

Fall 2001 Trademark Law Exam

3-HOUR OPEN-BOOK EXAM

Mr. Froomkin

This is a 3-hour in-class open-book examination, with length limits on the answers to Part I. You may bring any written reference source with you into the exam.

Citation rules. Citations to cases and materials in the book may be in any short form that is understandable, e.g. Overton Park. In citing materials in the casebook other than cases, clarity is usually achieved by including a page reference as part of the citation.

Special Directions for Part I

For each of the statements in Part I, choose whether it is

Always True (T)

Always False (F)

Sometimes True and Sometimes False (S)

and give a specific REASON of 40 words or (much) fewer. Please cite statutes and/or cases when appropriate. Please note that I will not read beyond the length limit.

Example 1: If the statement were: "*A 33 year old person can serve as an elected President.*" you would answer:

"F. Article II, § 1, ¶ 5 of the Constitution requires that a person be 35 to be elected President."

Example 2: If the statement were: "*A statute is law because both houses of Congress passed it and the President signed it.*" you would answer:

"S. Article I, § 7, ¶ 2 of the Constitution states bills become law upon Presidential signature, or when passed by 2/3 majority of both houses over the President's veto, or when neither vetoed nor signed in 10 days unless Congress recessed."

Note carefully: the above statement was in one sense "true" – a bill *does* become law when the President signs it. But that's not the whole story – it's not the **ONLY** way a bill becomes law. So it's a "sometimes" because it is not *always* true: some statutes become law in a different way.

Example 3: If the statement were: "*As part of the process of becoming law, a bill is presented to the President for signature.*" you would answer

"T. Constitution Article I, § 7, ¶2. This is the holding of the Chadha case."

Note that this statement is not just "true" – it is *always* true.

Special Directions for Parts II & III

Please start your answer to each Part on a new page. PLEASE remember to use your blind grading number on the first page of your answer to each section of this exam.

Read the essay questions carefully and think about your answer before beginning to write. Organization will count in your favor. Unless the question directs otherwise, don't forget to explain why you reject seemingly sensible options as well as why you select them.

Do NOT make up facts. *If* you would need additional facts to resolve an issue, state what facts you would need (and, if relevant, how you might get them), and how those facts would affect the result of your analysis.

Directions for Parts I, II, & III

Do not use abbreviations unless you explain what they mean at first use – e.g. "Plaintiff (P)".

Material failure to comply with the instructions above will result in deductions from your exam score.

Answer all questions on this exam. Each part will count equally, except that I sometimes give extra weight to an exceptionally good or bad reply.

Good luck!

PART I: True, False Sometimes

1. Filing an intent-to-use application will give you some rights, if only of priority, that you would not get by filing a regular trademark application on the same date.
2. The Lanham Act, as amended, prohibits false and misleading statements that make use of another person's trademark.
3. Given that a trademark could last forever, and a design patent lapses after only 14 years, if one has a design that arguably would qualify for a design patent as well as a trademark, the trademark protection is all you need.
4. A copyrightable work is not eligible for trademark protection.
5. Malibu Graphics is a web design firm located in Coral Gables, Florida. Malibu Graphic's

application for a federal service mark in "MALIBU GRAPICS" will be rejected by the USPTO.

6. A person who has been granted a utility (ordinary) patent on a design is ineligible to hold a valid trademark on that same design.
7. Gaubatz makes and sells T-shirts that say "Don't buy **The Miami Herald**". If the Miami Herald has an incontestable trademark on **The Miami Herald** for clothing as well as newspapers, then Gaubatz is guilty of trademark infringement.
8. The act of placing multiple trademarks on a good that is then widely offered for sale creates, by its very nature, a substantial risk of undermining the validity of at least one of those marks.
9. Anderson files an ITU for "Freedom Pizza" on Feb. 1, 2000 for a pizza restaurant. Bradley opposes it, citing detailed business plans made for a different "Freedom Pizza" restaurant in Dec, 1999, but no actual use in commerce until April, 2000. Assuming no one else has a valid claim on the "Freedom Pizza" mark for a pizza restaurant, Anderson will prevail over Bradley's opposition.
10. Since 1958, Casebeer has run a small toy shop in Coral Gables called "Tampa Toys". Casebeer received a federal trademark registration on "Tampa Toys" in 1999. Other toy shops called "Tampa Toys" are violating the Lanham Act.
11. Arcadia is a non-English-speaking-nation that is a party to the Paris Convention. Doyle duly registers and uses a word mark in Arcadia for an English word. Doyle now seeks to register the mark in the USA. If the application is one that would otherwise have been refused in the USA on the grounds that the word is generic for the proposed use, due to the Paris Convention it will nonetheless be accepted for entry into the principal registry.
12. A state or federal trademark registration is a prerequisite to a successful federal anti-dilution action.

Part II: LEXXnS

Toyota Motor Sales U.S.A., Inc. ("Toyota") is the exclusive importer and distributor of Lexus automobiles throughout the United States. It owns the "LEXUS" trademark. Toyota first began selling Lexus automobiles in New York in 1989 and now maintains a network of fourteen Lexus dealers in the NY metro area. The LEXUS name is used primarily for cars, but Toyota also uses it for car parts, various car memorabilia, key chains, T-shirts, thermos bottles, and drinking glasses. In addition to selling new LEXUS cars, Toyota has also developed an extensive market for second-hand Lexus automobiles which are sold to the general public, not just to well- educated professionals.

