

Texas Intellectual Property Law Journal
Winter 2004

Recent Developments

**RECENT DEVELOPMENTS IN TRADEMARK LAW: REVERSE DOMAIN NAME HIJACKING, MUTANT
COPYRIGHTS, AND OTHER MYSTERIOUS CREATURES OF THE TRADEMARK WORLD**

William G. Barber¹

Copyright (c) 2004 State Bar of Texas, Intellectual Property Law Section; William G. Barber

Table of Contents

	Introduction	364
I.	Supreme Court	364
	A. Reverse Passing Off: Dastar Corp. v. Twentieth Century Fox Film Corp.	364
II.	Dilution	367
	A. Likelihood of Dilution Remains the Standard in TTAB Proceedings: NASDAQ Stock Market, Inc. v. Antartica, S.r.l.	367
	B. Toucan Can't: Kellogg Co. v. Toucan Golf, Inc.	369
	C. Use in Limited Geographic Area Prior to Fame Defeats Dilution Claim: Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.	371
	D. Exclusive Licensees Lack Standing Under FTDA: ICEE Distributors, Inc. v. J&J Snack Foods Corp.	372
III.	Internet/Domain Name Issues	373
	A. In rem Jurisdiction over Domain Names: Mattel, Inc. v. Barbie-club.com	373
	B. Personal Jurisdiction Based on Internet Activity	374
	1. Carefirst of Maryland, Inc. v. Carefirst Pregnancy Centers, Inc.	374
	2. Toys "R" Us, Inc. v. Step Two S.A.	376
	3. Gator.com Corp. v. L.L. Bean, Inc.	377
	C. Reverse Domain Name Hijacking	378
	1. No Deference to UDRP Decisions: Dluhos v. Strasberg	378

	2. Court Should Apply U.S., Not Foreign, Law: Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona	379
	3. No Deference to Foreign Courts: Hawes v. Network Solutions, Inc.	381
	D. First Amendment Protection for Websites: Taubman Co. v. Webfeats	383
	E. “Hidden” Trademarks on Internet Websites	384
	1. Use of Competitor’s Mark in Metatags Infringes: Horphag Research, Ltd. v. Pellegrini	385
	2. Or Does It? PACCAR, Inc. v. TeleScan Technologies, L.L.C.	385
	3. Use of Competitor’s Mark in Post-Domain Path Does Not Infringe: Interactive Products Corp. v. a2z Mobile Office Solutions, Inc.	387
	F. Post-ACPA Domain Name Trafficking Gives Rise to Statutory Damages: Ford Motor Co. v. Catalanotte	389
IV.	Registration Issues	391
	A. NAFTA Raises Standard for Geographic Misdescriptiveness	391
	1. Trademarks: In re California Innovations, Inc.	391
	B. Service Marks: In re Les Halles De Paris J.V.	393
	C. Competitors’ Design Patents Alone Sufficient to Show Non-Inherent Distinctiveness: In re Pacer Technology	394
	D. Marks Merely Descriptive for “Affinity” Services: In re MBNA America Bank N.A.	395
	E. Likelihood of Confusion	396
	1. Malt Liquor and Tequila Are Related Products: In re Majestic Distilling Co.	396
	2. But Beer and Restaurant Services Are Not: In re Coors Brewing Co.	397
	F. Dictionary Evidence Alone Sufficient to Support Scandalous Rejection: In re Boulevard Entertainment, Inc.	398
V.	Use in Commerce	398
	A. Alphanumeric Telephone Numbers: DaimlerChrysler AG v. Bloom	398
	B. Foreign Commerce: International Bancorp, L.L.C. v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco	400
VI.	Defenses	401
	A. Functionality	401
	1. Scrapbook Albums: Antioch Co. v. Western Trimming Corp.	401
	2. Beverage Bottles: Talking Rain Beverage Co. v. South Beach Beverage Co.	403

	3. Generic Drugs: Shire U.S., Inc. v. Barr Laboratories, Inc.	405
	B. Fair Use/Nominative Use	406
	1. Likelihood of Confusion Defeats Classic Fair Use Defense: KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.	406
	2. Suggestion of Sponsorship Defeats Nominative Fair Use Defense: Brother Records, Inc. v. Jardine	408
	3. Refurbished Goods: Nitro Leisure Products, L.L.C. v. Acushnet Co.	409
	C. Laches/Acquiescence	410
	1. Patsy’s Brand, Inc. v. I.O.B. Realty, Inc.	410
	2. Progressive Encroachment Not Relevant to Dilution Claim: AM General Corp. v. DaimlerChrysler Corp.	412
	D. First Amendment: ETW Corp. v. Jireh Publishing, Inc.	413
	E. Licensee Estoppel: Idaho Potato Commission v. M&M Produce Farm & Sales	414
VII.	Insurance Coverage	416
	A. Wins for the Insureds	416
	1. Trademark Infringement Covered by “Infringement of Slogan”: Cincinnati Insurance Co. v. Zen Design Group, Ltd.	416
	2. Trademark Infringement Covered by “Misappropriation of Advertising Ideas”	417
	B. Wins for the Insurers	418
	1. Trademark Infringement Excluded: Superformance International, Inc. v. Hartford Casualty Insurance Co.	418
	2. Breach of Contract Excluded: Sport Supply Group, Inc. v. Columbia Casualty Co.	419
	Conclusion	420

***364 Introduction**

For the fourth time in a row since the turn of the millennium, the Supreme Court has considered a Lanham Act¹ claim only to rein in the reach of section 43. Following the Court’s restriction of trade dress claims in Wal-Mart² and Traffix³ and dilution claims in Moseley,⁴ the Court’s latest pronouncement rejects granting Lanham Act protection to uncopyrighted works under the doctrine of reverse passing off for fear of creating “mutant copyrights.” In the lower courts, a myriad of issues involving the Internet—including some troubling decisions involving “reverse domain name hijacking” claims and dilution—continue to dominate reported decisions. Decisions involving these hot topics and many other issues are discussed below.

I. Supreme Court

A. Reverse Passing Off: Dastar Corp. v. Twentieth Century Fox Film Corp.⁵

In this case, the Supreme Court just said “no” to using the Lanham Act to prevent the unaccredited copying of an uncopyrighted work.⁶

The case involved a television series based on General Dwight D. Eisenhower’s highly acclaimed book about World War II, *Crusade in Europe*.⁷ The book was published in 1948, and the TV series (owned and produced by Fox and related entities) was broadcast in 1949.⁸ Although the copyright in the book was renewed in 1975, Fox did not renew the copyright in the TV series, which expired in 1977.⁹ Fox later authorized co-plaintiffs SFM Entertainment and New Line Home Video to restore and sell the TV series on videotape.¹⁰

Anticipating the 50th anniversary of the end of World War II, Dastar obtained tapes of the original *Crusade in Europe* TV series, copied them onto videotape with ***365** various additions and modifications, and sold the videos under the name - *World War II Campaigns in Europe*.¹¹ Dastar’s tapes and advertisements credited itself, its related distribution company, and its employees for presenting, distributing, and producing the video, but removed all credits to Eisenhower’s book and the creators of the original TV series.¹²

Fox, SFM, and New Line (collectively “Fox”) sued Dastar for reverse passing off under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A).¹³ The district court granted summary judgment in favor of Fox, awarding an injunction and damages equal to double Dastar’s profits under 15 U.S.C. § 1117(a).¹⁴ The Ninth Circuit affirmed on the Lanham Act claim, holding that Dastar had committed a “bodily appropriation” of Fox’s TV series which “is sufficient to establish reverse passing off . . .”¹⁵ The Ninth Circuit rejected Dastar’s contention that Fox must make an independent showing of consumer confusion “because the ‘bodily appropriation’ test subsumes the ‘less demanding consumer confusion’ standard.”¹⁶

The Supreme Court reversed.¹⁷ Although the Court agreed that the language of section 43(a) is broad enough to include reverse passing off, it held that Dastar did not commit that tort.¹⁸ The Court reasoned that the term “origin of goods” in section 43(a) means only “the producer of the tangible product sold in the marketplace, in this case the physical *Campaigns in Europe* videotape sold by Dastar,” not “the person or entity that originated the ideas or communications that ‘goods’ embody or contain.”¹⁹ Because Dastar was in fact the “origin” of the videos it sold, it could not incur Lanham Act liability “[f]or merely saying it is the producer of” those videos.²⁰

***366** The Court was particularly concerned about extending the Lanham Act into the realm of copyright and patent law. The Court rejected the argument that “communicative products” should be given special treatment under section 43(a) by construing the term “origin of goods” to include the creator of the product’s content, because that causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically. The right to copy, and to copy without attribution, once a copyright has expired, like “the right to make [an article whose patent has expired]—including the right to make it in precisely the shape plaintiff carried when patented—passes to the public.”²¹ Allowing a section 43(a) claim for Dastar’s representation of itself as the “producer” of its videos merely because it did not originate the underlying creative work “would create a species of mutant copyright law that limits the public’s ‘federal right to copy and to use’ expired copyrights.”²²

The Court was also troubled by the “serious practical problems” that would be posed by requiring attribution of uncopyrighted works under section 43(a).²³ For example, without a copyright as the basepoint, it “would be no simple task” to figure out all the parties who should be acknowledged as creators.²⁴ The court analogized this search for creators to a search for the source of the Nile and all of its tributaries.²⁵

Further, requiring attribution would place manufacturers in a “catch-22.”

On the one hand, they would face Lanham Act liability for failing to credit the creator of a work on which their lawful copies are based; and on the other hand they could face Lanham Act liability for crediting the creator if that should be regarded as implying the creator’s ‘sponsorship or approval’ of the copy.²⁶ When the Court read “the phrase ‘origin of goods’ in the Lanham Act in accordance with the Act’s common-law foundations (which were not designed to protect originality or creativity), and in light of the copyright and patent laws (which were),” the Court concluded

that the phrase refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept or communication embodied in those goods. To ***367** hold otherwise would be akin to finding that [section] 43(a) created a

species of perpetual patent and copyright, which Congress may not do.²⁷

Author's comment: Although the Court's narrow construction of the term "origin of goods" may have been correct, its decision seems to overlook other language in the statute that could potentially be triggered in these types of situations. Specifically, the first prong of section 43(a)(1) proscribes not only false designations of origin, but also "any false or misleading description . . . or . . . representation of fact which is likely to cause confusion . . . as to the . . . sponsorship, or approval" of goods or commercial activities.²⁸ The second prong of section 43(a)(1) further proscribes false or misleading advertising that "misrepresents the nature, characteristics, [or] qualities" of a person's goods or commercial activities.²⁹ Although the author expresses no opinion whether Dastar's credits and statements were sufficiently misleading to run afoul of these other provisions of the statute, it seems that those were factual issues that should not have been foreclosed by the Supreme Court. For example, the term "producer" may have a different connotation to consumers when used in the "Hollywood" context to refer to a TV series or movie, as opposed to ordinary goods such as a hammer or soft drink. I find particularly troublesome the Court's suggestions that section 43(a) might not reach misrepresentations that one originated the creative work of another³⁰ or outright plagiarism.³¹ Although such devious activities might not constitute false designations of "origin" under the Court's interpretation of that term, they would seem to at least potentially constitute false or misleading representations actionable under other language in the statute.

II. Dilution

A. Likelihood of Dilution Remains the Standard in TTAB Proceedings: NASDAQ Stock Market, Inc. v. Antartica, S.r.l.³²

For the first time ever, the Patent and Trademark Office Trademark Trial and Appeal Board ("TTAB" or "Board") sustained an opposition to a trademark *368 application based on dilution, and in so doing, held that Moseley's³³ actual dilution standard does not apply in Board proceedings.³⁴

Antartica, an Italian company, applied to register the mark NASDAQ (in a design form) for various sporting goods, apparel, and accessories.³⁵ The application was filed under section 44 of the Lanham Act based on a corresponding foreign registration,³⁶ and thus Antartica was not required to have actually used the mark in U.S. commerce to support its application. NASDAQ, the operator of the well-known NASDAQ Stock Market, opposed.³⁷ The Board sustained the opposition, finding both a likelihood of confusion and dilution.³⁸

With regard to the dilution claim, the Board held that, unlike in civil actions, the plaintiff in an opposition proceeding "may prevail upon a showing of likelihood of dilution."³⁹ Distinguishing the Supreme Court's decision in Moseley, the Board noted that when Congress passed the Trademark Amendments Act of 1999 authorizing the Board to consider dilution as a ground for opposition, it "allowed Board proceedings to be based on a claim that a newcomer's mark 'when used would cause dilution,'" as opposed to the "'causes dilution' standard applicable in judicial proceedings."⁴⁰

The inescapable conclusion is that Congress intended to limit judicial relief under the FTDA [Federal Trademark Dilution Act] to cases where dilution has already occurred but to allow cases involving prospective dilution to be heard by the Board. We see no holding or statement in Moseley that runs counter to this conclusion.⁴¹

Turning to the merits of NASDAQ's dilution claim, the Board had "no difficulty finding that NASDAQ is a famous mark."⁴² The Board also found that NASDAQ is distinctive within the meaning of the FTDA.⁴³ Although NASDAQ is an acronym for the "National Association of Security Dealers Automated Quotation" system, the Board found that the acronym is "in effect, a unique word *369 that points to opposer's stock market and is an inherently distinctive mark."⁴⁴ The Board noted that the record did not reveal any third-party use of NASDAQ and concluded, "[o]n this record, NASDAQ is every bit the type of uniquely distinctive term contemplated by the FTDA."⁴⁵

Finally, the Board had "no difficulty concluding that dilution would occur [from Antartica's use], even in the absence of survey evidence regarding consumer perception."⁴⁶ The Board noted that the parties' marks "are effectively identical,"⁴⁷ and stated:

in this case we have a term that is not a common word and is a unique mark. Thus, members of the public

familiar with opposer's mark, when encountering it in connection with applicant's goods, would either conclude that it was opposer's mark being used on or in connection with these products or would have to reach a contrary conclusion only by associating the mark less strongly with opposer. Either result would be a blurring and would lessen the capacity of opposer's mark to identify goods and services having their source in opposer.⁴⁸

B. Toucan Can't: Kellogg Co. v. Toucan Golf, Inc.⁴⁹

In contrast to TTAB proceedings, the Supreme Court's Moseley decision is having a noticeable impact on dilution claims in the courts.

Kellogg, owner of the trademark rights in TOUCAN SAM, the well-known cartoon toucan that peddles Froot Loops cereal, opposed Toucan Golf's application to register the mark TOUCAN GOLD for "golf clubs and golf putters."⁵⁰ Toucan Golf is a manufacturer of putter heads, selling its products primarily to companies to use as promotional gifts at charity events.⁵¹ It "rarely, if ever, sells directly to retailers or to the public."⁵² Toucan Golf also uses a logo consisting of a drawing "resembl[ing] a real toucan" perched upon a golf club.⁵³

Kellogg opposed the TOUCAN GOLD application on the ground of likelihood of confusion, and the TTAB dismissed the opposition without *370 testimony.⁵⁴ Kellogg appealed that decision to the U.S. District Court for the Western District of Michigan (where Kellogg is headquartered) for a de novo review, adding claims for infringement and dilution relating to Toucan Gold's use of its toucan logo.⁵⁵ The district court dismissed Kellogg's complaint after a four-day bench trial,⁵⁶ and the Sixth Circuit affirmed.⁵⁷

Although the Sixth Circuit agreed that TOUCAN SAM "is a very strong mark,"⁵⁸ it held there was no likelihood of confusion based primarily on the differences in the parties' products and marks.⁵⁹ Although Kellogg offers golf balls and golf shirts imprinted with TOUCAN SAM "on a limited basis" and used a TV commercial portraying TOUCAN SAM on a golf course, "the district court found that Kellogg's presence in the golf industry was insignificant and nothing more than a marketing tool to further boost sales of its cereal.⁶⁰ "[O]ne thirty second advertisement does not render Toucan Sam a golfer, nor does a novelty catalog make Kellogg a player in the golfing industry."⁶¹ Further, the only similarity between the marks TOUCAN SAM and TOUCAN GOLD is the word "toucan."⁶² Although TOUCAN SAM is itself a fanciful mark, use of the word "toucan" for cereal is merely arbitrary and thus "distinctive only within its product market and entitled to little or no protection outside of that area."⁶³ Finally, the court found Toucan Golf's logo dissimilar to TOUCAN SAM because it resembles a real toucan.⁶⁴

The court also rejected Kellogg's dilution claim under the FTDA.⁶⁵ Citing the Supreme Court's Moseley decision, the Sixth Circuit reasoned that Kellogg presented no evidence that Toucan Golf's "use of its toucan marks has caused consumers no longer to recognize that Toucan Sam represents only Froot Loops," or "that any segment of the population recognizes Toucan Sam as the spokesperson for Froot Loops in lesser numbers than it did before [Toucan Golf] started using its *371 toucan marks."⁶⁶ The Sixth Circuit declined Kellogg's request for a remand to present empirical evidence of dilution to the district court, finding that Kellogg's proffered evidence was insufficient even to meet the lesser pre-Moseley standard of likelihood for dilution.⁶⁷

C. Use in Limited Geographic Area Prior to Fame Defeats Dilution Claim: Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.⁶⁸

In 1990, Advantage Rent-A-Car produced a TV commercial using the slogan, "We'll Even Pick You Up," and broadcast the commercial in the San Antonio, Texas area approximately 100 times between 1992 and 1995.⁶⁹ In 1994, Enterprise Rent-A-Car began using the phrase "Pick Enterprise, We'll Pick You Up" in national advertising, and later registered several marks including that phrase.⁷⁰ When Advantage subsequently applied to register the mark WE'LL EVEN PICK YOU UP, Enterprise opposed, alleging dilution under the FTDA and state law.⁷¹ The opposition was suspended pending a federal court action between the same parties.⁷² In the litigation, the court determined that there was no likelihood of confusion and that Enterprise's mark was not sufficiently famous for dilution protection under the FTDA, although it might be protectable under the Texas and Louisiana dilution statutes.⁷³

