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Recent Development

**RECENT DEVELOPMENTS IN TRADEMARK LAW**

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*Table Of Contents*

I.	Introduction	180
II.	Sovereign Immunity	180
	A. <i>College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board</i>	182
	B. <i>Chavez v. Arte Publico Press</i>	184
III.	Trade dress	187
	A. Can a golf course hole be a trademark? <i>Pebble Beach Co. v. Tour 18 I Ltd.</i>	187
	B. A preliminary injunction protecting the configuration of a stand mixer - <i>Sunbeam Products, Inc. v. West Bend Co.</i>	190
	C. Conflict between patent law and trademark law	192
	1. <i>Thomas &amp; Betts Corp. v. Panduit Corp.</i>	192
	2. <i>Allfast Fastening Systems v. Briles Rivet Corp.</i>	194
	D. Trade dress for the design of a multi-purpose tool - <i>Leatherman Tool Group v. Cooper Indus., Inc.</i>	195
IV.	Internet cases	198
	A. Jurisdiction	198
	1. <i>Cybersell, Inc. v. Cybersell, Inc.</i>	198
	2. <i>Panavision International, L.P. v. Toeppen</i>	200

	3.	<i>Bensusan Restaurant Corp. v. King</i>	202
	4.	<i>Zippo Manufacturing Co. v. Zippo Dot Com, Inc.</i>	203
	5.	<i>Bunn-O-Matic Corp. v. Bunn Coffee Service, Inc.</i>	205
	6.	<i>Telephone Audio Productions, Inc. v. Smith</i>	205
B.		Dilution and Other Issues	205
	1.	<i>Avery Dennison Corp. v. Sumpton</i>	206
	2.	<i>Jews for Jesus v. Brodsky</i>	207
	3.	<i>Toys “R” Us Inc. v. Abir</i>	207
	4.	<i>Academy of Motion Picture Arts and Sciences v. Network Solutions, Inc.</i>	208
	5.	<i>Playboy Enterprises, Inc. v. Welles</i>	208
V.		Retroactivity of the Federal Trademark Dilution Act	209
	A.	<i>Viacom Inc. v. Ingram Enterprises, Inc.</i>	209
VI.		False advertising	210
	A.	<i>Conte Bros. Automotive, Inc. v. Quaker State-Slick 50, Inc.</i>	210
	B.	<i>Telebrands Corp. v. Media Group, Inc.</i>	210
VII.		Trademark infringement	211
	A.	<i>Elvis Presley Enterprises, Inc. v. Capece</i>	211
	B.	<i>Kendall-Jackson Winery, Ltd. v. E. &amp; J. Gallo Winery</i>	214
	C.	<i>Allard Enterprises, Inc. v. Advanced Programming Resources, Inc.</i>	215
VIII.		Other Issues	216
	A.	The Right to a Jury Trial	216
		1. <i>Material Supply Int’l, Inc. v. Sunmatch Industrial Co., Ltd.</i>	216
		2. <i>Ideal World Mktg., Inc. v. Duracell, Inc.</i>	217
	B.	Extra-Territoriality of the Lanham Act - <i>Buti v. Perosa S.R.L.</i>	217
	C.	First Amendment and public domain issues	218
		1. <i>Toho Co. v. William Morrow and Co.</i>	218

2.	<i>Comedy III Productions, Inc. v. New Line Cinema</i>	219
D.	First Sale Doctrine - <i>Enesco Corp. v. Price/Costco Inc.</i>	220
E.	Bad Faith - <i>International Star Class Yacht Racing Association v. Tommy Hilfiger U.S.A., Inc.</i>	221
F.	<i>Major League Baseball Properties, Inc. v. Pacific Trading Cards, Inc.</i>	222

## **\*180 I. Introduction**

This article contains a review of selected trademark decisions published during the second and third quarters of 1998. A few decisions from outside this time period are included to provide helpful background or context for issues raised in the recently published decisions.

## **II. Sovereign Immunity**

Ratified in 1798, the Eleventh Amendment prohibits “any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another \*181 State, or by Citizens or Subjects of any Foreign State.”<sup>1</sup> This limitation on the jurisdiction of the federal courts was interpreted in an early decision to immunize an unconsenting state from suits brought by its own citizens, a holding that effectively broadened the Amendment into a complete shield against citizen suits.<sup>2</sup>

The Supreme Court did not remain true to its early, expansive view of the Eleventh Amendment. In *Ex parte Young*, the Court held that a representative of a state may be sued in federal court to enjoin the enforcement of an allegedly unconstitutional state law.<sup>3</sup> Despite this substantial erosion of the Eleventh Amendment’s protection, the Amendment remains an important limitation on the jurisdiction of the federal courts.

In the more recent past, Congress, not the Supreme Court, has tried to further restrict the scope of sovereign immunity provided by the Eleventh Amendment. Through the passage of a number of laws, Congress has tried to abrogate the states’ immunity from a wide variety of federal suits. In 1992, Congress passed the Trademark Remedy Clarification Act (TRCA), which purported to abrogate the states’ Eleventh Amendment immunity from suits under the Lanham Act.<sup>4</sup> At the time of its passage, the TRCA appeared to be good law.

This view changed in 1996, however, with the Supreme Court’s decision in *Seminole Tribe of Florida v. Florida*,<sup>5</sup> which struck down an abrogation statute enacted pursuant to the Commerce Clause.<sup>6</sup> The Supreme Court held that Congress may not rely on the Commerce Clause as a basis for abrogating the states’ Eleventh Amendment immunity because the Eleventh Amendment serves as a limitation on Congress’ Article I powers.<sup>7</sup> To allow abrogation based on an Article I power would allow Congress to completely eviscerate the Eleventh Amendment.<sup>8</sup>

The *Seminole Tribe* decision will have wide reaching repercussions. Within the realm of trademark law, the decision raises serious questions about the constitutionality of the TRCA, or at least of that part of the TRCA that abrogated the states’ immunity from Lanham Act claims in federal court. The following cases show that significant questions remain concerning the constitutionality of the TRCA.

### **\*182 A. *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board***

In this case, the Third Circuit was the first Court of Appeals to consider the issue of sovereign immunity in light of *Seminole Tribe*.<sup>9</sup> *College Savings Bank* was not a typical trademark infringement case and involved a false advertising claim based on alleged misrepresentations about services offered by the State of Florida.<sup>10</sup> The plaintiff, College Savings Bank (CSB), offers certificates of deposit specially designed to provide sufficient funds to cover the future cost of a college education.<sup>11</sup> The defendant, Florida Prepaid Post Secondary Education Expense Board (Florida Prepaid), is a state entity which provides similar and competitive services within the state of Florida.<sup>12</sup> CSB sued Florida Prepaid under Section 43(a) of the Lanham Act, based on certain representations Florida Prepaid made about its own services.<sup>13</sup> After the Supreme Court issued its

decision in *Seminole Tribe*, Florida Prepaid moved to dismiss CSB's Lanham Act claims.<sup>14</sup>

The Third Circuit held that CSB's claim was not based on a property right, and therefore could not be justified under the enforcement provision of the Fourteenth Amendment.<sup>15</sup> The court acknowledged that the Fourteenth Amendment prohibits deprivation of property without due process of law, and that the Fourteenth Amendment's definition of property includes intangible property.<sup>16</sup> The court also noted that the Fourteenth Amendment can serve as a proper basis for abrogation of Eleventh Amendment immunity because the Fourteenth Amendment was ratified *after* the Eleventh Amendment.<sup>17</sup> But because CSB's claim could not be construed as a claim for deprivation of property, the Commerce Clause was the only possible basis for Congress' abrogation of Florida's Eleventh Amendment immunity from CSB's claim.<sup>18</sup> *Seminole Tribe* made it clear that abrogation cannot be premised on the Commerce Clause and therefore the TRCA is unconstitutional to the extent it abrogated Florida's immunity from CSB's false advertising claim.<sup>19</sup> The Third \*183 Circuit held that Florida was immunized from such claims by the Eleventh Amendment, and affirmed the district court's dismissal of the Lanham Act suit in its entirety.<sup>20</sup>

CSB also argued that Florida Prepaid constructively waived its Eleventh Amendment immunity based on (1) the *Parden* doctrine,<sup>21</sup> and (2) Florida Prepaid's participation in the litigation with CSB.<sup>22</sup> The *Parden* doctrine, which has been limited through a number of subsequent Supreme Court decisions,<sup>23</sup> holds that a state's Eleventh Amendment immunity can be constructively waived if 1) Congress enacts a law providing that a state will be deemed to have waived its Eleventh Amendment immunity if it engages in the activity covered by the federal legislation; 2) the law does so through a clear statement that gives notice to the states; 3) a state then engages in that activity covered by the federal legislation; and 4) the activity in question is not an important or core government function.<sup>24</sup>

The Third Circuit held that the *Parden* doctrine did not apply because education is an important or core government function.<sup>25</sup> Agreeing with the district court, the Third Circuit held that Florida Prepaid's role in providing funding options for college education was an important part of Florida's efforts to provide educational opportunities to its citizens.<sup>26</sup>

The Third Circuit also rejected CSB's waiver argument.<sup>27</sup> Although a state can waive its Eleventh Amendment immunity by actively participating in a suit filed against the state, in this case, Florida Prepaid did not have a reasonable constitutional argument until the Supreme Court issued its decision in *Seminole Tribe*.<sup>28</sup> Because the *Seminole Tribe* decision was issued after Florida Prepaid presented defenses and counterclaims in this litigation, such actions were not viewed as a constructive waiver of Florida Prepaid's Eleventh Amendment immunity.<sup>29</sup>

