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# Review of the 2000 Trademark Decisions by the Court of Appeals for the Federal Circuit

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Review of the 2000 Trademark Decisions by the Court of Appeals for the  
Federal Circuit

## AREA SUMMARIES

# REVIEW OF THE 2000 TRADEMARK DECISIONS BY THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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### INTRODUCTION

Many intellectual property practitioners associate the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) with its exclusive jurisdiction over appeals from federal district court decisions involving patent law. The Federal Circuit has, however, developed a substantial body of trademark law as well. In fact, the Federal Circuit issued twelve decisions involving trademark issues in the year 2000 alone.<sup>1</sup>

A trademark issue can reach the Federal Circuit through a number of channels. The Federal Circuit will rule on a trademark issue that is part of an appeal from a final decision of a federal district court when the district court’s decision is determined in conjunction with claims arising under the federal patent law.<sup>2</sup> For example, when a party files a complaint in a federal district court that is based at least in part on

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1. The Court of Appeals for the Federal Circuit rendered ten precedential decisions involving trademark issues in the year 2000: *Boyle v. United States*, 200 F.3d 1369, 53 U.S.P.Q.2d (BNA) 1433 (Fed. Cir. 2000); *Cortland Line Co., Inc. v. The Orvis Co., Inc.*, 203 F.3d 1351, 53 U.S.P.Q.2d (BNA) 1734 (Fed. Cir. 2000); *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 53 U.S.P.Q.2d (BNA) 1984 (Fed. Cir. 2000); *Recot, Inc. v. M.C. Becton*, 214 F.3d 1322, 54 U.S.P.Q.2d (BNA) 1894 (Fed. Cir. 2000); *Int’l Nutrition Co. v. Horphag Research, Ltd.*, 220 F.3d 1325, 55 U.S.P.Q.2d (BNA) 1492 (Fed. Cir. 2000); *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 55 U.S.P.Q.2d (BNA) 1842 (Fed. Cir. 2000); *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 55 U.S.P.Q.2d (BNA) 1854 (Fed. Cir. 2000); *Packard Press, Inc. v. Hewlett-Packard Co.*, 227 F.3d 1352, 56 U.S.P.Q.2d (BNA) 1351 (Fed. Cir. 2000); *On-Line Careline, Inc. v. America Online, Inc.*, 229 F.3d 1080, 56 U.S.P.Q.2d (BNA) 1471 (Fed. Cir. 2000); *LSI Indus., Inc. v. Hubbell Lighting, Inc.*, 232 F.3d 1369, 56 U.S.P.Q.2d (BNA) 1965 (Fed. Cir. 2000). The court also issued two unpublished decisions: *Chatam Int’l Inc. v. UDV North America, Inc.*, 230 F.3d 1383, (Fed. Cir. Feb. 15, 2000) (unpublished) and *Sanders v. American Forests*, 232 F.3d 907 (Fed. Cir. Mar. 10, 2000) (unpublished).

2. See 28 U.S.C. §§ 1295(a)(1) & 1338(a) (1994 & Supp. IV 1998) (including, specifically, cases arising under an Act of Congress or unfair competition that involves patents, plant variety protection, copyrights, mask works, designs, and trademarks); see also *LSI Indus., Inc.*, 232 F.3d at 1371, 56 U.S.P.Q.2d (BNA) at 1966.

patent issues, but also involves a non-patent issue such as trademark infringement, the Federal Circuit has exclusive appellate jurisdiction over all issues presented in the complaint.<sup>3</sup> In such appeals, the Federal Circuit applies the trademark precedent of the circuit where the district court is located.<sup>4</sup> Of the twelve trademark decisions reviewed by the Federal Circuit in the year 2000, three decisions were appealed from federal district courts.<sup>5</sup>

A trademark issue may also reach the Federal Circuit on appeal from a final decision of the Trademark Trial and Appeal Board (“TTAB” or “the Board”) or the Commissioner of Patents and Trademarks (“the Commissioner”).<sup>6</sup> An applicant for registration of a mark, a party to a cancellation proceeding, or an applicant for renewal of a registration, who is dissatisfied with the decision of either the Commissioner or the Board, may appeal to the Federal Circuit.<sup>7</sup> The Federal Circuit’s jurisdiction over such appeals, however, is not exclusive. Although the language of 28 U.S.C. § 295(a)(4)(B) provides that the Federal Circuit has “exclusive jurisdiction” over an appeal from a decision of the Board or the Commissioner, an applicant for a trademark who is dissatisfied with the decision of the Board or the Commissioner may elect to appeal the decision to a federal district court.<sup>8</sup> The federal district court

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3. See 28 U.S.C. § 1295(a)(1) (1994 & Supp. V 1999) (stating that the Federal Circuit has exclusive jurisdiction over appeals from final decisions of federal district courts where the appealed case was based, either in whole or in part, on 28 U.S.C. § 1338, which governs, *inter alia*, trademarks).

4. See *Cortland Line Co.*, 203 F.3d at 1361, 53 U.S.P.Q.2d (BNA) at 1740 (noting that “[i]n reviewing an issue not exclusive to patent law, this court applies the rule of the regional circuit . . .”).

5. See *LSI Indus., Inc.*, 232 F.3d at 1369, 56 U.S.P.Q.2d (BNA) at 1965 (appealed from the District Court of Ohio); *Speedplay, Inc.*, 211 F.3d at 1245, 53 U.S.P.Q.2d (BNA) at 1984 (appealed from the Southern District Court of California); *Cortland Line Co.*, 203 F.3d at 1351, 53 U.S.P.Q.2d (BNA) at 1734 (appealed from the Northern District Court of New York).

6. See 28 U.S.C. § 1295(a)(4)(B) (1994 & Supp. V 1999). Additionally, the Federal Circuit has exclusive jurisdiction over appeals from, *inter alia*: (1) final decisions of the United States Claims Court; (2) final decisions of the Board of Patent Appeals and Interference; and (3) final decisions of the United States Court of International Trade. See 28 U.S.C. §§ 1291, 1292(c) & 1295 (1994 & Supp. V 1999).

7. See 15 U.S.C. § 1071(a) (1994 & Supp. V 1999). The other trademark proceedings from which a party may appeal to the Federal Circuit include: (1) a party to an interference proceeding; (2) a party to an opposition proceeding; (3) a party to an application to register as a lawful concurrent user; (4) a registrant who has filed an affidavit as provided in Section 8 (§ 1058) of the Lanham Act; and (5) an applicant for renewal, who is dissatisfied with the Board’s decision. See 28 U.S.C. § 1295(a)(4)(B) (1994 & Supp. V 1999) (discussing the scope of the Federal Circuit’s jurisdiction).

8. See 15 U.S.C. § 1071(b)(1) (1994 & Supp. V 1999) (a party seeking review may elect to bring an appeal in U.S. District Court).

then reviews the TTAB's decision *de novo*.<sup>9</sup> An appeal to the Federal Circuit can only be made upon mutual consent of the parties.<sup>10</sup>

The TTAB determines only whether an applicant has a right to federal *registration* of a trademark unlike the federal district courts that can determine, *inter alia*, whether the *use* of a particular mark constitutes infringement.<sup>11</sup> Any opposition or cancellation proceeding before the Board must be based on the mark as it appears and as its goods or services are described in the application/registration, and not on how the mark is actually used.<sup>12</sup> In the year 2000, the Federal Circuit reviewed eight trademark decisions issued by the Board.<sup>13</sup>

A trademark issue may also reach the Federal Circuit on appeal from a decision by the United States Court of Federal Claims. Pursuant to 28 U.S.C. § 1295, the Federal Circuit has exclusive jurisdiction over "an appeal from a final decision of the United States Court of Federal Claims."<sup>14</sup> In the year 2000, the Federal Circuit reviewed one decision of the Court of Federal Claims involving trademark and copyright law.<sup>15</sup> Specifically, the Federal Circuit

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9. See 28 U.S.C. § 1295(a)(4) (1994 & Supp. V 1999); 15 U.S.C. § 1071(b) (1994 & Supp. V 1999) (providing a right to appeal decisions made by the U.S. Patent and Trademark Office regarding patent applications and patent interferences); 15 U.S.C. § 1071(b) (1994 & Supp. V 1999).

10. See 15 U.S.C. § 1071(a)(1) (1994 & Supp. V 1999) (requiring the adverse party to also file notice with the Director of the Board for the body where he or she elects to pursue a case).

11. See 15 U.S.C. § 1070 (1994 & Supp. V 1999) ("An appeal may be taken to the Trademark Trial and Appeal Board from any final decision of the examiner in charge of the *registration* of marks upon the payment of the prescribed fee.") (emphasis added).

In every case of interference, opposition to *registration*, application to *register* as a lawful concurrent user, or application to cancel the *registration* of a mark, the Director shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of *registration*.

15 U.S.C. § 1067(a) (1994 & Supp. V 1999) (emphasis added).

12. See, e.g., *Cunningham*, 222 F.3d at 948, 55 U.S.P.Q.2d (BNA) at 1846 (providing that in cases of conflicting marks, the determination of the rights as to the *use* of the mark on a federal level is exclusively within the jurisdiction of the federal district courts). See also 15 U.S.C. §§ 1114, 1115, 1125 (1994 & Supp. V 1999) (establishing trademark infringement and defenses); 15 U.S.C. § 1121 (1994 & Supp. V 1999) (establishing the original jurisdiction of federal courts of actions arising under the Trademark Act).

13. See *Recot, Inc.*, 214 F.3d at 1322, 54 U.S.P.Q.2d (BNA) at 1894; *Int'l Nutrition Co.*, 220 F.3d at 1325, 55 U.S.P.Q.2d (BNA) at 1492; *Cunningham*, 222 F.3d at 943, 55 U.S.P.Q.2d (BNA) at 1842; *Jet, Inc.*, 223 F.3d at 1360, 55 U.S.P.Q.2d (BNA) at 1854; *Packard Press, Inc.*, 227 F.3d at 1352, 56 U.S.P.Q.2d (BNA) at 1351; *On-Line Careline, Inc.*, 229 F.3d at 1080, 56 U.S.P.Q.2d (BNA) at 1471; *Chatam Int'l Inc.*, 230 F.3d at 1383; *Sanders*, 232 F.3d at 907.

14. 28 U.S.C. § 1295(a)(3) (1994 & Supp. V 1999).

15. See *Boyle*, 200 F.3d at 1369, 53 U.S.P.Q.2d (BNA) at 1433 (assessing whether the claim's dismissal by the Court of Federal Claims was proper).

examined whether the court appropriately dismissed a complaint against the Federal Government for copyright infringement and cancellation of a service mark.<sup>16</sup>

“Likelihood of confusion”<sup>17</sup> and procedural issues, such as personal jurisdiction and *res judicata*, comprised the dominant themes of the Federal Circuit’s trademark decisions in the year 2000. Half of the cases appealed from the TTAB (four out of eight cases) were affirmed.<sup>18</sup> In contrast, the Federal Circuit affirmed one third of the cases appealed from a federal district court (one out of three cases).<sup>19</sup>

In 2000, the Federal Circuit clarified that it will review the Board’s factual findings under the “substantial evidence” standard.<sup>20</sup> Previously, the Federal Circuit had reviewed these questions of fact under the “clearly erroneous” standard.<sup>21</sup> The Federal Circuit based this decision on *Dickinson v. Zurko*,<sup>22</sup> in which the Supreme Court held that the Federal Circuit must review the U.S. Patent and Trademark Office’s (“PTO”) finding of facts according to one of the standards set forth in the Administrative Procedure Act (“APA”).<sup>23</sup>

The Federal Circuit issued two nonprecedential, unpublished decisions concerning trademark law in the year 2000.<sup>24</sup> Although the

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16. See *id.*, 53 U.S.P.Q.2d (BNA) at 1433 (affirming the decision of the Court of Federal Claims on the grounds that the plaintiff failed to state a claim for direct infringement, that the plaintiff contributorily infringed on his copyright, and that the court did not possess jurisdiction).

17. See *infra* Part II.A.

18. See *Cunningham*, 222 F.3d at 943, 55 U.S.P.Q.2d (BNA) at 1842; *On-Line Careline, Inc.*, 229 F.3d at 1080, 56 U.S.P.Q.2d (BNA) at 1471; *Chatam Int’l Inc.*, 230 F.3d at 1383; *Sanders*, 232 F.3d at 907.

19. See *Speedplay, Inc.*, 211 F.3d at 1245, 53 U.S.P.Q.2d (BNA) at 1984 (affirming the District Court’s opinion that patents for a clipless bicycle pedal and bicycle cleats had not been infringed by a competing pedal system because there was no chance that consumers would confuse the products).

20. See *Recot, Inc.*, 214 F.3d at 1327, 54 U.S.P.Q.2d (BNA) at 1897.

21. See *On-Line Careline, Inc.*, 229 F.3d at 1084, 56 U.S.P.Q.2d (BNA) at 1474 (noting that the Court previously reviewed questions of fact under the clearly erroneous standard).

22. 527 U.S. 150, 50 U.S.P.Q.2d (BNA) 1930 (1999) (asserting that the Federal Circuit should not apply the strict standard of “clearly erroneous” when reviewing the PTO’s findings of fact, but rather should apply a less strict standard or review pursuant to the APA because at the time of APA’s adoption, the Federal Circuit’s predecessor applied a less strict standard).

23. See 5 U.S.C. § 706 (1994 & Supp. V 1999) (allowing a reviewing court to overturn decisions of a federal agency when the decision was found to be an abuse of discretion, contrary to a constitutional right, in excess of statutory jurisdiction, ignorant of a procedure of law, backed by the weight of the evidence, or unwarranted by the facts to the extent that a *de novo* review is necessary).

24. See *Chatam Int’l Inc.*, 230 F.3d at 1383 (affirming the court’s opposition to the trademark due to the likelihood of confusion was not “arbitrary, capricious, an abuse of discretion or unsupported by substantial evidence”); *Sanders*, 232 F.3d at 907 (affirming the Board’s decision that there was substantial evidence that appellant lacked intent to use the mark in her individual capacity).

Federal Circuit Local Rules distinguish between nonprecedential and presidential opinions, and prohibit litigants from citing an unpublished opinion as a precedent,<sup>25</sup> intense debate over the value of unpublished opinions was ignited by the Eighth Circuit's decision in *Anastasoff v. United States*.<sup>26</sup> In *Anastasoff*, the Eighth Circuit declared unconstitutional an Eighth Circuit local rule providing that unpublished opinions are not precedent and should not be cited.<sup>27</sup> In *Anastasoff's* wake, the debate on the precedential value of unpublished opinions in the Federal Circuit, and elsewhere, rages on.<sup>28</sup>

In the year 2000, the Federal Circuit also clarified a number of issues relating to both procedural and substantive trademark law.<sup>29</sup>

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25. See FI CTAF Rule 47.6 and FI CTAF App. V, IOP 9.

26. 223 F.3d 898, 899, 56 U.S.P.Q.2d (BNA) 1621, 1622 (8th Cir. 2000) (debating the validity of Eighth Circuit Local Rule 28A(i)). The rule provides that:

[u]npublished opinions are not precedent and parties generally should not cite them. When relevant to establishing the doctrines of res judicata, collateral estoppel, or the law of the case, however, the parties may cite any unpublished opinion. Parties may also cite an unpublished opinion of this court if the opinion has persuasive value on a material issue and no published opinion of this or another court would serve as well . . . .

