

Unit 16: Loss of TM rights
* CB 356-374, 377-383

Lanham Act §45 [15 USC § 11125]

Abandonment of mark. A mark shall be deemed to be "abandoned" when either of the following occurs:

- (1) When its use has been discontinued **with intent not to resume such use.** Intent not to resume may be inferred from circumstances. Nonuse for three consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of that mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.
- (2) When any course of conduct of the owner, **including acts of omission as well as commission**, causes the mark to become the **generic** name for the goods or services on or in connection with which it is used **or otherwise to lose its significance as a mark.** Purchaser motivation shall not be a test for determining abandonment under this paragraph.

Silverman v. CBS, Inc. (CA2 1989) [356]

Issue: Abandonment of Amos 'n' Andy mark?

CBS took shows off the air in response to protests from NAACP etc.

Test is §45 of Lanham Act, and requires

- 1) non-use
- 2) intent not to resume use (w/in the foreseeable future) -- thus CBS's 'some day if we can after the social climate changes' argument fails. It didn't use the marks for 21 years; it has no plans to use them at present.

DCT said that 21 years of non-use (which is more than 3!) didn't end the inquiry because there was some intention to use again some day.

CTA says -- and this has to be the rule -- 'some day' can't be the test - else there would never be abandonment. [359]. This policy judgment also tracks the statute which speaks of 'intent not to resume' not 'intent to abandon'.

Court also says proposed use by P (seeking declaratory judgment) for a musical has 1st Amendment aspects which strengthens his case.

Sports team cases [364-67]

Do these cases stand for the proposition that there's a home field advantage?

Change in city makes it

ok for a Brooklyn Dodgers restaurant, (SDNY) [court saw mark as "Brooklyn Dogers" and said it was abandoned when they went to LA]

but NOT a Baltimore CFL Colts team [confusing w/ current mark of Indianapolis Colts, formerly of Baltimore] (7th) -- same product, or nearly. [court sees mark as "Colts"]

But a later 7th Cir case [366] explains the Colts case as resting in part on the continuous use of "Colts", and ok for former employee to take abandoned name of firm when old firm had new name (7th)

Q4 on p. 368: who wins? Why?

Clark & Freeman v. Heartland (SDNY 1993) [368]

HEARTLAND mark.

D - using since July 85 for shirts, sweaters, trousers and jackets

P - using since April 1986 for mens' shoes and boots.

NB no problem even though in same class (limited confusion)

P want to use for all clothes.

P file to register on July 3, 1986

PTO publishes allowance of application on Nov. 25, 1986

Dec. 4, 1986 Sears contacts P and threatens to bring opposition proceeding.

Parties settle on assignment for 15K

Assignment is concluded on Apr. 6 1987

July 28, 1987 P's mark is registered by PTO

Thus, P claim priority over D because of ASSIGNMENT of TM from SEARS (used since '83 for women's boots)

Issue: is the assignment valid?

§1060 parallels common law assignment rules

No assignment "in gross" ie w/out goodwill¹

¹Black's defines "goodwill" as: A business's reputation, patronage, and other intangible assets that are considered when appraising the business, esp. for purchase; the ability to earn income in excess of the income that would be expected from the business viewed as a mere collection of assets. -- Also written good will. Cf. going-concern value under VALUE. "Good

Why? otherwise would be "fraud on purchasing public"

BUT WHAT IS A GOODWILL TRANSFER ? New production must be pretty much the same as the old - continuity - stand in the shoes.

Yocum v. Covington TTAB 1982 [371]

Danger of "licensing in gross" -- no quality control

Promiscuous licensing works an **abandonment** [373] of the mark

cf. Lanham act § 45 (mark shall be deemed to be abandoned...(b) when any course of conduct of the registrant, including acts of omission ... cause the mark to lose its significance as an indication of origin.")

Bankamerica Int'l USA Trust v. Tyfield (9th Cir. 2002) [Supp 41]

Issue: Did firm engage in "naked licensing" (a big no-no)?

Facts:

Bankamerica's (BA) rights in LEONDARDO DA VINICI originate in TM application filed in 1982.

Mark became incontestible in 1989 (cf. § 1115(b)²)

will is to be distinguished from that element of value referred to variously as going-concern value, going value, or going business. Although some courts have stated that the difference is merely technical and that it is unimportant to attempt to separate these intangibles, it is generally held that going-concern value is that which inheres in a plant of an established business." 38 Am. Jur. 2d Good Will § 2, at 913 (1968).

²To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 of this title, or in the renewal application filed under the provisions of section 1059 of this title if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title, and shall be subject to the following defenses or defects:

- (1) That the registration or the incontestable right to use the mark was obtained fraudulently; or
- (2) That the mark has been abandoned by the registrant; or
- (3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the

BA claims continuous use in the 1980-88 period although the evidence is scanty.

In 1988 BA enters into \$2,500 licensing agreement with Renaissance, giving it the non-exclusive right to use DA VINCI mark for 5 yrs or 4,000 cases, "whichever comes first". There's no quality control provision in the agreement (queue spooky music).

Agreement renewed and extended in 1989. Still no quality control provision -- on the contrary, the agreement says that Renaissance is responsible for any litigation. (P. 42 n.2)

Cantine sells wine under same TM in Italy since 1972. It sells to US importers since '79. Since '96, Tyfield has been the exclusive US importer. It sells substantial quantities and does some advertising in a national newspaper and specialty magazines.

May 1997, Cantine initiated a proceeding in the PTO to cancel BA's TM on grounds of abandonment.

BA filed suit Jan 30, 1998; PTO suspended case.

DCT held there was abandonment.