Based on these findings, the Federal Circuit rejected Enterprise's opposition.⁷⁴ Under "the plain language of the statute," an opposer alleging dilution must prove that the applicant's use began "after the mark has become famous."⁷⁵ Any use by the applicant in commerce prior to the opposer's mark becoming famous is sufficient to defeat a dilution claim.⁷⁶ "[T]here is no qualification in the statute requiring that the defendant's prior use be substantial or cover a wide geographic area"⁷⁷ Because Advantage used its mark in San *372 Antonio before Enterprise's mark allegedly became famous, Enterprise's dilution claim failed.⁷⁸

The court also rejected Enterprise's attempt to oppose based on state dilution laws.⁷⁹ The Lanham Act "provides for oppositions based on 'dilution under section 1125(c),' not based on dilution under state law."⁸⁰

D. Exclusive Licensees Lack Standing Under FTDA: ICEE Distributors, Inc. v. J&J Snack Foods Corp.⁸¹

J&J Snack Foods Corp. ("J&J"), a distributor of ICEE semi-frozen beverage products, appealed the United States District Court for the Western District of Louisiana's permanent injunction preventing it from selling ICEE products in squeeze-up tubes in ICEE Distributors, Inc.'s ("Distributors") territory.⁸² Both Distributors and J&J traced their rights in the ICEE trademarks to ICEEQUIP, the owner of all ICEE trademarks.⁸³ ICEEQUIP established regional licenses with various companies throughout the United States.⁸⁴ Eventually, these licensees formed ICEE of America ("IOA"), which was assigned the trademark rights formerly held by ICEEQUIP.⁸⁵ IOA's president was also the president of ICEE Co., a subsidiary of J&J and a distributor of ICEE products.⁸⁶ IOA's president granted J&J a license to sell ICEE products in push-up tubes in Distributors' territory.⁸⁷

Distributors sued J&J and IOA for breach of contract and trademark dilution.⁸⁸ A jury found that J&J committed willful trademark dilution and that IOA breached its contract with Distributors, and the district court entered a permanent injunction.⁸⁹

On appeal, IOA contended that it was not subject to personal jurisdiction in Louisiana because it lacked significant contacts with that state.⁹⁰ The Fifth Circuit *373 agreed with Distributors that IOA's assignment from ICEEQUIP resulted in IOA becoming a party to the pre-existing license agreements between ICEEQUIP and Distributors, which took place in Louisiana.⁹¹ The court pointed out that an assignee steps into the shoes of an assignor and assumes the burdens as well as benefits of trademark ownership.⁹²

Although the Fifth Circuit affirmed the injunction based on breach of contract,⁹³ it reversed the finding of trademark dilution because Distributors was not the owner of the trademarks and the FTDA only allows "owners" to bring suit.⁹⁴ Distributors argued that because it was the exclusive distributor of ICEE products in its region for the lifetime of the trademarks, the license amounted to an assignment. The court disagreed, noting that IOA retained quality control over the products, had to give permission for any new use of the ICEE trademarks, and was responsible for policing the marks.⁹⁵ Because Distributors was merely an exclusive licensee of the ICEE marks, it had no standing to sue under the FTDA.⁹⁶

III. Internet/Domain Name Issues

A. In rem Jurisdiction over Domain Names: Mattel, Inc. v. Barbie-club.com⁹⁷

Mattel filed an in rem action under the Anticybersquatting Consumer Product Act ("ACPA") against fifty-seven Internet domain names in the Southern District of New York.⁹⁸ Mattel alleged it could not obtain personal jurisdiction over the domain name registrants and invoked 15 U.S.C. § 1125(d)(2), which permits the owner of a federally registered mark to bring suit directly against a domain name.⁹⁹ The district court dismissed Mattel's claims against the domain names for lack of in rem jurisdiction, and Mattel appealed.¹⁰⁰

Shortly after filing suit, Mattel arranged to have "registrar's certificates" for each of the domain names deposited with the district court.¹⁰¹ Under the ACPA, *374 depositing a registrar's certificate signifies the registrar's disinterested surrender of the disputed property to the adjudicative authority of the court.¹⁰²

During the preliminary conference before the district court, the registrant of one of the domain names, "captainbarbie.com,"

questioned the court's jurisdiction, arguing that Mattel's interpretation of section 1125(d) was overbroad.¹⁰³ Mattel argued that section 1125(d) provides two means of acquiring in rem jurisdiction.¹⁰⁴ The first is under subsection (d)(2)(A), which provides that an in rem action may be filed "in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located."¹⁰⁵ The second means of acquiring in rem jurisdiction, according to Mattel, is found in subsection (d)(2)(C), which states that the "situs" of a domain name in an in rem action is "in the judicial district in which . . . documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court."¹⁰⁶ Therefore, according to Mattel, by transferring the registrar's certificates to the district court, the court had in rem jurisdiction under section 1125(d)(2)(C).¹⁰⁷

The Second Circuit disagreed, stating that the plain meaning of section 1125(d)(2) suggests that "an in rem action may be brought only in that judicial district in which the domain name registrar, registry or other authority that registered or assigned the domain name is located."¹⁰⁸ The court held that the ACPA's basic in rem jurisdictional grant is contained in subsection (d)(2)(A) of section 1125 and that subsection (d)(2)(C) does not provide additional grounds for jurisdiction.¹⁰⁹

B. Personal Jurisdiction Based on Internet Activity

1. Carefirst of Maryland, Inc. v. Carefirst Pregnancy Centers, Inc.¹¹⁰

The plaintiff in this case, Carefirst of Maryland, Inc. ("Carefirst"), one of the nation's largest healthcare insurance companies, is headquartered in Maryland and operates exclusively in the mid-Atlantic region of the country (primarily in *375 Maryland, Pennsylvania, and West Virginia).¹¹¹ Among the services it provides under the mark CAREFIRST are health education classes on pregnancy, child birth, and infant care.¹¹² The defendant ("CPC") is a non-profit, evangelical, pro-life advocacy organization headquartered in Chicago.¹¹³ It provides pregnancy-related crisis services targeted to women in the Chicago area.¹¹⁴ When CPC changed its name to "Carefirst Pregnancy Centers" in 1999 and displayed the name on its website, Carefirst sued CPC in the District of Maryland.¹¹⁵ The district court dismissed the case for lack of personal jurisdiction, and the Fourth Circuit affirmed.¹¹⁶

The court first rejected Carefirst's argument that CPC's semi-interactive website subjected it to jurisdiction in Maryland.¹¹⁷ "[I]n order for CPC's website to bring CPC within the jurisdiction of the Maryland courts, the company must have done something more than merely place information on the Internet. Rather, CPC must have acted with the 'manifest intent' of targeting Marylanders."¹¹⁸ Although CPC solicits donations on its website, the only evidence that any Maryland resident had ever made an online donation to CPC was a single donation from Carefirst's own counsel, which the court indicated was "ostensibly made to bolster the position of her client in this litigation."¹¹⁹ Further, "the overall content of CPC's website has a strongly local character, emphasizing that CPC's mission is to assist Chicago-area women in pregnancy crisis."¹²⁰ Thus, CPC did not set up its website to engage in business or other interactions within Maryland in particular.¹²¹

The Fourth Circuit also rejected Carefirst's argument that CPC subjected itself to jurisdiction by contracting with a web hosting company ("NetImpact") located in Maryland.¹²² The court pointed out that NetImpact merely facilitated the purchase of CPC's domain names and rented CPC space on its servers located in Massachusetts (not Maryland), and was not involved in the administration, *376 maintenance, or upkeep of CPC's website.¹²³ "It is unreasonable to expect that, merely by utilizing servers owned by a Maryland-based company, CPC should have foreseen that it could be haled into a Maryland court and held to account for the contents of its website."¹²⁴

2. Toys "R" Us, Inc. v. Step Two S.A.¹²⁵

The plaintiff in this case operates the widely known toy store chain Toys "R" Us, as well as a related chain of toy stores named "Imaginarium."¹²⁶ Step Two is a Spanish corporation that operates toy stores named "Imaginarium" in Spain and several web sites with "Imaginarium" as part of the domain name.¹²⁷ Toys "R" Us sued Step Two for trademark infringement and cybersquatting under the Lanham Act.¹²⁸ The district court granted Step Two's motion to dismiss for lack of personal jurisdiction, and denied Toys "R" Us' motion for jurisdictional discovery.¹²⁹

The Third Circuit reversed and remanded.¹³⁰ Citing well-known Internet jurisdiction cases, the court noted that a defendant must purposefully avail itself of minimum contacts with the forum state, and that in the case of Internet sites, this requires "something more" than merely being able to access the web site in the forum.¹³¹ The court indicated that a plaintiff should be able to look for non-Internet contacts to help establish this "something more."¹³² Despite the fact that Step Two's web sites

were entirely in Spanish, were designed only to accept mailing addresses in Spain, and listed all prices in Euros or pesetas, the court determined that jurisdictional discovery was justified to verify the extent of non-Internet contacts that were indicated in the record.¹³³ These included contacts such as Step Two's president's business activities and relationship with vendors and suppliers (including trade show appearances) in the U.S.¹³⁴ The court concluded that Toys "R" Us' allegations of the possibility of personal jurisdiction were asserted with *377 reasonable particularity, therefore, it should have been allowed to seek jurisdictional discovery from Step Two.¹³⁵

3. Gator.com Corp. v. L.L. Bean, Inc.¹³⁶

L.L. Bean, based in Maine, sells clothing and outdoor equipment through its retail stores, Internet website, and mail-order business.¹³⁷ Although none of its physical stores are located in California, L.L. Bean sells millions of dollars worth of products in California annually through its catalog, toll-free telephone number, and website.¹³⁸ L.L. Bean also mails catalogs and packages to California residents, sends e-mail solicitations to them, and maintains online accounts for them.¹³⁹ California consumers are also exposed to L.L. Bean's national marketing efforts, and L.L. Bean purchases products from numerous California vendors.¹⁴⁰

Gator.com is a California corporation that sells software to consumers who purchase products over the Internet.¹⁴¹ Among other things, Gator's software analyzes the URL of websites visited by users, and displays pop-up ads when the program recognizes URLs that have been pre-selected by Gator.¹⁴² When Gator users visit L.L. Bean's website, they are offered coupons for one of L.L. Bean's competitors, Eddie Bauer, via a pop-up window that partially obscures L.L. Bean's website.¹⁴³

This did not sit well with L.L. Bean, who sent a cease-and-desist letter to Gator.¹⁴⁴ Gator responded by suing L.L. Bean in the Northern District of California for a declaratory judgment that its program does not constitute trademark infringement, dilution, or unfair competition, and does not otherwise violate federal or state law.¹⁴⁵

Reversing the district court's dismissal of the case for lack of personal jurisdiction, the Ninth Circuit held that L.L. Bean's activities are sufficient to *378 confer general jurisdiction in California.¹⁴⁶ Although it believed the presence of general jurisdiction in California was "a close question" under the high standards set by the Ninth Circuit, the court found general jurisdiction proper "in light of L.L. Bean's extensive marketing and sales in California, its extensive contacts with California vendors, and the fact that . . . its website is clearly and deliberately structured to operate as a sophisticated virtual store in California."¹⁴⁷ The court noted that L.L. Bean's website is "highly interactive, as opposed to 'passive,'" and that large numbers of California consumers use the website to make purchases and interact with L.L. Bean sales representatives.¹⁴⁸

C. Reverse Domain Name Hijacking

1. No Deference to UDRP Decisions: Dluhos v. Strasberg¹⁴⁹

CMG Worldwide manages web sites and trademarks for the estate of Lee Strasberg, the famous acting coach, and his widow, Anna Strasberg (collectively, "the Strasbergs").¹⁵⁰ After Eric Dluhos registered the domain name leestraserberg.com, the Strasbergs filed a Uniform Dispute Resolution Policy ("UDRP") proceeding with the National Arbitration Foundation ("NAF").¹⁵¹ In response, Dluhos submitted a letter of limited appearance contesting NAF's jurisdiction over the matter and then filed suit against the Strasbergs and CMG.¹⁵² Dluhos challenged the constitutionality of the UDRP and brought claims for breach of contract, harassment, and violation of his First, Fifth, and Fourteenth Amendment rights.¹⁵³ The district court granted the Strasbergs' motion to dismiss and reviewed and upheld the NAF's decision to transfer the domain name to the Strasbergs.¹⁵⁴ In its review, the district court applied the narrow review standards provided in the Federal Arbitration Act ("FAA").¹⁵⁵

On appeal, the Third Circuit held that UDRP proceedings are not considered "arbitration" under the FAA.¹⁵⁶ Thus, the district court erred in employing the *379 narrow review standard contemplated by the FAA.¹⁵⁷ The Third Circuit reasoned that a dispute resolution mechanism falls under the FAA if, under reasonable commercial expectations, the dispute will be settled by the arbitration.¹⁵⁸ This would be the case where litigation is stayed pending arbitration.¹⁵⁹ UDRP proceedings, however, are explicitly designed to give way to litigation and were never intended to replace formal litigation in the same manner as arbitration contemplated by the FAA.¹⁶⁰ Also, UDRP proceedings readily provide a means of suspending a panel's decision by simply filing suit under the ACPA.¹⁶¹ Hence, UDRP proceedings are not "arbitration" as contemplated by the FAA.¹⁶² The Third Circuit liberally interpreted the complaint as pleading a cause of action to recover the domain name under the ACPA,

15 U.S.C. § 1114(2)(D)(v), and remanded the case to the district court with instructions to review the NAF determination de novo under the ACPA.¹⁶³

2. Court Should Apply U.S., Not Foreign, Law: *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*¹⁶⁴

In 1996, Juan Nogueras, a Spanish citizen, registered the domain name “barcelona.com” with Network Solutions, Inc. (“NSI”), located in Herndon, Virginia, with plans to create a tourist website for the Barcelona, Spain region.¹⁶⁵ Nogueras incorporated a company named Barcelona.com, Inc. in Delaware, with a New York address, to hold the domain name and solicit funding for the site, but otherwise the company had no operations in the United States.¹⁶⁶ Failing to obtain funding for the site, Nogueras e-mailed the Mayor of Barcelona in 1999 proposing to negotiate with the Barcelona City Council (“City Council”) for its acquisition of the domain name.¹⁶⁷ After meeting with Nogueras about a year later, the City Council sent him a letter demanding that he transfer the domain name, claiming that it was confusingly similar to numerous trademarks owned by the City Council that contained the word “Barcelona.”¹⁶⁸ Nogueras refused, and the City Council *380 filed a complaint with WIPO under the UDRP.¹⁶⁹ The WIPO panelist (applying Spanish trademark law) ruled in the City Council’s favor and ordered Barcelona.com to transfer the domain name to the City Council.¹⁷⁰

Barcelona.com then filed an action against the City Council in the Eastern District of Virginia under the so-called “reverse domain name hijacking” provision of the ACPA,¹⁷¹ which “authorizes a domain name owner to seek recovery or restoration of its domain name when a trademark owner has overstepped its authority in causing the domain name to be suspended, disabled, or transferred.”¹⁷²

Following a bench trial, the district court ruled in the City Council’s favor and ordered Barcelona.com to transfer the domain name (even though the City Council did not file a counterclaim requesting that relief); it found that Barcelona.com’s use infringed the City Council’s trademarks under Spanish law.¹⁷³

The Fourth Circuit reversed, rejecting the City Council’s argument that the district court’s jurisdiction was limited to reviewing the basis for the UDRP decision.¹⁷⁴ Although the underlying UDRP proceeding “is relevant to a claim under [section] 1114(2)(D)(v), it is not jurisdictional; indeed, the WIPO panelist’s decision is not even entitled to deference on the merits.”¹⁷⁵

Similarly, the Fourth Circuit rejected the district court’s reliance on Spanish law rather than the law of the United States, holding that “the ACPA explicitly requires application of the Lanham Act, not foreign law, to resolve an action brought under 15 U.S.C. § 1114(2)(D)(v).”¹⁷⁶ Applying the Lanham Act, the court held that Barcelona.com’s registration and use of its domain name was not unlawful, since “Barcelona” is a purely descriptive geographical designation and there was no evidence that the public, in the United States or elsewhere, associates that term with anything other than the City of Barcelona itself.¹⁷⁷ Because the City Council failed to show that “Barcelona” had acquired secondary meaning, it was entitled to no trademark protection under U.S. trademark law.¹⁷⁸

*381 Author’s comment: Although the Fourth Circuit was probably correct in its technical construction of the ACPA, the result in this case is troubling. This was basically a dispute between a Spanish citizen (albeit one with a shell U.S. company) and a Spanish governmental agency over a domain name and website involving a city in Spain - even the server for the website was located in Spain - and yet a U.S. court essentially reversed a decision of an international body applying Spanish law merely because the domain name does not violate U.S. law. Although it’s comforting that the United States is maintaining some control over the Internet, perhaps this is too much control.

3. No Deference to Foreign Courts: *Hawes v. Network Solutions, Inc.*¹⁷⁹

This case extends the analysis even one step further--not only do U.S. courts considering ACPA claims refuse to honor UDRP decisions applying foreign law, they do not even honor decisions of foreign courts.