*Id.* at 899.

27. See *Anastasoff*, 223 F.3d at 900, 56 U.S.P.Q.2d (BNA) at 1622 (holding the rule unconstitutional because it violated the doctrine of legal precedent and would expand judicial power beyond the guidelines articulated in Article III of the U.S. Constitution).

28. See, e.g., *Constitutional Law—Article III Judicial Power—Eighth Circuit Holds That Unpublished Opinions Must Be Accorded Precedential Effect.—Anastasoff v. United States*, 223 F.3d 898 (8th Cir. 2000), 114 HARV. L. REV. 940, 946 (2001) (arguing that the justification of *Anastasoff* to unpublished works and legal precedent is based on the shaky foundation of intent of the framers of the U.S. Constitution and produces an unclear aftermath despite the sound policy of the argument). See also *Giese v. Pierce Chem. Co.*, 43 F. Supp. 2d 98, 103-04, 50 U.S.P.Q.2d (BNA) 1810, 1813-14 (D. Mass. 1999) (equating unpublished cases with law review articles in terms of their persuasive, but not mandatory, precedent). Although the *Giese* decision came down prior to *Anastasoff*, it raises the issue of the citing of unpublished opinions:

This Court recognizes that . . . an unpublished opinion is “not citable as precedent” under Fed. Cir. Loc. R. 47.6(b). This hardly means, however, that it cannot be cited at all . . . . At the same time [the unpublished decisions] represent the considered opinions of sitting judges deciding actual case . . . . Moreover, where, as here, a body of law falls under the exclusive jurisdiction of only one federal circuit, the incremental worth of any opinion—even one expressly designated as “unpublished”—is enhanced. What, then, are the bar and the district courts to do? Quite simply, take the circuit rules at their word and, when an “unpublished opinion” is persuasive, go ahead and cite it . . . not as precedent but as one would cite a law review article by three respected authors.

*Giese*, 43 F. Supp. 2d at 104 n.1, 50 U.S.P.Q.2d (BNA) at 1814 n.1.

29. See *Int'l Nutrition Co. v. Horphag Research, Ltd.*, 220 F.3d 1325, 55 U.S.P.Q.2d (BNA) 1492 (Fed. Cir. 2000) (holding that the plaintiff distributor failed to prove that the owner of a foreign trademark existed in privity with a second entity who had previously opposed the plaintiff's application to register the trademark in the United States); see also *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 55



## I. PROCEDURAL ISSUES

## A. Appeals from the Trademark Trial and Appeal Board

## 1. Application of the Res Judicata Doctrine

## a. International Nutrition Co. v. Horphag Research, Ltd.

In *International Nutrition Company v. Horphag Research, Limited*,<sup>30</sup> the Federal Circuit vacated and remanded the TTAB's decision dismissing a trademark cancellation petition based on *res judicata*.<sup>31</sup> The Federal Circuit concluded there were insufficient factual findings and legal conclusions to resolve the question of whether the International Nutrition Company ("INC") and Societe Civile Pour L'Expansion de la Recherche en Phytochimie Appliquee ("SCERPA") were the same party or in privity for purposes of the cancellation proceeding.<sup>32</sup>

Dr. Jack Masquelier, who researched sources for the substance proanthocyanidins,<sup>33</sup> controlled the French company Centre d'Experimentation Pharmaceutique ("CEP") which distributed and marketed plant extracts for dietary and nutritional supplements.<sup>34</sup> In 1989, Dr. Masquelier founded SCERPA, which registered the trademark "PYCNOGENOLS" (with an "S") in France that same year.<sup>35</sup>

In 1971, Horphag<sup>36</sup> entered into an agreement to act as an agent for CEP for the U.S. sales of products made from plant extracts.<sup>37</sup> In 1990, Horphag applied in the United States to register the trademark

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U.S.P.Q. (BNA) 1854 (Fed. Cir. 2000) (holding that claim preclusion acts will act as a hindrance to a second trademark action where there is a clear identity of the plaintiffs, there has been a previous decision on the merits of the case which was final, and there have been a common set of transactional facts).

30. 220 F.3d 1325, 55 U.S.P.Q.2d (BNA) 1492 (Fed. Cir. 2000) (denying summary judgment on the reasoning that the reexamination of the patent unlawfully broadened the scope of the claim, thus making invalid both the original claim and the reexamination claim).

31. See *Int'l Nutrition Co.*, 220 F.3d at 1325, 55 U.S.P.Q.2d (BNA) at 1492.

32. See *id.* at 1330, 55 U.S.P.Q.2d (BNA) at 1495 (finding that privity would support the application of *res judicata*).

33. See *id.* at 1325, 55 U.S.P.Q.2d (BNA) at 1492 (describing proanthocyanids as "specific complexes of bioflavonoids . . . which are found in extracts of pine bark and other plants" used as dietary and nutritional supplements).

34. See *id.* at 1327, 55 U.S.P.Q.2d (BNA) at 1492.

35. See *id.*, 55 U.S.P.Q.2d (BNA) at 1492.

36. See *id.* at 1325, 55 U.S.P.Q.2d (BNA) at 1492 (identifying Horphag as a distributor of dietary and nutritional supplements in the United States who applied for trademark registration for their supplement PYCNOGENOL).

37. See *id.* at 1330, 55 U.S.P.Q.2d (BNA) at 1495 (noting that Horphag was the subject of the suite, replacing Interhorphag and Horphag Overseas Ltd.).

“PYCNOGENOL” to designate the source of proanthocyanidins, substances found in certain plant extracts.<sup>38</sup> The following year, SCERPA filed an opposition to Horphag’s application alleging that its predecessor had coined the term “PYCNOGENOL,” and that companies affiliated with SCERPA had continuously used the mark in association with the sale and distribution of dietary and nutritional supplements in the United States since 1987.<sup>39</sup> SCERPA further argued that it had informed Horphag that it had no right to file or pursue the registration of the trademark at issue, and that SCERPA was the true owner of the mark.<sup>40</sup> SCERPA also asserted that Horphag had knowingly filed a false declaration claiming they were the mark’s true owners.<sup>41</sup>

SCERPA abandoned the opposition before a decision on the merits, and, in 1992, the opposition was dismissed with prejudice for failure to prosecute.<sup>42</sup> Horphag subsequently registered the mark “PYCNOGENOL.”<sup>43</sup>

In 1994, SCERPA assigned the French registration for the mark “PYCNOGENOLS” to INC, which owned, in its own name, the French registration of “PYCNOGENOL” (without an “S”).<sup>44</sup> INC sold its products under the trademark “PYCNOGENOL” in countries other than the United States, since Horphag owned the U.S. trademark “PYCNOGENOL.”<sup>45</sup>

In 1997, INC filed a petition to cancel Horphag’s registration of “PYCNOGENOL,” alleging that the trademark was fraudulently obtained and that Horphag violated INC’s rights under the Paris Convention.<sup>46</sup> Horphag moved for summary judgment before discovery based on the doctrine of *res judicata*.<sup>47</sup> Horphag contended that because SCERPA and INC were the same entity and INC was SCERPA’s successor to the same property right at issue in the opposition, the default judgment entered against SCERPA in the

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38. See *id.*, 55 U.S.P.Q.2d (BNA) at 1495.

39. See *Int’l Nutrition Co.*, 220 F.3d at 1327, 55 U.S.P.Q.2d (BNA) at 1492.

40. See *id.*, 55 U.S.P.Q.2d (BNA) at 1492.

41. See *id.*, 55 U.S.P.Q.2d (BNA) at 1492 (averring that Horphag knew, through its predecessors, of SCERPA’s registered trademark in France in 1989 as well as by its wide sales in the United States dating back to July 1987).

42. See *id.*, 55 U.S.P.Q.2d (BNA) at 1492.

43. See *id.*, 55 U.S.P.Q.2d (BNA) at 1492.

44. See *id.*, 55 U.S.P.Q.2d (BNA) at 1492.

45. See *Int’l Nutrition Co.*, 220 F.3d at 1327, 55 U.S.P.Q.2d (BNA) at 1492.

46. See *id.*, 55 U.S.P.Q.2d (BNA) at 1492.

47. See *id.* at 1327, 55 U.S.P.Q.2d (BNA) at 1492; BLACKS LAW DICTIONARY 546 (7th ed. 1999) (defining *res judicata* as: (1) An issue that has been definitely settled by judicial decision; or (2) An affirmative defense barring the same parties from litigating a second lawsuit on the same claim).

earlier opposition proceeding barred INC from now seeking cancellation of Horphag's mark.<sup>48</sup> According to Horphag, INC was bound by the default judgment entered against SCERPA in the opposition proceeding.<sup>49</sup> In response, INC filed a motion requesting further discovery, which the Board denied on the grounds that the issue of whether INC was precluded from bringing the cancellation action based on *res judicata* was a question of law.<sup>50</sup> After INC filed a memorandum addressing the merits of Horphag's motion, the Board granted Horphag's motion for summary judgment.<sup>51</sup> The Board concluded that INC was a successor in interest to SCERPA and should be regarded as the same party involved in the opposition and cancellation procedures for purposes of *res judicata*.<sup>52</sup> Furthermore, in finding *res judicata*, the Board concluded that the transactional facts of both proceedings were the same, and that a final judgment had previously been held against SCERPA in the opposition proceeding.<sup>53</sup> The Board accordingly dismissed the cancellation proceeding.<sup>54</sup>

INC appealed the Board's decision to the Federal Circuit, which affirmed that default judgments can give rise to *res judicata*.<sup>55</sup> The court also determined that INC's cancellation and SCERPA's opposition petitions involved the same claim since both proceedings challenged Horphag's eligibility to register "PYCNOGENOL" based on alleged false declarations in Horphag's application.<sup>56</sup>

The court held that when one party is a successor-in-interest to another with respect to particular property, the parties are in privity with respect to an adjudication of rights *only* in the transferred property.<sup>57</sup> The Court noted that the Board focused its decision on the assignment from SCERPA to INC of the French trademark "PYCNOGENOLS" in finding privity.<sup>58</sup> This mark, however, was not the subject of SCERPA's opposition to the U.S. registration of "PYCNOGENOL," and it was also not the subject of the instant cancellation proceeding.<sup>59</sup> Instead, INC based its challenge on 15

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48. *See id.*, 55 U.S.P.Q.2d (BNA) at 1492.

49. *See id.*, 55 U.S.P.Q.2d (BNA) at 1492.

50. *See id.*, 55 U.S.P.Q.2d (BNA) at 1492.

51. *See Int'l Nutrition Co.*, 220 F.3d at 1327, 55 U.S.P.Q.2d (BNA) at 1493.

52. *See id.* at 1328, 55 U.S.P.Q.2d (BNA) at 1493.

53. *See id.*, 55 U.S.P.Q.2d (BNA) at 1493.

54. *See id.*, 55 U.S.P.Q.2d (BNA) at 1493.

55. *See id.*, 55 U.S.P.Q.2d (BNA) at 1493.

56. *See id.* at 1328-29, 55 U.S.P.Q.2d (BNA) at 1493-94.

57. *See Int'l Nutrition Co.*, 220 F.3d at 1327, 55 U.S.P.Q.2d (BNA) at 1493-94.

58. *See id.* at 1330, 55 U.S.P.Q.2d (BNA) at 1495.

59. *See id.*, 55 U.S.P.Q.2d (BNA) at 1495.

U.S.C. § 1064<sup>60</sup> and on its interest in using the mark in the future to market its products—not on its rights in France for “PYCNOGENOLS.”<sup>61</sup>

The Court also concluded that the Board improperly focused its privity analysis on INC’s statement that “it has rights in the same trademark, through the same chain of title, as SCERPA asserted [in the opposition].”<sup>62</sup> First, in order for *res judicata* to be based on successorship, the court reasoned that the Board’s decision would have to be based on evidence that clearly indicated that INC obtained its rights to the trademark directly or indirectly from SCERPA and that it did so *after* SCERPA filed the opposition.<sup>63</sup> Second, even if the Board concluded that INC obtained its rights in the mark from SCERPA after the unsuccessful opposition, that would not necessarily bar INC from seeking cancellation on *res judicata* grounds.<sup>64</sup> Cancellation of a trademark can be obtained under section 14 of the Lanham Act by a party with no proprietary rights in the trademark at issue.<sup>65</sup> The court noted that, in case INC raised the theory that Horphag’s claim of ownership of the PYCNOGENOL trademark was false because SCERPA was the true owner of the mark, INC’s status of successor to SCERPA to the trademark rights would be pertinent in barring INC from seeking cancellation.<sup>66</sup>

As the court could not determine whether the origins of INC’s rights would affect further proceedings on INC’s cancellation proceeding, the court remanded the matter to the Board.<sup>67</sup>

*b. Jet, Inc. v. Sewage Aeration Systems*

In *Jet, Inc. v. Sewage Aeration Systems*,<sup>68</sup> the Federal Circuit once again reviewed the Board’s application of the *res judicata* doctrine. In this case, the court reversed and remanded the TTAB’s dismissal of Jet,

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60. 15 U.S.C. § 1064 (1994 & Supp. V 1999) (“[a] petition to cancel a registration for a mark . . . may . . . be filed . . . by any person who believes that he is or will be damaged by the registration of the mark.”).

61. See *Int’l Nutrition Co.*, 220 F.3d at 1330, 55 U.S.P.Q.2d (BNA) at 1492.

62. See *id.*, 55 U.S.P.Q.2d (BNA) at 1495.

63. See *id.*, 55 U.S.P.Q.2d (BNA) at 1495-96 (“For *res judicata* to be based on successorship, the Board would have to find that INC obtained its rights in the trademark directly or indirectly from SCERPA and that it did so after the unsuccessful opposition was filed”).

64. See *id.*, 55 U.S.P.Q.2d (BNA) at 1496.

65. See *id.*, 55 U.S.P.Q.2d (BNA) at 1496 (citing *Ritchie v. Simpson*, 170 F.3d 1092, 50 U.S.P.Q.2d (BNA) 1023 (Fed. Cir. 1987)).

66. See *id.*, 55 U.S.P.Q.2d (BNA) at 1496.

67. The court also left to the Board the task of determining whether INC may seek cancellation pursuant to the Paris Convention and whether *res judicata* bars that claim as well.

68. 223 F.3d 1360, 55 U.S.P.Q.2d (BNA) 1854 (Fed. Cir. 2000).