CTA says DCT got it right, and quotes it. It underlines the black letter rule that *it doesn't matter how good the licensed goods are*. Even if they are excellent, the failure to police a "naked license" can be an abandonment.

[skip University Bookstore case]

Cf. standard TM licensing agreement on pp. 379

Does the short form cover ads?

Does the failure to agree a process for challenges/denial of permission make it hard to exercise?

party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to

(A) the date of constructive use of the mark established pursuant to section 1057(c) of this title,

(B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or

(C) publication of the registered mark under subsection (c) of section 1062 of this title: Provided, however,

That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: Provided, however, That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That the mark is functional; or

(9) That equitable principles, including laches, estoppel, and acquiescence, are applicable

Infringement

CB 391-421 CB 424-431, 440-454

§1114 [LA §32(1)]

15 U.S.C. § 1114 [Lanham Act § 32 (1)]

Any person who shall, without the consent of the registrant—

(a) use in **commerce** any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is **likely** to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided

Nb. "use in commerce" requirement; NB. only "likelihood" of confusions"

Eight *Polaroid* (modulo circuit) factors ARE KEY, but "not exhaustive"

1. The strength of plaintiff's mark;
2. the degree of similarity between plaintiff's and defendant's marks;
3. the proximity of the products or services;
4. the likelihood that plaintiff will bridge the gap;
5. evidence of actual confusion;
6. defendant's good faith in adopting the mark;
7. the quality of defendant's product or service;
8. the sophistication of the buyers.

NB footnote * on p. 393 on choice of law in CAFC

1. "strong" vs. "weak" marks: Nabisco v. Warener-Lambert [393] illustrates a "weak" mark (ICE) in a crowded field. [NB. The case was affirmed on other grounds, so it's not actually good authority for the propositions cited in the book]

2. "likelihood" of confusion requires more than mere "possibility" A&H Sportswar v. Victoria's Secrete CA3 1999 [395]

Nb. citation to McCarthy - the TM bible!

Medic Alert v. Corel, 1999 (N.D. Ill.), [396] (concerning the unauthorized incorporation of the MedicAlert symbol in defendant Corel's "clipart" software)

Likelihood of confusion also requires

LESS than showing that "the relevant public is likely to be confused into believing that the plaintiff endorsed or approved the *goods* bearing the mark," but

MORE than showing "that the relevant public is likely to believe, incorrectly, that the plaintiff approved any *use* of the mark in connection with the goods"

IE. "source confusion" is *sufficient* to prove likelihood of confusion (it *is* confusion) but not *necessary*.

"Approval confusion" is sufficient - but not shown by every single use imaginable
[e.g. a newspaper's use?]

Similarity of Sight, Sound & Meaning [398]

"similarities weigh more heavily than differences"

ERTEC held similar to ERT (NB same line of business! Otherwise probably not likely to be confusing.)

- would this fly in dilution? (nb. prior use defense, but still....)

Similarity of Meaning:

- ROACH MOTEL infringed by "ROACH INN";
- "MOUNTAIN KING" infringed by "ALPINE EMPEROR"
- Design mark of golden eagle for jackets etc. infringed by GOLDEN EAGLE for coats & suits
- cross-language: RED BULL confusingly similar to TOJO ROJO
[**query:** would it work the other way round? A: why wouldn't it?]

NB *similarity* is *necessary* but **not sufficient** for infringement

E.J. Gallo Winery v. Consorzio del Gallo Nero NDCAL 1991 [400]

(D uses a black cock - Gallo Negro - for regional Italian maker of Chianti Classico

Case offers us a nice trot through the factors -- TM lawyers (and students!) need to be able to apply this sort of analysis to facts.

1. Strength: Gallo mark is v.v. strong [strength matters to likelihood of confusion]

2. Similarity of marks: Nero claims uses show v. different in context; court says "while having some merit, is neither dispositive nor persuasive" ... court seems fixated on word "Gallo" being used w/ other words. Gallo is the adjective applied to all sorts of wines... [key fact?]

3. Similarity of goods: Nero says Italian wines are distinct from US wines. Court says wine is wine.

4. Similarity of channels: the same, duh.

5. Degree of care of purchasers: "wine snobs" or "commodity plonk buyers"? Court goes for the

plonk-drinker view.

6. **Evidence of actual confusion:** slim, since there's no sales yet. but statute requires only a "likelihood" not "actual"

7. D's intent: Knew of mark, also lost in Canada previously.

Banfi Products v. Kendall-Jackson Winery EDNY 1999 [407]

P seeks declaratory judgment of no infringement and gets it; result seems opposite to Gallo case above. But there are differences. Not least that D has priority in US, but loses anyway (gets to keep mark, but not stop P's use). Judge reaches conclusion despite fact that P sent D (relatively polite) cease-and-desist letter [411] although it later transpired D had priority.

1. Mark is weaker (more other users, less ads, less generally used by either party)
2. Judge goes for 'snob' theory of wine drinkers as hard to confuse [NB truth probably lies between 2 extremes, but that would argue against there's-no-chance-of-confusion view]
3. channels are slightly different since D's wine is expensive-ish
4. Judge argues marks are dissimilar (but NB that they aren't really much more dissimilar than in Gallo case, are they?)
5. no actual confusion -- parties didn't know of each other until news article and letter
6. judge finds good faith

INTENT [416-18]

Bad faith matters; defining it is hard

Likelihood of confusion - fact or law [418]

splitsville (most cir. but not all go for fact), as does restatement. Fed Cir. says "law" (allows greater review than fact would)

infringing uses [420]

can include reproducing a building! (Las Vegas "New York slot exchange") at least w/ word logo...