In April 1999, Christopher Hawes registered the domain name “lorealcomplaints.com” with NSI, purportedly to develop a forum to communicate with L’Oreal, S.A. concerning problems with its products.¹⁸⁰ L’Oreal, a French corporation, sued Hawes for trademark infringement in France.¹⁸¹ NSI tendered a registrar certificate providing control over the domain name registration to the French court, that ordered that the domain name be transferred to L’Oreal.¹⁸² Hawes then sued NSI and L’Oreal in the Eastern District of Virginia under the ACPA, alleging that his use of the domain name was not unlawful and requesting that it be transferred back to him.¹⁸³ The district court dismissed Hawes’ claims against both NSI and L’Oreal for

lack of subject matter jurisdiction, and Hawes appealed.¹⁸⁴

The Fourth Circuit affirmed the dismissal of NSI, not for lack of subject matter jurisdiction but for failure to state a claim.¹⁸⁵ Although 15 U.S.C. § 1114(2)(D)(i)(II)(bb) provides for injunctive relief if a registrar transfers a domain name “during the pendency of the action, except upon order of the court,” the phrase “the action” refers to an action under the ACPA (the pendency of a foreign action is irrelevant under this section).¹⁸⁶ Congress intended to limit *382 liability of registrars as long as they comply with certain conditions stated in the ACPA.¹⁸⁷ In this case, there was no anticybersquatting or reverse anticybersquatting action under the ACPA pending at the time NSI transferred the domain name.¹⁸⁸ Thus, there could be no allegation that NSI was not cooperating with a court under the ACPA, and no basis to consider an exception from the limitation on registrar liability.¹⁸⁹

The Fourth Circuit reversed the dismissal of L’Oreal, however.¹⁹⁰ The court found that Hawes’ complaint adequately stated a claim against L’Oreal for reverse domain name hijacking under 15 U.S.C. § 1114(2)(D)(v).¹⁹¹ Specifically, “the complaint alleges that the transfer of the domain name took place pursuant to Network Solutions’ Domain Name Dispute Policy as contained in the Domain Name Registration Agreement, and it was because of that policy, as interpreted by Network Solutions, that the Registrar Certificate was filed with the French court and that the domain name was ultimately transferred.”¹⁹² The Fourth Circuit went out of its way, however, not to offend the authority of the French court:

[O]ur conclusion that Hawes’ complaint states a cause of action under [section] 1114(2)(D)(v) over which a United States court may exercise jurisdiction does not imply any disrespect of any French court that may have taken jurisdiction of a related dispute in France. The cause of action supplied by Congress in the ACPA is an American cause of action provided to protect domain name registrants from overreaching trademark owners, by supplying a cause of action for adjudication in a federal court under the law of the United States. Adjudication of an action brought under [section] 1114(2)(D)(v) involves neither appellate-like review of, nor deference to, any simultaneously pending actions in foreign jurisdictions just as adjudication of an action brought under [section] 1114(2)(D)(v) on the heels of an administrative proceeding under Network Solutions’ dispute resolution policy by the World Intellectual Property Organization or some other dispute resolution provider is independent of, and involves neither appellate-like review of nor deference to, the underlying proceeding. In both circumstances, the [section] 1114(2)(D)(v) action involves an independent inquiry to determine whether the registration or use of the domain name is “not unlawful” under the Lanham Act as amended by ACPA.¹⁹³

Author’s comment: This decision potentially places domain name registrars in a real bind. Here, a French court ordered NSI to transfer the domain name to the trademark owner because it violates French law, however, a U.S. court may later *383 order NSI to transfer the domain name back to the original registrant because it doesn’t violate U.S. law. This is a problem that the ACPA fails to address.

D. First Amendment Protection for Websites: Taubman Co. v. Webfeats¹⁹⁴

Defendant Henry Mishkoff, doing business as Webfeats (“Mishkoff”), created a website about a new mall opening in his neighborhood named “The Shops at Willow Bend.”¹⁹⁵ The mall is owned by the plaintiff Taubman Co. (“Taubman”).¹⁹⁶ Mishkoff registered the domain name “shopsatwillowbend.com” and created a fan site about the mall, complete with maps, tenant information, prominent disclaimers regarding the official mall site, and links to the official mall site.¹⁹⁷ His site also contained links to his “Webfeats” business and to his girlfriend’s shirt business.¹⁹⁸ Upon discovery of the site, Taubman filed a complaint for trademark infringement, requesting a preliminary injunction and the surrender of Mishkoff’s domain name.¹⁹⁹ Mishkoff then registered five different variations of “willowbendsucks.com.”²⁰⁰ The district court granted the injunction requested by Taubman, preventing Mishkoff’s use of all six domain names.²⁰¹

Mishkoff appealed, claiming that Taubman failed to show a likelihood of success on the merits of its trademark infringement claim.²⁰² The Sixth Circuit agreed and reversed the preliminary injunction.²⁰³ The court reasoned that Mishkoff’s use of the domain name “shopsatwillowbend.com” warranted First Amendment protection, as the content was non-commercial and outside the scope of the Lanham Act²⁰⁴ because Mishkoff had removed the commercial links to at least his girlfriend’s site before the district court issued the injunction,²⁰⁵ did not act *384 as a cybersquatter,²⁰⁶ did not register the domain name in bad faith to sell the domain name to its genuine owner,²⁰⁷ and only relinquished the site for \$1,000 following an offer by Taubman.²⁰⁸ Moreover, even if his use was commercial, under the Lanham Act, there can only be a violation if there is a

likelihood of confusion among consumers regarding the parties' goods and services.²⁰⁹ Mishkoff's conspicuous disclaimer greatly reduced that likelihood.²¹⁰

The Sixth Circuit also determined that the "sucks.com" sites contained non-commercial free speech that is not restricted by the Lanham Act.²¹¹ Even if the sites resulted in economic damage to the mall, the First Amendment allows Mishkoff to be critical of a business as long as there is no confusion as to the source.²¹² As Taubman acknowledged in its brief, "Mishkoff is 'free to shout 'Taubman Sucks!' from the rooftops;'" the court quipped that the "rooftops of our past have evolved into the internet domain names of our present."²¹³ Finally, the court rejected Taubman's attempt to use the "safe distance rule" as a way to prevent the use of the "sucks.com" sites.²¹⁴ The rule, which predates the Lanham Act, essentially forces a business that has fraudulently utilized the goodwill of a competitor to keep a "safe distance" and put the public on notice that the two entities are unrelated.²¹⁵ This claim failed due to Mishkoff's First Amendment protections for commentary and because there was no evidence of Mishkoff being a proven infringer.²¹⁶

E. "Hidden" Trademarks on Internet Websites

As the next three cases illustrate, the courts seem to have somewhat inconsistent analyses and conflicting results in dealing with use of a competitor's trademark on a website in a manner that is hidden from view of Internet users.

*385 1. Use of Competitor's Mark in Metatags Infringes: Horphag Research, Ltd. v. Pellegrini²¹⁷

Defendant Larry Garcia operated websites selling various pharmaceutical products, including plaintiff Horphag Research Ltd.'s ("Horphag's") PYCNOGENOL® pine bark extract product.²¹⁸ Garcia repeatedly used the mark PYCNOGENOL as meta-tags, allegedly to compare his own product to Horphag's.²¹⁹ The district court granted Horphag judgment as a matter of law on its trademark infringement claim, and awarded attorney fees.²²⁰

The Ninth Circuit affirmed, rejecting Garcia's nominative fair use defense.²²¹ The court held that Garcia did not qualify for the defense because his "references to Pycnogenol spawn confusion and attempt to appropriate the cachet of the trademark [PYCNOGENOL] to his product."²²² The court also affirmed the attorney fee award, finding that Garcia's infringement was "willful and deliberate," making the case exceptional under 15 U.S.C. § 1117(a).²²³

2. Or Does It? PACCAR, Inc. v. TeleScan Technologies, L.L.C.²²⁴

Plaintiff ("PACCAR") manufactures heavy trucks under the well-known marks PETERBILT and KENWORTH.²²⁵ Defendant Telescan Technologies ("TeleScan") owned several truck locator websites where consumers could search for new and used trucks.²²⁶ Among the domain names TeleScan used for its websites were "peterbiltnewtrucks.com," "peterbiltusedtrucks.com," "peterbilttruckdealers.com," "kenworthnewtrucks.com," "kenworthusedtrucks . com," and "kenworthtruckdealers.com."²²⁷ TeleScan displayed the PETERBILT and KENWORTH logos in the wallpaper underlying its sites and included the words "Peterbilt" and "Kenworth" in the sites' metatags.²²⁸ The defendants also *386 included a disclaimer on its websites stating that they had no affiliation with any manufacturer whose branded products were listed on the sites.²²⁹

The district court granted a preliminary injunction requiring TeleScan to transfer its domain names containing "Peterbilt" and "Kenworth" to PACCAR and prohibiting use of those marks in any domain name, metatag, or website in a manner likely to cause confusion that the sites are associated with PACCAR, PETERBILT, or KENWORTH, including use of the marks as the title or wallpaper background of the sites.²³⁰

The Sixth Circuit affirmed the portions of the preliminary injunction relating to the domain names and agreed that PACCAR had demonstrated a strong likelihood of success on the merits of its trademark infringement claim.²³¹ The court reviewed the Sixth Circuit's likelihood of confusion factors and endorsed the Ninth Circuit's view "that in the Internet context, similarity of the marks, relatedness of the goods or services, and simultaneous use of the Internet as a marketing channel are the three most important factors in finding a likelihood of confusion."²³²

The court rejected TeleScan's fair use defense and once again agreed with the Ninth Circuit "that a finding of likelihood of confusion forecloses a fair use defense."²³³ TeleScan's fair use defense was also precluded by its use of the words "Peterbilt" and "Kenworth" as trademarks²³⁴ and because that defense only "allows the use of a term to describe the defendant's goods or

services, not the plaintiff's."²³⁵

The court also rejected TeleScan's attempt to justify its use as a "nominative fair use."²³⁶ The court said that it had never followed the Ninth Circuit's nominative fair use analysis and was not inclined to adopt it here; even if it were to do so, TeleScan's use would not qualify.²³⁷ The court reasoned that TeleScan had not limited its use of PACCAR's trademarks to using the words on its web sites, but used them in its domain names to describe its own products (that is, its web *387 sites).²³⁸ Further, TeleScan's repeating the marks in the websites' main titles and wallpaper and mimicking PACCAR's distinctive fonts "go beyond using the marks 'as is reasonably necessary to identify' PACCAR's trucks, parts, and dealers."²³⁹

For similar reasons, the court rejected TeleScan's reliance on the "first sale" doctrine.²⁴⁰ "TeleScan's incorporation of PACCAR's trademarks in its domain names creates a likelihood of confusion as to the source or affiliation of the web sites and goes beyond simply stocking, displaying, and reselling PACCAR's trucks."²⁴¹

Finally, the Sixth Circuit vacated and remanded the portion of the preliminary injunction prohibiting TeleScan from using PACCAR's trademarks in its metatags.²⁴² The district court failed to conduct a separate analysis as to whether such use in metatags alone, without the inclusion of the mark in the domain names, is likely to cause confusion, and thus the scope of the injunction was considered too broad.²⁴³

3. Use of Competitor's Mark in Post-Domain Path Does Not Infringe: Interactive Products Corp. v. a2z Mobile Office Solutions, Inc.²⁴⁴

In this case involving "a novel trademark issue with regard to the Internet,"²⁴⁵ the Sixth Circuit held that use of a competitor's mark in a post-domain path does not constitute infringement.²⁴⁶

Plaintiff Interactive Products Corp. ("IPC") sells a portable computer stand under the federally registered mark LAP TRAVELER.²⁴⁷ Between 1996 and 1998, one of the defendants ("a2z") sold IPC's product on its website at the URL "a2zsolutions.com/desks/floor/laptraveler.dkfl-lt.htm."²⁴⁸ In 1998, defendant Douglas Mayer, one of IPC's co-founders, had a falling out and left the company and started a new company that developed a product called the MOBILE DESK to *388 compete with IPC's LAP TRAVELER.²⁴⁹ Around the same time, IPC terminated its business relationship with a2z, who ceased selling the LAP TRAVELER product on its website and replaced it with the MOBILE DESK.²⁵⁰ However, a2z did not change the URL for the web page displaying the MOBILE DESK product, and continued to use "laptraveler" in the post-domain path, thus prompting this action by IPC.²⁵¹

The district court granted summary judgment in favor of the defendants, and the Sixth Circuit affirmed.²⁵² The Sixth Circuit began its analysis by noting that in the usual trademark case, "the defendant uses a mark to identify its goods that is similar to the plaintiff's mark."²⁵³ Although domain names usually signify the source or sponsor of a website, post-domain paths of a URL do not.²⁵⁴ The court pointed out that consumers typically do not see and are not even aware of the post-domain path of a particular web page because secondary pages are usually reached via a link from the site's homepage that does not contain a post-domain path.²⁵⁵

There was one seemingly troublesome fact for the defendants in this case: web searches on the term "lap traveler" consistently listed a2z's web page as one of the hits even after it switched to the MOBILE DESK product.²⁵⁶ However, the defendants survived this problem with the aid of IPC's own expert, who curiously testified that "the path name does not bias a search engine."²⁵⁷ Further, defendants did not reference "laptraveler" in the metatags for the a2z site.²⁵⁸ The Sixth Circuit noted that the record contained no evidence explaining why a2z's webpage is hit when searching for "lap traveler."²⁵⁹

Based on these facts, the court ruled that a2z's use of "laptraveler" in its post-domain name path was unlikely to cause consumer confusion regarding the source of the web page or the MOBILE DESK product.²⁶⁰ The court went so far as to say that "because post-domain paths do not typically signify source, it is unlikely that *389 the presence of another's trademark in a post-domain path of a URL would ever violate trademark law."²⁶¹

F. Post-ACPA Domain Name Trafficking Gives Rise to Statutory Damages: Ford Motor Co. v. Catalanotte²⁶²

Author's Note: This case gets my "dumb and dumber" award. Dumb is registering your own employer's mark as a domain name. Dumber is then contacting your employer's CEO and threatening to sell the domain name to a competitor if he doesn't

buy it from you.

On January 21, 1997, Peter Catalanotte, who had been an employee of Ford for almost 20 years, registered the domain name “fordworld.com,” which just happened to correspond to the name of Ford’s employee newspaper Ford World.²⁶³ Although Catalanotte never operated a website using that domain name, he sent an e-mail to two of Ford’s officers on October 27, 2000 indicating that the domain name would be available “for a short period of time” because he had been “receiving offers from various sources including the competition” (even though he had received no such offers), but that he wanted to extend Ford this “opportunity” first.²⁶⁴ This was not Catalanotte’s first venture in the cybersquatting business - he had previously sold the domain names “aande.com” to the Arts & Entertainment Network and “mrspauls.com” to Mrs. Paul’s Kitchens, Inc.²⁶⁵

The district court found Catalanotte liable under the ACPA, 15 U.S.C. § 1125(d), granting Ford injunctive relief and \$5,000 in statutory damages.²⁶⁶ The Sixth Circuit affirmed.²⁶⁷

On appeal, the court rejected Catalanotte’s argument that he was immune from statutory damages because he registered the domain name prior to enactment of the ACPA on November 29, 1999.²⁶⁸ Although the ACPA provides that statutory damages are “not available with respect to the registration, trafficking, or use of a domain name that occurs before the date of the enactment [of the *390 ACPA],”²⁶⁹ the court found that Catalanotte trafficked in the domain name after the ACPA’s enactment by attempting to sell it to Ford.²⁷⁰

The court also rejected Catalanotte’s arguments that his actions did not constitute “trafficking” within the meaning of the ACPA.²⁷¹ Contrary to Catalanotte’s contention that he intended to give Ford the domain name as a gift, the district court found that he offered the domain name to Ford for sale and that finding was not clearly erroneous.²⁷² Further, the term “traffics in” in the FTDA does not require a consummated sale - a mere offer for sale suffices.²⁷³ “Registering a famous trademark as a domain name and then offering it for sale to the trademark owner is exactly the wrong Congress intended to remedy when it passed the ACPA.”²⁷⁴

Finally, the court rejected Catalanotte’s argument that Ford’s claim was barred by the statute of limitations.²⁷⁵ The Lanham Act does not contain a statute of limitations, rather it applies the principles of laches.²⁷⁶ Although there is a presumption of laches barring an action if not brought within the period of the most analogous state statute of limitations (here, three years), the court held that Ford’s claim was not barred in this case for two reasons.²⁷⁷ First, Ford did not lack diligence in asserting its rights.²⁷⁸ It was unaware that Catalanotte had registered the domain name until his e-mail of October 27, 2000, and Ford filed suit one month later.²⁷⁹ Second, Catalanotte could not show that he was prejudiced by Ford’s failure to assert rights before November 30, 2000.²⁸⁰

***391 IV. Registration Issues**

A. NAFTA Raises Standard for Geographic Misdescriptiveness

1. Trademarks: In re California Innovations, Inc.²⁸¹

In this case, the Federal Circuit significantly changed the standard for determining whether a mark is “primarily geographically deceptively misdescriptive” under the Lanham Act.

Prior to 1993, marks that were deemed “primarily geographically deceptively misdescriptive” (just like “primarily geographically descriptive” marks) were registerable on the Supplemental Register, and could be registered on the Principal Register if they acquired distinctiveness.²⁸² In contrast, marks that were deemed “deceptive” were not registerable on either register.²⁸³ Because of this drastic difference in the effect of a finding of deceptiveness under section 2(a) versus geographic deceptive misdescriptiveness under section 2(e) of the Lanham Act, the Federal Circuit had developed very different standards for the two. Specifically, the test for determining a mark to be primarily geographically deceptively misdescriptive consisted of two prongs: (1) the primary significance of the mark was a generally known geographic location, and (2) the public was likely to believe the mark identified the geographic origin of the goods even though they did not come from there.²⁸⁴ However, to deny a geographic mark protection as “deceptive” under section 2(a), the PTO had to establish that “(1) the mark misrepresents or misdescribes the goods, (2) the public would likely believe the misrepresentation, and (3) the misrepresentation would materially affect the public’s decision to purchase the goods.”²⁸⁵ This additional element of

materiality was the key to determining deceptiveness.

On December 8, 1993, the Lanham Act was amended, in compliance with the North American Free Trade Agreement (“NAFTA”),²⁸⁶ to prohibit registration of “primarily geographically deceptive misdescriptive” marks on both the supplemental and principal registers, regardless of acquired distinctiveness.²⁸⁷ The issue in this case was whether that amendment accordingly changed the standards for finding a mark to be “primarily geographically deceptively misdescriptive.”

***392** The facts of the case were as follows: the applicant, a Canadian-based corporation, applied to register the mark CALIFORNIA INNOVATIONS for insulated bags, wraps, and various other goods.²⁸⁸ The PTO found that the mark was primarily geographically deceptively misdescriptive, apparently applying the pre-NAFTA standard for such a finding.²⁸⁹

The Federal Circuit vacated the PTO’s decision and remanded.²⁹⁰ Because “NAFTA and its implementing legislation obliterated the distinction between geographically deceptive marks and primarily geographically deceptively misdescriptive marks” and both types of marks are now “permanently denied registration,” “the test for rejecting a deceptively misdescriptive mark is no longer simple lack of distinctiveness, but the higher showing of deceptiveness.”²⁹¹ The “relatively easy burden [under the old test] of showing a naked goods-place association without proof that the association is material to the consumer’s decision is no longer justified” after NAFTA.²⁹² “This addition of a materiality inquiry equates this test with the elevated standard applied under [section] 1052(a).”²⁹³

The Court summarized the new test for geographic misdescriptiveness as follows:

Thus, due to the NAFTA changes in the Lanham Act, the PTO must deny registration under [section] 1052(e)(3) if (1) the primary significance of the mark is a generally known geographic location, (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place, and (3) the misrepresentation was a material factor in the consumer’s decision.²⁹⁴ Although the court remanded to the PTO to apply the new standard, it cautioned that “[a]t best, the evidence of a connection between California and insulated bags and wraps is tenuous.”²⁹⁵

***393 B. Service Marks: In re Les Halles De Paris J.V.**²⁹⁶

Shortly after its California Innovations decision, the Federal Circuit raised the bar even higher for rejecting service marks as primarily geographically deceptively misdescriptive.

