cancellation proceedings based on allegations of dilution, we find it virtually impossible to conceive of a situation where a parody defense to a dilution claim can succeed in a case before the Board. Certainly this is not such a case. In this opposition proceeding Applicant has, by filing its application, affirmatively sworn that its Top Hat and Syringe Design will serve as an indicator of source and that it has a bona fide intention to use the mark in commerce.

On the evidence before us, we find that Applicant’s registration of its design mark for items of clothing would impair the distinctiveness of Opposer’s top hat design marks and would not constitute a non-source-indicating fair use parody.

We conclude that Applicant’s design is likely to dilute the distinctive quality of Opposer’s top hat design mark by blurring.

2. THE HOUSE THAT JUICE BUILT Word Marks

As noted supra, Applicant has applied to register THE HOUSE THAT JUICE BUILT both with and without quotation marks. Applicant does not contend that the presence or absence of quotation marks alters the commercial impression of these marks. We find that Applicant’s word marks make essentially the same commercial impression and analyze them together. Cf. In re G. D. Searle & Co., 360 F.2d 650, 149 USPQ 619, 623 (CCPA 1963) (holding common descriptive term “the pill” generic despite addition of quotation marks); In re Vanilla Gorilla L.P., 80 USPQ2d 1637, 1639 (TTAB 2006) (noting that “the addition of punctuation marks to a descriptive term would not ordinarily change the term into a non-descriptive one”).

156
(i) The degree of similarity between Applicant’s mark and the famous mark.

Opposer’s word mark is THE HOUSE THAT RUTH BUILT. Applicant’s mark is THE HOUSE THAT JUICE BUILT. The marks are identical except for the fourth word in each, RUTH versus JUICE. These two words are somewhat similar aurally; each consists of a single syllable with the second letter “U” and is pronounced with a central “u” sound preceded and followed by consonant sounds.

Obviously, the words RUTH and JUICE have different meanings, and the marks convey different connotations as a result. RUTH is a proper noun referring in Opposer’s mark to baseball player Babe Ruth. JUICE is a common noun with multiple meanings, used in Applicant’s mark to refer to performance-enhancing drugs, as Applicant explained in its discovery responses:

Request No. 10

Admit that the word “juice” is used to refer to the consumption of alcohol or anabolic steroids.

Response: Applicant ADMITS that “juice,” as used in Applicant’s Mark, refers to the consumption of anabolic steroids and/or performance-enhancing substances or to anabolic steroids and/performance-enhancing substances themselves, but DENIES that “juice,” as used in Applicant’s Mark, refers to the consumption of alcohol or alcohol itself. However, the term “juice” may also refer to other things, including but not limited to, street credibility, respect, interesting gossip, or fruit juice (e.g., orange juice or apple juice).

Nonetheless, Applicant makes clear that it selected [its] the HOUSE THAT JUICE BUILT mark to evoke Opposer’s famous mark for parodic purposes. Applicant’s President, Steven Lore, testified that its marks “play off of the idea that steroids are a player on MLB teams and the Yankees.” Similarly, Applicant states in its brief that:

The evidence of record establishes that the Applicant’s Marks are irreverent versions of Opposer's marks which succeed in instantly conveying that it is an expressive and jocular reference to the newsworthy and public issue of the use of performance enhancing drugs (“PEDs”) by Major League Baseball (“MLB”) players - including players affiliated with Opposer’s baseball club. (emphasis added) (footnote omitted).

Although Applicant argues later in its brief that consumers encountering THE HOUSE THAT JUICE BUILT mark may think of third-party marks before Opposer’s, we find that Applicant selected a mark sufficiently similar to “trigger consumers to conjure up” Opposer’s famous THE HOUSE THAT RUTH BUILT mark.
(ii) The degree of inherent or acquired distinctiveness of the famous mark.

Opposer’s phrase, at worst for Opposer, is merely suggestive of baseball services and therefore inherently distinctive. See Wal-Mart Stores Inc. v. Samara Bros. Inc., 529 US 205, 54 USPQ2d 1065, 1068 (2000) (noting that suggestive marks are inherently distinctive). Opposer has established that its famous mark also has a high degree of acquired distinctiveness. This dilution factor favors Opposer.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

Applicant contends that Opposer cannot prevail on its dilution claim because its word mark was diluted before Opposer registered it by the use and registration of the following seven marks: THE HOUSE THAT ROCK BUILT, THE HOUSE THAT FRIED CHICKEN BUILT, THE HOUSE THAT JACK BUILT, WELCOME TO THE HOUSE THAT SEAFOOD BUILT, THE HOUSE THAT LOVE BUILT, THE HOUSE THAT FAME BUILT, and “THE HOUSE THAT SERVICE BUILT.” In support of its contention, Applicant submitted printouts of the registration files of those marks and minimal Internet printouts and screenshots displaying those marks.\textsuperscript{54}

Third-party registrations are not evidence of use. Nike Inc. v. WNBA Enters. LLC, 85 USPQ2d 1187, 1200 (TTAB 2007). Applicant’s Internet evidence is probative that the websites exist and that the public may have been exposed to them and therefore may be aware of the information contained in them. See Mag Instrument Inc. v. Brinkmann Corp., 96 USPQ2d 1701, 1708 (TTAB 2010), aff’d unpublished, No. 11-1052, 11-1053 (Fed. Cir. Nov. 9, 2011). However, this evidence is of limited probative value to our dilution analysis because Applicant introduced no evidence as to the extent of the use and promotion by third parties of their HOUSE THAT _____ BUILT marks. “Without such evidence, we cannot assess whether third-party use has been so widespread as to have had any impact on consumer perceptions.” 7-Eleven Inc., 83 USPQ2d at 1729.

A limited amount of third-party use is insufficient to defeat a showing of substantially exclusive use. McDonald’s Corp. v. McSweet, LLC, 112 USPQ2d 1268, 1289 (TTAB 2014). Based on the evidence of record, we find this factor to be neutral.

(iv) The degree of recognition of the famous mark.

As discussed supra, THE HOUSE THAT RUTH BUILT has been in use in association with Opposer’s services for nearly a century. The record shows that the mark had appeared thousands of times in the U.S. media before 2008. This is strong evidence that the mark is widely recognized. This factor weighs in favor of dilution.
(v) Whether the user of the mark or trade name intended to create an association with
the famous mark.

Applicant admits that its word mark also is intended to create an association with
Opposer, albeit more obliquely than in its admission with respect to its intent in adopting
its design mark. Applicant’s President, Steven Lore, testified that:
Applicant’s THE HOUSE THAT JUICE BUILT mark expressively, cleverly and
parodically suggests — as has been widely speculated in the press, media and public
— that the use of steroids, human growth hormones, and other PEDs made the
recent success of the Yankees possible.

Applicant’s intention to create an association with THE HOUSE THAT RUTH BUILT
mark favors Opposer.

(vi) Any actual association between the mark or trade name and the famous mark.

There is no evidence of any actual association between Applicant’s and Opposer’s marks.
However, because Applicant has sold only 22 shirts bearing its marks and no mugs, there
has been a limited opportunity for the public to form any actual association between the
parties’ word marks. We find this factor to be neutral.

Conclusion as to Dilution by Applicant’s THE HOUSE THAT JUICE BUILT Marks
Four of the six factors we have considered weigh in favor of a likelihood of dilution,
while the third and last are neutral. We also note that Applicant’s goods (T-shirts, baseball
caps, hats, jackets, sweatshirts, and mugs) are in-part identical and otherwise highly similar
or related to Opposer’s goods. We find that Applicant’s registration and use of its word
marks to designate the source of these goods would impair the distinctiveness of Opposer’s
word mark. We apply the logic of our discussion of parody supra to this mark as well. See
Research in Motion Ltd., 102 USPQ2d at 1200.

Viewing the evidence as a whole, we conclude that Applicant’s THE HOUSE THAT
JUICE BUILT marks, with and without quotation marks, are likely to dilute the distinctive
quality of Opposer’s word mark THE HOUSE THAT RUTH BUILT.

[Opposition sustained.]

At p. 861, delete note 7.
At p. 861, after Note 7, add the following new case:

**RADIANCE FOUNDATION, INC.**

* v.*

**NAT’L ASSOC. FOR THE ADVANCEMENT OF COLORED PEOPLE**

786 F.3d 316 (4th Cir. 2015)

WILKINSON, Circuit Judge:

... I.

The National Association for the Advancement of Colored People, better known by its acronym “NAACP,” is this country’s “oldest and largest civil rights organization,” Radiance Found., Inc. v. NAACP, 25 F.Supp.3d 865, 872 (E.D.Va.2014), and one that holds a place of honor in our history. It champions “political, educational, social, and economic equality of all citizens” while working to eliminate racial and other forms of prejudice within the United States. Id. Since its formation, it has pursued these objectives not only through litigation but also through community outreach, informational services, and educational activities on issues of significance to the African American community. See id. The NAACP owns several trademarks, among them “NAACP” (federally registered) and “National Association for the Advancement of Colored People.”

The Radiance Foundation, established by Ryan Bomberger, is also a non-profit organization focused on educating and influencing the public about issues impacting the African American community. Radiance addresses social issues from a Christian perspective. It uses as its platform two websites, TheRadianceFoundation.org and TooManyAborted.com, where it posts articles on topics such as race relations, diversity, fatherlessness, and the impact of abortion on the black community. Id. at 873. Radiance also runs a billboard campaign for TooManyAborted.com; individuals may sponsor these billboards, licensing the artwork from Radiance. In addition to its billboard campaign, Radiance funds its endeavors through donations from visitors to its websites, which are facilitated by “Donate” buttons on the webpages that link to a PayPal site.

In January 2013, Bomberger authored an article criticizing the NAACP’s annual Image Awards, entitled “NAACP: National Association for the Abortion of Colored People.” The piece lambasted the NAACP for sponsoring an awards event to recognize Hollywood figures and products that Radiance alleged defied Christian values and perpetuated racist stereotypes. The article then criticized other of the NAACP’s public stances and actions. It particularly targeted the NAACP’s ties to Planned Parenthood and its position on abortion. Though the NAACP has often claimed to be neutral on abortion, Radiance maintains that the NAACP’s actions actually demonstrate support for the practice.
The article appeared on three websites: the two owned by Radiance—TheRadianceFoundation.com and TooManyAborted.com—and a third-party site called LifeNews.com. Though the text of the article was identical across the sites, the headlines and presentation varied slightly. On TheRadianceFoundation.com, directly below the headline was an image of a TooManyAborted billboard with the headline “NAACP: National Association for the Abortion of Colored People” repeated next to it. Id. The TooManyAborted.com site posted the headline “The National Association for the Abortion of Colored People” with a graphic below of a red box with the words “CIVIL WRONG” followed by the modified NAACP name. Id. at 899. Adjacent to the article on both pages was an orange button with “CLICK HERE TO GIVE ONE–TIME GIFT TO THE RADIANCE FOUNDATION” printed around the word “DONATE.” Id. at 869, 989. Finally on LifeNews.com, the third-party site, the NAACP’s Scales of Justice appeared as a graphic underneath the headline. Id. at 101.

The NAACP sent Radiance a cease-and-desist letter on January 28, 2013, after a Google alert for the “NAACP” mark unearthed the LifeNews.com article. Radiance thereupon brought a declaratory action seeking a ruling that it had not infringed or diluted any of the NAACP’s marks and that its use of the marks, or similar ones, was protected under the First Amendment. The NAACP counterclaimed for trademark infringement under 15 U.S.C. §§ 1114(1) and 1125(a) and Virginia state law, and trademark dilution under 15 U.S.C. § 1125(c).

[After a bench trial, the district court found for the NAACP on both the infringement and dilution claims. Radiance appealed.]

II.

A.

We must first review briefly the Lanham Act principles relevant to this action. The Lanham Act’s provisions prohibiting trademark infringement...exist to protect consumers from confusion in the marketplace...

Trademark protection, however, comes at a potential cost to free expression. Much like advertising regulations that prohibit using false or misleading information, trademark infringement laws restrict speech in order to promote the government’s interest in protecting consumers from confusing misappropriations of product identifications. However, Congress “did not intend for trademark laws to impinge the First Amendment rights of critics and commentators.” Lamparello v. Falwell, 420 F.3d 309, 313 (4th Cir.2005). The Lanham Act and First Amendment may be in tension at times, but they are not in conflict so long as the Act hews faithfully to the purposes for which it was enacted. Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 900 (9th Cir.2002). The risk of impinging on protected speech is much greater
when trademarks serve not to identify goods but rather to obstruct the conveyance of ideas, criticism, comparison, and social commentary. The canon of constitutional avoidance in this area is thus not a device of judicial evasion but an effort to reconcile the commercial values protected by the Lanham Act and the democratic value of expressive freedom. See Rogers v. Grimaldi, 875 F.2d 994, 998 (2d Cir.1989); cf. Edward J. DeBartolo Corp. v. Fla. Gulf Coast Bldg. & Constr. Trades Council, 485 U.S. 568, 575, 108 S.Ct. 1392, 99 L.Ed.2d 645 (1988).

It is for this reason that an actionable trademark claim does not simply require that the alleged infringer used in commerce the mark that the trademark holder possesses. It also requires that the infringer’s use be “in connection with” goods or services in a manner that is “likely to cause confusion” among consumers as to the goods’ or services’ source or sponsorship. 15 U.S.C. §§ 1114(1)(a) & 1125(a)(1); see People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 366 (4th Cir.2001) (“PETA”); United We Stand Am., Inc. v. United We Stand, Am. New York, Inc., 128 F.3d 86, 91–92 (2d Cir.1997) (“It poked fun at the plaintiff, but did not cause consumer confusion as to source or origin.” (emphasis added)). Use of a mark that does not satisfy these two criteria is not trademark infringement. Lamparello, 420 F.3d at 313–14.

B.

The first element of trademark infringement at issue is thus whether Radiance’s use of the NAACP’s marks was “in connection with the sale, offering for sale, distribution, or advertising of any goods or services.” 15 U.S.C. § 1114(1)(a); see also id. § 1125(a)(1) (requiring mark be used “in connection with any goods or services”). The NAACP urges us to give this requirement a “broad construction,” but that construction would expose to liability a wide array of noncommercial expressive and charitable activities. Such an interpretation would push the Lanham Act close against a First Amendment wall, which is incompatible with the statute’s purpose and stretches the text beyond its breaking point. We decline to reach so far.

At least five of our sister circuits have interpreted this element as protecting from liability all noncommercial uses of marks. Farah v. Esquire Magazine, 736 F.3d 528, 541 (D.C.Cir.2013); Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research, 527 F.3d 1045, 1052–54 (10th Cir.2008); Bosley Med. Inst., Inc. v. Kremer, 403 F.3d 672, 676–77 (9th Cir.2005); Taubman Co. v. Webfeats, 319 F.3d 770, 774 (6th Cir.2003); Porous Media Corp. v. Pall Corp., 173 F.3d 1109, 1120 (8th Cir.1999). But see United We Stand, 128 F.3d at 89–90. We have not taken a position on whether “in connection with” goods or services indicates a commercial use. Lamparello, 420 F.3d at 313–14.

At the very least, reading the “in connection with” element to take in broad swaths of noncommercial speech would be an “overextension” of the Lanham Act’s reach that would “intrude on First Amendment values.” Rogers, 875 F.2d at 998; see also Taubman, 319 F.3d at 774 (stating that the “Lanham Act is constitutional because it only regulates commercial
speech”). It is true that neither of the Lanham Act’s infringement provisions explicitly mentions commerciality. *Lamparello*, 420 F.3d at 314. Still, this provision must mean something more than that the mark is being used in commerce in the constitutional sense, because the infringement provisions in § 1114(1)(a) and § 1125(a)(1) include a separate Commerce Clause hook. *Bosley*, 403 F.3d at 677; *Int’l Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Estrangers a Monaco*, 329 F.3d 359, 363–64 (4th Cir.2003); *United We Stand*, 128 F.3d at 92–93.

Although this case does not require us to hold that the commercial speech doctrine is in all respects synonymous with the “in connection with” element, we think that doctrine provides much the best guidance in applying the Act. The “in connection with” element in fact reads very much like a description of different types of commercial actions: “in connection with the sale, offering for sale, distribution, or advertising of any goods or services.” 15 U.S.C. § 1114(1)(a) (emphasis added).

