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# Review of the 1999 Trademark Decisions of the United States Court of Appeals for the Federal Circuit

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# Review of the 1999 Trademark Decisions of the United States Court of Appeals for the Federal Circuit

**Keywords**

Trademark, Court of Appeals, Federal Circuit, Patent and Trademark Office (PTO)

## AREA SUMMARIES

# REVIEW OF THE 1999 TRADEMARK DECISIONS OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

STEPHEN R. BAIRD\*

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#### INTRODUCTION

The United States Court of Appeals for the Federal Circuit (the “Federal Circuit”) decided a number of interesting trademark cases in 1999 and, in some instances, made new law. At the closing of 1999, the Federal Circuit heard and decided sixteen trademark cases;<sup>1</sup> however, only three-fourths of them constitute precedent for

1. See *Gamut Trading Co. v. United States Int’l Trade Comm’n*, 200 F.3d 775, 784, 53 U.S.P.Q.2d (BNA) 1261, 1267 (Fed. Cir. 1999) (restricting import of trademarked “gray market” goods); *In re Boston Beer Co.*, 198 F.3d 1370, 1373-74, 53 U.S.P.Q.2d (BNA) 1056, 1058-59 (Fed. Cir. 1999) (refusing to allow registration of claimed trademark for “The Best Beer in America”); *In re Wada*, 194 F.3d 1297, 1301-02, 52 U.S.P.Q.2d (BNA) 1539, 1542 (Fed. Cir. 1999) (prohibiting registration of geographically misdescriptive trademark); *L.D. Kichler Co. v. Davoll, Inc.*, 192 F.3d 1349, 1352, 52 U.S.P.Q.2d (BNA) 1307, 1309 (Fed. Cir. 1999) [hereinafter *Kichler II*] (declining to cancel federal registration of trade dress based on claim of § 2(f) fraud); *SmithKline Beecham Corp. v. Tocad Co.*, No. 99-1128, 1999 WL 668722, \*2 (Fed. Cir. Aug. 26, 1999) (unpublished opinion) (declining to cancel the trademark “Aqua Floss” despite its similarities to “Aqua Fresh”); *In re American Fertility Soc’y*, 188 F.3d 1341, 1349, 51 U.S.P.Q.2d (BNA) 1832, 1837 (Fed. Cir. 1999) (remanding a trademark determination for consideration of whether the name was generic); *In re Int’l Flavors & Fragrances Inc.*, 183 F.3d 1361, 1368, 51 U.S.P.Q.2d (BNA) 1513, 1518 (Fed. Cir. 1999) (denying application for “phantom” trademarks); *Zenith Elec. Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1352, 51 U.S.P.Q.2d (BNA) 1337, 1346-47 (Fed. Cir. 1999) (indicating that Lanham Act unfair competition claims don’t necessarily conflict with the patent and antitrust laws); *Pep Boys Manny v. Cherng Lian Ent Co.*, No. 99-1271, 1999 WL 595145, \*1 (Fed. Cir. July 6, 1999) (unpublished opinion) (dismissing appeal raised in opposition to competitor’s application for trademark registration based on claims of confusion and dilution); *Riggs Mktg. v. Mitchell*, No. 98-1507, 98-1551, 1999 WL 399710, \*6 (Fed. Cir. June 8, 1999) (unpublished opinion) (concluding that Mitchell’s golf-club bending machine infringed competitor’s patent, but denying that competitor’s trademark had acquired

the new millennium. Of all the Federal Circuit trademark cases decided in 1999, half contain issues of first impression or holdings that broaden or overrule previous decisions.<sup>2</sup> In addition, the court reversed or vacated lower decisions seven times, further evidencing the Federal Circuit's reputation for independent thinking.<sup>3</sup>

### I. THE FEDERAL CIRCUIT ADDRESSES PROCEDURAL ISSUES

Several of the 1999 Federal Circuit trademark decisions were significant for procedural reasons. The Court addressed: the

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secondary meaning); *Amp Plus, Inc. v. Juno Lighting, Inc.*, No. 581, 582, 1999 WL 426393, \*1 (Fed. Cir. June 3, 1999) (unpublished opinion) (denying a petition for interlocutory appeal); *In re Storopack Hans Reicheneker GmbH & Co.*, No. 98-1588, 1999 WL 302320, \*1 (Fed. Cir. May 6, 1999) (unpublished opinion) (declining to grant a trademark registration because the product name was simply descriptive); *Midwest Indus. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1360, 50 U.S.P.Q.2d (BNA) 1672, 1676 (Fed. Cir. 1999) (en banc) (applying Federal Circuit law instead of Eighth Circuit law in considering questions of substantive patent law); *Sunrise Jewelry Mfg. v. Fred S.A.*, 175 F.3d 1322, 1326, 50 U.S.P.Q.2d (BNA) 1532, 1536 (Fed. Cir. 1999) (holding that registration of trade dress which is generic may be cancelled); *Al-Site Corp. v. VSI Int'l*, 174 F.3d 1308, 1317, 50 U.S.P.Q.2d (BNA) 1161, 1165 (Fed. Cir. 1999) (affirming in part the determination that patent for hanger used to display non-prescription eyeglasses was literally infringed); *Ritchie v. Simpson*, 170 F.3d 1092, 1097, 50 U.S.P.Q.2d (BNA) 1023, 1028 (Fed. Cir. 1999) (granting an individual standing to challenge proposed trademarks by O.J. Simpson) [hereinafter "*Ritchie II*"], *rev'g Ritchie v. Simpson*, 41 U.S.P.Q.2d (BNA) 1859 (T.T.A.B. 1996) [hereinafter "*Ritchie I*"].

2. See *Wada*, 194 F.3d at 1299-1300, 52 U.S.P.Q.2d (BNA) at 1542 (affirming rejection of application seeking to register mark "NEW YORK WAYS GALLERY" for various leather products, and holding that mark was geographically misdescriptive, and therefore was not registerable); *American Fertility Soc'y*, 188 F.3d at 1345-48, 51 U.S.P.Q.2d (BNA) at 1837 (vacating board's ruling that mark was generic due to application of an incorrect legal standard); *Int'l Flavors*, 183 F.3d at 1365-66, 51 U.S.P.Q.2d (BNA) at 1518 (ruling broadly that "phantom" trademarks cannot be federally registered); *Zenith*, 182 F.3d at 1346, 50 U.S.P.Q.2d (BNA) at 1341 (retaining jurisdiction even though all patent claims had been dismissed); *Pep Boys*, 1999 WL 595145 at \*1 (restricting ability to appeal); *Midwest Indus.*, 175 F.3d at 1359, 50 U.S.P.Q.2d (BNA) at 1675 (overruling three prior decisions); *Sunrise Jewelry*, 175 F.3d at 1326-27, 50 U.S.P.Q.2d (BNA) at 1536 (expanding the applicability of generic trade dress); *Ritchie II*, 170 F.3d at 1093, 50 U.S.P.Q.2d (BNA) at 1027 (expanding the standing doctrine for third parties to challenge proposed trademarks).

3. See *Ritchie II*, 170 F.3d at 1099, 50 U.S.P.Q.2d (BNA) at 1029 (reversing and remanding); *Al-Site*, 174 F.3d at 1332, 50 U.S.P.Q.2d (BNA) at 1177 (affirming in part, reversing in part); *Sunrise Jewelry*, 175 F.3d at 1343, 50 U.S.P.Q.2d (BNA) at 1536 (affirming in part, vacating in part, and remanding); *Midwest Indus.*, 175 F.3d at 1365, 50 U.S.P.Q.2d (BNA) at 1679 (reversing and remanding); *Riggs Mktg.*, 1999 WL 399710, at \*6 (reversing in part, affirming in part); *Am. Fertility Soc'y*, 188 F.3d at 1349, 51 U.S.P.Q.2d (BNA) at 1837-38 (vacating and remanding); *Kichler II*, 192 F.3d at 1353, 52 U.S.P.Q.2d (BNA) at 1310 (reversing and remanding); see also Stephen R. Baird, *Review of the 1993 Trademark Decisions of the Court of Appeals for the Federal Circuit*, 43 AM. U. L. REV. 1559, 1583 (1994) (noting the Federal Circuit's 1993 decisions reflected "independent thinking"); cf. William C. Rooklidge & Matthew F. Weil, *Judicial Hyperactivity: The Federal Circuit's Discomfort with Its Appellate Role*, 15 BERKELEY TECH. L.J. 725, 729 (2000) (arguing that "the Federal Circuit has been dogged with criticism for straying from the path carefully delineated for appellate tribunals.").

appropriate standard of review of United States Patent and Trademark Office ("PTO") fact-finding, standing to oppose "scandalous" and "immoral" trademarks, conflicts of federal laws, choice of law, preemption of conflicting state laws, and various appeals.<sup>4</sup>

### A. *Standard of Review*

The Federal Circuit reviews legal conclusions *de novo*.<sup>5</sup> Until this year, the Federal Circuit expressly rejected arguments by the Solicitor General that the less stringent Administrative Procedure Act ("APA")<sup>6</sup> review standards should govern its review of factual findings made by the Trademark Trial and Appeal Board ("Board") of the PTO.<sup>7</sup> Instead, the Federal Circuit continued to review the PTO's findings of fact for "clear error," analogous to an appellate court's review of a district court's fact-finding.<sup>8</sup>

Following the United States Supreme Court's 1999 decision in *Dickinson v. Zurko*,<sup>9</sup> the Federal Circuit began following the APA's "arbitrary, capricious," standard of review, which expressly governs judicial review of facts found by federal administrative agencies.<sup>10</sup> The Federal Circuit applied the APA review framework in four

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4. See *infra* Parts I.A-I.E (discussing the range of procedural issues addressed by the Federal Circuit during 1999).

5. See *Wada*, 194 F.3d at 1302, 52 U.S.P.Q.2d (BNA) at 1542 (prohibiting the registration of geographically misdescriptive trademarks); see also *Int'l Flavors*, 183 F.3d at 1365, 51 U.S.P.Q.2d (BNA) at 1515 (recognizing that the Federal Circuit will review legal conclusions, such as those made under the Lanham Act, *de novo*).

6. 5 U.S.C. § 706 (1994 & Supp. III 1997) (providing standards of review under the APA for review of agency action).

7. See *In re Dixie Restaurants*, 105 F.3d 1405, 1406 n.\*, 41 U.S.P.Q.2d (BNA) at 1531, 1533 n.a1 (Fed. Cir. 1997) (rejecting a less stringent APA "arbitrary and capricious" standard in evaluating factual conclusions).

8. See *In re Zurko*, 142 F.3d 1447, 1459, 46 U.S.P.Q.2d (BNA) 1691, 1701 (Fed. Cir. 1998) (en banc) [hereinafter "*Zurko I*"] (reversing a PTO decision rejecting a patent relating to improvements of computer security systems), *rev'd sub nom.* *Dickinson v. Zurko*, 527 U.S. 150, 50 U.S.P.Q.2d (BNA) 1930 (1999) [hereinafter "*Zurko II*"] (indicating that the Federal Circuit applied the incorrect "clearly erroneous" standard rather than the "arbitrary and capricious" standard required under the APA).

9. 527 U.S. 150, 153-54, 50 U.S.P.Q.2d (BNA) 1930, 1932 (1999) (discussing the arbitrariness standard). In *Zurko I*, the Federal Circuit en banc applied a "clearly erroneous" standard of review in reversing the Board of Patent Appeals and Interferences' decision to reject a patent application for a computer system security method. See *Zurko I*, 142 F.3d at 1449, 46 U.S.P.Q.2d (BNA) at 1693. In *Zurko II*, the Supreme Court reversed and remanded the case to apply the Administrative Procedure Act (APA) standards of review. See *Zurko II*, 527 U.S. at 165, 50 U.S.P.Q.2d (BNA) at 1936-37; cf. *Wada*, 194 F.3d at 1299, 52 U.S.P.Q.2d (BNA) at 1540 (applying *Zurko II*).

10. See *Zurko II*, 527 U.S. at 152-53, 50 U.S.P.Q.2d (BNA) at 1931 (citing the APA, 5 U.S.C. § 706).

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trademark cases during the last part of 1999.<sup>11</sup> Because the Supreme Court did not explain which of the two possible APA standards of review govern appeals of PTO fact-finding, however, these decisions have not provided clarity in this area of the law. Whether the Federal Circuit will decide to apply the APA's "arbitrary, capricious, [or] abuse of discretion"<sup>12</sup> standard or the "unsupported by substantial evidence"<sup>13</sup> standard to PTO fact-finding remains unclear.<sup>14</sup> In its 1999 trademark decisions, the Federal Circuit recognized the Supreme Court's failure to instruct which of the two possible APA standards should govern PTO fact-finding; however, the court did not undertake to resolve which standard it will apply.<sup>15</sup> None of the cases before the Federal Circuit in 1999 turned on a distinction between these standards.<sup>16</sup>

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11. See *In re Boston Beer Co.*, 198 F.3d 1370, 1373, 53 U.S.P.Q.2d (BNA) 1056, 1056 (Fed. Cir. 1999); *Wada*, 194 F.3d at 1299, 52 U.S.P.Q.2d (BNA) at 1540; *SmithKline Beecham Corp. v. Tocad Co.*, No. 99-1128, 1999 WL 668722, at \*1 (Fed. Cir. Aug. 26, 1999) (unpublished opinion); *In re Int'l Flavors & Fragrances, Inc.*, 183 F.3d 1361, 1365, 51 U.S.P.Q.2d (BNA) 1513, 1515 (Fed. Cir. 1999).

12. The Supreme Court has described the "arbitrary, capricious, [or] abuse of discretion" standard as requiring a court to ask whether "the agency has relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, offered an explanation for its decision that runs counter to the evidence before the agency, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise." *Motor Vehicle Mfg. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 43 U.S. 29, 43 (1983).

13. The Supreme Court "has described the APA court/agency 'substantial evidence' standard as requiring a court to ask whether a 'reasonable mind might accept' a particular evidentiary record as 'adequate to support a conclusion.'" *Zurko II*, 527 U.S. at 162 (quoting *Consolidated Edison Co. v. NLRB*, 305 U.S. 197, 229 (1938)).

14. See *id.* at 162-63 (indicating that the distinction between the two standards is a subtle one).

15. See *Boston Beer*, 198 F.3d at 1373, 53 U.S.P.Q.2d (BNA) at 1058 (declaring it unnecessary to determine which standard should be applied on these facts); *Int'l Flavors*, 183 F.3d at 1365, 53 U.S.P.Q.2d (BNA) at 1515 (declining to determine which standard should be applied).

16. See *Boston Beer*, 198 F.3d at 1373, 53 U.S.P.Q.2d (BNA) at 1058 ("Because the Board's present findings of fact would be upheld under any of the APA standards of review, it is unnecessary to make that determination here."); *Wada*, 194 F.3d at 1299, 52 U.S.P.Q.2d (BNA) at 1540 ("We uphold the Board's factual determinations unless they are arbitrary, capricious, an abuse of discretion or unsupported by substantial evidence."); *SmithKline*, 1999 WL 668722, at \*1 ("[W]e will affirm the Board's factual determinations unless they are unsupported by substantial evidence or are otherwise arbitrary, capricious, or constitute an abuse of discretion."); *Int'l Flavors*, 183 F.3d at 1365, 51 U.S.P.Q.2d (BNA) at 1515 ("The Supreme Court in *Zurko [III]* left undecided which standard . . . must be applied to review Board findings. This, however, is not the case in which to make that determination. The Board's present findings of fact would be upheld under any of the APA standards of review."). Perhaps the Federal Circuit ultimately will conclude there is no meaningful difference between the two possible APA standards of review. See *Ass'n of Data Processing Serv. v. Board of Governors of Fed. Reserve Sys.*, 745 F.2d 677, 683-84 (D.C. Cir. 1984) (Scalia, J.) (finding no substantive difference between the APA's "arbitrary, capricious" standard and its "substantial evidence" standard as applied to

*B. Standing to Oppose an "Immoral" or "Scandalous" Mark*

In *Ritchie v. Simpson*,<sup>17</sup> the majority of a divided panel of the Federal Circuit declined the invitation—in an emotionally-charged Section 2(a)<sup>18</sup> case—to interpret more narrowly the standing requirements for trademark oppositions, as set forth in Section 13 of the Lanham Act.<sup>19</sup> In doing so, according to the sharply worded dissent issued by Circuit Judge Pauline Newman, the “panel majority has created a dangerous and facile opportunity for the intermeddling public to burden commercial rights in which it has no interest, contravening the precedent of this Court and the Supreme Court.”<sup>20</sup> She also indicated that the opposer’s “right to abhor Mr. Simpson’s persona does not grant him standing to deprive Mr. Simpson of the right of statutory trademark registration.”<sup>21</sup> The panel majority’s decision probably reached the correct result in permitting standing, albeit after expending unnecessary labor and effort. The panel majority

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court review of agency fact-finding).

17. 170 F.3d 1092, 50 U.S.P.Q.2d (BNA) 1023 (Fed. Cir. 1999) (challenging proposed trademarks relating to “O.J. Simpson,” “O.J.,” and “The Juice”). The 2-1 decision featured a dissent that relied on *Sierra Club v. Morton*, 405 U.S. 727 (1972). See *Ritchie II*, 170 F.3d at 1101-02, 50 U.S.P.Q.2d (BNA) at 1031; see also *Sierra Club*, 405 U.S. at 741 (Douglas, J., dissenting); *id.* at 755 (Brennan, J., dissenting); *id.* at 755 (Blackmun, J., dissenting). In *Sierra Club*, members of the Sierra Club sought preliminary and permanent injunctions to end development of part of the Sequoia National Forest into a ski resort and summer recreation area. 405 U.S. at 730. The Sierra Club looked to the Administrative Procedure Act, 5 U.S.C. § 702 (1994) (as amended), to establish standing. This section states: “A person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judicial review thereof.” *Id.* at 732-33. The Sierra Club alleged injury via changes in the aesthetics and ecology of the wildlife area. *Id.* at 734. The Supreme Court, however, held that the Club lacked standing, because the members failed to allege that they used the park and, in fact, would be injured by the changes. *Id.* at 734-35. With regard to standing via a non-economic interest, the court stated that “a mere interest in a problem . . . is not sufficient by itself to render the organization ‘adversely affected’ or ‘aggrieved’ within the meaning of the APA.” *Id.* at 739.

Although Ritchie’s allegations that he would be damaged if Simpson were granted registration of the disputed trademarks appear to satisfy even the possibly more strenuous standing test under the APA, neither the APA nor *Sierra Club* are controlling because § 13 of the Lanham Act has a specific provision regulating standing in connection with trademark oppositions. See *Ritchie II*, 170 F.3d at 1095, 50 U.S.P.Q.2d (BNA) at 1025; see also 15 U.S.C. § 1063 (1994) (dictating the § 13 standing provisions).

18. See 15 U.S.C. § 1052(a) (1994) (authorizing refusal of registration for material that “consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage . . . persons, . . . institutions, beliefs, or national symbols, or bring them into contempt, or disrepute. . .”).

19. See *id.* § 1063 (providing for private opposition to a proposed trademark registration); see also *Ritchie II*, 170 F.3d at 1094, 50 U.S.P.Q.2d (BNA) at 1024 (granting Ritchie standing to challenge the proposed trademarks).

20. *Ritchie II*, 170 F.3d at 1099, 50 U.S.P.Q.2d (BNA) at 1024.

21. *Id.* at 1104, 50 U.S.P.Q.2d (BNA) at 1033.



accomplished this despite a sloppy and inaccurate reading of the statute and a failure to expose the various strawman concerns erected by the Board and endorsed by the dissent.

O.J. Simpson, the well-known football celebrity (now more infamous than famous) who was accused of murder, acquitted in the criminal proceeding, but found liable for the death of both victims in a later civil proceeding,<sup>22</sup> filed various intent-to-use applications (apparently from his jail cell). He sought federal registration of his name and related nicknames, including "O.J. Simpson," "O.J.," and "The Juice."<sup>23</sup>

Ritchie, a Concord, New Hampshire intellectual property attorney who was apparently aware of the ever developing Section 2(a) commentary<sup>24</sup> and case law,<sup>25</sup> sought to oppose the marks under Section 2(a) of the Lanham Act.<sup>26</sup> This section forbids the registration of marks that consist of or comprise, *inter alia*, "immoral . . . or scandalous matter; or matter which may disparage . . . persons, . . . institutions, beliefs, or national symbols, or

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22. See Stephanie Simon & Jim Newton, *Simpson Civil Case News Analysis: Jury Heard Much Different Case in Civil Trial*, L.A. TIMES, Feb. 5, 1997, at A15 (reporting that O.J. Simpson was found liable for the deaths of Nicole Brown Simpson and Ron Goldman in civil trial).

23. See *Ritchie II*, 170 F.3d at 1093, 50 U.S.P.Q.2d (BNA) at 1024.

24. See Stephen R. Baird, *Moral Intervention in the Trademark Arena: Banning the Registration of Scandalous and Immoral Trademarks*, 83 TRADEMARK REP. 661, 676 (1993) ("Section 2(a) of the Lanham Act is a largely untapped and unique source of protection for religious, racial, and other groups that may be offended by the subject matter of certain trademark registrations or registration applications."). *But see* Theodore H. Davis, Jr., *Registration of Scandalous, Immoral, and Disparaging Matter Under Section 2(a) of the Lanham Act: Can One Man's Vulgarity Be Another's Registered Trademark?*, 83 TRADEMARK REP. 801, 858-59 (1993) ("[A] proper application of standing doctrine to the Act . . . would limit greatly the ability of individuals lacking alternative statutory grounds to contest a registration merely by alleging that the mark itself is scandalous, immoral, or disparaging.").

25. See, e.g., *Order of Sons of Italy in Am. v. Profumi Fratelli Nostra Ag*, 36 U.S.P.Q.2d (BNA) 1221, 1223 (T.T.A.B. 1995) (standing recognized for fraternal order of Italian Americans in § 2(a) case to challenge a trademark with Mafia connotations); *Harjo v. Pro Football, Inc.*, 30 U.S.P.Q.2d (BNA) 1828, 1830 (T.T.A.B. 1994) (standing recognized for a group of Native American leaders in § 2(a) case seeking to challenge the trademark held by the Washington Redskins) [hereinafter "*Harjo I*"].

Years after the filing of Ritchie's opposition in December of 1995, it became apparent that similar challenges also may succeed on the merits. See *Harjo v. Pro-Football, Inc.*, 50 U.S.P.Q.2d (BNA) 1705, 1749 (1999) [hereinafter "*Harjo II*"] (granting a § 2(a) Petition for Cancellation filed by a group of Native American leaders against the incontestable federal registrations containing the term "redskin," owned by the Washington Redskins football club).

26. 15 U.S.C. § 1052(a) (1994 & Supp. IV 1998) (providing for private challenges to the registration of trademarks consisting of scandalous matter). The *Ritchie II* court made three attempts to accurately paraphrase and/or quote § 2(a), but on each attempt it failed miserably. See *Ritchie II*, 170 F.3d at 1094, 1098, 50 U.S.P.Q.2d (BNA) at 1024, 1028.

bring them into contempt, or disrepute.”<sup>27</sup> Simpson, however, moved to dismiss the opposition on the ground that Ritchie lacked the requisite standing to go before the Board.<sup>28</sup> The Board agreed with Simpson and dismissed Ritchie’s claim.<sup>29</sup>

The Board’s decision to dismiss, however, was riddled with problems. First, although the Board acknowledged that Ritchie’s opposition was based on Section 2(a),<sup>30</sup> it disregarded the exact language of Ritchie’s “Notice of Opposition,” which specifically supported a challenge under the separate and distinct “disparagement” prong of Section 2(a).<sup>31</sup> The Board, instead, evaluated the sufficiency of Ritchie’s pleading only under the “scandalous” and “immoral” prongs of Section 2(a),<sup>32</sup> despite the fact that Ritchie never pled in his “Notice of Opposition” that Simpson’s marks were “immoral” under Section 2(a).<sup>33</sup> Accordingly, the Board should have evaluated Ritchie’s standing with respect to the “scandalous” ground and the “disparagement” ground, both of which were pled in Ritchie’s “Notice of Opposition.”<sup>34</sup>

Second, the Board determined that Ritchie had not pled specific facts demonstrating his “personal interest in the proceeding beyond that of the general public,”<sup>35</sup> despite the following allegations in Ritchie’s “Notice of Opposition:”

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27. 15 U.S.C. § 1052(a).