This case involved an application to register the mark LE MARAIS for restaurant services.²⁹⁷ Because Le Marais is the name of a fashionable Jewish area in Paris with fine restaurants and Les Halles’ restaurant is located in New York, the PTO refused registration under 15 U.S.C. § 1052(e)(3).²⁹⁸

The Federal Circuit vacated and remanded to the PTO to apply the three-prong test set forth in California Innovations.²⁹⁹ Although the court indicated that the same analysis applies to both services and goods, it noted that “the standard under section 2(e)(3) [of the Lanham Act] is more difficult to satisfy for service marks than for marks on goods.”³⁰⁰ Unlike cases involving goods, where a goods-place association can often be inferred with little more than a showing that the consumer identifies the place as a known source of the product, more is required to establish a services-place association since (in the context of this case) “the customer is less likely to identify the services with a region in Paris when sitting in a restaurant in New York.”³⁰¹ Thus,

[i]n the case of a services-place association . . . a mere showing that the geographic location in the mark is known for performing the service is not sufficient. Rather the second prong of the test requires some additional reason for the consumer to associate the services with the geographic location invoked by the mark.³⁰²

For example, the court suggested that the PTO might find a services-place association in this case if it could demonstrate that restaurant patrons sitting in New York would believe that Les Halles’ food was imported from Paris, or that its chefs were trained in Paris, or that the New York menu is identical to a known Parisian menu.³⁰³

In addition, the PTO would need to satisfy the materiality prong of the California Innovations test by showing that the

misleading services-place association is “a material factor in the consumer’s decision to patronize the *394 restaurant.”³⁰⁴ The court suggested that if the PTO could show a “very strong” services-place association, an inference of materiality would arise.³⁰⁵ As an example, the court suggested that materiality might be inferred from a “particularly convincing” showing that identifies the relevant place as famous for providing the specialized culinary training exhibited by the chef and that the applicant advertises this fact as a reason to choose the restaurant.³⁰⁶ Absent circumstances justifying such an inference, the PTO would be left to seek direct evidence of materiality.³⁰⁷

C. Competitors’ Design Patents Alone Sufficient to Show Non-Inherent Distinctiveness: In re Pacer Technology³⁰⁸

Pacer applied to register the cap of a container for adhesives and bonding agents as a trademark.³⁰⁹ The cap design consisted of a pointed crown with four equally spaced flat wings.³¹⁰ The PTO refused registration on the ground that the cap was not inherently distinctive, citing 11 design patents (several of which were owned by Pacer’s competitors) showing similar caps as evidence that consumers are not likely to find Pacer’s claimed design to be “unique, original or peculiar in appearance.”³¹¹

The Federal Circuit affirmed, finding that the design patents cited by the PTO constituted substantial evidence to establish a prima facie case of no inherent distinctiveness.³¹² The court rejected Pacer’s argument that the PTO is required to show as part of its prima facie case that the patented designs are actually used in the relevant marketplace.³¹³ “[T]he PTO is an agency of limited resources” and “cannot be expected to shoulder the burden of conducting market research to establish the actual presence of the design patent container caps in the relevant market.”³¹⁴ Pacer could have successfully rebutted the PTO’s prima facie case, for example, by showing that the container caps depicted in the design patents were not actually *395 being sold in the relevant market or that the relevant public nonetheless viewed Pacer’s cap as unique or unusual.³¹⁵

D. Marks Merely Descriptive for “Affinity” Services: In re MBNA America Bank N.A.³¹⁶

MBNA applied to register the marks MONTANA SERIES and PHILADELPHIA CARD for “credit card services.”³¹⁷ The cards used in connection with these services depict scenes of the state of Montana and the city of Philadelphia, respectively.³¹⁸ At the insistence of the examining attorney, MBNA amended the identification of services to “credit card services featuring credit cards depicting scenes or subject matter of, or relating to, the state of Montana, or the city of Philadelphia.”³¹⁹

Affirming the PTO’s rejection of the applications, the Federal Circuit (with Chief Judge Mayer dissenting) held that the services offered by MBNA are “affinity credit card services” and the marks MONTANA SERIES and PHILADELPHIA CARD are merely descriptive of those services.³²⁰ The credit cards offered by MBNA depict subject matter appealing to groups with various geographic affinities, which is part of MBNA’s strategic business planning and promotion of the cards.³²¹ “Thus, MBNA offers not simply financial services, but affinity credit card services providing both credit services and a feeling of social pride or connection through the particular affinity card with words and images identifying a particular city or state.”³²² Because the marks here “are merely descriptive of a significant feature or characteristic of the affinity credit card services, i.e., feeling of pride in identification with the specific regional location,” the applications were properly rejected under 15 U.S.C. § 1052(e)(1).³²³ The court concluded that the evidence of descriptiveness was “not merely substantial, but conclusive.”³²⁴

***396 E. Likelihood of Confusion**

1. Malt Liquor and Tequila Are Related Products: In re Majestic Distilling Co.³²⁵

In this case, the Federal Circuit affirmed a refusal to register Majestic’s mark RED BULL for tequila, in view of Stroh’s registrations of the same mark for malt liquor. The court found that several factors supported a finding of likelihood of confusion. For example, “when word marks are identical but neither suggestive nor descriptive of the goods associated with them, the first DuPont³²⁶ factor weighs heavily against the applicant.”³²⁷ Further, “malt liquor and tequila are similar by virtue of the fact that both are alcoholic beverages that are marketed in many of the same channels of trade to many of the same consumers.”³²⁸ Although there was no evidence that any manufacturer makes both malt liquor and tequila, the court did not find that fact relevant absent evidence that consumers are aware of it.³²⁹ The court indicated that “trade channels” (the relevant factor) is by no means necessarily synonymous with manufacturing channels, and Majestic had not demonstrated that consumers distinguish alcoholic beverages by manufacturer rather than brand.³³⁰

The court was not persuaded by Majestic’s “uncorroborated statements” of no known instances of actual confusion.³³¹ “The lack of evidence of actual confusion carries little weight, especially in an ex parte context.”³³²

The court also rejected Majestic’s argument that its status as the senior user and its decision not to challenge Stroh’s use or registration of the RED BULL mark were significant evidence that confusion is unlikely.³³³ “Majestic’s decision not to avail itself of the statutory provisions for opposition or cancellation before Stroh’s marks became incontestable could have been made for any number of business reasons unrelated to the likelihood of confusion between the marks and is not entitled to any significant weight.”³³⁴

***397** The court concluded that “consumers who are aware of Stroh’s ‘RED BULL’ malt liquor and who then encounter Majestic’s ‘RED BULL’ tequila are likely to mistakenly believe that both come from or are sponsored or licensed by the same entity.”³³⁵

2. But Beer and Restaurant Services Are Not: In re Coors Brewing Co.³³⁶

The Federal Circuit reversed the TTAB in this case, finding no likelihood of confusion between Coors’ BLUE MOON design mark for beer and a prior registration of a BLUE MOON design mark for restaurant services.³³⁷ Although the court agreed that the marks were generally similar and that the cited mark was not weak, it rejected the Board’s finding that beer and restaurant services are related.³³⁸

[T]he fact that restaurants serve food and beverages is not enough to render food and beverages related to restaurant services for purposes of determining the likelihood of confusion. Instead, . . . “[t]o establish likelihood of confusion a party must show something more than that similar or even identical marks are used for food products and for restaurant services.”³³⁹

In this case, “the evidence . . . indicates . . . that the degree of overlap between the sources of restaurant services and the sources of beer is de minimis.”³⁴⁰ Although some restaurants brew or serve their own private label beer, the evidence did not suggest that such restaurants are numerous.³⁴¹ To the contrary, at most only about 0.18% of all restaurants in the United States are brewpubs, microbreweries, or regional specialty breweries.³⁴² Further, the small number of registrations that cover both restaurant services and beer “suggests that it is quite uncommon for restaurants and beer to share the same trademark.”³⁴³ The court noted that the case for likelihood of confusion would have been much stronger if the cited mark had been for a brewpub or for restaurant services and beer.³⁴⁴

***398 F. Dictionary Evidence Alone Sufficient to Support Scandalous Rejection: In re Boulevard Entertainment, Inc.**³⁴⁵

Boulevard Entertainment, Inc. (“Boulevard”) applied to register the marks 1-800-JACK-OFF and JACK-OFF for “entertainment in the nature of adult-oriented conversations by telephone.”³⁴⁶ The Federal Circuit affirmed the PTO’s rejection of these marks as “scandalous” under 15 U.S.C. § 1052(a).³⁴⁷ The examining attorney relied upon four dictionaries that uniformly defined the word “jack-off” as an offensive or vulgar reference to masturbation, and it was clear that the marks as used by Boulevard in connection with the services described in its applications referred to that meaning.³⁴⁸

In a case such as this one, in which multiple dictionaries, including at least one standard dictionary, uniformly indicate that a word is vulgar, and the applicant’s use of the word is clearly limited to the vulgar meaning of the word, we hold that the PTO can sustain its burden of showing that the mark comprises or consists of scandalous matter by reference to dictionary definitions alone.³⁴⁹

The court rejected Boulevard’s argument (among others) that the PTO’s refusal to register the marks on the grounds of vulgarity violated the First Amendment.³⁵⁰ “[T]he refusal to register a mark does not proscribe any conduct or suppress any form of expression because it does not affect the applicant’s right to use the mark in question.”³⁵¹

V. Use in Commerce

A. Alphanumeric Telephone Numbers: DaimlerChrysler AG v. Bloom³⁵²

This case involved a dispute about the toll-free telephone number 1-800-637-2333 that has the possible alphanumeric

translation, 1-800-MERCEDES.³⁵³ In the mid-1980s, Donald Bloom (“Bloom”) acquired that telephone number in connection with his ownership of a Mercedes-Benz dealership.³⁵⁴ In 1994, Bloom formed MBZ Communications, an “independent telecommunications company,” *399 which licensed the number to other Mercedes dealers and charged them significant license fees.³⁵⁵ Through the use of routing technology, any call made to 1-800-637-2333 is rerouted to the appropriate dealership based on the area codes covered by the dealer’s license.³⁵⁶ Although Bloom himself did not promote or advertise 1-800-MERCEDES to consumers, his licensees marketed the number in their assigned area codes.³⁵⁷ This activity appears to have resulted in extensive actual confusion, as the evidence showed that MBZ received approximately 100 calls per day from consumers trying to reach Mercedes’ customer assistance center.³⁵⁸

In 1997, DaimlerChrysler (the registered owner of the marks MERCEDES and MERCEDES-BENZ) terminated its dealer agreements with Bloom and filed suit against Bloom and MBZ in 2000, asserting that MBZ’s licensing plan violates the Lanham Act.³⁵⁹

Following cross-motions for summary judgment, the district court granted MBZ’s motion on the ground that MBZ did not “use” DaimlerChrysler’s marks within the meaning of the Lanham Act.³⁶⁰ The Eighth Circuit affirmed, rejecting DaimlerChrysler’s argument that MBZ’s licensees’ advertising and promotion of 1-800-637-2333 should be imputed to MBZ.³⁶¹ The court also rejected DaimlerChrysler’s argument that use of 1-800-637-2333 was the equivalent of 1-800-MERCEDES because 1-800-MERCEDES was only one possible alphanumeric translation of that telephone number.³⁶²

Author’s comment: This decision gets my award as the worst trademark decision of the year. It is hornbook law that a licensee’s use of a mark inures to the benefit of its licensor, therefore the use of 1-800-MERCEDES by dealers under license from MBZ should have inured to its detriment as well. The court’s position that “1-800-MERCEDES” was only one possible translation of the number involved in this case also rings hollow given that it was a terminated Mercedes dealer that owned the number, its licensees were promoting that translation and not any other, and many Mercedes customers were obviously being confused because they associated the number with that translation. The language of the Lanham Act is amply broad to cover telephone numbers used in this way - that is, the telephone number in this case could have been considered a “colorable imitation of a *400 registered mark” within the meaning of 15 U.S.C. § 1114(1)(a),³⁶³ and a “symbol” or “device” within the meaning of 15 U.S.C. § 1125(a)(1)(A),³⁶⁴ which was being used in a manner likely to cause confusion of consumers. In my view, the defendant in this case is the telephone number equivalent of a domain name cybersquatter - registering another company’s famous trademark as a phone number and then attempting to profit by deceiving unsuspecting consumers. Such telephone number squatters should be treated the same way as cybersquatters.

B. Foreign Commerce: International Bancorp, L.L.C. v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco³⁶⁵

In this case, the Fourth Circuit ruled that a mark used for services rendered solely in a foreign country can be protected in the United States.³⁶⁶

The defendant Societe des Bains de Mer (“SBM”) has operated a historic casino in Monaco named the “Casino de Monte Carlo” since 1863.³⁶⁷ Although SBM does not operate casinos in the United States, it promotes the Casino de Monte Carlo in the United States from an office in New York.³⁶⁸

Plaintiffs operated more than 150 websites devoted to online gambling, 53 of which incorporated some variation of the mark CASINO DE MONTE CARLO in the domain name.³⁶⁹ Plaintiffs’ websites exhibited pictures and renderings of SBM’s casino, and implied that they offer online gambling as an alternative to their Monaco-based casino even though plaintiffs operated no such facility.³⁷⁰

SBM filed a UDRP complaint with WIPO challenging these domain names, whereupon the plaintiffs filed a declaratory judgment action in the Eastern District of Virginia.³⁷¹ SBM counterclaimed for trademark infringement, cybersquatting, and related claims.³⁷² The district court granted summary judgment in favor of SBM, awarding \$51,000 in statutory damages and transfer of 43 of the contested domain names.³⁷³

*401 Affirming the district court’s decision over a vigorous dissent, the panel majority held that SBM used the mark CASINO DE MONTE CARLO “in commerce” within the meaning of the Lanham Act because its casino services were rendered in foreign trade that Congress may lawfully regulate.

[W]hile SBM's promotions within the United States do not on their own constitute a use in commerce of the [Casino DE MONTE CARLO] mark, the mark is nonetheless used in commerce because United States citizens purchase casino services sold by a subject of a foreign nation, which purchases constitute trade with a foreign nation that Congress may regulate under the Commerce Clause.³⁷⁴

The majority next turned to the issue of distinctiveness. Although the court agreed that the mark CASINO DE MONTE CARLO was geographically descriptive, it held that the mark acquired secondary meaning.³⁷⁵ The court cited SBM's substantial advertising expenditures, sales within the United States, unsolicited media coverage of the casino, frequent attempts by others to "plagiarize" the mark, SBM's long history of continuous, if not exclusive, use of the mark, and plaintiffs' direct and intentional copying of the mark.³⁷⁶

Finally, the majority upheld the district court's finding on likelihood of confusion, citing the similarity of the plaintiffs' domain names to SBM's mark, their use of pictures and renderings of the actual Casino de Monte Carlo on their websites, and their implication "that they provided online gambling as an alternative to their non-existent Monte Carlo-based casino . . .

³⁷⁷

VI. Defenses

A. Functionality

As the following cases illustrate, manufacturers seeking trade dress protection for their products continue to face a steep, uphill battle in the wake of the Supreme Court's *TrafFix* decision.³⁷⁸

1. Scrapbook Albums: *Antioch Co. v. Western Trimming Corp.*³⁷⁹

In this case, the Sixth Circuit adhered strictly to *TrafFix*'s functionality test³⁸⁰ in rejecting claimed trade dress rights in a scrapbook album configuration.³⁸¹

*402 Antioch's album design in question included the following four "distinctive features," according to the court: (1) a dual strap-hinge that permits the pages to lie flat when the album is open, facilitates the turning of pages, and enables easy insertion of additional pages; (2) a spine cover concealing the dual strap-hinge; (3) laminated, padded album covers; and (4) ribbed edges that reinforce and separate the album pages and hold the staples together.³⁸² After Antioch's patents expired, Western copied Antioch's design and sold a competing line of albums under its own brand and logo.³⁸³

The Sixth Circuit affirmed summary judgment in favor of Western on the ground that Antioch's design was functional.³⁸⁴ The court rejected Antioch's attempt to rely on alternative designs as evidence of non-functionality, citing the Supreme Court's *TrafFix* decision.³⁸⁵ Although the Supreme Court indicated that "competitive necessity" might be an appropriate test to determine "aesthetic functionality," "the principal basis for assessing functionality of a product design is the 'traditional rule' . . . 'that a product feature is functional . . . if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.'"³⁸⁶ Although "at least one circuit and a leading treatise author have expressed their views that the availability of alternative designs may be helpful in applying the traditional *Inwood* test for functionality," the court declined to consider them here.³⁸⁷

[A]t the very least, a court is not required to examine alternative designs when applying the traditional test for functionality. That much is clear from *TrafFix* The traditional *Inwood* test for functionality is the main rule, and if a product is clearly functional under *Inwood*, a court need not apply the competitive-necessity test and its related inquiry concerning the availability of alternative designs.³⁸⁸ The court concluded that Antioch's design was functional because "[t]he dual strap-hinge design, spine cover, padded album cover, and reinforced pages are all *403 components that are essential to the use of Antioch's album and affect its quality."³⁸⁹

The Sixth Circuit also rejected Antioch's argument that the district court improperly focused on the functionality of individual elements rather than the trade dress as a whole.³⁹⁰ Although the court agreed that an overall design combination may be deserving of trade dress protection even if the individual elements are functional, in order to receive such protection

the “features must be configured in an arbitrary, fanciful or distinctive way In other words, where individual functional components are combined in a nonarbitrary manner to perform an overall function, the producer cannot claim that the overall trade dress is nonfunctional.”³⁹¹ Further, “where an engineering design feature is the core component of the overall trade dress” such as the dual strap-hinge was here, “a court may focus on the functionality of that key feature.”³⁹²

Finally, the Sixth Circuit rejected as irrelevant Antioch’s argument that Western could produce other types of albums, such as post-bound albums, which provide many of the same functional benefits as a dual strap-hinge album.³⁹³ “[W]here the claimed trade dress is actually a type of product, one supplier may not monopolize the configuration to the exclusion of others.”³⁹⁴ Here, the court concluded that Antioch’s design created a “type” of scrapbook album meeting certain functional demands of scrapbook enthusiasts.³⁹⁵

2. Beverage Bottles: Talking Rain Beverage Co. v. South Beach Beverage Co.³⁹⁶

The Traffix functionality test also played a key role in dooming the trade dress in this case.

