

Trademark: Unit 5 Review

- Superior TM rights depend heavily on *priority of use*
 - Senior user -- first in time
 - Junior user -- later in time
- Use must be *continuous* and *real* not *pretextual*
 - must reach consumers
 - ┆ not just employees of firm
 - ┆ 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."
- Multiple TMs can validly be on one good
 - If for valid, independent purposes

Today

- More about priority
 - ITU's v. use
- Concurrent Use, Remote geographical users
 - Under common law
 - Under Lanham Act
 - The *Dawn Donut* rule

HYPOTHESIS

- 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?

ANSWER

- "No rights exist in a mark until it is in use in commerce; and a mark that is not in use in interstate or international commerce will not be registered." But...
- "the owner of a pending ITU application is entitled to perfect its rights by commencing actual use of its mark, even where, subsequent to the filing of its application, another party first uses the mark in commerce"
 - WarnerVision Entertainment Inc. v. Empire of Carolina, Inc. (2nd Cir. 1996)

Question p. 169-170: Who gets TM (assuming no

federal filings)

- 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
- 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

 - May: first normal issue

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.

Typical Timeline for Filing a TM From Filing of Application

- U.S. PTO reviews to determine if it meets the minimum filing requirements for receiving a filing date
 - Approx. Two months
- PTO examines application for registration
 - Approx. Six months
- Application published in Official Gazette (ASAP);
- Time for opposition to the trademark
 - 30 days, can be extended up to 120 days
- Issuance of Certificate of Registration or Notice of Allowance (ITU)
 - provided there is no opposition
 - Three months after appearing in Official Gazette.

Shalom Children's Wear v. In-Wear (TTAB 1993)

[170]

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

Strategic Concerns

- In-Wear fears Shalom now wants to argue for even earlier 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.

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

Translated

■ It means

- As a matter of law, Shalom MAY defeat intent-to-use priority date with TM-law-like use, although it's not obvious that this use cuts it.
 - ┆ Actual use before intent-to-use (ITU) date always wins
 - ┆ TM-like use ('enough to register') before ITU date wins
 - ┆ TM-like use after ITU date loses
 - ┆ Actual use after ITU date loses
- Intent-to-use gets you "constructive use", not 'push others out of the way'

Problem p. 173

Herbko Int'l Inc. v. Kappa books (Fed Cir. 2002)

- Supp @ p. 18
- Review of book title law: one swallow is not a summer
 - Can't be inherently distinctive because they ID a book, not its source
- Hence, Kappa has not TM priority from '93 (first use on first book), but only from '95 (2nd use on 2nd book)
- Therefore Herbko is senior user due to '94 use

Answer

- 9th cir held in *Chance v. 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;

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)

- Maybe *Chance v. Pac-Tel* might not apply to goods?

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.

MD Stadium Auth. v. Becker (D.Md 1992), aff'd 4th 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.

Concurrent Use: *United Drug Co. v. Theodor Rectanus Co.*(US 1918)

- Regis's use
 - 1877 Regis starts small distribution of "rex" pills in Mass.
 - 1883 Rectanus in Louisville uses "Rex" for a "blood purifier"
 - 1989 Regis records TM under Mass. law
 - 1900 Regis's US registration
 - 1904 Regis wins Mass. court case
 - 1906 Rectanus sells business to Respondent
 - 1911 UDC buys the business from Regis
 - 1912 Regis's first use in Louisville

Opinions Below

- DCT found for UDC due to Regis's first use
- CTA found an estoppel for Rectanus due to non-use in area [179]

SCT Holds TM is a Limited Right

- The asserted doctrine is based upon the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. (Citations omitted).
- There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader ... and it is not the subject of property except in connection with an existing business.

Common Law Trademark Rules

- ...the adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in

advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade. ...

(Some) Common Law Priority Rules

- Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question....
- But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second producer amounts to an attempt to sell his goods as those of his competitor.
- The reason for the rule does not extend to a case where the same trade-mark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one thing in one market, an entirely different thing in another.

More

- It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one State, and by the use of it had built up a trade there, being the first appropriator in that jurisdiction, might afterwards be prevented from using it, with consequent injury to his trade and good-will, at the instance of one who theretofore had employed the same mark but only in other and remote jurisdictions, upon the ground that its first employment happened to antedate that of the first-mentioned trader.
- NOTE: This is the *common law* rule -- registration works (somewhat) differently. Under CL rule you can be 2nd in time and still have rights in jurisdiction where sr. user wasn't.

Thrifty Rent-A-Car System v. Thrift Cars (CA1 1987) [182]

- Thrifty-rent-a-car
 - Started 1958
 - | What sort of TM?
 - Federal registration in 1964
- Thrift Cars
 - Local car rental - started in 1962 in Staunton.
 - | Note: 1962 is *after* 1958, but *before* 1964
 - Expanded to Nantucket in 1970.

Basic Principle of Nationwide Priority for Registered Mark...

