

<sup>1</sup> □ Trademark - Spring 2004

- UNIT 4

- Prof. Michael Froomkin
- Rm. 382

<sup>2</sup> □ Administrative matters

- Please sign seating chart
- Please send an e-mail about yourself to [froomkin@law.miami.edu](mailto:froomkin@law.miami.edu)

<sup>3</sup> □ Levels of Distinctiveness

- Generic
- Descriptive
  - Includes
    - I surnames
    - I geographically distinctive marks
  - Requires secondary meaning
- Suggestive
  - Weaker protection
- Arbitrary, Fanciful
  - Stronger protection

<sup>4</sup> □ Today

- Getting (& Keeping) a mark
  - The importance of USE
  - Can you 'warehouse' a mark?

<sup>5</sup> □ Procter & Gamble (2nd Cir 1980) [134] per Laval

- P&G claims
  - J&J's use of "Assure!" and "Sure & Natural" on tampons and shield violate P&G's marks in "Sure" for underarm antiperspirant deodorant and for a tampon, and "Assure" for

mouthwash and shampoo."

## <sup>6</sup> □ P&G Facts

- P&G has carried
  - SURE for deodorant as a MAJOR product (since 1972)
  - SURE for tampons (applied for in 1964)
    - | But, in '74 it gave the tampon a different name.
    - | held in 'minor brands program'.
  - ASSURE for mouthwash and shampoo (since 1970)
    - | in 'minor brands program'.
    - | In '70 it bought ASSURE mark which had been registered for mouthwash and shampoo.

## <sup>7</sup> □ P&G Holding

- Use must real
  - Not 'sporadic, nominal or intended solely for trademark maintenance [141]
  - P&G 'minor brands program' didn't cut it.
    - | no real sales of real products
    - | just shipping 50x \$2/case to some states once a year,
  - Also, no likelihood of confusion between 'SURE' deodorant and either 'ASSURE!' or 'Sure & Natural'.

## <sup>8</sup> □ So, how do you protect a brand you are not really using?

- [146]
- Why should you be able to do so?
  - especially since 1989 -- allowance of intent-to-use applications?

## <sup>9</sup> □ Larry Harmon Pictures Co v Williams Rest. Corp. (Fed Cir 1991) [147]

- BOZO's for restaurant services
  - challenged by Bozo the clown
  - on theory that restaurant is too local to be "in commerce" in commerce clause sense
  - Was just one restaurant in Mason, TN

- Held, it is "in commerce".
- (Will this change if SCT narrows reach of commerce clause?)
- NB Q2 on p. 151

<sup>10</sup> □ **Supplement: *Karl Storz* (9th cir. 2002)**

- Explicates "use in commerce"
- Sales are not required
  - I "or transported" language of 15 USC § 1127 (q.v. [146-47])
- But mere transport isn't enough either
  - I Repair & ship isn't "use" of TM
  - I Complete rebuild -- with TM left intact -- is a "use" however
    - I Because repair company is trading on goodwill of TM
    - I 'Trading' consists of *selling refurbished good for 3rd party use?*

<sup>11</sup> □ **Buti v. Impressa Perosa (2nd cir. 1998) [151]**

- § 45 defines commerce as "all commerce which may lawfully be regulated by Congress".
- What does this mean for extra-territorial rights?
- To what extent can a foreign citizen get US protection?
- What must foreign citizen do to get US protection?

<sup>12</sup> □ **Buti Facts**

- Impressa admitted that its Lanham Act rights hinge on whether Milan Fashion Cafe "substantially affect" US interstate or foreign commerce
- Foreign café didn't have sufficient connection to US
  - I US couldn't regulate foreign café
  - I Foreign café's US promotional activities
    - I Insufficient because publicity doesn't show offering 'restaurant services' in US commerce
      - Odd, since advertising was part of evidence of interstate commerce in Larry Harmon case
      - But not odd given territorial/national tradition.

<sup>13</sup> □ 'Famous mark' Exception to the 'foreign use doesn't count' rule

- NB p. 153 n.2 on 'famous mark' exception to 'foreign use doesn't count' rule.
- Maxim's case, Vaudable v. Montmartre (NY Sup Ct. 1959)

<sup>14</sup> □ Questions

- What would it take to have sufficient non-advertising use in US commerce for a foreign café?
- For other foreign businesses?