\*184 It is important to note the narrow scope of the holding in this case, a point the Third Circuit emphasized.<sup>30</sup> We carefully have confined our discussion by holding that the TRCA is unconstitutional as applied "in this case." We have done so for two reasons. First, as the district court correctly noted, the false advertising prong of the Lanham Act implicated in this litigation is "separate and distinct from the trademark infringement prong." Second, the false advertising prong of the Lanham Act not only prescribes misrepresentations regarding a person's own goods or services, but it also forbids misrepresentations about a competitor's goods or services. Since the present case only involves allegations that Florida Prepaid misrepresented its own product, the second part of the false advertising prong is not implicated. Therefore, because the scope of the allegations in this case is so narrow, we express no opinion as to whether the TRCA may be applied constitutionally in a case involving a trademark infringement or involving a misrepresentation about a competitor's goods or services.<sup>31</sup>

## **B. *Chavez v. Arte Publico Press***

In this sovereign immunity decision, the Fifth Circuit held unconstitutional Congress' attempt to abrogate the states' Eleventh Amendment immunity from suits under the Copyright Act and the Lanham Act.<sup>32</sup> The case involved a copyright infringement claim and Lanham Act claim brought against the University of Houston (an institution of the State of Texas).<sup>33</sup> The Lanham Act claim was based on the allegation that defendant named plaintiff, without her permission, as the selector of plays identified in a book defendant published.<sup>34</sup> The Fifth Circuit initially decided this case before *Seminole Tribe*, and on application for certiorari the Supreme Court remanded for reconsideration in light of *Seminole Tribe*.<sup>35</sup>

On the copyright issue, the Fifth Circuit concluded that a copyright is not a property right within the scope of the Fourteenth

Amendment.<sup>36</sup> Congress' abrogation of the states' Eleventh Amendment immunity from copyright claims was held unconstitutional.<sup>37</sup> The Court declared that "Congress cannot condition states' activities that are regulable by federal law upon their 'implied consent' to being sued in federal court."<sup>38</sup>

**\*185** The Fifth Circuit also held that Congress' abrogation of Texas' Eleventh Amendment immunity from Lanham Act suits was unconstitutional.<sup>39</sup> The court concluded that, "[w]hile Chavez' statutorily-created right to protect her name from misappropriation is assured by the Lanham Act, this intangible right is not a 'property right' protected against the states by the Fourteenth Amendment."<sup>40</sup> The court cited *Paul v. Davis*<sup>41</sup> as support for this proposition. *Paul v. Davis* involved a civil rights claim based on the allegation that a local police force had improperly identified the plaintiff as a shoplifter.<sup>42</sup> The plaintiff in *Paul v. Davis* claimed that the police force misidentification constituted a deprivation of liberty in violation of the Fourteenth Amendment.<sup>43</sup> This claim was based on alleged damage to the plaintiff's personal reputation.<sup>44</sup> The Supreme Court held that injury to one's reputation is not a constitutional deprivation of liberty.<sup>45</sup>

The Fifth Circuit apparently concluded that a Lanham Act claim based on a misrepresentation concerning one's name is akin to the reputation-based claim presented in *Paul v. Davis*.<sup>46</sup> While the Supreme Court's reasoning in *Paul v. Davis* may be applicable to a Lanham Act claim based on one's personal reputation, as was the claim in *Chavez*, it is less clear that such reasoning would apply to a more traditional trademark infringement claim. Such claims are, of course, very much based on protection of reputation, but it is not a personal reputation in most instances. It is, to the contrary, the reputation or good will of a product or a commercial supplier of a product.

The Fifth Circuit fails to acknowledge that a substantial number of decisions have recognized that a trademark is a type of property. In fact, the Supreme Court's decision in *In re Trademark Cases*<sup>47</sup> supports such a proposition. In any event, the facts of the *Chavez* case did not present the best example of a property-based trademark claim. What is troubling about the Fifth Circuit's reasoning here is that the *Paul v. Davis* analogy apparently is viewed as applicable to all Lanham Act claims.

Because *Chavez* involved a rather atypical Lanham Act claim, it is not clear how sweeping an impact this case will have on Lanham Act cases brought in the **\*186** Fifth Circuit. The decision purports to apply to all Lanham Act claims,<sup>48</sup> a position that seems questionable at best. In *College Savings Bank* the Third Circuit was quite careful to limit the scope of its holding, a point the *Chavez* court expressly acknowledged.<sup>49</sup> Yet having acknowledged the Third Circuit's restraint, the Fifth Circuit showed none.

Another somewhat troubling aspect of the *Chavez* decision is the court's characterization of a trademark right as a legislatively created property right.<sup>50</sup> The Fifth Circuit was concerned that allowing Congress to abrogate the states' sovereign immunity simply by classifying the interest at stake as a "property right" would allow Congress to avoid the Eleventh Amendment whenever it wished to do so.<sup>51</sup> The Fifth Circuit called this an "end-run" strategy for avoiding the Eleventh Amendment.<sup>52</sup> So long as the legislation were proper under Article I, Congress could classify the new interest, or any existing interest, as a "property right" and then justify abrogation of the states' sovereign immunity under section five of the Fourteenth Amendment.<sup>53</sup>

While this "end-run" concern is valid in some situations, it does not support the Fifth Circuit's description of trademark rights. Trademarks were recognized and protected well before the United States Constitution was enacted.<sup>54</sup> While it is not entirely clear what specific basis or theory was relied upon for such early protection of trademarks, the fundamental principle of protecting trademarks predates the Constitution.<sup>55</sup> And although trademark rights have been expanded, both procedurally and substantively, by Congress, the basic trademark right is not a creation of Congress.<sup>56</sup> For this reason, the Fifth Circuit's concern about a legislative "end run" does not appear to justify its Lanham Act holding, at least to the extent that this holding applies to trademark-based Lanham Act claims.

### **\*187 III. Trade dress**

Trade dress cases continue to test the limits of trademark law. Although certain other issues may have claimed the current spotlight e.g., Internet issues, the trade dress cases may be more important to the future of trademark law. In these cases, we see questions about the potential conflict between patent and trademark law. We see parties claiming trademark rights in the layout of golf course holes, the head of a rivet, a multi-purpose tool, and other things. Some of these claims succeeded, some failed.

### A. Can a golf course hole be a trademark? *Pebble Beach Co. v. Tour 18 I Ltd.*

In this highly publicized case, the Fifth Circuit considered whether a golf course hole can serve as a trademark.<sup>57</sup> The defendant advanced several policy arguments in an effort to persuade the court that the layout of a publicly open golf course hole should not be afforded trademark protection.<sup>58</sup> These arguments, while interesting, did not sway the Fifth Circuit. Instead, the court applied the traditional standards for testing trade dress infringement claims.<sup>59</sup>

Defendant created a public golf course that consists of replicas of holes from famous courses around the United States.<sup>60</sup> Three of the holes at defendant's course were copied from courses operated by the plaintiffs, who claimed that the design of their courses' holes were protectable trade dress.<sup>61</sup> Defendant claimed that plaintiff's golf holes were functional and advanced several arguments in support of that claim.<sup>62</sup> The Fifth Circuit considered the various descriptions of the functionality standard found in leading cases, and concluded that the most important question is whether alternative designs are available.<sup>63</sup> Given the thousands of different golf course designs, and the almost limitless possibilities for new designs, the Fifth Circuit concluded that the plaintiff's golf holes were nonfunctional.<sup>64</sup>

Defendant argued that the functionality analysis must focus on the particular type of golf course it operates.<sup>65</sup> Because defendant's course consist of replicas of \*188 holes from famous courses, the pool of available holes to copy is limited.<sup>66</sup> Moreover, the only way defendant can offer its customers certain holes is to copy those holes from other courses.<sup>67</sup> Defendant argued that it needed to use the plaintiff's golf holes to compete effectively in the replica golf course market.<sup>68</sup> It was, according to defendant, the very fame and desirability of plaintiff's holes that made defendant's business a viable one.<sup>69</sup>

The Fifth Circuit rejected this argument, holding that commercial success, standing alone, cannot be the test for functionality. The court provided the following explanation for this holding:

To define functionality based upon commercial success would allow the second comer to trade on the first comer's goodwill, purely because it would be easier to market his product and not because he could not produce a viable, competitive product. Such a rule does not promote innovation, nor does it promote competition, leaving no reason to narrow trademark protection. The logical extension of this argument would practically obliterate trademark protection for product design because a defendant could always argue that its innovative product is a widget that provides a replica of the most popular or most prestigious widget on the market, thus requiring that the defendant be allowed without further analysis to copy the plaintiff's widget.<sup>70</sup>

The defendant was more successful on the distinctiveness issue. Two of the three holes at issue were held not to be well known. The Fifth Circuit affirmed the district court's finding that those two holes lacked distinctiveness, and therefore, were unprotectable.<sup>71</sup> One of defendant's holes was copied from the No. 18 hole at a Sea Pines course (the Harbour Town course), where a lighthouse is positioned behind the hole.<sup>72</sup> This hole is famous, the district court held, and thus distinctive.<sup>73</sup> The Fifth Circuit affirmed this finding, too.<sup>74</sup>

In an interesting twist, plaintiff Sea Pines, the owner of the Harbour Town golf course, does not own the lighthouse.<sup>75</sup> The lighthouse is the most distinctive aspect of the No. 18 hole at Harbour Town,<sup>76</sup> which raises an interesting question: Can Sea Pines own a protectable trademark, where the distinctive feature of the mark is \*189 owned by someone else? Defendant argued that Sea Pine could not claim trademark rights in the lighthouse.<sup>77</sup> The Fifth Circuit disagreed, focusing on the Lanham Act's requirement of use.<sup>78</sup> According to the Fifth Circuit, ownership is not the question.<sup>79</sup> So long as the mark is used by the party claiming rights, it doesn't matter that someone else owns part of the mark.<sup>80</sup>

The Fifth Circuit's holding of this issue leads to some interesting hypothetical questions. What if, for example, defendant had bought the lighthouse from the third party who owned it? Would defendant then have an ownership interest in Sea Pines' mark, and if so, would such an interest insulate defendant from an infringement claim by Sea Pines? Or what if the third party decided to tear down the lighthouse? Could Sea Pines stop such action? If so, on what basis? If Sea Pines registers its No. 18 hole, together with the lighthouse, as Sea Pines presumably could now do, would the government be forever prohibited from requiring the owner of the lighthouse to remove or change the lighthouse under 15 U.S.C. Section 1121(b), which prohibits the government from requiring the alteration of a registered mark?

