

# REVIEW OF THE 1993 TRADEMARK DECISIONS OF THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT\*

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## INTRODUCTION

The 1993 trademark decisions<sup>1</sup> rendered by the U.S. Court of Appeals for the Federal Circuit address many issues of great relevance to trademark practitioners. The Federal Circuit addressed a number of cases of first impression and it continued to develop law interpreting the intent-to-use provisions of the Trademark Law Revision Act of 1988 (TLRA).<sup>2</sup> In the precedential 1993 Federal Circuit trademark decisions, appellants fared unusually well, with the court either reversing or vacating a majority of the lower tribunals' judgments.

## I. PROCEDURAL ISSUES IN THE U.S. PATENT AND TRADEMARK OFFICE

A few of the trademark decisions from the Federal Circuit in 1993 were particularly significant for procedural reasons. In one decision, the Federal Circuit vacated and remanded the decision of the trial court on the grounds that the trial court had abused its discretion in declining to issue a preliminary injunction. In another decision, the Federal Circuit vacated and remanded the decision of the Trademark Trial and Appeal Board granting a petitioner's motion for summary judgment and cancelling a respondent's trademark registration.

## A. Preliminary Injunctions

In *Payless Shoesource, Inc. v. Reebok International Ltd.*,<sup>3</sup> the Federal Circuit applied the standard of review<sup>4</sup> and likelihood-of-confusion

1. The Court of Appeals for the Federal Circuit rendered 10 precedential decisions affecting trademark law in 1993. See *Jean Patou, Inc. v. Theon, Inc.*, 9 F.3d 971 (Fed. Cir. 1993); *Martahus v. Video Duplication Servs., Inc.*, 3 F.3d 417, 27 U.S.P.Q.2d (BNA) 1846 (Fed. Cir. 1993); *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 27 U.S.P.Q.2d (BNA) 1516 (Fed. Cir. 1993); *Eastman Kodak Co. v. Bell & Howell Document Mgmt. Prods. Co.*, 994 F.2d 1569, 26 U.S.P.Q.2d (BNA) 1912 (Fed. Cir. 1993); *In re Compagnie Generale Maritime*, 993 F.2d 841, 26 U.S.P.Q.2d (BNA) 1652 (Fed. Cir. 1993); *In re Shell Oil Co.*, 992 F.2d 1204, 26 U.S.P.Q.2d (BNA) 1652 (Fed. Cir. 1993); *In re De Luxe, N.V.*, 990 F.2d 607, 26 U.S.P.Q.2d (BNA) 1475 (Fed. Cir. 1993); *In re Four Seasons Hotels Ltd.*, 987 F.2d 1565, 26 U.S.P.Q.2d (BNA) 1071 (Fed. Cir. 1993); *Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 25 U.S.P.Q.2d (BNA) 2027 (Fed. Cir. 1993); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 25 U.S.P.Q.2d (BNA) 1913 (Fed. Cir. 1993).

2. 15 U.S.C. § 1051(b) (1988) (allowing person with bona fide intention to use trademark in commerce to seek registration of mark with Patent and Trademark Office by filing application that describes, *inter alia*, use of mark and applicant's good faith belief that no one else is authorized to use mark).

3. 998 F.2d 985, 27 U.S.P.Q.2d (BNA) 1516 (Fed. Cir. 1993).

4. *Payless Shoe Source, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 987, 27 U.S.P.Q.2d (BNA) 1516, 1518 (Fed. Cir. 1993) (noting that court reviews procedural matters under law of circuit in which district court sits) (citing *Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1574-75, 223 U.S.P.Q. (BNA) 465, 471 (Fed. Cir. 1984)). Interpreting Tenth Circuit law, the court in *Payless* determined that "the denial of a preliminary injunction is reviewed to determine whether 'the trial court's action was clearly erroneous or constitutes an abuse of discretion.'" *Id.* at 988, 27 U.S.P.Q.2d (BNA) at 1518 (quoting *Otero Sav. & Loan Ass'n v. Federal Reserve*

analysis previously adopted by the Tenth Circuit.<sup>5</sup> The Federal Circuit held that the trial court had abused its discretion by both failing to consider adequately the extent of post-sale confusion between the athletic footwear of Reebok International Ltd. (Reebok) and Payless Shoesource, Inc. (Payless) and thus finding that there was no likelihood of confusion.<sup>6</sup> The trial court in *Payless* had denied Reebok's motion for a preliminary injunction to enjoin Payless from infringing Reebok's trademarks, trade dress, and design patents.<sup>7</sup> This determination was based in part on the trial court's conclusion that Reebok had not shown a substantial likelihood of success on the merits of its claims.<sup>8</sup> Notwithstanding the Federal Circuit's acknowledgement of Reebok's heavy burden on appeal,<sup>9</sup> and that the "likelihood of success on the merits" is only one factor to consider in determining whether to issue a preliminary injunction, the Federal Circuit vacated and remanded the case on the grounds that "the [trial] court's error affected its findings with regard to the other preliminary injunction factors."<sup>10</sup> Perhaps the most remarkable

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Bank, 665 F.2d 275, 276 (10th Cir. 1981)). According to the Federal Circuit, *Otero* teaches:

A moving party seeking preliminary injunctive relief in the Tenth Circuit must establish: (1) a substantial likelihood that the movant will eventually prevail on the merits; (2) a showing that the movant will suffer irreparable injury unless an injunction issues; (3) proof that the threatened injury to the movant outweighs whatever damage the proposed injunction may cause the opposing party; and (4) a showing that the injunction, if granted, would not be adverse to the public interest.

*Id.* (citing *Otero*, 665 F.2d at 278).

5. The Federal Circuit identified four factors used by the Tenth Circuit in resolving likelihood-of-confusion claims:

(a) the degree of similarity between the designation and the trade-mark . . . ; (b) the intent of the actor in adopting the designation; (c) the relation in use and manner of marketing between goods or services marketed by the actor and those marketed by the other; (d) the degree of care likely to be exercised by purchasers.

*Id.* at 988, 27 U.S.P.Q.2d (BNA) at 1519 (quoting *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 940, 221 U.S.P.Q.2d (BNA) 209, 215 (10th Cir. 1983)). The court also noted that this list is not exhaustive and no one factor is dispositive. *Id.* (citing *Jordache Enters. v. Hogg Wyld Ltd.*, 828 F.2d 1482, 1484, 4 U.S.P.Q.2d (BNA) 1216, 1218 (10th Cir. 1987)).

6. *Id.* at 989, 27 U.S.P.Q.2d (BNA) at 1519-20.

7. *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 804 F. Supp. 206, 216, 25 U.S.P.Q.2d (BNA) 1130, 1138 (D. Kan. 1992). Because this Article covers only trademark decisions rendered by the Federal Circuit, the trial court's resolution of Reebok's design patent claims will not be discussed.

8. *Id.* (concluding that even if Reebok could have proven success on merits, court would have denied injunction because of substantial financial hardship injunction would impose on Payless; due to lack of urgency evidenced by fact that Payless had been marketing some brands of shoes that were subject of suit since mid-to-late 1980s; and due to negative impact on public interest).

9. *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 988, 27 U.S.P.Q.2d (BNA) 1516, 1518 (Fed. Cir. 1993).

10. *Id.* at 991, 27 U.S.P.Q.2d (BNA) at 1521. Under those circumstances, the Federal Circuit concluded that a remand was appropriate. *Id.* (citing *Amoco Oil Co. v. Rainbow Snow*, 748 F.2d 556, 559, 224 U.S.P.Q. (BNA) 128, 130 (10th Cir. 1984)).

aspect of the *Payless* decision is the Federal Circuit's determination that the trial court, which was located within the Tenth Circuit, had abused its discretion by failing to consider the extent of post-sale confusion, a factor the Tenth Circuit had not included in its likelihood-of-confusion test.<sup>11</sup>

In response to complaints by Reebok, a well-known manufacturer and retailer of brand-name footwear, Payless, a retailer of low- and medium-priced private-label shoes, filed a declaratory judgment action against Reebok, seeking a determination that its footwear did not infringe Reebok's trademark, trade dress, or design patent rights.<sup>12</sup> Reebok counterclaimed, alleging federal trademark infringement,<sup>13</sup> trade dress infringement,<sup>14</sup> patent infringement,<sup>15</sup> and unfair competition under federal law and Kansas common law.<sup>16</sup> Reebok's counterclaims were addressed to five models of shoes sold by Payless.<sup>17</sup>

The trial court denied Reebok's preliminary injunction motion in part because it concluded that Reebok had failed to prove a substantial likelihood of success on the merits of its substantive claims.<sup>18</sup> The trial court acknowledged that Reebok and Payless shoes were "similar in appearance,"<sup>19</sup> but it concluded that other factors "weigh[ed] strongly against the likelihood that a consumer will be confused when confronted in the marketplace with the Reebok and

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11. *Id.* at 989-90, 27 U.S.P.Q.2d (BNA) at 1518-19. The Tenth Circuit case setting forth the factors relevant to determining whether there is a likelihood of confusion does not mention post-sale confusion. See *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 940, 221 U.S.P.Q. (BNA) 209, 215 (10th Cir. 1983) (citing RESTATEMENT OF TORTS § 729 (1938)).

12. *Payless*, 998 F.2d at 986, 27 U.S.P.Q.2d (BNA) at 1517.

13. *Id.* For its federal trademark infringement claim, Reebok claimed protection under § 32(1) of the Lanham Act, 15 U.S.C. § 1114(1) (1988). *Payless*, 998 F.2d at 986, 27 U.S.P.Q.2d (BNA) at 1517.