Use of a protected mark as part of “speech that does no more than propose a commercial transaction” thus plainly falls within the Lanham Act’s reach. *United States v. United Foods, Inc.*, 533 U.S. 405, 409 (2001). Courts also look to the factors outlined in *Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 66–67 (1983): whether the speech is an advertisement; whether the speech references a particular good or service; and whether the speaker (the alleged infringer) has a demonstrated economic motivation for his speech. [cit.] These are not exclusive factors, and the presence or absence of any of them does not necessitate a particular result.

In the context of trademark infringement, the Act’s purpose, as noted, is to protect consumers from misleading uses of marks by competitors. Thus if in the context of a sale, distribution, or advertisement, a mark is used as a source identifier, we can confidently state that the use is “in connection with” the activity. Even the Second Circuit, which rejected noncommerciality as an invariable defense to Lanham Act liability, conceded that a “crucial” factor is that the infringer “us[ed] the Mark not as a commentary on its owner, but instead as a source identifier.” *United We Stand*, 128 F.3d at 92. The danger of allowing the “in connection with” element to suck in speech on political and social issues through some strained or tangential association with a commercial or transactional activity should thus be evident. Courts have uniformly understood that imposing liability under the Lanham Act for such speech is rife with the First Amendment problems.

Finally, in order to determine whether the use is “in connection with” goods or services, we must consider what qualifies as a good or service. The Lanham Act does not directly define either term, but we can deduce their meaning from other defined terms and common usage. A “good” is best understood as a valuable product, physical or otherwise, that the consumer may herself employ. See 15 U.S.C. § 1127 (noting that a mark may be used in commerce in relation to a good when placed on a good, its container, its tag, or its associated documents); Black’s Law Dictionary 809 (10th ed.2014) (defining “goods” as “[t]hings that
have value, whether tangible or not”). A service is a more amorphous concept, “denot[ing] an intangible commodity in the form of human effort, such as labor, skill, or advice.” Black’s Law Dictionary 1576. Because Congress intended the Lanham Act to protect consumers from confusion in the marketplace, it is probable that the Act is meant to cover a wide range of products, whether “goods” or “services.” See Yates v. United States, 135 S.Ct. 1074, 1082 (2015) (“Ordinarily, a word’s usage accords with its dictionary definition. In law as in life, however, the same words, placed in different contexts, sometimes mean different things.”).

It is clear, therefore, that despite the need to reconcile the reach of the Lanham Act with First Amendment values, “goods or services” remains a broad and potentially fuzzy concept. That is yet another reason why the “in connection with” language must denote a real nexus with goods or services if the Act is not to fatally collide with First Amendment principles.

C.

The second element in establishing Lanham Act liability is whether the use of the trademark is “likely to cause confusion” among consumers regarding the source or sponsorship of the goods or services. 15 U.S.C. §§ 1114(1)(a) & 1125(a)(1)(A). Here it is important to remember that “trademark infringement protects only against mistaken purchasing decisions and not against confusion generally.” Lang v. Ret. Living Publ’g Co., 949 F.2d 576, 583 (2d Cir.1991) (quotation marks omitted); see also Bosley, 403 F.3d at 677. That is because a trademark “only gives the right to prohibit the use of it so far as to protect the owner’s good will against the sale of another’s product as his.” Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924) (emphasis added).

This court and others have employed any number of frameworks to assess the likelihood of confusion, generally balancing a slew of relevant factors. See, e.g., Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1527 (4th Cir.1984)...

In conducting such an inquiry, which is inherently fact-bound and context dependent, we must bear in mind the purpose behind it—preventing consumer confusion of the infringer’s goods or services with those of the trademark holder’s. When the infringer’s intent is something other than piggybacking off a mark holder’s success by tricking consumers into purchasing his goods instead, the other factors must be evaluated in light of that intent and purpose. See Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 261 (4th Cir.2007) (“An intent to parody is not an intent to confuse the public.” (quotations marks omitted)). Although finding an alternative intent does not prevent us from applying the factors, it does “influence[ ] the way in which [they] are applied.” Id.

Marks used to parody, satirize, criticize, comment, or compare make “the multi-factored inquiry under Pizzeria Uno ... at best awkward” and require that the use be assessed in that
context. Anheuser-Busch, 962 F.2d at 321 (quotation marks omitted). For example, the strength of the mark and the similarity between the marks often work in reverse for cases of parody and satire as compared to a standard infringement case. Louis Vuitton, 507 F.3d at 261. “The keystone of parody is imitation,” Anheuser-Busch, 962 F.2d at 321, and the similarity—with key differences—between the original mark and the parody may only enhance the effect of the latter and the “strong mark’s fame and popularity [are] precisely the mechanism[s] by which likelihood of confusion is avoided,” Louis Vuitton, 507 F.3d at 261.

As with the “in connection with” element, the “likelihood of confusion” test, if misapplied, can implicate free speech concerns. When the “use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source,” restricting speech does not serve the purpose of the Lanham Act. New Kids on the Block v. News Am. Publ’g, Inc., 971 F.2d 302, 306–08 (9th Cir.1992). Indeed, criticism or parody of a mark holder would be difficult indeed without using the mark. Id. Trademark protections exist neither to allow companies to protect themselves from criticism nor to permit them to “control language.” Skippy, 214 F.3d at 462 (quoting Mark A. Lemley, The Modern Lanham Act and the Death of Common Sense, 108 Yale L.J. 1687, 1710–11 (1999)). Even some amount of “actual confusion” must still be weighed against the interest in a less fettered marketplace of social issues speech. See Rogers, 875 F.2d at 1001.

III.

In applying the above principles, we think the district court made several errors. Those mistakes extended the Lanham Act beyond the purposes it was intended to serve.

A.

In finding that Radiance’s use of the NAACP’s marks was “in connection with” goods or services, the district court erred in several respects. To begin, the court held that because the Radiance article appeared in a Google search for the term “NAACP,” it diverted “Internet users to Radiance’s article as opposed to the NAACP’s websites,” which thereby created a connection to the NAACP’s goods and services. Radiance Found., Inc. v. NAACP, 25 F.Supp.3d 865, 884 (E.D.Va.2014). But typically the use of the mark has to be in connection with the infringer’s goods or services, not the trademark holder’s. See Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research, 527 F.3d 1045, 1053–54 (10th Cir.2008) (stating that “the defendant in a trademark infringement ... case must use the mark in connection with the goods or services of a competing producer, not merely to make a comment on the trademark owner’s goods or services”).
If the general rule was that the use of the mark merely had to be in connection with the trademark holder’s goods or services, then even the most offhand mention of a trademark holder’s mark could potentially satisfy the “in connection with” requirement. That interpretation would expand the requirement to the point that it would equal or surpass the scope of the Lanham Act’s “in commerce” jurisdictional element. This would not only make the jurisdictional element superfluous, but would hamper the ability of the “in connection with” requirement to hold Lanham Act infractions within First Amendment limits.

In People for the Ethical Treatment of Animals v. Doughney, we stated that an infringer “need only have prevented users from obtaining or using [the trademark holder’s] goods or services, or need only have connected the [infringing] website to other’s goods or services” in order to satisfy the “in connection with” requirement. 263 F.3d 359, 365 (4th Cir.2001). But that rule applies specifically where the infringer has used the trademark holder’s mark in a domain name. Id. at 365–66. Neither of Radiance’s websites used an NAACP mark in its domain name. Rather, Radiance used the NAACP’s marks only in the title and body of an article criticizing the NAACP. Nothing in PETA indicates that the use of a mark in the course of disseminating such an idea is on that account sufficient to establish the requisite relationship to goods or services. PETA simply does not govern the application of the “in connection with” element in this case.

The district court proceeded to find that Radiance’s use of the NAACP’s marks was also in connection with Radiance’s goods or services. Radiance Found., 25 F.Supp.3d at 884–85. But the court’s analysis failed to demonstrate a sufficient nexus between the specific use of the marks and the sale, offer for sale, distribution, or advertisement of any of the goods or services that the court invoked. The court first found that there was a sufficient nexus “with Radiance’s own information services” because Radiance “provided information” on its website. Id. at 884. That ruling, however, neuters the First Amendment. The provision of mere “information services” without any commercial or transactional component is speech—nothing more.

In the alternative, the court held that Radiance’s use of the NAACP’s marks was in connection with goods or services, because the use was “part of social commentary or criticism for which they solicit donations and sponsorship.” Id. The NAACP echoes the district court, arguing that the transactional nature of the billboard campaign and Radiance’s fundraising efforts place Radiance’s use of the marks “comfortably within” the reach of the “in connection with” element. Appellee’s Br. at 24–26.

We need not address this point with absolute pronouncements. Suffice it to say that the specific use of the marks at issue here was too attenuated from the donation solicitation and the billboard campaign to support Lanham Act liability. Although present on the article page, the Donate button was off to the side and did not itself use the NAACP’s marks in any way. The billboard campaign was displayed on a different page altogether. A visitor likely would not perceive the use of the NAACP’s marks in the article as being in connection with
those transactional components of the website. It is important not to lose perspective. The article was just one piece of each Radiance website’s content, which was comprised of articles, videos, and multimedia advocacy materials. That the protected marks appear somewhere in the content of a website that includes transactional components is not alone enough to satisfy the “in connection with” element. To say it was would come too close to an absolute rule that any social issues commentary with any transactional component in the neighborhood enhanced the commentator’s risk of Lanham Act liability.

The Supreme Court has warned “that charitable appeals for funds ... involve a variety of speech interests ... that are within the protection of the First Amendment.” Vill. of Schaumburg v. Citizens for a Better Env’t, 444 U.S. 620, 632 (1980). Such solicitation, the Court stated, is not a “variety of purely commercial speech.” Id. Courts are thus well-advised to tread cautiously when a trademark holder invokes the Lanham Act against an alleged non-profit infringer whose use of the trademark holder’s marks may be only tenuously related to requests for money. Again, this is not to say that in all instances a solicitation by a non-profit is immune from Lanham Act liability. A solicitation may satisfy the “in connection with” element if the trademark holder demonstrates a sufficient nexus between the unauthorized use of the protected mark and clear transactional activity. Such a nexus may be present, for example, where the protected mark seems to denote the recipient of the donation. However, where, as here, the solicitations are not closely related to the specific uses of the protected marks, we are compelled to conclude that the district court erred in ruling that the “in connection element” was met.

B.

The district court likewise considered the likelihood of confusion from Radiance’s use of the marks. First and foremost, it based its finding in great part on whether consumers thought “NAACP” in fact stood for “National Association for the Abortion of Colored People.” Radiance Found., 25 F.Supp.3d at 887–89 (relying on survey evidence). Trademark infringement provisions do not protect against confusion about the marks themselves because marks are not goods or services but instruments to identify goods and services. Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 263 (4th Cir.2007) (“The misspellings pointed out by LVM [in the Vuitton name] are far more likely in this context to indicate confusion over how to spell the product name than any confusion over the source or sponsorship of the ‘Chewy Vuiton’ dog toys.”). Thus confusion about what a particular trademark says or looks like is not relevant for infringement claims. We may certainly account for similarities between the trademark holder’s and infringer’s marks in the likelihood of confusion analysis, but only in the context of how those similarities create confusion about the source of any products the marks identify.

Likewise, trademark infringement is not designed to protect mark holders from consumer confusion about their positions on political or social issues. The evidence of
“actual confusion” relied on by the district court consisted of phone calls to the NAACP by people who took issue with the NAACP supporting abortion. Radiance Found., 25 F.Supp.3d at 888–89. “[I]ndignation is not confusion,” Girl Scouts of U.S. v. Personality Posters, Mfg. Co., 304 F.Supp. 1228, 1231 (S.D.N.Y.1969), at least not as pertains to trademark infringement, and at best the calls demonstrated confusion as to the NAACP’s policy positions rather than any good or service. Policy stances are neither goods nor services, though the means of conveying them may be.

Political discourse is the grist of the mill in the marketplace of ideas. It may be that the only—but also the best—remedy available to a trademark holder is to engage in responsive speech. For even where a speaker lies, “more accurate information will normally counteract the lie.” United States v. Alvarez, 132 S.Ct. 2537, 2556 (2012) (Breyer, J., concurring in the judgment). The NAACP is a renowned civil rights organization with numerous mechanisms for connecting with its membership and the public. Organizations of its size and stature possess megaphones all their own. “Actual confusion” as to a non-profit’s mission, tenets, and beliefs is commonplace, but that does not transform the Lanham Act into an instrument for chilling or silencing the speech of those who disagree with or misunderstand a mark holder’s positions or views. See Rogers v. Grimaldi, 875 F.2d 994, 1001 (2d Cir.1989).

The district court also concluded that some consumers might be confused about an affiliation between the authors of the article and the NAACP. Radiance Found., 25 F.Supp.3d at 889. But it is not immediately apparent how someone would confuse an article which is strongly critical of an organization with the organization itself. The mark in this case was used primarily to identify the NAACP as the object of Radiance’s criticism, resembling a descriptive or nominative fair use albeit by employing a modified version of the name. Admittedly, the attention span on the Internet may not be long, but the briefest familiarity with the article would quickly create the impression the author was no friend of the NAACP. Indeed, in just the first two lines, the piece refers to the NAACP as an “out-of-touch liberal organization” and accuses its Image Awards of honoring “black imagery churned out by often racist, anti-Christian, perpetually sexist, violent and pornographic Hollywood.” Intemperate and worse as the commentary is, holding it actionable risks creating the paradox that criticism equals confusion, thereby permitting companies to shield themselves from adverse assessments. Indeed, “[m]uch useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.” CPC Int’l, Inc. v. Skippy Inc., 214 F.3d 456, 462 (4th Cir.2000) (quoting New Kids on the Block v. News Am. Pub’g, Inc., 971 F.2d 302, 307 (9th Cir.1992)).

It remains essential in any analysis of confusion to consider fully the purpose with which the mark was being used. The trial court did entertain the possibility of parody, but once it found that Radiance had not engaged in a successful parody, it ended its inquiry there. Radiance Found., 25 F.Supp.3d at 891–93. If not quite parody, the use of “National Association for the Abortion of Colored People” in this context may be more akin to satire,
which “works by distort[ing] ... the familiar with the pretense of reality in order to convey an underlying critical message.” Farah v. Esquire Magazine, 736 F.3d 528, 537 (D.C.Cir.2013) (quotation marks omitted). Whatever the label affixed to the article, Radiance’s twist on the famous moniker follows in the same vein as articles that refer to the NRA as the “National Republican Association” or the ACLU as the “Anti–Christian Lawyers Union.” Amicus Br. of Elec. Frontier Found. & ACLU of Va. at 3–4, 6–7. Biting, surely; distortive, certainly; Radiance’s ploy was nonetheless effective at conveying sharply what it was that Radiance wished to say. The implications for the likelihood of confusion factors are thus obvious: parody or satire or critical opinion generally may be more effective if the mark is strong and the satirical or critical version is similar to the original. The critical message conveyed by the satirical mark itself and in the commentary that follows ensures that no confusion about the source of the commentary will last, if in fact it is generated at all.

It is important moreover to pay sufficient attention to the full context in which the mark was used, which diminishes the likelihood of confusion about source even further. The domain names and webpage headings clearly denote other organizations: The Radiance Foundation or TooManyAborted. For each site, this post was one of dozens of articles on social and political issues.

Suppose, however, a viewer caught no more than the title of the article: “NAACP: National Association for the Abortion of Colored People.” The claim against Radiance would still not lie. Titles, as part of expressive works, “require[ ] more protection than the labeling of ordinary” goods. Rogers, 875 F.2d at 998. For consumers understand and expect titles to pertain to the contents of the underlying work rather than authorship or the publisher. See Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 902 (9th Cir.2002); Rogers, 875 F.2d at 999–1000. Provided the title is connected to and not misleading about the contents and does not use the mark in a way that clearly suggests authorship, see Rogers, 875 F.2d at 999, use of a mark in a title will generally not result in the type of consumer confusion necessary to support infringement claims. In this case, the title related to and conveyed the subject of the article: the NAACP and Radiance’s views of its alleged stance on abortion. The use of the satirical modification of the true NAACP name was designed, as many titles are, to be eye-catching and provocative in a manner that induces the reader to continue on. We cannot find that use of the NAACP marks in the title of the Radiance article created a likelihood of confusion as to the piece’s authorship or affiliation.