On the likelihood of confusion issue, the Fifth Circuit held that "confusion as to permission is relevant confusion under the Lanham Act."<sup>81</sup> Plaintiff presented survey evidence, which included a permission question.<sup>82</sup> The district court considered the

survey relevant and the Fifth Circuit affirmed, citing decisions from other circuits that have accepted confusion as to permission in Lanham Act cases.<sup>83</sup> The Fifth Circuit concluded that mistakes or confusion as to approval are relevant, and that “permission is synonymous with approval.”<sup>84</sup> Defendant argued that because permission is not one of the types of confusion expressly identified in the Lanham Act, confusion as to permission is not actionable.<sup>85</sup> The Fifth Circuit disagreed and held that relevant confusion is not limited to the specific forms enumerated in the Act.

On another important, substantive issue, the Fifth Circuit affirmed the defendant’s right to use the plaintiff’s trademarks to tell customers what holes were copied.<sup>86</sup> This right, however, is limited to uses reasonably necessary to \*190 communicate this information to customers.<sup>87</sup> Defendant had used plaintiff’s word marks in a variety of contexts, many of which could not be justified under this nominative use theory, and such uses were enjoined.<sup>88</sup>

### **B. A preliminary injunction protecting the configuration of a stand mixer - *Sunbeam Products, Inc. v. West Bend Co.***

This case involved an appeal of a preliminary injunction entered by the District Court for the Southern District of Mississippi concerning stand mixers.<sup>89</sup> The plaintiff, Sunbeam, has been making a mixer called the *American Classic Mixmaster* for many years.<sup>90</sup> The Sunbeam mixer has a tapered (i.e. torpedo-shaped) upper body and West Bend developed a mixer with a very similar configuration.<sup>91</sup> There was evidence that West Bend intended to imitate the product configuration of Sunbeam’s Mixmaster stand mixer.<sup>92</sup>

The district court ruled that Sunbeam had proven its Mixmaster product configuration was distinctive and non-functional, and that West Bend’s new stand mixer was likely to cause confusion.<sup>93</sup> Based on these findings, the district court concluded that Sunbeam was likely to succeed on the merits of its claims.<sup>94</sup> A preliminary injunction was entered and the Fifth Circuit affirmed.<sup>95</sup>

Addressing the distinctiveness issue first, the Fifth Circuit found no clear error in the district court’s finding that Sunbeam was likely to prevail at trial on the secondary meaning issue.<sup>96</sup> This part of the court’s affirmance was based on the somewhat relaxed standards applicable at the preliminary injunction stage. To obtain a preliminary injunction, a plaintiff need not submit enough evidence to support a final judgment in its favor. It is enough if the plaintiff demonstrates a likelihood of success on the merits.<sup>97</sup> As the Fifth Circuit explained:

Were this case reported for review following final judgment, we would be constrained to hold that Sunbeam had not demonstrated that the American Classic Mixmaster® has \*191 acquired secondary meaning entitling its product configuration to trade dress protection. Review of a preliminary injunction is more circumscribed, however.<sup>98</sup>

The Fifth Circuit next considered the functionality issue, and again found no clear error in the district court’s findings. This part of the Fifth Circuit’s decision contains potentially useful guidance on the functionality standard, including the following explanation:

Accordingly, this Court has adopted the “utilitarian” standard of functionality, which focuses on the protection of competition. “The ultimate inquiry concerning functionality,” we have explained, “is whether characterizing a feature or configuration as protected ‘will hinder competition or impinge upon the rights of others to compete effectively in the sale of goods.’”... In order to be classified as a “functional” characteristic, therefore, a product design or feature must be “superior or optimal in terms of engineering, economy of manufacture, or accommodation of utilitarian function or performance.”<sup>99</sup>

In evaluating the functionality issue, the Fifth Circuit emphasized that the product’s trade dress must be viewed as a whole.<sup>100</sup> West Bend argued that the various features comprising Sunbeam’s product configuration were all functional.<sup>101</sup> The Fifth Circuit did not even conduct a review of the specific features of the Sunbeam mixer, instead rejecting West Bend’s argument because of its failure to address the trade dress as a whole.<sup>102</sup> West Bend offered no evidence showing how the particular product configuration offered unique utilitarian advantages. Sunbeam, however, presented evidence of many successful stand mixers with very different configurations.<sup>103</sup>

The Fifth Circuit also affirmed the district court’s finding that confusion was likely.<sup>104</sup> There was evidence that West Bend intentionally copied the product configuration of Sunbeam’s Mixmaster mixer.<sup>105</sup> This evidence seemed particularly important given that no other similarly configured mixers were identified by West Bend. The Fifth Circuit, therefore,

affirmed the district court's finding that West Bend's decision to copy Sunbeam's Mixmaster stand mixer was based, at least in part, on a desire to trade on the goodwill associated with Sunbeam's product.<sup>106</sup>

\*192 West Bend argued that its use of labeling on its product and its packaging to identify the product as a West Bend mixer eliminated any significant risk of confusion.<sup>107</sup> The Fifth Circuit agreed that such evidence is relevant and important, but ultimately found no clear error in the district court's likelihood of confusion finding.<sup>108</sup> The issuance of a preliminary injunction was affirmed.<sup>109</sup>

### **C. Conflict between patent law and trademark law**

The following two decisions consider the impact of a utility patent on a trade dress claim. As the cases show, much depends on what is illustrated and stated in the patent.

#### ***1. Thomas & Betts Corp. v. Panduit Corp.***

This case concerned an oval head connector used in a two piece cable tie apparatus.<sup>110</sup> The plaintiffs obtained a patent on the two piece cable tie in 1965, and the patent expired in 1982.<sup>111</sup> The patent disclosed a cable tie with an oval head, metal barb, and transverse slot.<sup>112</sup> The oval shaped head was not part of the patent claims.<sup>113</sup> The oval head, however, was illustrated in a patent drawing and was mentioned in the patent's specification.<sup>114</sup> Plaintiffs contended that their Lanham Act rights to protection of the shape of its cable tie head were not destroyed by the expired patent.<sup>115</sup>

Defendant countered with three arguments. First, when the patent expired, the cable tie depicted therein was dedicated to the public, giving Panduit and everyone else the right to use that tie without interference from the trademark laws.<sup>116</sup> Second, the oval head is functional and, therefore, cannot qualify for trade dress \*193 protection.<sup>117</sup> Finally, Panduit argued that even if the oval head is non-functional, plaintiffs have failed to show that the head has acquired secondary meaning.<sup>118</sup>

The district court held that a product configuration claimed *or* disclosed in a utility patent cannot be protected as a trademark, and granted summary judgment for defendant.<sup>119</sup> To hold otherwise, the court concluded, could restrict or even eliminate the public's right to copy a patented product after the patent expires.<sup>120</sup>

In the interest of judicial economy, the district court also ruled on the functionality, secondary meaning, and likelihood of confusion issues.<sup>121</sup> The court found the oval head functional because; 1) the oval head was disclosed in a utility patent, 2) the plaintiff failed to demonstrate the marketability of acceptable, alternative designs, and 3) the plaintiff made advertising claims of better performance due to the oval head design.<sup>122</sup> In addition, the court held that the product configuration had failed to acquire secondary meaning and the defendant's product was not likely to be confused with the plaintiff's product.<sup>123</sup>

The Seventh Circuit reversed, holding that there is no per se prohibition against trademark protection for a feature disclosed in a utility patent.<sup>124</sup> The functionality doctrine serves as the proper safeguard against impermissible extension of the patent monopoly through a subsequent trademark claim.<sup>125</sup> Finally, the Seventh Circuit stated that where the product configuration is not part of the claims of the patent, the appropriate test to apply in determining whether trademark rights have been violated is the same test used in any other trade dress case.<sup>126</sup>

The Seventh Circuit applied a modified test for secondary meaning because of the prior patent.<sup>127</sup> Where a manufacturer exclusively produces a product under a patent, there may be an inevitable association between the product's trade dress and the manufacturer.<sup>128</sup> In cases where a patent existed, there must be evidence showing that the association between the trade dress and the manufacturer is caused \*194 by something other than the exclusivity of the patent. In this case, Thomas & Betts manufactured ties for ten years after the patent expired before other manufacturers began making such ties.<sup>129</sup> This was sufficient evidence to raise an inference that secondary meaning was not related solely to Thomas & Betts' former patent monopoly.<sup>130</sup> Where third parties begin making the previously patented product immediately after the patent expires, it may be very difficult to satisfy the Seventh Circuit's test.