14. *Payless*, 998 F.2d at 986, 27 U.S.P.Q.2d (BNA) at 1517. For its claims of federal unfair competition (false designation of origin and false description and representation in the sale of its products) and trade dress infringement, Reebok claimed protection under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). *Payless*, 998 F.2d at 986 n.1, 27 U.S.P.Q.2d (BNA) at 1517 n.1.

15. *Payless*, 998 F.2d at 986, 27 U.S.P.Q.2d (BNA) at 1517. For its claim of federal design patent infringement, Reebok claimed protection under 35 U.S.C. § 271. *Payless*, 998 F.2d at 986, 27 U.S.P.Q.2d (BNA) at 1517.

16. *Payless*, 998 F.2d at 986, 27 U.S.P.Q.2d (BNA) at 1517.

17. *Id.* According to Reebok, Payless' ProWings HK 48 shoe infringed Reebok's STARCREST and STRIPECHECK trademarks and the trade dress of its "Freestyle" shoes; Payless' ProWings 9620 shoe infringed Reebok's STARCREST mark and the trade dress of its "Princess" shoe; Payless' ProWings 9153 shoe infringed the trade dress of Reebok's "THE PUMP" shoe and one of Reebok's design patents; Payless' XJ 900 shoe infringed the trade dress of Reebok's "Omni Zone II" shoe and a second Reebok design patent; and Payless' Attack Force 9160 shoe infringed the trade dress of Reebok's "Blacktop the Boulevard" shoe and a third design patent. *Id.* at 986-87, 27 U.S.P.Q.2d (BNA) at 1517.

18. *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 804 F. Supp. 206, 212, 25 U.S.P.Q.2d (BNA) 1130, 1135 (D. Kan. 1992).

19. *Id.* at 211, 25 U.S.P.Q.2d (BNA) at 1134.

the Payless shoes.”<sup>20</sup> Important to the trial court’s likelihood-of-confusion analysis were the vast differences in the manner of marketing and the channels of trade employed by Reebok and Payless.<sup>21</sup> For example, the trial court found that Payless and Reebok shoes were never sold in the same stores, that Payless shoes were only available in Payless stores, that Payless shoes generally sold for much less than Reebok shoes, and that the self-service nature of Payless stores required customers to be highly knowledgeable concerning the selection of Payless shoes.<sup>22</sup> With respect to Reebok’s post-sale confusion argument, the trial court noted that no precedent in the Tenth Circuit supported the theory of post-sale confusion and found that, in any event, “the likelihood of post-sale confusion is slight.”<sup>23</sup>

Without ruling that the trial court’s factual finding of slight post-sale confusion between Reebok and Payless shoes was clearly erroneous, the Federal Circuit labeled the finding “conclusory” and declined to give it meaningful weight.<sup>24</sup> In support of its position, the Federal Circuit explained: “The district court’s erroneous focus *solely* on pre-sale confusion factors in finding no likelihood of success on the merits of Reebok’s trademark and trade dress claims unquestionably influenced its evaluation as to whether Reebok would suffer irreparable harm if the injunction was denied.”<sup>25</sup>

In so doing, the Federal Circuit appeared to substitute its judgment for the trial court’s conclusion as to post-sale confusion, explaining that consideration of post-sale confusion was “singularly warranted” in this case.<sup>26</sup> Despite the fact that such a substitution exceeds the court’s mandate as an appellate court,<sup>27</sup> the decision was unwarrant-

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20. *Id.* at 212, 25 U.S.P.Q.2d (BNA) at 1135.

21. *Id.*, 25 U.S.P.Q.2d (BNA) at 1134.

22. *Id.*

23. *Id.*, 25 U.S.P.Q.2d (BNA) at 1135. According to Reebok’s claim, likelihood of confusion would occur when a consumer confused the vinyl Payless shoe with the Reebok shoe, which the Payless shoe closely resembled. The consumer may find the vinyl cheap looking and purchase from some manufacturer other than Reebok. *Id.*

24. *Payless Shoesource, Inc. v. Reebok Int’l Ltd.*, 998 F.2d 985, 989 n.4, 27 U.S.P.Q.2d (BNA) 1516, 1519 n.4 (Fed. Cir. 1993) (rejecting trial court’s finding of slight post-sale confusion because it was premised on lack of Tenth Circuit precedent concerning post-sale confusion).

25. *Id.* at 991, 27 U.S.P.Q.2d (BNA) at 1521 (emphasis added). Nevertheless, the trial court did not focus “solely” on the issue of presale confusion; it specifically found the likelihood of post-sale confusion to be “slight.” *Payless*, 804 F. Supp. at 212, 25 U.S.P.Q.2d (BNA) at 1135.

26. *Payless*, 998 F.2d at 989, 27 U.S.P.Q.2d (BNA) at 1520.

27. *Cf. L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1134, 25 U.S.P.Q.2d (BNA) 1913, 1926 (Fed. Cir. 1993) (Mayer, J., concurring in part and dissenting in part). According to Judge Mayer:

It is apparent that the only way to come to any other conclusion is for this court to reweigh the evidence that was before the trial court, and to substitute its ‘hunch’ for

ed because the theory of post-sale confusion was not the law in the Tenth Circuit, and the Federal Circuit was merely predicting that the theory "would likely be adopted by the Tenth Circuit if it considered the issue head-on."<sup>28</sup>

In any event, the Federal Circuit's substitution of its own judgment for that of the trial court was unnecessary. The trial court specifically stated that it would have been reluctant to grant the preliminary injunction even if Reebok had been able to demonstrate that it was likely to succeed on the merits of its likelihood-of-confusion claim because each of the three remaining preliminary injunction factors weighed "decidedly in Payless' favor."<sup>29</sup>

### B. Summary Judgment

In *Lloyd's Food Products, Inc. v. Eli's, Inc.*,<sup>30</sup> the Federal Circuit vacated and remanded the decision of the Trademark Trial and Appeal Board (Board) granting Eli's motion for summary judgment and cancelling Lloyd's trademark registration.<sup>31</sup> Based on prior use and registration, petitioner Eli's had claimed likelihood of confusion between its LLOYD'S service mark for restaurant services and respondent's LLOYD'S Design trademark for barbecued meat and sauce,<sup>32</sup> seeking cancellation of Lloyd's trademark under section 14 of the Lanham Act.<sup>33</sup> On the issue of likelihood of confusion

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the district court's judgment. This is an impermissible intrusion on the fact finding role of the district court, and a violation of the proper role of an appellate court.

*Id.* Arguably, the Federal Circuit's appellate review role does not properly involve weighing facts found by the trial court; instead, it involves an analysis of whether factual findings are clearly erroneous. *See Payless*, 998 F.2d at 988, 27 U.S.P.Q.2d (BNA) at 1518-19 (stating earlier in its decision that its standard of review under Tenth Circuit cases permitted it to review decision for clearly erroneous findings of fact and exercise of abuse of discretion). Because the Federal Circuit did not find the trial court's finding of slight post-sale confusion clearly erroneous, it is difficult to understand the basis for the court's decision to vacate and remand the case.

28. *Payless*, 998 F.2d at 989, 27 U.S.P.Q.2d (BNA) at 1520.

29. *See Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 804 F. Supp. 206, 216, 25 U.S.P.Q.2d (BNA) 1130, 1138 (D. Kan. 1992) ("The balance of harms in this case tips decidedly in Payless' favor."); *see also supra* note 4 (setting out preliminary injunction factors). The court concluded that the preliminary injunction, if granted, would affect Payless to a far greater degree than a denial would affect Reebok, and that the injunction might even have been "devastating" to Payless. *Payless*, 804 F. Supp. at 216, 25 U.S.P.Q.2d (BNA) at 1138. Finally, the trial court found that the preliminary injunction would be adverse to the public interest. *Id.*

30. 987 F.2d 766, 25 U.S.P.Q.2d (BNA) 2027 (Fed. Cir. 1993).

31. *Lloyd's Food Prods., Inc. v. Eli's, Inc.*, 987 F.2d 766, 766-67, 25 U.S.P.Q.2d (BNA) 2027, 2028 (Fed. Cir. 1993).

32. *Id.* at 767, 25 U.S.P.Q.2d (BNA) at 2028.

33. *Id.*; *see* 15 U.S.C. § 1064 (1988) (allowing any person to petition under § 14 of Lanham Act for cancellation of existing registration on belief that petitioner will be injured by continued registration); *see also* 15 U.S.C. § 1052(d) (1988) (requiring Commissioner of Patent and Trademark Office to refuse to register trademark that so resembles another, previously registered, trademark as to cause confusion). The Lanham Act is the popular name for the

between the marks, the Board concluded that there was no genuine issue of material fact that would warrant a trial.<sup>34</sup>

On appeal, the Federal Circuit noted that it was responsible for reviewing the Board's "determination of whether there is a likelihood-of-confusion or not . . . as a question of law based on underlying facts," and that it "reviews substantive and procedural aspects of the [B]oard's summary judgment decision *de novo*."<sup>35</sup> The court then reversed the Board's determination on likelihood-of-confusion, concluding that the Board had dealt improperly with the evidence in the record.<sup>36</sup>

The Federal Circuit first held that the Board had improperly disregarded the telephone directory evidence<sup>37</sup> of various third-party uses submitted by respondent Lloyd's.<sup>38</sup> Addressing this evidence, the Board had mechanically recited its frequently stated rule: "It is well settled that search reports and telephone directories listing marks and entities containing the term are incompetent by themselves to prove that those marks and trade names are in use or that the public is exposed to them."<sup>39</sup> The court was not persuaded. Distinguishing between use sufficient to support a trademark and use sufficient to support a service mark,<sup>40</sup> the court confirmed the rule's applicability to trademark use but held that the rule had no application to service mark use.<sup>41</sup> According to the court, "Lloyd's Foods' threshold showing that the mark appears in advertising, in the form of current listings in the yellow and white pages, carries the presumption that the service mark is being used by third parties in connection with the

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Trademark Act of 1946, ch. 540, 60 Stat. 427 (codified as amended in scattered sections of 15 U.S.C.).