Profile Cocktail Lounge, Inc., is a New York corporation owned by Gonzolo and Gloria Rodriguez. Through Profile, Inc., Mr. & Mrs. Rodriguez operate Lexxns Club, a small bar and nightclub located in Spanish Harlem, which is in the north-east part of Manhattan. There are no Lexus dealers nearby. They opened the club in December 1997. The couple had previously owned the Dynasty Club, which had also been located in the same location before it was destroyed by fire in 1995. Prior to the fire, the Dynasty Club had a reputation with local police as a source of trouble. Gloria Rodriguez considered that the renovated club should have a new name. Mr. and Mrs. Rodriguez derived inspiration for the name of their new club from a club called "Darios" which they visited while on vacation in Mexico. The facade at Darios featured the letters "D-A-R-I-O-S" in large capital letters with the "O" serving as the doorway. They liked this idea and chose the name "Lexxns Club" and commissioned a \$15,000 cement facade featuring the word "LEXXnS" with the "n" serving as the entrance to the club.

The renovated club sells alcoholic beverages and plays salsa and other dance music. Its clientele are predominately Spanish-speaking residents in the neighborhood. The Rodriguezes do almost no advertising. They have occasionally advertised in a free newsletter for members of the local Colombian-American community. Gloria Rodriguez drives a truck on which the word "Lexxns" is painted on the back right fender. Defendants also send holiday postcards to their patrons and occasionally give away promotional t-shirts at club events.

The Lexxns Club had been in operation for about a year when defendants received a "cease and desist" letter from Toyota's counsel asking them to change the name of their club. The letter accused defendants of infringing upon the Lexus mark through use of the term "Lexxus Club." Toyota apparently assumed that defendants identified their club as "Lexxus," with the letter "U" in an upside down form. Indeed, Toyota informed defendants that the club was identified as "Lexxus Club" in two Ameritech telephone directories and registered as "Lexxus Club" with the Secretary of State.

Upon receipt of this letter, the Rodriguezes discovered that their former attorney registered the nightclub incorrectly as "Lexxus Club." They wrote to Toyota that they had not known about the incorrect telephone listings, but would make immediate efforts to rectify them. They quickly did so, and the listings are now correct as is the state corporate registration. The Rodriguezes refused,

however, to change the name of their club.

Toyota then filed suit in the Southern District of N.Y. asserting the following claims in its complaint:

- (1) trademark infringement under federal law;
- (2) trademark dilution under federal law and the New York Anti-Dilution Statute
- (3) unfair competition under federal law and at common law.

In its complaint, Toyota did not request damages. It sought only to enjoin the Rodriguezes from using any trade name which too closely resembles the word "Lexus."

After filing the complaint, Toyota took depositions from the Rodriguezes. The depositions produced no evidence of actual confusion (and Toyota alleged none in its complaint), but the depositions did reveal that the Rodriguezes were aware of Toyota's mark when they chose the name of their club, although they stated that they thought their name was different. Further, during the deposition, Toyota's lawyer asked Gloria Rodriguez about her choice of the name "Lexxns." She stated:

A. Nexxus is a shampoo. Lexus was a car, it was taken by Toyota. Nexxus was taken by shampoo company, and we start talking about it. I like the idea of the Xs, we needed an entrance, we switch around.

Q: You like the double X?

A: It's pretty, it's beautiful. "Lexxns." [She pronounced it "Lex'-zens"]

Mrs. Rodriguez also stated during the deposition that the word "Lexxns" appealed to her because it connoted something "tasty, pretty, fancy, nice" and "something that is pretty expensive."

The NY anti-dilution statute, General Business Law § 360-l reads as follows:

Injury to business reputation; dilution. Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

You should assume New York common law follows the Restatement of Unfair Competition.

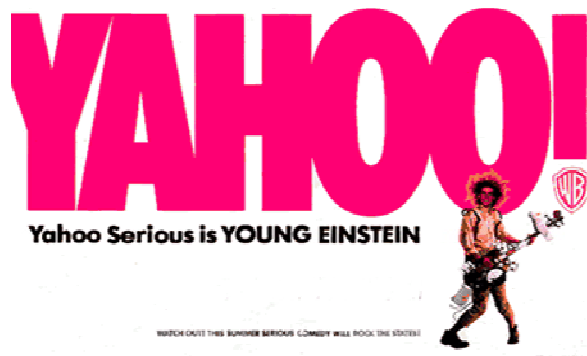
The case is coming up for trial next week. Advise the Rodriguezes as to their prospects and options.

Part III: Are You Serious?