Incorporated's ("Jet") petition for cancellation of Sewage Aeration Systems' ("SAS") registered mark "AEROB-A-JET."<sup>69</sup>

Both Jet and SAS manufacture sewage and waste-water treatment devices for homes.<sup>70</sup> Jet registered the marks "JET" and "JET AERATION" in 1959 and 1969, respectively.<sup>71</sup> In 1992, SAS registered the mark "AEROB-A-JET."<sup>72</sup>

In 1994, Jet filed suit against SAS in the U.S. District Court for the Northern District of Ohio on grounds of trademark infringement.<sup>73</sup> Subsequently, in 1996, Jet tried to amend its complaint by adding a claim for the cancellation of SAS' "AEROB-A-JET" trademark, only to have the district court strike the requested amendment.<sup>74</sup> Subsequently, Jet sought to cancel SAS' registration of "AEROB-A-JET" before the PTO.<sup>75</sup>

Meanwhile, the litigation between Jet and SAS proceeded in district court, with Jet amending its complaint to assert infringement only of the "JET" trademark, and not of the "JET AERATION" mark.<sup>76</sup> As for the cancellation proceeding, where both the "JET" and "JET AERATION" trademarks were at issue, the Board delayed the proceeding until the infringement litigation was concluded, which was ultimately decided in SAS' favor.<sup>77</sup> The Sixth Circuit affirmed the trial court's finding of no "likelihood of confusion" between the marks "JET" and "AEROB-A-JET."<sup>78</sup> Thereafter, the Board dismissed Jet's petition for cancellation of SAS' trademark "AEROB-A-JET" on *res judicata* grounds.<sup>79</sup> Since the cancellation and litigation proceedings involved the same claims, the Board prohibited Jet from pursuing cancellation of "AEROB-A-JET" on the basis of either "JET" or "JET AERATION."<sup>80</sup> Jet appealed the Board's decision to the Federal Circuit.<sup>81</sup>

The Federal Circuit articulated that claim preclusion will apply to bar a second action where: "(1) there is identity of the parties (or

69. See *Jet Inc.*, 223 F.3d at 1361, 55 U.S.P.Q.2d (BNA) at 1855.

70. See *id.*, 55 U.S.P.Q.2d (BNA) at 1855.

71. See *id.*, 55 U.S.P.Q.2d (BNA) at 1855.

72. See *id.*, 55 U.S.P.Q.2d (BNA) at 1855.

73. See *id.*, 55 U.S.P.Q.2d (BNA) at 1855 (claiming that the two companies' marks would easily be confused with one another).

74. See *id.*, 55 U.S.P.Q.2d (BNA) at 1855.

75. See *Jet Inc.*, 223 F.3d at 1361, 55 U.S.P.Q.2d (BNA) at 1855.

76. See *id.*, 55 U.S.P.Q.2d (BNA) at 1855.

77. See *id.*, 55 U.S.P.Q.2d (BNA) at 1855.

78. See *id.* at 1362, 55 U.S.P.Q.2d (BNA) at 1855-56 (stating that the likelihood of confusion was almost non-existent due to the high degree of care that buyers exhibited when purchasing the products).

79. See *id.*, 55 U.S.P.Q.2d (BNA) at 1856.

80. See *id.*, 55 U.S.P.Q.2d (BNA) at 1856.

81. See *Jet Inc.*, 223 F.3d at 1361, 55 U.S.P.Q.2d (BNA) at 1856.

their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts.”<sup>82</sup> Since the infringement litigation between identical parties resulted in a valid final judgment on the merits, the court determined that the issue rested only on whether the transactional facts of the cancellation proceeding were the same as those of the infringement proceeding.<sup>83</sup> The court concluded that transactional facts were different for the following reasons:

(1) infringement requires the plaintiff to have a valid registered mark, while cancellation does not;

(2) infringement requires the defendant to have used the allegedly infringing words or symbols in commerce and in connection with the sale or promotion of goods or services, while cancellation requires none of these;

(3) cancellation requires the respondent to hold a federally registered mark, while infringement does not; and

(4) cancellation requires inquiry into the registrability of the respondent’s mark, while infringement does not.<sup>84</sup>

Although both causes of action have the “likelihood of confusion” analysis in common, the court noted that this commonality was not sufficient to trigger claim preclusion.<sup>85</sup> The Court clarified that, in a “likelihood of confusion” analysis in an infringement context, the analysis focuses on a comparison of the plaintiff’s registered mark and the defendant’s use of symbols, words, etc.<sup>86</sup> In a cancellation proceeding, however, the analysis focuses on a comparison of the respondent’s registered mark and a prior-registered trademark or prior use by the petitioner of an unregistered mark that has resulted in establishing a trade identity.<sup>87</sup> The Court also noted that since the litigation was based on the “JET” trademark, Jet still had a right to proceed in the cancellation action based on its “JET AERATION” mark.<sup>88</sup>

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82. *Id.*, 55 U.S.P.Q.2d (BNA) at 1856. (citing *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979) and *Foster v. Hallco Mfg. Co.*, 947 F.2d 469, 478-79, 20 U.S.P.Q.2d (BNA) 1241, 1248 (Fed. Cir. 1991)).

83. *See id.* at 1363, 55 U.S.P.Q.2d (BNA) at 1856 (referring to the Restatement (Second) on Judgments § 24 (1982), which states that a common set of transactional facts must be defined as “core of operative facts” or “based on the same or nearly the same factual allegations”).

84. *See id.* at 1364, 55 U.S.P.Q.2d (BNA) at 1857 (holding that the “array of differences in transactional facts” served to eliminate claim preclusion as a bar for petition of cancellation).

85. *See id.*, 55 U.S.P.Q.2d (BNA) at 1857.

86. *See id.*, 55 U.S.P.Q.2d (BNA) at 1857.

87. *See Jet Inc.*, 223 F.3d at 1364, 55 U.S.P.Q.2d (BNA) at 1857.

88. *See id.* at 1365, 55 U.S.P.Q.2d (BNA) at 1858.

In reversing the Board's dismissal, the court held that an earlier trademark infringement action does not bar a later petition for cancellation under the doctrine of claim preclusion.<sup>89</sup> Upon remand, however, the court advised the Board to consider whether *issue* preclusion prevented further litigation before the Board related to the question of "likelihood of confusion."<sup>90</sup> Thus, on remand, the Board could examine whether the issue decided in the infringement proceeding is sufficiently similar to the issue involved in the cancellation proceeding so as to conclude that Jet should be prohibited from relitigating the "likelihood of confusion" between "JET" and "AEROB-A-JET."<sup>91</sup>

Chief Judge Mayer dissented, stating that the Board properly dismissed the cancellation petition on the basis of claim preclusion.<sup>92</sup> Based on the policy of conserving judicial resources from the Restatement (Second) of Judgments § 24 (1982)<sup>93</sup> and on the Federal Circuit's decision in *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*,<sup>94</sup> Chief Judge Mayer concluded that following the district court's denial of Jet's motion to amend its original complaint by adding a claim for cancellation of the "AEROB-A-JET" mark, Jet was precluded from seeking cancellation in another forum.<sup>95</sup>

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89. See *id.* at 1365, 55 U.S.P.Q.2d (BNA) at 1858 (noting that the Board has ruled similarly in at least two prior cases: (1) *Treadwell's Drifter's Inc. v. Marshak*, 18 U.S.P.Q.2d (BNA) 1318, 1321 (TTAB 1990) (holding that claim preclusion did not apply because the claim of injury arose from the use of the mark in commerce and the other from the registration of the mark); and (2) *Am. Hygenic Labs, Inc. v. Tiffany & Co.*, 228 U.S.P.Q.2d (BNA) 855, 857 (TTAB 1986) (ruling that claim preclusion did not apply since injury in one instance was caused by the use of the mark whereas injury in the second instance was caused by registration of the mark)).

90. See *id.*, 55 U.S.P.Q.2d (BNA) at 1858 (certifying that the court in this case used *res judicata* to refer to both claim and issue preclusion).

91. See *id.* at 1366, 55 U.S.P.Q.2d (BNA) at 1859.

92. See *id.* at 1367, 55 U.S.P.Q.2d (BNA) at 1859 (reasoning that Jet's cancellation claim and infringement claim were brought under the same set of transitional facts, and thus should be subject to claim preclusion in the interest of furthering the policy goals, such as "conserving judicial resources and preventing multiplicity of suits," behind claim preclusion).

93. See *Jet Inc.*, 223 F.3d at 1367, 55 U.S.P.Q.2d (BNA) at 1860 (Mayer, C.J., dissenting) (quoting the Restatement's assertion that, "all actions arising from the same transaction or series of transactions constitute a single claim for purposes of claim preclusion").

94. 58 F.3d 616, 35 U.S.P.Q.2d (BNA) 1311 (Fed. Cir. 1995) (holding that under the principle of claim preclusion, "a party must raise in a single lawsuit all the grounds of recovery arising from a single transaction or series of transactions that can be brought together").

95. See *Jet Inc.*, 223 F.3d at 1367, 55 U.S.P.Q.2d (BNA) at 1860.

*B. Appeals from Federal District Courts**1. Summary judgment: Cortland Line Co. v. The Orvis Co.*

In *Cortland Line Co. v. Orvis Co.*<sup>96</sup> the Federal Circuit vacated and remanded the decision of the U.S. District Court for the Northern District of New York to grant summary judgment in favor of The Orvis Company ("Orvis") based on its fair use defense.<sup>97</sup>

The Cortland Line Company ("Cortland"), a fishing equipment manufacturer, sued Orvis, its competitor, for patent infringement and for infringement of its federally registered trademark, "CASSETTE."<sup>98</sup> Orvis moved for summary judgment on Cortland's trademark claim based on the defenses of genericness and fair use.<sup>99</sup> By granting summary judgment to Orvis based on its fair use of the word "cassette,"<sup>100</sup> the district court declined to reach the genericness issue.<sup>101</sup> Cortland appealed the decision to the Federal Circuit.

Citing to FED. R. CIV. P. 56(c), the Federal Circuit noted that "summary judgment requires the moving party to show both the absence of genuine issues of material fact and entitlement to judgment as a matter of law."<sup>102</sup> The court also noted that, since the trademark ruling was not exclusive to patent law, the court would apply the rule of the regional circuit.<sup>103</sup>

After reviewing the relevant facts and applicable law, the court concluded that Cortland raised a genuine issue of material fact as to whether the "CASSETTE" trademark is descriptive of characteristics particular to both Cortland's and Orvis' products.<sup>104</sup> The evidence revealed that the industry used other terms, such as "spare," "extra" or "cartridge" spools prior to Cortland's use of the term "cassette." In addition, Cortland produced evidence of actual confusion, such as customer inquiries and questions on electronic bulletin boards, and raised the issue of whether Orvis used the mark in good faith.<sup>105</sup> The court also highlighted the fact that the district court itself noted in its

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96. 203 F.3d 1351, 53 U.S.P.Q.2d (BNA) 1734 (Fed. Cir. 2000).

97. See *Cortland Line Co.*, 203 F.3d at 1360-62, 53 U.S.P.Q.2d (BNA) at 1740-41.

98. See *id.* at 1355, 53 U.S.P.Q.2d (BNA) at 1736.

99. See *id.* at 1360, 53 U.S.P.Q.2d (BNA) at 1740.

100. See 15 U.S.C. § 1115(b)(4) (1994 & Supp. V 1999) (establishing the fair use defense).

101. See *Cortland Line Co.*, 203 F.3d at 1361, 53 U.S.P.Q.2d (BNA) at 1740.

102. *Id.*, 53 U.S.P.Q.2d (BNA) at 1740.

103. See *id.*, 53 U.S.P.Q.2d (BNA) at 1740 (citing *Cicena Ltd. v. Columbia Telecomms. Group*, 900 F.2d 1536, 1548, 14 U.S.P.Q.2d (BNA) 1401, 1403 (Fed. Cir. 1990) for the assertion that a court lacking exclusive appellate jurisdiction looks to the law of the regional circuit where the district court sits).

104. See *id.*, 53 U.S.P.Q.2d (BNA) at 1740.

105. See *id.*, 53 U.S.P.Q.2d (BNA) at 1740.



opinion that the frequency and context of Orvis' use of the mark were matters "of some debate."<sup>106</sup> Therefore, genuine issues of material fact precluded summary judgment based on fair use, and the court consequently remanded the matter to the district court.<sup>107</sup>

In remanding for further proceedings on this issue, the Federal Circuit stated that determining whether a trademark is generic is relevant to the existence of an enforceable trademark.<sup>108</sup> The court accordingly directed the district court to consider Orvis' fair use defense.<sup>109</sup>

## 2. *Personal jurisdiction*

In *LSI Industries, Inc. v. Hubbell Lighting, Inc.*,<sup>110</sup> the Federal Circuit reversed and remanded the United States District Court of Ohio's determination that it lacked personal jurisdiction over the defendant corporation.

LSI Industries, Inc. ("LSI"), a manufacturer and vendor of lighting products, claimed its competitor, Hubbell Lighting, Inc. ("Hubbell"), infringed one of its design patents as well as its trademark rights.<sup>111</sup> A Connecticut corporation, Hubbell maintained its principal place of business in Virginia.<sup>112</sup> Although it employed multiple distributors in Ohio, Hubbell had not sold any of its allegedly infringing products in that state.<sup>113</sup>

After LSI filed a complaint against Hubbell in the U.S. District Court of Ohio and sought a preliminary injunction and a temporary restraining order, Hubbell moved to dismiss for lack of personal jurisdiction and improper venue or for a change of venue.<sup>114</sup> Due to Hubbell's substantial contacts with Ohio, the district court held that under the Due Process Clause of the U.S. Constitution, it could exercise general jurisdiction over Hubbell.<sup>115</sup> The district court concluded, however, that Hubbell's sales activity did not meet the requirements of Ohio's long-arm statute because Hubbell did not sell

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106. *See id.*, 53 U.S.P.Q.2d (BNA) at 1740 (finding discrepancies in the parties' characterization of the extent, emphasis, and effects of product descriptions as a "cassette type reel" at marketing trade shows).

107. *See Cortland Line Co.*, 203 F.3d at 1361, 53 U.S.P.Q.2d (BNA) at 1740.

108. *See id.*, 53 U.S.P.Q.2d (BNA) at 1740.

109. *See id.*, 53 U.S.P.Q.2d (BNA) at 1740.

110. 232 F.3d 1369, 56 U.S.P.Q.2d (BNA) 1965 (Fed. Cir. 2000).

111. *See LSI Indus., Inc.*, 232 F.3d at 1370, 56 U.S.P.Q.2d (BNA) at 1965-66.

112. *See id.* at 1370, 56 U.S.P.Q.2d (BNA) at 1966.

113. *See id.*, 56 U.S.P.Q.2d (BNA) at 1966.

114. *See id.*, 56 U.S.P.Q.2d (BNA) at 1966.

115. *See id.*, 56 U.S.P.Q.2d (BNA) at 1966 (finding that Hubbell's millions of dollars in sales over several years and distribution network in Ohio satisfied the standard for "continuous and systematic" contacts with the forum state).

its allegedly infringing product in Ohio.<sup>116</sup> As the locus of LSI's injury did not occur in Ohio, the district court granted Hubbell's motion to dismiss for lack of personal jurisdiction.<sup>117</sup> LSI subsequently appealed.