Talking Rain sells flavored and unflavored water in bottles shaped like a typical “bike bottle,” with a recessed grip area about two-thirds up the bottle.³⁹⁷ Talking Rain obtained a federal trademark registration for its bottle design, and ***404** sued South Beach Beverage Co. (“SoBe”) for selling isotonic beverages in a similar-shaped bottle.³⁹⁸

Affirming summary judgment in SoBe’s favor, the Ninth Circuit held that Talking Rain’s bottle design was functional.³⁹⁹ Although a federally registered trademark is presumptively valid, the “evidentiary bubble” conferred by a registration bursts and the plaintiff cannot survive summary judgment if the defendant “can demonstrate through law, undisputed facts, or a combination thereof that the mark is invalid.”⁴⁰⁰ Here, the court believed that Talking Rain’s bottle was functional for several reasons. First, Talking Rain’s advertising touted the bottle’s utilitarian features--it used the name “Grip Bottle” and slogan “Get a Grip!” to highlight that the bottle is easy to grip.⁴⁰¹ The recessed grip area also yields utilitarian advantages, offering structural support to help the bottle retain its shape and enabling it to fit easily into bicycle bottle holders.⁴⁰² The fact that recessed grip areas appear to be common in the beverage industry corroborated SoBe’s assertion Talking Rain’s grip area was functional and not arbitrary.⁴⁰³

The Ninth Circuit noted the tension between its earlier decision in *Disc Golf Ass’n v. Champion Discs, Inc.*⁴⁰⁴ that allowed the availability of alternative designs to be a factor the court should consider in determining whether a product feature is functional and the Supreme Court’s pronouncement in *Traffix* that once functionality is established, “[t]here is no need . . . to engage . . . in speculation about other design possibilities”⁴⁰⁵ The Ninth Circuit attempted to reconcile these statements by saying that although “the existence of alternative designs cannot negate a trademark’s functionality,” it “may indicate whether the trademark itself embodies functional or merely ornamental aspects of the product.”⁴⁰⁶ ***405** Nevertheless, the court rejected Talking Rain’s argument that SoBe could have achieved the same functionality by adopting one of a number of other possible bike bottle designs because “under the Supreme Court’s decision in *Traffix*, the mere existence of alternatives does not render a product nonfunctional.”⁴⁰⁷

3. Generic Drugs: *Shire U.S., Inc. v. Barr Laboratories, Inc.*⁴⁰⁸

In this case, the Third Circuit rejected a drug manufacturer’s attempt to protect the appearance of a prescription drug on functionality grounds.⁴⁰⁹

Shire U.S., Inc. (“Shire”) manufactures Adderall, a central nervous system stimulant used in treating ADHD.⁴¹⁰ Shire uses a combination of two colors (blue and pale orange/peach) and two shapes (round and oval) to designate each tablet’s strength, for example, 5 mg tablets are blue and round, 15 mg tablets are orange/peach and oval.⁴¹¹ The tablets are also stamped with the mark AD on one side and the dosage size on the other.⁴¹²

Barr Laboratories (“Barr”) was the first manufacturer of a generic equivalent to Adderall, which it produces in colors and shapes similar to Shire.⁴¹³ Barr’s tablets are stamped with the mark “b” or “Barr” and a numerical product code.⁴¹⁴

The Third Circuit ruled that Shire failed to carry its burden of showing that the color and shape of Adderall are nonfunctional, and thus affirmed the denial of a preliminary injunction.⁴¹⁵ The court relied heavily on the Supreme Court’s “traditional” definition of functionality enunciated in the *Traffix* case. The court cited the testimony of two doctors and a pharmacist to support the following contentions regarding the functionality of the drug’s appearance: (1) because ADHD patients overuse

visual clues, they will experience less confusion in correctly identifying the agent or dosage strength if ADHD products have similar appearances; (2) color coding confers a substantial degree of clinical functionality for the patient in the titration/adjustment process; (3) similar color-coding is useful to patients who take multiple daily dosages of different strength tablets; (4) a generic drug's similar appearance to a branded product enhances patient safety and compliance with the medically prescribed dosages, which is particularly important *406 for ADHD drugs when non-medical intermediaries (for example, school secretaries) dispense mid-day doses to children; (5) generic look-alikes increase patient acceptance and comfort; and (6) all other things being equal, a pharmacy will choose to stock the generic product that most closely resembles the branded product.⁴¹⁶ Based on these functional attributes, and having “the benefit of the Supreme Court’s most recent trade dress decisions which caution against the over extension of trade dress protection,” the Third Circuit concluded that Shire failed to show that its product configuration was nonfunctional.⁴¹⁷

B. Fair Use/Nominative Use

1. Likelihood of Confusion Defeats Classic Fair Use Defense: KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.⁴¹⁸

Despite contrary statutory language and logic, the Ninth Circuit continues to adhere to its position that a likelihood of confusion precludes a fair use defense.

In this case, the defendant Lasting Impression I, Inc. (“Lasting”) owned an incontestable registration for the mark MICRO COLORS in a design form, covering color pigments for permanent makeup.⁴¹⁹ Although the plaintiff (“KP”) had been using the term “micro color” on its competing pigment bottles since 1991, it began displaying the term more prominently in its marketing brochures in 1999, prompting an objection letter by Lasting and the filing of this declaratory judgment action by KP.⁴²⁰

Both parties moved for summary judgment.⁴²¹ The district court ruled in favor of KP, finding that the term “micro color” is generic or descriptive, that it had not acquired secondary meaning, and that KP was making a fair use of the term under 15 U.S.C. § 1115(b)(4).⁴²²

The Ninth Circuit reversed and remanded.⁴²³ The court relied heavily on Lasting’s incontestable federal registration, holding that the registration protects the design and the term “micro colors” separately because they are the “most salient *407 feature” of the mark.⁴²⁴ Thus, those words are entitled to the “strong presumption of validity” flowing from federal registration.⁴²⁵

On the issue of genericness, KP submitted an affidavit from its owner that there are several generic synonyms for the products involved in this case, including microcolors, micro colors, micropigments, micro color pigments, micropigment colors, and pigment colors.⁴²⁶ The Ninth Circuit disagreed, stating that “[w]hether all these terms could be synonyms for each other is highly doubtful,” and noted that KP produced no evidence that consumers understood them to be synonyms or generic terms.⁴²⁷ Although the court accepted that the term “micropigmentation” is generic for the cosmetic process involved, it (somewhat remarkably) concluded that no reasonably minded juror could find that “micropigmentation colors” or its abbreviation “micro colors” is a generic term.⁴²⁸ The court then reversed summary judgment in favor of KP on this issue and held that Lasting’s summary judgment motion on non-genericness should be granted.⁴²⁹

Turning to descriptiveness, the Ninth Circuit cited the Supreme Court’s Park ‘N Fly decision for the proposition that an incontestable mark cannot be invalidated as descriptive,⁴³⁰ and rejected the district court’s holding that the mark’s incontestable status applies only to the registered design and not the words “micro colors” alone.⁴³¹

[W]hen the holder of an incontestable mark is complaining that the most salient feature of its mark is being imitated and a likelihood of confusion may result, the holder of the mark does not have to show that the salient feature, apart from the mark, has acquired secondary meaning. Rather, the conclusive presumption that the mark has acquired secondary meaning extends to the most salient feature of the mark.⁴³²

Finally, the Ninth Circuit rejected the district court’s refusal to determine likelihood of confusion in considering the issue of fair use.⁴³³ The court stated that because this case involves the “classic” fair use defense (as opposed to “nominative” fair use), “it is still necessary to analyze likelihood of confusion.”⁴³⁴ *408 “KP can only benefit from the fair use defense if there is no likelihood of confusion between KP’s use of the term ‘micro color’ and Lasting’s mark.”⁴³⁵ The court remanded for a

trial on that issue.⁴³⁶

Author's note: The Supreme Court has granted certiorari in this case to resolve the circuit split as to whether a party asserting the fair use defense must demonstrate an absence of likelihood of confusion to prevail.

2. Suggestion of Sponsorship Defeats Nominative Fair Use Defense: Brother Records, Inc. v. Jardine⁴³⁷

In this case, the Ninth Circuit upheld a finding of trademark infringement in an action brought by Brother Records, Inc. ("BRI") against Alan Jardine ("Jardine").⁴³⁸ Jardine was an original member of The Beach Boys band, which started in 1961.⁴³⁹ The band created BRI to handle the band's intellectual property rights.⁴⁴⁰ When Jardine decided to tour on his own under the name "Beach Boys Family and Friends," BRI informed him that such use was trademark infringement.⁴⁴¹ Although the parties failed to reach a license agreement, Jardine continued to tour and use the BEACH BOYS mark.⁴⁴² His use often resulted in confusion by consumers as to which band or musicians would be performing.⁴⁴³

BRI then filed an infringement action.⁴⁴⁴ Jardine answered with the defense of fair use, and counterclaimed for a declaratory judgment allowing him to tour using "BEACH BOYS FAMILY AND FRIENDS."⁴⁴⁵ The district court granted summary judgment for BRI and permanently enjoined Jardine from using the BEACH BOYS mark, and the Ninth Circuit affirmed.⁴⁴⁶

The court rejected Jardine's defenses of classic or nominative fair use.⁴⁴⁷ Jardine used the BEACH BOYS mark for its secondary meaning (the musical band) ***409** and not for the mark's primary, descriptive meaning, so the classic fair use defense failed.⁴⁴⁸ The court further found that the fair use defense, even if it could have applied, failed because of the actual confusion surrounding Jardine's use.⁴⁴⁹

Jardine met the first and second requirements for nominative fair use, because the product (the Beach Boys band) is not identifiable without using the mark, and Jardine did not use any unnecessary means to identify the mark.⁴⁵⁰ However, Jardine failed the third aspect of the nominative fair use test because his use suggested sponsorship by the Beach Boys.⁴⁵¹ He utilized the name for marquee value, and his use resulted in actual consumer confusion.⁴⁵²

3. Refurbished Goods: Nitro Leisure Products, L.L.C. v. Acushnet Co.⁴⁵³

Acushnet is a leading manufacturer of golf balls, selling its products under various well-known marks including TITLEIST.⁴⁵⁴ Nitro sells used golf balls at a discounted rate, including "recycled" balls and "refurbished" balls.⁴⁵⁵ Recycled balls are found in relatively good condition, and are merely washed and repackaged for sale.⁴⁵⁶ Refurbished balls, on the other hand, are found with stains, scuffs or blemishes and Nitro treats them by removing the base coat of paint and clear coat layer from the balls, then repainting and adding a new clear coat to the balls.⁴⁵⁷ Nitro reapplies the original manufacturer's trademark to these refurbished balls, as well as the legend "USED & REFURBISHED BY SECOND CHANCE."⁴⁵⁸ Nitro's packaging for the refurbished balls displays a disclaimer indicating that the balls are used, subject to performance variations from new balls, were processed by stripping, painting, stamping, or clear coating, and that the product has not been endorsed by the original manufacturer and does not fall under its warranty.⁴⁵⁹

***410** Although Acushnet did not object to Nitro's sale of "recycled" balls, it sought a preliminary injunction against Nitro's sale of "refurbished" balls on various grounds, including trademark infringement and dilution.⁴⁶⁰ The district court denied Acushnet's motion finding it unlikely to succeed on the merits, and the Federal Circuit (applying Eleventh Circuit law) affirmed.⁴⁶¹

Both the district court and Federal Circuit relied heavily on *Champion Spark Plug Co. v. Sanders*, where the Supreme Court held that an accused infringer, who repaired and reconditioned genuine CHAMPION spark plugs and resold them labeled as "Renewed," need not remove the CHAMPION mark from the product.⁴⁶² Applying *Champion*, the Federal Circuit stated that "the question of likelihood of confusion in the context of used goods is whether the used or refurbished goods are so different from the original that it would be a misnomer for them to be designated by the original trademark."⁴⁶³ The court held that here, the differences in the goods were nothing more than what consumers would expect from used golf balls, and therefore it was not a misnomer to apply Acushnet's mark to the refurbished balls.⁴⁶⁴ The court also rejected Acushnet's dilution claim, finding "no basis to conclude that Acushnet meets the requirement of a 'showing of actual dilution'" under the Supreme Court's decision in *Moseley*.⁴⁶⁵

Judge Newman filed a vigorous dissent, stating that she "can think of nothing more destructive of the value of a famous

trademark than for the law to permit unauthorized persons to re-affix the mark to a product that is so badly cut, scarred, dented, discolored, and bruised that its defects have to be concealed before it can be resold as ‘used’²³⁴⁶⁶

C. Laches/Acquiescence

1. Patsy’s Brand, Inc. v. I.O.B. Realty, Inc.⁴⁶⁷

Defendant I.O.B. Realty, Inc. (“I.O.B.”) appealed an injunction and award of attorney’s fees granted to plaintiff Patsy’s Brand, Inc. (“Patsy’s Brand”).⁴⁶⁸ Both parties have operated pizzeria/Italian restaurants in New York City for over fifty ***411** years.⁴⁶⁹ Patsy’s Brand began marketing pasta sauce in 1993 and obtained a federal trademark registration in 1995 for the mark “PATSY’S PR SINCE 1944” for its sauce.⁴⁷⁰ Sometime after 1993, I.O.B. began marketing pasta sauce.⁴⁷¹ I.O.B. received federal trademark registrations for the marks “PATSY’S PIZZERIA” and “PATSY’S” in 1995 and 1996, respectively, for restaurant services.⁴⁷² The district court granted summary judgment canceling I.O.B.’s federal registrations and permanently enjoining I.O.B. from using its “PATSY’S” marks on sauce labels and for restaurant services.⁴⁷³ The court also granted attorneys’ fees to Patsy’s Brand.⁴⁷⁴

Affirming the district court’s decision in part, the Second Circuit concluded the I.O.B.’s defense that it had priority over Patsy Brand’s first use of its marks was barred by laches.⁴⁷⁵ The Second Circuit reasoned that where the senior user has tolerated for decades the junior user’s competition in the same market with a similar name, the justification for preserving the senior user’s use of its name in a related field vanishes entirely.⁴⁷⁶

Although the Second Circuit disagreed with the district court’s finding that I.O.B. adopted Patsy Brand’s mark in bad faith, it upheld the finding that I.O.B. infringed Patsy’s Brand’s marks.⁴⁷⁷ While I.O.B.’s conduct at trial was illegal (such as submitting a fraudulent invoice for I.O.B.’s sauces), such misconduct did not indicate bad faith in adopting the mark but rather only in trying to protect it.⁴⁷⁸ Nevertheless, the Second Circuit found this behavior allowed Patsy’s Brand to recover attorney’s fees.⁴⁷⁹

The Second Circuit narrowed the scope of the permanent injunction, however. Because the establishments coexisted for decades, the Second Circuit allowed I.O.B. to continue to use its marks to identify its business, allowed them to use the ***412** marks on sauce jars as a minor component of the labeling and deleted the cancellation of I.O.B.’s registrations.⁴⁸⁰

2. Progressive Encroachment Not Relevant to Dilution Claim: AM General Corp. v. DaimlerChrysler Corp.⁴⁸¹

AM General and General Motors (collectively “AM General”) brought a declaratory judgment action against DaimlerChrysler alleging that the grille design of its HUMVEE and HUMMER H2 sport utility vehicles did not infringe or dilute the trade dress of DaimlerChrysler’s grille design for its JEEP brand of sport utility vehicles.⁴⁸² DaimlerChrysler counterclaimed for trademark infringement and dilution and moved for a preliminary injunction.⁴⁸³ The district court denied DaimlerChrysler’s motion and the Seventh Circuit affirmed.⁴⁸⁴

DaimlerChrysler alleged that it has owned trade dress rights in the design of its JEEP grilles since approximately 1945.⁴⁸⁵ AM General began manufacturing its HUMVEE vehicles in 1985 and its HUMMER H2 vehicle in 2000.⁴⁸⁶ The court found that the HUMVEE and HUMMER H2 grille designs are not any more similar to the JEEP grilles now than the HUMVEE grille design was in 1985.⁴⁸⁷

The Seventh Circuit held that DaimlerChrysler was not likely to succeed on its trademark infringement and dilution claims, nor had it demonstrated any chance of overcoming General Motors’ affirmative defense of laches.⁴⁸⁸ DaimlerChrysler argued that it was justified in not bringing suit for infringement or dilution until AM General announced its plans to bring the HUMMER H2 into the market in which DaimlerChrysler sells its JEEP vehicles.⁴⁸⁹ The Seventh Circuit disagreed and held that DaimlerChrysler’s progressive encroachment argument was not applicable to its claim for dilution.⁴⁹⁰ The FTDA explicitly provides that dilution can occur “regardless of the presence or absence of . . . competition” between the parties,⁴⁹¹ and thus DaimlerChrysler’s argument that dilution did not occur here ***413** until the parties were in competition would have required the court to “turn the original dilution doctrine on its head.”²³⁴⁹²

D. First Amendment: ETW Corp. v. Jireh Publishing, Inc.⁴⁹³

Although Tiger Woods rarely suffer defeats on the golf course, his record is not so good in the courtroom. In 1998, Rick Rush, the self-proclaimed “America’s sports artist,” created a painting commemorating Woods’ record-setting victory at the 1997 Masters Tournament.⁴⁹⁴ The painting features Woods in three different poses, with other famous golfers such as Arnold Palmer, Jack Nicklaus, and Bobby Jones in the background.⁴⁹⁵ The defendant (“Jireh”) sold limited edition prints of Rush’s painting, which bore Rush’s signature and the title, “The Masters of Augusta.”⁴⁹⁶ Woods’ licensing agent (“ETW”) sued for trademark infringement and dilution, violation of Woods’ right of publicity, and related claims.⁴⁹⁷ The district court granted summary judgment dismissing all of ETW’s claims,⁴⁹⁸ and the Sixth Circuit affirmed over one judge’s vigorous dissent.⁴⁹⁹