Yahoo Serious is a film star, director and producer. Born Greg Peard, he legally changed his name to Yahoo Serious in 1980. Since then, it has been on his passport,¹ driver's licence, American Express card, and appeared in film, TV, and on radio. He has starred in three movies, including the 1988 hit *Young Einstein*, and *Reckless Kelly* in 1993. He also wrote, produced and directed all three films. He appeared on the cover of Time Magazine in February 1989. Recently, he completed his third film, *Mr Accident* which he describes as "a dangerous romantic comedy about free range eggs, refrigerators and whether Mankind is alone in the Universe."



Time Cover



Typical Advertisement for *Young Einstein*

Mr. Serious's movies are promoted worldwide, including extensively in the United States. *Young Einstein* played in movie theaters in almost every state and grossed \$50 million in the USA, plus \$50 million more abroad. *Mr. Accident* is on sale as a video throughout the US. All three films were reviewed in national magazines, and scores of local newspapers. Promotional T-shirts including the slogans "Are you Serious?" and "I'm a Yahoo--are you?" were sold during the 1988-89 theatrical release of *Young Einstein*.

Yahoo! Inc., is a corporation registered in Delaware with its headquarters in California. Founded in 1994 it is now one of the best-known Internet companies, providing a searchable online directory and index to web sites as well as many e-commerce related services. It registered yahoo.com in January, 1995 and has more than thirty registered trademarks for word and design mark variants of "Yahoo".

[continued]

¹Note: Although the real Yahoo Serious (yes, he's real, as are most of the facts in this question), is Australian, assume for the purpose of this question that he is a US citizen, domiciled in the US.

Among the design marks registered by Yahoo! Inc are these:



Registered Sept. 1998



Registered for "computer services, namely, creating indexes of information, sites, and other resources available on computer networks; searching and retrieving information, sites, and other resources available on computer networks for others; providing an online link to news, weather, sports, current events, and reference materials," first use June, 1996

Yahho! Inc. has registered a number of trade marks and service marks including these word marks:

- YAHOO!, for
 - "Online retail and mail order services in the field of general consumer merchandise; directory services to help locate people, places, organizations, phone numbers, home pages, and electronic mail address; promoting the web sites of others, namely, distributing advertising for others via an online electronic communications network," first use Aug. 1995.
 - posters, printed papers and stickers, first use April 1996
 - a computer magazine, March 1996
 - t-shirts, beach balls, and sand toys, first use June 1996
 - electronic mail services, first use January 1997
 - "online computer services, namely, providing information regarding the goods and services of others in the nature of a buyers' guide, by means of a global computer network." first use Sept. 1997
 - for "Electronic commerce services, namely, gift registry services, providing an online business-to-business marketplace where businesses can buy and sell excess inventory and idle assets, and online auction services; providing online retail, mail order, and auction business management; event ticket sales services," first use September 1998
- YAHOO VISION, ITU filed June 29, 2000, for
 - Computer software for use in broadcasting and delivery of audio, video, and/or multimedia content
 - Online retail and mail order services in the field of general consumer merchandise; advertising the goods, services, and websites of others via an online electronic communications network
 - Broadcasting and delivery of audio, video, and/or multimedia content by means of

- radio, cellular, and wireless communication, television, cable television, closed circuit, electronic communications networks, or computer networks; electronic transmission of data, images, and documents via a global computer network; and global computer network broadcasting services
- Entertainment services in the nature of a program broadcast via the Internet relating to topics of general interest
 - DO YOU YAHOO!?, for
 - "computer services, namely, creating indexes of information, sites, and other resources available on computer networks; searching and retrieving information, sites, and other resources available on computer networks for others; providing online link to news, weather, sports, current events, and reference materials," first use May, 1996
 - clothing and towels, first use January 1998
 - toys, first use Jan 1999
 - stationary and notebooks, first use July 1997
 - MY YAHOO, for "computer services, namely, creating indexes of information, sites, and other resources available on computer networks for others; searching and retrieving information, sites, and other resources available on computer networks; providing an online link to news, weather, sports, current events, and reference materials," first use May, 1996

Yahoo! Inc. also has a number of pending registrations, including one for "YAHOO!" for entertainment services.

Since 1993, Ocean Kayak, Inc of Ferdale, Washington has had the registered YAHOO mark for "human propelled watercraft; namely, kayaks and canoes". Since 1987 Miss King's Kitchens of Sherman, Texas has had a registration for "THE ORIGINAL TEXAS YA-HOO! CAKE CO." and since 1981 it has had a registration for "YA-HOO" for cakes, which are described on their web site as "chunks of pure chocolate, golden Texas pecans and rich California cherries baked into a moist, delicious cake," which is pictured as being shaped like the state of Texas. Yahoo! Inc. recently recorded an assignment of the registered "YAHOO" mark from Ham I Am, Inc, of Dallas, Texas, which had been using the YAHOO mark for barbecue sauce since 1994.

Mr. Serious recently attempted to register yahoo.com and was distressed to discover that it was taken. Investigating further, he encountered the yahoo.com web site for the first time. He believes that Yahoo! Inc has stolen his name, and is infringing his rights. He has received postal mail meant for Yahoo! Inc. and he is also distressed by a TV commercial for Yahoo! Inc which features a character with a distinctive hairstyle similar to his own.

Advise Mr. Serious as to what recourse, if any, he has against Yahoo! Inc. and what he should do.