We have identified individual difficulties with appellee’s position, but it is well to understand the matter in its totality. The trial court found that using marks in a highly critical article that lambasts the NAACP for its views and actions constituted trademark infringement because the site solicits financial support for its activities, albeit attenuated from the use of the mark, and some consumers may be confused about the NAACP’s true name and political positions. We need not go so far as to say that social commentary solicitations can never be the subject of a valid infringement claim in order to conclude that it will not be infringing so long as the use of the mark does not create confusion as to source, sponsorship, or affiliation. Any other holding would severely restrict all kinds of speakers
from criticizing all manner of corporate positions and activities and propel the Lanham Act into treacherous constitutional terrain.

IV.

The district court further held that Radiance diluted the “NAACP” and “National Association for the Advancement of Colored People” trademarks by tarnishing them in violation of 15 U.S.C. § 1125(c). *Radiance Found., Inc. v. NAACP*, 25 F.Supp.3d 865, 899 (E.D.Va.2014). We respectfully disagree. Radiance’s use of the marks was undeniably to criticize the NAACP’s perceived position on abortion, thus falling squarely within the statute’s explicit exclusions. See 15 U.S.C. § 1125(c)(3).

A.

Whereas the law of trademark infringement is “motivated by an interest in protecting consumers” from confusion as to a product’s source, the law of dilution defends the trademark itself. *Moseley v. Secret Catalogue, Inc.*, 537 U.S. 418, 429 (2003); see also *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1012 (9th Cir.2004) (“The point of dilution law is to protect the owner’s investment in his mark.”)... To state a *prima facie* claim of dilution by tarnishment...the NAACP must satisfy four elements:

(1) that [it] owns a famous mark that is distinctive;

(2) that [Radiance] has commenced using a mark in commerce that allegedly is diluting the famous mark;

(3) that a similarity between [the diluter’s] mark and the famous mark gives rise to an association between the marks; and

(4) that the association is likely ... to harm the reputation of the famous mark.


The first three elements are met here: the marks Radiance used in commerce were either identical or highly similar to the NAACP’s undoubtedly famous marks. As for the fourth element, harming a famous mark’s reputation means “creat[ing] consumer aversion to the famous brand.” *Rosetta Stone*, 676 F.3d at 167. Such aversion may be shown when the famous mark is “linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context.” *Id.* (quoting *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 489 (5th
Cir. 2004)); see also Tiffany (NJ) Inc. v. eBay Inc., 600 F. 3d 93, 111 (2d Cir. 2010). Radiance has not challenged the district court’s finding that the article was likely to harm the NAACP’s marks. Indeed, the whole point of the article was to criticize the NAACP, and Radiance attempted to accomplish that goal in part by playing off the NAACP’s name. The NAACP thus established a prima facie case of dilution by tarnishment.

B.

However, that does not end the inquiry. The law provides three broad, overlapping categories within which any use of a famous mark, even if likely to cause harm or blurring, is not actionable: fair use; news reporting and news commentary; and noncommercial use. 15 U.S.C. § 1125(c)(3). Radiance asserts that its use of the NAACP’s marks qualifies for protection under these affirmative defenses. Because we hold that Radiance’s speech falls plainly within the fair and noncommercial use exclusions, we have no need to address Radiance’s “news reporting and news commentary” defense.

The first exclusion covers “any fair use, including a nominative or descriptive fair use,” and “including use in connection with,” among other things, “identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.” Id. § 1125(c)(3)(A)(ii) (emphasis added). A descriptive fair use “applies when the [dilution] defendant is using a trademark in its primary, descriptive sense to describe the defendant’s goods or services,” whereas “nominative fair use comes into play when the defendant uses the famous mark to identify or compare the trademark owner’s product.” Rosetta Stone, 676 F. 3d at 169 (quotation marks omitted). No use may be “a designation of source for the [user’s] own goods or services.” 15 U.S.C. § 1125(c)(3)(A). That is, the fair use exclusion does not provide a safe harbor for one who uses another’s famous mark as a trademark. See Louis Vuitton, 507 F. 3d at 266. Finally, good faith is a “common component” of fair use analysis. Rosetta Stone, 676 F. 3d at 169–70.

The NAACP, as the district court recognized, is an advocacy organization. See Radiance Found., 25 F.Supp.3d at 872. As such, it takes positions on public issues on behalf of its stated mission; the organization exists in part to be for things. The Radiance article used the NAACP’s marks to comment upon what it sees as the policies the NAACP supports or does not support, as the case may be. Within the context of the article, the use of the NAACP’s famous marks unquestionably framed and referenced the NAACP’s policy positions, or at least Radiance’s view of what those positions are. The article repeatedly referred to the NAACP’s purported support for abortion and Planned Parenthood, using sexual and other graphic metaphors to hammer the point home. Even if we were to take the title out of context and view it separately from the rest of the article, the use was still nominative, because it explicitly referred to what the author believes the NAACP stands for: the abortion of African American children. [The court noted that neither Radiance nor the lower court had asserted that Radiance’s use might be a descriptive fair use, so that doctrine was not analyzed.]
The district court also reiterated its belief that referring to the NAACP as the “National Association for the Abortion of Colored People” is not a parody. Id. at 897. The fair use defense, however, is not limited to parody; it also embraces uses that “criticiz[ ] or "comment[ ] upon" the NAACP or its services. 15 U.S.C. § 1125(c)(3)(A)(ii). Regardless of whether Radiance’s use of the NAACP’s marks legally qualifies as parody, it is abundantly clear that Radiance used “NAACP” in conjunction with “National Association for the Abortion of Colored People” to comment upon and criticize the NAACP for its perceived position on abortion and other issues affecting the African American community. “The National Association for the Abortion of Colored People has no moral ground to stand upon,” the article goes, “just quick sand oozing with the blood of those most discriminated against. The NAACP’s covert and overt support of Planned Parenthood negates any other human rights they purport to defend.” It is difficult to imagine what the article is if not criticism. We cannot say, and the district court erred in holding, that Radiance’s use of the NAACP’s famous marks was not a fair use.

C.

The final exclusion protects “[a]ny noncommercial use of a mark.” 15 U.S.C. § 1125(c)(3)(C). The term “noncommercial” refers to the First Amendment commercial speech doctrine. Lamparello v. Falwell, 420 F.3d 309, 313 (4th Cir.2005). Commercial speech is “‘speech that does no more than propose a commercial transaction.’” Harris v. Quinn,134 S.Ct. 2618, 2639, (2014) [cit.]. In determining whether speech is commercial, we consider several factors: (1) whether the speech is an advertisement; (2) whether speech refers to specific products or services; (3) whether the speaker has an economic motivation for the speech; and (4)”the viewpoint of the listener,” i.e. whether the listener would perceive the speech as proposing a transaction. [cit.]The factors are cumulative, but, again, the absence of any particular element does not necessarily render the speech noncommercial. Id.

The district court held that because Radiance “offered various opportunities for visitors ... to donate to Radiance, pay to sponsor billboards, secure license content, or erect state-specific webpages for a fee,” the use of the NAACP’s marks was commercial. Radiance Found., 25 F.Supp.3d at 899. We think however, that the above factors mitigate against a finding of commerciality. The article in contention was not an advertisement. Nowhere in the piece did it offer the reader anything for sale. The article did not even mention Radiance’s services. The only point “Radiance” even appeared in the article was as part of a passing reference to conservatives that the NAACP purportedly targets. The fact that the websites provided opportunities to engage in financial transactions does not demonstrate that the article itself was commercial. The key here is the viewpoint of a reasonable reader. A person navigating to the article, even if through a Google search for “NAACP,” is highly unlikely to read the article as advertising a Radiance service or proposing a transaction of any kind.
Trademark law in general and dilution in particular are not proper vehicles for combating speech with which one does not agree. Trademarks do not give their holders under the rubric of dilution the rights to stymie criticism. Criticism of large and powerful entities in particular is vital to the democratic function. Under appellee’s view, many social commentators and websites would find themselves victims of litigation aimed at silencing or altering their message, because, as noted, “it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark.” **New Kids on the Block v. News Am. Publ’g, Inc.,** 971 F.2d 302, 306 (9th Cir.1992). The article in this case was harsh. But that did not forfeit its author’s First Amendment liberties. The most scathing speech and the most disputable commentary are also the ones most likely to draw their intended targets’ ire and thereby attract Lanham Act litigation. It is for this reason that law does not leave such speech without protection.

[Vacated and remanded with instructions to dismiss the Lanham Act counterclaims.]

At p. 865, at the end of Problem 9-8, add the following:

See **Farah v. Esquire Magazine**, 736 F.3d 528 (D.C. Cir. 2013) (asserting that Lanham Act claims apply only against commercial speech).

At p. 865, add the following new problem:

**PROBLEM 9-9: “DUMB” STARBUCKS**

In February 2014, at 1802 Hillhurst Avenue in Los Angeles, a coffee shop opened. The shop used signs and logos that were pretty much identical to those used by Starbucks, with the addition of the word “dumb” before “Starbucks.” The store mimicked the Starbucks menu, store layout, and associated merchandise, right down to the “Dumb Nora Jones Duets” CDs. A letter answering “Frequently Asked Questions” about DUMB STARBUCKS indicated that “[b]y adding the word ‘dumb,’ we are technically ‘making fun’ of Starbucks, which allows us to use their trademarks under a law known as ‘fair use.’” The letter proceeded to refer to copyright fair use, which may itself be dumb, but we get the point.

A Twitter frenzy followed. People waited in line for an hour to buy coffee at the DUMB STARBUCKS. A commenter advised his Twitter followers to “go buy some @dumbstarbucks before dumb lawyers get to it,” which strikes us as sage advice.

In time, the DUMB STARBUCKS shop was revealed to be the work of a Comedy Central comedian, who eventually claimed that the shop would be featured in an upcoming episode of his television show. For a promotional video also making the claim of parody (but at the same time claiming that the shop is a real business, not a comedy skit, which strikes as possibly a dumb move), see
https://www.youtube.com/watch?v=Bo_deCOd1HU. In the meantime, the Los Angeles Health Department had shut the shop down for health code violations.

(1) Is the DUMB STARBUCKS shop a “successful parody” under the *Louis Vuitton* analysis?

(2) Suppose that Dinwoodie and Janis—always looking to make a quick buck (or, euphemistically, always “entrepreneurial”)—make and sell DUMB STARBUCKS merchandise on eBay. We don’t get permission from Starbucks, or from the Comedy Central comedian. What’s our risk of liability to the comedian? (For that matter, what if Starbucks starts selling DUMB STARBUCKS merchandise?)
FALSE ADVERTISING

At p. 870, delete Problem 10-1 and substitute the following:

PROBLEM 10-1: STANDING AFTER *LEXMARK*

Suppose that firm A, a brewer, makes allegedly false statements in advertising about firm B, a competing brewer. Brewer A is likely to have standing to pursue a Section 43(a)(1)(B) false advertising claim against brewer B – but why? Is it because of B’s status as a competitor of A? But what about firms that are not direct competitors? What about consumers, or organizations purporting to act on behalf of consumers?

In *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S.Ct. 1377 (2014), the Court resolved a three-way circuit split on the test for standing under Section 43(a)(1)(B). Writing for a unanimous Court, Justice Scalia first distinguished Article III standing from statutory standing. Article III standing requires a showing that the plaintiff has suffered, or is imminently threatened with, “a concrete and particularized ‘injury in fact’ that is fairly traceable to the challenged action of the defendant and likely to be redressed by a favorable judicial decision.” *Id.* at 1386 (*citing* *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992)). An allegation of lost sales and damage to business reputation will generally suffice to show Article III standing.

By contrast, statutory standing requires an additional showing: that the plaintiff falls “within the class of plaintiffs whom Congress has authorized to sue” under the relevant statutory provision. *Lexmark*, 134 S.Ct. at 1387. Lanham Act Section 43(a)(1) authorizes suit by “any person who believes that he or she is likely to be damaged” by a defendant’s acts. According to the Court, this language, albeit expansive, did not merely confer standing on any plaintiff who could make the Article III showing. *Id.* at 1388. Rather, the language was limited by two “background principles”: the zone of interests and proximate causality.

To fall within the zone of interests in a false advertising suit under Section 43(a)(1)(B), a plaintiff must allege “an injury to a commercial interest in reputation or sales,” the Court held. *Id.* at 1390. Accordingly, a consumer who relied on an allegedly false advertisement in purchasing a product would not fall within the relevant zone of interests, nor would “a business misled by a supplier into purchasing an inferior product,” even though both might have suffered injuries-in-fact that would be cognizable under Article III. *Id.*

To satisfy the proximate-cause inquiry, a false advertising plaintiff “ordinarily must show economic or reputational injury flowing directly from the deception wrought by the
defendant's advertising; and that that occurs when deception of consumers causes them to withhold trade from the plaintiff. That showing is generally not made when the deception produces injuries to a fellow commercial actor that in turn affect the plaintiff.” *Id.* at 1391. A firm forced out of business by its competitor’s false advertising ordinarily would satisfy the inquiry, while the firm’s utility company, for example, ordinarily would not. *Id.*

In adopting the zone of interest and proximate cause inquiries, the Court rejected all three of the tests that had developed in the circuits. In particular, the Court rejected

1. the “direct competitor” test, because it was “a mistake to infer that because the Lanham Act treats false advertising as a form of unfair competition, it can protect only the false-advertiser’s direct competitors.” *Id.* at 1392 (emphasis in original)

2. the “reasonable interest” test, because, *inter alia*, it addressed the wrong question—the reasonableness of the plaintiff’s interest and basis for believing that the interest was likely to be damaged—rather than asking what the statute provided

3. the multifactor balancing test from *Conte Bros. Automotive, Inc. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 225 (3d Cir. 1998), because, *inter alia*, it was unpredictable in application, it treated the zone of interest and proximate cause as mere factors to be weighed rather than requirements in every case, and it permitted courts to deny standing based on the difficulty of quantifying damages, even though the plaintiff might conceivably be entitled to various forms of equitable relief.

Consider whether the *Lexmark* standing inquiry is satisfied in the following scenarios:

1. Brewer B buys barley from supplier S. Suppose that competing brewer A advertises falsely that S’s barley contains a constituent that may be toxic to humans when the barley is subjected to the brewing process. Under the *Lexmark* test, does B have standing to bring a Section 43(a)(1)(B) action against A? Does S have standing to bring a Section 43(a)(1)(B) action against A? Compare the facts of this hypothetical to those of *Lexmark*. Lexmark sells laser printers that contain toner cartridges. To encourage consumers to return empty cartridges to Lexmark (and to purchase new, full ones from Lexmark), Lexmark placed a microchip in each cartridge that disabled the cartridge when empty, and included a shrinkwrap license on the cartridge packaging. Under the license terms, purchasers agreed to return the empty cartridge to Lexmark and received a 20% discount on the purchase of a new cartridge. Static Control sells replacement parts for Lexmark cartridges. Static Control developed a chip that mimicked the functions of Lexmark’s chip. Customers could purchase the chip from Static Control and use it in their empty Lexmark cartridges, avoiding the need to purchase a new cartridge from Lexmark. Lexmark then allegedly sent letters to customers asserting that the use of refurbished cartridges (and particularly the use of Static Control’s chip) was illegal. These statements were the basis for Static Control’s claim of false advertising. Lexmark and Static Control are not direct competitors in the laser printer market. Under the *Lexmark* test, does Static Control have standing? (Yes, the Court concluded in *Lexmark*. 132 S.Ct. at 1395.) For another example, see *Syngenta Seeds, Inc. v.*
2. Anna Kournikova was a famous professional tennis player. Penthouse is an adult magazine. In the June 2002 issue (we’re told), Penthouse published a series of photographs of a topless woman sunbathing. Captions accompanying the photos indicated that the woman was Kournikova, which, in fact, was false. A headline on the cover of the June issue proclaimed, “EXCLUSIVE ANNA KOURNIKOVA CAUGHT UP CLOSE ON NUDE BEACH.” Kournikova sued for false advertising under Section 43(a)(1)(B). Penthouse argued that Kournikova lacked standing. How would the issue be decided under the Lexmark test? What alternative theories, if any, might Kournikova pursue if she is held to lack standing to bring a Section 43(a)(1)(B) action?