34. *Lloyd's*, 987 F.2d at 767, 25 U.S.P.Q.2d (BNA) at 2028.

35. *Id.*, 25 U.S.P.Q.2d (BNA) at 2029 (citing *Opryland USA Inc. v. Great Am. Music Show, Inc.*, 970 F.2d 847, 850, 23 U.S.P.Q.2d (BNA) 1471, 1473 (Fed. Cir. 1992)).

36. *Id.* at 767-68, 25 U.S.P.Q.2d (BNA) at 2029.

37. *Id.* at 768, 25 U.S.P.Q.2d (BNA) at 2029 (concluding that Board had improperly disregarded Lloyd's evidence because it confused service marks with marks for goods).

38. *Id.*

39. *Id.* (citing *Fort Howard Paper Co. v. Kimberly-Clark Corp.*, 221 U.S.P.Q. (BNA) 732 (T.T.A.B. 1984); *In re Hub Distrib., Inc.*, 218 U.S.P.Q. (BNA) 284 (T.T.A.B. 1983)).

40. *Id.* The court noted:

A service mark is different from a mark for goods [trademark], especially in the manner it is used in commerce," because in order for the use to be legally sufficient, a trademark requires placement of the mark directly on the goods themselves or their containers, whereas the former only requires use "in conjunction with the offering and providing of a service.

*Id.*

41. *Id.* The court distinguished the cases cited by the Board in support of the rule by noting that "[t]he marks at issue in the cases relied upon by the board were used in conjunction with the sale of goods, not with the provision of services." *Id.*

offering of the advertised services."<sup>42</sup> For that reason, the court concluded that the Board had impermissibly disregarded the directory listings.<sup>43</sup>

Second, the court held that the Board impermissibly gave considerable weight to testimony from declarants who were related to the petitioner and who had not been "shown to be representative of the consuming public."<sup>44</sup> Finally, the court ruled that the Board had inappropriately disregarded "the requirement that 'a party must show something more than that similar or even identical marks are used for food products and for restaurant services.'"<sup>45</sup> Because there was only a general similarity between the food on the menu in Eli's restaurant and the food packaged by Lloyd's, the court held that the Board had erred in determining that customers would be confused in believing that Eli's was expanding into packaged food sales.<sup>46</sup>

## II. SUBSTANTIVE TRADEMARK ISSUES

Many of the most significant trademark decisions of the Federal Circuit in 1993 dealt with substantive issues: trade dress protection under section 43(a) of the Lanham Act, likelihood of confusion, priority, primarily geographically descriptive marks, merely descriptive marks, and assignment of section 44 trademark applications.

### A. Trade Dress Protection Under Section 43(a) of the Lanham Act

In *L.A. Gear, Inc. v. Thom McAn Shoe Co.*,<sup>47</sup> the Federal Circuit addressed whether various athletic shoes sold by the Thom McAn Shoe Co. and the Melville Corp. (collectively Melville) had infringed the trade dress rights of L.A. Gear, Inc. (L.A. Gear).<sup>48</sup> In an unpublished decision, the district court had concluded that L.A. Gear's trade dress was protectable and that Melville had infringed L.A. Gear's trade dress rights.<sup>49</sup> On appeal, Melville argued that L.A. Gear should not have prevailed at trial because its trade dress was functional and lacked secondary meaning, and because the labeling

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42. *Id.*

43. *Id.*

44. *Id.*, 25 U.S.P.Q.2d (BNA) at 2029-30.

45. *Id.* at 769, 25 U.S.P.Q.2d (BNA) at 2030 (quoting *Jacobs v. International Multifoods Corp.*, 668 F.2d 1234, 1236, 212 U.S.P.Q. (BNA) 641, 642 (Fed. Cir. 1982)).

46. *Id.*

47. 988 F.2d 1117, 25 U.S.P.Q.2d (BNA) 1913 (Fed. Cir. 1993).

48. *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1129, 25 U.S.P.Q.2d (BNA) 1913, 1921-22 (Fed. Cir. 1993).

49. *Id.* at 1120-21 n.1, 25 U.S.P.Q.2d (BNA) at 1915 n.1 (citing *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, No. 88 Civ. 6444, 1989 WL 282850 (S.D.N.Y. Sept. 5, 1990)).



on the shoes made confusion unlikely.<sup>50</sup> Applying Second Circuit law,<sup>51</sup> a divided panel of the Federal Circuit reversed the district court's ruling that Melville was liable as to six shoe models.<sup>52</sup>

The majority first discerned no clear error in the district court's ruling that L.A. Gear's Hot Shots design met the criteria of "non-functionality."<sup>53</sup> According to the court, if the claimed trade dress is "essential to the use of the device, and not primarily directed to its appearance," protection under Section 43(a) of the Lanham Act is unwarranted.<sup>54</sup> Further, a design feature is not "essential" unless it is central to the item's function; mere usefulness is insufficient.<sup>55</sup> The Federal Circuit did not disrupt the district court's finding of nonfunctionality because alternative designs made it apparent that athletic shoes could be produced without the Hot Shots design and therefore established that it was unnecessary for Melville to copy L.A. Gear's trade dress in order to compete effectively.<sup>56</sup>

Second, the Federal Circuit agreed with the district court's finding that L.A. Gear's trade dress had achieved secondary meaning during the five-month period following the introduction of the Hot Shots design.<sup>57</sup> According to the majority, "The effect of mass exposure achievable with today's communication media can not be ignored in determination of secondary meaning. Fashion items take readily to development of secondary meaning upon mass media promotion, for the fashion status of the source is often part of the commercial value of fashion items."<sup>58</sup> Applied to the facts before it, the Federal

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50. *Id.* at 1129, 25 U.S.P.Q.2d (BNA) at 1922.

51. *Id.* at 1129 n.5, 25 U.S.P.Q.2d (BNA) at 1921 n.5. According to the majority:

Since unfair competition issues are not within the Federal Circuit's exclusive jurisdiction, we apply the discernible precedent of the regional circuit, in order to avoid placing an unnecessary burden on trial courts or creating an opportunity for appellate forum shopping by generating a separate body of substantive or procedural law.

*Id.* (citation omitted); *see also infra* notes 54-55 and accompanying text (discussing applicable Second Circuit case law).

52. *L.A. Gear*, 988 F.2d at 1121, 25 U.S.P.Q.2d (BNA) at 1915.

53. *Id.* at 1130, 25 U.S.P.Q.2d (BNA) at 1922.

54. *Id.* at 1129, 25 U.S.P.Q.2d (BNA) at 1922 (citing *Stormy Clime, Ltd. v. Progroup, Inc.*, 809 F.2d 971, 977, 1 U.S.P.Q.2d (BNA) 2026, 2030 (2d Cir. 1987)); *see also* 15 U.S.C. § 1125 (1988) (allowing for civil suit under § 43(a) of the Lanham Act where infringer misrepresents its product so as to cause confusion of similar products).

55. *L.A. Gear*, 988 F.2d at 1129-30, 25 U.S.P.Q.2d at 1922 (citing *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 77, 225 U.S.P.Q. (BNA) 654, 658 (2d Cir. 1985)).

56. *Id.* at 1130, 25 U.S.P.Q.2d at 1922.

57. *Id.*, 25 U.S.P.Q.2d at 1922-23. Under § 2(f) of the Lanham Act, a mark has achieved secondary meaning when it "has become distinctive of the applicant's goods in commerce." 15 U.S.C. § 1052(f); *see also infra* note 143 (describing "secondary meaning").

58. *L.A. Gear*, 988 F.2d at 1130, 25 U.S.P.Q.2d at 1923.

Circuit found that L.A. Gear's heavy promotion had resulted in a skyrocketing public demand for the Hot Shots design.<sup>59</sup>

Finally, though agreeing with the lower court's conclusion that the Melville and L.A. Gear shoes were substantially similar in overall design, the Federal Circuit majority found clear error in the district court's conclusion that purchasers of Melville shoes would likely be confused, deceived, or mistaken into believing that they were buying L.A. Gear shoes.<sup>60</sup> Important to the majority's decision was the fact that L.A. Gear shoes prominently bore the famous L.A. Gear name, while Melville shoes prominently bore their own brand name.<sup>61</sup> Additionally, the labels' permanence reduced the likelihood of any post-sale confusion.<sup>62</sup> Equally important was the majority's understanding that the parties' products traveled in different retail channels and had "significant price differences," and the majority's perception of the relative sophistication of purchasers who frequent discount stores.<sup>63</sup> The majority held that the district court erred in finding consumers "unsophisticated" and "casual" in their purchase of discount athletic shoes: "Purchasers in discount stores are sufficiently sophisticated . . . to know whether they are buying the cheaper copies or the expensive originals."<sup>64</sup>

A mere mistake of fact, however, does not constitute reversible error unless clearly erroneous, a finding that the majority did not expressly make in *L.A. Gear*. Indeed, Judge Mayer, in a thoughtful dissent, highlighted the appropriate standard of review,<sup>65</sup> noting that the district court's "findings of fact en route to its conclusion are entitled to 'considerable deference,'" and concluding that "[t]he district court's findings on the [likelihood-of-confusion] factors are amply supported by the evidence in the record, are not clearly erroneous, and all weigh in favor of its determination that a likelihood-of-confusion exists."<sup>66</sup>

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59. *Id.*

60. *Id.* at 1134, 25 U.S.P.Q.2d at 1926.