28. See *Ritchie I*, 41 U.S.P.Q.2d (BNA) 1859, 1860 (T.T.A.B. 1996).

29. See *id.* at 1862.

30. See *id.* at 1860 (“Ritchie has filed an opposition . . . under § 2(a) and § 2(e)(4).”).

31. The term disparagement and other forms of that word appear no less than three times in Ritchie’s Notice of Opposition. See Notice of Opposition ¶ 1, at 2, ¶ 3, at 3, and ¶ 13, at 6, *Ritchie I*, 41 U.S.P.Q.2d (BNA) 1859 (T.T.A.B. 1996) (PTO Opp. No. 101186) [hereinafter Notice of Opposition, *Ritchie I* (PTO Opp. No. 101186)].

32. See *Ritchie I*, 41 U.S.P.Q.2d (BNA) at 1861.

33. A careful reading of the publicly available Notice of Opposition filed by Ritchie reveals that the word “immoral” never appears in it. See Notice of Opposition, *Ritchie I* (PTO Opp. No. 101186). The word “moral” appears only one time and only in support of Ritchie’s “scandalous” ground of opposition. *Id.* ¶ 2, at 3 (“Opposer believes that this mark is scandalous as it is shocking to the sense of propriety, offensive to one’s conscience and moral feelings, and calls out for condemnation.”).

34. Perhaps the Board focused on the “scandalous” prong of § 2(a) in evaluating Ritchie’s standing, because his pleading of that ground more closely tracked the language of the “immoral and scandalous” portion of § 2(a) and related case law. Lanham Trademark Act, 15 U.S.C. § 1052(a) (1994 & Supp. IV 1998). For example, Ritchie pled that Simpson’s mark “disparages [his] values,” and ridicules opposer’s belief in the family ideal. Notice of Opposition ¶ 1, at 2, *Ritchie I* (PTO Opp. No. 101186). Although the Lanham Act forbids registration of marks that “may disparage . . . beliefs . . . or bring them into contempt or disrepute,” and not protect “values,” 15 U.S.C. § 1052(a), Ritchie’s pleading was close enough that he should have been able to amend his Notice of Opposition to avoid dismissal.

35. *Ritchie I*, 41 U.S.P.Q.2d (BNA) at 1861 (citing *Jewelers Vigilance Comm. v. Ullenberg Corp.*, 823 F.2d 490, 2 U.S.P.Q.2d (BNA) 2021 (Fed. Cir. 1987)).

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(1) “Opposer . . . believes that he will be damaged by registration”; (2) “this mark disparages Opposer’s values, especially those values relating to his family”; (3) O.J. is “synonymous with wife beater and wife murderer”; (4) “[u]se of the applicant’s surname or nickname . . . as a trademark to market . . . products . . . intended for children . . . ridicules the Opposer’s belief in that family ideal”; (5) “this mark is scandalous as it is shocking to the sense of propriety, offensive to one’s conscience and moral feelings, and calls out for condemnation”; (6) “Opposer is a family man and a member of the potentially damaged group”; (7) “Applicant’s mark equates with domestic violence and spousal abuse in its most severe form”; and (8) “registration of the applicant’s mark will be damaging to the Opposer as well as others who share his sense of propriety and values.”<sup>36</sup>

Each allegation should have been deemed true for the purpose of establishing Ritchie’s standing as well as ruling on Simpson’s motion to dismiss.<sup>37</sup>

Third, the Board ruled that Ritchie’s allegations were “not sufficient to state a reasonable basis for a belief on his part that he personally [would] be damaged by the registration of these marks.”<sup>38</sup> The Board’s ruling disregarded the fact that Ritchie “obtained petitions from people all over the United States who agree that the [marks at issue are] scandalous and denigrate[] their values.”<sup>39</sup> This allegation, taken as true for the purpose of resolving Simpson’s motion to dismiss, should have sufficed to demonstrate that Ritchie’s claim of damage was objectively reasonable and not purely the subjective belief of a single irrational individual.<sup>40</sup>

Fourth, the Board created a strawman to dismantle later by characterizing Ritchie’s allegations as directed at the applicant, O.J. Simpson, instead of at the disputed marks.<sup>41</sup> The Board suggested that the “essence of opposer’s pleading is . . . that he and others believe that the man who seeks to register those marks has committed acts that they find offensive.”<sup>42</sup> It continued by stating that to recognize standing for Ritchie “would be, in effect, [to find] that an

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36. Notice of Opposition ¶¶ 1-3, 9, 14, at 1-3, 5, 6, *Ritchie I* (PTO Opp. No. 101186).

37. See *Ritchie II*, 170 F.3d at 1097, 50 U.S.P.Q.2d (BNA) at 1027 (requiring that a complaint must be construed in favor of the complaining party).

38. *Ritchie I*, 41 U.S.P.Q.2d (BNA) at 1861.

39. *Id.* at 1860.

40. See *Ritchie II*, 170 F.3d at 1097, 50 U.S.P.Q.2d (BNA) at 1027 (indicating that Ritchie’s asserted beliefs in a nurturing marital relationship would be harmed by the disputed marks which opposer argued were synonymous with “wife-beater”).

41. See *Ritchie I*, 41 U.S.P.Q.2d (BNA) at 1861.

42. *Id.*

opposer's pleading of feelings of moral outrage directed toward a person (either an individual or a corporate 'person') is a sufficient pleading of standing to oppose, on § 2(a) 'scandalous' and 'immoral' grounds, the registration of that person's name as a trademark."<sup>43</sup> The Board could not have been more wrong.

Lastly, the Board unnecessarily worried that granting Ritchie standing,

would seem to open the way for any individual to challenge the registration of an individual's or corporation's trademark or service mark, where that individual opposer pleads, for example, that he or she is offended by the individual or corporate trademark applicant's products or its hiring policies, political affiliation, environmental record, advertising campaigns, etc.<sup>44</sup>

The Board correctly stated that Section 13 of the Lanham Act was not "intended to have such a result,"<sup>45</sup> but incorrectly stated that granting standing to Ritchie would open the door to that result. A careful reading of Ritchie's "Notice of Opposition" makes it abundantly clear that Ritchie's allegations were directed to the marks at issue (as they must be), not at the applicant.<sup>46</sup>

On appeal, the panel majority of the Federal Circuit reached the correct conclusion and reversed the Board's dismissal of Ritchie's opposition;<sup>47</sup> however, the court floundered in its reasoning at times. Properly noting that the rigorous Article III constitutional restrictions for standing do not apply to administrative proceedings,<sup>48</sup> the Federal Circuit first looked to Section 13 of the Lanham Act, which broadly states: "Any person who believes that he would be damaged by the registration of a mark upon the principal register may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefore."<sup>49</sup> In addition, the panel majority correctly noted that a "judicial gloss" has been added to Section 13, requiring two additional showings for standing to exist: (1) the opposer or petitioner must have a "real interest" in the

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43. *Id.*

44. *Id.*

45. *Id.*

46. See generally Notice of Opposition, *Ritchie I* (PTO Opp. No. 101186) (demonstrating that opposer's allegations were directed at the marks themselves and not the applicant).

47. See *Ritchie II*, 170 F.3d at 1093, 50 U.S.P.Q.2d (BNA) at 1024 (recognizing Ritchie's standing to file suit in opposition to federal registration of proposed trademarks).

48. See *id.* at 1094-95, 50 U.S.P.Q.2d (BNA) at 1024-25 (citing several decisions and other authority showing that the "case and controversy" requirement of U.S. CONST. art. III, § 2, does not apply to administrative proceedings).

49. *Id.* at 1095, 50 U.S.P.Q.2d (BNA) at 1025 (quoting 15 U.S.C. § 1063 (1994)).

proceeding; and (2) “must have a ‘reasonable’ basis for his belief of damage.”<sup>50</sup>

The panel majority correctly observed that the “real interest” test requires the opposer to show a “legitimate personal interest in the opposition”<sup>51</sup> or, in other words, “a direct and personal stake in the outcome of the opposition.”<sup>52</sup> The panel unnecessarily struggled, however, with the Board’s holding and the dissent’s argument that Ritchie lacked standing to oppose Simpson’s marks because his interest was not “beyond that of the general public.”<sup>53</sup> In fact, Ritchie’s alleged belief in damage went “beyond that of the general public.”<sup>54</sup> He differentiated himself from the general public by noting that many people do not share his stated beliefs and “family values.”<sup>55</sup> At the same time, Ritchie alleged facts which, if proven, would demonstrate that his injury was not unique to himself, thus placing Ritchie squarely within “the zone of those with a real interest in the registration.”<sup>56</sup>

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50. *Id.*

51. *Id.* (citing *Lipton Indus. v. Ralston Purina Co.*, 670 F.2d 1024, 1029 (C.C.P.A. 1982)).

52. *Id.*

53. *Ritchie I*, 41 U.S.P.Q.2d (BNA) at 1861 (citing *Jewelers Vigilance Comm. Inc. v. Ullenberg Corp.*, 823 F.2d 490, 2 U.S.P.Q.2d (BNA) 2021 (Fed. Cir. 1987) (determining a trade association’s standing to oppose a mark)). This interpretation of the rule was twice removed from the actual rule set forth in *Sierra Club v. Morton*, 405 U.S. 727 (1972) (denying standing to public interest group that did not allege an injury while filing opposition to proposed issuance, by government agency, of permit to allow development of forest lands). The Supreme Court in *Sierra Club* did not say that the interest must be beyond that of the general public. See *Ritchie II*, 170 F.3d at 1095-96, 50 U.S.P.Q.2d (BNA) at 1025-26 (discussing the Supreme Court’s holding in *Sierra Club*). Rather, the Supreme Court recognized a trend “toward discarding the notion that an injury that is widely shared is ipso facto not an injury sufficient to provide the basis for judicial review.” *Sierra Club*, 405 U.S. at 738. The Supreme Court also stated that “the fact that particular environmental interests are shared by the many rather than the few does not make them less deserving of legal protection through the judicial process.” *Id.* at 734. The Court, however, premised the “injury in fact test” on more than an injury to a mere cognizable interest; rather it required “the party seeking review be himself among the injured.” *Id.* at 735. This is apparently how the Federal Circuit in both *Lipton* and *Jewelers* misinterpreted the rule regarding the “beyond that of the general public” requirement. The Federal Circuit, in rejecting reliance on *Lipton* and *Jewelers* in *Ritchie II*, noted that the statements regarding the “beyond that of the general public” test in *Lipton* and *Jewelers* were dicta only and indicated that neither case actually applied the test. See *Ritchie II*, 170 F.3d at 1096, 50 U.S.P.Q.2d (BNA) at 1026 (“Thus, the personal interest ‘beyond that of the general public’ test was merely mentioned in the dicta of *Jewelers* and *Lipton*, but was not actually applied in those cases.”).

54. *Ritchie II*, 170 F.3d at 1096, 50 U.S.P.Q.2d (BNA) at 1026.

55. See *id.* at 1097, 50 U.S.P.Q.2d (BNA) at 1027 (describing Ritchie’s alleged injury resulting from the registration of the proposed mark).

56. See *id.* (citing *Bromberg v. Carmel Self Serv.*, 198 U.S.P.Q. (BNA) 176 (T.T.A.B. 1978) (discussing case where two women opposing the registration of the mark “ONLY A BREAST IN THE MOUTH IS BETTER THAN A LEG IN THE HAND” established standing because they had a “real interest” in the registration as

The panel majority had difficulty seeing that Ritchie appropriately distinguished himself from the general public, leading it to unnecessarily question the origin of the “beyond that of the general public” requirement.<sup>57</sup> Therefore, the majority criticized the Board’s ruling as an “overly constrictive interpretation” of the “real interest” requirement.<sup>58</sup>

Ritchie described himself as a “family man who believes that the sanctity of marriage requires a husband and wife who love and nurture one another,” and alleged that the marks were “scandalous because they would attempt to justify physical violence against women.”<sup>59</sup> The Federal Circuit held that the potential injury suffered by Ritchie was the “disparagement of his alleged belief in a loving and nurturing relationship between husband and wife,” and that if Simpson’s marks were to register, he “would suffer an injury—disparagement.”<sup>60</sup> Therefore, the Court concluded that Ritchie met the “real interest test.”<sup>61</sup>

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women)).

57. *See id.* at 1096-97, 50 U.S.P.Q.2d (BNA) at 1026-27 (analyzing the history of requiring a “real interest” in order to have standing).

58. *See id.* at 1097, 50 U.S.P.Q.2d (BNA) at 1027 (noting that “[t]he crux of the matter is not how many others share one’s belief that one will be damaged by the registration, but whether that belief is reasonable and reflects a real interest in the issue”). In fact, the Federal Circuit further explained that “[o]n the contrary, the purpose of the opposition proceeding is to establish what a substantial composite of the general public believes.” *Id.* The Court described the Board’s error in requiring the opposer to show that he does not share his interest with a large section of the general public. *See id.*

59. *Id.* (internal quotations omitted).

60. *Id.*

61. *Id.* At least one problem with the majority’s reasoning, however, stems from the fact that the Court apparently evaluated Ritchie’s opposition only under the “scandalous” and “immoral” prongs of § 2(a) and not under the separate and distinct “disparagement” ground. *See Ritchie II*, 170 F.3d at 1094, 50 U.S.P.Q.2d (BNA) at 1024 (discussing the court’s analysis under § 2 of the Lanham Act and utilizing the “immoral” and “scandalous” language while the “disparagement” language is conspicuously absent). While the alleged disparagement of opposer’s beliefs provides standing to proceed on the “disparagement” ground of § 2(a), it is irrelevant to the “scandalous” and “immoral” grounds for opposition. *See In re Hines*, 31 U.S.P.Q.2d (BNA) 1685, 1686 n.2 (T.T.A.B. 1994) (noting that not every mark found to be scandalous is disparaging), *rev’d on other grounds*, 32 U.S.P.Q.2d (BNA) 1376 (T.T.A.B. 1994); *see also In re Old Glory Condom Corp.*, 26 U.S.P.Q.2d (BNA) 1216, 1218, 1221 (T.T.A.B. 1993) (indicating that there is little published precedent to guide the court in determining whether a mark is “scandalous” under § 2(a), and discussing the court’s finding that mark was scandalous was based largely on the determination that mark was disparaging, but stating that by holding mark to be scandalous here, does not “mean to suggest . . . that, in every case, a finding that mark is scandalous subsumes, or is the same as, a finding of disparagement”).

Perhaps the Court and the parties were misled by misreading § 2(a) of the Lanham Act. The majority misinterpreted § 2(a) by overlooking critical language and collapsing and combining the separate and distinct “disparagement” prong into the “scandalous” prong: “Under § 2 of the Lanham Act, a trademark that comprises immoral, deceptive, or scandalous matter which may disparage persons or beliefs is

The majority fared better when it held that Ritchie satisfied the “reasonable belief of damage” test.<sup>62</sup> According to the majority, this requirement is satisfied if the opposer “alleges that he possesses a trait or characteristic that is clearly and directly implicated in the proposed trademark.”<sup>63</sup> Under circumstances in which no such immutable trait or characteristic exists, the court determined that, to have standing, the opposer must show he “is not alone in his belief of damage, i.e., the belief is not simply the opposer’s subjective view.”<sup>64</sup> Accordingly, after consideration of the evidence presented by Ritchie, the majority concluded that his belief was reasonable, and conferred standing.<sup>65</sup>

Judge Newman’s dissent suffered from many of the same shortcomings propagated by the Board’s decision.<sup>66</sup> Particularly worth noting is the dissent’s concern that the majority created a slippery slope by determining that Ritchie adequately pled his standing to oppose the trademarks.<sup>67</sup> The dissent distinguished previous case law,<sup>68</sup> stating that Ritchie’s interest was nothing more

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not entitled to registration.” See *Ritchie II*, 170 F.3d at 1098, 50 U.S.P.Q.2d (BNA) at 1028. Perhaps the misinterpretation of § 2(a) derived from the fact that the court omitted key language from § 2(a) when purporting to quote it by stating that the question for the PTO to decide is whether the use of the questioned marks “[c]onsists or comprises immoral, deceptive, or scandalous 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.* (emphasis added). Omitted from the quoted statutory language was a semicolon and the phrase “or.” See 15 U.S.C. § 1052(a) (1994 & Supp. IV 1998). The statute, in fact, reads: “No trademark . . . shall be refused registration . . . unless it . . . [c]onsists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest . . . .” *Id.* (emphasis added).

62. See *Ritchie II*, 170 F.3d at 1098, 50 U.S.P.Q.2d (BNA) at 1028 (discussing Ritchie’s fulfillment of the “reasonable belief of damage test”).

63. See *id.* (illustrating by example the cases: *Bromberg v. Carmel Self Serv.*, 198 U.S.P.Q. (BNA) 176, 177 (T.T.A.B. 1978) (discussing suit where two women claimed traits implicated in mark alleged to be offensive to women), and *Harjo I*, 30 U.S.P.Q.2d (BNA) 1828, 1830 (T.T.A.B. 1994) (addressing case where a group of Native Americans alleged traits implicated in the mark “REDSKINS”).

64. *Id.* (requiring that some showing, such as surveys or petitions, be presented by the opposer to demonstrate that opposition is not based on a subjective view alone, but on a reasonable belief that damage exists).

65. See *id.* (finding that Ritchie’s presentation of petitions from all across the United States was “more than sufficient” to satisfy the reasonable belief of damage test). The court also emphasized that the PTO “may not readily assume, without more, that they know the views of a substantial composite of the public” and that this test “is a question of public perception, not private morals or even private conduct.” *Id.* at 1098-99, 50 U.S.P.Q.2d (BNA) at 1028-29.

66. See *id.* at 1099, 50 U.S.P.Q.2d (BNA) at 1029 (questioning the dissent’s understanding of the central issue in the case).

67. See *Ritchie II*, 170 F.3d at 1099, 50 U.S.P.Q.2d (BNA) at 1029 (Newman, J., dissenting) (explaining how the panel majority’s opinion would allow an “intermeddling public to burden commercial rights in which it has no interest”).

68. See *id.* at 1101, 50 U.S.P.Q.2d (BNA) at 1031 (Newman, J., dissenting)

than an assertion of moral preferences.<sup>69</sup> By branding Ritchie with pejorative terms such as “intermeddler,” and “self appointed guardian of the register,”<sup>70</sup> the dissent argued that Ritchie lacked standing to oppose Simpson’s marks, because he failed to distinguish himself from the population generally.<sup>71</sup>

Judge Newman’s interpretation is problematic because it would read Section 13<sup>72</sup> and Section 14<sup>73</sup> directly out of the Lanham Act with respect to oppositions and cancellations grounded in the “immoral” or “scandalous” prongs of Section 2(a).<sup>74</sup> It has been repeatedly held, however, that a successful *ex parte* refusal or an opposition or cancellation relying on the “scandalous” ground requires a showing that the matter at issue is “offensive” or “shocking” to a “substantial composite of the general public.”<sup>75</sup> If someone from the general population, who is personally shocked or offended by a mark, is unable to challenge the registration of such a mark, who is left from the “substantial composite of the general public” to object and thereby give meaning to Section 13 and Section 14 of the Lanham Act.

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(distinguishing *Harjo I*, 30 U.S.P.Q.2d (BNA) at 1830, and *Bromberg*, 198 U.S.P.Q. (BNA) at 177, for purposes of illustrating that the respective opposers in each case had interests in the marks, which they opposed beyond that of the general public).

69. *See id.* at 1102-03, 50 U.S.P.Q.2d (BNA) at 1029 (Newman, J., dissenting) (referencing *Phillips Petroleum Co. v. Shutts*, 472 U.S. 797, 804 (1985), for the proposition that tribunals should “avoid deciding questions of broad social import where no individual rights would be vindicated”).

70. *Id.* at 1099, 50 U.S.P.Q.2d (BNA) at 1029 (Newman, J., dissenting) (introducing the dissent’s reasoning as to why Ritchie has not met the “minimal statutory requirements” of 15 U.S.C. § 1063).

71. *See id.* at 1102, 50 U.S.P.Q.2d (BNA) at 1031 (Newman, J., dissenting) (rejecting Ritchie’s standing claim). Judge Newman based her reasoning on *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 566 (1992), where the Supreme Court rejected the claim that people who see elephants in the Bronx Zoo will be sufficiently injured and have standing to challenge a development project funded by a federal agency in Sri Lanka. *See id.*

72. *See* 15 U.S.C. § 1063 (1994 & Supp. IV 1998) (conferring standing before an administrative agency in order for a litigant to oppose a mark).

73. *See id.* § 1064 (stating the grounds for a petition to cancel a registration of a mark).

74. *See id.* § 1052(a) (providing that no mark will be registered if it “comprises immoral, deceptive or scandalous matter”).

75. *See, e.g., In re Mavety Media Group Ltd.*, 33 F.3d 1367, 1370-75, 31 U.S.P.Q.2d (BNA) 1923, 1925-29 (Fed. Cir. 1994) (applying “substantial composite” test and holding that the evidence of record did not establish that proposed mark “BLACK TAIL” would be offensive to a “substantial composite” of the general public); *In re McGinley*, 660 F.2d 481, 485-87, 211 U.S.P.Q. (BNA) 668, 673-74 (C.C.P.A. 1981) (applying “substantial composite” test to a proposed mark consisting of a photograph of a nude man and woman kissing and finding that said mark was “scandalous” as contemplated by the statute); *In re Riverbank Canning Co.*, 95 F.2d 327, 329, 37 U.S.P.Q. (BNA) 268, 270 (C.C.P.A. 1938) (finding that registration of the mark “MADONNA” for use on wine bottles would “be shocking to the sense of propriety of nearly all who do not use wine as a beverage, and also to many who do so use it”).



Judge Newman's dissent also incorrectly concluded that Ritchie failed to show an interest beyond that of the general public.<sup>76</sup> As set forth previously, Ritchie distinguished himself from those in the general public who did not share his views and who were not offended by the disputed marks.<sup>77</sup> Whether Ritchie is able to establish by a preponderance of the evidence that a "substantial composite" of the general public agrees with him is another matter to be addressed at the conclusion of the case.<sup>78</sup> It must be remembered that standing is only a threshold requirement. Indeed, this author believes that Ritchie will face an uphill battle on the merits because the goods recited in Simpson's applications do not include items widely publicized as closely associated with the murder trials such as knives, gloves, and knitted caps.<sup>79</sup>

### C. Conflict of Federal Laws

The Federal Circuit decided, as a matter of first impression in *Zenith Electronics Corp. v. Exzec, Inc.*,<sup>80</sup> that no conflict exists between a Lanham Act federal unfair competition claim<sup>81</sup> and the antitrust<sup>82</sup> or patent laws.<sup>83</sup> Co-plaintiffs, Zenith Electronics Corporation ("Zenith") and Elo Touchsystems, Inc. ("Elo Touch"), brought a patent infringement action against Exzec, Inc. ("Exzec").<sup>84</sup> In defense, Exzec asserted: Its actions were permissible under both patent and antitrust laws, and that Elo Touch falsely stated to Exzec's potential customers that Exzec's product infringed Elo Touch's patents and Exzec could not manufacture a similar product without infringing Elo Touch's patents.<sup>85</sup>

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76. See *Ritchie II*, 170 F.3d at 1101-02, 50 U.S.P.Q.2d (BNA) at 1031-32 (Newman, J., dissenting) (reasoning that the panel majority's finding that Ritchie had demonstrated a personal interest beyond that of the general public was inconsistent with the vast weight of judicial authority).