<sup>15</sup> □ TM Ownership

- *Bell v. Streetwise Records, Ltd* (D. Mass 1986) [155]
  - P = performers
  - D = original record producer
  - Note that this is a distinctive mark
- Issue: who owns TM "NEW EDITION" for a singing group?
  - Court feels need to decide relevant market & norms
    - 'entertainment services' controlled by the band members
      - producers' role was standard producers' role, not 'concept creator'
      - although facts could be spun another way and result would be different if producer were sole or main continuity

<sup>16</sup> □ Things to Note about *Bell v. Streetwise*

- Terms
  - "junior user"
  - "senior users"
  - refers to TEMPORAL use, not strength per se
- Rule for ownership in joint ventures/partnerships
  - esp. bands!

<sup>17</sup> □ *Robi v. Reed* (9th cir. 1999) [160]

- Widow of band member (Robi) from 1954, year after inception, to 1964 is not entitled to TM
- Rather, TM is held by band member (Reed) who was there from formation in 1953 and later

- ... this despite a court ruling in 1974 that "until 1956" the name was held collectively by the five members including both Robi and Reed
  - Reed asserted right to mark in early '80s, as had done in 1950s
  - Robi didn't assert until 1988 -- and he left in '64

<sup>18</sup> □ Q's 161-62

- What arguments do you make?

<sup>19</sup> □ Priority and Concurrent Use

- *Blue Bell v. Farah Mg.* (5<sup>th</sup> cir. 1975) [162]
  - Case is not based on federal act but on Texas unfair competition law.
  - Section 16.02 of the Texas Act says that a mark is "used" when it is affixed to the goods and "the goods are sold, displayed for sale, or otherwise publicly distributed."
  - Court says issue is: when "placed on the market"

<sup>20</sup> □ Who Did What When?

- [1] ■ Farah
  - May 16
    - Chose "time out" mark
  - May 18
    - added hourglass symbol. Authorized advertising campaign
  - June 5
    - presented fall line of clothing, including "time out" slacks to sales personnel
    - [TM counsel clears the name]
- [2] ■ Blue Bell

<sup>21</sup> □ Continued

- [1] ■ Farah

■ June 27

- Tags with new design affixed to clothes for first time

② ■ Blue Bell

■ June 18

- Blue Bell management arrived at the name Time Out to identify both its new division and its new line of men's sportswear.
- [Received clearance for use of the mark from counsel.]
- Inaugurated advertising campaign

<sup>22</sup> □ Continued

■ June 29

- the head of the embryonic division ... instructed shipping personnel to affix the new Time Out labels to slacks that already bore the "Mr. Hicks" trademark

<sup>23</sup> □ Critical Early July

■ July 3

- Farah sent one pair of slacks bearing the Time Out mark to each of its twelve regional sales managers.
- Sales personnel paid for the pants, and the garments became their property in case of loss.
- **DCT says this is valid use in trade**
- **CTA says 'secret undisclosed use' won't count - sales 'not made to public'**

■ July 5

- several hundred pairs left [the division] with two tags -- Hicks & TimeOut
- but they're really Hicks clothes).
- **DCT says this is 'token'**
- **CTA agrees**

<sup>24</sup> □ Mid-July & August

■ July 3-11

- regional managers showed the goods to customers the following week.
- Farah received several orders and production began.

- July 11 and 14
  - Further shipments of sample garments were mailed to the rest of the sales force
- ② ■ July
  - Blue Bell made intermittent shipments of the doubly-labeled slacks
  - Out-of-state customers who received the goods had ordered clothing of the Mr. Hicks variety, not TimeOut or double-labeled.
- Late August:
  - Production of the new Time Out merchandise begins

<sup>25</sup> □ September

- ① ■ September
  - First shipments to customers
  - **CTA says this is where priority is as this is 'first chance of public to associate' mark with goods**
  - Extensive ads
- ② ■ September 4-6
  - Sales meeting to show fall designs
  - Sales personnel solicited numerous orders, though shipments of the garments were not scheduled until October.
  - Extensive ads
    - Q: why aren't these ads sufficient?

<sup>26</sup> □ October

- ① ■ By October
  - Farah had received orders for 204,403 items of Time Out sportswear
  - Retail sales value of over \$2,750,000
- ② ■ October
  - Blue Bell had received orders for 154,200 garments
  - Valued at over \$900,000.

<sup>27</sup> □ Notes on Blue Bell

- Court says TTAB allowing of token use
  - was just to make it enough to REGISTER
  - not enough to have ownership use
    - cf. Lucent case [168]: de minimis sales WONT DO!
- Note that two marks on one good can be OK:

- | "While goods may be identified by more than one trademark, the use of each mark must be bona fide. ... Mere adoption of a mark without bona fide use, in an attempt to reserve it for the future, will not create trademark rights. ... In the instant case Blue Bell's attachment of a secondary label to an older line of goods manifests a bad faith attempt to reserve a mark. We cannot countenance such activities as a valid use in trade."