The majority first held that Jireh’s use of Woods’ name on the back of the envelope and in the narrative description accompanying the print was a fair use under 15 U.S.C. § 1115(b)(4).⁵⁰⁰ Such uses were “purely descriptive,” as Woods was “mentioned only to describe the content of the print.”⁵⁰¹

The court also rejected ETW’s claim that defendant’s use of Woods’ likenesses violated Section 43(a) of the Lanham Act.⁵⁰² The court found ETW’s claim for protection for “any and all images” of Woods “untenable,” rejecting the proposition that Woods himself is “a walking, talking trademark.”⁵⁰³ The court held that “as a general rule, a person’s image or likeness cannot function as a trademark.”⁵⁰⁴ The court explained that

*414 [i]mages and likenesses of Woods are not protectable as a trademark because they do not perform the trademark function of designation. They do not distinguish and identify the source of goods. They cannot function as a trademark because there are undoubtedly thousands of images and likenesses of Woods taken by countless photographers, and drawn, sketched, or painted by numerous artists, which have been published in many forms of media, and sold and distributed throughout the world. No reasonable person could believe that merely because these photographs or paintings contain Woods’s [sic] likeness or image, they all originated with Woods.⁵⁰⁵

Finally, the court held that the First Amendment barred ETW’s claims for false endorsement under the Lanham Act and right of publicity under Ohio law; it found that Rush’s prints are not commercial speech since they do not propose a commercial transaction, and are thus entitled to the full protection of the First Amendment.⁵⁰⁶ In such cases, “the likelihood of confusion test is not appropriate because it fails to adequately consider the interests protected by the First Amendment.”⁵⁰⁷ Rather, “the Lanham Act should be applied to artistic works only where the public interest in avoiding confusion outweighs the public interest in free expression.”⁵⁰⁸ Borrowing the Second Circuit’s test in *Rogers v. Grimaldi*,⁵⁰⁹ the court found that the balance in this case tipped in favor of the First Amendment because the presence of Woods’ image in Rush’s painting had artistic relevance to the underlying work and did not explicitly mislead as to its source.⁵¹⁰ Similarly, the court rejected ETW’s right of publicity claim because “Rush’s work has substantial informational and creative content which outweighs any adverse effect on ETW’s market.”⁵¹¹

E. Licensee Estoppel: Idaho Potato Commission v. M&M Produce Farm & Sales⁵¹²

Idaho Potato Commission (“IPC”) is an Idaho state agency created to promote Idaho russet potatoes and to prevent the substitution of non-Idaho potatoes as Idaho potatoes.⁵¹³ To further these goals, IPC has registered several certification marks (for example, IDAHO and GROWN IN IDAHO in various designs) to certify that *415 “goods so marked are grown in the State of Idaho.”⁵¹⁴ IPC uses an elaborate licensing system to ensure the quality and geographic authenticity of potatoes bearing the IPC marks and requires everyone in the chain of distribution to be licensed in order to use the marks on their packaging.⁵¹⁵

M&M Produce Farm & Sales (“M&M”) was a licensee of IPC from 1990 to 1995, but the license was then terminated by IPC.⁵¹⁶ After returning the license, however, M&M continued to repackage Idaho potatoes in bags bearing the IPC marks.⁵¹⁷ When IPC learned of this continued use, it sued M&M for trademark infringement and related claims, and M&M counterclaimed for (among other things) cancellation of IPC’s registrations.⁵¹⁸ M&M alleged that IPC abused its marks by discriminately refusing to certify potatoes grown in Idaho, imposing standards for certification beyond the geographic origin the marks are registered to certify, and using its certification marks for purposes other than to certify, all in violation of the Lanham Act.⁵¹⁹ The district court held that M&M was estopped from challenging IPC’s registrations because it acknowledged their validity and agreed not to challenge them in the prior licensing agreement.⁵²⁰

The Second Circuit reversed and remanded M&M’s counterclaims for consideration on the merits.⁵²¹ Analogizing to patent licensees (who are not estopped from challenging the validity of the patents they have licensed),⁵²² the court held that licensee

estoppel similarly should not apply to licensees of certification marks, unlike licensees of traditional trademarks who are estopped from challenging the validity of the licensed marks.⁵²³ Although the court acknowledged that trademarks and certification marks are “generally treated the same,” it concluded that the difference between the public interests in certification marks and trademarks compelled a different result in the context of licensee estoppel.⁵²⁴

Significantly, trademark owners are granted a monopoly over their marks and can choose to license the marks to others on whatever conditions they deem appropriate, so *416 long as confusion does not result. The same is not true of certification marks. Certification mark licensing programs are “a form of limited compulsory licensing,” and the certifier has a “duty . . . to certify the goods or services of any person who meets the standards and conditions which the mark certifies.”⁵²⁵

The court noted that the certification mark regime protects the public interest in free and open competition among producers and distributors, aiming to ensure the broadest competition, and therefore the best price and quality, within the market for certified products.⁵²⁶ The court found this interest “akin to the public interest in the ‘full and free use of ideas in the public domain’ embodied in the patent laws,”⁵²⁷ and that the estoppel provision in the license agreement here injured that public interest.⁵²⁸

VII. Insurance Coverage

A. Wins for the Insureds

1. Trademark Infringement Covered by “Infringement of Slogan”: Cincinnati Insurance Co. v. Zen Design Group, Ltd.⁵²⁹

Zen, a designer of handheld LED lighting devices, was sued by a competitor (“ASP”) who alleged that Zen’s marketing of a particular flashlight infringed ASP’s marks WEARABLE LIGHT and SAPPHIRE and its trade dress in the flashlight design.⁵³⁰ Zen tendered the defense of the action to its insurer Cincinnati Insurance Co. (“Cincinnati”), who then sued Zen for declaratory judgment that it had no duty to defend or indemnify Zen in ASP’s lawsuit.⁵³¹ The Sixth Circuit affirmed the district court’s summary judgment decision that Cincinnati had a duty to defend the case based on the insurance policy’s coverage of “infringement of . . . slogan.”⁵³² Citing a dictionary definition of the term “slogan” as a “catchword or catch phrase” (the insurance policy did not define the term), the court reasoned that “The Wearable Light” could easily be construed as a slogan and that ASP’s assertions of ownership of that phrase and infringement by Zen “are arguably allegations of slogan infringement.”⁵³³ Thus, Cincinnati had a duty to defend the claim.⁵³⁴

*417 2. Trademark Infringement Covered by “Misappropriation of Advertising Ideas”

i) CAT Internet Services, Inc. v. Providence Washington Insurance Co.⁵³⁵

The insured also prevailed in CAT Internet Services, Inc. v. Providence Washington Insurance Co. Magazines.com, Inc. sued CAT for trademark infringement and related claims, alleging that CAT’s use of the domain name MAGAZINE.COM in connection with hardcore pornography web sites infringed the mark and trade name MAGAZINES.COM.⁵³⁶ CAT provided notice of the suit to its insurer Providence Washington, who declined to undertake its defense.⁵³⁷ CAT then filed this action.

The Third Circuit affirmed summary judgment in favor of CAT, holding that Providence had a duty to defend the trademark action.⁵³⁸ Applying Pennsylvania law, the court held “that when a complaint alleges that an insured misappropriates and uses trademarks or ideas in connection with marketing and sales and for the purpose of gaining customers, the conduct constitutes ‘misappropriation of an advertising idea’” under the insurance policy.⁵³⁹ The court reasoned that a trademark “is an advertising idea that may be created and ‘owned,’ and thus wrongfully taken or ‘stolen.’”⁵⁴⁰

ii) State Auto Property and Casualty Insurance Co. v. Travelers Indemnification Co. of America⁵⁴¹

In 1999, Nissan Motor Co. (“Nissan”) sued Nissan Computer Corporation (“NCC”) for trademark infringement relating to NCC’s websites located at www.nissan.com and www.nissan.net.⁵⁴² NCC registered these domain names in 1994 and 1996, respectively.⁵⁴³ State Auto (who insured NCC from *418 1993-96) agreed to defend NCC in the suit by Nissan, but Travelers (who insured NCC from 1996-99) refused.⁵⁴⁴ State Auto then sued Travelers for a declaratory judgment that Travelers was obliged to participate in NCC’s defense.⁵⁴⁵

Vacating the district court's summary judgment in favor of Travelers, the Fourth Circuit held that Nissan's complaint alleged an "advertising injury" within the meaning of the Travelers insurance policy.⁵⁴⁶ Focusing on the policy's definition of "advertising injury" as including "misappropriation of advertising ideas," the court held that the term "misappropriation" refers to wrongful acquisition of property generally, rather than to the common law definition of misappropriation only.⁵⁴⁷ Further, the court held that a trademark is an "advertising idea" because it "plays an important role in advertising a company's products."⁵⁴⁸ Finally, the court held that the injury occurred "in the course of advertising [NCC's] goods, products or services" as required under the policy because NCC used the NISSAN trademark in its logo on its website, where NCC was soliciting business for itself as well as others.⁵⁴⁹ The court noted that even if Nissan had only challenged NCC's registration of the domain names, it would still find coverage because "[t]he use of a domain name to lead consumers to advertisements on NCC's website is clearly an act that occurs 'in the course of' advertising."⁵⁵⁰

B. Wins for the Insurers

1. Trademark Infringement Excluded: Superformance International, Inc. v. Hartford Casualty Insurance Co.⁵⁵¹

The insured in this case did not fare as well. Superformance manufactures replicas of classic cars, including Ford's Cobra racing car.⁵⁵² Ford (and its exclusive licensee) sued Superformance for trademark infringement and dilution, trade dress infringement, and unfair competition, whereupon Superformance *419 tendered defense of the case to its insurer Hartford.⁵⁵³ Hartford denied coverage, and Superformance sued.⁵⁵⁴

The Fourth Circuit affirmed summary judgment that none of Ford's claims were covered by the insurance policy.⁵⁵⁵ The policy specifically excluded coverage "[a]rising out of the infringement of trademark, trade name, service mark or other designation of origin or authenticity."⁵⁵⁶ The court rejected Superformance's argument that this provision does not exclude claims for trademark dilution and trade dress infringement (as distinguished from trademark infringement), stating that "complaints falling within the scope of the Lanham Act are precisely the type excluded from coverage by the terms of the Hartford policy."⁵⁵⁷ Because all of Ford's claims against Superformance "are varieties of trademark claims protected by the Lanham Act and State analogues," the court held that the exclusion applied.⁵⁵⁸

2. Breach of Contract Excluded: Sport Supply Group, Inc. v. Columbia Casualty Co.⁵⁵⁹

Sport Supply entered into a license agreement with sporting goods company MacMark to use the mark "Macgregor" on certain products.⁵⁶⁰ MacMark threatened to terminate the license when Sport Supply attempted to sell products bearing the Macgregor mark on the Internet.⁵⁶¹ Sport Supply then sued MacMark for a declaratory judgment that it was not breaching the agreement, and MacMark counterclaimed for breach of contract and trademark infringement.⁵⁶² Sport Supply requested that its insurer, Columbia, reimburse part of the cost for defending MacMark's counterclaims, but Columbia denied coverage. Sport Supply then brought this action.⁵⁶³

*420 The Fifth Circuit affirmed summary judgment in Columbia's favor.⁵⁶⁴ The policy specifically excluded coverage for advertising injury "arising out of . . . breach of contract" (other than misappropriation of advertising ideas).⁵⁶⁵ Because MacMark's counterclaim alleged that Sport Supply breached the license agreement and MacMark's alleged injury bore at least an incidental relationship with the alleged breach, the court held that the exclusion for injuries "arising out of breach of contact" applied.⁵⁶⁶

The court also rejected Sport Supply's claim that trademark infringement constitutes "misappropriation of advertising ideas" under the policy.⁵⁶⁷ Although the court acknowledged "that, from a theoretical standpoint, any trademark could serve as 'advertising,'" ⁵⁶⁸ it held that "the term 'advertising' in an insurance policy is used in a conventional sense" ⁵⁶⁹ Because the Macgregor mark "would not, by itself, appear to serve as a 'marketing device designed to induce the public to patronize' establishments with Macgregor products," the mark "would not, standing alone, appear to be 'advertising.'" ⁵⁷⁰

Conclusion

Once again, it was an eventful year in the trademark arena, highlighted by the Supreme Court's decision in the Dastar case. The lower courts continue to struggle with the concept of dilution, and the Internet continues to generate a seemingly endless

array of new and challenging trademark-related issues. Other interesting issues addressed by the courts over the past year included the tension between the First Amendment and trademark claims, new standards for “geographically deceptively misdescriptive marks,” functionality, fair use, licensee estoppel, and many others.

Footnotes

^{a1} Partner, Fulbright & Jaworski L.L.P., Austin, Texas. The author wishes to thank Michael A. Collyard, Patrick J. Gallagher, Alicia Morris Groos, Martin G. Hernandez, Christopher S. Harrison, Susan J. Hightower, Timothy M. Kenny, Stephen P. Meleen, and Elizabeth B. Stinson for their assistance with this article.

¹ Trademark Act of 1946 (Lanham Act), as amended, 15 U.S.C. §§ 1051 et seq. (2004).

² Wal-Mart Stores, Inc. v. Samura Bros., Inc., 529 U.S. 205, 216, 54 U.S.P.Q.2d (BNA) 1065, 1070 (2000).

³ TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 35, 58 U.S.P.Q.2d (BNA) 1001, 1007 (2001).

⁴ Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 434, 65 U.S.P.Q.2d (BNA) 1801, 1808 (2003).

⁵ 539 U.S. 23, 66 U.S.P.Q.2d (BNA) 1641 (2003).

⁶ Id. at 32, 66 U.S.P.Q.2d at 1648.

⁷ Id. at 24-25, 66 U.S.P.Q.2d at 1642.

⁸ Id. at 25, 66 U.S.P.Q.2d at 1642.

⁹ Id.

¹⁰ Id.

¹¹ Dastar, 539 U.S. at 25, 66 U.S.P.Q.2d at 1642.

¹² Id. at 26, 66 U.S.P.Q.2d at 1643.

¹³ Id. at 26, 66 U.S.P.Q.2d at 1643. The case also included a claim for infringement of the copyright on Eisenhower’s book, but that claim did not reach the Supreme Court. Id. at 26 n.2, 66 U.S.P.Q.2d at 1643 n.2.

¹⁴ Id. at 26, 66 U.S.P.Q.2d at 1643.

¹⁵ Twentieth Century Fox Film Corp. v. Entm’t Distrib., 34 Fed. Appx. 312, 314 (9th Cir. 2002).

¹⁶ Id.

17 Dastar, 539 U.S. at 32-33, 66 U.S.P.Q.2d at 1648.

18 Id. at 32, 66 U.S.P.Q.2d at 1648. The Court defined “reverse passing off,” as its name implies, as the opposite of “passing off”: passing off “occurs when a producer misrepresents his own goods or services as someone else’s,” while reverse passing off occurs when “[t]he producer misrepresents someone else’s goods or services as his own.” Id. at 26 n.1.

19 Id. at 28-29, 66 U.S.P.Q.2d at 1645.

20 Id. at 32, 66 U.S.P.Q.2d at 1648.

21 Id. at 29, 66 U.S.P.Q.2d at 1646 (quoting *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230, 140 U.S.P.Q. (BNA) 524, 527 (1964)).

22 Dastar, 539 U.S. at 30, 66 U.S.P.Q.2d at 1646 (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165, 9 U.S.P.Q.2d (BNA) 1847, 1858 (1989)).

23 Id.

24 Id.

25 Id., 66 U.S.P.Q.2d at 1647.

26 Id.

27 Id. at 32, 66 U.S.P.Q.2d at 1647 (citations omitted).

28 15 U.S.C. § 1125(a)(1)(A) (2003).

29 15 U.S.C. § 1125(a)(1)(B).

30 Dastar, 539 U.S. at 30, 66 U.S.P.Q.2d at 1646.

31 Id. at 31, 66 U.S.P.Q.2d at 1647.

32 69 U.S.P.Q.2d 1718 (Trademark Trial & App. Bd. 2003) (Opposition to No. 91121204 to application Serial No. 75/546,22 filed on Sept. 1, 1999).

33 *Moseley v. V Secret Catalogue*, 537 U.S. 418, 65 U.S.P.Q.2d (BNA) 1801 (2003).

34 See *NASDAQ*, 69 U.S.P.Q.2d at 1734..

35 Id. at 1720.

36 Id.

37 Id.

38 Id. at 1737.

39 Id. at 1734.

40 NASDAQ, 69 U.S.P.Q.2d at 1734 (citing 15 U.S.C. §§ 1125(c)(1), 1052(f) (2003)).

41 Id. at 1735 (citation omitted).

42 Id. at 1736.

43 Id.

44 Id. at 1736.

45 Id.

46 NASDAQ, 69 U.S.P.Q.2d at 1737.

47 Id.

48 Id.

49 337 F.3d 616, 67 U.S.P.Q.2d (BNA) 1481 (6th Cir. 2003).

50 Id. at 622, 67 U.S.P.Q.2d at 1483.

51 Id. at 621, 67 U.S.P.Q.2d at 1483.

52 Id., 67 U.S.P.Q.2d at 1483.

53 Id. at 622, 67 U.S.P.Q.2d at 1483.

54 Id.

55 Id.

56 Kellogg, 337 F.3d at 622, 67 U.S.P.Q.2d at 1483-84.

57 Id. at 629, 67 U.S.P.Q.2d at 1489.

58 Id. at 624, 67 U.S.P.Q.2d at 1485.

59 Id. at 625, 67 U.S.P.Q.2d at 1486.

60 Id., 67 U.S.P.Q.2d at 1486.

61 Id. at 625, 67 U.S.P.Q.2d at 1485.

62 Kellogg, 337 F.3d at 626, 67 U.S.P.Q.2d at 1486.

63 Id.

64 Id. at 626, 67 U.S.P.Q.2d at 1487.

65 Id. at 628, 67 U.S.P.Q.2d at 1488.

66 Id.

67 Id. at 628-29, 67 U.S.P.Q.2d at 1488.

68 330 F.3d 1333, 66 U.S.P.Q.2d (BNA) 1811 (Fed. Cir. 2003).