77. See *id.* at 1099, 50 U.S.P.Q.2d (BNA) at 1029 (holding that Ritchie had standing).

78. See *id.* at 1098, 50 U.S.P.Q.2d (BNA) at 1028 (referring to the idea that marks may offend a "substantial composite" of the general public even if they fail to "implicate particular traits or characteristics").

79. See Notice of Opposition, at 1-2, *Ritchie I* (PTO Opp. No. 101186) (listing the intended use of the mark O.J. as provided in the Simpson application).

80. 182 F.3d 1340, 51 U.S.P.Q.2d (BNA) 1337 (Fed. Cir. 1999).

81. See 15 U.S.C. § 1125(a) (1994 & Supp. IV 1998) (referencing Federal Unfair Competition provision of Lanham Act).

82. See *id.* § 2 (referencing penalties for monopolization of trade).

83. See 35 U.S.C. § 271 (1994 & Supp. IV 1998) (referencing infringement of patents).

84. See *Zenith*, 182 F.3d at 1343, 51 U.S.P.Q.2d (BNA) at 1340 (discussing Zenith's and Elo Touch's suit, which relates to touch panel systems for computers, for patent infringement against Exzec).

85. See *id.* at 1342, 51 U.S.P.Q.2d (BNA) at 1339 (describing Exzec's argument on

The district court determined that Exzec established a Section 43(a)<sup>86</sup> unfair competition claim under the Lanham Act and a state claim of tortious interference with prospective economic advantage, and thus denied Elo Touch's motion to dismiss the counterclaims.<sup>87</sup> The district court, however, certified its order for immediate appeal to the Federal Circuit<sup>88</sup> to address the potential conflicts between federal unfair competition and patent and antitrust laws.<sup>89</sup>

The district court's concern regarding the Section 43(a) claim was based on two cases, *Pro-Mold and Tool Co. v. Great Lakes Plastics*<sup>90</sup> and *Schreiber Foods v. Beatrice Cheese*.<sup>91</sup> In *Pro-Mold*, the Federal Circuit held that the bad faith filing of a lawsuit, alleging patent infringement while knowing that the patent is unenforceable due to inequitable conduct, is not a valid Section 43(a) claim.<sup>92</sup> The court held that Section 43(a) "prohibits false designations of origin or false or misleading descriptions of goods or services which are likely to cause confusion."<sup>93</sup> Inequitable procurement of a patent, however, does not fall under this rule.<sup>94</sup> The Court also noted that adequate

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its motion to dismiss at the district court level).

86. See 15 U.S.C. § 1125(a)(1)(B) (1994 & Supp. IV 1998).

Any person who . . . uses in commerce . . . any . . . false or misleading description of fact, or false or misleading representation of fact, which . . . in commercial advertising or promotion, misrepresents the nature, characteristics, [or] qualities . . . of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act."

*Id.* See 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:10, at 27-19 to 27-20 (4th ed. 1998) (discussing false advertising, trade libel, and product disparagement claims under § 43(a) of the Lanham Act).

87. See *Zenith*, 183 F.3d at 1344, 51 U.S.P.Q.2d (BNA) at 1341 (explaining the district court's reasoning in refusing the plaintiff's motion to dismiss the counterclaims and motion for reconsideration). Under the state law claim, a defense of "privilege of competition" is available to those who act in good faith. *Id.*

88. See *id.* at 1345, 51 U.S.P.Q.2d (BNA) at 1342 (referring to 28 U.S.C. § 1292(b) (1994 & Supp. IV 1998), which allows for certification when the district court is "of the opinion that [the] order involves a controlling question of law as to which there is a substantial ground for difference of opinion").

89. See *id.* (referencing Elo Touch's immediate appeal to the Federal Circuit).

90. 75 F.3d 1568, 37 U.S.P.Q.2d (BNA) 1626 (Fed. Cir. 1996) (deciding patent dispute over a trading card holder).

91. No. 97-C-11, 1997 U.S. Dist. LEXIS 22241 (E.D. Wis. Nov. 26, 1997) (unpublished opinion).

92. See *Pro-Mold*, 75 F.3d at 1574-75, 37 U.S.P.Q.2d (BNA) at 1631 (stating Great Lakes' allegation that Pro-Mold procured its patent by fraud in failing to disclose evidence both of prior art and a joint inventor and, therefore, that its suit for patent infringement was a bad faith claim). Both the district court and the Federal Circuit held that neither of these particular actions constituted inequitable conduct in that case. See *id.* at 1575, 37 U.S.P.Q.2d (BNA) at 1631 (affirming district court's ruling on the unfair competition and inequitable conduct claims).

93. *Id.* at 1575, 37 U.S.P.Q.2d (BNA) at 1631.

94. See *id.* (explaining the basis of a federal unfair competition claim under the Lanham Act).

remedies for inequitable patent procurement lie within both patent law and antitrust law.<sup>95</sup>

In deciding *Schreiber*, the district court relied on the Federal Circuit's *Pro-Mold* decision.<sup>96</sup> The *Schreiber* Court noted that the underlying facts were different than those of *Pro-Mold*.<sup>97</sup> Nevertheless, the *Schreiber* Court found nothing in the *Pro-Mold* decision to indicate that these two factual situations should be treated differently, and it therefore dismissed the Section 43(a) claim.<sup>98</sup>

The Federal Circuit in *Zenith*, however, disagreed with the court in *Schreiber*.<sup>99</sup> It concluded that the factual difference between *Schreiber* and *Pro-Mold* were significant.<sup>100</sup> Specifically, the court distinguished *Pro-Mold* from *Zenith* because in *Zenith*, Elo Touch made the alleged misrepresentations in the marketplace rather than before the PTO.<sup>101</sup> The Court stated that the patentee's communication to the customers was the key factor that triggered a Section 43(a) claim.<sup>102</sup> The Court also noted that the *Pro-Mold* court's statements regarding the availability of other remedial measures, aside from the Lanham Act, did "not stat[e] a general principle for determining priority among federal laws."<sup>103</sup>

The Federal Circuit also distinguished *Zenith* from *Concrete Unlimited v. Cementcraft, Inc.*<sup>104</sup> In *Concrete Unlimited*, the Federal Circuit reversed a district court's decision that Concrete Unlimited competed unfairly "by attempting to enforce its patent because it was

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95. *See id.* (stating that a "patent procured by fraud on the Patent Office may be violative of § 2 of the Sherman Act") (citations omitted). "[T]here are adequate remedies to deal with inequitable conduct when it is found. Resort to federal unfair competition law is not one of them [sic]." *Id.*

96. *See Schreiber Foods*, 1997 U.S. Dist. LEXIS 22241, at \*16-21.

97. *See id.* at \*17-19 (noting that *Pro-Mold* did not involve allegations that the patentee sent letters to the customers of the other party asserting its patent rights as well as threatening litigation).

98. *See id.* at \*18 ("Nothing in *Pro-Mold* indicated that such a distinction would alter the result.").

99. *See Zenith*, 182 F.3d at 1349, 51 U.S.P.Q.2d (BNA) at 1346 (disapproving of the *Schreiber* court's choice to equate the filing of a bad faith patent infringement lawsuit and the sending of patent infringement notices to the claimant's customers in applying § 43(a) of the Lanham Act).

100. *See id.* (noting that the significant difference lay in the fact that the filing of an infringement suit is "clearly not covered by the text of 43(a)").

101. *See id.* (stating that in making the distinction as to what types of claims may be brought under § 43(a) of the Lanham Act "[t]he gravamen of Exzec's claim [was] marketplace misconduct, not abuse of the administrative and judicial process").

102. *See id.* (rejecting the application of a § 43(a) unfair competition claim based on marketplace misconduct to the filing of a bad faith patent infringement law suit).

103. *Id.* at 1349-50, 51 U.S.P.Q.2d (BNA) at 1346-47.

104. 776 F.2d 1537, 227 U.S.P.Q.2d (BNA) 784 (Fed. Cir. 1985) (holding that the patent claims were invalid, but that the patent holder did not engage in unfair competition by enforcing patent rights during course of litigation).

fraudulently obtained.”<sup>105</sup> Concrete Unlimited, however, never made any marketplace assertions of infringement regarding its patent, so the case was clearly distinguishable from *Zenith*.<sup>106</sup>

After discussing the previous case law, the Federal Circuit in *Zenith* looked to each area of law to determine whether any conflicts arose between Section 43(a) claims and antitrust or patent law claims.<sup>107</sup> The court held that no conflict exists between federal unfair competition and antitrust laws in this situation and briefly offered two reasons.<sup>108</sup> First, both laws share a common purpose: “fostering fair and unfettered competition.”<sup>109</sup> Second, the elements of the two claims are “substantially different,” and recognizing both causes of action “will in no way thwart the congressional purpose” of the two laws.<sup>110</sup>

The Federal Circuit recognized a greater conflict between the nature of the unfair competition claim at issue in the *Zenith* case and the patent law.<sup>111</sup> The notion that a patentee may assert its patent rights publicly is based in both the statute<sup>112</sup> and case law.<sup>113</sup> In resolving this conflict, the *Zenith* Court adopted a bad faith requirement, developed initially to address the tension between patent laws’ assertion and antitrust laws’ rejection of monopoly powers.<sup>114</sup> The court reasoned: “[I]mposing § 43(a) liability on a

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105. *Id.* at 1539, 227 U.S.P.Q.2d (BNA) at 785 (stating that Concrete Unlimited acted properly when it sought to enforce its patent rights prior to the pending adjudication finding the patent invalid).

106. *See Zenith*, 182 F.3d at 1350, 51 U.S.P.Q.2d (BNA) at 1344-45 (emphasizing the difference between threatened patent infringement litigation and market-based actions).

107. *See id.* at 1351-55, 51 U.S.P.Q.2d (BNA) at 1346-48 (analyzing separately antitrust and patent law provisions).

108. *See id.* at 1352-53, 51 U.S.P.Q.2d (BNA) at 1346 (finding that allowing Exzec to pursue a § 43(a) claim on the implicated facts would not conflict with “the purpose and scope” of antitrust law).

109. *Id.* (referencing *Park ‘N Fly v. Dollar Park & Fly*, 469 U.S. 189, 198, 224 U.S.P.Q. (BNA) 327, 331 (1985) (stating that Congress passed the Lanham Act to “foster competition”)).

110. *See id.* at 1352, 51 U.S.P.Q.2d (BNA) at 1346 (explaining that a Sherman claim requires “identification of the relevant market and establishment of monopoly power in that market,” unlike a § 43(a) claim).

111. *See id.*

112. *See* 35 U.S.C. § 287(a) (1994 & Supp. IV 1998) (allowing patent holders to “give notice to the public that the [article] is patented” by affixing either “patent” or “pat.” with the appropriate number upon the article).

113. *See Concrete Unlimited v. Cementcraft, Inc.*, 776 F.2d 1537, 1539, 227 U.S.P.Q.2d (BNA) 784, 785 (Fed. Cir. 1985) (emphasizing a “patent owner has the right to . . . enforce its patent, and that includes threatening alleged infringers with suit”).

114. *See Handgards, Inc. v. Ethicon, Inc.*, 601 F.2d 986, 992-96 (9th Cir. 1979) (creating a rebuttable presumption of good faith in patent infringement suits in order to undermine the potential for bad faith infringement claims intended primarily to further monopoly control).

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patentee for marketplace statements regarding infringement and scope of its patent . . . does not impermissibly conflict with the patent laws *as long as the statements are proven to have been made in bad faith.*<sup>115</sup> The imposition of liability, however, requires those statements to meet the elements of Section 43(a).<sup>116</sup> The Federal Circuit further justified the introduction of a bad faith requirement, stating: “patent law is not frustrated because bad faith marketplace statements concerning patents do not further the purposes of the patent law.”<sup>117</sup>

In *Zenith*, the court focused specifically on two statements made by Elo Touch: (1) Exzec infringed Zenith’s patents; and (2) the very nature of the product made production of a noninfringing product impossible.<sup>118</sup> Those statements, if made in bad faith, may be actionable under Section 43(a).<sup>119</sup> In addition, the Court provided further guidance in determining conduct that may constitute bad faith:

[I]f the patentee knows that the patent is invalid, unenforceable, or not infringed, yet represents to the marketplace that a competitor is infringing the patent, a clear case of bad faith representations is made out. Furthermore, statements to the effect that a competitor is incapable of designing around the patent are inherently suspect . . . [since] it is likely that most patents can be designed around [and] because such a statement appears nearly impossible to confirm a priori.<sup>120</sup>

Accordingly, the Federal Circuit affirmed the district court’s denial of Elo Touch’s motion to dismiss and remanded the case.<sup>121</sup>

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115. *Zenith*, 182 F.3d at 1354, 51 U.S.P.Q.2d (BNA) at 1348 (emphasis added).

116. *See id.* at 1347-48, 51 U.S.P.Q.2d (BNA) at 1342-43 (stating the elements of § 43(a)):

[T]he plaintiff . . . must allege and ultimately prove: (1) that the defendant . . . made a false or misleading statement of fact in commercial advertising or promotion about the plaintiff’s goods or services; (2) that the statement actually deceives or is likely to deceive a substantial segment of the intended audience; (3) that the deception is material in that it is likely to influence purchasing decisions; (4) that the defendant caused the statement to enter interstate commerce; and (5) that the statement results in actual or probable injury to the plaintiff.

*Id.*

117. *Id.* at 1354, 51 U.S.P.Q.2d (BNA) at 1348. *See generally* *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-81, 181 U.S.P.Q. (BNA) 673, 678 (1974) (articulating patent law objectives as balancing “right of exclusion” against eventual full disclosure in order to promote scientific and economic progress).

118. *See Zenith*, 182 F.3d at 1354, 51 U.S.P.Q.2d (BNA) at 1348.

119. *See id.* (asserting statements made in bad faith hinder competition, thus deserving no protection under the patent laws).

120. *Id.*

121. *See id.* at 1355-56, 51 U.S.P.Q.2d (BNA) at 1349.

#### D. Choice of Law

The Federal Circuit often determines which substantive law is applicable.<sup>122</sup> Depending on the nature of the issue to be decided, the Federal Circuit may apply its own growing body of substantive law or may place itself in the role of the appropriate regional circuit Court of Appeals.<sup>123</sup> As the 1999 cases reveal, the Federal Circuit does not shy away from reversing lower court decisions, even in the latter type of case.<sup>124</sup>

##### 1. Other non-patent issues in patent cases

In *Riggs Marketing v. Mitchell*,<sup>125</sup> the Federal Circuit followed its own law in deciding both substantive and procedural patent law issues, but followed the general rule of applying the law of the appropriate circuit to the non-patent law issues.<sup>126</sup> In *Riggs*, the plaintiff, Riggs Marketing (“Riggs”) sought a declaratory judgment of patent non-infringement.<sup>127</sup> In response, the defendants, Edward Mitchell and Mitchell Golf Equipment Company (collectively “Mitchell”) counterclaimed for patent infringement.<sup>128</sup> Subsequently, Riggs amended its complaint to include a claim for trademark infringement.<sup>129</sup> The Federal Circuit applied Ninth Circuit trademark law and reversed the district court’s decision to deny Mitchell’s motion for judgment as a matter of law.<sup>130</sup>

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122. See *Comair Rotron v. Matsushita Elec.*, 31 F.3d 1177, No. 93-1410, 1994 U.S. App. LEXIS 18325, at \*4, 33 U.S.P.Q.2d (BNA) 1785, 1787 (Fed. Cir. July 19, 1994) (unpublished table decision) (stating that the Federal Circuit reviews de novo application of substantive law).

123. See *Advanced Display Sys. v. Kent State Univ.*, 212 F.3d 1272, 1288-89, 54 U.S.P.Q.2d (BNA) 1673, 1684 (Fed. Cir. 2000) (reviewing the district court’s imposition of a sanction under the circuit’s law); *Sun Studs, Inc. v. Applied Theory Assocs.*, 772 F.2d 1557, 1567, 227 U.S.P.Q. (BNA) 81, 84 (Fed. Cir. 1985) (reviewing trial court’s ruling of summary judgement under Oregon law).

124. See *infra* Part I.D.1-2 and accompanying notes (discussing non-patent issues in patent cases and preemption and conflict of law issues).

125. See Nos. 98-1507, 98-1551, 1999 U.S. App. LEXIS 11862, at \*7 (Fed. Cir. June 8, 1999) (affirming lower court’s finding of patent noninfringement, but reversing finding that plaintiff’s mark had acquired secondary meaning).

126. See *id.* at \*8 (citing *Midwest Indus. v. Karavan Trailers*, 175 F.3d 1356, 50 U.S.P.Q.2d (BNA) 1672 (Fed. Cir. 1999) (en banc) (applying Federal Circuit law to reverse patent issue and instructing district court to apply Iowa law on trade dress issue)).

127. See *id.* at \*3-4.

128. See *id.* at \*2-3 (addressing U.S. Patent 4,620,431 for “STEELCLUB®” golf club bending machine to which Mitchell is licensee).

129. See *id.*; see also *infra* Part II.B.3 for factual discussion of *Riggs Marketing* and the Federal Circuit’s substantive holding.

130. See *Riggs Mktg.*, 1999 U.S. App. LEXIS 11862, at \*1-2 (affirming jury’s finding of patent noninfringement by Riggs, but reversing jury’s finding that Riggs’s trademark possessed secondary meaning as unsupportable).

In *Al-Site Corp. v. VSI International*,<sup>131</sup> the Federal Circuit applied the Eleventh Circuit's law for "trademark and trade dress infringement, which are not unique to [the Federal Circuit's] jurisdiction."<sup>132</sup> Al-Site Corporation, now Magnivision, Inc. ("Magnivision"), sued VSI International, Inc. ("VSI"), asserting infringement of its "MAGNIVISION" word mark and its trade dress of (1) display cards and blister packs, (2) a color-coding scheme, and (3) eyeglass styles and colors.<sup>133</sup>

Applying Eleventh Circuit law,<sup>134</sup> the Federal Circuit reversed the jury finding of trade dress infringement.<sup>135</sup> Under Eleventh Circuit law, inherent distinctiveness turns on whether the trade dress presents:

[A] 'common' basic shape or design, whether it [is] unique or unusual in a particular field, [and] whether it [is] a mere refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.<sup>136</sup>

Magnivision offered only its sole use of the trade dress as evidence of distinctiveness.<sup>137</sup> The Federal Circuit, relying on its color mark precedent,<sup>138</sup> stated that sole use evidence presents only a

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131. 174 F.3d 1308, 50 U.S.P.Q.2d (BNA) 1161 (Fed. Cir. 1999).

132. *Id.* at 1326, 50 U.S.P.Q.2d (BNA) at 1172; *see also* Pro-Mold & Tool Co. v. Great Lakes Plastics, 75 F.3d 1568, 1574, 37 U.S.P.Q.2d (BNA) 1626, 1631 (Fed. Cir. 1996) ("When considering issues which are not unique to our jurisdiction we defer to the law of the regional circuit."); United States Phillips Corp. v. Windmere Corp., 861 F.2d 695, 702, 8 U.S.P.Q.2d (BNA) 1885, 1890 (Fed. Cir. 1988) ("We apply the law of the regional circuit in which the district court sits to determine . . . the antitrust law questions").

133. *See Al-Site*, 174 F.3d at 1327-30, 50 U.S.P.Q.2d (BNA) at 1173-75 (reversing district court's finding of infringement upon display cards/blister packs, color-coding scheme, eyeglass style/colors and word mark).

134. *See id.* at 1326, 50 U.S.P.Q.2d (BNA) at 1172 (requiring plaintiff to show: "(1) the inherent distinctiveness or secondary meaning of its trade dress, (2) the essential nonfunctionality of its trade dress, and (3) the likelihood of consumer confusion as to origin, sponsorship, or approval due to similarity between its and the defendant's trade dress"). *See generally* Wal-Mart Stores v. Samare Bros., 120 S. Ct. 1339, 1343-44, 54 U.S.P.Q.2d (BNA) 1065, 1068 (2000) (holding product configuration trade dress cannot be inherently distinctive as a matter of law and may only receive protection upon a showing of acquired distinctiveness, *i.e.*, secondary meaning).

135. *See Al-Site*, 174 F.3d at 1328-30, 50 U.S.P.Q.2d (BNA) at 1174-75 (discussing (1) the lack of distinctiveness and (2) the inherent functionality of Magnivision's color scheme).

136. *Id.* at 1326, 50 U.S.P.Q.2d (BNA) at 1173 (quoting *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1536, 1 U.S.P.Q.2d (BNA) 1161, 1178 (11th Cir. 1986) (ruling Kraft's ice-cream wrapper infringing upon trade dress of AmBrit's wrapper) (alterations in original)).

137. *See id.* at 1327, 50 U.S.P.Q.2d (BNA) at 1173 (rejecting Magnivision's claim as unpersuasive as Magnivision utilized the trade dress for only two years).

138. *See In re Owens-Corning Fiberglass*, 774 F.2d 1116, 1125, 227 U.S.P.Q. (BNA)

“preliminary step for a descriptive trade dress to acquire distinctiveness and secondary meaning.”<sup>139</sup> Although the Federal Circuit noted that a showing of secondary meaning could establish a distinctive trade dress,<sup>140</sup> the court found insufficient evidence to show secondary meaning of the display cards and blister packs.<sup>141</sup> The Court, interestingly, never specifically applied the test of inherent distinctiveness set forth by the Eleventh Circuit,<sup>142</sup> but concluded without discussion that the claimed display card/blister pack trade dress was not inherently distinctive.<sup>143</sup>

The Federal Circuit also reversed the jury’s finding that VSI infringed Magnivision’s color-coding system.<sup>144</sup> Writing for the court, Judge Rader held that color alone, absent secondary meaning, cannot be inherently distinctive.<sup>145</sup> Further, the Court held Magnivision failed to establish that its color scheme was distinctive or indicative of its source; rather, the scheme was primarily functional.<sup>146</sup> Magnivision employed the color scheme to indicate the diopter strength of its eyeglasses, an unprotected functional aspect.<sup>147</sup> Therefore, no trademark infringement occurred.<sup>148</sup>

Applying Eleventh Circuit law, the Federal Circuit also held that Magnivision did not possess trade dress rights in its eyeglass styles because those styles were produced using publicly-available molds.<sup>149</sup>

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417, 422 (Fed. Cir. 1985) (“An evidentiary showing of secondary meaning . . . includes evidence of the trademark owner’s method of using the mark, supplemented by evidence of the effectiveness of such use to cause the purchasing public to identify the mark with the source of the product.”).

139. See *Al-Site*, 174 F.3d at 1327, 50 U.S.P.Q.2d (BNA) at 1173 (undercutting Magnivision’s argument to be the only company to use a particular design before being copied).

140. See *id.* at 1326, 50 U.S.P.Q.2d (BNA) at 1173 (recognizing as consumer link between mark and producer).

141. See *id.* at 1328, 50 U.S.P.Q.2d (BNA) at 1174 (describing substantial difference in color and graphics for each party’s packaging).

142. See *supra* text accompanying note 136 (describing the Eleventh Circuit’s test for inherent distinctiveness).

143. See *Al-Site*, 174 F.3d at 1327-28, 50 U.S.P.Q.2d (BNA) at 1173-74.

144. See *id.* at 1329, 50 U.S.P.Q.2d (BNA) at 1174-75 (detailing the primarily functional nature of plaintiff’s color-coding system); *cf. id.* at 1326, 50 U.S.P.Q.2d (BNA) at 1175 (explaining the requirements plaintiff must establish to prove trade dress infringement).