61. *Id.* The court held that "the conspicuous and permanent placement of the trademarks of L.A. Gear as well as the copyist, and the sophistication of purchasers of fashion athletic shoes, clearly outweigh the similarities in the shoe design, insofar as consumer confusion as to source is avoided." *Id.*

62. *Id.*

63. *Id.*, 25 U.S.P.Q.2d at 1925.

64. *Id.*, 25 U.S.P.Q.2d at 1926.

65. *Id.* at 1135, 25 U.S.P.Q.2d at 1926-27 (Mayer, J., concurring in part and dissenting in part).

66. *Id.*, 25 U.S.P.Q.2d at 1926 (quoting *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 873, 230 U.S.P.Q. (BNA) 831, 835 (2d Cir. 1986)).

## B. Likelihood of Confusion

### 1. Effect of consent agreements

One option for an applicant faced with a refusal to register a trademark under section 2(d) of the Lanham Act<sup>67</sup> is to seek consent to registration and use from the owner of the prior registration.<sup>68</sup> In some cases, registrations have been granted based on consent agreements, resulting in the reversal of section 2(d) registration refusals.<sup>69</sup> In other cases, however, likelihood of confusion was found and registration refused despite a consent agreement.<sup>70</sup> Although the Trademark Trial and Appeal Board has appeared to accept the trend grudgingly, the Federal Circuit has clearly moved toward giving consent agreements near determinative weight in the likelihood-of-confusion calculus.<sup>71</sup>

In *In re Four Seasons Hotels Ltd.*,<sup>72</sup> the Federal Circuit continued the trend of giving great weight to consent agreements. The Federal Circuit reversed the Board's refusal to register the mark FOUR SEASONS BILTMORE of Four Seasons Hotels Ltd. for resort innkeeping services.<sup>73</sup> Applying section 2(d) of the Lanham Act, the Board had refused to register the service mark based on the perceived

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67. 15 U.S.C. § 1052(d) (1988) (requiring Commissioner of Patent and Trademark Office to refuse to register mark that is so similar to another registered mark as to cause confusion).

68. See TRADEMARK MANUAL OF EXAMINING PROCEDURES § 1207.01(c) (viii), at 1207-09 (Mary Collette Cipparone ed., 1993) [hereinafter TMEP] ("A consent agreement may be submitted by the applicant in order to overcome a bar to registration under § 2(d) of the Act, or in anticipation of such a refusal to register.").

69. See, e.g., *In re E.I. DuPont de Nemours & Co.*, 476 F.2d 1357, 1363, 177 U.S.P.Q. (BNA) 563, 568 (C.C.P.A. 1973) (noting that "scales of evidence are clearly tilted" against finding of confusion when parties enter into consent agreement); *In re The Shoe Works, Inc.*, 6 U.S.P.Q.2d (BNA) 1890, 1892 (T.T.A.B. 1988) (holding that where consent agreement is explicit and detailed, it is entitled to great weight); *In re Fieldcrest Cannon, Inc.*, 5 U.S.P.Q.2d (BNA) 1142, 1143-44 (T.T.A.B. 1987) (basing determination that no confusion existed on parties explicit consent agreement); *In re Palm Beach, Inc.*, 225 U.S.P.Q. (BNA) 785, 786-88 (T.T.A.B. 1985) (determining that opinion of experienced businessmen expressed in consent agreement should be given more weight than determination of judge or attorney who has little experience with product).

70. See, e.g., *In re United States Shoe Corp.*, 8 U.S.P.Q.2d (BNA) 1938, 1940 (T.T.A.B. 1988) (finding that consent agreements are but one factor in evaluating confusion and are not determinative); *In re Benchmark Valuation Consultants, Inc.*, 7 U.S.P.Q.2d (BNA) 1586, 1587 (T.T.A.B. 1988) (concluding that, despite weight given to consent agreement, confusion would still result); *In re Pix of Am., Inc.*, 225 U.S.P.Q. (BNA) 691, 692 (T.T.A.B. 1985) (finding that consent agreement does not necessarily rebut conclusion of Examining Attorney that confusion exists).

71. See TMEP, *supra* note 68, § 1207.01(c) (viii) (noting that number of recent Federal Circuit decisions "criticize the Office for failing to accord the relevant consent agreements sufficient weight in the likelihood of confusion determination . . . . The clear message from the Federal Circuit is that consent agreements are to be accorded great weight.").

72. 987 F.2d 1565, 26 U.S.P.Q.2d (BNA) 1071 (Fed. Cir. 1993).

73. *In re Four Seasons Hotels Ltd.*, 987 F.2d 1565, 1566, 26 U.S.P.Q.2d (BNA) 1071, 1071 (Fed. Cir. 1993).

likelihood of confusion with a previously registered mark, THE BILTMORE LOS ANGELES, of T.A.T. Los Angeles Co. Ltd. (T.A.T.), for hotel services.<sup>74</sup> The Board found a likelihood of confusion based on the close similarity of the marks and underlying services, giving little or no weight to a written consent agreement between Four Seasons and T.A.T.<sup>75</sup> On appeal, the Federal Circuit addressed the recurring issue of how much value the agreement should be accorded in determining likelihood of confusion<sup>76</sup> and reversed the Board's ruling.<sup>77</sup>

Under the standard set forth in *Four Seasons*, if the agreement contains more than mere consent, that is, if the agreement tends to show that the parties "thought out their commercial interests with care," the agreement shall be given "substantial weight" in the section 2(d) determination.<sup>78</sup> Indeed, "in the absence of contrary evidence, a consent agreement itself may be evidence that there is no likelihood-of-confusion."<sup>79</sup>

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74. *See id.*

75. *See id.* at 1567, 26 U.S.P.Q.2d (BNA) at 1072.

76. *Id.*, 26 U.S.P.Q.2d (BNA) at 1073. The question of the proper weight to be accorded consent agreements in determining likelihood of confusion under § 2(d) of the Lanham Act is not new to the Federal Circuit or its predecessor court. *See, e.g., Amalgamated Bank v. Amalgamated Trust & Sav. Bank*, 842 F.2d 1270, 1275, 6 U.S.P.Q.2d (BNA) 1305, 1308 (Fed. Cir. 1988) (chiding Board for not "hav[ing] heeded the admonition of the CCPA in *DuPont*" to give weight to consent agreement); *Bongrain Int'l (Am.) Corp. v. Delice de France, Inc.*, 811 F.2d 1479, 1485, 1 U.S.P.Q.2d (BNA) 1775, 1779 (Fed. Cir. 1987) (criticizing Board's "misguided efforts" in taking "it upon itself to prove facts quite unnecessarily and by reasoning entirely its own, to establish a case of likelihood of confusion when not asked to do so."); *In re N.A.D. Inc.*, 754 F.2d 996, 998, 224 U.S.P.Q. (BNA) 969, 970 (Fed. Cir. 1985) (noting that consent agreement is evidence that "competitors clearly thought out their commercial interests with care," and recognizing that it is "highly unlikely that they would have deliberately created a situation in which the sources of their respective products would be confused by their customers"); *In re United Oil Mfg. Co.*, 508 F.2d 1341, 1344, 184 U.S.P.Q. (BNA) 490, 491-92 (C.C.P.A. 1975) (holding that consent letter taken together with other evidence lends support to conclusion that confusion is unlikely); *In re Superior Outdoor Display, Inc.*, 478 F.2d 1388, 1391, 178 U.S.P.Q. (BNA) 151, 152-53 (C.C.P.A. 1973) (holding that consent letter taken together with other elements compels conclusion that confusion is absent); *In re E.I. DuPont de Nemours & Co.*, 476 F.2d 1357, 1362, 177 U.S.P.Q. (BNA) 563, 568 (C.C.P.A. 1973) (concluding that consent absent more is insufficient to waive application of § 2(d)); *In re Nat'l Distillers & Chem. Corp.*, 297 F.2d 941, 946, 132 U.S.P.Q. (BNA) 271, 275 (C.C.P.A. 1962) (presuming that parties to consent agreement are familiar with market and consumer practices).

77. *In re Four Seasons Hotels Ltd.*, 987 F.2d 1565, 1566, 26 U.S.P.Q.2d (BNA) 1071, 1071 (Fed. Cir. 1993).

78. *Id.* at 1569, 26 U.S.P.Q.2d (BNA) at 1073 (quoting *N.A.D.*, 754 F.2d at 998, 224 U.S.P.Q. (BNA) at 970). The court went on to observe that "[t]he agreement here between Four Seasons and T.A.T. is more than a mere consent allowing applicant to register the mark." *Id.*

79. *Id.* (citing *Bongrain*, 811 F.2d 1479, 1 U.S.P.Q.2d (BNA) 1775); *Superior Outdoor Display*, 478 F.2d 1388, 178 U.S.P.Q. (BNA) 151; *E.I. DuPont*, 476 F.2d 1357, 177 U.S.P.Q. (BNA) 563).