69 Id. at 1336, 66 U.S.P.Q.2d at 1813.

70 Id.

71 Id., 66 U.S.P.Q.2d at 1814.

72 Id.

73 Id. at 1341, 66 U.S.P.Q.2d at 1814 (citing Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., 238 F.3d 378, 381, 57 U.S.P.Q.2d 1561, 1564 (5th Cir. 2001)).

74 Enterprise, 330 F.3d at 1341, 66 U.S.P.Q.2d at 1817.

75 Id.

76 Id. at 1341, 66 U.S.P.Q.2d at 1818.

77 Id. at 1342, 66 U.S.P.Q.2d at 1818.

78 Id. at 1343, 66 U.S.P.Q.2d at 1819.

79 Id. at 1344, 66 U.S.P.Q.2d at 1819.

80 Enterprise, 330 F.3d at 1344, 66 U.S.P.Q.2d at 1819.

81 325 F.3d 586, 66 U.S.P.Q.2d (BNA) 1161 (5th Cir. 2003).

82 Id. at 589, 66 U.S.P.Q.2d at 1161.

83 Id.

84 Id.

85 Id.

86 Id. at 590, 66 U.S.P.Q.2d at 1162.

87 ICEE, 325 F.3d at 590, 66 U.S.P.Q.2d at 1162.

88 Id.

89 Id.

90 Id.

91 Id., 66 U.S.P.Q.2d at 1163.

92 Id. at 593, 66 U.S.P.Q.2d at 1164-65.

93 ICEE, 325 F.3d at 596, 66 U.S.P.Q.2d at 1168.

94 Id. at 595, 66 U.S.P.Q.2d at 1167.

95 Id. at 598, 66 U.S.P.Q.2d at 1169.

96 Id. at 599, 66 U.S.P.Q.2d at 1169.

97 310 F.3d 293, 64 U.S.P.Q.2d (BNA) 1879 (2d Cir. 2002).

98 Id. at 294-95, 64 U.S.P.Q.2d at 1880.

99 Id. at 295, 64 U.S.P.Q.2d at 1881.

100 Id. at 297, 64 U.S.P.Q.2d at 1882-83.

101 Id. at 296, 64 U.S.P.Q.2d at 1882.

102 Id.

103 Mattel, 310 F.3d at 296, 64 U.S.P.Q.2d at 1882.

104 Id. at 299, 64 U.S.P.Q.2d at 1884.

105 Id.

106 Id.

107 Id.

108 Id. at 300, 64 U.S.P.Q.2d at 1884.

109 Mattel, 310 F.3d at 306, 64 U.S.P.Q.2d at 1889.

110 334 F.3d 390, 67 U.S.P.Q.2d (BNA) 1243 (4th Cir. 2003).

111 Id. at 393, 67 U.S.P.Q.2d at 1244.

112 Id. at 393-94, 67 U.S.P.Q.2d at 1244.

113 Id. at 394, 67 U.S.P.Q.2d at 1244.

114 Id. at 394, 67 U.S.P.Q.2d at 1244-45.

115 Id. at 395, 67 U.S.P.Q.2d at 1245.

116 Carefirst, 334 F.3d at 395, 67 U.S.P.Q.2d at 1245.

117 Id. at 401, 67 U.S.P.Q.2d at 1249.

118 Id. at 400, 67 U.S.P.Q.2d at 1249 (citations omitted).

119 Id. at 401, 67 U.S.P.Q.2d at 1250.

120 Id.

121 Id.

122 Carefirst, 334 F.3d at 402, 67 U.S.P.Q.2d at 1250.

123 Id. at 402, 67 U.S.P.Q.2d at 1250-51.

124 Id., 67 U.S.P.Q.2d at 1251.

125 318 F.3d 446, 65 U.S.P.Q.2d (BNA) 1628 (3d Cir. 2003).

126 Id. at 448, 65 U.S.P.Q.2d at 1629.

127 Id. at 449, 65 U.S.P.Q.2d at 1630.

128 Id. at 451, 65 U.S.P.Q.2d at 1631.

129 Id.

130 Id. at 458, 65 U.S.P.Q.2d at 1637.

131 Toys, 318 F.3d at 453, 65 U.S.P.Q.2d at 1632.

132 Id. at 453, 65 U.S.P.Q.2d at 1633.

133 Id. at 454, 65 U.S.P.Q.2d at 1634.

134 Id. at 457, 65 U.S.P.Q.2d at 1636.

135 Id. at 458, 65 U.S.P.Q.2d at 1636-37.

136 341 F.3d 1072 (9th Cir. 2003).

137 Id. at 1074.

138 Id.

139 Id.

140 Id. at 1074.

141 Id. at 1075.

142 Gator.com, 341 F.3d at 1075.

143 Id. at 1075.

144 Id.

145 Id.

146 Id.

147 Id. at 1078.

148 Id. at 1080.

149 321 F.3d 365, 65 U.S.P.Q.2d (BNA) 1842 (3d Cir. 2003).

150 Id. at 368, 65 U.S.P.Q.2d at 1844.

151 Id., 65 U.S.P.Q.2d at 1844.

152 Id.

153 Id.

154 Id. at 368-69, 65 U.S.P.Q.2d at 1844-45.

155 Dluhos, 321 F.3d at 369, 65 U.S.P.Q.2d at 1843.

156 Id. at 372, 65 U.S.P.Q.2d at 1846.

157 Id. at 373, 65 U.S.P.Q.2d at 1846.

158 Id. at 372, 65 U.S.P.Q.2d at 1847.

159 Id. at 370, 65 U.S.P.Q.2d at 1845-46.

160 Id. at 372, 65 U.S.P.Q.2d at 1847.

161 Dluhos, 321 F.3d at 372, 65 U.S.P.Q.2d at 1846.

162 Id. at at 372, 65 U.S.P.Q.2d at 1847-48.

163 Id. at 373-74, 65 U.S.P.Q.2d at 1848.

164 330 F.3d 617, 67 U.S.P.Q.2d (BNA) 1025 (4th Cir. 2003).

165 Id. at 620, 67 U.S.P.Q.2d at 1026.

166 Id.

167 Id.

168 Id.

169 Id.

170 Barcelona.com, 330 F.3d at 619, 67 U.S.P.Q.2d at 1026-27.

171 15 U.S.C. § 1114(2)(D)(v) (2003).

172 Barcelona.com, 330 F.3d at 621, 67 U.S.P.Q.2d at 1027.

173 Id. at 622, 67 U.S.P.Q.2d at 1027.

174 Id. at 623, 67 U.S.P.Q.2d at 1028-29.

175 Id. at 623, 67 U.S.P.Q.2d at 1029.

176 Id. at 627, 67 U.S.P.Q.2d at 1032.

177 Id. at 628-29, 67 U.S.P.Q.2d at 1033.

178 *Barcelona.com*, 330 F.3d at 629, 67 U.S.P.Q.2d at 1033 (citing 15 U.S.C. § 1052(e)(2) (2003)).

179 337 F.3d 377, 67 U.S.P.Q.2d (BNA) 1276 (4th Cir. 2003).

180 Id. at 378, 67 U.S.P.Q.2d at 1278.

181 Id.

182 Id.

183 Id. at 379-80, 67 U.S.P.Q.2d at 1278.

184 Id. at 380, 67 U.S.P.Q.2d at 1278-79.

185 *Hawes*, 337 F.3d at 383, 67 U.S.P.Q.2d at 1281.

186 Id.

187 Id. at 384, 67 U.S.P.Q.2d at 1281 (citing 15 U.S.C. § 1114(2)(D)(i) (2003)).

188 Id., 67 U.S.P.Q.2d at 1282.

189 Id.

190 Id. at 386, 67 U.S.P.Q.2d at 1282-83.

191 *Hawes*, 337 F.3d at 386, 67 U.S.P.Q.2d at 1282-83.

192 Id. at 386, 67 U.S.P.Q.2d at 1283.

193 Id. at 386, 67 U.S.P.Q.2d at 1283-84 (citations omitted).

194 319 F.3d 770, 65 U.S.P.Q.2d (BNA) 1834 (6th Cir. 2003).

195 Id. at 772, 65 U.S.P.Q.2d at 1835.

196 Id.

197 Id., 65 U.S.P.Q.2d at 1836.

198 Id.

199 Id.

200 Taubman, 319 F.3d at 772, 65 U.S.P.Q.2d at 1836..

201 Id.

202 Id. at 773, 65 U.S.P.Q.2d at 1837.

203 Id. at 780, 65 U.S.P.Q.2d at 1842.

204 Id. at 778, 65 U.S.P.Q.2d at 1839.

205 Id. at 775, 65 U.S.P.Q.2d at 1838.

205 Taubman, 319 F.3d at 775, 65 U.S.P.Q.2d at 1839.

205 Id.

205 Id.; see also 15 U.S.C. § 1114 (2003).

206 Taubman, 319 F.3d at 776, 65 U.S.P.Q.2d at 1838.

207 Id., 65 U.S.P.Q.2d at 1839.

208 Id.

209 Id.; see also 15 U.S.C. § 1114(1) (2003).

210 Taubman, 319 F.3d at 776, 65 U.S.P.Q.2d at 1838-39.

211 Id. at 778, 65 U.S.P.Q.2d at 1840.

212 Id. at 777-78, 65 U.S.P.Q.2d at 1840.

213 Id. at 778, 65 U.S.P.Q.2d at 1840.

214 Id. at 779, 65 U.S.P.Q.2d at 1841.

215 Id. (citing *Broderick & Bascom Rope Co. v. Manoff*, 41 F.2d 353, 6 U.S.P.Q. (BNA) 8 (6th Cir. 1930)).

216 *Taubman*, 319 F.3d at 779, 65 U.S.P.Q.2d at 1841.

217 337 F.3d 1036, 67 U.S.P.Q.2d (BNA) 1532 (9th Cir. 2003)

218 Id. at 1039, 67 U.S.P.Q.2d at 1534.

219 Id.

220 Id. at 1039-40, 67 U.S.P.Q.2d at 1534.

221 Id. at 1042, 67 U.S.P.Q.2d at 1536.

222 Id. at 1041, 67 U.S.P.Q.2d at 1535.

223 *Horphag*, 337 F.3d at 1042, 67 U.S.P.Q.2d at 1536.

224 319 F.3d 243, 65 U.S.P.Q.2d (BNA) 1761 (6th Cir. 2003).

225 Id. at 247, 65 U.S.P.Q.2d at 1762.

226 Id.

227 Id.

228 Id. at 247-48, 65 U.S.P.Q.2d at 1763.

229 Id. at 248, 65 U.S.P.Q.2d at 1762-63.

230 *PACCAR*, 319 F.3d at 248-49, 65 U.S.P.Q.2d at 1763.

231 Id. at 258, 65 U.S.P.Q.2d at 1771.

232 Id. at 254-55, 65 U.S.P.Q.2d at 1768 (citing *GoTo.com v. Walt Disney Corp.*, 202 F.3d 1199, 1205, 53 U.S.P.Q.2d (BNA) 1652, 1656 (9th Cir. 2000)).

233 Id. at 256, 65 U.S.P.Q.2d at 1769.

234 Id.

235 Id. at 256 n.8, 65 U.S.P.Q.2d at 1769 n.8.

236 *PACCAR*, 319 F.3d at 256-57, 65 U.S.P.Q.2d at 1769.

237 Id. at 256, 65 U.S.P.Q.2d at 1769.

238 Id.

239 Id.

240 Id. at 257, 65 U.S.P.Q.2d at 1770.

241 Id.

242 *PACCAR*, 319 F.3d at 258, 65 U.S.P.Q.2d at 1770-71.

243 Id., 65 U.S.P.Q.2d at 1771.

244 326 F.3d 687, 66 U.S.P.Q.2d (BNA) 1321 (6th Cir. 2003).

245 Id. at 690, 66 U.S.P.Q.2d at 1322.

246 Id.

247 Id. at 692, 66 U.S.P.Q.2d at 1323.

248 Id.

249 Id.

250 *Interactive*, 326 F.3d at 692, 66 U.S.P.Q.2d at 1324.

251 Id. at 693, 66 U.S.P.Q.2d at 1323-24.

252 Id., 66 U.S.P.Q.2d at 1325.

253 Id. at 695, 66 U.S.P.Q.2d at 1325.

254 Id. at 696, 66 U.S.P.Q.2d at 1327.

255 Id. at 697, 66 U.S.P.Q.2d at 1327.

256 Interactive, 326 F.3d at 695, 66 U.S.P.Q.2d at 1326.

257 Id. at 689 n.7, 66 U.S.P.Q.2d at 1328 n.7.

258 Id.

259 Id.

260 Id.

261 Id.

262 342 F.3d 543, 68 U.S.P.Q.2d (BNA) 1050 (6th Cir. 2003).

263 Id. at 545, 68 U.S.P.Q.2d at 1051.

264 Id.

265 Id., 68 U.S.P.Q.2d at 1051-52.

266 Id. at 546, 68 U.S.P.Q.2d at 1052.

267 Id. at 551, 68 U.S.P.Q.2d at 1056.

268 Id. at 548, 68 U.S.P.Q.2d at 1052.

269 Ford, 342 F.3d at 548, 68 U.S.P.Q.2d at 1052 (citing ACPA § 3010 (codified at 15 U.S.C. § 1117)).

270 Id. at 547-48, 68 U.S.P.Q.2d at 1054.

271 Id. at 549, 68 U.S.P.Q.2d at 1054.

272 Id.

273 Id.

274 Id.

275 Ford, 342 F.3d at 550-51, 68 U.S.P.Q.2d at 1055-56.

276 Id.

277 Id.

278 Id.

279 Id.

280 Id.

281 329 F.3d 1334, 66 U.S.P.Q.2d (BNA) 1853 (Fed. Cir. 2003).

282 15 U.S.C. §§ 1052(e)-(f), 1091(a) (prior to 1993 amendment).

283 15 U.S.C. § 1052(a) (prior to 1993 amendment).

284 Cal. Innovations, 329 F.3d at 1338, 66 U.S.P.Q.2d at 1857 (citing *In re Loew's Theatres, Inc.*, 769 F.2d 764, 768, 226 U.S.P.Q. (BNA) (Fed. Cir. 1985)).

285 Id. at 1337, 66 U.S.P.Q.2d at 1854 (citing *In re Budge Mfg. Co.*, 857 F.2d 773, 775, 8 U.S.P.Q.2d (BNA) 1259, 1260 (Fed. Cir. 1988)).

286 North American Free Trade Agreement, Dec. 17, 1992, U.S.-Can.-Mex., 32 I.L.M. 605 (1993).

287 See 15 U.S.C. §§ 1052(e)(3), (f) & 1091(a) (2003).

288 Cal. Innovations, 329 F.3d at 1336, 66 U.S.P.Q.2d at 1853.

289 See *id.*, 66 U.S.P.Q.2d at 1853-54.

290 Id. at 1343, 66 U.S.P.Q.2d at 1859.

291 Id. at 1338-39, 66 U.S.P.Q.2d at 1856; see also id. at 1340, 66 U.S.P.Q.2d at 1856-57 (“Because both of these categories are subject to permanent denial of registration, the PTO may not simply rely on lack of distinctiveness to deny registration, but must make the more difficult showing of public deception.”).

292 Id. at 1340, 66 U.S.P.Q.2d at 1857.

293 Id.

294 Cal. Innovations, at 1341, 66 U.S.P.Q.2d at 1858.

295 Id., 66 U.S.P.Q.2d at 1859.

296 334 F.3d 1371, 67 U.S.P.Q.2d (BNA) 1539 (Fed. Cir. 2003).

297 Id. at 1372, 67 U.S.P.Q.2d at 1540.

298 Id.

299 See id. at 1375, 67 U.S.P.Q.2d at 1542.

300 Id. at 1374, 67 U.S.P.Q.2d at 1542.

301 Id. at 1373, 67 U.S.P.Q.2d at 1541.

302 Les Halles, 334 F.3d at 1374, 67 U.S.P.Q.2d at 1541.

303 Id., 67 U.S.P.Q.2d at 1541-42.

304 Id., 67 U.S.P.Q.2d at 1542.

305 Id. at 1375, 67 U.S.P.Q.2d at 1542.

306 Id. at 1374-75, 67 U.S.P.Q.2d at 1542.

307 Id. at 1375, 67 U.S.P.Q.2d at 1542.

308 338 F.3d 1348, 67 U.S.P.Q.2d (BNA) 1629 (Fed. Cir. 2003).

309 Id. at 1349, 67 U.S.P.Q.2d at 1630.

310 Id.

311 Id. (quoting the Trademark Trial and Appeal Board).

312 Id. at 1353, 67 U.S.P.Q.2d at 1633.

313 Id. at 1350, 67 U.S.P.Q.2d at 1631-32.

314 Pacer, 338 F.3d at 1352, 67 U.S.P.Q.2d at 1632.

315 Id. at 1352-53, 67 U.S.P.Q.2d at 1632-33.

316 340 F.3d 1328, 67 U.S.P.Q.2d (BNA) 1778 (Fed. Cir. 2003).

317 Id. at 1331, 67 U.S.P.Q.2d at 1779. In addition to these two applications, MBNA filed at least 75 other similar applications for marks consisting of a state or city name followed by “SERIES” or “CARD.” Id.

318 Id.

319 Id. at 1333, 67 U.S.P.Q.2d at 1781.

320 Id. at 1336, 67 U.S.P.Q.2d at 1783.

321 Id. at 1333, 67 U.S.P.Q.2d at 1781.

322 MBNA, 340 F.3d at 1333, 67 U.S.P.Q.2d at 1781.

323 See id. at 1334, 67 U.S.P.Q.2d at 1781.

324 Id.

325 315 F.3d 1311, 65 U.S.P.Q.2d (BNA) 1201 (Fed. Cir. 2003).