145. See *id.* at 1328, 50 U.S.P.Q.2d (BNA) at 1174 (citing *Qualitex v. Jacobson Prods.*, 514 U.S. 159, 163 (1995) “[O]ver time, customers may come to treat a particular color on a product or its packaging . . . as signifying brand.”).

146. See *id.* (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775, 23 U.S.P.Q.2d 1081, 1086 (1992) (defining functional as “one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection”).

147. See *id.* at 1329, 50 U.S.P.Q.2d (BNA) at 1175 (stating that no reasonable juror could have found for Magnivision given functional nature of color-coding scheme).

148. See *id.* (reversing the district court’s ruling as an abuse of discretion).

149. See *id.* at 1329-30, 50 U.S.P.Q.2d (BNA) at 1175 (indicating both parties



Lastly, the Court determined that no trademark infringement existed between the “MAGNIVION” mark and VSI’s disputed “MAGNA.DOT” mark, because: (1) the marks were sufficiently different, preventing consumer confusion during several years of co-existing use;<sup>150</sup> (2) VSI did not possess an intent to copy;<sup>151</sup> and (3) the widespread use of “magna” or “magni”<sup>152</sup> significantly weakened Magnivision’s claim.<sup>153</sup>

## 2. *Deciding preemption and conflict of laws issues*

The Federal Circuit, in *Midwest Industries v. Karavan Trailers*,<sup>154</sup> determined that it would apply its own law when deciding whether patent law preempts any state laws and when resolving a conflict between federal laws.<sup>155</sup> Midwest Industries (“Midwest”) claimed that Karavan Trailers (“Karavan”) infringed its design patents and trade dress rights in the design of its curved winch posts for its watercraft trailers.<sup>156</sup> The District Court for the Southern District of Iowa, apparently finding no applicable Eighth Circuit law to follow, based its decision to grant Karavan’s motion to dismiss for the trade dress claims<sup>157</sup> on Tenth Circuit law.<sup>158</sup>

In reaching this new rule, the Federal Circuit overruled its previous precedent,<sup>159</sup> which required the application of regional circuit law “to conflicts between patent law and other legal rights.”<sup>160</sup> The Federal Circuit distinguished between patent issues and non-patent issues by applying Federal Circuit law to the former and regional

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utilized publicly available molds).

150. *See id.* at 1330, 50 U.S.P.Q.2d (BNA) at 1175 (reasoning that the marks at issue “do not present a similar sound, meaning, or commercial impression”).

151. *See id.* at 1330-31, 50 U.S.P.Q.2d (BNA) at 1176 (noting absence of evidence of intent on record).

152. *Id.* at 1330, 50 U.S.P.Q.2d (BNA) at 1176 (describing wide uses of common descriptive terms “magna” or “magni” throughout eyeglass industry).

153. *See id.* at 1330-31, 50 U.S.P.Q.2d (BNA) at 1176.

154. 175 F.3d 1356, 50 U.S.P.Q.2d (BNA) 1672 (Fed. Cir. 1999) (en banc).

155. *See id.* at 1358-59, 50 U.S.P.Q.2d (BNA) at 1674-75 (overruling prior practice of applying circuit law to questions between patent law and other state or federal laws).

156. *See Midwest Indus.*, 175 F.3d at 1357, 50 U.S.P.Q.2d (BNA) at 1674.

157. *See id.* at 1358, 50 U.S.P.Q.2d (BNA) at 1674.

158. *See Vornado Air Circulation Sys. v. Duracraft Corp.*, 58 F.3d 1498, 1510, 35 U.S.P.Q.2d (BNA) 1332, 1342 (10th Cir. 1995) (preventing protection under trade dress law for products incorporating aspects of utility patents).

159. *See, e.g., Cable Elec. Prods. v. Genmark*, 770 F.2d 1015, 1029, 1033, 226 U.S.P.Q. (BNA) 881, 890, 892-93 (Fed. Cir. 1985) (applying regional circuit law); *Interpart Corp. v. Italia*, 777 F.2d 678, 684, 228 U.S.P.Q. (BNA) 124, 128 (Fed. Cir. 1985) (same); *Hunter Douglas, Inc. v. Harmonic Design*, 153 F.3d 1318, 1333, 47 U.S.P.Q.2d (BNA) 1769, 1780 (Fed. Cir. 1998) (same), *cert. denied*, 525 U.S. 1143 (1999).

160. *Midwest Indus.*, 175 F.3d at 1358-59, 50 U.S.P.Q.2d (BNA) at 1674-75.

circuit law to the latter.<sup>161</sup> In guiding its determination whether an issue was a “patent” or “non-patent” issue, the Federal Circuit applied its own law only to an issue that “pertain[s] to patent law,”<sup>162</sup> “bears an essential relationship to matters committed to our exclusive control by statute,”<sup>163</sup> or “clearly implicates the jurisprudential responsibilities of this court in a field within its exclusive jurisdiction.”<sup>164</sup> Applying these three principals, however, the Federal Circuit has gradually applied its own law to an increasingly wide variety of issues.<sup>165</sup>

In recognizing this jurisdictional expansion, the Court stated, “our responsibility as the tribunal having sole appellate responsibility for the development of patent law requires that we do more than simply apply our law to questions of substantive patent law.”<sup>166</sup> The court reasoned:

If we simply follow regional circuit law in deciding questions involving the interaction between patent law principles and other legal remedies, other courts will not have the benefit of our analysis of the substance and scope of patent law in such cases. Such abdication, we think, would in the end disserve the interest in attaining coherence and consistency in the law relating to patents.<sup>167</sup>

Applying its own law, the court then reversed the district court’s

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161. *See id.* at 1359, 50 U.S.P.Q.2d (BNA) at 1675 (citing *Atari v. JS & A Group*, 747 F.2d 1422, 1440, 223 U.S.P.Q. (BNA) 1074, 1087 (Fed. Cir. 1984) (en banc) (applying Seventh Circuit law to deny transfer from Federal Circuit to Seventh Circuit Court of Appeals)).

162. *Id.* (quoting *Panduit Corp. v. All States Plastic Mfg.*, 744 F.2d 1564, 1575 & n.14, 223 U.S.P.Q. (BNA) 465, 471 & n.14 (Fed. Cir. 1984)).

163. *Id.* (quoting *Biodex Corp. v. Loredan Biomedical*, 946 F.2d 850, 859, 20 U.S.P.Q.2d (BNA) 1252, 1259 (Fed. Cir. 1991)).

164. *Id.* (quoting *Gardco Mfg. v. Herst Lighting*, 820 F.2d 1209, 1212, 2 U.S.P.Q.2d (BNA) 2015, 2018 (Fed. Cir. 1987)).

165. *See, e.g.*, *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1564, 30 U.S.P.Q.2d (BNA) 1001, 1006 (Fed. Cir. 1994) (determining whether the district court has personal jurisdiction over the defendant in a patent suit); *Hybritech, Inc. v. Abbott Lab.*, 849 F.2d 1446, 1451 & n.12, 7 U.S.P.Q.2d (BNA) 1191, 1195 & n.12 (Fed. Cir. 1988) (deciding whether plaintiff has a right to a preliminary injunction); *Goodyear Tire & Rubber Co. v. Releasomers, Inc.*, 824 F.2d 953, 954-55 & n.3, 3 U.S.P.Q.2d (BNA) 1310, 1311 & n.3 (Fed. Cir. 1987) (deciding whether to allow an alleged infringer to bring a declaratory action); *Gardco*, 820 F.2d at 1212, 2 U.S.P.Q.2d (BNA) at 2019 (Fed. Cir. 1987) (deciding whether patentee is entitled to a jury trial); *Truswal Sys. v. Hydro-Air Eng'g*, 813 F.2d 1207, 1212, 2 U.S.P.Q.2d (BNA) 1034, 1037 (Fed. Cir. 1987) (deciding discovery issues in patent cases).

166. *Midwest Indus.*, 175 F.3d at 1360, 50 U.S.P.Q.2d (BNA) at 1675-76. In pronouncing this new standard, the court considered two cases, *Pro-Mold & Tool Co. v. Great Lakes Plastics*, 75 F.3d 1568, 1574, 37 U.S.P.Q.2d (BNA) 1626, 1631 (Fed. Cir. 1996) (applying federal circuit law to determine whether unfair competition is foreclosed by patent law), and *Nobelpharma AB v. Implant Innovations*, 141 F.3d 1059, 1067-68, 46 U.S.P.Q.2d (BNA) 1097, 1103-04 (Fed. Cir. 1998) (en banc) (determining whether a patentee is subject to antitrust liability).

167. *Midwest Indus.*, 175 F.3d at 1361, 50 U.S.P.Q.2d (BNA) at 1676.

grant of partial summary judgment that foreclosed Midwest's trade dress claims and remanded the case for further proceedings.<sup>168</sup> Further, the Federal Circuit instructed the lower court to "conduct an inquiry into functionality in order to determine whether Midwest's curved winch post is entitled to protection as trade dress under § 43(a) of the Lanham Act."<sup>169</sup> Given the United States Supreme Court's recent decision in *Wal-Mart Stores, Inc. v. Samara Brothers*,<sup>170</sup> the lower court also would be well-advised to "conduct an inquiry" into whether Midwest's claimed product configuration trade dress in the curved winch post has acquired distinctiveness, because it cannot be inherently distinctive as a matter of law.<sup>171</sup>

### E. Appeals

#### 1. Appeals from Commissioner's decisions

In *The Pep Boys Manny v. Cherg Lian Ent Co.*,<sup>172</sup> the Federal Circuit dismissed an appeal from a decision of the Commissioner of Patents and Trademarks (the "Commissioner") ruling against the Pep Boys' ("Pep") opposition action.<sup>173</sup> Pep claimed dilution as one of two possible bases for opposing Cherg Lian Ent Co., Ltd.'s ("Cherg Lian") proposed mark.<sup>174</sup> The Trademark Trial and Appeal Board (the "Board"), however, dismissed the claim of trademark dilution "on the ground that such a claim could not form the basis of an opposition to registration."<sup>175</sup> As a result, Pep petitioned the

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168. See *id.* at 1364, 50 U.S.P.Q.2d (BNA) at 1679 (concluding that "the fact that a curved winch post was disclosed and claimed in the '261 patent is not a sufficient basis for granting judgment against Midwest on the state law claims").

169. *Id.*

170. 120 S. Ct. 1339, 1346, 54 U.S.P.Q.2d (BNA) 1065, 1070 (2000) (holding that unregistered product configuration trade dress cannot be inherently distinctive as a matter of law).

171. See *id.*, 54 U.S.P.Q.2d (BNA) at 1069 (concluding that design, like color, cannot be inherently distinctive because consumers are not predisposed to relate design to producer).

172. 215 F.3d 1342, No. 99-1271, 1999 WL 595145 (Fed. Cir. July 6, 1999) (unpublished table decision).

173. See *id.* at \*1 (holding that not every decision made by the Commissioner is automatically appealable to the Federal Circuit).

174. See *id.* (noting that in addition to dilution, Pep also opposed Cherg Lian's trademark registration due to an alleged likelihood of confusion); see also *supra* Part I.C for a discussion of the Board's dismissal based on dilution.

175. See *Pep Boys*, 1999 WL 595145, at \*1 (denying Pep's dilution claim on the ground that such claim did not qualify as an appropriate opposition per the Board's standards); see also *Babson Bros. v. Surge Power Corp.*, 39 U.S.P.Q.2d (BNA) 1953, 1954 (T.T.A.B. 1996) (interpreting the Lanham Act to prohibit dilution as a possible basis for opposition). This Board's decision led Congress to amend the Lanham Act to broaden the possible bases for opposition and cancellation. See *infra* note 180 and accompanying text.

Commissioner to vacate the Board's order.<sup>176</sup> The Commissioner dismissed Pep's petition as an improper subject for relief because it related to a substantive decision of the Board, and not a decision based on rules or practice set by the Commissioner.<sup>177</sup> Pep also had claimed the Commissioner's decision was appealable as a collateral order according to *Cohen v. Beneficial Indus. Loan Corp.*<sup>178</sup> The Federal Circuit, however, rejected this argument because the issue in *Cohen* was whether a decision by a federal court was final, while the issue in *Pep Boys* was whether a Commissioner's decision could be directly appealed to the Federal Circuit.<sup>179</sup>

It is worth noting that the Federal Circuit decided this case before a 1999 amendment to the Lanham Act, which expressly provides for dilution as a new basis for oppositions and cancellations.<sup>180</sup> Section 2 of the Lanham Act now reads, in pertinent part:

A mark which when used would cause dilution under section 43(c) may be refused registration only pursuant to a[n opposition] proceeding brought under section 13. A registration for a mark which when used would cause dilution under section 43(c) may be cancelled pursuant to a proceeding brought under either section 14 or section 24 [cancellation proceeding against Principal and Supplemental Registrations, respectively].<sup>181</sup>

With the above amendment to the Lanham Act, the Board must

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176. See *Pep Boys*, 1999 WL 595145, at \*1 (arguing that dilution could form the basis of an opposition to Cherg Lian's registration).

177. See *id.* (finding that substantive decisions by the Board should not be vacated by Commissioner, but instead should be considered through an appeal).

178. 337 U.S. 541 (1949). In *Cohen*, the Supreme Court held that a federal court's order applying state law was appealable because it:

[F]all[s] in that small class [of non-final actions] which finally determine claims of right separable from, and collateral to, rights asserted in the action, too important to be denied review and too independent of the cause itself to require that appellate consideration be deferred until the whole case is adjudicated.

*Id.* at 546. Thus, the lower court's order based on state law was "appealable because it is a final disposition of a claimed right which is not an ingredient of the cause of action and does not require consideration with it." See *id.* at 546-47.

179. See *Pep Boys*, 1999 WL 595145, at \*1. The court stated, "The issue is not whether the Commissioner's decision should be deemed final under the Cohen analysis; the issue is whether the Commissioner's decision is reviewable by this court on direct appeal at this time." *Id.* (citing *In re Bose Corp.*, 772 F.2d 866, 869, 227 U.S.P.Q. (BNA) 1, 3 (Fed. Cir. 1985) (finding that not every Commissioner's decision is appealable to the United States Court of Appeals for the Federal Circuit), and *In re Makari*, 708 F.2d 709, 711, 218 U.S.P.Q. 193, 194 (Fed. Cir. 1983) (finding that United States Court of Appeals for the Federal Circuit did not have jurisdiction to review Commissioner's decisions on petitions)).

180. See Pub. L. No. 106-43, § 2, 113 Stat. 218, 218 (1999) (codified as amended at 15 U.S.C. § 1052) (amending the Trademark Act of 1946 with regards to dilution of famous marks).

181. *Id.*

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now entertain, and the Federal Circuit must review, oppositions and cancellations based on the new ground of dilution of a famous mark.

## 2. *Interlocutory appeals*

Upon request to hear issues of first impression regarding the newly passed Trademark Law Treaty Implementation Act,<sup>182</sup> a majority panel of the Federal Circuit held in *Amp Plus, Inc. v. Juno Lighting, Inc.*<sup>183</sup> that if a district court certifies an order to the Federal Circuit, the Federal Circuit still has complete discretion concerning whether to hear the case.<sup>184</sup> The majority emphasized that it is within the court's sole discretion to grant or deny permission to appeal an interlocutory order.<sup>185</sup>

The Federal Circuit simply chose not to hear the case because it would have had to apply Ninth Circuit law.<sup>186</sup> This is curious reasoning, to say the least, because the Federal Circuit's 1999 trademark decisions, *Riggs Marketing*<sup>187</sup> and *Al-Site Corp.*,<sup>188</sup> demonstrate the court's comfort not only in applying regional circuit law, but in reversing lower court determinations by purporting to apply regional circuit law.<sup>189</sup>

Indeed, dissenting Circuit Judge Pauline Newman stated in *Amp Plus* that applying regional circuit law is not a sufficient reason to deny an interlocutory appeal, because the Federal Circuit has previously reviewed such cases.<sup>190</sup> Judge Newman's dissenting opinion

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182. See Pub. L. No. 105-330, 112 Stat. 3064 (1998) (codified as amended in scattered sections of 15 U.S.C.) (providing guidelines for the protection and registration of commercial trademarks).

183. 194 F.3d 1337, Nos. 581, 582, 1999 WL 426393 (Fed. Cir. June 3, 1999) (unpublished table decision).

184. See *id.* at \*1 (citing *In re Convertible Rowing Exerciser Pat. Litig.*, 903 F.2d 822, 822, 12 Int'l Trade Rep. (BNA) 1559, 1559 (Fed. Cir. 1990) (finding the court's discretion to grant or deny permission to appeal is comparable to the Supreme Court's discretion to grant or deny an application for writ of certiorari).

185. See *id.* (noting that "the court may deny application to appeal without specifying the grounds for basis of denial").

186. See *id.* (implying that the Federal Circuit should refrain from the application of regional circuit law regardless of the issues before the court).

187. For a discussion of this case, see *supra* notes 125-30 and accompanying text.

188. For a discussion of this case, see *supra* notes 131-37, 139-57 and accompanying text.

189. See *supra* Part I.D.1 and accompanying notes (discussing the application of circuit law to non-patent law issues).

190. See *Amp Plus*, 1999 WL 426393, at \*2 (Newman, J., dissenting) (citing *Philips Corp. v. Sears Roebuck & Co.*, 55 F.3d 592, 596, 34 U.S.P.Q.2d (BNA) 1699, 1702 (Fed. Cir. 1995) (applying Seventh Circuit law in deciding judicial estoppel and collateral estoppel issues); *Picker Int'l v. Varian Assocs.*, 869 F.2d 578, 580-81, 10 U.S.P.Q.2d (BNA) 1122, 1124 (Fed. Cir. 1989) (applying Sixth and Tenth Circuit law in deciding issue of attorney disqualification); *Polaroid Corp. v. Eastman Kodak Co.*, 867 F.2d 1415, 1419 & n.11, 9 U.S.P.Q.2d (BNA) 1877, 1880 & n.11 (Fed. Cir. 1989) (applying First Circuit law in determining the permissibility of a motion to vacate in

stressed, to no avail, that as a consequence of the majority ruling, the district court could not certify the questions to any other circuit court because the Federal Circuit has exclusive jurisdiction of an appeal of the entire case, making the denial of an interlocutory appeal especially unfair to the movant.<sup>191</sup>

In *Zenith Electronics Corp. v. Exzec, Inc.*<sup>192</sup> the Federal Circuit maintained jurisdiction over an interlocutory appeal despite the fact that the district court entered a joint stipulation and proposed order dismissing the patent claims with prejudice.<sup>193</sup> “The path of appeal is determined by the *basis of jurisdiction* in the district court, and is not controlled by the district court’s decision or the substance of issues that are appealed.”<sup>194</sup> The court also noted that a dismissal of a patent infringement claim “without prejudice” is considered an amendment of the complaint,<sup>195</sup> while a dismissal “with prejudice” constitutes an adjudication on the merits.<sup>196</sup> Thus, the Federal Circuit only maintains jurisdiction over cases in which the dismissal is “with prejudice.”<sup>197</sup>

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conjunction with disqualification of trial judge); *Telectronics Proprietary, Ltd. v. Medtronic, Inc.*, 836 F.2d 1332, 1337, 5 U.S.P.Q.2d (BNA) 1424, 1426 (Fed. Cir. 1988) (applying Second Circuit law in deciding issue of attorney disqualification); *United States v. Cook*, 795 F.2d 987, 992 & n.4, 27 Wage & Hour Cas. (BNA) 1307, 1309 & n.4 (Fed. Cir. 1986) (applying Second Circuit law in deciding an issue concerning compelled discovery); *Sun Studs, Inc. v. Applied Theory Assocs.*, 772 F.2d 1557, 1566, 227 U.S.P.Q. (BNA) 81, 87 (Fed. Cir. 1985) (applying Ninth Circuit law in deciding issue of attorney disqualification)).

191. *See Amp Plus*, 1999 WL 426393, at \*2 (“Our refusal to do so diminishes the opportunity of all district courts to dispense even-handed procedural justice to the non-patent issues that arise in patent litigation.”).

192. 182 F.3d 1340, 51 U.S.P.Q.2d (BNA) 1337 (Fed. Cir. 1999). *See* Part I.C, which discusses, in general, conflicts of law and specifically the underlying facts of this case.

193. *See id.* at 1346, 51 U.S.P.Q.2d (BNA) at 1341 (concluding that the Court’s jurisdiction over the interlocutory appeal was permissible pursuant to 28 U.S.C. § 1292(c)(1) and § 1295(a)(1)).

194. *Id.* (quoting *Abbott Lab. v. Brennan*, 952 F.2d 1346, 1349-50, 21 U.S.P.Q.2d (BNA) 1192, 1195 (Fed. Cir. 1991)) (emphasis added).

195. *See id.* (relying on *Gronholz v. Sears, Roebuck & Co.*, 836 F.2d 515, 518, 5 U.S.P.Q.2d (BNA) 1269, 1271 (Fed. Cir. 1987), in which the court, having dismissed “without prejudice” a patent infringement claim, thereby leaving a trade secret claim, characterized such dismissal as an amendment to the complaint).

196. *See id.*, 51 U.S.P.Q.2d (BNA) at 1342 (referring to *Hartley v. Mentor Corp.*, 869 F.2d 1469, 1473, 10 U.S.P.Q.2d (BNA) 1138, 1141 (Fed. Cir. 1989), in which the court determined that the dismissal of a patent validity claim “with prejudice” functioned as an adverse judgment on the merits).

197. *See id.* (finding that in a case where the dismissal is “with prejudice,” the issues of the case remain undisturbed and the Federal Circuit retains exclusive jurisdiction); *see also* 28 U.S.C. § 1338(a) (1994 & Supp. IV 1998) (establishing the path of appeal).

## II. THE FEDERAL CIRCUIT ADDRESSES SUBSTANTIVE ISSUES

A substantial share of the Federal Circuit's 1999 trademark decisions involved significant rulings concerning the substance of trademark law. The court addressed an interesting mix of substantive issues, including fraud on the PTO, phantom marks, distinctiveness, genericness, descriptiveness, secondary meaning, functionality, likelihood of confusion, gray-market goods, and the First Amendment.<sup>198</sup>

### A. Federal Registration

In dealing with the issue of federal registration, the Federal Circuit analyzed two types of statements that were used by opponents to attempt cancellation on the ground of fraud.<sup>199</sup> In addition, in one of the more interesting decisions in 1999, the court rendered a forceful decision to prohibit the registration of phantom marks.<sup>200</sup>

#### 1. Fraud upon the Patent and Trademark Office (PTO)

According to Section 14 of the Lanham Act, a federal trademark registration—even an incontestable one—may be cancelled at any time if it was obtained “fraudulently.”<sup>201</sup> “Fraud in procuring a . . . mark occurs when an applicant knowingly makes false, material representations of fact in connection with an application.”<sup>202</sup> Making a false statement, however, is not sufficient.<sup>203</sup> There must be an intent to deceive the PTO.<sup>204</sup> Because challenges based on fraud are so often and easily pled, the bar has been set at a level where it has been proven to be difficult to establish, requiring clear and convincing evidence of the fraud.<sup>205</sup>

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198. See *infra* Parts II-IV and accompanying notes (discussing these issues).

199. See *infra* Part II.A.1 and accompanying notes (addressing statements regarding exclusivity of use and statements concerning pending proceedings).