#### ***2. Allfast Fastening Systems v. Briles Rivet Corp.***

This declaratory judgment case involved the design of the head of a specialty rivet used in the manufacture of aircraft.<sup>131</sup> The



defendant Briles owned three patents for its rivet design.<sup>132</sup> These patents touted utilitarian advantages of the particular design.<sup>133</sup> Allfast intended to make rivets in the configuration disclosed in the Briles patents once the patents expired.<sup>134</sup> Briles threatened to sue Allfast for trade dress infringement if Allfast copied the shape of the Briles rivet head.<sup>135</sup> Allfast brought this declaratory judgment action to resolve the dispute.

The court had little difficulty determining that the configuration of the Briles rivet served a utilitarian function. Briles' patents explained that the particular shape of the rivet head sealed the area around the rivet shaft and the hole through which the rivet is placed.<sup>136</sup> By sealing this area from contaminants like water, corrosion is minimized, thus extending the life of the connection.<sup>137</sup> The shape of the Briles rivet also created a flush exterior after installation, an important advantage in certain aircraft applications. The court held that this evidence strongly suggested that the Briles rivet design was functional.<sup>138</sup> The court also expressed concern about allowing Briles to effectively extend its patent monopoly through the use of the trademark laws.<sup>139</sup>

**\*195** Briles responded with evidence of alternative designs, including a design by Allfast, the declaratory judgment plaintiff.<sup>140</sup> Allfast had a patent on its rivet, too, and not surprisingly, the Allfast patent touted the advantages of the Allfast design.<sup>141</sup> Briles argued that this evidence proved that Allfast did not need to copy the Briles design to effectively compete.<sup>142</sup>

To resolve the sharply contested functionality issue, the court focused on the relevant market for the Briles rivet.<sup>143</sup> Twenty six models of Boeing aircraft require the Briles rivet. This segment of the market is significant (the decision does not identify which Boeing aircraft use the Briles rivet) and, the court held if allowing Briles to protect its rivet design as a trademark would effectively preclude effective competition within this segment, the design must be held functional.<sup>144</sup> Allfast presented evidence showing that it is difficult to obtain Boeing approval for an alternative rivet design, but that it is relatively easy to obtain Boeing approval for an alternative manufacturer of an already approved design.<sup>145</sup> Thus, Allfast and other competitors probably could obtain Boeing approval to make and supply rivets in the Briles configuration. Competitors might not succeed, however, in convincing Boeing to approve an alternative design. This evidence convinced the court that the Briles rivet design was functional because that design was needed to effectively compete for this segment of Boeing's business.<sup>146</sup>

#### **D. Trade dress for the design of a multi-purpose tool - *Leatherman Tool Group v. Cooper Indus., Inc.***

These trade dress cases were brought under Section 43(a) of the Lanham Act.<sup>147</sup> In *Leatherman Tool Group*, the plaintiff makes and sells the *Leatherman Pocket Survival Tool*, a popular multifunction tool.<sup>148</sup> Defendant makes a competing product under the name *Crescent Toolzall*.<sup>149</sup> The products apparently are quite similar in appearance and perform the same functions. Defendant alleged that the **\*196** plaintiff's claimed trade dress was functional and non-distinctive.<sup>150</sup> Plaintiff moved for a preliminary injunction, which the court granted.<sup>151</sup>

The court concluded that although the numerous features of the plaintiff's product served utilitarian functions, the overall configuration of plaintiff's product was not an essential or necessary design.<sup>152</sup> The court found that numerous alternative designs existed that would perform comparable functions.<sup>153</sup> Defendant argued that to constitute a relevant alternative design, such alternative must perform exactly the same functions as plaintiff's product.<sup>154</sup> The district court rejected this argument, holding that so long as a relevant customer would find the products comparable, then such products are relevant alternatives under the functionality analysis.<sup>155</sup>

The district court then concluded that plaintiff had shown a secondary meaning in its product configuration.<sup>156</sup> Plaintiff presented evidence of advertising and claimed that defendant intentionally copied the claimed trade dress.<sup>157</sup> The court found the evidence of copying persuasive, and held that such evidence supported a finding of secondary meaning.<sup>158</sup>

Having found plaintiff likely to succeed on the functionality and distinctiveness issues, the court turned to the likelihood of confusion question. Because the two products were quite similar in appearance, the court concluded that confusion was likely and entered a preliminary injunction.<sup>159</sup>

Defendant then modified its design to reduce the similarity between the parties' products. When the case was tried, plaintiff claimed that both the old and new designs of defendant's tool infringed.<sup>160</sup> The jury agreed that the older design infringed, but found the modified design noninfringing.<sup>161</sup> While this holding was significant (it means the defendant can continue to sell its modified design), the jury **\*197** also held that defendant had copied plaintiff's trade dress in bad faith.<sup>162</sup> The jury awarded plaintiff \$50,000 in actual damages and \$4.5 million in punitive damages, based on plaintiff's common law claims.<sup>163</sup>

In the first of two post-trial decisions, the court entered a permanent injunction against defendant's sales of its infringing *Toolzall* product in 22 foreign countries.<sup>164</sup> Following *Ocean Garden, Inc. v. Marktrade Co., Inc.*,<sup>165</sup> the court found the Lanham Act broad enough to encompass an infringer's overseas activities.<sup>166</sup> The court based this finding on a modified "effects" test that was applied because (1) there were no pending legal proceedings in the foreign countries regarding the same subject matter, (2) both parties were U.S. corporations, (3) the defendant's activities were orchestrated from the U.S., (4) the infringement was intentional, and (5) the goods were exported from the U.S. through a foreign trade zone.<sup>167</sup> Although plaintiff sought injunction against the defendant's activities in over 70 countries, the court found that only 22 of the countries involved sales of a significant enough amount to justify the imposition of an injunction.<sup>168</sup>

The court also sustained the jury's punitive damages award based on (1) the evidence of defendant's intentional use of plaintiff's trade dress, and (2) the court's determination that the size of an award was necessary to meaningfully deter such conduct, given defendant's size and assets.<sup>169</sup>

The second post-trial decision deals with plaintiff's request for attorney's fees.<sup>170</sup> The court concluded that fees should be awarded because the jury found that defendant's infringement was willful.<sup>171</sup> Defendant argued that plaintiff's fee request was excessive because plaintiff's fees were higher than defendant's.<sup>172</sup> This argument was rejected because plaintiff carried the burden on proof of its trade dress infringement claims.<sup>173</sup> The court also concluded that the rates charged by plaintiff's attorneys (\$135 - \$215 per hour for the attorneys) were reasonable and \*198 that the total fees (\$966,953.85) were reasonable.<sup>174</sup> The court reduced the fees by 25%, however, because the jury found that only the defendant's original design was infringing. Plaintiff was awarded \$722,240.85 in attorneys' fees and \$56,995.02 in costs.<sup>175</sup>

#### IV. Internet cases

##### A. Jurisdiction

Courts continue to struggle with the personal jurisdiction issues raised by the Internet. The following cases offer some guidance, but also contain some seemingly inconsistent holdings.

###### 1. *Cybersell, Inc. v. Cybersell, Inc.*

In this important Internet personal jurisdiction case, the Ninth Circuit held that the operation of a passive Internet site is insufficient, standing alone, to create personal jurisdiction over the operator of the site.<sup>176</sup> This case involved a defendant from Florida who was sued in Arizona based on the operation of an Internet site.<sup>177</sup> The Florida defendant had no contacts with Arizona other than the operation of its passive Internet site.<sup>178</sup>

The Ninth Circuit reviewed several of the earlier Internet jurisdiction cases and concluded that more than the mere operation of a passive Internet site is required to establish personal jurisdiction in a foreign forum.<sup>179</sup> The court reviewed the Sixth Circuit's decision in *CompuServe, Inc. v. Patterson*,<sup>180</sup> and the Second Circuit's decision in *Bensusan Restaurant Corp. v. King*,<sup>181</sup> In *CompuServe*, the Sixth Circuit found there was personal jurisdiction over a Texas defendant in Ohio based on the operation of an interactive Internet site.<sup>182</sup> The site in question provided shareware to Internet users.

\*199 On the other hand, in *Bensusan*, the Second Circuit concluded there was no personal jurisdiction in New York over the defendant based on the operation of a passive Internet site.<sup>183</sup> The Ninth Circuit does not note, however, that *Bensusan* was not decided on constitutional grounds. *Bensusan* was brought in the Southern District of New York, based on New York's jurisdiction statute, which does not extend as far as due process allows.<sup>184</sup> Thus, while *Bensusan* is certainly an illustration of a case where operation of a passive Internet site was insufficient to establish personal jurisdiction, it does not stand for the proposition that it would violate due process to find jurisdiction under such circumstances. The Second Circuit simply did not reach that issue in *Bensusan*.

The Ninth Circuit also cited *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*<sup>185</sup> with approval. The sliding scale analysis of the *Zippo* decision was followed by the Ninth Circuit in *Cybersell*.<sup>186</sup> In the author's view, the *Zippo* decision is better written and more helpful on this issue, but the result is essentially the same. The Ninth Circuit stated that "the common thread, well stated by the district court in *Zippo*, is that 'the likelihood that personal jurisdiction can be constitutionally exercised is directly

proportionate to the nature and quality of commercial activity that an entity conducts over the Internet.<sup>187</sup>

If the Internet site in question is purely passive, it is very unlikely that jurisdiction will be found. In such a case, a plaintiff will need to find some other contacts with the forum state to bolster its jurisdiction argument. Such contacts could be the operation of a toll-free telephone number, advertising in journals which reach the forum state, or specific contacts with residents of the forum state.<sup>188</sup>

On the other hand, where the defendant operates a commercial, interactive site (e.g., one that sells software or other goods over the Internet), jurisdiction will likely be found based on the operation of the site, without more.<sup>189</sup> There remains some question, however, whether such a view will be extended to unusual cases. For example, it is not clear that this view would support a finding of personal jurisdiction in Alaska or Hawaii over a defendant from, say North Carolina, who operated an Internet site selling a low volume of software. Such a situation would test the due process analysis.