3. During the late 1990s, McDonald’s offered (and heavily promoted) various promotional games in which customers at its fast-food restaurants could win a variety of cash awards or other prizes. McDonald’s advertisements represented that customers had a fair and equal opportunity to win prizes, and published the odds of winning specific prizes. As it turned out, at least according to the FBI, a few individuals (employed by the marketing firm that McDonald’s had hired) had illegally diverted winning game pieces to “winners” who then claimed the prizes. Subsequently, Phoenix, a Burger King franchisee, filed an action on behalf of itself and a proposed class of 1,100 other Burger King franchisees alleging Lanham Act false advertising. Phoenix alleged that McDonald’s falsely advertised that each player in its promotional games had a fair and equal chance of winning prizes, and falsely advertised the specific odds of winning particular prizes. Phoenix also alleged that “during the run of the games, McDonald’s experienced an ‘unnatural spike’ in its sales while Burger King experienced a decrease in its sales; and [that] Burger King franchisees incurred counter-promotion costs in an effort to ‘lure back customers who frequented McDonald’s while the fraudulent games were running.’” See Phoenix of Broward, Inc. v. McDonald’s Corp., 489 F.3d 1156, 1168 (11th Cir. 2007). Does Phoenix have standing to assert the false advertising claim? See also Natural Answers, Inc. v. SmithKline Beecham Corp., 529 F.3d 1325 (11th Cir. 2008) (applying Phoenix test to deny standing to a plaintiff that had ceased producing the goods which were allegedly impacted by the defendant’s supposedly false statements).

4. All of the above scenarios involve allegations of false advertising under Section 43(a)(1)(B). Should the Lexmark test for standing be applied to all Section 43(a) actions—including, for example, Section 43(a)(1)(A) false designation of origin claims? See the Bayer v. Belmora litigation, discussed in Ch. 6 (this Update, new material for p. 445).

At p. 878, add the following new note:

1A. Stating a claim for false advertising based on literal falsity: a requirement for unanimity among experts? GNC, a manufacturer of dietary supplements, had advertised that certain of
its products improved joint health, a claim that was later challenged as literally false. The lower court had granted GNC’s motion to dismiss, and the Court of Appeals for the Fourth Circuit affirmed. According to the Court of Appeals, the evidence in the record showed that most scientific experts agreed that the key ingredients in the supplements did not provide the advertised health benefit, some experts took a contrary view. The Court of Appeals ruled that in order to state a claim for Lanham Act 43(a)(1)(B) false advertising based on an allegation of literal falsity, “plaintiffs must allege that all reasonable experts in the field agree that the representations are false. If plaintiffs cannot do so because the scientific evidence is equivocal, they have failed to plead that the representations based on this disputed scientific evidence are false.” What are the consequences of such a rule? *In re GNC Corp.*, 789 F.3d 505 (4th Cir. 2015).

At pp. 879-80, add the following to the end of note 5:

A Second Circuit case indicates that in cases of implied falsity where there is also evidence of the advertiser’s intent to deceive, the court may presume consumer confusion and shift to the advertiser the burden of overcoming this presumption with evidence showing the absence of confusion. *Merck Eprova AG v. Gnosis S.p.A.*, 760 F.3d 247(2d Cir. 2014).

At p. 881, add the following to the end of note 8:

Should the *Novartis* exception be read narrowly to apply only when the defendant declines to submit any evidence in support of the allegedly false advertisement, to guard against the exception swallowing the rule? Or could it apply in a case where the defendant does submit some evidence, but the evidence is not persuasive, as the court ruled in *Groupe SEB* (excerpted in this Update below)?

At p. 898, add the following new note:

9. Contributory false advertising? Should courts recognize a cause of action for contributory false advertising? If so, should the *Inwood* test for contributory trademark infringement (discussed in Chapter 7) be extended to govern contributory false advertising claims? In *Duty Free Americas, Inc. v. Estee Lauder Cos., Inc.*, 797 F.3d 1248, 1278-79 (11th Cir. 2015), the court considered such a claim. DFA and its rivals were participating in competitive bidding processes to open duty-free stores at airports. During the bidding, DFA’s rivals questioned whether DFA had permission to sell Estee Lauder products at its proposed stores. After losing the bids, DFA alleged that the statements from the rivals constituted false advertising and that Estee Lauder had facilitated those false statements. DFA sued Estee Lauder, alleging contributory false advertising. Assuming that such a cause of action is recognized, what facts should DFA be required to allege in order state a claim? Can DFA simply allege that its rivals who won the bids sold Estee Lauder products from their stores, and that Estee Lauder continued to supply product to the rivals?
At p. 901, after note 2, add the following new case:

GROUPE SEB USA, INC. v. EURO–PRO OPERATING LLC.
774 F.3d 192 (3d Cir. 2014)

FISHER, Circuit Judge:

I.

A.

SEB distributes and sells various household consumer products under several brand names throughout the country. This case involves SEB’s electric steam irons sold under the Rowenta brand name, namely the Rowenta Focus, Model No. DW5080 (“Rowenta DW5080”), and the Rowenta Steamium, Model No. DW9080 (“Rowenta DW9080”). Euro–Pro manufactures, markets, and distributes kitchen and household appliances. It sells these products under the Shark brand name. The dispute here arises from advertising claims on the packaging of two Shark steam irons, the Shark Professional, Model No. GI405–55 (“Shark 405”), and the Shark Ultimate Professional, Model No. GI505–55 (“Shark 505”).

The Shark 405 packaging includes two advertising claims. First, text on the bottom right of the front packaging asserts that the Shark 405 offers “MORE POWERFUL STEAM vs. Rowenta®†† at half the price.” The “††” characters refer to a fine-print footnote on the bottom of the packaging, which states that the claim is “††[b]ased on independent comparative steam burst testing to Rowenta DW5080 (grams/shot).” Id. Text on the top right of the front packaging also asserts that the Shark 405 delivers “# 1 MOST POWERFUL STEAM*.” Id. Again, there is a fine-print reference to this claim on the bottom of the packaging that states the Shark 405 “*offers more grams per minute (maximum steam setting while bursting before water spots appear) when compared to leading competition in the same price range, at time of printing.” Id. The Shark 505 packaging makes substantially the same claims.1

Additionally, both the Shark 405 and the Shark 505 include hang tags on the steam irons for store displays. The hang tags claim that the Shark steam irons deliver “MORE POWERFUL STEAM vs. Rowenta ... at half the price.” J.A. at A4. The hang tags also include a reference stating that the claim is “[b]ased on independent comparative steam burst testing” to the respective Rowenta steam irons in “(grams/shot).” Id.

SEB first learned of the comparative advertising claims on the Shark steam irons in October 2013. Soon thereafter, SEB directed its internal laboratory to conduct testing to determine whether the claims were true. The lab ran tests comparing the Shark 505 and the
Rowenta DW9080. The tests measured (1) the variable steam rate in grams per minute according to International Electrical Corporation (“IEC”) 60311 protocol and (2) the mass of a shot of steam in grams per shot according to IEC 60311 protocol. The test results showed that the Rowenta DW9080 performed the same as the Shark 505 in terms of variable steam rate in grams per minute, with both measuring 37 grams per minute. In the test measuring grams per shot of steam, the Rowenta DW9080 outperformed the Shark 505, with measurements of 1.34 grams per shot and 1.00 grams per shot, respectively.

Because SEB’s internal test results were inconsistent with the Shark advertising claims, SEB commissioned SLG Prüfund Zertifizierungs GmbH (“SLG”), an independent laboratory based in Germany, to conduct independent tests based on the Shark claims. SLG tested three steam irons of each model in accordance with IEC 60311 protocol, and it delivered its findings to SEB in a comprehensive thirty-eight page report (“SLG Test Report”). The SLG Test Report showed that the Rowenta DW5080 and the Rowenta DW9080 outperformed the Shark 405 and the Shark 505, respectively, in terms of grams per minute. For the test measuring steam power in grams per shot, the SLG Test Report showed that two of the three Shark 405 steam irons performed worse than all three Rowenta DW5080 steam irons, but one Shark 405 steam iron outperformed all three Rowenta DW5080 steam irons. The Rowenta DW5080’s average performance was higher than the Shark 405’s average performance. The SLG Test Report also showed that two of the three Rowenta DW9080 steam irons performed better in grams per shot than all three Shark 505 steam irons, and one Rowenta DW9080 performed worse than all three Shark 505 steam irons. The Rowenta DW9080’s average performance was higher than the Shark 505’s average performance.

B.

On January 29, 2014, SEB filed a complaint in the United States District Court for the Western District of Pennsylvania, asserting claims for false advertising under the Lanham Act, 15 U.S.C. § 1125(a), and for unfair competition under Pennsylvania common law. The following day, SEB moved for a preliminary injunction to enjoin Euro–Pro from making the claims on the Shark 405 and the Shark 505.

The District Court held an evidentiary hearing on March 19, 2014, to address SEB’s motion for a preliminary injunction. At the hearing, SEB introduced the aforementioned internal test results and the independent SLG Test Report to show that the claims on the Shark steam irons are false. Euro–Pro introduced testimony and a study from its scientific expert, Dr. Abid Kemal (collectively referred to as the “Kemal Report”). According to the Kemal Report, steam power is the kinetic energy of a steam burst divided by the duration of the burst. Using this measurement for steam power, the Kemal Report showed that the Shark 405 and the Shark 505 deliver more powerful steam than the Rowenta DW5080 and the Rowenta DW9080, respectively. The Kemal Report also showed that “the mass of a shot of steam expelled from [the Shark steam irons] is comparable to the mass of a shot of steam (grams/shot) expelled from [the respective Rowenta steam irons].” J.A. at A909.
Additionally, Euro-Pro introduced a consumer survey report prepared by Dr. Gary Ford ("the Ford Survey") showing that consumers do not have a uniform understanding of the meaning of the phrase “more powerful steam.”

The District Court also heard testimony from SEB’s marketing director, Scott Pollard, about the harm to the Rowenta brand caused by the Shark claims. Pollard testified that SEB had invested substantial resources to promote Rowenta as the best brand of steam irons in the eyes of retailers and consumers. According to Pollard, the direct reference to Rowenta on the lower-priced Shark steam irons likely would erode the Rowenta brand’s reputation in the eyes of retailers, current consumers, and future consumers.

The District Court granted SEB’s preliminary injunction motion. The District Court first concluded that SEB established a likelihood of success on the merits because it demonstrated that the Shark claims are literally false. The District Court next found that SEB had successfully demonstrated a likelihood of irreparable harm in the absence of preliminary relief, relying in large part on Pollard’s testimony about the impact on the reputation of the Rowenta brand and on SEB’s goodwill. Finally, the District Court concluded that the balance of harms and the public interest favored granting the preliminary injunction. Notably, the preliminary injunction required Euro-Pro to place stickers over the claims on the Shark packaging and remove the hang tags from the steam irons.

[Euro-Pro appealed.]

II.

... 

III.

... 

On appeal, Euro-Pro challenges the District Court’s conclusions on the first and second factors in the preliminary injunction test: first, that SEB established a likelihood of success on the merits; and second, that SEB showed a likelihood of irreparable harm without preliminary relief. Euro-Pro also contends that the District Court’s injunction violates the First Amendment and is overbroad.

A.

SEB brought its false advertising claims pursuant to the Lanham Act and Pennsylvania common law. . .
To establish a claim for false advertising, a Lanham Act plaintiff must prove five elements:

1) that the defendant has made false or misleading statements as to his own product [or another’s]; 2) that there is actual deception or at least a tendency to deceive a substantial portion of the intended audience; 3) that the deception is material in that it is likely to influence purchasing decisions; 4) that the advertised goods traveled in interstate commerce; and 5) that there is a likelihood of injury to the plaintiff in terms of declining sales, loss of good will, etc.


A plaintiff can prevail in a false advertising action if it proves that the advertisement “is either (1) literally false or (2) literally true or ambiguous, but has the tendency to deceive consumers.” _Novartis Consumer Health, Inc. v. Johnson & Johnson–Merck Consumer Pharm. Co., 290 F.3d 578, 586 (3d Cir.2002)._ Proof of literal falsity relieves the plaintiff of its burden to prove actual consumer deception. _Id._ Here, the only dispute is whether the Shark claims are literally false.

“A determination of literal falsity rests on an analysis of the message in context.” _Johnson & Johnson–Merck Consumer Pharm. Co. v. Rhone–Poulenc Rorer Pharm., Inc., 19 F.3d 125, 129 (3d Cir.1994)._ In deciding whether an advertising claim is literally false, a court must decide first whether the claim conveys an unambiguous message and second whether that unambiguous message is false. _Novartis_, 290 F.3d at 586. “A ‘literally false’ message may be either explicit or ‘conveyed by necessary implication when, considering the advertisement in its entirety, the audience would recognize the claim as readily as if it had been explicitly stated.’” _Id._ at 586–87 (quoting Clorox Co. P.R. v. Procter & Gamble Commercial Co., 228 F.3d 24, 35 (1st Cir.2000)). Unless the claim is unambiguous, however, it cannot be literally false. _Id._ at 587. “The greater the degree to which a message relies upon the viewer or consumer to integrate its components and draw the apparent conclusion ... the less likely it is that a finding of literal falsity will be supported.” _Id._ (quoting United Indus. Corp. v. Clorox Co., 140 F.3d 1175, 1181 (8th Cir.1998)). We review a district court’s findings that an advertising claim is unambiguous and literally false for clear error. _See id._ at 589.

The District Court analyzed the two advertising claims at issue separately. It first determined that Euro–Pro’s claim that the Shark steam irons offer “MORE POWERFUL STEAM vs. Rowenta” is unambiguous. The District Court found that the footnote reference to this claim governs the claim’s meaning, as the packaging explicitly claims that the Shark steam irons offer more powerful steam measured in grams per shot than the respective Rowenta steam irons. The District Court also determined that the “# 1 MOST POWERFUL STEAM” claim is unambiguous but for different reasons. Recognizing that the reference to
this claim explicitly restricts the claim to comparisons to steam irons in the same price range and that Rowenta steam irons are in a higher price range, the District Court still found an unambiguous message of superiority over Rowenta steam irons conveyed by necessary implication due to the claim's close proximity to the “MORE POWERFUL STEAM vs. Rowenta” claim.

With respect to the question of falsity, the District Court found that both claims are false because all the scientific evidence that measured steam power in grams per shot and grams per minute—the measurements for steam power provided on the Shark packaging—disproved Euro–Pro’s claims of superiority over Rowenta. The District Court rejected Euro–Pro’s scientific evidence, the Kemal Report, as irrelevant because it did not measure steam power in grams per shot or grams per minute. The District Court also observed that Euro–Pro failed to come forward with any other evidence that actually supported its claims.

1.

We agree with the District Court that the “MORE POWERFUL STEAM vs. Rowenta” claim is unambiguous. When a product’s packaging includes an advertising claim and unambiguously defines a claim term, the packaging’s definition of the claim term applies to the claim’s explicit message. As explained below, we think this rule is consistent with false advertising law and common sense.

In certain cases, determining the message conveyed by a claim is a simple exercise because the claim is explicit and unambiguous. See Novartis, 290 F.3d at 586. And so it is here. To make something explicit is to state it clearly and precisely. Therefore, when Euro–Pro took the affirmative step to include a reference on the Shark packaging that clearly defined the key term in its claim—that steam power is measured in grams per shot—it made an explicit claim. The claim is also unambiguous because grams per shot is a unit of measurement provided by the IEC, the leading independent publisher of standards for electrotechnology, including steam irons. Thus, there is no “‘apparent conclusion’” to be drawn about this claim’s meaning, id. at 587 (quoting United Indus., 140 F.3d at 1181), nor is its meaning “balanced between several plausible meanings,” Clorox Co. P.R., 228 F.3d at 35. There is only one available conclusion and only one plausible meaning—the claim means exactly what the reference on the packaging says it does.

Moreover, as we previously discussed, courts deciding whether a claim is literally false must view the claim in the context of the entire advertisement. See Rhone–Poulenc, 19 F.3d at 129. Here, the reference that defines the meaning of steam power is on the Shark packaging, and the claim expressly links to the reference using a symbol—“††” on the Shark 405 and “†” on the Shark 505. Thus, ignoring the reference in our analysis would be not only to read the claim out of context, but also to ignore part of the claim itself denoted by the symbol.

...
We therefore agree entirely with the District Court that the reference’s definition of steam power governs the term’s meaning in the “MORE POWERFUL STEAM vs. Rowenta” claim. Accordingly, the claim’s explicit and unambiguous message is that the Shark steam irons offer more powerful steam measured in grams per shot than the respective Rowenta steam irons.