## 2. *Ex parte* refusals under section 2(d) of the Lanham Act

In *In re Shell Oil Co.*,<sup>80</sup> a divided panel of the Federal Circuit affirmed the Trademark Trial and Appeal Board's refusal to register the service mark RIGHT-A-WAY and arrow design<sup>81</sup> for service station oil and lubrication services under section 2(d) of the Lanham Act.<sup>82</sup> A federal service mark registration existed for the nearly identical mark RIGHT-A-WAY and arrow design for "distributorship services in the field of automotive parts."<sup>83</sup> The Board had affirmed the Examining Attorney's registration refusal, holding that confusion was likely given the close resemblance of the marks and their use in automotive services.<sup>84</sup> Reviewing *de novo* the ultimate question of whether a likelihood of confusion existed, and reviewing for clear error the factual findings upon which the likelihood-of-confusion determination was made, the Federal Circuit declined to overturn the Board's ruling.<sup>85</sup>

The court agreed with the Board that the words "RIGHT-A-WAY" dominate both marks "and that their differences in script and arrow design do not diminish their substantial identity when viewed as a whole," and that the identical dominant features weighed heavily against the applicant.<sup>86</sup> The court similarly agreed that "the filing of a disclaimer with the Patent and Trademark Office does not remove the disclaimed matter from the purview of determination of likelihood-of-confusion."<sup>87</sup> Although recognizing that the services with which the marks were used were not identical, the court agreed with the Board that the "registrant's automotive parts distributorship services and [applicant's] service station oil change and lubrication services were related, and would be so perceived by consumers."<sup>88</sup>

Taking into consideration the extent of consumer confusion, the court rejected the applicant's contention that "the number of consumers of the registrant's services is small, and thus that confusion

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80. 992 F.2d 1204, 26 U.S.P.Q.2d (BNA) 1687 (Fed. Cir. 1993).

81. The design under dispute was the words "Right-A-Way" with an arrow running beneath the words and forming the middle letter A. *In re Shell Oil Co.*, 992 F.2d 1204, 1205, 26 U.S.P.Q.2d (BNA) 1687, 1688 (Fed. Cir. 1993).

82. *Id.*

83. *Id.* at 1205, 26 U.S.P.Q.2d (BNA) at 1688 (naming R.A. Industries, Inc. as previous owner of mark).

84. *Id.* at 1206, 26 U.S.P.Q.2d (BNA) at 1688.

85. *Id.* at 1206, 1209, 26 U.S.P.Q.2d (BNA) at 1688, 1691.

86. *Id.* at 1206, 26 U.S.P.Q.2d (BNA) at 1688.

87. *Id.*, 26 U.S.P.Q.2d (BNA) at 1689.

88. *Id.* at 1207, 26 U.S.P.Q.2d (BNA) at 1689.

would be *de minimis*.<sup>89</sup> The court disagreed, noting that "the rights flowing from federal registration do not vary with the size of the registrant," and even more important, that the number would not be *de minimis* when compared to the total number of the registrant's potential customers.<sup>90</sup> Addressing the sophistication of purchasers, the court distinguished the case from those in which prospective purchasers were highly sophisticated and very discerning.<sup>91</sup> In conclusion, the court reminded the applicant of its duty as a "newcomer" to avoid confusion, and ruled that any doubts regarding confusion should be resolved against the newcomer.<sup>92</sup>

In a stinging dissent, Judge Michel asserted that the record did not support the Board's conclusion and characterized the Board's decision as "rank speculation."<sup>93</sup> According to the dissent, there was absolutely no evidence in the record to support the Board's finding of who comprised the purchasers of registrant's services, rendering that finding a mere assumption, and clearly erroneous by definition.<sup>94</sup> The dissent, however, went on to engage in "rank speculation" as well. Without pointing to anything in the record for support, Judge Michel declared that, as a matter of judicial notice, all Shell service stations bear the Shell name and its famous Pecten design.<sup>95</sup> Therefore, according to the dissent, "even unsophisticated motorists would not be confused"<sup>96</sup> because "[g]as station patrons, including registrant's customers, understand that major oil companies" do not offer oil changes or other services provided by their competitors.<sup>97</sup>

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89. *Id.*

90. *Id.*

91. *Id.* at 1209, 26 U.S.P.Q.2d (BNA) at 1691; *see* Electronic Design & Sales, Inc. v. Electronic Data Sys. Corp., 954 F.2d 713, 718, 21 U.S.P.Q.2d (BNA) 1388, 1392 (Fed. Cir. 1992) (finding confusion unlikely because purchasers were sophisticated customers of applicant's battery chargers and opposer's computer service systems); Astra Pharmaceutical Prods., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 220 U.S.P.Q. (BNA) 786 (1st Cir. 1983) (holding that purchasers of cardiovascular medicines and prefilled syringes are distinct professionals unlikely to be confused with purchasers of computerized blood analysis machines).

92. *Id.* (citing *In re Hyper Shoppes (Ohio), Inc.*, 837 F.2d 463, 464-65, 6 U.S.P.Q.2d (BNA) 1025, 1026 (Fed. Cir. 1988)).

93. *Id.* (Michel, J., dissenting) (calling for reversal of decision on existing record or remand for new findings).

94. *Id.*

95. *Id.* at 1210, 26 U.S.P.Q.2d (BNA) at 1692.

96. *Id.*

97. *Id.* at 1210-11, 26 U.S.P.Q.2d at 1692. As the majority correctly noted, "[a]lthough Shell argues that its use of RIGHT-A-WAY would be in association with other Shell trademarks, the proposed registration is not so limited. Registrability is determined based on the description in the application, and restrictions on how the mark is used will not be inferred." *Id.* at 1207-08 n.4, 26 U.S.P.Q.2d (BNA) at 1690 n.4 (citing *J & J Snack Foods Corp. v. McDonald's Corp.*, 932 F.2d 1460, 1463, 18 U.S.P.Q.2d (BNA) 1889, 1892 (Fed. Cir. 1991); *Octocom Sys. Inc. v. Houston Computer Servs., Inc.*, 918 F.2d 937, 942, 16 U.S.P.Q.2d (BNA) 1783, 1787 (Fed. Cir. 1990)).

### 3. *Opposition proceedings*

In *Jean Patou, Inc. v. Theon, Inc.*,<sup>98</sup> the Federal Circuit reviewed an interesting Trademark Trial and Appeal Board decision, in which the Board had sustained in part and dismissed in part an opposition based on a likelihood of confusion under section 2(d) of the Lanham Act.<sup>99</sup> Theon, Inc. applied for federal registration of its trademark DERMAJOY as applied to a single-gel skin-care preparation in two different trademark classes: as a cosmetic in International Class 3 and as a pharmaceutical in International Class 5.<sup>100</sup> Jean Patou, Inc. (Patou), owner of a federal trademark registration for JOY as applied to perfumes and toilet waters, opposed Theon's registration.<sup>101</sup> Patou claimed a likelihood of confusion between the parties' marks, relying on its federal registration and its prior use of JOY on "a line of various other cosmetics sold under the mark, including soaps, bath powders, *body lotions*, bath gels, and *body creams*."<sup>102</sup>

Because there was no question that Patou had owned and registered its mark before Theon, Inc. applied to register its trademark, the Board focused on the likelihood-of-confusion issue. The Board concluded that confusion was likely with respect to Theon's application for registration in Class 3 for cosmetic preparations, but that confusion was unlikely with respect to Theon's application for registration in Class 5 for pharmaceuticals.<sup>103</sup> Accordingly, the Board sustained the opposition to Class 3, but dismissed the opposition to Class 5.<sup>104</sup> The Board distinguished the classes on the grounds that the relevant public would not expect that a perfume and cosmetic maker would also market itch-relieving medicated gels.<sup>105</sup>

On appeal, the Federal Circuit affirmed the Board's decision as to the goods in Class 3, but reversed as to Class 5.<sup>106</sup> Of critical importance was the fact that Theon made only one product, a gel that functioned both as a pharmaceutical and as a cosmetic.<sup>107</sup> The court rejected the Board's differing treatment of the classes, stating that "there being only one product involved in this case, it cannot be

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98. 9 F.3d 971 (Fed. Cir. 1993).

99. See *Jean Patou, Inc. v. Theon, Inc.*, 9 F.3d 971, 972 (Fed. Cir. 1993).

100. *Id.* at 973. The descriptions on the packaging of the specimens stated that the gel product functioned both as a cosmetic and as a pharmaceutical. *Id.* at 972-73.

101. *Id.* at 973.

102. *Id.* (emphasis in original).

103. See *id.* at 973-74.

104. See *id.* at 974.

105. See *id.*

106. *Id.* at 976.

107. *Id.* at 975.

that its marketing under the DERMAJOY trademark is both likely and not likely to cause confusion, mistake, or to deceive under section 1052(d) with respect to the same goods marketed by opposer under its trademark JOY."<sup>108</sup> The court noted that the benefits of a federal trademark registration on the principal register "apply with respect to the goods named in the registration without regard to the class or classes named in the registration," and held that the trademark's "classification is wholly irrelevant to the issue of registrability under section 1052(d), which makes no reference to classification."<sup>109</sup> The court concluded that registration of the mark for the goods listed in Class 5 would unnecessarily complicate the Board's decision to deny registration of the mark for the goods listed in Class 3.<sup>110</sup>

### C. Priority

In *Martahus v. Video Duplication Services, Inc.*,<sup>111</sup> the Federal Circuit affirmed the Trademark Trial and Appeal Board's decision granting a petition by Video Duplication Services, Inc. (Video) to cancel a federal service mark registration owned by Maracorp, Inc. for Video Cassette Duplication Services (VCDS) and denying Maracorp's cross-petition to cancel Video's federal service mark registration for "VDS" in connection with the same services.<sup>112</sup> Because the parties in *Martahus* did not dispute that their respective marks were likely to be confused given similarities between the marks, underlying services, and channels of trade, the critical issue before the Federal Circuit was priority of use.<sup>113</sup> The *Martahus* decision illustrates one of the harsh realities that can result from an overzealous registrant's attempt to stop what it believes is an infringement of its service mark rights when the registrant fails to recognize that the alleged infringer in fact has priority of use and the right to cancel the registrant's existing federal service mark registration.