**\*200** The Ninth Circuit rejected the effects test based on the facts of the *Cybersell* case.<sup>190</sup> The effects test is based on the Supreme Court's decision in *Calder v. Jones*,<sup>191</sup> which involved a National Enquirer article that allegedly slandered the well known entertainer Shirley Jones.<sup>192</sup> Jones was a resident of California and sued the National Enquirer in California.<sup>193</sup> The Supreme Court held that personal jurisdiction was proper in California because the publication of an article directed at a California resident could reasonably have been expected to cause injury in California.<sup>194</sup>

The Ninth Circuit's rejection of the effects test in *Cybersell* seems to be based on factual distinctions between the *Cybersell* defendant's activities and those of the National Enquirer in the *Calder* case. The court, however, made the comment that the effects test does not "apply with the same force to *Cybersell* AZ as it would to an individual, because a corporation 'does not suffer harm in a particular geographic location in the same sense that an individual does.'"<sup>195</sup> It is not clear what the significance of the Ninth Circuit's rejection of the effects test in *Cybersell* will be, given its more recent decision in the following case.

## **2. *Panavision International, L.P. v. Toeppen***

In *Panavision International, L.P. v. Toeppen*,<sup>196</sup> Dennis Toeppen became perhaps the best know cybersquatter. He is responsible, in large part, for the strong application of the new Federal Trademark Dilution Act<sup>197</sup> in domain name disputes. Mr. Toeppen registered over 100 domain names that consisted of famous trademarks.<sup>198</sup> He then tried to sell the domain names to the trademark owners.<sup>199</sup> Two such owners, Panavision and Intermatic sued Toeppen.<sup>200</sup> Both won on summary judgment.<sup>201</sup>

**\*201** Toeppen raised two defenses in this case. First, Toeppen argued that the California court lacked personal jurisdiction over him because he operated a passive Internet site and never visited California in connection with his operation of the site.<sup>202</sup> Toeppen's second argument was that he was making a noncommercial use of the Panavision mark and therefore could not be held liable under the Federal Trademark Dilution Act.<sup>203</sup>

The Ninth Circuit held personal jurisdiction existed over Dennis Toeppen in California, based on his operation of an Internet site using the Panavision trademark and his efforts to sell the rights to the panavision.com domain name to Panavision.<sup>204</sup> The Ninth Circuit distinguished this situation from the *Cybersell* case by noting that, unlike the defendant in *Cybersell*, Toeppen did more than operate a passive Internet site.<sup>205</sup> Toeppen also directed his commercial efforts at Panavision, a resident of California.<sup>206</sup>

This situation was analogized to that presented in *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club L.P.*,<sup>207</sup> where the Indianapolis Colts sued the Canadian Football League's new Baltimore team, the Baltimore CFL Colts, for trademark infringement.<sup>208</sup> The Seventh Circuit found personal jurisdiction proper in Indiana "[b]ecause the Indianapolis Colts used their trademarks in Indiana, any infringement of those marks would create an injury which would be felt mainly in Indiana, and this coupled with the defendant's 'entry' into the state by the television broadcasts, was sufficient for the exercise of personal jurisdiction."<sup>209</sup> Baltimore Football Club's only contacts with the state of Indiana were the cable television transmissions of its football games into that state.<sup>210</sup>

The Ninth Circuit concluded that Toeppen's transmission of his Internet site into the State of California was analogous to the television transmission of the Baltimore CFL Football games into Indiana.<sup>211</sup> Although the Ninth Circuit's analysis on this

issue is reasonable, the same arguments were made by the plaintiff \*202 in the *Cybersell* case. Yet in *Cybersell*, the Ninth Circuit found that personal jurisdiction did not exist.<sup>212</sup>

So what is the distinction between these two cases? The distinction is that Toeppen intended to sell the domain name to Panavision. Although Toeppen never entered the State of California and never directed any commercial activity to California through his operation of the Internet site, it was still clear that Toeppen intended to affect a California resident through his actions. The same was not true of the defendant in *Cybersell*.

In *Panavision*, the Ninth Circuit held that the effects test is applicable because the claims against Toeppen were tort claims.<sup>213</sup> Trademark dilution is a business tort. But so is trademark infringement, the claim presented in *Cybersell*, where the Ninth Circuit rejected the effects test. The difference again is based on Toeppen's intentions. Toeppen clearly knew his actions would have an affect on Panavision, a resident of California.<sup>214</sup> Thus, under the *Calder* analysis, Toeppen knew or should have known that his actions would cause injury in the forum state.<sup>215</sup>

The Ninth Circuit also affirmed the district court's holding on the commercial use question.<sup>216</sup> As noted above, Toeppen argued that by merely registering and using a domain name for the operation for a passive Internet site, he had not made any commercial use of Panavision's trademark.<sup>217</sup> The Ninth Circuit rejected this claim, holding that attempts to sell a domain name based on a plaintiff's trademark, constitutes a commercial use of the mark.<sup>218</sup> The court agreed that the registration of a domain name, without more, is not a commercial use of a mark.<sup>219</sup>

### **3. *Bensusan Restaurant Corp. v. King***

This was an appeal from a dismissal based on lack of personal jurisdiction.<sup>220</sup> The claims at issue were based on the establishment and use of a website by a \*203 Missouri nightclub.<sup>221</sup> The plaintiff owns and operates a well-known jazz club in New York City under the mark BLUE NOTE.<sup>222</sup>

The Second Circuit affirmed the district court's decision dismissing the complaint.<sup>223</sup> The plaintiff asserted jurisdiction under two separate provisions of New York's long-arm statute, C.P.L.R. Section 302(a)(2) and 302(a)(3).<sup>224</sup> The court rejected these arguments because under Section 302(a)(2), jurisdiction is limited to tortious acts performed by a defendant who is physically present in the state of New York when the act occurred.<sup>225</sup> This was not true here because the website was created in Missouri and all acts of the defendant occurred in the state of Missouri.<sup>226</sup>

The second provision of New York's long-arm statute, Section 302(a)(3), is limited to persons whose acts have consequences in the state of New York and who derive substantial revenue from interstate commerce.<sup>227</sup> There was no allegation that the defendant's nightclub was anything other than a local operation, and therefore, the court held that the defendant did not derive substantial revenue from interstate commerce.<sup>228</sup>

The primary significance of the *Bensusan* decision is that it suggests that a plaintiff should think twice before bringing an Internet-based trademark infringement action in New York. The Second Circuit noted that the New York long-arm statute is more limited than due process requires.<sup>229</sup> Because many other states have long-arm statutes which extend to the full limit allowed by due process, where there are serious jurisdictional issues, it is prudent not to file the action in New York.

### **4. *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.***

This case involved an allegation of trademark infringement based on use of the domain name zippo.com.<sup>230</sup> The defendant had no physical contacts with the state of Pennsylvania, and jurisdiction was premised solely on its operations over the \*204 Internet.<sup>231</sup> The defendant operates a news service over the Internet and had approximately 140,000 subscribers around the world and 3,000 subscribers in the state of Pennsylvania.<sup>232</sup> Plaintiff is the manufacturer of ZIPPO lighters and alleged that the defendant's use of the name ZIPPO in connection with its Internet services constituted trademark infringement.<sup>233</sup> The court found personal jurisdiction over this defendant.<sup>234</sup>

The court adopted a sliding scale approach to the constitutional due process issue.<sup>235</sup> In other words, whether jurisdiction exists based on Internet activities depends upon the nature of those activities. The court offered the following discussion of this approach.

This sliding scale is consistent with well-developed personal jurisdiction principles. At one end of the spectrum are situations where a defendant clearly does business over the Internet. If the defendant enters into contracts with residents of a Foreign jurisdiction that involve the knowing and repeated transmission of computer files over the Internet, personal jurisdiction is proper. At the opposite end are situations where a defendant has simply posted information on an Internet Web site which is accessible to users in Foreign jurisdictions. A passive Web site that does little more than make information available to those who are interested in it is not grounds for the exercise [of] personal jurisdiction. The middle ground is occupied by interactive Web sites where a user can exchange information with the host computer. In these cases, the exercise of jurisdiction is determined by examining the level of interactivity and commercial nature of the exchange of information that occurs on the Web site.<sup>236</sup>

This case includes an accurate summary of several of the Internet jurisdiction decisions. In addition, the court's focus on the level of interactivity and the commercial nature of the defendant's activities is well-grounded in constitutional jurisdiction case law. In this case, the defendant had substantial contacts with Pennsylvania, and had entered into contracts with many residents of that state.<sup>237</sup> The defendant also had entered into seven contracts with Internet access providers in Pennsylvania to furnish the defendant's services to Pennsylvania Internet users.<sup>238</sup> The court found these activities more than sufficient to support personal jurisdiction in Pennsylvania.<sup>239</sup>

#### **\*205 5. *Bunn-O-Matic Corp. v. Bunn Coffee Service, Inc.***

Plaintiff, an Illinois corporation, sued defendant, a New York corporation, for trademark infringement.<sup>240</sup> The court found jurisdiction over the defendant based on its website, which was accessible from Illinois (and every other state).<sup>241</sup> The website was primarily passive and could not be used to place orders.<sup>242</sup> Users, however, could enter a contest via the site, although no Illinois resident had done so. The site listed defendant's toll-free telephone number, which was not accessible from Illinois, and its local number, which was accessible from Illinois.<sup>243</sup> The court exercised jurisdiction based on the theory that the injury caused by the tort of infringement, if any, was felt in Illinois.<sup>244</sup> The court found no requirement of "entry" into Illinois beyond the accessibility of the website from that state.<sup>245</sup> It is worth noting that the plaintiff and defendant were involved in a prior dispute over a licensing agreement, although the court implied that these facts did not affect its decision to exercise jurisdiction.