<sup>28</sup> ☐ Question p. 169-170: Who gets TM (assuming no federal filings)

[1] ■ Mogul and New Greed

- | Jan: announces to advertisers
- | Feb: mails ads to subscribers of other periodicals, charter sub promo
- | Mar: prototype issue published as free insert in nationally distributed magazine
- | April: first issue

[2] ■ Market Mags New Greed

- | Jan: starts plans independently
- | Feb: learns of Mogul's plans
  - | Later Feb: places ad in national financial paper
- | Mar: sends to newsstands a hasty photocopied issue

<sup>29</sup> ☐ Notes

■ [cases on p. 170]

- | For sufficient "use in commerce," the "talismanic test" is whether or not the use was "sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark."
- | NB. also that mark DOESN'T have to be 'affixed' to the good - ads *can* do it.

<sup>30</sup> ☐ HYPO

- Company A files ITU on Feb. 1
- Company A makes actual use on July 1
- Company B \_\_ with no notice of A's acts, makes first use on Mar. 1 and applies for a TM
- Who wins and why?

<sup>31</sup> ☐ Shalom Children's Wear v. In-Wear

## (TTAB 1993) [170]

- Nov. 17, 1989: in-War applies to register via intent-to-use "BODY GEAR" for clothing- underwear
- Nov 29. 1991 - Timely notice of opposition by shalom Children's wear, claiming "commenced all steps to effect us" prior to filing date, and actual use prior also.
- Dec. 14 1989: Shalom files application to register mark based on intent to use. REFUSED due to prior application.
- Shalom ("opposer") amended its application to claim use as of Feb 26 1990.

### <sup>32</sup> □ Continued

- IN-wear fears Shalom now wants to argue that priority goes to May 1, 1989 exhibition of drawing of goods with the mark, and taking of orders, which it claims it didn't know could be used to establish priority.
- In-wear wants TTAB to say that even if May 1 '89 facts are true, they can't suffice to trump Nov. 17 '89 application.

### <sup>33</sup> □ Held,

- Applicant is mistaken when it argues that opposer may not, as a matter of law, defeat a priority date established by applicant's intent-to-use application with prior use analogous to trademark use. Although opposer's use of the mark in connection with taking orders for goods bearing the mark may not have been a sufficient basis upon which to file a use-based application, that is, may not have constituted a "technical" trademark use, such activities nonetheless can establish opposer's priority as against applicant, irrespective of the basis upon which applicant is entitled to claim its own first use or constructive use.
- NOTE HOW THE DOUBLE NEGATIVE MAKES THIS HARD TO READ

<sup>34</sup> □ Translated

■ It means

- As a matter of law, Shalom MAY defeat intent-to-use priority date with TM-law-like prior use, although it's not obvious that this use cuts it.
- Intent-to-use gets you "constructive use", not 'push others out of the way'

<sup>35</sup> □ Problem p. 173

■ Answer not on this slide

<sup>36</sup> □ Answer

■ 9<sup>th</sup> cir held in *Chance v.I Pac-Tel Teletrac*

- (1) totality of the circumstances test applies in determining whether a service mark was adequately used in commerce to gain protection of Lanham Act;
- (2) actions of developer of tag service in mailing 35,000 post cards promoting service, which generated 128 telephone responses but no sales, did not constitute a use of mark in commerce;
- (3) marketer of fleet tracking system made first use in commerce of mark;

<sup>37</sup> □ More about this answer

■ NB. In the service mark context, the Federal Circuit has held that

- A service mark is different from a mark for goods, especially in the manner it is used in commerce. The legally significant use giving rise to rights in a mark for goods is derived from the placing of the mark in some manner on the goods either directly or on their containers or packaging. A service mark, on the other hand, entails use in conjunction with the offering and providing of a service. This makes all the more important the use of the mark in "sales" or "advertising" materials of different descriptions.  
--Lloyd's Food Prods., Inc. v. Eli's, Inc., 987 F.2d 766, 768 (Fed.Cir.1993)

<sup>38</sup> □ Still more

- "in *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir.1999), a case involving internet

domain names, we **rejected the theory that e-mail correspondence predating actual sales could constitute use in commerce** because it failed to establish use "in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark"

Id.

<sup>39</sup> ☐ MD Stadium Auth. v. Becker (D.Md 1992), aff'd 4<sup>th</sup> cir [174]

- Mark is "Camden Yards"
- Held, by baseball fan, that mark's first use was waaay before t-shirt sales -- even though not formally chosen (among several candidates) until long after t-shirt sales began.
- What theory? (unlcear!)
- Stadium goodwill in name could have been abandoned if they'd chosen another name.
  - Yes, he's kinda a free rider...
- NB. I think this case is "good law" in the sense you'd expect the next one to come out the same way.