The fact that the references are in fine-print footnotes and presumably less likely to be read by consumers does not alter our analysis, as Euro-Pro urges it should. We understand that other courts have held that footnote disclaimers purporting to make a false or misleading claim literally true cannot cure the claim’s false or misleading message. See, e.g., Am. Home Prods. Corp. v. Johnson & Johnson, 654 F.Supp. 568, 590 (S.D.N.Y. 1987). We have not addressed this issue, see Pernod, 653 F.3d at 252 n. 13 (declining to address the situation when an allegedly misleading claim is corrected by a true statement contained in fine print), and we do not decide it today. Our rather unremarkable holding here is analytically distinct. It is that what a product’s packaging says a claim term means is in fact part of the claim’s explicit message. If that explicit message is both unambiguous and false, the claim is literally false.

Nor does the presence of consumer survey evidence showing alternative meanings for a defined term affect our holding. Euro-Pro would have us ignore the packaging’s definition of steam power and instead credit consumer survey evidence demonstrating that the meaning of steam power is ambiguous. According to Euro-Pro, the District Court’s decision to ignore the Ford Survey is inconsistent with our decision in Pernod Ricard USA, LLC v. Bacardi U.S.A., Inc., 653 F.3d 241 (3d Cir. 2011). The crux of Euro-Pro’s argument is that consumer surveys must be considered by courts in determining whether a claim’s message is ambiguous. As explained below, Euro-Pro’s argument does not hold up.

In Pernod, we addressed whether courts must always consider survey evidence showing that consumers are misled by an advertising claim. There, the appellant asserted that the name of a brand of rum, “Havana Club,” misled consumers about the brand’s geographic origin. Id. at 247. Beneath the “Havana Club” name, the label prominently stated that it was “Puerto Rican Rum,” an accurate statement of where the rum was distilled. Id. at 245–46. The District Court found that the label made no false or misleading statement, so it disregarded consumer survey evidence showing that eighteen percent of consumers were confused about the brand’s geographic origin. See id. at 247–48.

We held that the district court properly disregarded the consumer survey evidence. Our conclusion rested on the principle “that there is and must be a point at which language is used plainly enough that the question ceases to be ‘what does this mean’ and becomes instead ‘now that it is clear what this means, what is the legal consequence.’” Id. at 251. Applying this principle, we observed that the label contained a “factually accurate, unambiguous statement of geographic origin,” prominently stating that it was “Puerto Rican Rum.” Id. at 252. As a consequence, we concluded that no reasonable consumer could be
misled by the “Havana Club” name when it was considered in the context of this prominent truthful statement on the label. *Id.* at 252–53. Consumer survey evidence was therefore immaterial because the Lanham Act does not prohibit a claim that “reasonable people would have to acknowledge is not false or misleading.” *Id.* at 253. But we cautioned that judges should not “lightly disregard” consumer surveys because they may reveal “potential ambiguities in an advertisement” that show reasonable consumers may in fact be misled by the advertisement. *Id.* at 254–55. Finally, we noted that “a district court’s decision to disregard survey evidence is reviewable de novo, since it is founded on a legal conclusion based on underlying facts, that is that no reasonable consumer would be misled by an advertisement.” *Id.* at 255 n. 18.

As our discussion of *Pernod* demonstrates, it is readily distinguishable from the issue before us here. Unlike *Pernod*, the case before us involves claims of literal falsity, so evidence of actual consumer deception is not required. See *Novartis*, 290 F.3d at 586. By disregarding the consumer survey evidence in this case, the District Court did not make the same legal conclusion we recognized in *Pernod*: that no consumers could be misled by the advertisement. The District Court instead made a factual finding about what the claim means and that its message is clear and unambiguous.

*Pernod* does not license courts to use consumer survey evidence to define the meaning of words in an advertising claim. In fact, our analysis in *Pernod* recognized that words may be used plainly enough and carry baseline meanings such that consumer survey evidence is irrelevant. See 653 F.3d at 251 (discussing *Mead Johnson & Co. v. Abbott Labs.*, 201 F.3d 883, 886 (7th Cir.2000), *opinion amended on denial of reh'g*, 209 F.3d 1032 (7th Cir.2000) (explaining that “never before has survey research been used to determine the meaning of words, or to set the standard to which objectively verifiable claims must be held”)). In this case, Euro–Pro plainly explained on the packaging what it meant by its claim, so we are puzzled by Euro–Pro’s characterization of the District Court’s approach as a court inserting its “own perception” ahead of consumer perception. Far from using its own perception of the claim’s meaning, the District Court used the definition provided by Euro–Pro in the reference, and, concluding that Euro–Pro’s message was explicit and unambiguous, it reasonably declined to substitute the uninformed first impressions of consumers about the claim’s meaning. See *Mead Johnson*, 201 F.3d at 886. Euro–Pro chose a definition for steam power and now must live with it. It cannot use a consumer survey to create an ambiguity out of whole cloth. Accordingly, we conclude that the District Court did not err in failing to consider the Ford Survey in its analysis.

Turning to the “# 1 MOST POWERFUL STEAM” claim, we again agree with the District Court that this claim unambiguously conveys that Shark steam irons deliver more powerful steam than Rowenta steam irons. Unlike the “MORE POWERFUL STEAM vs. Rowenta” claim, however, the relevant message here is not explicit. The corresponding reference to the “# 1 MOST POWERFUL STEAM” claim states that the Shark steam irons offer more grams per minute ... when compared to leading competition in the same
price range,” and the parties agree that Rowenta steam irons are in a different price range. But, as we discussed earlier, a literally false claim may also be conveyed by necessary implication when considering the advertisement in its entirety. See Novartis, 290 F.3d at 586–87. The question here is whether, “based on a facial analysis of the product name or advertising, ... the consumer will unavoidably receive a false message.” Id. at 587. Here, the answer is yes. The “# 1 MOST POWERFUL STEAM” claim appears directly above the “MORE POWERFUL STEAM vs. Rowenta” claim, and the proximity of the two claims necessarily and unavoidably conveys a message that Shark steam irons offer the most powerful steam, even when compared to Rowenta steam irons. We therefore cannot say the District Court’s finding is clearly erroneous.

2.

Having decided that the claims convey unambiguous messages, the next question is whether those messages are false. We find no clear error in the District Court’s determination that the messages are false. The District Court reasonably relied on SEB’s internal test results and the SLG Test Report. Both tests measured steam power in grams per shot and grams per minute—the measurements for steam power provided on the Shark packaging—in accordance with independent, objective standards promulgated by the IEC. Both tests also showed that the Rowenta steam irons either outperformed or performed as well as the Shark steam irons. Moreover, the Kemal Report acknowledged that there is no difference in grams per shot of steam between the Shark steam irons and the respective Rowenta steam irons. Put simply, all the relevant evidence before the District Court refuted Euro–Pro’s claims of superiority.

Euro–Pro makes one final argument in an effort to overcome the District Court’s finding of literal falsity. According to Euro–Pro, the District Court improperly shifted the burden of proof away from SEB to Euro–Pro. In addition to the rule that the party seeking preliminary relief bears the burden of satisfying the four-factor test, ECRI v. McGraw–Hill, Inc., 809 F.2d 223, 226 (3d Cir.1987), the general rule in false advertising cases is that a plaintiff bears the burden of proving falsity, Novartis, 290 F.3d at 589. But in Novartis, we recognized an exception to the general rule and held that “a court may find that a completely unsubstantiated advertising claim by the defendant is per se false without additional evidence from the plaintiff to that effect.” Id. at 590. Euro–Pro argues that the Novartis exception only applies when a defendant refuses to present any evidence to support the truth of its claim. According to Euro–Pro, unlike the defendant in Novartis, Euro–Pro provided “robust” and uncontroverted evidence—the Kemal Report.

We do not read Novartis so narrowly. Euro–Pro fails to appreciate that the Kemal Report is mostly irrelevant to the messages actually conveyed by the Shark claims. The Kemal Report’s primary conclusion is that the Shark steam irons have more powerful steam than the respective Rowenta steam irons when steam power is measured by calculating the kinetic energy of a steam burst over the burst’s duration. But Euro–Pro does not, and cannot, argue
that the Kemal Report supports the claims that the Shark steam irons offer more powerful steam measured in grams per shot or grams per minute than the respective Rowenta steam irons. In fact, as we previously mentioned, the Kemal Report concedes that the Shark steam irons deliver the same grams per shot of steam as the respective Rowenta steam irons. Therefore, Euro–Pro’s claims are entirely unsubstantiated and exactly like the claims in Novartis.

But even though Novartis permits a finding of falsity based on Euro–Pro’s failure to come forward with any evidence to support its claims, we note that the District Court relied on SEB’s affirmative showing of falsity at least as much as it relied on Euro–Pro’s failure to substantiate its claims. We therefore cannot say that the District Court shifted the burden of proof at all. Thus, the District Court’s finding that the claims are false is not clearly erroneous.

Accordingly, the District Court correctly decided that SEB established a likelihood of success on the merits.

B.

Euro–Pro next argues that the District Court erred by finding that SEB established a likelihood of irreparable harm in the absence of preliminary relief.

We recently clarified the standard for irreparable harm in Lanham Act cases in Ferring Pharmaceuticals, Inc. v. Watson Pharmaceuticals, Inc., 765 F.3d 205 (3d Cir. 2014). There, we held that “a party seeking a preliminary injunction in a Lanham Act case is not entitled to a presumption of irreparable harm but rather is required to demonstrate that she is likely to suffer irreparable harm if an injunction is not granted.” Id. at 217. Of particular relevance to this case, our analysis in Ferring relied in large part on the Supreme Court’s decision in eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006). In eBay, the Supreme Court held that “broad classifications” and “categorical rule[s]” about when injunctions should issue are inconsistent with exercising “equitable discretion” pursuant to traditional equitable principles. 547 U.S. at 393–94. Like the Patent Act at issue in eBay, “[t]he Lanham Act’s injunctive relief provision is premised upon traditional principles of equity.” Ferring, 765 F.3d at 214 (citing 15 U.S.C. § 1116(a)). It follows that a presumption, or categorical rule, of irreparable harm in Lanham Act cases is inconsistent with exercising discretion according to traditional equitable principles. Id. at 215–16. Our decision in Ferring also emphasized that courts may award preliminary injunctive relief only upon a “clear showing” of a likelihood of irreparable harm. Id. at 217 (quoting Winter, 555 U.S. at 22).

Although the District Court below did not have the benefit of our holding in Ferring, it presciently declined to apply a presumption of irreparable harm, at least overtly. The District Court decided that:
Although the Third Circuit held in *Kos Pharmaceuticals, Inc. v. Andrx Corp.*, 369 F.3d 700, 726 (3d Cir.2004) that a court may find a presumption of irreparable injury if a likelihood of success on the merits is proved, the Supreme Court’s later decisions in eBay and Winter... indicate that such a presumption no longer exists in the Lanham Act context. Consequently, [SEB] bears the burden of showing that it is likely to suffer irreparable harm in the absence of preliminary injunctive relief.

In spite of the District Court’s express disavowal of a presumption, Euro–Pro contends that the District Court erred by applying a relaxed standard and a de facto presumption in determining that SEB demonstrated a likelihood of irreparable harm. On the one hand, we agree with Euro–Pro that portions of the District Court’s opinion may be construed as applying a relaxed standard. For example, the District Court stated that a likelihood of irreparable harm is proven if a plaintiff establishes “a reasonable basis for the belief that it is likely to be damaged as a result of the false advertising.” In Novartis, we rejected this very standard. 290 F.3d at 595. The District Court also cited repeatedly to a case that relied, at least in part, on a presumption of irreparable harm. But other parts of the District Court’s opinion, including its detailed discussion of the specific claims, the relationship between the competing products, and SEB’s explanation of the likely injury to the Rowenta brand’s reputation, as well as its conclusion that SEB “convincingly demonstrated” a likelihood of irreparable harm, are consistent with *Ferring*. It is therefore unclear whether the District Court’s reference to the wrong standard actually affected the substance of its analysis.

We need not dwell on the question, however, because even if the District Court erred by reciting and applying the wrong standard, we may uphold the District Court’s finding of a likelihood of irreparable harm if it is supported by sufficient evidence in the record. See *Novartis*, 290 F.3d at 595–96. Here, the record contains sufficient evidence of likely harm to the Rowenta brand’s reputation and SEB’s goodwill. See *S & R Corp. v. Jiffy Lube Int’l, Inc.*, 968 F.2d 371, 378 (3d Cir.1992) (“Grounds for irreparable injury include loss of control of reputation, loss of trade, and loss of goodwill.”). The District Court credited the testimony of Pollard, SEB’s marketing director, that Rowenta steam irons enjoy strong reputations among retailers and consumers as the premier steam-iron brand on the market, and that this first-rate reputation is the result of substantial SEB investments in advertising, promotion, and product development. In addition, the District Court found that Rowenta and Shark steam irons compete against each other, that they are often sold side-by-side on retail shelves, and that relative steam power is an important factor for consumers. And most importantly, the District Court credited Pollard’s testimony that the claims on the Shark steam irons, which, to be clear, are “literally false, unsubstantiated comparative claims that identify its competitor by name,” would likely harm the Rowenta brand’s reputation among retailers and consumers, especially because Shark steam irons are lower-priced. Finally, the District Court found that the harm to SEB would be impossible to calculate monetarily.
By finding that SEB established a likelihood of irreparable harm, we are not connecting these facts using a veiled presumption of irreparable harm. Ferring bars such a presumption; we emphasize, however, that Ferring does not bar drawing fair inferences from facts in the record. Indeed, a key lesson from Ferring is that courts considering whether to grant injunctive relief must exercise their equitable discretion in a case-by-case, fact-specific manner. A critical aspect of fact-finding in this and other contexts is drawing reasonable inferences from facts in the record. See generally Anderson v. City of Bessemer City, 470 U.S. 564, 574 (1985) (explaining that the clearly erroneous standard of review applies to findings that rest on “inferences from other facts”). The inference drawn by Pollard, the District Court, and now this Court—that SEB is likely to suffer irreparable harm to its brand reputation and goodwill—is supported not by a general rule or presumption but by the literally false comparative advertising claims at issue, the competitive relationship between the parties and products, and the judgment of Pollard that the harm to SEB’s brand reputation and goodwill is impossible to quantify. Nor does Ferring change the rule that harm to reputation and goodwill constitutes irreparable harm, so long as the plaintiff makes a clear showing. Based on the facts of this case, we conclude that SEB clearly showed a likelihood of irreparable harm to its brand reputation and goodwill.8

Accordingly, any error committed by the District Court was harmless because there is sufficient evidence in the record to support a finding that SEB is likely to suffer irreparable harm without preliminary relief.

C.

8 In a concurring opinion in eBay, Chief Justice Roberts noted that it “is not surprising” that injunctions are granted in a vast majority of patent infringement suits because it is difficult to protect a patentee’s right to exclude through monetary damages. See eBay, 547 U.S. at 395 (Roberts, C.J., concurring). Although this trend does not “justify a general rule ” that injunctive relief should be granted whenever there is patent infringement, the Chief Justice cautioned that neither should it be forgotten entirely when courts apply the traditional four-factor test. Id. “When it comes to discerning and applying [legal] standards, in this area as others, a page of history is worth a volume of logic.” Id. (internal quotation marks omitted); see also id. at 395–97 (Kennedy, J., concurring) (agreeing that “history may be instructive in applying [the four-factor] test” but primarily “when the circumstances of a case bear substantial parallels to litigation the courts have confronted before”). The same point applies here, though for reasons particular to false advertising. In Ferring, we observed that other Courts of Appeals applied a presumption of irreparable harm in false comparative advertising cases like this one. See 765 F.3d at 210–11. We distilled a twofold justification for the presumption: “(1) a misleading or false comparison to a specific competing product necessarily causes that product harm by diminishing its value in the mind of the consumer, similar to trademark infringement cases; and (2) the harm necessarily caused to reputation and goodwill is irreparable because it is virtually impossible to quantify in terms of monetary damages.” Id. at 211. We also noted that we applied a presumption of irreparable harm for substantially the same reasons in trademark infringement cases. Id. at 211–12. Although we no longer apply a presumption, the logic underlying the presumption can, and does, inform how we exercise our equitable discretion in this particular case.
Euro–Pro’s final challenge is to the constitutionality and scope of the District Court’s injunction. “District Courts are afforded considerable discretion in framing injunctions.” Meyer v. CUNA Mut. Ins. Soc., 648 F.3d 154, 169 (3d Cir.2011). At the same time, an injunction “should be ‘no more burdensome to the defendant than necessary to provide complete relief to plaintiffs.’” Novartis, 290 F.3d at 598 (quoting Califano v. Yamasaki, 442 U.S. 682, 702 (1979)). “Moreover, because commercial speech is entitled to appropriate protection under the First Amendment, an injunction restraining allegedly false or misleading speech must be narrowly tailored to cover only the speech most likely to deceive consumers and harm [the plaintiff].” Id. (alteration in original) (internal quotation marks omitted).