#### **6. *Telephone Audio Productions, Inc. v. Smith***

This case involved a personal jurisdiction defense raised by an Ohio defendant accused of trademark infringement.<sup>246</sup> The court exercised personal jurisdiction over the defendant because defendant had purposefully availed itself of the forum through three contacts; (1) defendant's maintenance of a website containing the allegedly infringing mark, (2) defendant's attendance at a trade show in the forum where defendant publicly and prominently displayed the allegedly infringing mark, and (3) defendant's receipt of orders from distributors in the forum.<sup>247</sup> The court specifically declined to decide whether maintenance of the website alone is sufficient to sustain either specific or general personal jurisdiction.<sup>248</sup>

### **B. Dilution and Other Issues**

The Internet continues to be the battleground for many dilution cases. This result is not surprising, given that many Internet trademark disputes involve domain \*206 names used in connection with goods or services quite different from those offered by the owner of the trademark.

#### **1. *Avery Dennison Corp. v. Sumpton***

This case presented a new twist on the standard cybersquatter case.<sup>249</sup> In the typical case, a party registers domain names that consist of others' famous trademarks and then tries to sell those domain names to the owners of the famous marks. The leading cybersquatter cases involve Dennis Toeppen, who registered about 240 domain names, including deltaairlines.com, panavision.com and eddiebauer.com.<sup>250</sup> When sued under the new Federal Trademark Dilution Act, Toeppen argued that his use was noncommercial, because he did not conduct any commercial activity over the Internet using the domain names.<sup>251</sup> The courts rejected this argument, holding that Toeppen's efforts to sell the domain names constituted commercial use of the

famous marks.<sup>252</sup>

The defendants in *Avery Dennison Corp.* took a different approach. They registered over 12,000 domain names, based on common proper last names, and then licensed persons to use the domain names as e-mail addresses.<sup>253</sup> According to defendants, no efforts were made to extort payments from the owners of famous trademarks.<sup>254</sup>

Despite the somewhat different facts in this case, the court quickly disposed of the dilution question. “Courts presented with the question have held unanimously that it does ‘lessen the capacity of a famous mark to identify and distinguish goods or services,’ when someone other than the trademark owner registers the trademark name as an internet domain name.”<sup>255</sup>

The court focused on two issues in reaching its finding of dilution. First, the court asked, did the defendants use the domain names as trademarks in commerce?<sup>256</sup> Although defendants claimed that their use of the “.net” designation demonstrated that their use was noncommercial, the court concluded that defendants \*207 were marketing domain names, a clearly commercial activity.<sup>257</sup> The commercial use inquiry in this case focused on the definition of use in commerce,<sup>258</sup> rather than on the noncommercial use exception to the Federal Trademark Dilution Act.<sup>259</sup> The non-commercial use exception is different in scope and purpose, but would not have produced a different result here.

Although the differences between this case and the typical cybersquatter case did not prevent the court from granting summary judgment for plaintiff Avery Dennison, such differences did effect the relief granted. Because there was no “undisputed evidence that defendants’ true business purpose was to preempt domain names for the purpose of selling them to the highest bidder, equity requires that defendants be paid, if they are to relinquish domain names registered for a legitimate business purpose.”<sup>260</sup> The court ordered Avery Dennison to pay defendants \$300 for each of the domain names at issue.<sup>261</sup>

## ***2. Jews for Jesus v. Brodsky***

This case is helpful to practitioners for its review of other Internet domain name disputes, which led the court to note that “[s]everal federal courts presented with an Internet domain name dispute have granted an application for a preliminary injunction.”<sup>262</sup> In this case, the defendant used the well-known name of plaintiff’s organization as a domain name for a site containing materials critical of the plaintiff’s religious and political positions.<sup>263</sup> The court found that plaintiff was likely to succeed on its claims and therefore issued a preliminary injunction.<sup>264</sup>

## ***3. Toys “R” Us Inc. v. Abir***

This case involved the registration and attempted sale of the domain name toysareus.com.<sup>265</sup> Comments made by the defendant in correspondence with the plaintiff made this case rather easy to decide. For example, defendant openly acknowledged that the domain name was registered to attract consumers searching \*208 the Internet for information about plaintiff’s toy stores.<sup>266</sup> The defendant explained that since he thought of registering this domain name before the plaintiff did, it was morally appropriate for plaintiff to pay the defendant for the domain name.<sup>267</sup> The court disagreed, finding that defendant’s use was likely to cause confusion (defendant essentially admitted as much).<sup>268</sup> The court entered a temporary restraining order and later a preliminary injunction against defendant’s continued use of the domain name.<sup>269</sup>

## ***4. Academy of Motion Picture Arts and Sciences v. Network Solutions, Inc.***

In this case the court rejected the Academy’s dilution claim against Network Solutions, Inc. (NSI).<sup>270</sup> The court held that NSI’s registration of a domain name did not constitute a commercial use of a trademark as required by the Lanham Act’s new dilution provision.<sup>271</sup> The court also rejected the Academy’s contributory dilution argument, finding that there was simply no precedent for such a legal claim.<sup>272</sup> Finally, the court rejected the Academy’s trademark infringement arguments, and denied the Academy’s request for a preliminary injunction.<sup>273</sup>

## ***5. Playboy Enterprises, Inc. v. Welles***

Plaintiff, Playboy Enterprises, sought a preliminary injunction to enjoin defendant from (1) using the trademark PLAYMATE OF THE YEAR in the title of her web page, (2) using the watermark PMOY 81 in the background of the page, and (3) using

the trademarks PLAYBOY and PLAYMATE in meta-tags for her website.<sup>274</sup> The defendant Terri Welles appeared in plaintiff's PLAYBOY magazine on several occasions, including as the 1981 PLAYMATE OF THE YEAR. The court denied plaintiff's motion for a preliminary injunction, refused to reach the issues of likelihood of confusion and dilution, and held that defendant's use was a fair use of the plaintiff's trademarks.<sup>275</sup> The court found that the trademark PLAYMATE OF THE YEAR and its abbreviation, PMOY, were not merely \*209 trademarks but also functioned as titles which are awarded to certain models, who then were authorized to use the title to describe themselves.<sup>276</sup> The court also took note of the fact that defendant had minimized her references to PLAYBOY on her website and had inserted disclaimers which indicated her website was not affiliated with or sponsored by plaintiff and which acknowledged plaintiff's ownership of various PLAYBOY related trademarks.<sup>277</sup>

## V. Retroactivity of the Federal Trademark Dilution Act

### A. *Viacom Inc. v. Ingram Enterprises, Inc.*

The debate continues whether the Federal Trademark Dilution Act is retroactive. This case is the first decision by a Court of Appeals addressing the issue.<sup>278</sup> The district court in *Viacom* followed *Circuit City Stores, Inc., v. OfficeMax, Inc.*,<sup>279</sup> and held that it is an impermissible retroactive application of the Federal Trademark Dilution Act to enjoin trademark uses that began prior to the effective date of the Act.<sup>280</sup> Rejecting the *Circuit City* reasoning, the Eighth Circuit held that an injunction is purely perspective relief and does not raise retroactivity concerns.<sup>281</sup> This is the first, and so far the only, appellate court decision addressing the retroactivity question. What position the courts will ultimately follow on this issue is unclear.

Although the Eighth Circuit reversed in *Viacom*, the court acknowledged the unfairness of enjoining a long standing trademark use based on the newly enacted Federal Trademark Dilution Act.<sup>282</sup> The Eighth Circuit noted that the Federal Trademark Dilution Act expressly provides that its injunctive relief is 'subject to the discretion of the court and the principles of equity.' If Ingram's non-competing, non-confusing use of its BLOCKBUSTER mark prior to the FTDA's enactment was lawful and resulted in Ingram acquiring a valuable and legitimate property interest of its own, Viacom will presumably not be entitled to an anti-dilution injunction granting it a nationwide monopoly in the use of this rather common word.<sup>283</sup>

\*210 This comment clearly seems to suggest that a district court should consider a defendant's pre-enactment trademark use in determining whether to grant an injunction under the Federal Trademark Dilution Act. The results of this approach could be quite similar to those obtained under the *Circuit City* rule, because the *Circuit City* decision is based on the protection of established trademark rights acquired through pre-enactment use. A defendant with substantial pre-enactment trademark use might avoid an injunction under the Federal Trademark Dilution Act under either the *Circuit City* rule or the Eighth Circuit's suggestion in *Viacom*.