In *Martahus*, Carl A. Martahus, doing business as Video Cassette Duplication Services, applied for a federal service mark registration of the acronym VCDS in June 1986 and was issued a registration in

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108. *Id.* at 975-76; see also 15 U.S.C. § 1052(d) (1988) (refusing to allow registration of trademark that may be confused or mistaken with currently registered mark).

109. *Jean Patou*, 9 F.3d at 975.

110. *Id.*

111. 3 F.3d 417, 27 U.S.P.Q.2d (BNA) 1846 (Fed. Cir. 1993).

112. *Martahus v. Video Duplication Servs., Inc.*, 3 F.3d 417, 419, 27 U.S.P.Q.2d (BNA) 1846, 1848 (Fed. Cir. 1993).

113. *Id.* at 421, 27 U.S.P.Q.2d (BNA) at 1850.



March 1987.<sup>114</sup> Martahus' business opened its first office in May 1985, and its registration reflected that date as its first use in commerce.<sup>115</sup> Approximately three years after being issued the registration, Martahus demanded that Video discontinue using the acronym VDS, asserting Martahus' federal registration against Video and claiming that his company had superior rights in the similar acronym VCDS.<sup>116</sup> In response, Video filed a petition to cancel the VCDS registration.<sup>117</sup>

During the course of the cancellation proceeding before the Board, the Patent and Trademark Office issued Video a federal service mark registration for the acronym VDS, which Martahus, in turn, cross-petitioned to cancel.<sup>118</sup> In its decision, the Board found that Video had used the acronym VDS, at least as a trade name, before Martahus used the acronym VCDS as a service mark, and granted Video's petition for cancellation of Martahus' VCDS registration.<sup>119</sup> The Board also dismissed Martahus' cross-petition because Martahus had failed to establish any use of the VCDS acronym before Video's first service mark use of the VDS acronym.<sup>120</sup> Martahus appealed both issues to the Federal Circuit.<sup>121</sup>

Applying the standard of proof to cancel a trademark to service marks, the court held that "one seeking cancellation of . . . a [service mark] registration must rebut th[e] presumption [of validity] by a preponderance of the evidence as in any other cancellation proceeding."<sup>122</sup> In granting Video's petition for cancellation of the VCDS registration, the court agreed that Video had submitted sufficient evidence to rebut the VCDS registration's presumption of validity.<sup>123</sup> The court relied primarily on Video's multipurpose form, which

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114. *Id.* at 419, 27 U.S.P.Q.2d (BNA) at 1848. The registration was issued in the name of Martahus d/b/a Video Cassette Duplication Services, before being transferred to Maracorp, Inc. *Id.* at 418 n.1, 27 U.S.P.Q.2d (BNA) at 1848 n.1.

115. *Id.* at 423 n.7, 27 U.S.P.Q.2d (BNA) at 1852 n.7. Martahus unsuccessfully attempted to prove a date of first use in commerce earlier than the May 1985 date claimed in its registration. *Id.* Proving a first use date earlier than the date claimed in its registration requires more than a preponderance of the evidence; clear and convincing evidence must be shown. *See Hydro-Dynamics, Inc. v. George Putnam & Co., Inc.*, 811 F.2d 1470, 1473, 1 U.S.P.Q.2d (BNA) 1772, 1773-74 (Fed. Cir. 1987) (requiring increased evidentiary burden because change from position against own interest requires enhanced substantiation); *Elder Mfg. Co. v. International Shoe Co.*, 194 F.2d 114, 118, 92 U.S.P.Q. (BNA) 330, 332 (C.C.P.A. 1952) (requiring evidence of earlier date to be free of contradictions, inconsistencies, and indefiniteness).

116. *Martahus*, 3 F.3d at 419, 27 U.S.P.Q.2d (BNA) at 1848.

117. *Id.*

118. *Id.*

119. *See id.*

120. *See id.*

121. *Id.*

122. *Id.*

123. *Id.* at 423, 27 U.S.P.Q.2d (BNA) at 1851.

documented its first sale of services in March 1985, and which bore the initials VDS in a number of places, as well as Martahus' admission that he did not provide any video duplication services prior to May 1985.<sup>124</sup> These factors established that Video had priority over Martahus and that the VCDS registration should be canceled.<sup>125</sup> The court declined to cancel Video's VDS registration because Martahus had not met his burden of establishing that he made at least trade name use of VCDS before Video's first service mark use of VDS.<sup>126</sup>

#### D. Primarily Geographically Descriptive Marks

In *In re Compagnie Generale Maritime*,<sup>127</sup> a divided panel<sup>128</sup> of the Federal Circuit affirmed the Board's decision refusing registration for the stylized mark FRENCH LINE, as applied to an extensive list of goods and services, on the ground that the mark was primarily geographically descriptive under section 2(e) of the Lanham Act.<sup>129</sup> The applicant, a French corporation, sought a number of registrations under section 44(e) of the Lanham Act<sup>130</sup> and based its corresponding applications on a variety of French registrations.<sup>131</sup>

Writing for the court, Judge Michel upheld the registration refusal, explaining that "[w]hile we might perhaps have reached a different outcome with respect to some of the goods or services in question had we conducted *de novo* review, we cannot say that [the applicant] has shown that the Board was clearly erroneous in its findings here."<sup>132</sup> With regard to the Board's finding that a "potential purchaser of goods or services under the mark 'FRENCH LINE' would believe that the products or services came from France,"<sup>133</sup> Judge Michel found no clear error based on "newspaper clippings discussing, *inter alia*, party dresses from France, children's fashions from France, and French designer clothes, respectively, as 'French

124. *Id.* at 422, 27 U.S.P.Q.2d (BNA) at 1851.

125. *Id.* at 422-24, 27 U.S.P.Q.2d (BNA) at 1851-53.

126. *Id.*

127. 993 F.2d 841, 26 U.S.P.Q.2d (BNA) 1652 (Fed. Cir. 1993).

128. *In re Compagnie Generale Maritime*, 993 F.2d 841, 843 n.3, 26 U.S.P.Q.2d (BNA) 1652, 1653 n.3 (Fed. Cir. 1993) (splitting over issue of Board jurisdiction, which majority did not think was implicated, but which dissent thought was not subject to waiver).

129. *Id.* at 842-44, 26 U.S.P.Q.2d (BNA) at 1653-55; *see* 15 U.S.C. § 1052(e) (1988) (providing for denial of registration when mark merely describes good or good's geographical origin or surname).

130. 15 U.S.C. § 1126(e) (allowing mark registered in foreign country to be registered on principal register of United States).

131. *Compagnie Generale*, 993 F.2d at 842-43, 26 U.S.P.Q.2d (BNA) at 1653.

132. *Id.*, 993 F.2d at 845, 26 U.S.P.Q.2d (BNA) at 1655.

133. *Id.* at 844, 26 U.S.P.Q.2d (BNA) at 1655.

line[s],”<sup>134</sup> and another “clipping referring to a certain brand of cosmetics from France as a ‘French line of cosmetics.’”<sup>135</sup>

Chief Judge Nies, dissenting,<sup>136</sup> would have decided the case on purely jurisdictional grounds, writing: “(1) that the [Patent and Trademark Office] acted *ultra vires* in accepting and processing as applications the subject submissions which do not comply with the statutory requirements for an application and (2) that by ruling on the merits, this court is rendering merely an advisory opinion.”<sup>137</sup> Even though the parties had not raised the jurisdictional issue on appeal, Chief Judge Nies wrote that “[a] court may and should raise the question of its jurisdiction *sua sponte* at any time it appears in doubt.”<sup>138</sup> In fact, at oral argument, the Chief Judge asked for supplemental briefing on the issue, and the parties obliged.<sup>139</sup> At a minimum, the Federal Circuit’s decision in *Compagnie* illustrates that one can never be completely prepared for oral argument before the Federal Circuit.

### E. Merely Descriptive Marks

Numbers, like any other trademark format, may function both as trademarks to indicate origin<sup>140</sup> and as descriptions of the goods with which they are sold.<sup>141</sup> Under section 2(e) of the Lanham Act, symbols, including numbers, that function merely or solely as grade,

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134. *Id.* at 845, 26 U.S.P.Q.2d (BNA) at 1655.

135. *Id.*

136. *Id.*

137. *Id.* at 847, 26 U.S.P.Q.2d (BNA) at 1657 (Nies, C.J., dissenting).

138. *Id.* at 848, 26 U.S.P.Q.2d (BNA) at 1658 (quoting Arctic Corner, Inc. v. United States, 845 F.2d 999, 1000 (Fed. Cir. 1988)).