326 In re E.I. Du Pont De Nemours & Co., 476 F.2d 1357, 177 U.S.P.Q. (BNA) 563 (C.C.P.A. 1973).

327 Majestic Distilling, 315 F.3d at 1315, 65 U.S.P.Q.2d at 1204.

328 Id.

329 Id.

330 Id.

331 Id. at 1317, 65 U.S.P.Q.2d at 1205.

332 Id. (citations omitted).

333 Majestic Distilling, 315 F.3d at 1318, 65 U.S.P.Q.2d at 1206.

334 Id. at 1319, 65 U.S.P.Q.2d at 1206-07.

335 Id. at 1319, 65 U.S.P.Q.2d at 1207.

336 343 F.3d 1340, 68 U.S.P.Q.2d (BNA) 1059 (Fed. Cir. 2003).

337 Id. at 1347, 68 U.S.P.Q.2d at 1064.

338 Id. at 1343-45, 68 U.S.P.Q.2d at 1062-63.

339 Id. at 1345, 68 U.S.P.Q.2d at 1063 (quoting *Jacobs v. Int'l Multifoods Corp.*, 668 F.2d 1234, 1236, 212 U.S.P.Q. (BNA) 641, 642 (C.C.P.A. 1982)).

340 Id. at 1346, 68 U.S.P.Q.2d at 1063-64.

341 Coors, 343 F.3d at 1346, 68 U.S.P.Q.2d at 1063.

342 Id.

343 Id.

344 Id. at 1347, 68 U.S.P.Q.2d at 1064.

345 334 F.3d 1336, 67 U.S.P.Q.2d (BNA) 1475 (Fed. Cir. 2003).

346 Id. at 1338, 67 U.S.P.Q.2d at 1476.

347 Id.

348 Id. at 1340-41, 67 U.S.P.Q.2d at 1477-78.

349 Id. at 1341, 67 U.S.P.Q.2d at 1478.

350 Id. at 1343, 67 U.S.P.Q.2d at 1480.

351 Boulevard Entm't, 334 F.3d at 1343, 67 U.S.P.Q.2d at 1480.

352 315 F.3d 932, 65 U.S.P.Q.2d (BNA) 1359 (8th Cir. 2003).

353 Id. at 934, 65 U.S.P.Q.2d at 1360.

354 Id.

355 Id. at 934-35, 65 U.S.P.Q.2d at 1361.

356 Id. at 935, 65 U.S.P.Q.2d at 1361.

357 Id.

358 DaimlerChrysler, 315 F.3d at 315, 65 U.S.P.Q.2d at 1361.

359 Id.

360 Id. at 935-36, 65 U.S.P.Q.2d at 1362.

361 Id. at 936, 65 U.S.P.Q.2d at 1362-63.

362 Id. at 938, 65 U.S.P.Q.2d at 1363-64.

363 15 U.S.C. § 1114(1)(a) (2000).

364 15 U.S.C. § 1125(a)(1)(A) (2000).

365 329 F.3d 359, 66 U.S.P.Q.2d (BNA) 1705 (4th Cir. 2003).

366 Id. at 370, 66 U.S.P.Q.2d at 1713.

367 Id. at 361, 66 U.S.P.Q.2d at 1706.

368 Id.

369 Id., 66 U.S.P.Q.2d at 1706-07.

370 Id., 66 U.S.P.Q.2d at 1707.

371 Int'l Bancorp, 329 F.3d at 361, 66 U.S.P.Q.2d at 1707.

372 Id. at 361-62, 66 U.S.P.Q.2d at 1707.

373 Id.

374 Id., 66 U.S.P.Q.2d at 1710.

375 Id., 66 U.S.P.Q.2d at 1713-14.

376 Id., 66 U.S.P.Q.2d at 1714.

377 Id. at 382, 66 U.S.P.Q.2d at 1722.

378 TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23, 58 U.S.P.Q.2d (BNA) 1001 (2001).

379 347 F.3d 150, 68 U.S.P.Q.2d (BNA) 1673 (6th Cir. 2003).

380 TrafFix, 532 U.S. at 32, 58 U.S.P.Q.2d at 1003 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850, n. 10, 214 U.S.P.Q. 1, 4 n.10 (1982)) (“‘[A] product feature is functional,’ and cannot serve as a trademark, ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.’”).

381 Antioch, 347 F.3d at 161, 68 U.S.P.Q.2d at 1681.

382 Id. at 152, 68 U.S.P.Q.2d at 1674-75.

383 Id., 68 U.S.P.Q.2d at 1675.

384 Id. at 160-61, 68 U.S.P.Q.2d at 1680-81.

385 Id. at 156-57, 68 U.S.P.Q.2d at 1678.

386 Id. at 155, 68 U.S.P.Q.2d at 1677 (quoting *TrafFix*, 532 U.S. at 32, 58 U.S.P.Q.2d at 1003).

387 Antioch, 347 F.3d at 156, 68 U.S.P.Q.2d at 1677.

388 Id., 68 U.S.P.Q.2d at 1677-78.

389 Id. at 157, 68 U.S.P.Q.2d at 1678.

390 Id. at 157-58, 68 U.S.P.Q.2d at 1678-79.

391 Id. at 158, 68 U.S.P.Q.2d at 1679.

392 Id. at 159, 68 U.S.P.Q.2d at 1680.

393 Antioch, 347 F.3d 159, 68 U.S.P.Q.2d at 1680.

394 Id.

395 Id. at 160, 68 U.S.P.Q.2d at 1680-81.

396 349 F.3d 601, 68 U.S.P.Q.2d (BNA) 1764 (9th Cir. 2003).

397 Id. at 602, 68 U.S.P.Q.2d at 1764-65.

398 Id., 68 U.S.P.Q.2d at 1764-65.

399 Id. at 603, 68 U.S.P.Q.2d at 1765.

400 Id. Similarly, the court indicated that Talking Rain's design patent for its bottle design at most created another presumption of nonfunctionality which was overcome by the same evidence rebutting its trademark registration. Id. at 605 n.3, 68 U.S.P.Q.2d at 1767 n.3.

401 Id. at 603-04, 68 U.S.P.Q.2d at 1766.

402 Talking Rain, 349 F.3d at 604, 68 U.S.P.Q.2d at 1766.

403 Id.

404 158 F.3d 1002, 1006, 48 U.S.P.Q.2d (BNA) 1132, 1135 (9th Cir. 1998).

405 Talking Rain, 349 F.3d at 603, 68 U.S.P.Q.2d at 1765 (citing Traffix, 532 U.S. at 33, 58 U.S.P.Q.2d at 1007). Remarkably, this is the first time since the Traffix decision that the Ninth Circuit has even acknowledged that such a tension exists. In both Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1261, 58 U.S.P.Q.2d (BNA) 1881, 1886 (9th Cir. 2001) and Tie Tech, Inc. v. Kinedyne Corp., 296 F.3d 778, 785-87, 63 U.S.P.Q.2d (BNA) 1587, 1591-92 (9th Cir. 2002), the Ninth Circuit focused heavily on the availability of alternative designs in analyzing functionality, without addressing the arguably inconsistent language in Traffix.

406 Talking Rain, 349 F.3d at 603, 68 U.S.P.Q.2d at 1765-66.

407 Id. at 604, 68 U.S.P.Q.2d at 1766 (citing TrafFix, 532 U.S. at 33-34).

408 329 F.3d 348, 66 U.S.P.Q.2d (BNA) 1837 (3d Cir. 2003).

409 Id. at 359, 66 U.S.P.Q.2d at 1845.

410 Id. at 349, 66 U.S.P.Q.2d at 1838.

411 Id. at 350, 66 U.S.P.Q.2d at 1838.

412 Id.

413 Id. at 350-51, 66 U.S.P.Q.2d at 1839.

414 Shire, 329 F.3d at 351, 66 U.S.P.Q.2d at 1839.

415 Id. at 359, 66 U.S.P.Q.2d at 1845.

416 Id. at 354-55, 66 U.S.P.Q.2d at 1842.

417 Id. at 359, 66 U.S.P.Q.2d at 1845.

418 328 F.3d 1061, 66 U.S.P.Q.2d (BNA) 1509 (9th Cir. 2003), cert. granted, 124 S.Ct. 981 (2004).

419 Id. at 1065, 66 U.S.P.Q.2d at 1510.

420 Id.

421 Id.

422 Id. at 1066, 66 U.S.P.Q.2d at 1511.

423 Id. at 1073, 66 U.S.P.Q.2d at 1517.

424 KP Permanent Make-Up, 328 F.3d at 1069, 66 U.S.P.Q.2d at 1513.

425 Id.

426 Id., 66 U.S.P.Q.2d at 1514.

427 Id.

428 Id. at 1074, 66 U.S.P.Q.2d at 1514.

429 Id. at 1071, 66 U.S.P.Q.2d at 1515.

430 Park 'N Fly v. Dollar Park & Fly, Inc., 469 U.S. 189, 205, 224 U.S.P.Q. (BNA) 327, 334 (1985).

431 KP Permanent Make-Up, 328 F.3d at 1071, 66 U.S.P.Q.2d at 1515.

432 Id.

433 Id.

434 Id. at 1072, 66 U.S.P.Q.2d 1516.

435 Id.

436 Id. at 1073, 66 U.S.P.Q.2d at 1516-17.

437 318 F.3d 900, 65 U.S.P.Q.2d (BNA) 1620 (9th Cir. 2003)

438 Id. at 901, 66 U.S.P.Q.2d at 1621.

439 Id.

440 Id.

441 Id. at 902, 65 U.S.P.Q.2d at 1621.

442 Id., 65 U.S.P.Q.2d at 1622.

443 Brother Records, 318 F.3d at 902, 65 U.S.P.Q.2d at 1622.

444 Id. at 903, 65 U.S.P.Q.2d at 1622.

445 Id.

446 Id. at 911, 65 U.S.P.Q.2d at 1628.

447 Id. at 908, 65 U.S.P.Q.2d at 1626.

448 Id.

449 Brother Records, 318 F.3d at 908, 65 U.S.P.Q.2d at 1626.

450 Id.

451 Id.

452 Id.

453 341 F.3d 1356, 67 U.S.P.Q.2d (BNA) 1814 (Fed. Cir. 2003).

454 Id. at 1358, 67 U.S.P.Q.2d at 1815.

455 Id.

456 Id.

457 Id.

458 Id.

459 Nitro Leisure Prods., 341 F.3d at 1358, 67 U.S.P.Q.2d at 1815.

460 Id.

461 Id. at 1359, 67 U.S.P.Q.2d at 1815, 1816.

462 331 U.S. 125, 129-30, 73 U.S.P.Q. (BNA) 133, 135 (1947).

463 Nitro Leisure Prods., 341 F.3d at 1363, 67 U.S.P.Q.2d at 1819.

464 Id.

465 Id. at 1366, 67 U.S.P.Q.2d at 1821.

466 Id., 67 U.S.P.Q.2d at 1822.

467 317 F.3d 208, 65 U.S.P.Q.2d (BNA) 1442 (2d Cir. 2003).

468 Id. at 212, 65 U.S.P.Q.2d at 1444.

469 Id.

470 Id. at 213, 65 U.S.P.Q.2d at 1445.

471 Id.

472 Id., 65 U.S.P.Q.2d at 1444-45.

473 Patsy's Brand, 317 F.3d at 215, 65 U.S.P.Q.2d at 1446.

474 Id.

475 Id. at 217, 65 U.S.P.Q.2d at 1447-48.

476 Id., 65 U.S.P.Q.2d at 1447.

477 Id. at 219, 65 U.S.P.Q.2d at 1449.

478 Id. at 222, 65 U.S.P.Q.2d at 1448-49.

479 Patsy's Brand, 317 F.3d at 222, 65 U.S.P.Q.2d at 1451-52.

480 Id. at 221, 65 U.S.P.Q.2d at 1450-51.

481 311 F.3d 796, 65 U.S.P.Q.2d (BNA) 1001 (7th Cir. 2002).

482 Id. at 802, 65 U.S.P.Q.2d at 1003.

483 Id.

484 Id.

485 Id. at 807, 65 U.S.P.Q.2d at 1007.

486 Id. at 808-10, 65 U.S.P.Q.2d at 1007-09.

487 AM General, 311 F.3d at 824, 65 U.S.P.Q.2d at 1019.

488 Id. at 822, 65 U.S.P.Q.2d at 1018.

489 Id. at 823, 65 U.S.P.Q.2d at 1019.

490 Id.

491 Id. (citing 15 U.S.C. § 1127).

492 Id.

493 332 F.3d 915, 67 U.S.P.Q.2d (BNA) 1065 (6th Cir. 2003).

494 Id. at 918, 67 U.S.P.Q.2d at 1066.

495 Id.

496 Id. at 919, 67 U.S.P.Q.2d at 1066-67.

497 Id.

498 Id.

499 ETW, 332 F.3d at 938, 67 U.S.P.Q.2d at 1082.

500 Id. at 920-21, 67 U.S.P.Q.2d at 1082.

501 Id. at 921, 67 U.S.P.Q.2d at 1068.

502 Id. at 922, 67 U.S.P.Q.2d at 1069.

503 Id.

504 Id.

505 ETW, 332 F.3d at 922, 67 U.S.P.Q.2d at 1069.

506 Id. at 925, 67 U.S.P.Q.2d at 1072.

507 Id. at 926, 67 U.S.P.Q.2d at 1072.

508 Id. at 937, 67 U.S.P.Q.2d at 1080.

509 875 F.2d 994, 10 U.S.P.Q.2d (BNA) 1825 (2d Cir. 1989).

510 ETW, 332 F.3d at 937, 67 U.S.P.Q.2d at 1080-81.

511 Id., 67 U.S.P.Q.2d at 1081.

512 335 F.3d 130, 67 U.S.P.Q.2d (BNA) 1348 (2d Cir. 2003), petition for cert. filed, No. 03-1049 (U.S. Jan. 15, 2004).

513 Id. at 132, 67 U.S.P.Q.2d at 1349.

514 Id.

515 Id.

516 Id.

517 Id., 67 U.S.P.Q.2d at 1350.

518 Idaho Potato, 335 F.3d at 133, 67 U.S.P.Q.2d at 1350.

519 Id.

520 Id.

521 Id. at 140, 67 U.S.P.Q.2d at 1355.

522 See Lear, Inc. v. Adkins, 395 U.S. 653, 162 U.S.P.Q. (BNA) 1 (1969).

523 Idaho Potato, 335 F.3d at 137-38, 67 U.S.P.Q.2d at 1353.

524 Id. at 138, 67 U.S.P.Q.2d at 1354.

525 Id. (citations omitted).

526 Id.

527 Id. at 139, 67 U.S.P.Q.2d at 1354 (quoting *Lear*, 395 U.S. at 674, 162 U.S.P.Q. at 9).

528 Id.

529 329 F.3d 546, 67 U.S.P.Q.2d (BNA) 1141 (6th Cir. 2003).

530 Id. at 550, 67 U.S.P.Q.2d at 1143.

531 Id.

532 Id. at 554-555, 67 U.S.P.Q.2d at 1146-47.

533 Id. at 556-57, 67 U.S.P.Q.2d at 1148.

534 Id. at 557, 67 U.S.P.Q.2d at 1148.

535 333 F.3d 138, 67 U.S.P.Q.2d (BNA) 1056 (3d Cir. 2002).

536 Id. at 139-90, 67 U.S.P.Q.2d at 1056-57.

537 Id. at 140, 67 U.S.P.Q.2d at 1057.

538 Id. at 143, 67 U.S.P.Q.2d at 1059.

539 Id. at 142, 67 U.S.P.Q.2d at 1059.

540 Id. at 143, 67 U.S.P.Q.2d at 1059 (quoting *Sorbee Int'l Ltd. v. Chubb Custom Ins. Co.*, 735 A.2d 712, 716 (Pa. Super. Ct. 1999)).

541 343 F.3d 249, 67 U.S.P.Q.2d (BNA) 1914 (4th Cir. 2003).

542 Id. at 252, 67 U.S.P.Q.2d at 1915.

543 Id.

544 Id. at 252-53, 67 U.S.P.Q.2d at 1915-16.

545 Id. at 253, 67 U.S.P.Q.2d at 1916.

546 Id. at 258, 67 U.S.P.Q.2d at 1920.

547 State Auto, 343 F.3d at 256-57, 67 U.S.P.Q.2d at 1918-19.

548 Id. at 258, 67 U.S.P.Q.2d at 1919. The Fourth Circuit explicitly disagreed with the Fifth's Circuit's contrary holding in Sport Supply Group, Inc. v. Columbia Cas. Co., 335 F.3d 453, 463, 67 U.S.P.Q.2d (BNA) 1225, 1231 (5th Cir. 2003). See State Auto, 343 F.3d at 258 n.12, 67 U.S.P.Q.2d at 1919 n.12.

549 Id. at 258-59, 67 U.S.P.Q.2d at 1920.

550 Id. at 259, 67 U.S.P.Q.2d at 1920.

551 332 F.3d 215, 67 U.S.P.Q.2d (BNA) 1040 (4th Cir. 2003).

552 Id. at 217, 67 U.S.P.Q.2d at 1041.

553 Id. at 218, 67 U.S.P.Q.2d at 1042.

554 Id.

555 Id. at 224, 67 U.S.P.Q.2d at 1046.

556 Id. at 218, 67 U.S.P.Q.2d at 1042.

557 Superformance, 332 F.3d at 222, 67 U.S.P.Q.2d at 1045.

558 Id. at 223, 67 U.S.P.Q.2d at 1046.

559 335 F.3d 453, 67 U.S.P.Q.2d (BNA) 1225 (5th Cir. 2003).

560 Id. at 456, 67 U.S.P.Q.2d at 1225.

561 Id.

562 Id.

563 Id., 67 U.S.P.Q.2d at 1226.

564 Id. at 466, 67 U.S.P.Q.2d at 1233.

⁵⁶⁵ Sport Supply, 335 F.3d at 458, 67 U.S.P.Q.2d at 1227.

⁵⁶⁶ Id.

⁵⁶⁷ Id. at 465, 67 U.S.P.Q.2d at 1232.

⁵⁶⁸ Id. at 464, 67 U.S.P.Q.2d at 1231.

⁵⁶⁹ Id., 67 U.S.P.Q.2d at 1232.

⁵⁷⁰ Id. at 463, 67 U.S.P.Q.2d at 1231.