Initially the Federal Circuit noted that it would review the district court's decision *de novo* and apply its own law in analyzing personal jurisdiction for purposes of compliance with federal due process requirements.<sup>118</sup> In contrast, the Federal Circuit stated that it would defer to the state's highest court when determining whether LSI is amenable to process in Ohio.<sup>119</sup>

In order to properly exercise personal jurisdiction over an out-of-state defendant, the district court must have found that: (1) Hubbell was amenable to process in the forum state; and (2) the court's exercise of personal jurisdiction over Hubbell complied with federal due process requirements.<sup>120</sup> With respect to the first prong, the court cited to the Federal Rules of Civil Procedure, which provides that a defendant is amenable to service of process if it "could be subjected to the jurisdiction of a court of general jurisdiction in the state in which the district is located."<sup>121</sup> In Ohio, this prong is met once the requirements established by the Ohio Supreme Court in *Perkins v. Benguet Consolidated Mining Co.* are fulfilled.<sup>122</sup> The Federal

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116. *See id.*, 56 U.S.P.Q.2d (BNA) at 1966. Personal jurisdiction is proper under Ohio law when a cause of action "aris[es] from [defendant's] [c]ausing tortious injury in this state by an act or omission outside this state if [it] regularly does or solicits business, or engages in any other persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered in this state . . . ." OHIO REV. CODE ANN. § 2307.382(A)(4) (West 2000).

117. *See LSI Indus., Inc.*, 232 F.3d at 1370-71, 56 U.S.P.Q.2d (BNA) at 1966.

118. *See id.* at 1371, 56 U.S.P.Q.2d (BNA) at 1966 (citing *3D Sys., Inc. v. Aarotech Labs., Inc.*, 160 F.3d 1373, 1376-77, 48 U.S.P.Q.2d (BNA) 1773, 1775-76 (Fed. Cir. 1998)). In *3D Sys., Inc.*, the Federal Circuit concluded that Federal Circuit law applies in the federal due process analysis when determining personal jurisdiction by referring to 28 U.S.C. §§ 1295(a), 1338(a), and 1367 (giving exclusive jurisdiction over an appeal from a district court when that court's jurisdiction is based at least in part on a claim arising under patent law). *See 3D Sys., Inc.*, 160 F.3d at 1377, 48 U.S.P.Q.2d (BNA) at 1776.

119. *See LSI Indus., Inc.*, 232 F.3d at 1371, 56 U.S.P.Q.2d (BNA) at 1966 (citing *Hortonville Joint Sch. Dist. v. Hortonville Educ. Ass'n*, 426 U.S. 482 (1976) for the proposition that federal courts are bound to accept the interpretation of state law by the highest court of the state).

120. *See id.*, 56 U.S.P.Q.2d (BNA) at 1966 (citing *Int'l Shoe Co. v. State of Washington*, 326 U.S. 310 (1945)).

121. *Id.*, 56 U.S.P.Q.2d (BNA) at 1966 (quoting FED. R. CIV. P. 4(k)(1)(A)).

122. *See Perkins v. Benguet Consol. Mining Co.*, 107 N.E.2d 203 (Ohio 1952) (holding that the defendant, a foreign corporation with an office in Ohio, was amenable to process in Ohio). Where jurisdiction is not limited by state statute, an action on a transitory clause may be heard by an Ohio court if it was brought by a nonresident against a foreign corporation doing business in Ohio even if the cause of the action did not arise in Ohio or related to the corporation's business affairs in Ohio. *See id.* at 204.

Circuit recognized the decision in *Perkins* and concluded that when an out-of-state defendant conducts business in a “continuous and systematic” way in Ohio, the defendant is “doing business” in the state and is amenable to process there, even if the cause of action did not arise from activity in Ohio.<sup>123</sup>

Turning to the Ohio long-arm statute, the court determined the statute neither supplanted the *Perkins* decision nor expressly limited *Perkins*.<sup>124</sup> The court also noted that the Ohio Supreme Court applied the *Perkins* doctrine without mention of the statute, even after the Ohio legislature enacted the long-arm statute.<sup>125</sup> The court concluded the *Perkins* doctrine still applied, and that Hubbell, a defendant conducting activity that meets the federal due process threshold for general jurisdiction, was amenable to process under Ohio’s “doing business” standard.<sup>126</sup>

As for the “minimum contacts” requirement, the Federal Circuit agreed with the district court’s conclusion that Hubbell was amenable to service of process in Ohio and had significant contacts with Ohio for purposes of exercising jurisdiction pursuant to the Due Process Clause.<sup>127</sup> Noting that Hubbell sold millions of dollars of lighting products in Ohio and had a wide distribution network in that state, the court concluded that Hubbell met the standard of “continuous and systematic” contacts.<sup>128</sup> Thus, the Ohio court was determined to have general jurisdiction over Hubbell under the Due Process Clause.<sup>129</sup> As Hubbell’s activities met both prongs of the personal jurisdiction inquiry, the Federal Circuit reversed and remanded the district court’s decision.<sup>130</sup>

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123. See *LSI Indus., Inc.*, 232 F.3d at 1373, 56 U.S.P.Q.2d (BNA) at 1968.

124. See *id.*, 56 U.S.P.Q.2d (BNA) at 1968.

125. See *id.*, 56 U.S.P.Q.2d (BNA) at 1968 (citing *Wainscott v. St. Louis-San Francisco Ry. Co.*, 351 N.E.2d 466 (Ohio 1976) (involving an action taken against a railroad company with offices in Ohio, but not real property, bank accounts, or business-related functions taking place in Ohio, where the court differentiated between “mere solicitation of business” and “doing business,” and ruled that personal jurisdiction was not sanctioned because the railroad engaged in the former).

126. See *id.* at 1374, 56 U.S.P.Q.2d (BNA) at 1969.

127. See *id.* at 1375, 56 U.S.P.Q.2d (BNA) at 1970.

128. See *id.*, 56 U.S.P.Q.2d (BNA) at 1970.

129. See *LSI Indus., Inc.*, 232 F.3d at 1373, 56 U.S.P.Q.2d (BNA) at 1970.

130. See *id.*, 56 U.S.P.Q.2d (BNA) at 1970.

C. *Appeal from the United States Court of Federal Claims:*<sup>131</sup> *Jurisdiction Over Cancellation Claims*

In *Boyle v. United States*,<sup>132</sup> the Federal Circuit affirmed the U.S. Court of Federal Claims' dismissal of a complaint for lack of jurisdiction and for failure to state a claim.

In 1989, Mr. Boyle wrote a pamphlet describing "Moneyfor" mutual fund products.<sup>133</sup> He sent copies of this pamphlet to several money managers, including a Wells Fargo executive.<sup>134</sup> Several years later Wells Fargo started to market similar products called "Lifepath" funds, and in 1994 the PTO registered Wells Fargo's use of "LIFEPATH" and similar words.<sup>135</sup> In 1997, Boyle registered his pamphlet with the U.S. Copyright Office and, thereafter, brought suit against Wells Fargo for copyright infringement.<sup>136</sup> The Southern District Court of New York determined that Wells Fargo did not infringe Boyle's copyright.<sup>137</sup> At some point, Boyle wrote a letter to the PTO requesting cancellation of Wells Fargo's marks.<sup>138</sup> Boyle then filed a *pro se* complaint against the United States in the U.S. Court of Federal Claims, seeking cancellation of Wells Fargo's "LIFEPATH" trademarks, compensation for his injury, and injunctive relief.<sup>139</sup> Boyle alleged that the United States "wrongfully allowed" Wells Fargo's "LIFEPATH" service marks, failed to cancel them, and "effectively destroyed" his copyright, which he claimed amounted to an unjust taking.<sup>140</sup> The court interpreted Boyle's complaint to raise as its main causes of action: (1) contributory copyright infringement; and (2) a taking of his property without just compensation.<sup>141</sup> The court then granted the United States' motion to dismiss for failure to state a claim upon which relief can be granted, since the Federal Government had not waived its sovereign immunity and thus could not be held liable for copyright infringement.<sup>142</sup> The court also

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131. The Federal Circuit has exclusive jurisdiction "of an appeal from a final decision of the United States Court of Federal Claims." 28 U.S.C. § 1295(a)(3) (1994 & Supp. V 1999).

132. 200 F.3d 1369, 53 U.S.P.Q.2d (BNA) 1433 (Fed. Cir. 2000).

133. See *Boyle*, 200 F.3d at 1371, 53 U.S.P.Q.2d (BNA) at 1434 (detailing Mr. Boyle's mutual fund products targeted to different maturity dates based upon the year the investor desires the money).

134. See *id.*, 53 U.S.P.Q.2d (BNA) at 1434.

135. See *id.*, 53 U.S.P.Q.2d (BNA) at 1434.

136. See *id.*, 53 U.S.P.Q.2d (BNA) at 1434.

137. See *id.*, 53 U.S.P.Q.2d (BNA) at 1434.

138. See *id.* at 1371-72, 53 U.S.P.Q.2d (BNA) at 1434.

139. See *Boyle*, 200 F.3d at 1372, 53 U.S.P.Q.2d (BNA) at 1434.

140. See *id.*, 53 U.S.P.Q.2d (BNA) at 1434.

141. See *id.*, 53 U.S.P.Q.2d (BNA) at 1434.

142. See *id.*, 53 U.S.P.Q.2d (BNA) at 1434.

dismissed Boyle's request for cancellation for lack of jurisdiction.<sup>143</sup> Boyle subsequently appealed.

The Federal Circuit reviewed the Court's dismissal for failure to state a claim and lack of jurisdiction *de novo*.<sup>144</sup> Pursuant to 28 U.S.C. § 1498,<sup>145</sup> and in light of the requirement that the Federal Government's waiver of sovereign immunity be explicit,<sup>146</sup> the court agreed that Boyle had no claim against the government for Wells Fargo's acts.<sup>147</sup> The Federal Circuit held that the PTO's grant of a service mark registration to Wells Fargo constituted neither a copyright infringement by the Federal Government, nor did it constitute the Federal Government's authorization and consent for Wells Fargo to infringe Boyle's copyright.<sup>148</sup> As Boyle did not allege that Wells Fargo's "LIFEPATH" mark was used in his copyrighted work, but rather that Wells Fargo stole the ideas from his copyrighted work, the Court concluded that Boyle failed to state a claim for copyright infringement.<sup>149</sup> The court also clarified that the possession of a service mark by one party does not deprive another party of any rights the latter may have under the copyright laws.<sup>150</sup> Thus, the Federal Circuit held that: (1) Boyle failed to state a claim for direct infringement and contributory infringement of his copyright; (2) Boyle also failed to state that the government "took" his copyright as matter of law; and (3) that Court of Federal Claims lacked jurisdiction over ruling on Boyle's request to cancel Wells Fargo's service marks.<sup>151</sup>

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143. See *id.* at 1372, 53 U.S.P.Q.2d (BNA) at 1435.

144. See *id.*, 53 U.S.P.Q.2d (BNA) at 1435.

145. This statute provides:

Whenever the copyright in any work protected under the copyright laws of the United States shall be infringed by the United States, by a corporation owned or controlled by the United States, or by a contractor, subcontractor, or any person, firm or corporation acting for the Government and with the authorization or consent of the Government, the exclusive remedy of the owner of such copyright shall be by action against the United States in the Court of Federal Claims for the recovery of reasonable and entire compensation as damages for such infringement . . . .

28 U.S.C. § 1498(b) (1994 & Supp. V 1999).

146. See *Boyle*, 200 F.3d at 1373, 53 U.S.P.Q.2d (BNA) at 1435 (citing *United States v. Testan*, 424 U.S. 392, 399 (1976), which held that waivers cannot be implied).

147. See *id.* at 1372, 53 U.S.P.Q.2d (BNA) at 1435.

148. See *id.* at 1373, 53 U.S.P.Q.2d (BNA) at 1436 (reasoning that although the grant of a service mark registration entitles the registrant to certain rights and privileges under the Trademark Act, the right to infringe upon another's copyright is not one of those rights). Since the federal government's registration did not authorize Wells Fargo to infringe upon Boyle's copyright, there can be no claim against the United States for Wells Fargo's acts. See *id.*, 53 U.S.P.Q.2d (BNA) at 1436.

149. See *id.*, 53 U.S.P.Q.2d (BNA) at 1436.

150. See *id.* at 1374, 53 U.S.P.Q.2d (BNA) at 1436.

151. See *id.*, 53 U.S.P.Q.2d (BNA) at 1436.

## II. SUBSTANTIVE TRADEMARK ISSUES

## A. "Likelihood of Confusion"

1. *Appeals from the Trademark Trial and Appeals Board*a. *Consideration of the DuPont factors*i. *Recot, Inc. v. M.C. Becton*

In *Recot, Inc. v. M.C. Becton*,<sup>152</sup> the Federal Circuit vacated and remanded the Board's determination that there existed no "likelihood of confusion" between the marks "FRITO-LAY" and "FIDO LAY" used for unrelated products.<sup>153</sup> The court determined that the Board erred by giving little weight to the fame of the "FRITO-LAY" marks when it failed to consider all the relevant evidence when analyzing whether the products were related, and by improperly dissecting the marks.<sup>154</sup>

Recot owned six federal registrations for its "FRITO-LAY" mark, as well as other related marks,<sup>155</sup> under which Recot has manufactured and sold various snack foods for more than thirty years.<sup>156</sup> Five of Recot's marks are used in connection with snack foods, and one of its marks is used with nonfood items, such as housewares, clothing, and tote bags.<sup>157</sup> Recot sells its "FRITO-LAY" products nationwide, spending approximately \$80 million in 1996 on advertising and promotion for products with its mark.<sup>158</sup> Becton sells natural dog treats under the "FIDO LAY" mark in his pet food stores and supermarkets in and around Birmingham, Alabama.<sup>159</sup> Becton also sells hats and t-shirts bearing the "FIDO LAY" mark.<sup>160</sup> Becton has

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152. 214 F.3d 1322, 54 U.S.P.Q.2d (BNA) 1994 (Fed. Cir. 2000).

153. *See Recot, Inc. v. Becton*, Opposition No. 96, 518, 50 U.S.P.Q.2d 1439, 1444 (T.T.A.B. Dec. 4, 1998) (concluding that FIDO LAY natural dog treats could not be confused with FRITO LAY human snack foods because the goods were not identical or otherwise related in nature).

154. *See Recot, Inc.*, 214 F.3d at 1325, 54 U.S.P.Q.2d (BNA) at 1895 (finding that famous marks should be afforded more pretection since they are more likely to be remembered and may affect purchaser confusion, even if the products are completely unrelated).

155. *See id.*, 54 U.S.P.Q.2d (BNA) at 1895.

156. *See id.* at 1326, U.S.P.Q.2d (BNA) at 1896 (noting that Recot sells Frito-Lay products throughout the United States in various stores and vending machines).

157. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896.

158. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896.

159. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896.