139. *See id.* at 846, 26 U.S.P.Q.2d (BNA) at 1656 (Friedman, J., concurring). Judge Michel answered the dissenting Chief Judge in a footnote of near record length, *id.* at 843-44 n.3, 26 U.S.P.Q.2d (BNA) at 1653-54 n.3 (contending, inter alia, that failure to meet all requirements of § 1 of Lanham Act does not preclude Board or court from having jurisdiction), and concurring Judge Friedman answered the dissent in a textual response of equal length and substance, *id.* at 845-47, 26 U.S.P.Q.2d (BNA) at 1656-57 (asserting, inter alia, that court should not decide issue that litigants did not raise, Board did not decide, or appellant did not argue to court).

140. *See, e.g., In re Petersen Mfg. Co.*, 229 U.S.P.Q. (BNA) 466, 468 (T.T.A.B. 1986) (holding letter-number combinations registrable for locking hand tools and noting that “there is no question that such model designations can, through use and promotion, be perceived as marks indicating origin in addition to functioning as model designations”); *In re Standard Kollsman Indus.*, 156 U.S.P.Q. (BNA) 346, 347 (T.T.A.B. 1967) (holding that previously registered marks SK-97, SK-128, SK-98, etc., were not mere model designations).

141. *See, e.g., Weiser Co. v. Independent Lock Co.*, 154 U.S.P.Q. (BNA) 630, 631 (T.T.A.B. 1967) (dismissing opposition to registration because 1004A, 1127DP, and X1014F were not exclusively associated with holder’s products); *Ex parte Esterbrook Pen Co.*, 109 U.S.P.Q. (BNA) 368, 370 (Comm’r Pat. 1956) (holding that applicant’s use of number 2668 as mere model or style designation is not trademark usage); *In re Union Oil Co.*, 88 F.2d 492, 494-95, 33 U.S.P.Q. (BNA) 43, 44-45 (C.C.P.A. 1937) (holding number 76 merely descriptive for gasoline).

style, or model designations are considered merely descriptive of the underlying goods.<sup>142</sup> Registration of such symbols on the principal register can only occur if the symbol has secondary meaning, which requires the applicant to prove to the Patent and Trademark Office that the symbol has acquired distinctiveness under section 2(f) of the Act.<sup>143</sup> The secondary meaning requirement ensures that competition is not undermined by application of the trademark law.<sup>144</sup>

Unlike word marks whose descriptiveness may easily be determined from the word mark and its underlying goods, numerical marks do not lend themselves to such straightforward analysis. For example, while it is clear that the term "slowcooker" merely describes a feature of a Dutch oven, it would be extremely difficult without considering the manner of use to determine whether or not the numbers 6200, 6800, and 8100 functioned as trademarks or merely described a feature or aspect of a particular product.<sup>145</sup>

In *Eastman Kodak Co. v. Bell & Howell Document Mgmt. Prods. Co.*,<sup>146</sup> the Federal Circuit addressed an issue of first impression: whether a numerical designator is always merely descriptive in the context of an

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142. *In re Dana Corp.*, 12 U.S.P.Q.2d (BNA) 1748, 1749 (T.T.A.B. 1989). In *Dana*, the Board explained:

It is well settled that terms used merely as model, style or grade designations are not registrable as trademarks because they do not serve to identify and distinguish one party's goods from similar goods manufactured and/or sold by others. . . . This is so because such a designation serves as a description of the product, informing one of the quality, size or type of the particular product, rather than serving as an identifier of the source of the goods.

*Id.*; see also *In re Petersen Mfg. Co., Inc.*, 229 U.S.P.Q. (BNA) 466, 468 (T.T.A.B. 1986) (acknowledging that "words, letters, numbers, symbols and combinations of the foregoing which are used merely as model or grade designations of a product are not valid trademarks in that they do not serve the function of identifying and distinguishing the goods of the seller from those of others"); J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 11:15 (2d ed. 1984) (explaining that style or grade designations are not valid trademarks because they describe rather than distinguish).

143. *Dana*, 12 U.S.P.Q. (BNA) at 1749 ("If, however, it is shown that the designation in question has attained recognition by the public as a source identifier in addition to any other function it may perform, then it may be registrable as a trademark."). Section 2(f) of the Lanham Act provides that a mark, which when applied to "the goods of the applicant is merely descriptive . . . of them," is not subject to registration unless it "has become distinctive of the applicant's goods in commerce." 15 U.S.C. § 1052(e)-(f) (1988). If a mark has secondary meaning, it has also acquired distinctiveness. See 1 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 2.03, at 2-72 (1993).

144. See *Shaw Stocking Co. v. Mack*, 12 F. 707, 711 (C.C.N.D.N.Y. 1882) (protecting symbol when symbol becomes synonymous with product); see also GILSON, *supra* note 143, § 2.03, at 2-59 to 2-60 (noting that competition would be impaired without secondary meaning requirement for protection and registration of descriptive designations).

145. *E.g.*, *Eastman Kodak Co. v. Bell & Howell Doc. Mgmt. Prods. Co.*, 994 F.2d 1569, 1570, 1573, 26 U.S.P.Q.2d (BNA) 1912, 1913, 1916 (Fed. Cir. 1993) (waiting until after use had begun to determine whether "6200," "6800," and "8100" were model designations or merely descriptive).

146. 994 F.2d 1569, 26 U.S.P.Q.2d (BNA) 1912 (Fed. Cir. 1993), *aff'g*, 23 U.S.P.Q.2d (BNA) 1878 (T.T.A.B. 1992).

intent-to-use registration application.<sup>147</sup> The applicant, Bell & Howell, filed federal intent-to-use applications pursuant to section 1(b) of the Lanham Act<sup>148</sup> to register the numbers 6200, 6800, and 8100 on the principal register as trademarks for Bell & Howell's microfilm reader/printers.<sup>149</sup> Kodak, one of Bell & Howell's competitors, filed a timely Notice of Opposition alleging that the numerical marks would be used solely as model designators for the goods, making them merely descriptive of the goods and therefore unregistrable on the principal register without proof of secondary meaning.<sup>150</sup> In granting Bell & Howell's motion for summary judgment to dismiss Kodak's Notice of Opposition, the Board held that "it is possible for a numerical designation, which functions only in part to designate a model or grade, to be inherently distinctive and registrable without a showing of secondary meaning."<sup>151</sup>

On appeal, the Federal Circuit affirmed the Board's decision, concluding that the "Board's implied creation of a presumption in favor of the applicant for a numerical mark intended for use as more than a model designator is a reasonable interpretation of the Board's authority under the Lanham Act,"<sup>152</sup> consistent with the doctrine established in *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*<sup>153</sup> After a careful analysis of the relevant statutory language and the pertinent legislative history, the court concluded that the Board's interpretation was reasonable and did not contravene any clear and unambiguous statutory meaning.<sup>154</sup>

The Federal Circuit's decision in *Eastman Kodak* illustrates one of the awkward features that intent-to-use provisions have brought to the Lanham Act. For the most part, after the Federal Circuit's decision in *Eastman Kodak*, there is a presumption in favor of numerical designators under the intent-to-use provisions of the Lanham Act that

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147. *Eastman Kodak*, 994 F.2d at 1570, 26 U.S.P.Q.2d (BNA) at 1914.

148. See 15 U.S.C. § 1051(b) (1988) (allowing applicant who alleges bona fide intent to use mark to file application seeking registration on Principal Register).

149. *Eastman Kodak*, 994 F.2d at 1570, 26 U.S.P.Q.2d (BNA) at 1914.

150. *Id.*

151. *Eastman Kodak Co. v. Bell & Howell Doc. Mgmt. Prods. Co.*, 23 U.S.P.Q.2d (BNA) 1878, 1880 (T.T.A.B. 1992), *aff'd*, 994 F.2d 1569, 26 U.S.P.Q.2d (BNA) 1912 (Fed. Cir. 1993).

152. *Eastman Kodak*, 994 F.2d at 1571, 26 U.S.P.Q.2d (BNA) at 1915.

153. 467 U.S. 837 (1984). According to *Chevron*, assuming "the statute is silent or ambiguous with respect to the specific issue, the question for the court is whether the agency's answer is based on a permissible construction of the statute." *Eastman Kodak*, 994 F.2d at 1571, 26 U.S.P.Q. (BNA) at 1915 (citing *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 843 (1984)). For the agency's interpretation to be upheld, it need only be "reasonable." See *id.* (citing *Chevron*, 467 U.S. at 866 (pointing out that federal judges have duty to carry out legitimate agency policies)).

154. *Eastman Kodak*, 994 F.2d at 1574-75, 26 U.S.P.Q.2d (BNA) at 1916-17.

usually will not be defeated even in an opposition proceeding. Indeed, despite the court's protestation to the contrary,<sup>155</sup> the rule adopted in *Eastman Kodak* effectively eliminates a competitor's ability to raise the issue of model, style, or grade designations successfully against a numerical mark that is the subject of a pending intent-to-use registration application. To be sure, the only alternative interpretation is even less inviting, namely eliminating numerical marks from intent-to-use applications altogether.<sup>156</sup> *Eastman Kodak* aptly illustrates one of the many difficulties that those interpreting the Lanham Act have inherited as a result of the intent-to-use provisions incorporated through the Trademark Law Revision Act of 1988.<sup>157</sup>

#### F. Assignment of Section 44 Applications

Perhaps the Federal Circuit's most significant trademark decision in 1993, at least from the perspective of trademark owners, was *In re De Luxe N.V.*<sup>158</sup> In that case, the court reversed the Trademark Trial and Appeal Board's long-standing interpretation of the Lanham Act requiring an applicant under section 44 of the Lanham Act<sup>159</sup> to own the relevant foreign application or registration both at the time of filing in the United States and at the time of approval.<sup>160</sup> Section 44 provides for the federal registration of a mark by a foreign entity whose country of origin is a party to any trademark convention or treaty to which the United States is also a party, without first requiring the foreign entity to use the mark in commerce in the United States.<sup>161</sup> If the foreign applicant is not claiming use in commerce

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155. *Id.*, 26 U.S.P.Q.2d (BNA) at 1917. While the court suggested that an "examining attorney may [still] find numbers that are intended for use *solely* as model designators to be *prima facie* merely descriptive," the court suggested how the attorney might reach such a conclusion without the benefit of an admission by the applicant or specimens showing how the mark was actually used. *Id.* at 1573, 26 U.S.P.Q.2d (BNA) at 1916.