200. See *infra* Part II.A.2 and accompanying notes (addressing prohibition against registration of phantom marks).

201. See 15 U.S.C. § 1064(3) (1994 & Supp. IV 1998) (detailing the circumstances, including obtainment through fraud, in which a petition for cancellation of trademark registration may be filed).

202. *Metro Traffic Control v. Shadow Network*, 104 F.3d 336, 340, 41 U.S.P.Q.2d (BNA) 1369, 1373 (Fed. Cir. 1997) (concerning an attempt by a corporation to prevent a competitor from registering a broadcast service mark which it alleged the competitor procured fraudulently).

203. See *id.* at 340-41, 41 U.S.P.Q.2d (BNA) at 1373 (finding the false statement made by the competitor arose due to a lack of clarity concerning the legal implications of those statements, not due to a fraudulent intent).

204. See *id.* (noting that unless clear and convincing evidence of an intent to defraud is proven, cancellation for fraudulent obtainment of registration is unwarranted).

205. See *id.* at 341, 41 U.S.P.Q.2d (BNA) at 1373 (distinguishing an intent to

a. *Statements of exclusivity of use*

Enhancing the protection afforded owners of federal trademark registrations, the Federal Circuit in *L.D. Kichler Co. v. Davoil, Inc.*<sup>206</sup> established a difficult standard to obtain cancellation of a registered mark as a result of Section 2(f) fraud.<sup>207</sup> The Federal Circuit reversed the trial court's grant of summary judgment that had ordered cancellation of the trademark registration of L.D. Kichler Co.'s ("Kichler") trademark for a "racetrack backplate" on the ground of fraud.<sup>208</sup> Unlike most backplates, devices used for mounting light fixtures on the wall, Kichler's "racetrack backplate" was oval rather than rectangular.<sup>209</sup> The PTO registered the trade dress with a Section 2(f) declaration indicating that Kichler had "substantially exclusive and continuous" use of the trade dress for five years.<sup>210</sup> At that time, however, Kichler was aware that at least three other companies, including defendant Quorum International ("Quorum"), sold similar backplates.<sup>211</sup> When Kichler sued Quorum for trademark infringement, Quorum filed a counterclaim for cancellation.<sup>212</sup>

The Federal Circuit held that the lower court misinterpreted a rule earlier pronounced by the Federal Circuit, which had stated: "[w]hen the record shows that purchasers are confronted with more than one (let alone numerous) independent users of a term or device, an application for registration under Section 2(f) cannot be successful."<sup>213</sup> The Court pointed out that when this rule is read in

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deceive, which is characterized by a misrepresentation willfully and knowingly carried out, from a false statement, which results from an honest mistake or negligence).

206. 192 F.3d 1349, 52 U.S.P.Q.2d (BNA) 1307 (Fed. Cir. 1999) (*Kichler II*).

207. See *Kichler II*, 192 F.3d at 1351, 52 U.S.P.Q.2d (BNA) at 1309 (holding that to obtain cancellation of a trademark registration, the movant must not only show that the use of the mark was not 'substantially exclusive and continuous,' but also must provide clear and convincing evidence that the opposing party possessed the intent to deceive the PTO through its misrepresentations).

208. See *id.* at 1350, 52 U.S.P.Q.2d (BNA) at 1308 (finding that the lower court should have considered fraud and functionality issues in its determination of whether summary judgement was appropriate).

209. See *id.* at 1351, 52 U.S.P.Q.2d (BNA) at 1308 (noting that Kichler's exclusive use of the oval design became contested when it sued defendant Quorum, because of Quorum's use of a "Cobblestone" finish on its backplates, which according to Kichler was "confusingly similar" to its own backplate color, "Olde Brick").

210. See *id.* (establishing the standard for trademark registration as set forth in the Lanham Act, 15 U.S.C. § 1052(f) (1994 & Supp. IV 1998)).

211. See *id.* (raising the issue as to whether Kichler's trademark application for its oval backplate was legitimate despite its knowledge of the production of similar backplates by other manufacturers).

212. See *id.* at 1351, 52 U.S.P.Q.2d (BNA) at 1307 (arguing that Kichler's § 2(f) filing was fraudulently inaccurate and therefore void).

213. See *id.* at 1352, 52 U.S.P.Q.2d (BNA) at 1309 (quoting *Levi Strauss & Co. v. Genesco, Inc.*, 742 F.2d 1401, 1403, 222 U.S.P.Q. (BNA) 939, 940-41 (Fed. Cir. 1984) (finding that a mark for a shoe tab could not be registered because of the



context, the Section 2(f) standard includes “*substantially* exclusive and continuous use” of a mark for five years.<sup>214</sup> Because the lower court did not consider the extent or substantiality of the other companies’ sales of similar backplates, it could not properly determine whether Kichler’s use was “substantially exclusive,” despite the other companies’ possibly “inconsequential” use.<sup>215</sup>

Separate from the lower court’s above-cited deficiency, it also failed to support the summary cancellation with another required finding; whether Davoil, the named defendant, had established that Kichler intended to deceive the PTO.<sup>216</sup> The lower court failed entirely to address the issue of intent, causing the Federal Circuit to remand the case for a determination of “whether there existed significant prior use by others, and if so, whether Kichler knowingly submitted a false declaration with an intent to deceive.”<sup>217</sup>

*b. Statements concerning pending proceedings*

In *Sunrise Jewelry Manufacturing Corp. v. Fred S.A.*,<sup>218</sup> Sunrise Jewelry Manufacturing Corp. (“Sunrise”) sought to cancel Fred S.A.’s (“Fred”) registration for a claimed trade dress, which was described as a “metallic nautical rope design” for clocks, watches, and jewelry.<sup>219</sup> Sunrise sought cancellation on two grounds: genericness of Fred’s trade dress<sup>220</sup> and fraud upon the PTO.<sup>221</sup> The Board refused to cancel the mark on either ground.<sup>222</sup> The Federal Circuit affirmed

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“significant prior use of such tabs by other companies”).

214. *See id.* (explaining that use need not be wholly exclusive such that registration claim may still be filed if use by others is inconsequential).

215. *See id.* (concluding that the lower court’s failure to consider the extent of the other companies’ sales was in itself grounds to reverse summary judgment, because this determination represented a material issue of fact).

216. *See id.* (relying on the standard established in *Metro Traffic Control v. Shadow Network*, 104 F.3d 336, 340, 41 U.S.P.Q.2d (BNA) 1369, 1373 (Fed. Cir. 1997), which required a showing of fraudulent intent for cancellation of registration).

217. *See id.* (confirming that only when determinations are made concerning prior use by others and intent to deceive the PTO through a false application, is cancellation of a trademark registration appropriate).

218. 175 F.3d 1322, 50 U.S.P.Q.2d (BNA) 1532 (Fed. Cir. 1999).

219. *See id.* at 1323, 50 U.S.P.Q.2d (BNA) at 1533 (noting that the Trademark Trial and Appeal Board had previously dismissed the petition to cancel Fred’s registration).

220. *See id.* (leading the court to conclude that “the registration of an incontestable mark that is a product design may be cancelled if the mark is generic”); *see also infra* Part II.B.1.b for further discussion of the facts and the Federal Circuit’s analysis of the trade dress issue.

221. *See Sunrise Jewellery*, 175 F.3d at 1327, 50 U.S.P.Q.2d (BNA) at 1534 (relying on the standards set forth in 15 U.S.C. § 1064(3) (1994), which prohibit fraud against the PTO).

222. *See id.* at 1323, 50 U.S.P.Q.2d (BNA) at 1533 (finding that “Sunrise’s pleadings of fraud were legally insufficient,” and that “Fred’s trademark could not be challenged as generic due to its incontestable status”).

the Board's decision dismissing the petition to cancel the trademark on grounds of fraud.<sup>223</sup>

To properly understand Sunrise's claim of fraud, the factual background must be explained more thoroughly. The PTO registered Fred's trade dress on February 27, 1990.<sup>224</sup> In March 1993, two companies, Al-Or International ("Al-Or") and Philippe Charriol International ("Charriol") filed a declaratory judgment action, arguing that its trade dress did not infringe Fred's registered mark.<sup>225</sup> They also filed with the PTO a Petition to Cancel the federally registered trade dress.<sup>226</sup> The parties settled the dispute, dismissed the litigation on April 19, 1995, and withdrew the cancellation proceeding on May 8, 1995.<sup>227</sup> Simultaneously, the three parties joined as plaintiffs and filed complaints against a number of defendants for infringement of the trade dress.<sup>228</sup> On May 8, 1995, Fred filed its Section 15 affidavit for incontestability, stating that there was "no proceeding involving the rights pending and not disposed of either in the PTO or in the courts."<sup>229</sup> On June 25, 1995, the PTO acknowledged the dismissal of the cancellation proceeding, and the new defendants filed a counterclaim to the complaint to declare the trade dress invalid.<sup>230</sup> The PTO acknowledged Fred's Section 15 affidavit on March 18, 1996.<sup>231</sup> Sunrise Jewelry filed its petition to cancel on June 5, 1995.<sup>232</sup>

Sunrise Jewelry claimed that Fred committed fraud upon the PTO because the PTO had not yet acknowledged dismissal of the cancellation proceeding when Fred filed its declaration, and thus, the cancellation proceeding was not yet terminated.<sup>233</sup> Sunrise Jewelry also argued that Fred's registration became contested before the

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223. *See id.* (disagreeing with Sunrise's contentions that Fred made misrepresentations to the PTO or that its registrations should be cancelled).

224. *See id.* (explaining registration for a "metallic nautical rope design as an integral feature of the goods," which includes clocks, watches, and jewelry made of precious metal").

225. *See Sunrise Jewelry*, 175 F.3d at 1323, 50 U.S.P.Q.2d (BNA) at 1533 (sequencing the procedures that followed Fred's registration of a "metallic nautical rope" design as an internal feature of the goods).

226. *See id.* at 1322, 50 U.S.P.Q.2d (BNA) at 1533.

227. *See id.* at 1323, 50 U.S.P.Q.2d (BNA) at 1533 (detailing procedural background).

228. *See id.*

229. *Id.* (quoting from Fred's Declaration of Use and Incontestability).

230. *See Sunrise Jewelry*, 175 F.3d at 1323-24, 50 U.S.P.Q.2d (BNA) at 1533-34 (describing the proceedings taking place between April 1995 and March 1996).

231. *See id.*, 50 U.S.P.Q.2d (BNA) at 1533.

232. *See id.* at 1324, 50 U.S.P.Q.2d (BNA) at 1534 (citing fraud in Fred's statements in its Declaration submitted to the PTO).

233. *See id.* at 1327, 50 U.S.P.Q.2d (BNA) at 1536.

PTO accepted Fred's Section 15 affidavit.<sup>234</sup> The Federal Circuit rejected both arguments.<sup>235</sup> The court found that, because Fred had notified the PTO of the settlement and withdrawal of the case between Fred, the defendant, and Al-Or and Charriol, "it would have been reasonable [for Fred] to believe that no proceeding was pending in view of the previously filed withdrawal of the cancellation proceeding."<sup>236</sup> The court also stated that Fred did not perpetrate fraud upon the PTO because the counterclaims filed in the subsequent suit had not yet been alleged when Fred filed its Section 15 affidavit.<sup>237</sup> Finally, the court held that because "the Lanham Act imposes no continuing duty to update a Section 15 affidavit," Fred's failure to update also did not constitute fraud.<sup>238</sup>

## 2. Registration of "phantom" marks prohibited

In *In re Int'l Flavors & Fragrances, Inc.*,<sup>239</sup> the Federal Circuit broadly ruled that "phantom" trademarks cannot be federally registered.<sup>240</sup> International Flavors & Fragrances, Inc. ("IFF") sought registration of "LIVING XXXX FLAVORS" "LIVING XXXX FLAVOR" and "LIVING XXXX" in connection with goods such as oils, smoking tobacco, chewing gums, and flavor used to manufacture food items and beverages.<sup>241</sup> The "XXXX" feature of each claimed mark designated a "phantom" portion of the mark, broadly denoting it "a specific herb, fruit, plant or vegetable" or "a botanical or extract thereof."<sup>242</sup>

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234. *See id.*

235. *See id.* (affirming the findings of the U.S. Patent and Trademark Office Trial and Appeal Board).

236. *Id.*

237. *See id.*, 50 U.S.P.Q.2d (BNA) at 1536 (citing JEROME GILSON & JEFFREY M. SAMUELS, U.S. DEP'T OF JUSTICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1604.03 (1st ed. 1974) [hereinafter TMEP], which states that "[a] proceeding involving the mark in which the registrant is the plaintiff, and there is no counterclaim involving the registrant's rights in the mark, does not preclude acceptance of a § 15 affidavit").

238. *See id.* (citing TMEP, *supra* note 237, § 1604, which recognizes no duty to update a Section 15 affidavit when a counterclaim is filed).

239. 183 F.3d 1361, 51 U.S.P.Q.2d (BNA) 1513 (Fed. Cir. 1999).

240. *See Int'l Flavors*, 183 F.3d at 1368, 51 U.S.P.Q.2d (BNA) at 1518 (citing the lack of proper notice to other trademark users as defeating one of the vital elements of federal trademark registration).

241. *See id.* at 1363-64, 51 U.S.P.Q.2d (BNA) at 1514 (describing items the IFF sought to target for registration as:

essential oils for use in the manufacture of flavored foodstuffs, smoking tobacco compositions, smoking tobacco articles, chewing tobacco compositions, chewing gums, oral care products and beverages in International Class 3; and non-synthetic and synthetic flavor substances for use in the manufacture of flavored foodstuffs, smoking tobacco compositions, chewing tobacco compositions, smoking tobacco articles, chewing gums, oral care products and beverages in International Class 30).

242. *Id.* at 1364, 51 U.S.P.Q.2d (BNA) at 1514.

Although the possible number of separate marks covered by the application—even if the phantom element were accepted—would likely be too numerous to count, an example of a covered composite mark might be “LIVING GREEN BELL PEPPER FLAVORS.”<sup>243</sup>

The Federal Circuit appropriately took a dim view of “phantom” marks, concluding that registration of a phantom mark constitutes registration of more than a single mark in one application, a prohibited practice.<sup>244</sup> In support of its ruling, the court emphasized that property rights begin in a trademark, not at registration, but at first use in commerce, and two important registration policies were implicated by IFF’s phantom mark applications.<sup>245</sup> First, “[r]egistration of a trademark, in addition to serving the interest of the registrant by providing constructive notice, serves the interests of other participants in the market place.”<sup>246</sup> Under this reasoning, consumers benefit because entrepreneurs can create new goods and services that are less likely to cause consumer confusion in the marketplace.<sup>247</sup> In addition, entrepreneurs benefit because they are able to invest substantial time, money, and effort in developing a product or service under the presumption that no other confusing marks are present in the marketplace.<sup>248</sup>

Second, the court stated that the other implicated registration policy “encourage[s] the presence on the register of trademarks of as many as possible of the marks in actual use so that they are available

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243. *Id.* at 1368 n.6, 51 U.S.P.Q.2d (BNA) at 1517 n.6 (illustrating the purpose of prohibiting phantom trademarks by providing a title easily identifiable in a trademark search).

244. *See id.* at 1366, 51 U.S.P.Q.2d (BNA) at 1516 (citing 15 U.S.C. § 1051 (1994), which states: “The owner of a trademark . . . may apply to register his or her trademark under this chapter on the principal register established: . . . (3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the Commissioner”); *see also* 37 C.F.R. § 2.51(a)(1) (2000) (“In an application under Section 1(a) of the [Lanham] Act, the drawing of the trademark shall be a substantially exact representation of the mark as used on or in connection with the goods . . . .”); TMEP, *supra* note 237, § 807 (2d ed. 1993, rev. 1.1 1997) (“There may not be more than one mark on a drawing, since an application must be limited to one mark.”).

245. *See Int’l Flavors*, 183 F.3d at 1366-67, 51 U.S.P.Q.2d (BNA) at 1516-17 (explaining the reasons why the “federal registration of a trademark does not create an exclusive property right in the mark”).

246. *See id.* at 1367, 51 U.S.P.Q.2d (BNA) at 1517 (quoting *Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1395, 225 U.S.P.Q. (BNA) 1104, 1111-12 (3d Cir. 1985) (citing *Weiner King, Inc. v. The Wiener King Corp.*, 615 F.2d 512, 523-24, 204 U.S.P.Q. (BNA) 820, 830-31 (C.C.P.A. 1980))).

247. *See id.* (drawing its reasoning from *Natural Footwear*, 760 F.2d at 1395, 225 U.S.P.Q. (BNA) at 1111-12, and *Weiner King*, 615 F.2d at 523-24, 205 U.S.P.Q. (BNA) at 830-31).

248. *See id.* (discussing the reasoning behind *Natural Footwear*, 760 F.2d at 1395, 225 U.S.P.Q. (BNA) at 1111-12 (citing *Weiner King*, 615 F.2d at 523-24, 205 U.S.P.Q. (BNA) at 830-31)).

for search purposes.”<sup>249</sup> To promote the policies of constructive notice and achieving comprehensive availability searches, the court wrote that “the mark, as registered, must accurately reflect the way it is used in commerce so that someone who searches the registry for the mark, or a similar mark, will locate the registered mark.”<sup>250</sup> Phantom marks, it reasoned, “encompass too many combinations and permutations to make a thorough and effective search possible.”<sup>251</sup> Therefore, the Court denied registration of IFF’s marks.<sup>252</sup>

Unfortunately, the Federal Circuit’s decision raises more questions than it answers. Indeed, the Federal Circuit seemed unaware that many marks containing phantom portions are the subject of active federal registrations.<sup>253</sup> Interestingly, the currently registered phantom marks appear to take at least two different forms. Some existing phantom marks purport to “disclaim” the phantom portion of the mark, just as one would with an unregistrable or non-distinctive component, like a generic term or a descriptive term that has not acquired distinctiveness.<sup>254</sup> Others actually purport to “exclude” the phantom portion from the mark as registered.<sup>255</sup>

Because the Federal Circuit failed to acknowledge or even recognize the existence of active registrations for phantom marks, the decision does not help to predict how the validity of these registrations will be treated when placed under scrutiny.<sup>256</sup> However,

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249. *Int’l Flavors*, 183 F.3d at 1367, 51 U.S.P.Q.2d (BNA) at 1517 (quoting *Bongrain Int’l Corp. v. Delice de France, Inc.*, 811 F.2d 1479 (Fed. Cir. 1987)).

250. *See id.* at 1368, 51 U.S.P.Q.2d (BNA) at 1517 (citing accuracy to be integral as one form of constructive notice in the registration process).

251. *See id.* The court also noted that an analysis of the likelihood of confusion compares “all elements” of two marks, and that someone wanting to register “LIVELY SPICE” may not come across “LIVING XXXX FLAVOR” in a search. *Id.* at 1368 n.6, 51 U.S.P.Q.2d (BNA) at 1517 n.6. In commerce, however, “LIVING XXXX FLAVOR” may be “LIVING SPICE FLAVOR,” which may be confusingly similar to “LIVELY SPICE.” *Id.* (citing *In re Shell Oil Co.*, 992 F.2d 1204, 1206, 26 U.S.P.Q.2d 1687, 1689 (Fed. Cir. 1993)).

252. *See id.* at 1368, 51 U.S.P.Q.2d (BNA) at 1518 (affirming the decision of the U.S. Patent and Trademark Office Trial and Appeal Board).

253. *See, e.g.*, United States Patent and Trademark Office (“USPTO”), Original USPTO Web Trademark Database, Number Search (last modified July 7, 2000), at [www.uspto.gov/tmdb/index.html](http://www.uspto.gov/tmdb/index.html) [hereinafter USPTO Web Trademark Database] (U.S. Reg. No. 2,145,578: dashes indicate various telephone codes); *id.* (U.S. Reg. No. 2,157,432: dashes indicate various product names according to the subject matter of the goods); *id.* (U.S. Reg. No. 2,020,164: dashes represent three numbers which vary according to geographic location); *id.* (U.S. Reg. No. 1,331,186: “X”s represent a year); *id.* (U.S. Reg. No. 1,868,539: dashes indicate calendar year designations).

254. *See, e.g., id.* at U.S. Reg. No. 1,331,186; *see also id.* at U.S. Reg. No. 1,868,539.

255. *See, e.g., id.* at U.S. Reg. No. 2,145,578; *see also id.* at U.S. Reg. No. 2,157,432.

256. *See supra* notes 250-51 and accompanying text (highlighting the difficulty in distinguishing between “LIVING SPICE FLAVOR” and “LIVELY SPICE” during a trademark search).

combining the Federal Circuit's dim view of phantom marks in *International Flavors* and its reasoning regarding disclaimers in *In re Wada*, the Federal Circuit's decision likely will be interpreted not to permit new registrations of marks with phantom portions, even if they are disclaimed.<sup>257</sup> More difficult to predict is whether the phantom marks already registered will be open targets in cancellation proceedings, and whether the PTO will continue to register marks where the applicant purports to exclude the phantom portion from the mark as registered.<sup>258</sup>

The issue of whether existing phantom mark registrations are now vulnerable to cancellation may turn on whether cancellation constitutes a retroactive application of new law. If it is permissible to cancel on the ground set forth in *International Flavors*, then the question becomes whether the vintage of the registration or its incontestable status prevents it from cancellation. Because trademark registrations may be cancelled within five years of the initial registration date if the registration is ruled *void ab initio*,<sup>259</sup> *International Flavors* may suggest that newer phantom mark registrations—those less than five years old—are more vulnerable than older ones.<sup>260</sup>

Even in the face of the Federal Circuit's broadly worded prohibition in *International Flavors*, while it is fairly clear that merely disclaiming phantom elements from a registered mark will not avoid the prohibition, it appears that marks with phantom elements could still be registered if the applicant excludes (as opposed to, disclaims) the phantom portion from the registered mark.<sup>261</sup> Then the problem likely becomes whether the mark, as registered, constitutes a material alteration or mutilation of the mark as actually used in commerce.<sup>262</sup>

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257. See *Int'l Flavors*, 183 F.3d at 1368 n.6, 51 U.S.P.Q.2d (BNA) at 1517 n.6 (stating that to conduct a proper likelihood of confusion analysis, all elements of the mark must be considered).

258. See *supra* notes 250-51, 257 and accompanying text (discussing the likelihood of confusion when registering phantom marks).

259. See *Int'l Mobile Machs. Corp. v. Int'l Tel. & Tel. Corp.*, 800 F.2d 1118, 1119, 231 U.S.P.Q. (BNA) 142, 142 (Fed. Cir. 1986) (allowing cancellation of a registration on any grounds that would have prevented the initial registration).

260. Because *void ab initio* registrations more than five years old are not subject to cancellation under any of the expressed limited bases set forth in Section 14 of the Lanham Act, 15 U.S.C. § 1064 (1994 & Supp. IV 1998), the vulnerability of phantom mark registrations over five years old seems less compelling.

261. See *Int'l Flavors*, 183 F.3d at 1368, 51 U.S.P.Q.2d (BNA) at 1517 (holding that registration of phantom marks does not provide proper notice to other trademark users).

262. See *id.* (describing the fact that to make the registration of a mark meaningful and valid, the mark must be found in a way that reflects accurately how it is used in commerce).