- Section 15 of the Lanham Act, 15 U.S.C. §1065, provides that a party like Thrifty, which has successfully registered and continued using a federal service mark, has an incontestable right to use the mark throughout the United States in connection with the goods or

services with which it has been used. See *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1568 (Fed. Cir. 1983). Lanham Act registration also puts all would-be users of the mark (or a confusingly similar mark) on constructive notice of the mark. 15 U.S.C. §1072.

... With “Limited Area” Exception

- Lanham Act §33(b), 15 U.S.C. §1115(b)(5), declares a "limited area" exception to that general premise of incontestability, an exception which the district court concluded was applicable in this case.
 - The essence of the exception embodied in §1115(b)(5) is based on common law trademark protection for remote users established by the Supreme Court in *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), and *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918).

When “Limited Area” Exception Applies

- Subsection (5) confers upon a junior user, such as Thrift Cars, the right to continued use of an otherwise infringing mark in a remote geographical area if [AND ONLY IF] that use was established prior to the other party's federal registration. The junior user is permitted to maintain a proprietary interest in the mark even though it has no general federal protection through registration. To be able to invoke the §1115(b)(5) exception, however, the junior user must have used the mark continuously in that location and initially in good faith without notice of an infringing mark.

How “Limited Area” Exception Works

- To sustain its "limited area" defense of 15 U.S.C. 1115(b)(5), Thrift Cars was required to demonstrate
 - (1) that it adopted its mark before Thrifty's 1964 registration under the Lanham Act, and without knowledge of Thrifty's prior use;
 - (2) the extent of the trade area in which Thrift Cars used the mark prior to Thrifty's registration; and
 - (3) that Thrift Cars has continuously used the mark in the pre-registration trade area.
- Note well:
 - Junior user can't expand geographically
 - Senior user can't go into junior user's market
 - Internet?

Supp @ pp. 20-22

- Issue of good-faith Jr. user limited to geographical region—what sort of advertising is OK

- Similar issue for national registrant subject to regional Sr. user
 - Local print ads, yes
 - But what about broadcasting ... danger of 'spillover'...especially in a national campaign by Jr. user w/ national rights
 - Court in V&V [supp, 21] uses fact-rich approach to do equity – allow national ads only on showing of hardship

Dawn Donut Co. v. Hart's Food Stores (CA2 1959) {188}

- Court sees issue as whether there would be likelihood of confusion
 - And this, in turn, depends upon retail market geography
 - And on court's assessment of P's no present likelihood of P expanding into D's market
 - But if it did, it would have a right to win
- "The Dawn Donut Rule"
 - "No remedy until a likelihood of confusion" -- even with a federal mark
 - "Equity will not do a useless thing" ... what is there to enjoin?
 - But see dilution!

Note: 6th Cir. Does Not Follow *Dawn Donut*

- "Likelihood of entry is just one of the eight factors under [the likelihood of confusion] test, and it is not dispositive of liability."
 - Circuit City Stores, Inc. v. CarMax, Inc., 165 F.3d 1047, (6th Cir. 1999)

Questions p. 189-90

- Note esp. q. 3

Intent to USE (ITU)

Intent to Use (ITU)

- 15 USC § 1051(b), Lanham Act §1(b) [191]
- Time limits: 6 mo, renewable, then only exceptionally renewable to 2 yr total.
- PTO can take 18 months to evaluate ITU!

ITUs

- 1998 Trademark Revision Act
 - Abolishes 'token use' doctrine (by defining 'use in commerce' to mean "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.")
 - Also weakens 'affixation' requirement. by allowing "use on documents

associated with the goods or their sale" if "the nature of the goods makes such placement impracticable."

- Seeks to prevent 'traffic in marks' thus nasty rules on assignment (cf. *Clorox* below & beware!)

■ NB. that ITU alone doesn't establish a TM right - only use does.

- Also actual registration doesn't issue until there is actual use.

Limits on ITUs

■ ITU allows nationwide priority to relate back to FILING, but doesn't apply to persons who

- used the mark prior to filing of ITU, 15 USC §1057(c)(1)
- have filed an application to register the mark which is pending or resulted in registration of the mark, 15 USC §1057(c)(2)
- ***have a foreign application to register the mark [NB which may not require use!] which creates priority and is timely filed in US***, 15 USC §1057(c)(3)

From Senate legislative history

■ Two other House revised provisions that deserve special mention are the revised definitions of "use in commerce" and "abandonment of mark" which appear in the House-passed bill.

- l The House amended these definitions to assure that the commercial sham of "token use" – which becomes unnecessary under the intent-to-use application system we designed – would actually be eliminated.
- l In doing so, however, Congress' intent that the revised definition still encompass genuine, but less traditional, trademark uses must be made clear.
- l For example, such uses as clinical shipments of a new drug awaiting FDA approval, test marketing, or infrequent sales of large or expensive or seasonal products, reflect legitimate trademark uses in the normal course of trade and are not to be excluded by the House language.

Question 4 , p. 197

■ Answer:

■ Section 10 of the Trademark Act, 15 U.S.C. Section 1060,

- l A registered mark or a mark for which application to register has been filed shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of and symbolized by the mark. However, no application to register a mark under section 1(b) shall be assignable prior to the filing of the verified statement of use under section 1(d), except to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing. . . .