## VI. False advertising

### A. *Conte Bros. Automotive, Inc. v. Quaker State-Slick 50, Inc.*

This was a false advertising case brought by retailers against the manufacturers of an engine lubricant.<sup>284</sup> The decision focused on the standing requirements for bringing a false advertising claim.<sup>285</sup> The district court granted the defendant's motion to dismiss, because the plaintiffs were neither in direct competition with defendants nor in the position of surrogates of a direct competitor of the defendants.<sup>286</sup> The decision was based on the established rule that the Lanham Act does not confer standing upon non-competitors to sue for false advertising.<sup>287</sup>

### B. *Telebrands Corp. v. Media Group, Inc.*

This case involved a claim that the defendant's product claims were misleading.<sup>288</sup> The defendant promoted a can opener and made a claim that "sharp lids become a thing of the past."<sup>289</sup> The plaintiff presented evidence showing that defendant's can opener left the rim of the can in an unsafe condition (the lid, however, was left in a safe condition).<sup>290</sup> Plaintiff relied on

survey evidence which showed that consumers interpreted defendant's product claims to suggest that its can opener left the can and lid in a safe condition.<sup>291</sup> Plaintiff was the manufacturer of a competing can opener designed to specifically leave both the can and the lid in a \*211 safe condition. The court found defendant's advertising claims misleading and enjoined further use of such claims.<sup>292</sup>

Of particular interest in this case is the court's rather lengthy discussion of the format and results of plaintiff's survey. In a false advertising case based on misleading claims rather than literally false claims, survey evidence is highly probative and, quite possibly, essential. This case includes a helpful discussion of such evidence.

## VII. Trademark infringement

### A. *Elvis Presley Enterprises, Inc. v. Capece*

In this recent decision the Fifth Circuit addresses the use of a mark in the context of a parody.<sup>293</sup> The defendants operated a nightclub in Houston called *The Velvet Elvis*. Plaintiff, Elvis Presley Enterprises (EPE), owns all trademarks, copyrights, and publicity rights belonging to the Elvis Presley estate, including at least seventeen federal trademark registrations for marks containing the word "Elvis."<sup>294</sup> EPE sued Capece and related defendants in the Southern District of Texas alleging trademark infringement, dilution and violation of the right of publicity.<sup>295</sup>

The district court entered judgment for the defendants, largely because of the court's view that the defendants' use was a parody.<sup>296</sup> The defendants explained that their nightclub, which included various types of tacky art, such as velvet Elvis paintings, was intended to be a parody of the tacky nightclub scene of the 1960s.<sup>297</sup> At one point during a deposition, however, Mr. Capece admitted that he did not need to use the Elvis name to achieve such a parody.<sup>298</sup>

The district court considered parody an additional factor affecting the likelihood of confusion analysis.<sup>299</sup> Also, the district court separated the defendants' advertising uses of Elvis from their use of the mark THE VELVET ELVIS at the nightclub.<sup>300</sup> After considering this evidence, the district court concluded that \*212 defendants' use of *The Velvet Elvis* name was a parody and would not likely be confused with the plaintiff's trademark rights.<sup>301</sup> The court also concluded that dilution was not likely.<sup>302</sup>

The Fifth Circuit reversed.<sup>303</sup> On the parody issue, the Fifth Circuit held that trademark parody occurs only when the challenged use pokes fun at the plaintiff's trademark.<sup>304</sup> In this case, defendants claimed that their use poked fun at society in general and at the 1960s nightclub scene, in particular.<sup>305</sup> Because such a parody was not directed at the plaintiff's ELVIS trademarks, the Fifth Circuit ruled that defendants' use was not a trademark parody.<sup>306</sup> The fact that defendants used the name "Elvis" as part of a parody of society was deemed irrelevant to the likelihood of confusion analysis.<sup>307</sup>

The Fifth Circuit also held that it was error to consider the defendants' advertising separate from the defendants' uses of *The Velvet Elvis* name at their nightclub.<sup>308</sup> According to the Fifth Circuit, this error and the district court's error in finding defendants' use a trademark parody infected the entire likelihood of confusion analysis.<sup>309</sup> "When a likelihood of confusion factual finding is 'inextricably bound up' in, or infected by a district court's erroneous view of the law, we may conduct a de novo review of the fully-developed record before us."<sup>310</sup>

Based on the preceding comment, the Fifth Circuit went on to conduct its own fact finding and analysis of the likelihood of confusion factors.<sup>311</sup> The Fifth Circuit also conducted its own fact finding and analysis of the effect of defendants' advertising.<sup>312</sup> The Fifth Circuit panel, after considering the likelihood of confusion factors, concluded that defendants' use was likely to cause confusion and, therefore, constituted trademark infringement.<sup>313</sup> The case was not remanded for further findings by the district court, but was instead remanded with instructions that the \*213 district court enter judgment for plaintiffs.<sup>314</sup> In addition, the district court also was instructed to enter a permanent injunction prohibiting use of the name *The Velvet Elvis* by defendants.<sup>315</sup>

In another interesting twist, the Fifth Circuit analyzed and ruled on two defenses that were not considered by the district court.<sup>316</sup> The defendants raised laches and acquiescence defenses in their pleadings and at trial.<sup>317</sup> The district court did not rule on these defenses because it found no infringement and no dilution.<sup>318</sup> When the Fifth Circuit reversed the district court on the infringement issue, the defendant's laches and acquiescence defenses became relevant.<sup>319</sup> Rather than remanding the



case to the district court for findings on these two defenses, the Fifth Circuit conducted its own fact finding and analysis based on the record.<sup>320</sup> The Fifth Circuit concluded that the evidence of record was insufficient to establish either laches or acquiescence.<sup>321</sup>

This case is interesting both for its substantive analysis, in particular its conclusion that the parody aspects of defendants' use were completely irrelevant to the likelihood of confusion analysis, and the court's willingness to conduct its own fact finding. In the Fifth Circuit, likelihood of confusion is a question of fact, and the findings of a district court are reviewed for clear error on appeal.<sup>322</sup> This deferential standard includes findings under each of the likelihood of confusion factors. In addition, the defenses of laches and acquiescence are based on numerous factual issues. Even though the district court had entered no findings whatsoever on the laches and acquiescence issues, the Fifth Circuit still ruled on these issues and directed the district court to enter judgment that no laches or acquiescence had occurred.<sup>323</sup>

This aspect of the decision could be important to appellants in trademark cases before the Fifth Circuit. If you don't like the district court's factual findings on the likelihood of confusion analysis, you should attack those findings by trying to identify an error of law that has "infected" the district court's findings. If you can find such an error, you may then cite this decision to support the view that the court \*214 of appeals panel should conduct its own factual analysis of the record. Although this appears a somewhat dangerous "backdoor" route around the clearly erroneous standard of review, it was adopted and followed by the Fifth Circuit in this case.

### ***B. Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery***

This case involved two California wineries that used a grape leaf design on their labels.<sup>324</sup> Plaintiff Kendall-Jackson had used multicolored grape leaves on its wine labels for many years, while defendant Gallo had only recently introduced a new line of wines under the mark TURNING LEAF that featured multicolored grape leaves on the label.<sup>325</sup> The two designs used a similar color scheme.<sup>326</sup>

Plaintiff alleged both trademark and trade dress infringement.<sup>327</sup> The trademark infringement claim was based on Gallo's use of the grape leaf design, and the trade dress claim was based on the overall appearance of the Gallo bottle.<sup>328</sup> The district court granted summary judgment for Gallo on the trademark infringement claim, because "no reasonable jury could conclude from the evidence submitted by Kendall-Jackson that consumers view the Colored Leaf Mark as a symbol of Kendall-Jackson apart from its name and crest."<sup>329</sup>

The jury returned a verdict in favor of Gallo on the trade dress claim.<sup>330</sup> The district court entered judgment on the verdict and dismissed plaintiff's remaining state unfair competition claims.<sup>331</sup> The Ninth Circuit affirmed all aspects of the judgment.<sup>332</sup>

In particular, the summary judgment ruling was affirmed because "[g]rape-leaf designs have become generic emblems for wine. Thus, they are not protectable as trademarks."<sup>333</sup> This holding was supported by evidence of widespread use of grape \*215 leaf designs in the wine industry.<sup>334</sup> The Ninth Circuit also agreed with the district court's conclusion that Gallo did not copy plaintiff's grape leaf design.<sup>335</sup>

### ***C. Allard Enterprises, Inc. v. Advanced Programming Resources, Inc.***

The Sixth Circuit reaffirmed the principle that the statutory definition of "use in commerce" means "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a mark."<sup>336</sup> The Sixth Circuit also reaffirmed that a service mark "shall be deemed to be in use in commerce ... when it is used or displayed in the sale or advertising of services and the services are rendered in commerce."<sup>337</sup> The court explained that these statutory principles are entirely consistent with the traditional rules governing common law ownership of trademarks.<sup>338</sup> The common law rule is that ownership of a mark is established only through actual use of the mark in a genuine commercial transaction.<sup>339</sup>

The Sixth Circuit applied these rules to the parties' priority dispute over the APR mark and affirmed the trial court's determination that the defendant was the senior user.<sup>340</sup> This decision was supported by the following facts; 1) the defendant's "word-of-mouth" method of marketing was "not so atypical that no reasonable person could view it as 'commercial,'" 2) defendant's use of the APR mark was sufficiently public because several large Ohio companies identified the APR mark with the defendant and its services, and 3) the defendant's use of the APR mark from 1993 to 1994 was "consistent and

continuous, if not high-volume.<sup>341</sup>

Despite its affirmance of the district court's priority finding, the Sixth Circuit vacated the trial court's permanent injunction against plaintiff's use of either the mark APR, or APR OF OHIO, reasoning that such an injunction was overly broad in geographic scope.<sup>342</sup> Given plaintiff's 1996 registration of the mark, the Sixth Circuit observed the trial court ought to have limited the injunction to that area where the defendant's continuous prior use of the mark preempted plaintiff's constructive use of its registered mark.<sup>343</sup> The court remanded the case with \*216 instructions that the district court make a finding defining the trade area, if any, where the defendant continuously used the mark prior to the plaintiff's registration.<sup>344</sup>