The PTO will likely continue to refuse registration of a mark when the drawing or specimen is not a “substantially exact representation” of the mark as it is used in commerce.<sup>263</sup> Depending on the nature of the phantom mark the applicant is attempting to register, the PTO will likely refuse such registration, even in the face of a statement on the record excluding the phantom element from the applied-for mark. The above would apply when the excluded phantom element is significant enough to render the drawing of the mark less than a “substantially exact representation” of the mark as used in commerce.<sup>264</sup> The applicant, then, is left to argue that the elimination of the phantom portion does not constitute a material alteration and, thus, the applicant should be allowed to register the mark.<sup>265</sup>

### B. *Distinctiveness*

The Federal Circuit frequently deals with the issue of trademark distinctiveness. For a designation to be registrable on the Principal Register or protectable under Section 43(a) of the Lanham Act, it must be “distinctive.”<sup>266</sup> To be distinctive, a designation must be utilized and recognized as a form of identification.<sup>267</sup> Distinctiveness can be inherent or acquired. Inherently distinctive designations “by their nature are likely to be perceived by prospective purchasers as symbols of identification that indicate an association with a particular source.”<sup>268</sup> An acquired distinctiveness is referred to as a “secondary meaning,” and is required to be shown either to register or protect federally a designation that is not inherently distinctive, such as a phrase that is merely descriptive.<sup>269</sup>

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263. See TMEP, *supra* note 237, § 807; 37 C.F.R. § 2.51(a)(1) and 2.51(b)(1) (2000) (describing the trademark drawings that are required in an application for trademark registration).

264. See *supra* notes 236-37 and accompanying text (describing the *Sunrise Jewelry* case in which petitioners claimed the mark was “substantially altered” because of its generic nature).

265. See *Sunrise Jewelry*, 175 F.3d 1322, 1326, 50 U.S.P.Q.2d (BNA) 1532, 1535-36 (Fed. Cir. 1999) (describing Fred’s argument that genericness is not applicable to product configuration marks, and, therefore, his mark should be registered accordingly).

266. See RESTATEMENT OF THE LAW (THIRD) UNFAIR COMPETITION § 13, cmt. a (1993) (“[A] designation is protectable as a trademark . . . only if the designation is ‘distinctive.’”).

267. See *id.* (“A designation is distinctive only if it functions as a symbol of identification.”).

268. See *id.*

269. See *id.* § 13, cmt. e (1993) (explaining that more substantial evidence of a trademark’s secondary meaning is needed to establish its distinctiveness).

### 1. *Genericness*

Generic designations, by definition, are not inherently distinctive and are legally incapable of becoming distinctive.<sup>270</sup> Thus, they cannot be federally registered or protected.<sup>271</sup> Generic designations exist in two possible forms. They may be inherently generic or may otherwise acquire generic qualities.<sup>272</sup> An example of an inherently generic designation would be to use the word "CHAIR" to designate a four-legged seat. The best known example of a designation that acquired a generic label, a process known as "genericide,"<sup>273</sup> is "ASPIRIN", now a generic name for a popular analgesic.<sup>274</sup>

#### a. *Phrase constituents*

In *In re The American Fertility Society*,<sup>275</sup> the Federal Circuit continued to make it difficult for the PTO to establish *prima facie* cases of inherent genericness.<sup>276</sup> The court rejected the PTO's attempt to refuse registration based solely on the genericness of each of the phrase constituents.<sup>277</sup> In doing so, the court held that the PTO did not meet its burden of proof solely by examining the genericness of the phrase constituents.<sup>278</sup>

In *American Fertility*, the American Fertility Society (the "Society") attempted to register the claimed mark, "AMERICAN SOCIETY FOR REPRODUCTIVE MEDICINE."<sup>279</sup> After two previous office actions refused registration of the mark, the examining attorney issued a

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270. See Stephen R. Baird, Note, *Putting the Cart Before the Horse in Assessing Trademark Validity-Toward Redefining the Inherently Generic Term*, 14 J. CORP. L. 925, 927 (1989) (explaining the invalidity of a generic term as a trademark because, instead of denoting a source, a generic term denotes the product or service itself).

271. See *id.* at 927-28 (determining that because a generic mark is not distinctive of the goods or services to which it is applied, it deserves no protection under trademark law).

272. See *id.* at 930 (acknowledging the fact that two types of generic findings exist).

273. 2 McCARTHY, *supra* note 86, § 12 (describing the term "genericide" as referring to the process by which a trademark loses its distinctiveness and becomes generic, thus losing trademark protection).

274. See *Bayer, Inc. v. United Drug Co.*, 272 F. 505, 513-14 (S.D.N.Y. 1921) (granting an injunction against direct sales of acetyl salicylic acid under the title of 'aspirin' to chemists, physicians and retail druggists because of the distinctiveness that the title had obtained).

275. 188 F.3d 1341, 51 U.S.P.Q.2d (BNA) 1832 (Fed. Cir. 1999).

276. See *id.* at 1342, 51 U.S.P.Q.2d (BNA) at 1832.

277. See *id.* (remanding the case to the U.S. Patent and Trademark Office Trial and Appeal Board to apply the correct test for genericness).

278. See *id.* at 1349, 51 U.S.P.Q.2d (BNA) at 1837 (holding that a correct determination regarding eligibility for registration depends on the genericness of the whole phrase instead of its individual constituents).

279. See *id.* at 1342-43, 51 U.S.P.Q.2d (BNA) at 1832-33 (detailing case background).



third and final office action requiring a disclaimer of every word in the mark,<sup>280</sup> finding the phrase to be “the generic name for the identified services.”<sup>281</sup> The examining attorney asserted that “a composite term can be generic without being defined in the dictionary or used [by others] as a composite term, if the term, as a whole, has no more meaning than the sum of the meanings of each of its constituent parts.”<sup>282</sup> Because the Society had already disclaimed the term “society,” the examining attorney argued—and a majority panel of the Board agreed—that she had met her burden of proof on finding genericness by evidencing a record ninety-nine pages of Lexis-Nexis references to reproductive medicine.<sup>283</sup> The Board continued with its reasoning: “the fact that [the] applicant may be the first and only user of this generic designation does not justify registration if the term projects only generic significance.”<sup>284</sup> As a result, the Board affirmed the examining attorney’s decision, with one judge dissenting.<sup>285</sup>

The Federal Circuit disagreed with both the majority panel of the Board and the examining attorney, finding the term to be generic.<sup>286</sup> In support of its decision, the court discussed three relevant cases: *H. Marvin Ginn Corp. v. International Ass’n of Fire Chiefs, Inc.*,<sup>287</sup> *In re Merrill Lynch, Pierce, Fenner, & Smith, Inc.*,<sup>288</sup> and *In re Gould Paper Corp.*<sup>289</sup> In *Marvin Ginn*, the Federal Circuit held that “FIRE CHIEF” for a fire fighting publication was not inherently generic because no evidence suggested “that the relevant portion of the public refers to a class of fire fighting publications as ‘Fire Chief,’” and “the term . . . is neither the name of the fire-fighting industry nor about the fire-fighting industry.”<sup>290</sup>

In *Merrill Lynch*, the Federal Circuit held that “CASH

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280. The applicant previously disclaimed the word “SOCIETY”, and the issue herein involved the phrase “FOR REPRODUCTIVE MEDICINE.” *Id.* at 1343, 51 U.S.P.Q.2d (BNA) at 1833 (discussing the circumstances behind the disclaimer).

281. *Id.* (quotations omitted).

282. *Am. Fertility Soc’y*, 188 F.3d at 1343-44, 51 U.S.P.Q.2d (BNA) at 1833 (citing *In re Gould Paper Corp.*, 835 F.2d 1017, 1018, 5 U.S.P.Q.2d (BNA) 1110, 1111-12 (Fed. Cir. 1987)).

283. *See id.* (finding the numerous articles sufficient to demonstrate that the relevant compound was generic).

284. *Id.*, 51 U.S.P.Q.2d (BNA) at 1834.

285. *See id.* at 1345, 51 U.S.P.Q.2d (BNA) at 1834 (Hanak, J., dissenting) (stating that the examining attorney “failed to make of record any evidence whatsoever demonstrating that the unitary phrase SOCIETY FOR REPRODUCTIVE MEDICINE has been used in a generic sense”).

286. *See id.* at 1348, 51 U.S.P.Q.2d (BNA) at 1837.

287. 782 F.2d 987, 228 U.S.P.Q. (BNA) 528 (Fed. Cir. 1986).

288. 828 F.2d 1567, 4 U.S.P.Q.2d (BNA) 1141 (Fed. Cir. 1987).

289. 834 F.2d 1017, 5 U.S.P.Q.2d (BNA) 1110 (Fed. Cir. 1987).

290. *Marvin Ginn*, 782 F.2d at 991, 228 U.S.P.Q. (BNA) at 532.

MANAGEMENT ACCOUNT” for money management services was not generic.<sup>291</sup> The court emphasized that a rather substantial burden to prove generic use falls on the examining attorney.<sup>292</sup> Because the mark did not “immediately and unequivocally describe[] the purpose and function of [Merrill Lynch’s] goods,” it was not generic.<sup>293</sup>

While the Board in *American Fertility Society* relied on the above cases to affirm the registration refusal on the ground of genericness, it emphasized the reasoning in *Gould Paper*. In *Gould Paper*, the Federal Circuit—appearing to ease the PTO’s weighty burden of proving genericness—found the mark “SCREENWIPE”<sup>294</sup> to be generic without any demonstrated use of the exact composite.<sup>295</sup> The court held that the PTO satisfied its burden by showing “evidence including dictionary definitions that the separate words joined to form a compound have a meaning [to the relevant public] identical to the meaning common usage would ascribe to those words as a compound.”<sup>296</sup> The fact that the packaging for the “SCREENWIPE” product contained the phrase “a . . . wipe . . . for . . . screens” persuaded the court.<sup>297</sup> Such evidence, along with dictionary definitions for the individual components of the composite, sufficiently met the PTO’s burden of establishing genericness.<sup>298</sup>

The Federal Circuit in *American Fertility Society*, however, interpreted the rule in *Gould Paper* as: “[I]f the compound word would plainly have no different meaning from its constituent words, and dictionaries, or other evidentiary sources establish the meaning of those words to be generic, then the compound word too has been proved generic.”<sup>299</sup> Limiting *Gould Paper* to its facts, the court delineated a two-part test for the PTO to follow in refusing registration based on inherent genericness:

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291. See *Merrill Lynch*, 828 F.2d at 1571, 4 U.S.P.Q.2d (BNA) at 1144 (reversing and remanding the Board’s decision because it offered no conclusion as to the sufficiency of the showing of descriptiveness).

292. See *id.* at 1571, 4 U.S.P.Q.2d (BNA) at 1143 (requiring the examining attorney to present “clear evidence” to prove generic use).

293. See *id.* at 1571, 4 U.S.P.Q.2d (BNA) at 1144 (citing *In re Abcor Dev. Corp.*, 588 F.2d 811, 816 (C.C.P.A. 1978)).

294. The court described a “SCREENWIPE” as an “pre-moistened, anti-static cloth for cleaning computer and television screens.” *Gould Paper*, 834 F.2d at 1017, 5 U.S.P.Q.2d (BNA) at 1112.

295. See *id.* at 1018, 5 U.S.P.Q.2d (BNA) at 1111-12 (ruling same).

296. See *id.*

297. See *id.* at 1019, 5 U.S.P.Q.2d (BNA) at 1112 (stating that the packaging makes certain that the public would perceive the mark as a common name and not a source identifier).

298. See *id.* (finding the collective evidence enough to demonstrate that the mark has an inherently generic meaning in ordinary language).

299. *In re Am. Fertility Soc’y*, 188 F.3d 1341, 1347, 51 U.S.P.Q.2d (BNA) 1832, 1836 (Fed. Cir. 1999).

[I]f the PTO can prove (1) the public understands the individual terms to be generic for a genus of goods and species; and (2) the public understands the joining of the individual terms into one compound word to lend no additional meaning to the term, then the PTO has proven that the general public would understand the compound term to refer primarily to the genus of goods or services described by the individual terms.<sup>300</sup>

The Federal Circuit confined *Gould Paper* “to compound terms formed by the union of words.”<sup>301</sup> Reasoning that “[it] is legally erroneous to attempt to apply the language [in *Gould*] to phrases consisting of multiple terms, which are not ‘joined’ in any sense other than appearing as a phrase,”<sup>302</sup> the court found that the PTO “clearly failed to carry its burden” with respect to its examination of the “AMERICAN SOCIETY FOR REPRODUCTIVE MEDICINE” mark.<sup>303</sup>

The Board cannot simply cite definitions and generic uses of the constituent terms of a mark, or in this case, a phrase within the mark, in lieu of conducting an inquiry into the meaning of the disputed phrase as a whole to hold a mark, or a phrase with the mark, generic.<sup>304</sup>

The Court vacated the prior decision and remanded the case with instructions to apply the legal test described in *Marvin Ginn*.<sup>305</sup> In effect, *American Fertility Society* reaffirms the heavy burden that the PTO faces in making genericness refusals, especially those for phrases comprising multiple words.

#### *b. Trade dress*

In *Sunrise Jewelry*, discussed above,<sup>306</sup> the Federal Circuit held that a registered trade dress may be cancelled if it is found to be “generic.”<sup>307</sup> Sunrise Jewelry sought to cancel Fred’s incontestable federal trade dress registration of a “metallic nautical rope design” for clocks, watches, and jewelry due to genericness of the claimed

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300. *Id.* at 1348-49, 51 U.S.P.Q.2d (BNA) at 1837.

301. *Id.* at 1348, 51 U.S.P.Q.2d (BNA) at 1837.

302. *Id.*

303. *See id.* at 1347, 51 U.S.P.Q.2d (BNA) at 1836.

304. *See id.*

305. *See id.* at 1349, 51 U.S.P.Q.2d (BNA) at 1837 (requiring “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’”).

306. *See supra* Part II.A.1.b (discussing *Sunrise Jewelry* in relation to committing fraud on the PTO).

307. *See Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322, 1326, 50 U.S.P.Q.2d (BNA) 1532, 1536 (Fed. Cir. 1999) (reversing the Board’s construction of “generic name” because it narrowly identified a class of goods as opposed to a product made from a single source).

trade dress.<sup>308</sup> Fred argued that the plain meaning of the Lanham Act specifically allows for cancellation of a “generic name,” and because trade dress is not such a name, at least under a literal reading of the statute, incontestable product configuration trade dress registrations should not be subject to cancellation for genericness.<sup>309</sup>

The court refused to interpret Section 14 this narrowly because doing so would explicitly contradict the Act’s purpose.<sup>310</sup> The court wrote that “[t]he Lanham Act provides national protection of trademarks in order for owners of marks to secure the goodwill of their businesses and in order to protect the ability of consumers to distinguish among competing producers.”<sup>311</sup> The court reasoned that the “source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign”—best served the basic purpose of indicating the good’s source.<sup>312</sup> If any claimed mark, including product configurations, could not indicate a source due to genericness, the Federal Circuit deemed it appropriate to cancel such registrations, regardless of the literal limitation for cancellation of “generic names” in Section 14 of the Act.<sup>313</sup> The court also opined that any other interpretation of the statute would grant trade dress holders more protection than trademark or service mark holders, a result altogether unjustified.<sup>314</sup> The court then remanded the case to determine whether Fred’s trade dress was generic.<sup>315</sup>

## 2. Descriptiveness

In *In re Storopack Hans Reichenecker GmbH & Co.*,<sup>316</sup> the Federal

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308. See *id.* at 1323, 50 U.S.P.Q.2d (BNA) at 1533; see also *supra* Part II.A.1.b (discussing Sunrise Jewelry’s claim for cancellation based on fraud).

309. See *Sunrise Jewelry*, 175 F.3d at 1325, 50 U.S.P.Q.2d (BNA) at 1535. Section 14 of the Lanham Act provides, in pertinent part, that a mark may be cancelled “[a]ny time if the registered mark becomes the *generic name* for the goods or services, . . . for which it is registered.” 15 U.S.C. § 1064(3) (1994 & Supp. IV 1998) (emphasis added).

310. See *Sunrise Jewelry*, 175 F.3d at 1326, 50 U.S.P.Q.2d (BNA) at 1536 (reasoning that a limited interpretation would allow incontestable trademarks to retain an incontestable designation even though they do not act as source designators).

311. See *id.* at 1325, 50 U.S.P.Q.2d (BNA) at 1535.

312. See *id.* (citing *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995)).

313. See *id.* at 1325-26, 50 U.S.P.Q.2d (BNA) at 1535 (reasoning that to hold otherwise would contravene the purpose of the Lanham Act, namely to prevent exclusive use of a mark that identifies a class of goods).

314. See *id.* at 1325, 50 U.S.P.Q.2d (BNA) at 1535 (determining the Lanham Act covers anything that has the potential to serve as a source indicator, including trade dress).

315. See *id.* at 1327, 50 U.S.P.Q.2d (BNA) at 1536 (vacating the Board’s dismissal of Sunrise Jewelry’s petition for cancellation and instructing the Board to make a generic finding for Fred’s mark).

316. 194 F.3d 1335, No. 98-1588, 1999 WL 302320 (Fed. Cir. May 6, 1999).

Circuit, applying the old clear error standard,<sup>317</sup> affirmed the Board's determination that the claimed intent-to-use mark, "PAPERFILL," for pourable package shipping material was merely descriptive under Section 2(e)(1) of the Lanham Act, and thus not entitled to federal registration.<sup>318</sup> The court stated that "a mark 'may be descriptive though it merely describes one of the qualities or properties of the goods,'" and "PAPERFILL" describes the packaging material's composition—paper.<sup>319</sup>

*a. Laudatory terms*

In *In re The Boston Beer Co.*,<sup>320</sup> the Federal Circuit affirmed the Board's registration refusal of the mark "The Best Beer In America," holding that it was "so highly laudatory and descriptive as to be incapable of acquiring distinctiveness as a trademark."<sup>321</sup> The court arrived at this decision despite annual advertising expenditures of ten million dollars, including two million dollars of advertising that included the claimed mark "The Best Beer in America."<sup>322</sup>

The court explained that "laudation does not per se prevent a mark from being registrable," but noted that the specific facts of each case would control.<sup>323</sup> Nevertheless, the court believed that, based upon the facts of this case, the proposed mark was only "a common phrase used descriptively by others before and concurrently with Boston Beer's use, and is nothing more than a claim of superiority."<sup>324</sup>

Although the Federal Circuit could have affirmed the registration refusal on the ground that the applicant failed to meet his burden of establishing acquired distinctiveness, it unnecessarily issued a broader ruling than was required to decide the case before it. Absent a finding of genericness by the Board or the Federal Circuit, the court inappropriately ruled that the claimed mark was forever "incapable" of acquiring distinctiveness or becoming registered.<sup>325</sup> The Federal

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317. See *supra* Part I.A (discussing the APA's standards of review for federal administrative agencies).

318. See *Storopack Hans Reichenecker*, 1999 WL 302320, at \*1. Because the mark was filed on an intent-to-use basis and use had not yet commenced, registration under Section 2(f) of the Lanham Act was not an option. *Id.*

319. See *id.* (quoting *In re Gyulay*, 820 F.2d 1216, 1218, 3 U.S.P.Q.2d (BNA) 1009, 1010 (Fed. Cir. 1987)).

320. 198 F.3d 1370, 53 U.S.P.Q.2d (BNA) 1056 (Fed. Cir. 1999).

321. See *Boston Beer*, 198 F.3d at 1373, 53 U.S.P.Q.2d (BNA) at 1058.

322. See *id.* at 1373, 53 U.S.P.Q.2d (BNA) at 1058 (ruling that Boston Beer, despite the advertising, had not met its burden to show that the mark had acquired a secondary meaning).

323. *Id.*

324. See *id.* at 1374, 53 U.S.P.Q.2d (BNA) at 1058-59.

325. See *id.* at 1374, 53 U.S.P.Q.2d (BNA) at 1058 (relying on the substantial evidence to support the Board's conclusion about non-registerability).

Circuit's apparent endorsement of the Board's "so highly descriptive to be incapable" test perpetuates bad law and is difficult to reconcile with its 1985 decision, *In re Seats, Inc.*<sup>326</sup> Perhaps *Boston Beer* signifies the Federal Circuit's agreement with the Board's prior characterization of the applicable language in *Seats* as mere dictum.<sup>327</sup>

*b. Geographically deceptively misdescriptive marks*

The Federal Circuit ruled in *In re Wada*<sup>328</sup> that the North American Free Trade Agreement ("NAFTA") Implementation Act<sup>329</sup> precludes registration of primarily geographically deceptively misdescriptive marks, even when the geographic elements of those marks are disclaimed.<sup>330</sup> More specifically, the Federal Circuit affirmed the Board's decision to refuse registration of the composite mark "NEW YORK WAYS GALLERY," even with "New York" disclaimed, on the ground the mark is "primarily geographically deceptively misdescriptive"<sup>331</sup> and, therefore, is subject to refusal under Section 2(e)(3) of the Lanham Act.<sup>332</sup>

A mark is primarily geographically deceptively misdescriptive if it "(1) [has] as its primary significance a generally known geographic place, and (2) identif[ies] products that purchasers are likely to believe mistakenly are connected with that location."<sup>333</sup> The applicant

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326. 757 F.2d 274, 276, 225 U.S.P.Q. (BNA) 364, 366-67 (Fed. Cir. 1985) (criticizing the highly descriptive test, noting that a mark must be incapable of serving as a trademark to be generic).

327. See generally Baird, *supra* note 270, at 952-53 (criticizing the highly descriptive test).

328. 194 F.3d 1297, 52 U.S.P.Q.2d (BNA) 1539 (Fed. Cir. 1999) [hereinafter *Wada I*].

329. Pub. L. No. 103-182, 107 Stat. 2057 (1993) (codified as amended at 15 U.S.C. § 1052(e) & (f)) (effective Jan. 1, 1994). The Act amended Sections 2(e) and (f) of the Lanham Act to preclude registration of any mark that is "primarily geographically deceptively misdescriptive" of the applicant's goods or services, regardless of any acquired distinctiveness, unless the mark acquired distinctiveness prior to December 8, 1993, the date of enactment. See NAFTA Implementation Act, § 331, 107 Stat. at 2114 (codified as amended at 35 U.S.C. § 104 (1994 & Supp. IV 1998)).

330. See *Wada I*, 194 F.3d at 1298, 52 U.S.P.Q.2d (BNA) at 1539 (same).

331. See *id.* (concluding the Board's decision was not "arbitrary, capricious, an abuse of discretion, or unsupported by substantial evidence").

332. See 15 U.S.C. § 1052(e)(3) (1994 & Supp. IV 1998) (prohibiting registration of a trademark "when [it is] used on or in connection with the goods of the applicant [and] is primarily geographically deceptively misdescriptive of them"). Section 2(f) of the Lanham Act now expressly prevents registration of such marks even if they have acquired distinctiveness. See 15 U.S.C. § 1052(f) ("Except as expressly excluded in subsections . . . (e)(3) . . . of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce").

333. See *Wada I*, 194 F.3d at 1300, 52 U.S.P.Q.2d (BNA) at 1540; see also *Institute National Des Appellations D'Origine v. Vintners Int'l Co.*, 958 F.2d 1574, 1580, 22 U.S.P.Q.2d (BNA) 1190, 1195 (Fed. Cir. 1992) (reiterating the two-prong test used to

argued that although its goods did not originate from New York, its mark was used in connection with leather bags, luggage, wallets, and other goods to evoke a certain New York style.<sup>334</sup> The court rejected this argument because various leather goods and handbag manufacturers operate in New York, and the applicant failed to demonstrate a “New York style” with respect to leather goods.<sup>335</sup> Also, because New York is a world-renowned fashion center, the Federal Circuit did not disturb the Board’s finding that consumers will mistakenly think the applicant’s goods possess some connection to New York.<sup>336</sup>

The importance of the *In re Wada* case stems from the portion of the decision ruling that a disclaimer of geographic terms could not save the mark. The Federal Circuit noted that before the 1993 NAFTA Amendments to the Lanham Act, registration of “primarily geographically deceptively misdescriptive” marks was permitted when marks acquired secondary meaning or geographic terms were disclaimed.<sup>337</sup> Despite the silence in the legislative history addressing disclaimers following the NAFTA Amendments to the Lanham Act, the PTO began to employ a policy of refusing registration of any mark that is “primarily geographically deceptively misdescriptive,” even including those with disclaimers.<sup>338</sup> The Federal Circuit endorsed this policy change as complying with the spirit of the NAFTA Amendments to the Lanham Act, stating that “[p]rimarily geographically deceptively misdescriptive marks, like deceptive

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classify primarily geographically deceptively misdescriptive marks).