160. *See Recot, Inc.*, 214 F.3d at 1326, 54 U.S.P.Q.2d (BNA) at 1896.

sold approximately 800-1100 units of “FIDO LAY” products.<sup>161</sup>

In 1994, Becton applied for registration of its “FIDO LAY” mark, and Recot opposed the registration on the ground of “likelihood of confusion” with its “FRITO-LAY” marks.<sup>162</sup> The Board dismissed Recot’s opposition, finding no “likelihood of confusion” between the marks, and concluding that the goods were not identical or even related.<sup>163</sup> The Board further concluded that, because the goods were “so different in nature,” the fact that both goods were inexpensive and could be bought on impulse were “diminished in importance.”<sup>164</sup> As to the similarity of the marks, the Board deemed them sufficiently dissimilar and unlikely to cause confusion.<sup>165</sup> Although the Board acknowledged the fame of the “FRITO-LAY” marks, it did not find this “important” given the significant differences in the goods.<sup>166</sup> Lastly, the Board found no evidence of bad faith by Becton in adopting the “FIDO LAY” mark and Recot appealed the Board’s decision to the Federal Circuit.<sup>167</sup>

Initially, the Federal Circuit noted that “likelihood of confusion” is a question of law based on underlying factual determinations.<sup>168</sup> Turning to the question of what standard of review it would apply to the Board’s factual findings, the Federal Circuit clarified that it would uphold the TTAB’s findings of fact unless they are unsupported by substantial evidence.<sup>169</sup> In so doing, the court cited the Supreme Court decision in *Dickinson v. Zurko*, which held that the Federal Circuit must review the PTO finding of facts according to either the “arbitrary, capricious” or the “substantial evidence” standard of review set forth in the Administrative Procedure Act (“APA”).<sup>170</sup> In

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161. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896.

162. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896.

163. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896.

164. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896 (suggesting that a non-discriminating customer should not be impulsively mistaken that a connection between the two products exists because of the obviousness of their different nature).

165. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896 (noting that the Board failed to separately examine the sound or appearance of the “FRITO-LAY” and “FIDO LAY” marks).

166. *See Recot, Inc.*, 214 F.3d at 1326, 54 U.S.P.Q.2d (BNA) at 1896.

167. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896.

168. *See id.*, 54 U.S.P.Q.2d (BNA) at 1896. *See also* J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:71-73 (4th ed. 2001) (stating that most of the federal circuits hold that likelihood of confusion is an issue of fact, governed by the “clearly erroneous” standard of review. The Federal Circuit, however, follows the minority rule that likelihood of confusion is a question of law).

169. *See Recot, Inc.*, 214 F.3d at 1327, U.S.P.Q.2d (BNA) at 1897.

170. *Dickinson v. Zurko*, 527 U.S. 150, 165 50 U.S.P.Q.2d (BNA) 1930, 1937 (1999) (reversing the Federal Circuit’s *en banc* decision which held that the appropriate standard of review of the PTO’s findings of fact was the clearly erroneous standard).

light of *Zurko*, the Federal Circuit recently concluded it would review the Board of Patent Appeals and Interferences' ("BPAI") findings of fact under the "substantial evidence" standard.<sup>171</sup> This standard, which the court characterized as "less deferential" than the "arbitrary, capricious" test,<sup>172</sup> requires the court to consider whether a reasonable person might find the evidentiary record to support the agency's conclusion.<sup>173</sup> In *Recot, Inc.*, the court extended application of the "substantial evidence" standard to the review of factual findings of the TTAB.<sup>174</sup>

The court then addressed the "likelihood of confusion" issues by reciting the thirteen relevant factors articulated in *In re E. I. DuPont DeNemours & Co.* (the "*DuPont* factors").<sup>175</sup> The court initially addressed the "fame of the mark" factor and held that the Board failed to accord proper weight to the fame of the "FRITO-LAY" marks.<sup>176</sup> The court stressed that when the "fame of the mark" factor is present, it must be accorded full weight even if the "likelihood of

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171. See *In re Gartside*, 203 F.3d 1305, 1315, 53 U.S.P.Q.2d (BNA) 1769, 1775 (Fed. Cir. 2000). The Federal Circuit decided *In re Gartside* approximately four months prior to the Federal Circuit's decision in *Recot, Inc.* See *Recot, Inc.*, 214 F.3d at 1330, 54 U.S.P.Q.2d (BNA) at 1900.

172. See *In re Gartside*, 203 F.3d at 1312, 53 U.S.P.Q.2d (BNA) at 1773 (citing *Am. Paper Inst., Inc. v. Am. Elec. Power Serv. Corp.*, 461 U.S. 402, 412-13 n.7 (1983), describing the arbitrary and capricious standard as "more lenient" than the substantial evidence standard).

173. See *id.*, 53 U.S.P.Q.2d (BNA) at 1773 (citing the Supreme Court's description of the substantial evidence standard in *Consol. Edison Co. v. NLRB*, 305 U.S. 197, 229 (1938)).

174. See *Recot, Inc.*, 214 F.3d at 1327, 54 U.S.P.Q.2d (BNA) at 1897 (supporting their conclusion by citing *Zurko*, 527 U.S. at 165, and *In re Gartside*, 203 F.3d at 1315, 53 U.S.P.Q.2d (BNA) at 1775).

175. See *id.* at 1326-27, 54 U.S.P.Q.2d (BNA) at 1897; *In re E. I. Dupont DeNemours & Co.*, 476 F.2d 1357, 177 U.S.P.Q.2d (BNA) 563 (C.C.P.A. 1973).

The thirteen *DuPont* factors are:

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

*In re E. I. Dupont DeNemours & Co.*, 476 F.2d at 1361, 177 U.S.P.Q.2d (BNA) at 567.

176. See *Recot, Inc.*, 214 F.3d at 1327, 54 U.S.P.Q.2d (BNA) at 1897.



confusion” analysis is between marks that are used with goods that are not closely related (as found by the Board).<sup>177</sup> Thus, the court rejected the Board’s rule that the fame of the “FRITO-LAY” marks extended no further than the products with which the marks are currently used.<sup>178</sup> The court stated that:

We think that the Board’s rule—that the fame of the Frito-Lay marks extends no further than the products with which the marks are currently used—undercuts the legal standard of protection for famous marks. Famous marks are accorded more protection precisely because they are more likely to be remembered and associated in the public mind than a weaker mark.<sup>179</sup>

Indeed, while this factor cannot supercede the other *DuPont* factors, it “demand[s] great vigilance on the part of a competitor who is approaching a famous mark, for, as the present case illustrates, the lure of undercutting or discounting the fame of a mark is especially seductive.”<sup>180</sup>

As to the “relatedness of the goods” factor, the court determined that the Board erred in declining to consider lay testimony of both parties’ witnesses that several large companies produce and sell both pet and human foods.<sup>181</sup> Even if the goods are different, the court stressed they nevertheless can be related in the mind of the consuming public as to the origin of the goods.<sup>182</sup> On remand, the court directed the Board to consider all relevant evidence regarding the “relatedness of goods” factor.<sup>183</sup>

Under the fourth *DuPont* factor, “the conditions under which, and buyers to whom, sales are made,”<sup>184</sup> the Federal Circuit held that, contrary to the Board’s decision, consumers may confuse the origin of inexpensive goods even if the goods themselves are different (*i.e.*, dog versus human food).<sup>185</sup> The court noted that the potential for

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177. *See id.* at 1327-28, 54 U.S.P.Q.2d (BNA) at 1898.

178. *See id.* at 1328, 54 U.S.P.Q.2d (BNA) at 1898 (“This court . . . [has] consistently stated that fame of the mark is a dominant factor in the likelihood of confusion analysis for a famous mark, independent of the consideration of the relatedness of the good.”).

179. *Id.* at 1327, 54 U.S.P.Q.2d (BNA) at 1897.

180. *Id.*, 54 U.S.P.Q.2d (BNA) at 1897.

181. *See id.* at 1328-29, 54 U.S.P.Q.2d (BNA) at 1898 (noting that the Federal Circuit found this testimony important in deciding whether a consumer would reasonably consider FIDO LAY dog snacks and FRITO-LAY human snacks).

182. *See Recot, Inc.*, 214 F.3d at 1329, 54 U.S.P.Q.2d (BNA) at 1898 (describing the consumers’ reasonable belief regarding the relatedness of goods as a key component of the likelihood of confusion analysis).

183. *See id.*, 54 U.S.P.Q.2d (BNA) at 1898.

184. *See id.*, 54 U.S.P.Q.2d (BNA) at 1898.

185. *See id.* at 1329, 54 U.S.P.Q.2d (BNA) at 1899 (stipulating that when people buy lower priced goods, the buyers’ risk of confusion increases as their standard of

confusion involving inexpensive, impulse purchases is accentuated by the presence of a famous mark.<sup>186</sup>

When considering the similarity or dissimilarity of the marks (the first *DuPont* factor), the court stressed that the marks must be analyzed in their entirety, with respect to sound, appearance and connotation.<sup>187</sup> Since the Board only considered the connotation of a portion of the marks (“FRITO” versus “FIDO”) and concluded that the marks were dissimilar, the Federal Circuit determined that the Board improperly dissected the marks and failed to consider their similar appearance and sound.<sup>188</sup>

However, the court affirmed the Board’s conclusion that Becton acted in good faith when adopting “FIDO LAY,” and did not reach the issue of whether evidence of intent to copy should give rise to a presumption of “likelihood of confusion.”<sup>189</sup> Lastly, the court agreed with the Board’s determination that the goods were not sold in like channels of trade.<sup>190</sup> Even though both products are sold in supermarkets, this finding is insufficient to deem the products related.<sup>191</sup> Absent some evidence that the products are sold in “close proximity to one another,” the court discerned no error in the Board’s conclusion.<sup>192</sup> The court, however, vacated and remanded the Board’s decision.<sup>193</sup>

ii. *Cunningham v. Laser Golf Corp.*

In *Cunningham v. Laser Golf Corp.*,<sup>194</sup> the Federal Circuit affirmed the Board’s decision to cancel the registration of the junior user’s trademark,<sup>195</sup> “LASERSWING,” on the ground of “likelihood of

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care decreases).

186. *See id.*, 54 U.S.P.Q.2d (BNA) at 1899 (describing impulse purchases of lower priced goods as “hasty, economically painless, transactions”).

187. *See id.*, 54 U.S.P.Q.2d (BNA) at 1899.

188. *See Recot, Inc.*, 214 F.3d at 1329-30, 54 U.S.P.Q.2d (BNA) at 1899 (noting that on remand, the Board must consider the marks’ appearances, sounds and connotations before determining their similarity or dissimilarity).

189. *See id.* at 1330, 54 U.S.P.Q.2d (BNA) at 1899-1900 (noting that Recot failed to prove that Becton acted in bad faith).

190. *See id.* at 1330, 54 U.S.P.Q.2d (BNA) at 1900 (clarifying that goods are not sold in like channels unless they are sold in close proximity to each other in the same forum).

191. *See id.*, 54 U.S.P.Q.2d (BNA) at 1900 (noting that although the FRITO-LAY and FIDO LAY products are both sold in supermarkets, there was no evidence presented suggesting close proximity of the goods within the supermarkets).

192. *See id.*, 54 U.S.P.Q.2d (BNA) at 1900.

193. *See id.*, 54 U.S.P.Q.2d (BNA) at 1900 (noting that the Board erred in analyzing the fame of the FRITO-LAY mark and the relatedness of the products).

194. 222 F.3d at 951, 55 U.S.P.Q.2d (BNA) at 1847.

195. *See generally* 1 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 26.1 (2d ed. 1984) (defining the junior user of the trademark as the user who adopts and uses

confusion.”<sup>196</sup> The court held that the Board need not address in detail each of the *DuPont* factors,<sup>197</sup> but rather, must consider only the factors for which evidence was presented for the record.<sup>198</sup>

Laser Golf Corporation (“Laser Golf”), the appellee and the senior user and owner of the mark “LASER” for golf clubs and golf balls, filed a petition to cancel Cunningham’s registration of the trademark “LASERSWING.”<sup>199</sup> The “LASERSWING” device resembles and functions like a golf club and is used by golfers to practice and improve their swing with the aid of light-emitting diodes contained in the head.<sup>200</sup> Since 1983, Laser Golf used the mark “LASER” to market golf clubs and golf balls.<sup>201</sup> Cunningham used the mark “LASERSWING” to market his product since 1993.<sup>202</sup> The Board granted Laser Golf’s petition and cancelled the mark on the basis of “likelihood of confusion.”<sup>203</sup> Cunningham appealed, arguing that the Board failed to consider certain evidence and all of the *DuPont* factors<sup>204</sup> as required by the decision in *In re E. I. DuPont DeNemours & Co.*<sup>205</sup>

When analyzing the Board’s decision, the court noted it reviews the Board’s legal conclusions, such as “likelihood of confusion,” without deference.<sup>206</sup> Further, the Federal Circuit noted that under its recent decision in *Recot, Inc.* the court would review the Board’s underlying factual findings for substantial evidence.<sup>207</sup>

The court then considered whether Laser Golf: (1) had standing to seek cancellation of Cunningham’s mark; and (2) had valid grounds for requesting its cancellation.<sup>208</sup> As to the issue of Laser Golf’s standing, the court agreed with the Board that Laser Golf’s senior user status and registration of the “LASER” mark established its commercial interest in, and standing to seek, cancellation of

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a mark after the senior user’s prior use of the same or similar mark).

196. See *Cunningham*, 222 F.3d at 944-46, 55 U.S.P.Q.2d (BNA) at 1844 (stating that the Lanham Act allows for cancellation of a Principal Register registration by a party having standing and a valid ground for cancellation).

197. See *supra* note 175 (listing the *DuPont* factors).

198. See *Cunningham*, 222 F.3d at 947, 55 U.S.P.Q.2d (BNA) at 1845 (dismissing Cunningham’s argument that the Board erred by failing to consider nine of the thirteen *DuPont* factors).

199. See *id.* at 944-45, 55 U.S.P.Q.2d (BNA) at 1843.

200. See *id.*, 55 U.S.P.Q.2d (BNA) at 1843.

201. See *id.* at 945, 55 U.S.P.Q.2d (BNA) at 1843.

202. See *id.*, 55 U.S.P.Q.2d (BNA) at 1843.

203. See *id.*, 55 U.S.P.Q.2d (BNA) at 1843.

204. See *Cunningham*, 222 F.3d at 946, 55 U.S.P.Q.2d (BNA) at 1845.

205. *In re E. I. Dupont DeNemours & Co.*, 476 F.3d at 1361, 177 U.S.P.Q.2d (BNA) at 577 (noting that all thirteen factors must be examined in trademark cases).

206. See *Cunningham*, 222 F.3d at 945, 55 U.S.P.Q.2d (BNA) at 1843-44.

207. See *id.* at 945, 55 U.S.P.Q.2d (BNA) at 1844.

208. See *id.*, 55 U.S.P.Q.2d (BNA) at 1844.

“LASERSWING.”<sup>209</sup> As to whether Laser Golf had a valid ground for seeking cancellation, the court determined the “likelihood of confusion” between “LASER” and “LASERSWING” under section 2(d) of the Lanham Act is a proper basis for seeking cancellation.<sup>210</sup>

The Federal Circuit, however, disagreed with Cunningham’s argument regarding the purported requirement that the Board consider all thirteen *DuPont* factors.<sup>211</sup> The obligation to consider a *DuPont* factor arises only if there is evidence on the record relating to a particular factor.<sup>212</sup> The Board, therefore, is not required to address each factor, but rather, it must analyze only those factors for which relevant evidence is of record.<sup>213</sup> As the court stated, “the obligation to consider a factor does not arise in a vacuum and only arises if there is evidence of record relating to that factor.”<sup>214</sup> The court further held that it is sufficient for the Board to give some indication that it considered the *DuPont* factors for which the evidence is of record.<sup>215</sup>

The court proceeded to analyze only those *DuPont* factors for which evidence was presented to the Board.<sup>216</sup> As to the first *DuPont* factor, comparison of the goods, Cunningham argued the Board erred in failing to analyze the mark “LASERSWING” in its entirety, and by focusing only on the common term “LASER.”<sup>217</sup> The Federal Circuit disagreed, stating the record demonstrated that the Board properly considered the term “LASER” in its “likelihood of confusion” analysis and properly analyzed Cunningham’s entire mark “LASERSWING.”<sup>218</sup>

Next, the court agreed with Cunningham’s argument that the Board did not specifically consider the sophistication of golfers when analyzing the “conditions of sales” factor, but deemed this error harmless.<sup>219</sup> The court concluded that the alleged sophistication of

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209. See *id.*, 55 U.S.P.Q.2d (BNA) at 1844 (noting that Laser Golf has senior status because it registered its mark before Cunningham registered his mark).