Clorox holds

■ Intent to use application that matured into respondent's registration for mark "Super Scrub," for household cleaner, was assigned to respondent prior to filing of verified statement of use in violation of 15 USC 1060, since assignment agreement, although entered into by assignor for purposes of securing loan financing provided by respondent, constituted outright, rather

than conditional, assignment of all right, title, and interest in and to specific trademarks which assignor warranted to own, including intent to use application at issue, and since respondent plainly was not successor to business of assignor even though respondent agreed to license use of mark back to assignor on nontransferable, royalty-free, exclusive basis.

There's more..

- Assignment of intent to use application prior to filing of verified statement of use in violation of 15 USC 1060 is not only invalid, but voids application and any resulting registration as well, even though statute does not specify effect of such assignment, since legislative history of present version of Section 1060 clearly shows intent that any registration issuing from prohibited assignment of intent to use application should be voided.

■ Clorox Co. v Chemical Bank (TTAB 1996)

■ Don't get this wrong! Malpractice!

WarnerVision Ent v. Empire of Carolina [201] (2nd Cir. 1996)

- Can person filing ITU application (per 15 USC § 1051(b)) be preliminarily enjoined from engaging in commercial use sufficient to achieve full registration via §1051(d) by holder of similar mark who commenced commercial use of mark subsequent to ITU application but prior to ITU applicants actual use?

Facts

- Sept. 9 '94: TLV sends ITU application for REAL WHEELS
- Buddy L & WarnerVision
 - | pick the name for their toy cars, and car videos respectively, and package them together.
 - | They do TM searches but TLV's mark isn't in DB yet, so they go forward
 - | Jan 3, '95: Warner Vision applies for registration, accepted
 - | Jan 6, '95 Buddy L applies, rejected
 - | BuddyL negotiates w/ TLV for license.
 - | Buddy L goes broke, sells out to Empire
- Empire
 - | Oct 25, '95 Empire buys TLV's REEL WHEELS product line, TMs etc., including ITU application
 - | Empire licenses REEL WHEELS to TLV for toy cars
- WarnerVision brings this case Nov 13, '95

WarnerVision's Theory?

■ What's WarnerVision's claim?

■ [Not on slide]

ITU Applicant (Usually) Has Right To Go Forward

With Use ...

- DCT grants injunction preventing Empire (TLV) from making sales and filing for mark
- Result would be to kill any chance of Empire/TLV from converting ITU to TM
- CTA2 think this creates window for 'unscrupulous entrepreneurs' to find ITU's, then rush in and do 'use' which would undermine purpose of ITUs.
- Held, Injunctions against ITUs use should be limited to those who used BEFORE ITU was filed. [204] or for other showing that application is invalid.

Question on p. 205:

- In fact they sought declaratory judgement, but court wouldn't give it...
 - on theory that single cease & desist letter without threat to sue ("we hope you will amicably agree") didn't give actual case or controversy since there's not "'reasonable apprehension' of being sued for infringement."
 - Court also said that common law trademark misuse claim can NOT be asserted as an affirmative cause of action. ("Trademark misuse is not an independent cause of action, but is, instead, only an affirmative defense to a trademark infringement claim."
-- Eastman Kodak v. Bell & Howell Doc. Mg't Prod. co. [205] (Fed Cir. 1993)

Eastman Kodak v. Bell & Howell Doc. Mg't Prod. co. (Fed Cir. 1993) [205]

- Oct 12 '90 B&H files ITUO for three numbers as TMs for microfilm reader/printer
 - Examined, approved
- Kodak files timely notice of opposition
 - Alleging numbers would be 'solely as model designators...and therefore would be merely descriptive' and there had been no showing of secondary meaning
- Board stated that a number which functions only in part to designate a model could be inherently distinctive without a showing of secondary meaning.

Inherent Distinctiveness at Application Distinguished from at ITU Application

- Board held it can't determine at ITU, without use, if numbers are

'merely descriptive' or more.

- So Board 'dismissed opposition without prejudice' to initiation of a cancellation proceeding against the mark if mark is registered.
- What are the consequences of this for Kodak?

- Issue: Is "board's implied creation of a presumption in favor of the applicant for a numerical mark intended for use as more than a model designator" a reasonable interpretation of Lanham Act.
- Held, yes. Time to challenge registration is when evidence of actual use exists.
- Decisions of TTAB subsequent to *Eastman Kodak* substantially undermine it. At best it's now very narrow – TTAB will reject ITUs for 'mere descriptiveness'.

Q2 on p.211

- Q: Why wouldn't TTAB say "where no evidence of descriptiveness can be found in applications" then we'll apply Eastman Kodak presumption for applicant?
- A: incentive to submit minimal applications?

REVIEW PROBLEMS

- IMPORTANT (re q. 1): Note that five years of continuous use after registration makes mark incontestable and thus not challengable for mere descriptiveness. cf. Park 'n Fly (US 1985).