334. *See Wada I*, 194 F.3d at 1300, 52 U.S.P.Q.2d (BNA) at 1540 (reciting that the applicant proffered that “NEW YORK WAYS GALLERY” is fanciful or arbitrary and not geographic because New York Ways Gallery is fictitious).

335. *See id.* at 1300, 52 U.S.P.Q.2d (BNA) at 1541 (noting reliance on manufacturer records and Lexis-Nexis excerpts as evidence of numerous leather goods manufacturers in New York).

336. *See id.* (supporting Board’s holding that there is a “goods/place association” between goods with the “NEW YORK WAYS GALLERY” mark and goods from New York); *see also In re Wada*, 48 U.S.P.Q.2d (BNA) 1689, 1691 (T.T.A.B. Oct. 6, 1998) [hereinafter *Wada II*] (rejecting applicant’s argument that consumers would identify that mark with distinction or fame rather than a geographic location).

337. *See Wada I*, 194 F.3d at 1300-01, 52 U.S.P.Q.2d (BNA) at 1541 (noting the major change in the Lanham Act after the NAFTA Amendments: a prohibition against registration of “primarily geographically deceptively misdescriptive marks” even if they acquire secondary meaning or disclaim deceptive terms); *see also* 2 MCCARTHY, *supra* note 86, § 14.30; 3 MCCARTHY, *supra* note 86, § 19.64 (reiterating the guidelines for registering primarily geographically deceptively misdescriptive marks prior to NAFTA amendments to Lanham Act).

338. *See Wada I*, 194 F.3d at 1301, 52 U.S.P.Q.2d (BNA) at 1541 (noting official statement issued by the PTO prohibiting registration of such marks); *see also* TMEP, *supra* note 237, § 1210.06 (perm. ed. rev. 1997) (reiterating post-NAFTA policy prohibiting registration of primarily geographically deceptively misdescriptive marks).

marks, mislead the public even with a disclaimer,<sup>339</sup> and adding that permitting use of such marks with mere disclaimers would create anomalous results.<sup>340</sup> Thus, the Federal Circuit affirmed the decision to deny registration of the mark.<sup>341</sup>

### 3. *Secondary meaning*

In *Riggs Marketing, Inc. v. Mitchell*,<sup>342</sup> the Federal Circuit applied Ninth Circuit trademark law to reverse the district court's determination "that the jury's finding of secondary meaning [in connection with the term UNIVERSAL for a golf club bending machine] was supported by substantial evidence. . . ."<sup>343</sup> In *Riggs Marketing*, both plaintiff Riggs and defendant Mitchell manufactured golf club bending machines.<sup>344</sup> Riggs claimed trademark rights in the word "UNIVERSAL," first used in January of 1996 to describe its machines.<sup>345</sup> The "UNIVERSAL" mark was also used in January, March, and May of 1996 in various advertisements.<sup>346</sup> Mitchell used "UNIVERSAL" in a May 1996 advertisement for its bending machines, stating across the top of the advertisement, "UNIVERSAL STANDARD FOR MEASURING AND BENDING WOODS, IRONS & PUTTERS," with "UNIVERSAL STANDARD" in larger type.<sup>347</sup>

The Federal Circuit, applying Ninth Circuit law,<sup>348</sup> listed six factors to determine whether a mark has acquired secondary meaning:

- (1) whether actual purchasers of the product bearing the claimed

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339. *Wada I*, 194 F.3d at 1301-02, 52 U.S.P.Q.2d (BNA) at 1542.

340. *See id.* at 1301, 52 U.S.P.Q.2d (BNA) at 1542 (quoting *Wada II*, 48 U.S.P.Q.2d at 1692 (asserting that a reversal of the Board's decision "would be anomalous to prohibit [ing] registration [of a] primarily geographically deceptively misdescriptive [mark], but allowing registration of the same geographically deceptively misdescriptive mark with a mere disclaimer of the geographic element").

341. *See id.* at 1302, 52 U.S.P.Q.2d (BNA) at 1542 (accepting the Board's decision as correct in following the NAFTA Amendments to the Lanham Act).

342. 194 F.3d 1338, Nos. 98-1507, 98-1551, 1999 WL 399710 (Fed. Cir. June 8, 1999) (unpublished table decision).

343. *Riggs Mktg.*, 1999 WL 399710, at \*6 (holding jury lacked sufficient evidence to find a secondary meaning).

344. *See id.* at \*1.

345. *See id.* (acknowledging Riggs's use of the mark "UNIVERSAL" in an advertisement in January of 1996).

346. *See id.* at \*6. Evidence demonstrated that these advertisements cost Riggs Marketing \$1,800.00, and the journal's circulation was approximately 1,500 copies per issue. *Id.* No evidence was presented regarding the circulation of Riggs' first advertisement, which allegedly cost \$900.00. *Id.* The court noted that Riggs Marketing used "UNIVERSAL" in other advertisements; however, Riggs Marketing offered no evidence as to when these advertisements occurred in relation to the alleged infringement, and, thus, the advertisements could not be used to show the mark acquired secondary meaning before Mitchell's first use. *Id.*

347. *See id.* (describing the advertisement).

348. *See supra* Part I.D.1 (discussing the Federal Circuit's application of law analysis).



trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark[], (4) whether use of the claimed trademark has been exclusive, (5) whether defendant engaged in 'exact copying' of plaintiff's purported mark, and (6) whether defendant's use of the purported mark has led to actual consumer confusion.<sup>349</sup>

Perhaps as important, the Federal Circuit noted that a mark must have acquired secondary meaning by the time of the alleged infringement to be protected as a trademark.<sup>350</sup> Given Riggs Marketing's minimal use of the "UNIVERSAL" mark before Mitchell's first use, Riggs Marketing also attempted to establish secondary meaning by asserting that Mitchell intentionally copied the mark.<sup>351</sup> The Federal Circuit rejected this argument, stating that Mitchell properly used the mark in a descriptive non-trademark fashion.<sup>352</sup> Because Riggs Marketing failed to prove its claimed mark had acquired secondary meaning before Mitchell's first use, the court reversed the judgment that the claimed mark was infringed as lacking substantial evidence.<sup>353</sup>

#### 4. *Functionality*

Trade dress must be non-functional, regardless of its distinctiveness to be protectable.<sup>354</sup> The most recent Restatement of Unfair

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349. *Riggs Mktg.*, 1999 WL 399710, at \*4 (internal citations and quotations omitted).

350. *See id.* at \*5 (emphasizing Riggs Marketing's "UNIVERSAL" mark could not receive trademark protection because it had not acquired secondary meaning prior to Mitchell's alleged infringement in May of 1996).

351. *See id.* The Federal Circuit concluded that Mitchell's use of "UNIVERSAL" in its advertisement did not demonstrate "copying for the purposes of trading . . ." *Id.*

352. *See id.* (designating Mitchell's use of the term "UNIVERSAL" as simply descriptive and, therefore, legal).

353. *See id.* at \*6 (reversing the district court's denial of Mitchell's motion for judgment notwithstanding the jury's verdict). The jury also found that Mitchell willfully infringed Riggs Marketing's mark, and, pursuant to 15 U.S.C. § 1117, the district court awarded attorney's fees to Riggs Marketing. *See id.* at \*2 (finding the case to be exceptional). Section 1117(a) provides that "[w]hen a violation of any right of the registrant of a mark registered in the [PTO] . . . shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled . . . to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action." 15 U.S.C. § 1117(a) (1994 & Supp. IV 1998). The statute further provides that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." *Id.* (limiting the award of attorney's fees to three times the amount of actual damages). The Federal Circuit also reversed the jury's decision regarding Mitchell's willful infringement. *See Riggs Mktg.*, 1999 WL 399710, at \*6.

354. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17, cmt. a (1995) (noting that functional designs are not entitled to trademark protection, allowing competitors to copy such designs).

Competition explains: “The rule excluding functional designs from the subject matter of trademark law is an attempt to identify situations in which the public and private interest in avoiding confusion is outweighed by the anti-competitive consequences of trademark protection.”<sup>355</sup> Accordingly, when “determining whether a particular design is ‘functional,’ and therefore ineligible for protection as a trademark, the ultimate inquiry is whether a prohibition against copying will significantly hinder competition by others.”<sup>356</sup>

a. *De jure functionality of “rust-type” color*

The Federal Circuit held in *L.D. Kichler Co. v. Davoil, Inc.*<sup>357</sup> that the trial court erred in finding a rust-type color for light fixtures was *de jure* functional.<sup>358</sup> In reaching its decision, the lower court<sup>359</sup> discussed and relied on the U.S. Supreme Court decision *Qualitex Co. v. Jacobson Prods. Co.*<sup>360</sup> and the Federal Circuit decision *Brunswick Corp. v. British Seagull*.<sup>361</sup>

In *Qualitex*, the Court held that a green-gold color for dry cleaning pads claimed as a trademark was protectable because the color had acquired distinctiveness and had no alternate function.<sup>362</sup> The lower court in *Kichler*, however, viewed its facts more analogously to those facts of *Brunswick*.<sup>363</sup> In *Brunswick*, the court held that the color black for outboard motors was *de jure* functional because the color was

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355. *Id.*

356. *Id.*

357. 192 F.3d 1349, 52 U.S.P.Q.2d (BNA) 1307 (Fed. Cir. 1999) (*Kichler II*).

358. *See id.* at 1353, 52 U.S.P.Q.2d (BNA) 1310 (reversing the district court’s holding that Olde Brick color was *de jure* functional). In *Brunswick Corp. v. British Seagull*, 35 F.3d 1527, 32 U.S.P.Q.2d (BNA) 1120 (Fed. Cir. 1994), the Federal Circuit explained the difference between *de facto* functionality, which may be entitled to trademark protection, and *de jure* functionality, which is not entitled to such protection. “In essence, *de facto* functional means that the design of a product has a function, *i.e.*, a bottle of any design holds fluid. *De jure* functionality, on the other hand, means that the product is in its particular shape because it works better in this shape.” *Id.* at 1531, 32 U.S.P.Q.2d at 1122.

359. *See Kichler I*, No. 1:96CV2022, 1998 U.S. Dist. LEXIS 22464, at \*19 (N.D. Ohio Jan. 29, 1998) (granting in part and denying in part Davoil’s summary judgment motion).

360. 514 U.S. 159, 174, 34 U.S.P.Q.2d (BNA) 1161, 1167 (1995) (clarifying that color alone cannot automatically prohibit a trademark classification).

361. 35 F.3d 1527, 1529, 32 U.S.P.Q.2d (BNA) 1120, 1121 (Fed. Cir. 1994) (affirming the U.S. Patent and Trademark Office Trial and Appeal Board’s decision to refuse registration of the color black because it is *de jure* functional).

362. *See Qualitex*, 514 U.S. at 166, 34 U.S.P.Q.2d (BNA) at 1164 (establishing that color alone can be protected under trademark law unless there exists a mitigating reason to find otherwise).

363. *See Kichler I*, 1998 U.S. Dist. LEXIS 22464, at \*8 (concluding Olde Brick finish is color-compatible with other home finishes and, therefore, functional, which, following *Brunswick*, prohibits Olde Brick from receiving trademark protection).

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compatible with numerous boat colors, and caused the motors to appear smaller.<sup>364</sup> The lower court in *Kichler* considered the testimony of several directors of L.D. Kichler Company's ("Kichler") directors, who stated that the rust-type color—called "Olde Brick"—was compatible with many home furnishings and was, thus "very acceptable."<sup>365</sup> According to the district court, this color compatibility, like the color black for outboard motors, prevented Kichler's light fixtures' color from being a protected trademark.<sup>366</sup> The court reasoned:

The Court in Brunswick explained that there is a right to compete through imitation of a competitor's product that can only be temporarily denied by the copyright laws. Trademark protection is potentially permanent so trademark protection would destroy that right. The functionality doctrine allows the individual to protect symbols that identify the source of particular goods but the functionality doctrine also provides the right to compete effectively.<sup>367</sup>

The Federal Circuit ruled, however, that the lower court "failed to examine 'whether [the use of Olde Brick] as a mark would permit [Kichler] to interfere with legitimate (non-trademark-related) competition through actual or potential exclusive use of an important product ingredient,'" and remanded the case with instructions to examine the issue accordingly.<sup>368</sup>

The Federal Circuit also noted that "[t]his examination of competitive need 'should not discourage firms from creating [a]esthetically pleasing mark designs, for it is open to their competitors to do the same. . . . Mere taste or preference cannot render a color—unless it is 'the best, or at least one, of a few superior designs'—*de jure* functional."<sup>369</sup> The court then noted that mere

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364. See *Brunswick*, 35 F.3d at 1529, 32 U.S.P.Q.2d (BNA) at 1121 (clarifying that black is not functional because it makes engines more easily or makes them less expensive, but rather because black is compatible with a wide range of boat colors that makes motors seem smaller).

365. *Kichler I*, 1998 U.S. Dist. LEXIS 22464, at \*7-8 (noting the testimonies of Kichler's Director, David Porter, its Vice-President, Bob Doernberger, and its Chairman, Harold Sam Minoff).

366. See *id.* at \*8 (emphasizing color-compatibility as a key factor in determining functionality, which in turn bars trademark protection).

367. *Id.* at \*4-5.

368. *L.D. Kichler Co. v. Davoil, Inc.*, 192 F.3d 1349, 1353, 52 U.S.P.Q.2d (BNA) 1307, 1310 (Fed. Cir. 1999) (*Kichler II*) (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170, 34 U.S.P.Q.2d (BNA) 1161, 1165-66 (1995)).

369. *Id.* (quoting *Qualitex*, 514 U.S. at 170, 34 U.S.P.Q.2d (BNA) at 1166). See *Brunswick*, 35 F.3d at 1533, 32 U.S.P.Q.2d (BNA) at 1124 ("Aesthetic ingredients to commercial success are not necessarily *de jure* functional. . . . Color compatibility and ability to decrease apparent motor size are not in this case mere aesthetic features. Rather, these non-trademark functions supply a competitive advantage.").

customer preference of the color was not enough to find *de jure* functionality of Kichler's trade dress.<sup>370</sup> According to the Federal Circuit, to conclude that the color is *de jure* functional, the lower court must find Olde Brick to be "one of a few colors that [is] uniquely superior for use in home decorating."<sup>371</sup>

*b. Conflicts between trade dress functionality and patent law protection*

In *Midwest Industries, Inc. v. Karavan Trailers, Inc.*,<sup>372</sup> the Federal Circuit solidified the rule that trade dress protection of a product configuration remains possible despite the fact that the same features are also protected by design patents.<sup>373</sup> Plaintiff Midwest Industries, Inc. ("Midwest") manufactured and sold trailers designed to haul watercraft behind automobiles.<sup>374</sup> At the front of Midwest's trailer was a patented curved winch post designed to pull the watercraft onto the trailer.<sup>375</sup> Midwest alleged that Karavan Trailer's, Inc. ("Karavan") infringed two Midwest patents, as well as state and federal trade dress rights, for its curved winch post by making a similar design.<sup>376</sup>

The district court, though bound by Eighth Circuit law,<sup>377</sup> granted a motion to dismiss Midwest's trade dress claims by relying on Tenth Circuit law, which prohibits features protected by utility patents also to be protected by trade dress law.<sup>378</sup> The district court never determined whether Midwest's trade dress was functional.<sup>379</sup>

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370. See *Kichler II*, 192 F.3d at 1353, 52 U.S.P.Q.2d (BNA) at 1166 (directing the district court to consider this caveat before rendering its decision).

371. *Id.*

372. 175 F.3d 1356, 50 U.S.P.Q.2d (BNA) 1672 (Fed. Cir. 1999), *cert. denied*, 120 S. Ct. 527 (1999).

373. See *Midwest Indus.*, 175 F.3d at 1362, 50 U.S.P.Q.2d (BNA) at 1677 (verifying that trade dress protections and patent protections are independent rights, such that trade dress protection for a product is not contingent upon the acquisition of a patent).

374. See *id.* at 1357, 50 U.S.P.Q.2d (BNA) at 1673-74 (same).

375. See *id.*, 50 U.S.P.Q.2d (BNA) at 1674 (describing the design of the winch post).

376. See *id.* (noting that Midwest claims Karavan violated the Lanham Act, the Iowa trademark statute, and Iowa common law regarding trademarks).

377. See *supra* Part I.D.1 (discussing the Federal Circuit's application of law analysis).

378. See *Midwest Indus.*, 175 F.3d at 1358, 50 U.S.P.Q.2d (BNA) at 1674 (citing *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1510, 35 U.S.P.Q.2d (BNA) 1332, 1342 (10th Cir. 1995), which held that a product configuration cannot receive trademark protection when it is a "described, significant inventive" part of a utility patent claim because without such components, the invention could not be considered the same invention).

379. See *id.* (noting that the district court denied Midwest trade dress protection under the Lanham Act because the curved winch post is part of a patent claim and, therefore, a "significant inventive aspect" of a patent, rather than addressing its functionality under trademark law). For trade dress to be protectable, they must be distinctive and non-functional. See *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S.

The Federal Circuit, sitting *en banc*, decided that Federal Circuit law should apply to determine whether patent law preempts trade dress law.<sup>380</sup> In deciding this question, the court looked to the development of the functionality doctrine and noted that trademark rights do not conflict with patent law by extending a patent monopoly.<sup>381</sup> Instead:

[Patent and trademark law] exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The termination of either has no legal effect on the continuance of the other. The trademark rights do not extend it. We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent. Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law.<sup>382</sup>

The Federal Circuit also noted, however, that although the two concepts exist independently from each other, statements in a patent might indicate that a trade dress is functional.<sup>383</sup>

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Ct. 1339, 1344-46, 54 U.S.P.Q.2d (BNA) 1065, 1067-70 (2000). In *Wal-Mart*, the Supreme Court held that unregistered product configuration trade dress cannot be inherently distinctive and can be protected only upon a showing of secondary meaning. *Id.* at 1346, 54 U.S.P.Q.2d (BNA) at 1070. Thus, had the district court found that Midwest's trade dress features were functional, the Federal Circuit could have affirmed the district court's decision to dismiss Midwest's trade dress claims without remand. See *Midwest Indus.*, 175 F.3d at 1364-65, 50 U.S.P.Q.2d (BNA) at 1678-80 (noting that the district court used Tenth Circuit precedent in finding that the curved winch post was a "significant inventive aspect" of a patent and denying it trademark protection, rather than using the Lanham Act, under which the post would qualify for such protection).

380. See *Midwest Indus.*, 175 F.3d at 1359, 50 U.S.P.Q.2d (BNA) at 1674-75 (abandoning application of regional circuit law in cases addressing patent law issues); see also *supra* Part I.D.2 for discussion of the court's decision to apply federal circuit law.

381. See *Midwest Indus.*, 175 F.3d at 1363, 50 U.S.P.Q.2d (BNA) at 1678 (quoting *Bonito Boats, Inc. v. Thunder Craft Boats*, 489 U.S. 141, 158, 9 U.S.P.Q.2d (BNA) 1847 (1989) ("Trade dress protections do not impermissibly interfere with the federal patent scheme, the Court [of Customs and Patent Appeals] explained, as they have traditionally been 'limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source.'")).

382. *Id.* at 1362, 50 U.S.P.Q.2d (BNA) at 1677 (quoting *In re Mogen David Wine Corp.*, 328 F.2d 925, 930, 140 U.S.P.Q. (BNA) 575, 579 (C.C.P.A. 1964)).

383. See *id.* (citing *In re Bose Corp.*, 772 F.2d 866, 872, 227 U.S.P.Q. (BNA) 1, 6 (Fed. Cir. 1985); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41, 213 U.S.P.Q. (BNA) 9, 15-16 (C.C.P.A. 1982); *In re Honeywell, Inc.*, 497 F.2d 1344, 1348, 181 U.S.P.Q. (BNA) 821, 824 (C.C.P.A. 1974)). Merely requiring a patent, however, does not convert what otherwise would have been protected trade dress into unprotected matter. The court in *Midwest Indus.*, quoting *In re Deister Concentrator Co.*, 289 F.2d 496, 501 (C.C.P.A. 1961), noted, "we are not seriously concerned with whether he who claims trademark rights of unlimited duration now has or did have

The Federal Circuit held that patent law does not preempt state or federal trade dress law, noting that this decision is consistent with more recent decisions of the Supreme Court and other circuits.<sup>384</sup> Because the district court dismissed the non-patent claims solely on the basis of a contrary rule it should not have applied, the Federal Circuit remanded the case both for a determination as to whether Midwest's trade dress may be protected under state or federal laws, and, more particularly, for a determination as to the possible functionality of Midwest's curved winch post.<sup>385</sup>

*C. Likelihood of Confusion: Dissimilarities Between Marks Can Be Dispositive*

In determining whether applications should be refused,<sup>386</sup> and oppositions or cancellations sustained under Section 2(d) of the Lanham Act,<sup>387</sup> the PTO and its reviewing court continue to weigh the

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patent protection, or what that protection was." 175 F.3d at 1362-63, 50 U.S.P.Q.2d (BNA) at 1678.

384. See *Midwest Indus.*, 175 F.3d at 1362-64, 50 U.S.P.Q.2d (BNA) at 1677. The primary case discussed by the court was *Bonito Boats*, in which the Supreme Court held that, although states cannot create patent-like rights through non-patent means, other non-patent protections, such as trade dress protection, are not foreclosed by patent law. See *Bonito Boats*, 489 U.S. at 154, 9 U.S.P.Q.2d (BNA) at 1845. The Tenth Circuit is the only circuit to hold that patent protection preempts trade dress protection. See *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1499, 35 U.S.P.Q.2d (BNA) 1332, 1333 (10th Cir. 1995) (holding that patent protection preempts trade dress protection when the product configuration is both claimed in a patent and is a significant inventive aspect of the patented invention, even if the configuration is nonfunctional).

385. See *Midwest Indus.*, 175 F.3d at 1364-65, 50 U.S.P.Q.2d (BNA) at 1680. The Federal Circuit expressed that a trade dress 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." *Id.* at 1362, 50 U.S.P.Q.2d (BNA) at 1677 (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165, 34 U.S.P.Q.2d (BNA) 1161, 1164 (1995)). The lower court also now must consider whether Midwest's product design has acquired secondary meaning in light of the Supreme Court's recent decision in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S. Ct. 1339, 1346, 54 U.S.P.Q.2d (BNA) 1065, 1070 (2000). The *Wal-Mart* decision required owners of unregistered trade dress to show acquired distinctiveness or secondary meaning to have protectable trade dress. *Id.*

386. 15 U.S.C. § 1052(d) (1994 & Supp. IV 1998) (barring registration of a mark that "[c]onsists of or comprises a mark . . . as to be likely . . . to cause confusion, or to cause mistake, or deceive . . ."); see also TMEP, *supra* note 237, § 1207.01 (stating that "a refusal pursuant to Section 2(d) is normally based upon the examining attorney's conclusion that the applicant's mark as used in conjunction with the specified goods or services, so resembles a registered mark as to be likely to cause confusion").