210. See *id.* at 946, 55 U.S.P.Q.2d (BNA) at 1844; see also 15 U.S.C. § 1052(d) (1994 & Supp. V 1999) (providing that the “likelihood of confusion” between the mark sought to be canceled and the mark for which the party can establish prior use or registration is a valid ground because it would have prevented registration in the first place).

211. See *id.* at 946-47, 55 U.S.P.Q.2d (BNA) at 1845.

212. See *Cunningham*, 222 F.3d at 947, 55 U.S.P.Q.2d (BNA) at 1845.

213. See *id.*, 55 U.S.P.Q.2d (BNA) at 1845.

214. *Id.* at 946 (this paragraph omitted in 55 U.S.P.Q.2d (BNA)).

215. See *id.* at 947 (this paragraph omitted in 55 U.S.P.Q.2d (BNA)).

216. See *id.* at 947, 55 U.S.P.Q.2d (BNA) at 1845 (analyzing Dupont factor numbers one, three, four, five, seven, eight, ten, eleven, twelve and thirteen). For a detailed description of the Dupont factors, see *supra* note 175.

217. See *Cunningham*, 222 F.3d at 947, 55 U.S.P.Q.2d (BNA) at 1845.

218. See *id.*, 55 U.S.P.Q.2d (BNA) at 1845.

219. See *id.*, 55 U.S.P.Q.2d (BNA) at 1845.

golfers to distinguish between brands outweighed the Board's findings of identity of goods and similarity of the marks.<sup>220</sup>

The court proceeded to reject Cunningham's arguments that the Board failed to consider several other *DuPont* factors, such as the absence of fame of the "LASER" mark, the lack of actual confusion, the lack of market interface, the right of Cunningham to exclude, and the lack of potential for confusion.<sup>221</sup> The court concluded that the Board: specifically discounted the fame of the "LASER" mark; concluded no opportunity existed for actual confusion; properly ignored the market interface factor due to lack of evidence; properly considered the right to exclude by noting the presence of the common term "LASER" in both marks; and specifically considered the potential for confusion by noting that the relevant goods were identical and that they traveled in the same channels of trade.<sup>222</sup>

The Federal Circuit affirmed the Board's conclusion that the relevant goods were identical because neither party limited the products identified in the registrations to any particular channel of trade or class of purchasers.<sup>223</sup> Although Cunningham contended that the Board failed to consider how the goods were sold in the marketplace, the court emphasized that proceedings before the Board are concerned with registrability, not with the use of mark.<sup>224</sup>

Although Cunningham argued the Board failed to consider "evidence of use of the mark on the goods as another relevant factor," given his use of particular colors, font, and design, the court found this argument "inapposite to its review of the record."<sup>225</sup> Registrations with typed drawings, such as "LASERSWING," are not limited to a specific rendition of the mark or a specific commercial use.<sup>226</sup> Thus, the Board correctly ignored Cunningham's features in reaching its decision.<sup>227</sup>

Thus, even if the Board failed to specifically consider a factor of record, it would be a harmless error if, by weighing the factors, it still would have found "likelihood of confusion."<sup>228</sup> The Federal Circuit ruled that the Board sufficiently presented findings and committed

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220. *See id.* at 948-49, 55 U.S.P.Q.2d (BNA) at 1846 (characterizing golfers as "meticulous purchasers who distinguish between brands").

221. *See id.* at 949, 55 U.S.P.Q.2d (BNA) at 1847.

222. *See id.*, 55 U.S.P.Q.2d (BNA) at 1847.

223. *See Cunningham*, 222 F.3d at 950, 55 U.S.P.Q.2d (BNA) at 1847.

224. *See id.*, 55 U.S.P.Q.2d (BNA) at 1847.

225. *Id.* at 949, 55 U.S.P.Q.2d (BNA) at 1847.

226. *See id.*, 55 U.S.P.Q.2d (BNA) at 1847.

227. *See id.*, 55 U.S.P.Q.2d (BNA) at 1847.

228. *See id.* at 951, 55 U.S.P.Q.2d (BNA) at 1847.

no reversible error.<sup>229</sup>

iii. *Packard Press, Inc. v. Hewlett-Packard Co.*

In *Packard Press, Inc. v. Hewlett-Packard Co.*,<sup>230</sup> the Federal Circuit vacated and remanded the Board's decision to sustain Hewlett-Packard Company's ("HP") opposition to Packard Press, Incorporated's ("Packard") registration of the service mark "PACKARD TECHNOLOGIES." The court held that the Board, in finding "likelihood of confusion," erred when analyzing the similarity of the marks and when leaving unclear the question of whether it applied the correct legal test in determining the relatedness of the goods.<sup>231</sup>

HP owns thirteen registrations for the mark "HEWLETT-PACKARD" and related marks for many types of computer hardware and software products.<sup>232</sup> Additionally, two HP marks are registered for data processing consulting services.<sup>233</sup> Packard is a commercial printing company concentrating on legal, municipal, and financial printing, which also involves computer services to support its commercial printing operations.<sup>234</sup> Beginning in 1957, Packard marketed its printing services under "PACKARD," as well as other related registered marks.<sup>235</sup> In 1995, Packard filed an intent-to-use application to register the service mark "PACKARD TECHNOLOGIES" for data and information processing services, an area of services in which Packard intended to expand.<sup>236</sup>

HP filed an opposition to Packard's registration of "PACKARD TECHNOLOGIES" under Section 2(d) of the Lanham Act claiming the mark was "confusingly similar" to HP's "HEWLETT-PACKARD" and related marks.<sup>237</sup> The Board sustained the opposition and determined that a "likelihood of confusion" existed between the "HEWLETT-PACKARD" and "PACKARD TECHNOLOGIES"

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229. See *Cunningham*, 222 F.3d at 951, 55 U.S.P.Q.2d (BNA) at 1847 (affirming the Board's decision to cancel Cunningham's "LASERSWING" mark).

230. *Packard Press, Inc.*, 227 F.3d at 1355, 56 U.S.P.Q.2d (BNA) at 1352.

231. See *id.*, 56 U.S.P.Q.2d (BNA) at 1352.

232. See *id.*, 56 U.S.P.Q.2d (BNA) at 1352 (noting that such "HEWLETT PACKARD" products include: computer hardware, software, data processing and acquisition systems, computers, printers, printer accessories, fax machines, and medical equipment).

233. See *id.*, 56 U.S.P.Q.2d (BNA) at 1352.

234. See *id.*, 56 U.S.P.Q.2d (BNA) at 1352 (defining financial printing as "printing prospectuses, reports, and financial statements").

235. See *id.*, 56 U.S.P.Q.2d (BNA) at 1352.

236. See *Packard Press, Inc.*, 227 F.3d at 1355, 56 U.S.P.Q.2d (BNA) at 1352.

237. See *id.* at 1356, 56 U.S.P.Q.2d (BNA) at 1352.

marks.<sup>238</sup> By so finding, the Board concluded that the marks were “identical or highly similar,” and that the goods and services were related.<sup>239</sup> Additionally, the Board determined that HP’s goods and Packard’s services were marketed through the same channels of trade and to the same classes of customers.<sup>240</sup> The Board did not consider the “fame” of HP’s marks because HP did not submit any evidence in support of this factor. Moreover, the Board neglected to consider Packard’s evidence of the lack of actual confusion with the concurrent use of its related mark “PACKARD” for computer services.<sup>241</sup> Packard appealed the Board’s decision to the Federal Circuit.<sup>242</sup>

Citing its decision in *Recot, Inc.*,<sup>243</sup> the Federal Circuit stated that it would uphold the Board’s factual findings unless they are unsupported by substantial evidence.<sup>244</sup> The Federal Circuit began the review of the Board’s analysis of the *DuPont* factors by examining the similarity or dissimilarity of the marks.<sup>245</sup> The court held that the Board improperly analyzed this *DuPont* factor when it considered only the similar commercial impression of part of the marks—the shared word “PACKARD”—when it should have considered the appearance, sound, and connotation of the marks as a whole.<sup>246</sup> Although the Board stated that it considered the marks in their entirety, the Federal Circuit held that this statement, absent further explanation, is insufficient to warrant proper review of the Board’s fact finding.<sup>247</sup> The court consequently vacated the Board’s decision based on this *DuPont* factor and remanded the case for further fact finding.<sup>248</sup>

Next, the court considered the “relatedness of the goods” factor.<sup>249</sup> The court observed that Board correctly noted that while Packard’s

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238. *See id.* at 1356, 56 U.S.P.Q.2d (BNA) at 1353 (finding that the two marks created similar commercial impressions and giving more weight to the word PACKARD because “technologies” is highly suggestive and merely descriptive rather than distinguishing the two marks).

239. *See id.*, 56 U.S.P.Q.2d (BNA) at 1353.

240. *See id.*, 56 U.S.P.Q.2d (BNA) at 1353.

241. *See id.*, 56 U.S.P.Q.2d (BNA) at 1353.

242. *See Packard Press, Inc.*, 227 F.3d at 1355, 56 U.S.P.Q.2d (BNA) at 1353.

243. *Recot, Inc.*, 214 F.3d at 1327, 54 U.S.P.Q.2d (BNA) at 1897.

244. *See Packard Press, Inc.*, 227 F.3d at 1356, 56 U.S.P.Q.2d (BNA) at 1353.

245. *See id.* at 1357, 56 U.S.P.Q.2d (BNA) at 1353.

246. *See id.* at 1357, 56 U.S.P.Q.2d (BNA) at 1354.

247. *See id.*, 56 U.S.P.Q.2d (BNA) at 1354 (stating that the Board must explain its decisions by providing clarification as to its underlying fact finding and analysis).

248. *See id.*, 56 U.S.P.Q.2d (BNA) at 1354.

249. *See id.*, 56 U.S.P.Q.2d (BNA) at 1354 (stating that “relatedness of the goods” refers to the similarity or dissimilarity and nature of the goods or services as described in an application or registration form).

services and HP's goods were in fact different, confusion may possibly arise in the mind of the consuming public regarding the origin of the goods and services.<sup>250</sup> The Board concluded that, because HP's goods would be used with Packard's services, these services were related to HP's goods.<sup>251</sup> The Federal Circuit determined that the Board's conclusion was insufficient to allow itself adequately to review the basis for the Board's decision.<sup>252</sup> Accordingly, the court was unclear whether the Board based its conclusion on the incorrect proposition that goods and services must be related if used together, or on the correct proposition that goods and services can be related in the mind of the consuming public as to their origin.<sup>253</sup> Thus, the court vacated the Board's conclusion regarding the "relatedness of the goods" and directed the Board to articulate its findings and rationale.<sup>254</sup>

As to the "fame of the mark" factor, the Federal Circuit concluded that the Board properly declined to consider this factor because HP offered no evidence in support of its argument that its marks are famous.<sup>255</sup> HP did not argue in its appellate brief that the Board erred in failing to treat its marks as famous.<sup>256</sup> Its counsel, however, asserted at oral argument that the Board should have taken judicial notice of the fame of HP's marks as the Federal Circuit had previously done in a prior appeal from a Board decision.<sup>257</sup> The Federal Circuit distinguished this precedent because, unlike the present case, where HP's request for judicial notice was made only at the oral argument, in the earlier case counsel requested judicial notice in their briefs.<sup>258</sup> The court observed that since the fame factor is based on underlying factual findings, it requires the claimant to submit the facts to the agency to create a record on which the agency

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250. See *Packard Press, Inc.*, 227 F.3d at 1356, 56 U.S.P.Q.2d (BNA) at 1354.

251. See *id.* at 1358, 56 U.S.P.Q.2d (BNA) at 1354-55.

252. See *id.* at 1358, 56 U.S.P.Q.2d (BNA) at 1355 (noting the written opinion of the Board's opinion offered only a "brief discussion . . . opaque as to the precise legal standards applied" to the "relatedness of the goods" factor).

253. See *id.*, 56 U.S.P.Q.2d (BNA) at 1355 (citing *Recot, Inc. v. M.C. Becton*, 214 F.3d 1322, 1329 (Fed. Cir. 2000), for the proposition that the relatedness that is pertinent in the likelihood of confusion analysis is whether the consuming public believes that the origins of the goods are related).

254. See *id.*, 56 U.S.P.Q.2d (BNA) at 1355.

255. See *id.* at 1358, 56 U.S.P.Q.2d (BNA) at 1356.

256. See *Packard Press, Inc.*, 227 F.3d at 1358, 56 U.S.P.Q.2d (BNA) at 1356.

257. See *id.* at 1360, 56 U.S.P.Q.2d (BNA) at 1356 (citing *B.V.D. Licensing Corp. v. Body Action Design, Inc.*, 846 F.2d 727, 728 (Fed. Cir. 1998) for the proposition that courts may assume fame of a trademark by taking judicial notice of facts of universal notoriety or facts generally known within their jurisdictions).

258. See *id.*, 56 U.S.P.Q.2d (BNA) at 1356.



can base its decision.<sup>259</sup> Since HP failed to timely proffer evidence of the fame of its marks in support of its argument, the court affirmed the Board's decision not to consider the fame factor.<sup>260</sup>

Under the analysis of the "similarity of the trade channels" and "customer classes" factors, the Federal Circuit stressed that these factors are determined from the registration application.<sup>261</sup> When the application does not contain limitations describing a particular channel of trade or class of customer, the goods or services are assumed to travel in all normal channels of trade.<sup>262</sup> Since Packard's registration did not contain any restrictions as to particular classes of consumers or channels of trade, the court found that the Board properly concluded that the goods and services would travel in the same channels and be available to the same customer classes.<sup>263</sup>

With respect to the Board's evaluation of the eighth *DuPont* factor, the length of time that the marks were concurrently used without evidence of actual confusion, Packard argued that the Board's failure to consider its long-term use of the related mark "PACKARD" resulted in no actual confusion.<sup>264</sup> Like the Board's analysis of the "similarity of marks" factor, where the Board examined the common use of the term "PACKARD" in isolation, Packard contended the Board should have considered its concurrent use of "PACKARD" for purposes of evaluating the eighth *DuPont* factor.<sup>265</sup> The court determined that this argument was moot in light of its prior determination that the Board must consider the mark as a whole.<sup>266</sup> Therefore, after weighing the relevant *DuPont* factors, the Federal Circuit vacated and remanded the Board's decision.<sup>267</sup>

*iv. On-Line Careline, Inc. v. America OnLine, Inc.*

In *On-Line Careline, Inc. v. America Online, Inc.*,<sup>268</sup> the Federal Circuit affirmed the Board's decision sustaining an opposition by America Online, Inc. ("AOL") against On-Line Careline, Inc.'s ("On-Line Careline") service mark based on "likelihood of confusion," and

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259. *See id.*, 56 U.S.P.Q.2d (BNA) at 1356 (stating that the creation of a factual record is heightened under the court's more deferential standard for reviewing agency fact finding because judicial review under the substantial evidence standard is only possible when "the agency explains its decisions with precision").