Here, the District Court’s order granting the preliminary injunction requires Euro–Pro to place stickers over the “MORE POWERFUL STEAM vs. Rowenta” and the “# 1 MOST POWERFUL STEAM” claims on both the Shark 405 and the Shark 505. Also, the order directs Euro–Pro to remove the hang tags from the steam irons.

Commercial speech conveying a literally false message is not protected by the First Amendment. See id. (“We conclude that the injunction does not violate the First Amendment ... because each of these messages is false.”). As we have explained, we agree with the District Court’s conclusion that SEB will likely prevail on its false advertising claims. Therefore, we see no First Amendment violation.

Euro–Pro contends that the District Court’s injunction is overbroad because it requires Euro–Pro to cover the advertising claims themselves rather than only the references to the claims. Euro –Pro correctly points out that the references are critical to the literal falsity analysis. Without the definitions from the references, the claims about relative steam power may be considered ambiguous, and as such, could not be literally false. See id. at 587. Thus, Euro–Pro argues that the injunction should have targeted only the references.

We disagree with Euro–Pro’s narrow characterization of its advertising claims. Although the references provide the definition for steam power that the District Court appropriately adopted in this case, the references and the advertising claims together compose the literally false messages. Therefore, the injunction is not overbroad because it is limited to reaching claims that are literally false. See Castrol Inc. v. Pennzoil Co., 987 F.2d 939, 949 (3d Cir.1993). Moreover, the logic underlying Euro–Pro’s argument would create an unworkable framework. Under Euro–Pro’s suggested approach, district courts could not just enjoin the dissemination of literally false advertising claims, but they also would need to parse each part of those literally false claims to see if the removal of a word or a portion here and there would render the remainder true. We cannot say that the District Court abused its discretion when it required Euro–Pro to place stickers over the entirety of the false advertising claims rather than only part of them.

[Affirmed.]
At p. 902, in Problem 10-5, delete the *Pom Wonderful* citation and substitute the following:

*See Pom Wonderful LLC v. Coca-Cola Co.*, 134 S.Ct. 2228 (2014). Would it matter to your analysis that the FDCA and its regulations rely almost exclusively on federal government enforcement actions, while the Lanham Act relies predominantly on civil suits brought by private parties? Would it matter which aspects of the label are at issue in the Lanham Act action? In particular, should the courts distinguish between the name of the product (which the FDCA and its regulations specifically reach) and other aspects of the label (which the FDCA and its regulations don’t explicitly reach)?
TRADE IDENTITY RIGHTS IN ONE’S PERSONA: ENDORSEMENT, ATTRIBUTION, AND PUBLICITY

At p. 908, add the following to the end of note 5:

See also FiftySix Hope Road Music, Ltd. v. A.V.E.L.A., Inc., 778 F.3d 1059 (9th Cir. 2015) (applying the tailored likelihood of confusion factors and upholding the determination that the defendant’s unauthorized use of a Bob Marley image on t-shirts and other merchandise constituted a false endorsement in violation of Section 43(a)).

At p. 915, before Problem 11-1, insert the following new case:

KEHOE COMPONENT SALES INC. v. BEST LIGHTING PRODS., INC.

796 F.3d 576 (6th Cir. 2015)

GRiffin, Circuit Judge:

I.

Best designs and markets exit signs and emergency lighting products for commercial buildings. Since its beginnings in 1987, Best’s modus operandi generally has been to model its products on other companies’ patented products and then alter the products’ design in order to make “something unique or different” about them and to produce them at a lower cost than competitors.

In 2000, Best began purchasing some of the parts for their products from Pace. Soon afterward, Pace began making fully assembled products for Best, to Best’s specifications. Before this time, Pace had never manufactured any emergency lighting products. Because Pace had never before made these types of products, Best’s founder, Alvin Katz, spent a significant amount of effort instructing Pace on how to manufacture the tooling necessary to make the particular products that Best wanted Pace to manufacture.
During the initial years of the companies’ business relationship, there was no contract prohibiting Pace from competing with Best. As Katz put it, “In my world, if a guy shook hands and you promised to do something, you did it .... [I]s there a piece of paper? No, there was never a contract. We didn’t do that.”

But Katz soon began to suspect that his confidence in his business partner’s integrity had been misplaced. In August 2004, Katz emailed Pace’s president complaining that Pace not only had begun selling products that were identical to the products that it made for Best, but also that Pace had begun selling them to Best’s established customers. Apparently, Pace was filling orders for Best and then using the same tooling to manufacture additional units of exactly the same products. Pace then sold these cloned products as its own, bypassing Best.

The companies’ interactions soon became filled with strife. In 2005, Best complained that some of the products that had been manufactured for it by Pace were defective. The parties negotiated an agreement referred to as “the Big Wash” in which Pace transferred to Best ownership of some of the tooling that was used to manufacture the products in question. In 2006, Best refused to pay for a substantial number of products that Pace had delivered to it, and Pace stopped shipments to Best.

To resolve the impasse, the parties negotiated a Supply Agreement effective January 10, 2007, and lasting one year. Best agreed to pay its outstanding debt to Pace and to purchase a minimum of $7 million worth of products from Pace annually, and Pace agreed to a variety of provisions, including to warrant the quality of the goods, not to “use any tooling owned by Best other than for the manufacture of products for sale to Best,” to “assign[ ] to Best all designs and intellectual property ... for products developed or to be developed at or by Pace for Best,” and neither to “sell emergency lights or exit signs nor ballasts, nor solicit sales of these items to any party in North America without Best’s prior written consent.”

Pace received several purchase orders for cloned products from North American companies before the Supply Agreement came into effect, and it shipped products to fill these orders after the agreement came into effect.

Best continued to complain that Pace was manufacturing defective products, and by April 2008, Best told Pace that “we are at a point where we both know we will not be doing any more business.” Best requested that Pace return the tooling that Best owned, especially to prevent Pace from “using our tooling to make product for other customers.”

By the time the parties stopped their ongoing commercial relationship, Pace was in possession of all of the tooling that had been used to manufacture both Best’s products and the cloned products, and Best owed Pace almost $900,000 for products delivered but not yet paid for.

[Pace sued Best for breach of contract and other claims in two separate actions, and Best responded with a variety of counterclaims, including counterclaims for Lanham Act]
violations. The district court ruled for Best on the Lanham Act counterclaims, on summary judgment. Pace appealed.

II.

[The court’s discussion of Best’s trade secrets claim is omitted.]

III.

Next, Pace argues that the district court erred in finding that Pace violated the Lanham Act’s prohibitions against false designation of origin (the “reverse passing off” claim) and false advertising. We agree.

A.

[The court suggested that it probably would have found Best’s Lanham Act claims to have been barred by laches. But it did not need to rule on that issue given its disposition of those claims on the merits, as the court discusses below.]

B.

...The district court concluded as a matter of law that, on the facts it found, Pace violated the Lanham Act both with respect to false advertising and to false designation of origin (the “reverse passing off” claim). This was error.

1.

...The district court found that Pace violated § 43(a) in two ways. First, it found that Pace, in representing that the cloned products that it manufactured and sold had been produced by Pace rather than by Best, made a false designation of origin that was likely to cause consumer confusion, violating 15 U.S.C. § 1125(a)(1)(A). Second, the district court found that Pace violated § 1125(a)(1)(B)’s prohibition on false advertising by similarly misrepresenting in its marketing catalogs “the origin of the [cloned products].” Both of the district court’s conclusions were erroneous.

2.

The district court and the parties all agree that Best’s false-designation claim proceeded under what is known as a “reverse passing off” theory. “Passing off” refers to counterfeit production; it occurs when a firm “puts someone else’s trademark on its own (usually inferior) goods,” Bretford Mfg., Inc. v. Smith Sys. Mfg. Corp., 419 F.3d 576, 580 (7th Cir. 2005)—for instance, “the Coca-Cola Company’s passing off its product as Pepsi-Cola.” Dastar Corp.
v. Twentieth Century Fox Film Corp., 539 U.S. 23, 28 n. 1, 32, 123 S.Ct. 2041, 156 L.Ed.2d 18 (2003). “Reverse passing off” is the converse: a firm sells someone else’s goods or services, misrepresenting them as its own—for instance, the Coca-Cola Company taking Pepsi-Cola’s flagship beverage and marketing it as the Coca-Cola Company’s own product. Id.¹

In this case, therefore, Best’s reverse passing off claim argued—and the district court found—that Pace falsely represented that the cloned products originated with Pace when in fact they originated with Best.

The problem with this conclusion is the district court’s assumption that the cloned products that were manufactured by Pace somehow belonged to Best. See, e.g., PgID 5095 (identifying as “Best products” items that “were manufactured by Pace, with a Pace product number, in a box Pace made, with Pace’s UL number on the product”). Again, Pace filled orders for Best and then used the same tooling to make a separate batch of exactly the same product for its own customers. Only by denominating the cloned products as “Best’s products” could the district court find that Pace was misrepresenting someone else’s products as its own. And only by concluding that Best’s role in originating the intellectual concepts for the cloned products made it the “origin” of the products for purposes of § 43(a) could the district court find that the products were, in fact, “Best’s products.” Boiled down, then, the district court’s liability finding on the reverse passing off claim depended upon its conclusion that Pace falsely designated the cloned products’ “origin” by failing to represent to its customers that the products—although manufactured by Pace—stemmed from ideas or intellectual property that were initially brought to the table by Best.

But as the Supreme Court has pointed out, the Lanham Act protects the ability to control one’s brand; it does not protect the ability to control one’s inventions or innovations. Dastar, 539 U.S. at 32, 34, 37. With respect to false-designation claims specifically, the Act’s use of the term “origin” does not refer to “the person or entity that originated the ideas or communications that ‘goods’ embody or contain.” Id. at 32. It denotes only “the producer of the tangible product sold in the marketplace”—and, by extension, possibly also “the trademark owner who commissioned or assumed responsibility for ... production of the physical product.” Id. Thus, in the context of a reverse passing off claim, use of a trademark makes a representation regarding only the product’s physical origin, not its intellectual ancestry. See Mark P. McKenna, Dastar’s Next Stand, 19 J. INTELL. PROP. L. 357, 374 (2012) (“A trademark cannot be taken to indicate anything about the origin of the intellectual creation embodied in that good.”).

As Dastar makes plain, an entity makes a false designation of origin sufficient to support a reverse passing off claim only where it falsely represents the product’s geographic origin or represents that it has manufactured the tangible product that is sold in the marketplace when

¹ “Why would anyone want to do such a thing? One reason might be to obliterate the plaintiff’s corporate identity and prevent him from entering new markets, where the defendant, having appropriated the plaintiff’s trademark, would claim that the plaintiff was the infringer.” Peaceable Planet, Inc. v. Ty, Inc., 362 F.3d 986, 987 (7th Cir.2004).
it did not in fact do so. 539 U.S. at 29, 31. In Dastar, the Court observed that the defendant would have violated § 43(a) if it “had bought some of [the plaintiff’s] videotapes and merely repackaged them as its own.” Id. at 31. But because the defendant “produced its very own series of videotapes” and was thus the manufacturer of “the physical ‘goods’ that [were] made available to the public,” the court held that the defendant’s designation of itself as the “origin” of the goods was not false, even though its products were almost wholesale copies of the plaintiff’s previous work. Id.

Thus, reselling goods that have been manufactured by someone else carries different consequences than making your own copies of those goods and marketing them under your own mark. “[T]aking tangible goods and reselling them as your own constitutes a Lanham Act violation; taking the intellectual property contained in those goods and incorporating it into your own goods does not.” Stolle Mach. Co., 2015 WL 1137429, at *12 (citation omitted); see also Gen. Universal Sys., Inc. v. Lee, 379 F.3d 131, 149 (5th Cir.2004) (no reverse passing off where the defendant copied software ideas and concepts but did not take “tangible copies” of the software and market them under its own mark); Zyla v. Wadsworth, Div. of Thomson Corp., 360 F.3d 243, 252 (1st Cir.2004) (no reverse passing off where the defendant was the manufacturer of the physical book, even though it allegedly failed to attribute the source of its creative content); McArdle v. Mattel Inc., 456 F.Supp.2d 769, 783 (E.D.Tex.2006) (“ ‘[O]rigin of goods’ means the physical producer of tangible products marketed and sold.”); Monsanto Co. v. Syngenta Seeds, Inc., 443 F.Supp.2d 648, 652 (D.Del.2006) (holding that corn seed—not the seed’s genetic traits—was the tangible product relevant to a reverse passing off claim).

In this case, it is undisputed that Pace manufactured the tangible cloned objects that it represented as having manufactured. The undisputed facts thus show that Pace never made a false designation of the products’ “origin” within the meaning of § 43(a). Pace represented that the cloned products originated with Pace; and even though the ideas and initial design may well have originated with Best, the tangible products themselves did not. See Dastar, 539 U.S. at 34. For purposes of the Lanham Act, the physical products originated with Pace, the entity that manufactured them. Where the initial ideas for the products came from is irrelevant. Id. at 32; see also Enzo Biochem, Inc. v. Amersham PLC, 981 F.Supp.2d 217, 228 (S.D.N.Y.2013) (no reverse passing off where defendant represented goods as its own and plaintiff did not manufacture the goods but only “had a distribution contract with [defendant] by which [defendant] would manufacture the products and distribute them”).

Best resists this conclusion by asserting that it, not Pace, was the “origin” under Dastar because it “commissioned or assumed responsibility for (‘stood behind’) production of the physical product.” Dastar, 539 U.S. at 32. But Best’s argument neglects two important things. First, Dastar opined only that a “trademark owner who commissioned or assumed responsibility” for the production of the product might qualify as the product’s origin. Id. (emphasis added). Best has never claimed that it owns a relevant trademark with respect to the Pace-branded, cloned products. Second—and more fundamentally—Best neither “commissioned” nor “assumed responsibility” for the cloned products. Id. Pac
manufactured them on its own initiative and against the wishes of Best. As tangible objects, the cloned products are in every respect Pace’s alone—Best would much rather that they never have been produced at all. Under no reading of Dastar can Best be considered the cloned products’ “origin” within the meaning of § 43(a). See Enzo Biochem, 981 F.Supp.2d at 228 (“[T]he author of ideas is not the origin of goods if the author is not also producing those goods in tangible form.” (internal quotation marks and alteration omitted)).

Nor is Best’s position supported by authority suggesting that a reverse passing off case “includes situations in which a defendant markets another’s product that has been only slightly modified and then relabeled.” Pioneer Hi-Bred Int’l v. Holden Found. Seeds, Inc., 35 F.3d 1226, 1241 (8th Cir.1994); see also Roho, Inc. v. Marquis, 902 F.2d 356, 359 (5th Cir.1990). But see Breitford, 419 F.3d at 580 (“No one makes a product from scratch, with trees and iron ore entering one end of the plant and a finished consumer product emerging at the other.”). Even assuming that this line of authority has survived Dastar, it is inapposite because Pace was not reselling a product that had been manufactured by Best. Instead of taking a preexisting tangible object and then modifying it, Pace manufactured “its very own series” of objects, albeit using ideas that it had gleaned largely from Best. Dastar, 539 U.S. at 31. As far as the tangible items are concerned, Pace was not marketing Best’s products; it was marketing its own.