387. See *Carl Karcher Enter., Inc. v. Stars Rests. Corp.*, 35 U.S.P.Q.2d (BNA) 1125, 1128 (T.T.A.B. 1995) (employing the *DuPont* likelihood of confusion factors to sustain an opposition to Stars Restaurant's application to register marks brought pursuant to Section 2(d) of the Lanham Act). Section 13 of the Lanham Act provides for opposition of published marks that would violate Section 2(d) if registered. See 15 U.S.C. § 1063 (1994 & Supp. IV 1998) (permitting "any person who believes that he would be damaged by the registration of a mark upon the

well-settled *DuPont* likelihood of confusion factors.<sup>388</sup>

The Federal Circuit, in *SmithKline Beecham Corp. v. Tocad Co.*,<sup>389</sup> once again endorsed the rule that “findings based on a single *DuPont* factor may, in some cases, be so important as to be dispositive of the likelihood of confusion analysis,” and relied on its previous decisions in *Kellogg Co. v. Pack'em Enterprises, Inc.*<sup>390</sup> and *Champagne Louis Roederer, S.A. v. Delicato Vineyards*.<sup>391</sup> In *SmithKline*, SmithKline Beecham

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principal register . . . [to] file an opposition in the [PTO] stating the grounds therefor, within thirty days after the publication . . . of the mark sought to be registered”). Section 14 provides for cancellation of registered marks that violate Section 2(d) so long as the Petition for Cancellation is filed on or before the fifth anniversary of the registration date. See 15 U.S.C. § 1064 (1994 & Supp. IV 1998) (waiving the five year time limit to petition for cancellation under the following two scenarios: (1) if the registered mark becomes, in the eyes of the relevant public, the generic name for goods and services on or in connection with that which it has been used, and (2) in the case of a certification mark, if the registrant does or cannot control the use of the mark, or produces or markets any goods or services to which the certification mark is applied, or permits the use of the certification mark for purposes other than to certify that goods or services of a person who maintains the standards which such mark certifies).

388. See *In re E.I. DuPont de Nemours & Co.*, 476 F.2d 1357, 1361, 177 U.S.P.Q. (BNA) 563, 567 (C.C.P.A. 1973) (identifying the confusion factors). These factors are:

- (1) [t]he similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression;
- (2) [t]he similarity or dissimilarity and nature of the goods or services . . . ;
- (3) [t]he similarity or dissimilarity of established, likely-to-continue trade channels
- (4) [t]he conditions under which and buyers to whom sales are made, *i.e.*, ‘impulse’ vs. careful, sophisticated purchasing;
- (5) [t]he fame of the prior mark (sales, advertising, length of use);
- (6) [t]he number and nature of similar marks in use on similar goods;
- (7) [t]he nature and extent of any actual confusion;
- (8) [t]he length of time during and conditions under which there has been concurrent use without evidence of actual confusion;
- (9) [t]he variety of goods on which a mark is or is not used (house mark, ‘family’ mark, product mark);
- (10) [t]he market interface between applicant and the owner of a prior mark . . . ;
- (11) [t]he extent to which applicant has a right to exclude others from use of its mark on its goods;
- (12) [t]he extent of potential confusion, *i.e.*, whether *de minimus* or substantial;
- (13) [a]ny other established fact probative of the effect of use.

*Id.*

389. No. 99-1128, 1999 WL 668722 (Fed. Cir. Aug. 26, 1999).

390. 951 F.2d 330, 21 U.S.P.Q.2d (BNA) 1142 (Fed. Cir. 1991). The Kellogg Company, owner of the famous mark “FROOT LOOPS,” opposed Pack'em Enterprises, Inc.'s (“Pack'em”) mark “FROOTEE ICE” for liquid frozen bars. See *id.* at 331, 21 U.S.P.Q.2d (BNA) at 1143. The Federal Circuit held that the Board did not err in relying solely on the “dissimilarities between the marks” factor to grant summary judgment of no likelihood of confusion in favor of Pack'em. See *id.* at 333, 21 U.S.P.Q.2d (BNA) at 1145.

391. 148 F.3d 1373, 47 U.S.P.Q.2d (BNA) at 1459 (Fed. Cir. 1998). Champagne Louis Roederer, S.A. (“Roederer”), owner of the marks “CRISTAL” and “CRISTAL CHAMPAGNE” initiated an opposition proceeding to prevent registration of Delicato Vineyard's (“Delicato”) mark “CRYSTAL CREEK” for wine. See *id.* at 1374, 47 U.S.P.Q.2d (BNA) at 1460. The Board held, and the Federal Circuit affirmed, that no likelihood of confusion would exist between the marks based solely on the “dissimilarities between the marks” factor. See *id.* at 1375 (citing *Kellogg*, 951 F.2d at 322-23, 21 U.S.P.Q.2d (BNA) at 1444-45).

Corporation (“SmithKline”) sought to cancel Tocad Company Limited’s (“Tocad”) registration of “AQUA FLOSS” for an oral irrigator because of likely consumer confusion with its oral hygiene family of marks, including “AQUA FRESH,” “AQUAFRESH,” “AQUA-FRESH,” and “AQUA-FRESH FLEX.”<sup>392</sup> In determining whether a likelihood of confusion exists, the factfinder generally looks to a number of factors, such as “similarity of the marks as to appearance, sound or commercial impression, the similarity of the nature of the goods or services, and the fame of the prior mark.”<sup>393</sup>

In *SmithKline*, the Federal Circuit determined that the facts made “the most important [*DuPont*] factor [to be] the dissimilarities between the two marks.”<sup>394</sup> The court then held that AQUA FRESH and AQUA FLOSS “have substantially different meanings and impressions—FRESH indicating an attribute, while FLOSS indicates a function,” and that “the differences between the marks simply outweigh all other relevant . . . factors,” including the fame of the AQUA FRESH family of marks.<sup>395</sup>

### III. INTERNATIONAL ISSUES: GRAY-MARKET GOODS IMPORTATION AND UNITED STATES TRADEMARK LAW

In *Gamut Trading Company v. United States Int’l Trade Comm’n*,<sup>396</sup> a gray-market goods trademark case, the Federal Circuit affirmed the United States International Trade Commission’s (“ITC”) decision that Gamut Trading Co. (“Gamut”) infringed Kubota Tractor

392. See *SmithKline*, 1999 WL 668722, at \*1 (noting that, on appeal, SmithKline argued both that the “AQUA FRESH” and “AQUA FLOSS” marks are similar in connotation and commercial impression and that the Board wrongly discounted the fame of the “AQUA FRESH” marks). Cancellation may be based on 15 U.S.C. § 1052(d) if the mark “so resemble[s] a mark [previously] registered in the Patent and Trademark Office . . . as to be likely . . . to cause confusion. See 15 U.S.C. § 1064 (indicating that if, under 15 U.S.C. § 1052(d), a trademark consists of a mark that “so resembles a mark previously registered in the [PTO]” and is likely to cause confusion, then, pursuant to 15 U.S.C. § 1064, a petition to cancel the mark may be brought at any time).

393. *SmithKline*, 1999 WL 668722, at \*1 (citing *DuPont*, 476 F.2d at 1361, 177 U.S.P.Q. (BNA) at 567). Importantly, the *DuPont* court noted that the relative weight of a given factor should be determined on a case by case basis. See *DuPont*, 476 F.2d at 1361, 177 U.S.P.Q. (BNA) at 567 (“We find no warrant . . . for discarding any evidence bearing on the likelihood of confusion. Reasonable men may differ as to the weight to give specific evidentiary elements in a particular case.”).

394. *SmithKline*, 1999 WL 668722, at \*2 (justifying their reliance on one *DuPont* factor—the dissimilarities between two marks—while also noting that “their repeated findings that a single factor may be dispositive of the likelihood of confusion analysis).

395. See *id.* (holding that such evidence was both substantial and sufficient to support a finding of dissimilarity).

396. 200 F.3d 775, 53 U.S.P.Q.2d (BNA) 1261 (Fed. Cir. 1999).



Corporation's ("Kubota") U.S. trademark.<sup>397</sup> The term "gray-market goods" refers to genuine goods legally acquired abroad, but imported into the United States without the consent of the trademark owner.<sup>398</sup>

Kubota manufactures tractors specifically designed for different areas of the world, including the United States and Japan.<sup>399</sup> Gamut purchased used Kubota tractors in Japan and imported them into the United States.<sup>400</sup> Kubota initiated an ITC action asserting that Gamut had violated Section 1337 of the Tariff Act of 1930,<sup>401</sup> and described the imported goods as "gray-market" goods.

Importation of gray-market goods infringes the U.S. trademark owner's rights when a "material difference" occurs between the foreign and domestic product.<sup>402</sup> "Material difference" requires "no more than a showing that consumers would be likely to consider the differences between the foreign and domestic products to be significant when purchasing the product, for such differences would suffice to erode the goodwill of the domestic source."<sup>403</sup>

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397. *See id.* at 778, 53 U.S.P.Q.2d (BNA) at 1263 (holding that Gamut violated § 337 of the Tariff Act of 1930 and noting that the United States International Trade Commission, in selecting a remedy—a general exclusion order and a cease and desist order—did not abuse its discretion).

398. *See id.* (citing *K-Mart Corp. v. Cartier, Inc.*, 486 U.S. 281, 286-87, 6 U.S.P.Q.2d 1897, 1899-900 (1987) (discussing various gray-market conditions)).

399. *See id.* (indicating, more specifically, that Kubota, through Kubota-US, imports used tractors bearing the Kubota mark, and provides full service and maintenance to all imports).

400. *See id.* (stating that Kubota learned of Gamut's importation and its extent when Gamut's domestic purchasers sought service and repairs from Kubota-US dealerships).

401. Smoot-Hawley Tariff Act of 1930, ch. 497, Pub. L. No. 71-361, 46 Stat. 590 (codified as amended at 19 U.S.C. § 1337(a)(1)(C) (1994 & Supp. IV 1998)) (designating as an "unfair practice in import trade" the "importation into the United States . . . of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946").

402. *See Gamut*, 200 F.3d at 779, 53 U.S.P.Q.2d (BNA) at 1265 (stating not only that the key question in gray-market cases concerning foreign goods regarding materiality but also that the materiality is low); *see also* *Martin's Herend Imports, Inc. v. Diamond & Gem Trading USA, Co.*, 112 F.3d 1296, 1302, 42 U.S.P.Q.2d (BNA) 1801, 1807 (5th Cir. 1997) (holding trademark infringement of authentic "Herend" porcelain imported into the United States because it was different in color, pattern or shape); *Lever Bros. Co. v. United States*, 981 F.2d 1330, 1338, 25 U.S.P.Q.2d (BNA) 1579, 1587 (D.C. Cir. 1993) (holding dishwashing liquid sold in the United States to be materially different than that sold in the United Kingdom); *Original Appalachian Artworks v. Granada Elec.*, 816 F.2d 68, 73-74, 2 U.S.P.Q.2d (BNA) 1343, 1348-49 (2d Cir. 1987) (holding importation of "Cabbage Patch" dolls with instructions and adoption papers in the Spanish language infringed the U.S. trademark owner's rights); *Weil Ceramics & Glass, Inc. v. Dash*, 878 F.2d 659, 675, 11 U.S.P.Q.2d (BNA) 1001, 1017 (3d Cir. 1989) (holding no material difference when the products are exactly the same); *NEC Elec. v. CAL Circuit Abco*, 810 F.2d 1506, 1510-11, 1 U.S.P.Q.2d (BNA) 2056, 2060-61 (9th Cir. 1987) (holding no material difference when the companies are commonly controlled).

403. *Gamut*, 200 F.3d at 779, 53 U.S.P.Q.2d (BNA) at 1265. The court further noted that "any higher threshold would endanger a manufacturer's investment in

The ITC found, and the Federal Circuit affirmed, that the differences between all but one of the tractors designed for the United States and Japan were material.<sup>404</sup> The court also noted that “differences that may be readily apparent to consumers may nevertheless be material.”<sup>405</sup> The Court considered differences in the construction of the tractors, the language on the warning labels, and the fact that U.S. dealers were unable to repair the Japanese models.<sup>406</sup> The court also held that it was irrelevant that the tractors were used goods because consumer confusion would exist regardless, diminishing the goodwill of the Kubota established “Kubota” mark.<sup>407</sup> Gamut was ordered to cease importing into the United States and to cease selling Japanese Kubota tractors already imported, unless the tractors bore “a permanent, non-removable label alerting the consumer to the origin of the used tractors and containing other information deemed necessary to mitigate consumer confusion.”<sup>408</sup>

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product goodwill and unduly subject customers to potential confusion by severing the tie between a manufacturer’s protected mark and its associated bundle of traits.” *Id.* (quoting *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 641, 25 U.S.P.Q.2d (BNA) 1256, 1263 (1st Cir. 1992)).

404. *See id.* at 781, 53 U.S.P.Q.2d (BNA) at 1267 (indicating that the models differed in terms of structural strength, speed, size, the availability of parts in the United States, the availability of service in the United States, and the language used on tractor labels).

405. *See id.* at 780, 53 U.S.P.Q.2d (BNA) at 1266; *see also Martin’s Herend*, 112 F.3d at 1302, 42 U.S.P.Q.2d (BNA) at 1807 (holding trademark infringement of authentic “Herend” porcelain imported into the United States because it was different in color, pattern, or shape); *Nestle*, 982 F.2d at 641, 28 U.S.P.Q.2d (BNA) at 1263 (finding differences in quality, composition, and packaging to be material); *Ferrero U.S.A., Inc. v. Ozak Trading Inc.*, 753 F. Supp. 1240, 1243-44, 18 U.S.P.Q.2d (BNA) 1052, 1055 (D.N.J. 1991) (holding material difference in the print and content of labels on “Tic-Tac” mints).

406. *See Gamut*, 200 F.3d at 781, 53 U.S.P.Q.2d (BNA) at 1267 (explaining that, as a result of the many differences in tractor construction, Kubota-US dealers were unable to provide adequate service to purchasers of Gamut used tractors, engendering customer dissatisfaction and anger).

407. *See id.* at 783, 53 U.S.P.Q.2d (BNA) at 1267 (“Although it is relevant to consider whether the imported product is new or used, other factors that may affect the reputation and the goodwill enuring to the holder of a trademark are not overridden by the fact that the product is known to be second-hand.”); *see also Red Baron-Franklin Park, Inc. v. Taito Corp.*, 883 F.2d 275, 281, 11 U.S.P.Q.2d (BNA) 1548, 1553 (4th Cir. 1989) (holding used circuit boards purchased abroad and imported into the United States without the copyright holder’s consent were gray-market goods); *Sims v. Fla. Dep’t of Highway Safety & Motor Vehicles*, 862 F.2d 1449, 1451 (11th Cir. 1989) (finding used Mercedes Benz automobiles were gray market goods under the definitions of both the Clean Air Act, 42 U.S.C. § 7543(a) (1994), and the Safety Act, 15 U.S.C. § 1392(d) (1988) (repealed by Act of July 5, 1994, Pub. L. No. 103-272, § 7(b), 108 Stat. 745, 1379)).

408. *Gamut*, 200 F.3d at 784, 53 U.S.P.Q.2d (BNA) at 1268 (indicating that pursuant to 19 U.S.C. § 1337(d) (1994), an exclusion order is the Commissioner’s statutory remedy for trademark infringement, pursuant to 19 U.S.C. § 1337(f), the Commission may issue a cease and desist order when it has personal jurisdiction over the party to whom the order is directed, and the Commission may affirm the order).

## IV. CONSTITUTIONAL ISSUES: FIRST AMENDMENT

In *Ritchie v. Simpson*,<sup>409</sup> the dissenting and majority opinions briefly discussed the possible constitutional implications of granting Ritchie standing to oppose the marks “O.J. Simpson,” “O.J.” and “The Juice,” under Section 2(a) of the Lanham Act.<sup>410</sup> The dissenting opinion raised the constitutionality concern by citing what it believed to be applicable Supreme Court precedent: “[I]f there is a bedrock principle underlying the First Amendment, it is that the government may not prohibit the expression of an idea simply because society finds the idea itself offensive or disagreeable.”<sup>411</sup> The dissent also cited numerous cases standing for the proposition that “regulation of commercial speech may [not] . . . guard against . . . a matter of suppression of social content.”<sup>412</sup> The dissent also cited legal commentary on this point.<sup>413</sup>

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409. 170 F.3d 1092, 50 U.S.P.Q.2d (BNA) 1023 (Fed. Cir. 1999) (*Ritchie II*). For further discussion of the case, see *supra* Part I.A (discussing standing to oppose an immoral or scandalous mark).

410. See *Ritchie II*, 170 F.3d at 1099, 1103-04, 50 U.S.P.Q.2d (BNA) at 1023, 1028-29 (reversing the Board’s decision to dismiss Ritchie’s opposition for lack of standing and remanding the case for further proceedings). Significantly, the majority did not address the constitutional standing issue because it was not raised or considered by the lower court, nor argued or briefed before the Federal Circuit. *Id.* at 1099, 50 U.S.P.Q.2d (BNA) at 1028.

411. See *id.* at 1104, 50 U.S.P.Q.2d (BNA) at 1033 (Newman, J., dissenting) (quoting *Texas v. Johnson*, 491 U.S. 397, 414 (1989)) (illustrating the dissent’s concern over the potential for abuse in the Court’s removing the requirement that an opposer have a real, personal interest, beyond a general public interest, in order to have standing to oppose a trademark registration).

412. *Id.* (citing *R.A.V. v. City of St. Paul*, 505 U.S. 377, 389 (1992) (holding that a state may not prohibit commercial advertising that depicts men in a demeaning fashion); *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 71-72 (1983) (finding that the fact that commercial speech may offend some individuals does not justify its suppression); *Carey v. Population Servs. Int’l*, 431 U.S. 678, 701 (1977) (stating “[that] advertisements of contraceptive products would be offensive and embarrassing to those exposed to them, and that permitting them would legitimize sexual activity of young people [are] classically not justifications validating the suppression of expression”); *Va. State Bd. of Pharmacy v. Va. Citizens’ Consumer Council*, 425 U.S. 748, 765 (1976) (noting that even “tasteless and excessive” commercial speech is protected by the First Amendment)).

413. See MELVILLE B. NIMMER, NIMMER ON FREEDOM OF SPEECH 4-33 (1984) (“‘Abridging’ within the meaning of the First Amendment may occur even if the law in question does not by its terms either prohibit or punish speech.”); Baird, *supra* note 24, at 667-701 (discussing the controversy surrounding the “scandalous” and “disparaging” tests derived from Section 2(a) of the Lanham Act, including a lengthy discussion of the constitutionality of Section 2(a)); Davis, Jr., *supra* note 24, at 802-04 (offering a critique of Section 2(a) jurisprudence, contending that refusing to register marks other than those in which the government has a compelling interest in prohibiting all together is irreconcilable with the First Amendment); Jendi B. Reiter, *Redskins and Scarlet Letters: Why “Immoral” and “Scandalous” Trademarks Should be Federally Registrable*, 6 FED. CIR. B.J. 191, 192 (1996) (“Section 2(a) [of the Lanham Act] cannot constitutionally be applied to marks on the basis of their political offensiveness, and that Section 2(a)’s ban on registration of ‘immoral’ and

The majority responded to these concerns by stating that preventing the registration of a mark on the federal register does not prevent anyone from using the mark.<sup>414</sup> The dissent countered, noting that a denial of benefits, *i.e.*, a federal registration, “may be viewed as an abridgment of speech protected by the First Amendment.”<sup>415</sup> In response, the majority indicated it must continue to apply the law as written until it is found unconstitutional.<sup>416</sup> Nevertheless, dissenting Judge Newman’s review of Supreme Court precedent causes her to conclude that the Court would agree with her views if it were to decide the issue.<sup>417</sup>

### CONCLUSION

The Federal Circuit’s 1999 trademark decisions covered a wide variety of procedural and substantive issues, some of first impression.<sup>418</sup> Many of the decisions significantly added to the court’s

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‘scandalous’ marks is detrimental to our political and cultural dialogue.”).

414. See *Ritchie II*, 170 F.3d at 1099, 50 U.S.P.Q.2d (BNA) at 1030 (“Although the mark holder who is denied federal registration will not receive the benefits conferred on a federal trademark registrant, the mark holder may and can continue to use the mark.”).

415. *Id.* at 1103, 50 U.S.P.Q.2d (BNA) at 1034 (Newman, J., dissenting) (arguing that an abridgment may result from a law that merely burdens an exercise of speech); see also *Perry v. Sindermann*, 408 U.S. 593, 597 (1972) (“[E]ven though a person has no ‘right’ to a valuable governmental benefit and even though the government may deny him the benefit for any number of reasons, . . . [the government] may not deny a benefit to a person on a basis that infringes his constitutionally protected interests—especially, his interest in freedom of speech.”); *Am. Communications Ass’n v. Douds*, 339 U.S. 382, 402 (1950) (“Under some conditions, indirect ‘discouragements’ undoubtedly have the same coercive effect upon the exercise of First Amendment rights as imprisonment, fines, injunctions, or taxes.”).

416. See *Ritchie II*, 170 F.3d at 1099, 50 U.S.P.Q.2d (BNA) at 1030 (noting that the Lanham Act, as set forth in 15 U.S.C. § 1063, authorizes any person who “believes he would be damaged” by a registration to bring his or her concerns before the agency, and holding that *Ritchie*’s pleadings established a “real interest” in the outcome of the opposition).

417. See *id.* at 1103-04, 50 U.S.P.Q.2d (BNA) at 1032-33 (citing *R.A.V. v. City of St. Paul*, 505 U.S. 377, 389 (1992) (suggesting that while regulation of commercial speech may guard against such wrongs as fraud and false advertising, such regulations may not function as a matter of suppression of social content); *Cent. Hudson v. N.Y. Pub. Serv. Comm’n*, 447 U.S. 557, 563-64 (1980) (discussing the permissible limits of governmental commercial speech, indicating that under the following conditions commercial speech comes within the protection of the First Amendment: (1) the speech must concern lawful activity and not be misleading, (2) the speech must not impinge upon a substantial government interest, (3) any limits must directly advance the governmental interest asserted, (4) any limits must not be more extensive than necessary to satisfy any existing government interest); *Friedman v. Rogers*, 440 U.S. 1, 10 n.9 (1979) (holding that trademarks are a form of commercial speech)).

418. See *supra* notes 1-2 and accompanying text (listing all trademark cases decided by the Federal Circuit at the close of 1999, and noting those cases that were of first impression).

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growing body of trademark precedent.<sup>419</sup> The best of the Federal Circuit's 1999 trademark decisions was Judge Michel's careful and detailed genericness analysis in *American Fertility Society*.<sup>420</sup> The weakest of the Court's decisions was *Ritchie*, not because it permitted O.J. Simpson's name and nickname marks to be challenged under Section 2(a) of the Lanham Act, but because neither the majority nor the dissent noticed that they misread the statute. The court incorrectly collapsed the separate and distinct "scandalous" and "disparaging" standards into one standard that now reads, according to the Federal Circuit, "scandalous matter which may disparage."<sup>421</sup> In the end, however, the court fared quite well in rendering its 1999 trademark decisions.

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419. See *supra* notes 2-3 and accompanying text (listing both cases of first impression decided by the Federal Circuit and cases in which the Federal Circuit vacated and reversed lower court decisions).

420. For further discussion of the genericness analysis employed by Judge Michel, see *supra* Part II.B.1, which notes that Judge Michel, opining for the Federal Circuit, continued the court's trend against genericness findings, holding that the PTO failed to establish a *prima facie* case by examining solely the genericness of the phrase constituents.

421. For a discussion of the court's analysis in *Ritchie I* and *Ritchie II*, see *supra* Part 1.A., which explains the requirements necessary to have standing to oppose a scandalous or immoral mark). For further discussion of the constitutional issues raised in *Ritchie II*, see Part IV, which explores the differing viewpoints held by the majority and the dissent in *Ritchie II*, and suggests that Section 2(a) of the Lanham Act should not be applied constitutionally to marks on the basis of their offensiveness).