156. *See id.* at 1574, 26 U.S.P.Q.2d (BNA) at 1917 (characterizing Kodak's argument as misunderstanding Board's action). The court recognized the problem with this strained analysis: "Kodak's analysis would eliminate the use of intent-to-use applications for any numerical mark that could possibly be used as a model designator, in whole or in part," and correctly noted that "the statute does not exclude from intent-to-use applications any type of mark." *Id.*

157. Pub. L. No. 100-667, tit. I, 102 Stat. 3935 (1988) (codified as amended in scattered sections of 15 U.S.C.) (governing registration and assignment of trademarks).

158. 990 F.2d 607, 26 U.S.P.Q.2d (BNA) 1475 (Fed. Cir. 1993).

159. 15 U.S.C. § 1126 (1988) (requiring that person filing must own foreign registration when filing for U.S. registration).

160. *See In re De Luxe, N.V.*, 990 F.2d 607, 608, 26 U.S.P.Q.2d (BNA) 1475, 1476 (Fed. Cir. 1993). In light of the Federal Circuit's reversal of the Board's decision in *De Luxe*, portions of § 1007 of the TMEP can no longer be relied on. *See* TMEP, *supra* note 68, § 1007.01, at 1000-11 (requiring that § 44 applicant own foreign registration or application at time of filing in U.S. or U.S. application is void).

161. 15 U.S.C. § 1126 (providing for registration and priority of marks registered in foreign jurisdictions). For a detailed discussion of § 44 registration applications, see Beat Messerli,

as a basis for the application under section 1(a),<sup>162</sup> a U.S. registration for the mark will not be granted "until such mark has been registered in the country of origin of the applicant."<sup>163</sup> Use must begin in the United States within a reasonable time after the registration is granted, however, to prevent abandonment of the mark under section 45 of the Act.<sup>164</sup> The Federal Circuit's decision in *De Luxe* will permit a foreign applicant for U.S. registration that satisfies the requirements of section 44 at the time the application is filed to successfully assign only the U.S. application, and not underlying foreign rights, without precluding its ability to obtain U.S. registration.<sup>165</sup> The practical result of the decision is to permit the free alienation of section 44 registration applications once the statutory application requirements are satisfied.

The *De Luxe* case involved two foreign applicants: De Luxe, N.V., the assignee of the U.S. application for registration of the mark IVOIRE DE BALMAIN in connection with fragrances and related cosmetics, and Balmain International, B.V., the assignor of the U.S. application and owner of the underlying foreign registration.<sup>166</sup> Balmain had filed a section 44 application for the federal registration of IVOIRE DE BALMAIN in November 1987, basing its application on a pending Benelux application for registration of the same mark.<sup>167</sup> After its Benelux application was registered, Balmain submitted a certified copy to the Patent and Trademark Office.<sup>168</sup> After satisfying the section 44 registration requirements, Balmain then assigned the pending U.S. application to De Luxe, and the assignment was

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*Registration of a Trademark Under Section 44 of the Lanham Act and the Requirement of Actual Use*, 77 TRADEMARK REP. 103, 103-32 (1987).

162. 15 U.S.C. § 1051(a) (1988) (allowing owner of trademark used in commerce to apply for registration of trademark on principal register if owner files application, pays fee, and complies with Trademark Office rules and regulations).

163. *Id.* § 1126(c).

164. *See id.* § 1127 (defining and construing terms used in Lanham Act and, in particular, defining prima facie case of abandonment as nonuse for two consecutive years); *see also* Exxon Corp. v. Oxon Italia S.p.A., 219 U.S.P.Q. (BNA) 907, 910-11 (T.T.A.B. 1982) (allowing that mark does not have to be used in commerce to obtain registration, but if mark is not used after registration, registration can be canceled on abandonment grounds).

165. *In re Deluxe, N.V.*, 990 F.2d 607, 608, 26 U.S.P.Q.2d (BNA) 1475, 1476 (Fed Cir. 1993).

166. *Id.*

167. *Id.* The Benelux registry is a common trademark registry for the countries of Belgium, the Netherlands, and Luxembourg. *Id.* at 608 n.2, 26 U.S.P.Q.2d (BNA) at 1476 n.2.

168. *Id.* at 608, 26 U.S.P.Q.2d (BNA) at 1476. This was in accord with § 44(c). *See* 15 U.S.C. § 1226(c) (1988) (requiring mark's registration in country of owner's origin before mark can be registered in United States if owner is commercially established or domiciled in country that has treaty with United States).

recorded in the Patent and Trademark Office records pursuant to section 10 of the Act.<sup>169</sup>

Upon learning of the application's assignment, the examining attorney requested De Luxe provide documentation showing that it also had been assigned the underlying Benelux registration.<sup>170</sup> When the documentation was not received, the examining attorney issued a final refusal under section 1 of the Act.<sup>171</sup> On appeal to the Board, the examining attorney's refusal was upheld because, at the time of publication, De Luxe was not the owner of the foreign registration on which the U.S. application was based.<sup>172</sup> The Federal Circuit framed the issue on appeal as one of first impression, namely determining at what point in time the Act requires that a foreign applicant base its U.S. application on its foreign registration.<sup>173</sup>

Judge Rich, writing for the panel, agreed with De Luxe's interpretation of the Act, stating that "the language of § 44 is clear: a foreign applicant must comply with the requirements *at the time the application is filed*; and the language of the statute neither expressly nor impliedly restricts a foreign applicant from freely alienating a U.S. application once the statutory requirements have been met."<sup>174</sup> Perhaps the best indication that Congress did not intend to limit alienation of section 44 registration applications until after publication or registration is contained in section 10.<sup>175</sup> In the course of amending section 10 as part of the Trademark Law Revision Act of 1988,<sup>176</sup> Congress set a date other than the application's filing date before which an intent-to-use application may not be assigned. Section 10 provides that "no application to register a mark under section 1051 (b) . . . shall be assignable prior to the filing of the verified statement of use under 1051 (d)," subject to certain exceptions.<sup>177</sup>

It will be interesting to see the impact of the *De Luxe* decision on related issues. Interpreted broadly, *De Luxe* could be read as reversing

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169. *De Luxe*, 990 F.2d at 608, 26 U.S.P.Q.2d (BNA) at 1476; see also 15 U.S.C. § 1060 (allowing registered marks and marks for which application for registration has been filed to be assigned with good will of transferring business associated with mark).

170. *De Luxe*, 990 F.2d at 608, 26 U.S.P.Q.2d (BNA) at 1476.

171. *In re De Luxe, N.V.*, 24 U.S.P.Q.2d (BNA) 1222, 1223 (T.T.A.B. 1992), *rev'd*, 990 F.2d 607, 26 U.S.P.Q.2d (BNA) 1475 (Fed. Cir. 1993).

172. *Id.* at 1223-24.

173. *De Luxe*, 990 F.2d at 608, 26 U.S.P.Q.2d (BNA) at 1476.

174. *Id.* at 609, 26 U.S.P.Q.2d (BNA) at 1477 (emphasis in original).

175. See 15 U.S.C. § 1060 (1988) (permitting assignment of trademark before mark is registered).

176. Pub. L. No. 100-167, tit. I, 102 Stat. 3935 (1988) (codified as amended in scattered sections of 15 U.S.C.).

177. 15 U.S.C. § 1060.



the Board's decision in *Nestle Co., Inc. v. Grenadier Chocolate Co., Ltd.*,<sup>178</sup> where the Board held as a matter of law that when an applicant relying solely on section 44 of the Lanham Act assigns the U.S. application to a party not entitled to base an application on section 44, the U.S. application becomes void.<sup>179</sup>

#### CONCLUSION

The Federal Circuit's 1993 trademark decisions considered an engaging mix of issues, including some issues of first impression. Most of the Federal Circuit's decisions had something significant to add to the court's body of trademark law precedent. The decisions certainly reflect the court's sound judgment, maturity, intelligence, and independent thinking concerning both procedural and substantive issues.

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178. 212 U.S.P.Q. (BNA) 214 (T.T.A.B. 1981).

179. *Nestle Co. v. Grenadier Chocolate Co.*, 212 U.S.P.Q. (BNA) 214, 216 (T.T.A.B. 1981). Similarly, one might wonder about the validity of the Board's holding in *In re Fisons Ltd.*, 197 U.S.P.Q. (BNA) 888, 891, 893 (T.T.A.B. 1978), in which the Board determined that where a § 44 applicant assigns to another party foreign applications or registrations on which the applicant has relied for priority or as a basis for registration in the United States, if that party is not entitled to proceed under § 44 either because that party's mark is not registered in that party's country of origin or because that party is not the owner of the registration in the country of origin, then the U.S. application is void.