260. *See id.*, 56 U.S.P.Q.2d (BNA) at 1356.

261. *See id.* at 1361, 56 U.S.P.Q.2d (BNA) at 1357.

262. *See id.*, 56 U.S.P.Q.2d (BNA) at 1357.

263. *See Packard Press, Inc.*, 227 F.3d at 1360, 56 U.S.P.Q.2d (BNA) at 1357.

264. *See id.* at 1359, 56 U.S.P.Q.2d (BNA) at 1355.

265. *See id.*, 56 U.S.P.Q.2d (BNA) at 1355.

266. *See id.*, 56 U.S.P.Q.2d (BNA) at 1355.

267. *See id.* at 1355, 56 U.S.P.Q.2d (BNA) at 1352.

268. *On-Line Careline, Inc.*, 229 F.3d at 1080, 56 U.S.P.Q.2d (BNA) at 1471.

denying On-Line Careline's petition to cancel AOL's service mark.<sup>269</sup>

AOL, an Internet service provider, is marketed under the name "CompuServe Information Service" ("CompuServe").<sup>270</sup> AOL provides an electronic publication called "ONLINE TODAY" as part of its informational services.<sup>271</sup> In 1983, CompuServe first used the mark "ONLINE TODAY" as the title of its printed magazine.<sup>272</sup> In 1984, it used this mark in connection with the electronic version of its printed magazine.<sup>273</sup> Since 1990, CompuServe has used "ONLINE TODAY" solely in connection with its electronic publication.<sup>274</sup> In November, 1995, the PTO issued CompuServe the registration for the mark "ONLINE TODAY" for "providing access to online computer services offering computer industry news, commentary, and product reviews."<sup>275</sup>

On-Line Careline, also an Internet service provider, is marketed under the mark "ON-LINE TODAY," and first used this mark between late-1992 and early-1993.<sup>276</sup> In 1993, On-Line Careline sought to register the mark "ON-LINE TODAY" with the PTO for "services in nature of interactive advice and counseling via computer usage over telephone lines."<sup>277</sup> In February 1995, On-Line Careline first sold its services under the mark "ON-LINE TODAY".<sup>278</sup>

After the PTO published the mark in the *Official Gazette*<sup>279</sup> in April 1995, CompuServe filed a timely opposition, arguing that it had prior use of the mark and that consumers would likely confuse the two marks.<sup>280</sup> In May, 1996, On-Line Careline petitioned for cancellation of CompuServe's "ONLINE TODAY" mark, arguing that CompuServe was not using its registered mark for the services set forth in the registration and had therefore abandoned its mark.<sup>281</sup>

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269. *See id.* at 1082, 56 U.S.P.Q.2d (BNA) at 1471.

270. *See id.*, 56 U.S.P.Q.2d (BNA) at 1471.

271. *See id.*, 56 U.S.P.Q.2d (BNA) at 1471.

272. *See id.*, 56 U.S.P.Q.2d (BNA) at 1471.

273. *See id.*, 56 U.S.P.Q.2d (BNA) at 1471.

274. *See On-Line Careline, Inc.*, 229 F.3d at 1082, 56 U.S.P.Q.2d (BNA) at 1473.

275. *Id.* at 1083, 56 U.S.P.Q.2d (BNA) at 1473.

276. *See id.* at 1082, 56 U.S.P.Q.2d (BNA) at 1473.

277. *Id.* at 1082-83, 56 U.S.P.Q.2d (BNA) at 1473.

278. *See id.* at 1083, 56 U.S.P.Q.2d (BNA) at 1473.

279. The Official Gazette is the official journal of the PTO. Two journals are published weekly, one concerning trademarks and concerning patents. *See* United States Patent and Trade Office: 2001 Products and Services Online Catalog, available at [www.uspto.gov/go/oeip.catalog/products/tmprod-2.htm#OGTM](http://www.uspto.gov/go/oeip.catalog/products/tmprod-2.htm#OGTM) (last visited Sept. 12, 2001). The Official Gazette relating to trademarks includes information about registered and canceled trademarks, trademarks published for opposition, and PTO notices. *See id.*

280. *See id.*, 56 U.S.P.Q.2d (BNA) at 1473.

281. *See On-Line Careline, Inc.*, 229 F.3d at 1083, 56 U.S.P.Q.2d (BNA) at 1473.

In November, 1996, the two parties stipulated to an amendment of the application and, in February, 1997, On-Line Careline filed a Consented Agreement of Application with the Board in which it sought to amend the identification of its services to “internet access.”<sup>282</sup> The Board denied the amendment without prejudice because the term “Internet” was a registered mark and the amended description of its services was indefinite.<sup>283</sup> On-Line Careline further amended the identification of its services to “[p]roviding telecommunications connections to a global computer network in International Class 38.”<sup>284</sup> The Board granted On-Line Careline’s motion to amend, with the provision that its mark be republished for opposition if On-Line Careline was to prevail in its opposition.<sup>285</sup>

Meanwhile, CompuServe obtained a registration for the mark “ONLINE TODAY” for “providing access to online computer services offering computer-industry news, commentary and product reviews,” which was issued seven months after the PTO sent On-Line Careline its Notice of Publication.<sup>286</sup> In May, 1996, On-Line Careline petitioned to cancel CompuServe’s “ONLINE TODAY” mark, claiming that it was using the mark in connection with “interactive electronic communication of information, namely providing information in the fields of financial, news, sports, weather and general information and in providing round table discussions whereby users communicate their opinions on topics and in providing internet access,” and not in the manner set forth in the registration.<sup>287</sup>

The Board held a hearing in May, 1998 with respect to the opposition proceeding and determined that confusion between the two marks was likely.<sup>288</sup> The Board rejected On-Line Careline’s argument that, because the purchasers of Internet services are sophisticated, there was no “likelihood of confusion.”<sup>289</sup> The Board also rejected On-Line Careline’s argument that the absence of actual confusion weighed in favor of its opposition, noting that the test is

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282. *See id.*, 56 U.S.P.Q.2d (BNA) at 1473.

283. *See id.*, 56 U.S.P.Q.2d (BNA) at 1473 (finding that the phrase “providing internet access” was not sufficiently specific as to the services On-Line Careline provided).

284. *Id.*, 56 U.S.P.Q.2d (BNA) at 1473.

285. *See id.*, 56 U.S.P.Q.2d (BNA) at 1473.

286. *Id.*, 56 U.S.P.Q.2d (BNA) at 1473.

287. *On-Line Careline, Inc.*, 229 F.3d at 1083, 56 U.S.P.Q.2d (BNA) at 1473.

288. *See id.*, 56 U.S.P.Q.2d (BNA) at 1473.

289. *See id.* at 1083-84, 56 U.S.P.Q.2d (BNA) at 1473 (noting that because computer use is widespread in homes, schools and businesses, customers are not always “knowledgeable enough to distinguish between the two marks and their respective services”).

not whether confusion has actually occurred, but whether confusion is likely.<sup>290</sup> The Board consequently denied registration of On-Line Careline's mark.<sup>291</sup>

In June, 1998, the Board denied On-Line Careline's petition to cancel AOL's (which was substituted for CompuServe) "ONLINE TODAY" mark,<sup>292</sup> rejecting On-Line Careline's argument that AOL abandoned its registered mark by using it merely as a menu item and not in the manner specified in the identification of services.<sup>293</sup> On-Line Careline appealed both of the Board's decisions to the Federal Circuit.

Initially, the Federal Circuit noted that the "likelihood of confusion" issue was a question of law, which the court reviewed *de novo*.<sup>294</sup> In light of its recent decision in *Recot, Inc.*,<sup>295</sup> which held that the Board's factual findings would be upheld "unless they are unsupported by substantial evidence," the court inquired as to whether a reasonable person might find the Board's conclusions supported by the evidentiary record.<sup>296</sup>

In analyzing the *DuPont* factors, the court noted that On-Line Careline conceded the finding that "ONLINE TODAY" and "ONLINE TODAY" are similar in appearance, sound, and connotation.<sup>297</sup> As for the "similarity or dissimilarity of the services" factor, the Federal Circuit affirmed the Board's decision.<sup>298</sup> Although the services are not exactly the same, the court concluded that it was reasonable to believe that the general public would likely assume that the origin of the services were the same, given the strong similarity of the two marks.<sup>299</sup>

Next, the Federal Circuit addressed the "similarity of trade channels" factor.<sup>300</sup> The court determined that On-Line Careline offered no evidence to support its contention that the two companies market their services through different channels.<sup>301</sup> In fact, the court concluded that both companies offer their services through the same

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290. *See id.* at 1084, 56 U.S.P.Q.2d (BNA) at 1473.

291. *See id.*, 56 U.S.P.Q.2d (BNA) at 1473.

292. *See id.* at 1084, 56 U.S.P.Q.2d (BNA) at 1473-74.

293. *See On-Line Careline, Inc.*, 229 F.3d at 1080, 1084, 56 U.S.P.Q.2d (BNA) at 1474.

294. *See id.*, 56 U.S.P.Q.2d (BNA) at 1474.

295. *Recot, Inc.*, 214 F.3d at 1322, 54 U.S.P.Q.2d (BNA) at 1894.

296. *See On-line Careline, Inc.*, 229 F.2d at 1085, 56 U.S.P.Q.2d (BNA) at 1474-75.

297. *See id.* at 1086, 56 U.S.P.Q.2d (BNA) at 1475.

298. *See id.*, 56 U.S.P.Q.2d (BNA) at 1475 (finding that the Board's conclusions were supported by substantial evidence).

299. *See id.*, 56 U.S.P.Q.2d (BNA) at 1475.

300. *See id.*, 56 U.S.P.Q.2d (BNA) at 1475.

301. *See id.* at 1086-87, 56 U.S.P.Q.2d (BNA) at 1476.

channel—the Internet.<sup>302</sup> Moreover, the record contained substantial evidence that the two companies target similar consumers.<sup>303</sup>

After reviewing the Board's findings on the remaining *DuPont* factors, the Federal Circuit concluded that, in view of the substantial evidence, the Board did not err in finding a "likelihood of confusion" between the two marks.<sup>304</sup> Specifically, the court rejected On-Line Careline's argument regarding the sophistication of Internet users, and its claim that the lack of actual confusion prevented a finding of "likelihood of confusion."<sup>305</sup> The court also rejected On-Line Careline's reliance on the fact that only AOL subscribers could access the "ONLINE TODAY" content service and, therefore, would not be confused as to the origin of those services.<sup>306</sup>

The Federal Circuit then addressed the issue of abandonment, which is a question of fact reviewed for substantial evidence.<sup>307</sup> Under the Lanham Act, a registered mark may be canceled if it is abandoned.<sup>308</sup> A registered mark is considered abandoned if its use has been discontinued with intent not to resume such use.<sup>309</sup> On-Line Careline argued that AOL had abandoned the "ONLINE TODAY" mark by not using it in connection with the services specified in the registration (*i.e.*, "providing access to online computer services offering computer-industry news, commentary and product reviews").<sup>310</sup> The court affirmed the Board's conclusion that, because AOL had provided its users with "access" to its service through on-screen menu items, AOL had used the "ONLINE TODAY" mark in accordance with the registration and, therefore, had not abandoned the mark.<sup>311</sup> The court concluded that substantial evidence existed to the effect that: (1) AOL's "ONLINE TODAY" service provided computer-related news; (2) this information was accessed by users by selecting the "ONLINE TODAY" mark, which was listed as a menu item; and (3) the "ONLINE TODAY" mark was literally the designation by which AOL provided users with access to the Internet

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302. See *On-Line Careline, Inc.*, 229 F.3d at 1087, 56 U.S.P.Q.2d (BNA) at 1476.

303. See *id.*, 56 U.S.P.Q.2d (BNA) at 1476.

304. See *id.*, 56 U.S.P.Q.2d (BNA) at 1476.

305. See *id.*, 56 U.S.P.Q.2d (BNA) at 1476.

306. See *id.*, 56 U.S.P.Q.2d (BNA) at 1476.

307. See *id.*, 56 U.S.P.Q.2d (BNA) at 1476.

308. See 15 U.S.C. § 1064(3) (1994 & Supp. V 1999).

309. See 15 U.S.C. § 1127 (1994 & Supp. V 1999) (stating that the court may infer "intent not to resume" from the circumstances; however nonuse for three consecutive years is prima facie evidence of abandonment). "Use of a mark means bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark." *Id.*

310. *On-Line Careline, Inc.*, 229 F.3d at 1087-88, 56 U.S.P.Q.2d (BNA) at 1476.

311. See *id.* at 1088, 56 U.S.P.Q.2d (BNA) at 1476-77.

news and related information services.<sup>312</sup> Accordingly, the Federal Circuit affirmed the Board's decisions.<sup>313</sup>

2. *Appeal from the Federal District Courts: Trade dress infringement under section 43 of the Lanham Act*

In *Speedplay, Inc. v. Bebop, Inc.*, the Federal Circuit affirmed the determination of the District Court for Southern District of California that Bebop, Inc. ("Bebop") did not infringe Speedplay, Inc.'s ("Speedplay") trade dress.<sup>314</sup> Speedplay sued Bebop for patent and trade dress infringement of a clipless pedal and cleat used by bicyclists.<sup>315</sup> The district court denied Speedplay's claims, concluding that Speedplay proved that its product was distinctive, but failed to prove that its product was nonfunctional or that there was an existence of a "likelihood of confusion."<sup>316</sup>

During Speedplay's appeal, the Federal Circuit noted that, under the applicable Ninth Circuit law, the plaintiff is "required to prove that its trade dress is distinctive and nonfunctional, and that the consumers are likely to confuse Bebop's pedals with Speedplay's pedals."<sup>317</sup> In order to reverse the district court's "likelihood of confusion" determination, the Federal Circuit noted that the decision must be "clearly erroneous," the applicable Ninth Circuit standard of review.<sup>318</sup> The Federal Circuit agreed with the district court that the products were sold in distinct markets and that, under the circumstances, the district court properly afforded the "isolated instances" of actual confusion little weight.<sup>319</sup> The Federal Circuit consequently upheld the district court's decision.<sup>320</sup>

### III. UNPUBLISHED OPINIONS

The Federal Circuit also issued two unpublished decisions concerning trademark issues in the year 2000. Pursuant to Federal Circuit Local Rule 47.6, an opinion which is not published is "one unanimously determined by the panel issuing it as not adding significantly to the body of law. Any opinion or order so designated

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312. *See id.*, 56 U.S.P.Q.2d (BNA) at 1476-77.

313. *See id.* at 1088, 56 U.S.P.Q.2d (BNA) at 1477.

314. *Speedplay, Inc.*, 211 F.3d at 1258, 53 U.S.P.Q.2d (BNA) at 1994 (holding that the trial court's ruling was not "clearly erroneous," which was the applicable standard of review in the Ninth Circuit).