To the extent that the district court’s liability finding stemmed from an intuition that the Lanham Act prohibits wholesale copying, that intuition is misplaced. Protection against imitation and mimicry ordinarily is found in patent and copyright law, not in the Lanham Act. “In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying.” TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 29, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001). The Lanham Act—which, unlike the patent and copyright regimes, creates exclusive rights that have no automatic expiration—does not create “a species of perpetual patent and copyright,” nor does it create “a cause of action for, in effect, plagiarism—the use of otherwise unprotected works and inventions without attribution.” Dastar, 539 U.S. at 33–34, 36, 37. That is because the Act “does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.” Id. at 34. Instead, the Lanham Act’s “general concern is with protecting consumers from confusion as to source,” Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 157, 109 S.Ct. 971, 103 L.Ed.2d 118 (1989), and preventing consumer confusion does not warrant reading § 43(a)’s prohibition against false designation of origin so broadly that it provides a way for inventors to stifle indefinitely the mimicry of items that have been neither patented nor copyrighted. Dastar, 539 U.S. at 34–37; Groeneveld Transp. Efficiency, Inc. v. Lubecore Int’l, Inc., 730 F.3d 494, 513 (6th Cir.2013). It does not matter that Best may have created the market for the products in question. See Dastar, 539 U.S. at 36–37 (production of knockoff product is not reverse passing off); Breitford, 419 F.3d at 581 (same). Best cannot use a false-designation Lanham Act claim to substitute for failing to have a protectable intellectual property right in the products.
Because “the person or entity that originated the ideas” embodied in a good or service is not the “origin” of the good or service for purposes of § 43(a), a manufacturer does not falsely designate a product’s origin under the Lanham Act if it makes an exact replica of someone else’s item and labels the item as its own. Dastar, 539 U.S. at 32. At bottom, Best’s Lanham Act claims are an attempt to recover from Pace for stealing its product ideas to manufacture a rival, facsimile product. That is not what the Lanham Act guards against. Id. at 34. “Businesses often think competition unfair, but federal law encourages wholesale copying, the better to drive down prices. Consumers rather than producers are the objects of the law’s solicitude.” Bretford, 419 F.3d at 581. “The right question ... is whether the consumer knows who has produced the finished product” even if “most of the product’s economic value came from elsewhere.” Id. Regardless of whether Pace’s conduct was prohibited under other legal regimes, it was not prohibited by the Lanham Act.

3.

The district court’s finding that Pace also violated § 43(a)’s prohibition against false advertising, see 15 U.S.C. § 1125(a)(1)(B), is defective for largely the same reasons. The parties appear to assume that the false-advertising claim is almost exactly identical to the false-designation claim. The district court followed suit, holding that § 1125(a)(1)(B) prohibits exactly the same reverse passing off behavior—a defendant “marketing other companies’ products as its own”—that is prohibited under § 1125(a)(1)(A). For the same reasons that it found that Pace had falsely designated the products’ origin, the district court found that Pace’s use of “Best products” in Pace’s own catalogs “constitutes a misleading representation through marketing as to the origin of a product” and thereby violated § 1125(a)(1)(B).

This reasoning was not quite correct. Even if the analysis of a false-advertising claim exactly mirrored the analysis of the false-designation claim, the district court would have been incorrect to conclude that a product’s “origin” references the originator of the concepts embodied in the product. Under Dastar, the term denotes only the manufacturer of the tangible object, which means that Pace’s advertising was not false. See 539 U.S. at 32.

But in any event, false-advertising claims involving a misrepresentation about a product’s “origin” under subsection (B) are not subject to an analysis that is identical to false-designation claims under subsection (A). Subsection (B) prohibits the use in commercial advertising of a false “designation of origin” or other factual misrepresentation about “the nature, characteristics, qualities, or geographic origin” of the goods or services in question. 15 U.S.C. § 1125(a)(1)(B). The products’ geographic origin is not at issue in this case. And as we have previously suggested, a misrepresentation about the source of the ideas embodied in a tangible object (such as a misrepresentation about the author of a book or the designer of a widget) is not a misrepresentation about the nature, characteristics, or qualities of the object. Romero v. Buhimschi, 396 F. App’x 224, 233 (6th Cir. 2010). Absent a false statement about geographic origin, a misrepresentation is actionable under § 1125(a)(1)(B) only if it misrepresents the “characteristics of the good itself”—such as its properties or capabilities. Sybersound Records, Inc. v. UAV Corp., 517 F.3d 1137, 1144 (9th Cir. 2008). The statute does
not encompass misrepresentations about the source of the ideas embodied in the object (such as a false designation of authorship); to hold otherwise would be to project the Lanham Act into the province of the Copyright and Patent Acts. See Baden Sports, Inc. v. Molten USA, Inc., 556 F.3d 1300, 1307 (Fed.Cir.2009). But see Malla Pollack, Reclassifying Reverse Passing Off As Failure to Contract or As False Advertising, 17 B.U. J. SCI. & TECH. L. 40, 49–50 (2011) (arguing that use of a competitor’s branded product in advertising materials, even where the mark is not visible, could support a false advertising claim).

The district court did not find that Pace made any false representation about the characteristics of the cloned products themselves; it found that Pace’s advertisements were false only because they represented that Pace, rather than Best, was the intellectual origin of the products. Because § 1125(a)(1)(B) does not impose liability for misrepresenting the intellectual progenitor of a tangible product, the district court erred in finding that Pace’s conduct violated the statute. Its judgment finding Pace liable on both Lanham Act claims is reversed.

[Reversed as to the Lanham Act claims.]
At p. 960, add the following to the end of note 1:

In similar litigation brought on behalf of former NFL players against EA Sports involving video games depicting historic NFL teams and avatars resembling the former players, the Ninth Circuit likewise applied the transformative use defense, and found liability. Davis v. Electronic Arts Inc., 775 F.3d 1172 (9th Cir. 2015). (NFL fans of a certain age might recognize some of the named plaintiffs: Vince Ferragamo and Billy Joe Dupree, among others).

At p. 962, before Problem 11-4, add the following new case:

MICHAEL JORDAN v. JEWEL FOOD STORES, INC.
743 F.3d 509 (7th Cir. 2014)

SYKES, Circuit Judge:

This trademark and right-of-publicity dispute pits basketball legend Michael Jordan against Jewel Food Stores, Inc., the operator of 175 Jewel–Osco supermarkets in and around Chicago. On the occasion of Jordan induction into the Naismith Memorial Basketball Hall of Fame in September 2009, Time, Inc., the publisher of Sports Illustrated, produced a special commemorative issue of Sports Illustrated Presents devoted exclusively to Jordan’s remarkable career. Jewel was offered free advertising space in the issue in exchange for agreeing to stock the magazine in its stores. Jewel accepted the offer and submitted a full-page ad congratulating Jordan on his induction into the Hall of Fame. The ad ran on the inside back cover of the commemorative issue, which was available on newsstands for a three-month period following the induction ceremony.

To Jordan the ad was not a welcome celebratory gesture but a misappropriation of his identity for the supermarket chain’s commercial benefit. He responded with this $5 million lawsuit alleging violations of the federal Lanham Act, the Illinois Right of Publicity Act, the Illinois deceptive-practices statute, and the common law of unfair competition. Jewel denied liability under these laws and also claimed a blanket immunity from suit under the First Amendment. The district court sided with Jewel on the constitutional defense, prompting this appeal.

Jewel maintains that its ad is “noncommercial” speech and thus has full First Amendment protection. Jordan insists that the ad is garden-variety commercial speech, which gets reduced constitutional protection and may give rise to liability for the private wrongs he alleges in this case. As the case comes to us, the commercial/noncommercial distinction is potentially dispositive. If the ad is properly classified as commercial speech, then it may be regulated, normal liability rules apply (statutory and common law), and the battle moves to the merits of Jordan’s claims. If, on the other hand, the ad is fully protected expression, then Jordan agrees with Jewel that the First Amendment provides a complete defense and his claims
cannot proceed. The district court held that the ad was fully protected noncommercial speech and entered judgment for Jewel.

We reverse. Jewel’s ad, reproduced below, prominently features the “Jewel-Osco” logo and marketing slogan, which are creatively and conspicuously linked to Jordan in the text of the ad’s congratulatory message. Based on its content and context, the ad is properly classified as a form of image advertising aimed at promoting the Jewel-Osco brand. The ad is commercial speech and thus is subject to the laws Jordan invokes here. The substance of Jordan case remains untested, however; the district court’s First Amendment ruling halted further consideration of the merits. We remand for further proceedings.

I. Background

On September 11, 2009, Jordan was inducted into the Basketball Hall of Fame.1 In light of the occasion, Time, Inc., the publisher of Sports Illustrated, produced a special edition of Sports Illustrated Presents to celebrate Jordan’s noteworthy career. The commemorative issue was not distributed to regular Sports Illustrated subscribers, but rather was sold separately in stores. The issue was titled “Jordan: Celebrating a Hall of Fame Career” and was slated to be offered for sale from late October 2009 until late January 2010.

About a month prior to publication, a Time sales representative contacted Jewel to offer free advertising space in the commemorative issue in return for a promise to stock and sell the magazines in its stores. Jewel agreed to the deal and had its marketing department design a full-page color ad. The ad combines textual, photographic, and graphic elements, and prominently includes the Jewel–Osco logo and the supermarket chain’s marketing slogan, “Good things are just around the corner.” The logo and slogan—both registered trademarks—are positioned in the middle of the page, above a photo of a pair of basketball shoes, each bearing Jordan’s number “23.” The text of the ad reads as follows:

A Shoe In!
After six NBA championships, scores of rewritten record books and numerous buzzer beaters, Michael Jordan’s elevation in the Basketball Hall of Fame was never

1 Jordan, of course, is the superstar former Chicago Bulls basketball player. During his fabled career, Jordan led the Bulls to six National Basketball Association championships, winning myriad awards and countless accolades as the best player in the game. See Legends profile: Michael Jordan, NBA HISTORY, http://www.nba.com/history/legends/michael-jordan (Mar. 4, 2013, 4:14 PM) (last visited Feb. 10, 2014). Although the district court did not make a factual finding on the matter, according to the NBA’s website, Jordan is “[b]y acclamation ... the greatest basketball player of all time.” Id. For another view, see NBA’s best alltime? You be the judge, CHI. TRIB. (Mar. 23, 2012), http://articles.chicagotribune.com/2012-03-23/sports/ct-spt–0324–mitchell–20120324_1_the-nba-kareem-abdul-jabbar-lebron-james (last visited Feb. 10, 2014), suggesting that the “best ever” title should go to Kareem Abdul-Jabbar based on lifetime statistics. The Milwaukee judges on this panel would not dissent from that.
in doubt! Jewel-Osco salutes #23 on his many accomplishments as we honor a fellow Chicagoan who was “just around the corner” for so many years.

Time accepted Jewel’s ad and placed it on the inside back cover of the commemorative issue, which featured Sports Illustrated editorial content and photographs from the magazine’s prior coverage of Jordan’s career. Among other advertisements, the commemorative issue also contained a full-page congratulatory ad by a rival Chicago-area grocery chain. We include a copy of Jewel’s ad at the end of this opinion.

Soon after the commemorative issue hit the newsstands, Jordan filed this lawsuit against Jewel in Illinois state court alleging violations of the Illinois Right of Publicity Act, [state unfair competition law, and the Lanham Act.] He sought $5 million in damages, plus punitive damages on the state-law claims and treble damages on the Lanham Act claim. Jewel removed the case to federal court.

Following discovery, Jewel moved for summary judgment raising the First Amendment as a defense and arguing that its ad qualified as “noncommercial” speech and was entitled to full constitutional protection. Jordan filed a cross-motion for partial summary judgment on the issue of whether Jewel’s ad was a commercial use of his identity. In a thoughtful opinion, the district court agreed with Jewel that the ad was noncommercial speech and sought further briefing on the implications of that classification. Jewel maintained that the commercial-speech ruling conclusively defeated all of Jordan’s claims. Jordan agreed, accepting Jewel’s position that the First Amendment provided a complete defense. The court accordingly entered final judgment in favor of Jewel, and Jordan appealed.

II. Discussion

A. Some Context for the Commercial–Speech Classification

Jordan’s appeal requires us to decide whether Jewel’s ad is properly classified as commercial speech or noncommercial speech under the Supreme Court’s First Amendment jurisprudence. Before addressing the substance of that question, we take a moment to place it in the context of the claims raised in this litigation, which arise from different sources of law but all center on Jordan’s allegation that Jewel misappropriated his identity for its commercial benefit.

Jordan is a sports icon whose name and image are deeply embedded in the popular culture and easily recognized around the globe. His singular achievements on the basketball court have made him highly sought after as a celebrity endorser; as a retired player who continues to reap the economic value of his reputation in the history of the game, he understandably guards the use of his identity very closely. The Lanham Act and the other laws he invokes here enable him to do that.
Jewel argues that Jordan’s claims can’t succeed because its ad is fully protected noncommercial speech under the First Amendment. We understand this to be an argument that the First Amendment prevents the court from applying these laws to any speech that is considered “noncommercial” in the constitutional sense, thus providing a complete constitutional defense to all claims. Jordan accepts this legal premise, so we take the point as conceded. But the law in this area is considerably more complex than the parties’ agreement implies.4


This is not a public-law case; it’s a clash of private rights. Even if Jewel’s ad qualifies as noncommercial speech, it’s far from clear that Jordan’s trademark and right-of-publicity claims fail without further ado. According to a leading treatise on trademark and unfair-competition law, there is no judicial consensus on how to resolve conflicts between intellectual-property rights and free-speech rights; instead, the courts have offered “a buffet of various legal approaches to [choose] from.” 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 31.139 (4th ed. 2013). The Supreme Court has

4 The analytical ground shifted a bit during oral argument. Jewel’s counsel argued that the federal and state laws at issue here, by their own terms, apply only to commercial speech as defined by First Amendment jurisprudence. So Jewel’s free-speech defense might be understood as using the First Amendment commercial-speech inquiry as a proxy for determining whether the speech potentially falls within the scope of these laws. It is true that each of the statutory and common-law claims alleged here has a “commercial” element in one form or another, but it’s not clear that the Supreme Court’s commercial-speech doctrine should be used to define this term in each cause of action. As to the Lanham Act claim in particular, we have cautioned against interpreting the scope of the statute in this way. See First Health Grp. Corp. v. BCE Emergis Corp., 269 F.3d 800, 803 (7th Cir. 2001). We don’t need to address this matter further because the parties haven’t briefed the extent to which the scope of the Lanham Act (or the state laws) is coextensive with the Supreme Court’s constitutional commercial-speech doctrine.
not addressed the question, and decisions from the lower courts are a conflicting mix of balancing tests and frameworks borrowed from other areas of free-speech doctrine.³

Jordan’s litigating position allows us to sidestep this complexity. The parties have agreed that if Jewel’s ad is “noncommercial speech” in the constitutional sense, then the First Amendment provides a complete defense to all claims in this suit. We’re not sure that’s right, but for now we simply note the issue and leave it for another day. With that large unsettled question reserved, we move to the task of classifying Jewel’s ad as commercial or noncommercial speech for constitutional purposes. This is a legal question, so our review is de novo. [cit.]

B. Commercial or Noncommercial Speech?

1. The commercial-speech doctrine

The First Amendment prohibits the government from “abridging the freedom of speech.” U.S. CONST. amend. I. Because “not all speech is of equal First Amendment importance,” Snyder v. Phelps, --- U.S. ----, 131 S.Ct. 1207, 1215 (2011) (quoting Hustler Magazine, Inc. v. Falwell, 485 U.S. 46, 56 (1988)), certain categories of speech receive a lesser degree of constitutional protection. Commercial speech was initially viewed as being outside the ambit of the First Amendment altogether. See Valentine v. Chrestensen, 316 U.S. 52, 54 (1942). That understanding has long since been displaced. Current doctrine holds that commercial speech is constitutionally protected but governmental burdens on this category of speech are scrutinized more leniently than burdens on fully protected noncommercial speech. [cit.]

The Court’s rationale for treating commercial speech differently rests on the idea that commercial speech is “more easily verifiable by its disseminator” and “more durable”—that is, less likely to be chilled by regulations—than fully protected noncommercial speech. Va. Pharmacy Bd., 425 U.S. at 771 n. 24. Other cases explain that the more deferential degree of judicial scrutiny is justified because commercial speech “occurs in an area traditionally subject to government regulation.” Lorillard Tobacco Co. v. Reilly, 533 U.S. 525, 554 (2001) (quoting Cent. Hudson, 447 U.S. at 562). Whatever the justification, the Court has not strayed from its commercial-speech jurisprudence despite calls for it to do so. [cit.]