315. *See id.*, 53 U.S.P.Q.2d (BNA) at 1994.

316. *See id.*, 53 U.S.P.Q.2d (BNA) at 1993.

317. *Id.*, 53 U.S.P.Q.2d (BNA) at 1993.

318. *See id.*, 53 U.S.P.Q.2d (BNA) at 1994.

319. *See id.*, 53 U.S.P.Q.2d (BNA) at 1993-94.

320. *See Speedplay, Inc.*, 211 F.3d at 1258, 53 U.S.P.Q.2d (BNA) at 1994.

must not be employed or cited as precedent . . . .”<sup>321</sup>

In the year 2000, Rule 47.6, as well as similar rules in other circuits, came under attack. For example, in *Anastasoff v. United States*,<sup>322</sup> the Eighth Circuit declared unconstitutional a local rule providing that unpublished opinions have no precedential value and should not be cited as precedent.<sup>323</sup> The court noted that, while the court may decide which opinions to publish, the opinions retain their precedential effect regardless of publication status.<sup>324</sup> Thus, the court held that Article III incorporates the doctrine of precedent and the judicially established rule barring citation of unpublished opinions is therefore unconstitutional.<sup>325</sup>

*Anastasoff* concerned the timeliness of a refund claim for overpaid federal income tax.<sup>326</sup> Faye Anastasoff mailed her claim to the Internal Revenue Service (“IRS”) a few days before a three-year limitation on the payment of refund claims expired, and the IRS received it a few days after the three-year period had lapsed, making part (but not all) of her claim untimely.<sup>327</sup> Anastasoff claimed the IRS “mailbox rule” rendered her entire claim timely.<sup>328</sup> The district court granted judgment in favor of the IRS on the ground that the mailbox rule does not apply if any portion of the claim is timely.<sup>329</sup> On appeal to the Eighth Circuit, the court faced the following dilemma: in a previous unpublished opinion, the court ruled that even if the mailbox rule were applied in similar circumstances, other provisions

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321. FI CTAF Rule 47.6 and FI CTAF App. V, IOP 9.

322. 223 F.3d 898, 56 U.S.P.Q.2d (BNA) 1621 (8th Cir. 2000), *vacated as moot en banc*, 253 F.3d 1054 (8th Cir. 2000) [hereinafter *Anastasoff I* and *Anastasoff II*, respectively].

323. *See supra* note 25 and accompanying text (discussing the debate surrounding the validity of Eighth Circuit Local Rule 28A(i)).

324. *See Anastasoff I*, 223 F.3d at 899, 56 U.S.P.Q.2d (BNA) at 1622 (holding that Eighth Circuit Rule 28A(i), which states that “unpublished opinions are not precedent[,] is unconstitutional under Article III [of the U.S. Constitution], because it purports to confer on the federal courts a power that goes beyond the ‘judicial’”).

325. *See id.*, 56 U.S.P.Q.2d (BNA) at 1627.

326. *See id.* at 899, 56 U.S.P.Q.2d (BNA) at 1622.

327. *See id.*, 56 U.S.P.Q.2d (BNA) at 1622.

328. *See id.*, 56 U.S.P.Q.2d (BNA) at 1622; *see also* 26 U.S.C. § 7502 (1994 & Supp. V 1999). This section states in relevant part:

[That subject to certain exceptions, if any] document required to be filed, or payment required to be made . . . on or before a prescribed date under authority of any provision of the internal revenue laws is . . . delivered by United States mail to the agency, officer, or office with which [the] document is required to be filed, or payment is required to be made, the date of the United States postmark stamped on the cover in which [the] document, or payment, is mailed shall be deemed to be the date of delivery or the date of payment . . . .

26 U.S.C. § 7502 (1994 & Supp. V 1999).

329. *See id.*, 56 U.S.P.Q.2d (BNA) at 1622.

of the Internal Revenue Code still barred payment of the claim;<sup>330</sup> however, Anastasoff claimed that Eighth Circuit Rule 28A(i) denied precedential effect to this opinion.<sup>331</sup> The *Anastasoff* court held that because Circuit Rule 28A(i) violated Article III of the U.S. Constitution, the unpublished disposition must be accorded precedential effect, requiring the panel to affirm the district court.<sup>332</sup> In its decision the court stated that, “[i]nherent in every judicial decision is a declaration and interpretation of a general principle or rule of law. . . . This declaration of law is authoritative to the extent necessary for the decision, and must be applied in subsequent cases to similarly situated parties.”<sup>333</sup>

Although the underlying tax refund issue in *Anastasoff* later became moot,<sup>334</sup> the debate on the precedential value of unpublished opinions continues.<sup>335</sup>

A. “Likelihood of Confusion:” *Chatam Int’l Inc. v. UDV North Am.*

In *Chatam Int’l Inc. v. UDV North Am.*,<sup>336</sup> the Federal Circuit affirmed the Board’s determination during an opposition proceeding that a “likelihood of confusion” existed between the “GOLDSTRASSEN” trademark sought to be registered by Chatam International, Inc. (“Chatam”) and the senior mark, “GOLDSCHLAGER,” owned by UDV North America (“UDV”).<sup>337</sup>

Chatam sought to register the mark “GOLDSTRASSEN” for a liqueur.<sup>338</sup> UDV, the senior owner and user of the federally registered mark “GOLDSCHLAGER,” also a liqueur, filed an opposition to Chatam’s trademark application.<sup>339</sup> The Board sustained UDV’s opposition based on “likelihood of confusion,” finding that UDV held the senior mark, that the goods were “obviously identical,” that

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330. See *Anastasoff I*, 223 F.3d at 899, 56 U.S.P.Q.2d (BNA) at 1622.

331. See *id.*, 56 U.S.P.Q.2d (BNA) at 1622.

332. See *id.* at 899, 56 U.S.P.Q.2d (BNA) at 1622.

333. *Id.* at 899-900, 56 U.S.P.Q.2d (BNA) at 1622.

334. Following the decision, Anastasoff filed a petition for rehearing *en banc*. See *Anastasoff II*, 235 F.3d at 1055. In response to this petition, the IRS refunded the taxpayer’s claim in full and announced the abandonment of its prior position regarding the tax issue at bar, arguing that the case should be dismissed. See *id.* The Eighth Circuit concluded *en banc* that the issue presented by *Anastasoff I* became moot, and the question of the constitutionality of the rule denying precedential effect to unpublished opinions remained open. See *id.* at 1056.

335. See *supra* note 27 and accompanying text (discussing the court’s decision to hold Eight Circuit Local Rule 28A(i) unconstitutional because it violated the doctrine of legal precedent and Article III of the U.S. Constitution).

336. 230 F.3d 1383, at 2000 WL 194122 (Fed. Cir. Feb. 15, 2000) (unpublished).

337. See *Chatam Int’l Inc.*, 230 F.3d at 1383, 2000 WL 194122 at \*1.

338. See *id.*

339. See *id.*



the products would travel in the same channels of trade, and that the marks were similar.<sup>340</sup>

Significantly, the Federal Circuit's review of the Board's determination in *Chatam* preceded its decision in *Recot*, in which it held that the Board's factual finding would be upheld if supported by substantial evidence.<sup>341</sup> In *Chatam*, the Federal Circuit stated that its determination of the applicable standard of review was bound by the Supreme Court's *Zurko*<sup>342</sup> decision,<sup>343</sup> which held that the scope of review of PTO's findings is subject to the standards set forth under the APA—*i.e.*, arbitrary, capricious, abuse of discretion, or substantial evidence standard.<sup>344</sup> The court noted that because the Board's finding of facts in this case would be upheld under any of the APA standards of review, the court need not determine the specific standard that it would apply.<sup>345</sup>

The Federal Circuit concluded that the Board properly weighed the *DuPont* factors in determining the existence of "likelihood of confusion," specifically, the close similarity of the goods (liqueur) and channels of trade (bars/liquor stores).<sup>346</sup> The court affirmed the Board's conclusion that, because the goods were the same, the degree of similarity of the marks required was less in finding "likelihood of confusion."<sup>347</sup> The Board concluded, and the Federal Circuit ultimately agreed, that the marks were similar in appearance and in sound (a combination of the same English and similar German terms).<sup>348</sup> The court also supported the Board's analysis of the composite marks without translating their German portions into English, reasoning that many consumers may not be aware of the English translation.<sup>349</sup> The Federal Circuit, therefore, affirmed the Board's decision.<sup>350</sup>

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340. *See id.*

341. *See Recot, Inc.*, 214 F.3d at 1327, U.S.P.Q.2d (BNA) at 1897.

342. *Zurko*, 527 U.S. at 150.

343. *See Chatam Int'l Inc.*, 230 F.3d at 1383, 2000 WL 194122 at \*1.

344. *See Zurko*, 527 U.S. at 152 (holding that the APA standard of review for federal agency decisions applies to PTO decisions).

345. *See Recot, Inc.*, 214 F.3d at 1327, U.S.P.Q.2d (BNA) at 1897 (noting that the Federal Circuit later determined the specific standard of review for the Board's finding of facts).

346. *See Chatam Int'l Inc.*, 230 F.3d at 1383, 2000 WL 194122 at \*1.

347. *See id.*

348. *See id.*

349. *See id.*

350. *See id.*

B. *Section 1(b) of the Lanham Act: Sanders v. American Forests*

In *Sanders v. American Forests*,<sup>351</sup> the Federal Circuit affirmed the Board's conclusion that Sanders' intent-to-use trademark application was *void ab initio*.<sup>352</sup>

Barbara Sanders ("Sanders"), acting *pro se*, filed an intent-to-use application pursuant to Section 1(b) of the Lanham Act,<sup>353</sup> in which she sought registration of the mark "LEAF RELEAF" and design associated therewith to be used in conjunction with the "leaf-bagging equipment" produced by her husband.<sup>354</sup> Sanders filed the application in her own name as an "individual."<sup>355</sup>

In 1992, American Forest filed a notice of opposition against Sanders' application.<sup>356</sup> American Forest is the owner of the service marks "GLOBAL RELEAF" and "RELEAF," which it licenses to numerous companies to be used in connection with goods and services promoting American Forests' tree-planting projects.<sup>357</sup> American Forest based its opposition on the potential for "likelihood of confusion" between the marks, and because Sanders was not the true owner of the mark, which made the application *void ab initio* under Section 1(b) of the Lanham Act.<sup>358</sup> In response, Sanders asserted that she intended to use the mark in conjunction with her husband's leaf bagging product.<sup>359</sup> She denied, however, that she and her husband were partners in this enterprise.<sup>360</sup>

The Board determined that the application was *void ab initio* since Sanders failed to present a bona fide intent to individually use the trademark.<sup>361</sup> The Board concluded Sanders intended only to use the mark in conjunction with her husband's product and to promote their informal partnership, as opposed to using the mark as an individual.<sup>362</sup> The Board declined to address the "likelihood of confusion" issue.<sup>363</sup>

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351. 232 F.3d 907, at 2000 WL 274174 (Fed. Cir. Mar. 10, 2000) (unpublished).

352. See *Sanders*, 232 F.3d at 907, 2000 WL at \*1; see also BLACK'S LAW DICTIONARY 1568 (7th ed. 1999) (defining *void ab initio* as "[n]ull from the beginning, as from the first moment when a contract is entered into").

353. See 15 U.S.C. § 1051(b) (1994 & Supp. V 1999).

354. See *Sanders*, 232 F.3d at 907, 2000 WL at \*1.

355. See *id.*

356. See *id.*

357. See *id.*

358. See *id.*

359. See *id.*

360. See *Sanders*, 232 F.3d at 907, 2000 WL at \*1.

361. See *id.*

362. See *id.*

363. See *id.* (electing not to further consider whether there was a likelihood of confusion between Sanders' mark and the American Forest marks because the Board had already determined that Sanders' application was *void ab initio*).

The Federal Circuit stated that, pursuant to 15 U.S.C. § 1051, an applicant must own the mark in order to register it.<sup>364</sup> The court noted that Sanders chose to file the application as an individual even though she intended to use the mark in partnership with her husband and his leaf-bagging product.<sup>365</sup> The Federal Circuit affirmed the Board's conclusion that the true owner of the mark was the partnership of Sanders and her husband, and, as a result, the application could not have been filed by an individual.<sup>366</sup>

The Federal Circuit proceeded to consider Sanders' assertion that she should have been allowed to amend her application to reflect the correct entity.<sup>367</sup> The court rejected this argument, pointing out that she did not provide the court with any authority to support her position.<sup>368</sup> Moreover, the court noted that, although the Trademark Manual of Examining Procedure § 1201.02(c) allows for the correction of minor errors, the same section explicitly provides that an applicant may not amend an application to set forth another entity as the applicant.<sup>369</sup>

For the foregoing reasons, the Federal Circuit concluded that the Board correctly held the application void and sustained American Forests' opposition.<sup>370</sup>

#### CONCLUSION

Of the procedural and substantive decisions reviewed by the Federal Circuit last year, the decisions of the Board fared better than decisions by the Federal District Courts. While the Federal Circuit affirmed half of the Board's decisions, it only affirmed one-third of the decisions of the Federal District Courts.

Last year, the Federal Circuit articulated the standard by which it reviews the Board's underlying factual findings in support of its "likelihood of confusion" determinations. In the *Recot* decision, the Federal Circuit expressly adopted the substantial evidence standard for the review of the Board's factual findings. Articulation of more deferential standard for reviewing agency fact finding heightens the importance of the Board's creation of a factual record. As the Federal Circuit explained in its *Packard Press, Inc.* decision, judicial

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364. *See id.* at \*2 (citing Trademark Manual of Examining Procedure § 1202.01(b) and *Huang v. Tzu Wei Chen Food Co. Ltd.*, 849 F.2d 1458, 1460 (Fed. Cir. 1988)).

365. *See id.*

366. *See Sanders*, 232 F.3d at 908, 2000 WL at \*2.

367. *See id.*

368. *See id.*

369. *See id.*

370. *See id.*

review under the substantial evidence standard is only possible when “the agency explains its decisions with precision.”<sup>371</sup>

*Res judicata* and “likelihood of confusion” issues dominated the Federal Circuit’s trademark decisions in the year 2000. The Federal Circuit reversed the Board’s application of the *res judicata* doctrine on two occasions,<sup>372</sup> stressing the necessity to consider each element of that defense. In reviewing “likelihood of confusion” determinations, the Federal Circuit held that *DuPont* did not require the Board to consider all thirteen *DuPont* factors. Rather, the Board is only required to analyze those factors for which there was evidence of record. In *Laser Golf, Cunningham* and *Hewlett-Packard*, the Federal Circuit highlighted the importance of analyzing the marks as a whole, rather than examining each word in isolation, when weighing the “similarity of the marks” factor. In *Recot*, the Federal Circuit emphasized the importance of considering the fame of the registered mark. The Federal Circuit’s decisions in the year 2000 added substantively to its growing body of trademark law.

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371. *Packard Press, Inc.*, 227 F.3d at 1360.

372. See *supra* notes 31, 69 and accompanying text (providing that in each case, the Federal Circuit remanded the TTAB’s decision to dismiss a trademark cancellation provision proceeding).