³ See, e.g., Facenda v. NFL Films, Inc., 542 F.3d 1007, 1015–18 (3d Cir.2008) (canvassing the caselaw but ultimately avoiding the issue after finding that the film in question was commercial speech); Downing v. Abercrombie & Fitch, 265 F.3d 994, 1001–03 (9th Cir.2001) (rejecting a First Amendment defense to right-of-publicity claim under California law); Hoffman v. Capital Cities/ABC Inc., 255 F.3d 1180, 1184–86 (9th Cir.2001) (resolving a First Amendment defense in a case raising Lanham Act and state-law right-of-publicity claims by using the “actual malice” standard applicable in defamation cases); Cardtoons, L.C. v. Major League Baseball Players Ass’n, 95 F.3d 959, 968–76 (10th Cir.1996) (resolving a First Amendment defense in a state-law right-of-publicity case by balancing the free-speech interests against the intellectual-property interests).
To determine whether speech falls on the commercial or noncommercial side of the constitutional line, the Court has provided this basic definition: Commercial speech is “speech that proposes a commercial transaction.”\(^6\) Fox, 492 U.S. at 482 (emphasis deleted) .

It's important to recognize, however, that this definition is just a starting point. Speech that does no more than propose a commercial transaction “fall[s] within the core notion of commercial speech,” Bolger, 463 U.S. at 66, but other communications also may “constitute commercial speech notwithstanding the fact that they contain discussions of important public issues,” Fox, 492 U.S. at 475 (quoting Bolger, 463 U.S. at 67–68). [cit.]

Indeed, the Supreme Court has “made clear that advertising which links a product to a current public debate is not thereby entitled to the constitutional protection afforded noncommercial speech.” Zauderer, 471 U.S. at 637 n. 7 (quoting Bolger, 463 U.S. at 68) (internal quotation marks omitted). Although commercial-speech cases generally rely on the distinction between speech that proposes a commercial transaction and other varieties of speech, id. at 637, it's a mistake to assume that the boundaries of the commercial-speech category are marked exclusively by this “core” definition. [cit.] To the contrary, there is a “common-sense distinction” between commercial speech and other varieties of speech, and we are to give effect to that distinction. [cit.]

The Supreme Court's decision in Bolger is instructive on this point. Bolger dealt with the question of how to classify speech with both noncommercial and commercial elements. There, a prophylactics manufacturer published informational pamphlets providing general factual information about prophylactics but also containing information about the manufacturer's products in particular. Bolger, 463 U.S. at 62. The manufacturer brought a pre-enforcement challenge to a federal statute that prohibited the unsolicited mailing of advertisements about contraceptives. The Supreme Court held that although the pamphlets did not expressly propose a commercial transaction, they were nonetheless properly classified as commercial speech based on the following attributes: the pamphlets were a form of advertising, they referred to specific commercial products, and they were distributed by the manufacturer for economic purposes. Id. at 66–67.

We have read Bolger as suggesting certain guideposts for classifying speech that contains both commercial and noncommercial elements; relevant considerations include “whether: (1) the speech is an advertisement; (2) the speech refers to a specific product; and (3) the speaker has an economic motivation for the speech.” [cit.] This is just a general framework, however; no one factor is sufficient, and Bolger strongly implied that all are not necessary. See Bolger, 463 U.S. at 67 n. 14, 103 S.Ct. 2875 (“Nor do we mean to suggest that

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each of the characteristics present in this case must necessarily be present in order for speech to be commercial.

2. Applying the doctrine

Jewel argues that its ad doesn't propose a commercial transaction and therefore flunks the leading test for commercial speech. As we have explained, the commercial-speech category is not limited to speech that directly or indirectly proposes a commercial transaction. Jewel nonetheless places substantial weight on this test, and the district judge did as well. Although neither relies exclusively on it, the district court's opinion and Jewel's defense of it on appeal both press heavily on the argument that the ad doesn't propose a commercial transaction, so we will start there.

It's clear that the textual focus of Jewel’s ad is a congratulatory salute to Jordan on his induction into the Hall of Fame. If the literal import of the words were all that mattered, this celebratory tribute would be noncommercial. But evaluating the text requires consideration of its context, and this truism has special force when applying the commercial-speech doctrine. Modern commercial advertising is enormously varied in form and style.

We know from common experience that commercial advertising occupies diverse media, draws on a limitless array of imaginative techniques, and is often supported by sophisticated marketing research. It is highly creative, sometimes abstract, and frequently relies on subtle cues. The notion that an advertisement counts as “commercial” only if it makes an appeal to purchase a particular product makes no sense today, and we doubt that it ever did. An advertisement is no less “commercial” because it promotes brand awareness or loyalty rather than explicitly proposing a transaction in a specific product or service. Applying the “core” definition of commercial speech too rigidly ignores this reality. Very often the commercial message is general and implicit rather than specific and explicit.

Jewel’s ad served two functions: congratulating Jordan on his induction into the Hall of Fame and promoting Jewel's supermarkets. The first is explicit and readily apparent. The ad contains a congratulatory message remarking on Jordan’s record-breaking career and celebrating his rightful place in the Basketball Hall of Fame. Jewel points to its longstanding corporate practice of commending local community groups on notable achievements, giving as examples two public-service ads celebrating the work of Chicago's Hispanocare and South Side Community Services. The suggestion seems to be that the Jordan ad belongs in this “civic booster” category: A praise-worthy “fellow Chicagoan” was receiving an important honor, and Jewel took the opportunity to join in the applause.

But considered in context, and without the rose-colored glasses, Jewel's ad has an unmistakable commercial function: enhancing the Jewel-Osco brand in the minds of consumers. This commercial message is implicit but easily inferred, and is the dominant one.
We begin by making a point that should be obvious but seems lost on Jewel: There is a world of difference between an ad congratulating a local community group and an ad congratulating a famous athlete. Both ads will generate goodwill for the advertiser. But an ad congratulating a famous athlete can only be understood as a promotional device for the advertiser. Unlike a community group, the athlete needs no gratuitous promotion and his identity has commercial value. Jewel's ad cannot be construed as a benevolent act of good corporate citizenship.

As for the other elements of the ad, Jewel–Osco's graphic logo and slogan appear just below the textual salute to Jordan. The bold red logo is prominently featured in the center of the ad and in a font size larger than any other on the page. Both the logo and the slogan are styled in their trademarked ways. Their style, size, and color set them off from the congratulatory text, drawing attention to Jewel–Osco's sponsorship of the tribute. Apart from the basketball shoes, the Jewel–Osco brand name is the center of visual attention on the page. And the congratulatory message specifically incorporates Jewel's slogan: "as we honor a fellow Chicagoan who was 'just around the corner' for so many years." The ad is plainly aimed at fostering goodwill for the Jewel brand among the targeted consumer group—"fellow Chicagoans" and fans of Michael Jordan—for the purpose of increasing patronage at Jewel–Osco stores.

The district judge nonetheless concluded that the ad was not commercial speech based in part on his view that "readers would be at a loss to explain what they have been invited to buy," a reference to the fact that the ad features only the tribute to Jordan, the Jewel–Osco logo and slogan, and a pair of basketball shoes. Granted, Jewel does not sell basketball shoes; it's a chain of grocery stores, and this ad contains not a single word about the specific products that Jewel–Osco sells, nor any product-specific art or photography. The Supreme Court has said that the failure to reference a specific product is a relevant consideration in the commercial-speech determination. See Bolger, 463 U.S. at 66–67. But it is far from dispositive, especially where "image" or brand advertising rather than product advertising is concerned.

Image advertising is ubiquitous in all media. Jewel's ad is an example of a neighborly form of general brand promotion by a large urban supermarket chain. What does it invite readers to buy? Whatever they need from a grocery store—a loaf of bread, a gallon of milk, perhaps the next edition of *Sports Illustrated* from Jewel–Osco, where "good things are just around the corner." The ad implicitly encourages readers to patronize their local Jewel–Osco store. That it doesn't mention a specific product means only that this is a different genre of advertising. It promotes brand loyalty rather than a specific product, but that doesn't mean it's "noncommercial."

The district judge was not inclined to put much stock in the ad's use of Jewel–Osco's slogan and graphic logo. Specifically, he considered the logo as little more than a convenient method of identifying the speaker and characterized the slogan as simply a means of ensuring "that the congratulatory message *sounded* like it was coming from Jewel." Dismissing the logo
and slogan as mere nametags overlooks their value as advertising tools. The slogan is attached to the Jewel-Osco graphic logo and is repeated in the congratulatory message itself, which describes Jordan as “a fellow Chicagoan who was ‘just around the corner’ for so many years.” This linkage only makes sense if the aim is to promote shopping at Jewel-Osco stores. Indeed, Jewel’s copywriter viewed the repetition of the slogan the same way we do; she thought it was “too sellly” and “hitting too over the head.”

In short, the ad’s commercial nature is readily apparent. It may be generic and implicit, but it is nonetheless clear. The ad is a form of image advertising aimed at promoting goodwill for the Jewel-Osco brand by exploiting public affection for Jordan at an auspicious moment in his career.

Our conclusion is confirmed by application of the Bolger framework, which applies to speech that contains both commercial and noncommercial elements. Again, the Bolger inquiry asks whether the speech in question is in the form of an advertisement, refers to a specific product, and has an economic motive. [cit.]

Jewel’s ad certainly qualifies as an advertisement in form. Although the text is congratulatory, the page nonetheless promotes something to potential buyers: Jewel-Osco supermarkets. Jewel’s ad is easily distinguishable from the magazine’s editorial content. Although the district court properly characterized it as “embracing the issue’s theme,” the ad obviously isn’t part of the editorial coverage of Jordan’s career. It isn’t an article, a column, or a news photograph or illustration. It looks like, and is, an advertisement.

We can make quick work of the second and third Bolger factors. As we have explained, although no specific product or service is offered, the ad promotes patronage at Jewel-Osco stores more generally. And there is no question that the ad serves an economic purpose: to burnish the Jewel-Osco brand name and enhance consumer goodwill. The record reflects that Jewel received Time’s offer of free advertising space enthusiastically; its marketing representatives said it was a “great offer” and it “would be good for us to have our logo in Sports Illustrated” because “having your logo in any location where people see it is going to help your company.” Indeed, Jewel gave Time valuable consideration—floor space in Jewel-Osco grocery stores—in exchange for the full-page ad in the magazine, suggesting that it expected valuable brand-enhancement benefit from it. We don’t doubt that Jewel’s tribute was in a certain sense public-spirited. We only recognize the obvious: that Jewel had something to gain by conspicuously joining the chorus of congratulations on the much-anticipated occasion of Jordan’s induction into the Basketball Hall of Fame. Jewel’s ad is commercial speech.

A contrary holding would have sweeping and troublesome implications for athletes, actors, celebrities, and other trademark holders seeking to protect the use of their identities or marks. Image advertising (also known as “institutional advertising”) is commonplace in our society. Rather than expressly peddling particular products, this form of advertising

To pick a current example for illustrative purposes, think of the television spots by the corporate sponsors of the Olympics. Many of these ads consist entirely of images of the American athletes coupled with the advertiser's logo or brand name and an expression of support for the U.S. Olympic team; nothing is explicitly offered for sale. Jewel's ad in the commemorative issue belongs in this genre. It portrays Jewel–Osco in a positive light without mentioning a specific product or service—in this case, by invoking a superstar athlete and a celebratory message with particular salience to Jewel's customer base. To say that the ad is noncommercial because it lacks an outright sales pitch is to artificially distinguish between product advertising and image advertising. Classifying this kind of advertising as constitutionally immune noncommercial speech would permit advertisers to misappropriate the identity of athletes and other celebrities with impunity.

Nothing we say here is meant to suggest that a company cannot use its graphic logo or slogan in an otherwise noncommercial way without thereby transforming the communication into commercial speech. Our holding is tied to the particular content and context of Jewel's ad as it appeared in the commemorative issue of Sports Illustrated Presents.

Before closing, we take this opportunity to clarify the proper use of the “inextricably intertwined” doctrine, which the district court relied on to support its decision. That doctrine holds that when commercial speech and noncommercial speech are inextricably intertwined, the speech is classified by reference to the whole; a higher degree of scrutiny may be applied if the relevant speech “‘taken as a whole’” is properly deemed noncommercial. [cit.] The central inquiry is not whether the speech in question combines commercial and noncommercial elements, but whether it was legally or practically impossible for the speaker to separate them.

To see how this principle works in application, consider the facts at issue in the Supreme Court's decision in Fox. That case involved a First Amendment challenge to a public university's ban on commercial solicitations on campus. Several students and a housewares manufacturer asserted a free-speech right to hold “Tupperware parties” in the dormitories. See id. at 472. These gatherings consisted of demonstrations and a sales pitch for the manufacturer's products, but they also touched on other, noncommercial subjects, such as “how to be financially responsible and how to run an efficient home.” Id. at 473–74. The plaintiffs maintained that the commercial and noncommercial elements of the
speech were inextricably intertwined and the whole should be treated as noncommercial speech. Id. at 474.

The Supreme Court rejected this argument and analyzed the case under the standard applicable to commercial speech. In so doing, the Court clarified the limited applicability of the inextricably intertwined doctrine:

[T]here is nothing whatever “inextricable” about the noncommercial aspects of these [Tupperware party] presentations. No law of man or of nature makes it impossible to sell housewares without teaching home economics, or to teach home economics without selling housewares. Nothing in the [university rule] prevents the speaker from conveying, or the audience from hearing, these noncommercial messages, and nothing in the nature of things requires them to be combined with commercial messages.

Id.

Properly understood, then, the inextricably intertwined doctrine applies only when it is legally or practically impossible for the speaker to separate out the commercial and noncommercial elements of his speech. In that situation the package as a whole gets the benefit of the higher standard of scrutiny applicable to noncommercial speech. But simply combining commercial and noncommercial elements in a single presentation does not transform the whole into noncommercial speech.

The district court relied on the Ninth Circuit's decision in 

Hoffman v. Capital Cities/ABC, Inc., 255 F.3d 1180 (9th Cir.2001), but there the court misapplied the inextricably intertwined doctrine. Hoffman involved a fashion article featuring popular movie stills that had been altered to make it appear as though the actors were modeling clothing from famous designers. Id. at 1183. One of the photoshopped images was of Dustin Hoffman in his role in the film “Tootsie.” Hoffman sued the magazine publisher for misappropriating his identity. The Ninth Circuit held that the article was fully protected noncommercial speech: “[T]he article as a whole is a combination of fashion photography, humor, and visual and verbal editorial comment on classic films and famous actors. Any commercial aspects are ‘inextricably entwined’ with expressive elements, and so they cannot be separated out ‘from the fully protected whole.’ ” Id. at 1185.

This use of the inextricably intertwined doctrine was mistaken; no law of man or nature prevented the magazine from publishing a fashion article without superimposing the latest fashion designs onto film stills of famous actors. The district court's application of Hoffman here made the same mistake. The commercial and noncommercial elements of Jewel's ad were not inextricably intertwined in the relevant sense. No law of man or nature compelled Jewel to combine commercial and noncommercial messages as it did here.
To wrap up, we hold that Jewel’s ad in the commemorative issue qualifies as commercial speech. This defeats Jewel’s constitutional defense, permitting Jordan’s case to go forward. We note that the lone federal claim in the suit—a false-endorsement claim under § 43(a) of the Lanham Act—requires proof that Jewel’s congratulatory ad caused a likelihood of confusion that Jordan was a Jewel-Osco sponsor or endorsed its products and services. See, e.g., Facenda v. NFL Films, Inc., 542 F.3d 1007, 1014–15 (3d Cir. 2008). Because the merits have not been briefed, we express no opinion on the substance of Jordan’s claims under the Lanham Act or any of the state-law theories. We remand to permit the parties to address whether the Lanham Act claim warrants a trial, and if not, whether the district court should retain or relinquish supplemental jurisdiction over the state-law claims. [cit.]

[Reversed and remanded.]
A Shoe In!

After six NBA championships, scores of rewritten record books and numerous buzzer beaters, Michael Jordan's elevation in the Basketball Hall of Fame was never in doubt! Jewel-Osco salutes #23 on his many accomplishments as we honor a fellow Chicagoin who was "just around the corner" for so many years.

Jewel-Osco

[Image of shoes with number 23]
At p. 976 add the following to note 2:

See also Herb Reed Enterprises, LLC v. Florida Entertainment Mgmt., Inc., 736 F.3d 1239 (9th Cir. 2013).

At p. 976 add the following to note 3:

See also Berkley Networks Corp. v. InMarket Media, LLC, 114 U.S.P.Q.2d (BNA) 1169 (S.D.N.Y. 2014) (denying preliminary injunction despite plaintiff showing likelihood of success on the merits because plaintiff waited 11 months after release of allegedly infringing products to bring lawsuit undermining the claim of irreparable harm).