## VIII. Other Issues

### A. The Right to a Jury Trial

#### 1. *Material Supply Int'l, Inc. v. Sunmatch Industrial Co., Ltd.*

Both parties to this case claimed ownership of the mark SUNTECH for pneumatic tools.<sup>345</sup> Defendant obtained a Taiwanese registration of the mark in 1985. After a distributorship agreement between the parties soured, plaintiff sought and obtained a U.S. registration of the SUNTECH mark in 1991. The defendant petitioned the Trademark Trial and Appeal Board (TTAB) for cancellation of the registration.<sup>346</sup> The TTAB canceled the registration in 1994.<sup>347</sup> In May of 1994, the dissatisfied plaintiff filed suit contesting the TTAB ruling and raising other claims.<sup>348</sup> The district court simultaneously held a bench trial of the challenge to the TTAB ruling and a jury trial of the other issues in the case.<sup>349</sup> The district court concluded that the TTAB ruling was correct (i.e., that defendant owned the mark) and instructed the jury that it must make its determination regarding the other issues in the case in consideration of that ruling.<sup>350</sup>

The D.C. Circuit ruled that the sequence of procedure the lower court employed violated plaintiff's Seventh Amendment right to a jury trial.<sup>351</sup> The district court should have submitted the factual question of which party first used the mark to the jury before ruling on the legal issue of which party owned the trademark.<sup>352</sup> Thus, the court remanded for a new jury trial on all issues relevant to ownership of the SUNTECH trademark.<sup>353</sup>

\*217 Regarding the allocation of the burdens of production and persuasion on remand, the D.C. Circuit determined that, although the plaintiff must bear the burden of production, the burden of persuasion would rest with the defendant because the defendant carried that burden before the TTAB.<sup>354</sup> The court reasoned that, because the TTAB canceled the plaintiff's registration in a summary judgment action, there was no reason for the district court to defer under the "thorough conviction" standard to the TTAB's decision.<sup>355</sup>

#### 2. *Ideal World Mktg., Inc. v. Duracell, Inc.*

Does a plaintiff have a right to a jury trial where it has withdrawn its claim for damages, but still seeks an accounting of profits? This decision says yes, because an award of profits can be used to compensate a plaintiff where actual damages are difficult to prove.<sup>356</sup> The court cited only one previous decision so holding, *Oxford Industries, Inc. v. Hartmarx Corp.*,<sup>357</sup> but concluded that this was the correct view.<sup>358</sup>

The court reviewed the background of the profits remedy in trademark infringement cases and concluded that the remedy was granted only because courts of equity could not award actual damages. Thus, the court reasoned, the profits award was analogous to an award of damages, and should carry with it the same right to a jury trial created by a claim for actual damages. In reaching this result, the court held that to recover profits a plaintiff must make "an actual showing of concrete injury."<sup>359</sup> This requirement makes a profits award look much like a damages award, and seems inconsistent with the deterrence rationale for awarding profits. The court explained that this logic was consistent with the unjust enrichment rationale for awarding profits, but that view also seems a bit suspect.<sup>360</sup> Unjust enrichment analysis should focus on the enrichment of the defendant, not on the actual injury, if any, to the plaintiff. In any event, this decision adds to the split in the lower courts on this important issue.

## **B. Extra-Territoriality of the Lanham Act - *Buti v. Perosa S.R.L.***

In this case, the Second Circuit faced the interesting question of whether advertising conducted in the United States for services rendered outside the United States constitutes use of a mark in commerce that may be properly regulated by Congress.<sup>361</sup> The Second Circuit concluded that it does not.<sup>362</sup>

This was a declaratory action filed to clarify the rights of the plaintiff, who intended to open a restaurant in the United States under the mark FASHION CAFE.<sup>363</sup> The defendants operate a restaurant in Milan, Italy under the same mark, but promote their restaurant through advertisements that reach the United States. Defendants argued that such advertising constituted use of their mark in the United States and, therefore, provided a basis for bringing Lanham Act claims against the declaratory judgment plaintiff.<sup>364</sup>

The Second Circuit rejected this argument, relying on the Supreme Court's decision in *United Drug Co. v. Theodore Rectanus Co.*,<sup>365</sup> which held that trademark rights are based on use of the mark in connection with goods or services. Thus, no rights arise simply as a result of the advertising of the goods or services, but only when the mark is used in connection with the actual rendering of the services or sale of the goods.<sup>366</sup> Advertising conducted within the United States for services rendered outside the United States does not constitute use of a mark in commerce in the United States.<sup>367</sup>

The *Leatherman* decision discussed above also presents an interesting extraterritoriality issue. In that case, the court enjoined the sale of an infringing product in twenty-two countries based on a finding of infringement by a U.S. jury.<sup>368</sup> The goods were manufactured in the United States.<sup>369</sup>

## **C. First Amendment and public domain issues**

### **1. *Toho Co. v. William Morrow and Co.***

In this case the court granted plaintiff's motion for a preliminary injunction, finding that the plaintiff had demonstrated a likelihood of confusion and that defendant's defenses were unavailing.<sup>370</sup> First, the court found that defendant publisher's use of plaintiff's mark GODZILLA as the title of its book was indefensible under the "nominative fair use" doctrine.<sup>371</sup> Second, the court also determined that defendant's use was similarly unprotected by the First Amendment.<sup>372</sup> The court observed that the Lanham Act permits a party's use of another's trademark as the title of a work if it has some artistic relevance, "unless the title explicitly misleads as to the source or the content of the work."<sup>373</sup> The court found that the strong likelihood of confusion generated by the similarity of the marks and the identity of the products and marketing channels outweighed the public interest in permitting defendant to use plaintiff's trademark as the title of its book.<sup>374</sup>

The court also held that defendant's disclaimers were ineffective.<sup>375</sup> The disclaimers consisted of the word UNAUTHORIZED in small print on the front cover, and the phrase: "THIS BOOK WAS NOT PREPARED, APPROVED, LICENSED OR ENDORSED BY ANY ENTITY INVOLVED IN CREATING OR PRODUCING ANY GODZILLA MOVIE, INCLUDING COLUMBIA/TRISTAR AND TOHO CO. LTD" on the back cover. The court relied on a Second Circuit case which held that the infringer has the burden of producing evidence demonstrating that a disclaimer would reduce the likelihood of confusion.<sup>376</sup> Based on the court's belief that "most consumers look primarily at the front cover of a book prior to purchase," the court stated in dicta that consumer confusion might have been avoided if the disclaimer placed on the back cover had been printed on the front cover.<sup>377</sup>

### **2. *Comedy III Productions, Inc. v. New Line Cinema***

In this case, the plaintiff, exclusive owner of all rights, title and interest in the famous comedy team *The Three Stooges*, sued defendant filmmaker for violation of the Lanham Act, claiming that defendant's use of a film clip of *The Three Stooges* infringed plaintiff's trademark rights in the "characters and images appearing in the [c]lip."<sup>378</sup> The clip at issue is in the public domain. The court granted defendant's motion to dismiss, because defendant's use of the clip constituted "mere copying" of a work in the public domain.<sup>379</sup> The court determined that the plaintiff had failed to state a claim under the Lanham Act because it did not allege that the defendant in any way altered the clip or used the clip "in a way in which [it was] never used in the public domain;" thus, the plaintiff could claim no protectable trademark interest.<sup>380</sup>

#### **D. First Sale Doctrine - *Enesco Corp. v. Price/Costco Inc.***

Plaintiffs, the licensor and the licensee of the trademark PRECIOUS MOMENTS, appealed from a dismissal of their trademark infringement and unfair competition claims.<sup>381</sup> Defendant purchased and resold plaintiff's porcelain figurines after repackaging them in allegedly inadequate packing materials. Before the district court, defendant moved for dismissal, arguing that the "first sale" doctrine precluded plaintiff's claims.<sup>382</sup> The district court agreed and dismissed plaintiff's claims.<sup>383</sup>

The Ninth Circuit reversed, holding that the "repackaging notice" exception to the first sale doctrine might provide plaintiffs with some relief.<sup>384</sup> The court believed that requiring the defendant to provide the public with notice would alleviate any confusion as to defendant's role in repackaging the products in the allegedly inferior packing materials.<sup>385</sup> The court, however, declined to find defendant liable for infringement under the "quality control" exception to the first sale doctrine.<sup>386</sup> That exception, the court observed, is applicable only when there is some defect or potential defect in the product *itself* that the consumer would not be readily able to detect.<sup>387</sup> In this case, however, the court concluded a consumer would likely attribute any damage to the figurine as having been caused by faulty repackaging rather than in the product itself.<sup>388</sup> Thus, the repackaging notice alone provided plaintiffs' an adequate remedy.

#### **\*221 E. Bad Faith - *International Star Class Yacht Racing Association v. Tommy Hilfiger U.S.A., Inc.***

In this case's second appearance before the Second Circuit, the plaintiff, International Star Class Yacht Racing Association (ISCYRA), appealed from the district court's denial of monetary relief and attorney's fees for the defendant Hilfiger's use of ISCYRA's unregistered mark STAR CLASS.<sup>389</sup> The appellate court vacated and remanded the district court's findings regarding Hilfiger's bad faith in using the mark because the district court improperly took judicial notice of facts from an antitrust case concerning trademark search firms that the judge had tried in 1991.<sup>390</sup> The Second Circuit admonished that "[f]acts adjudicated in a prior case do not meet either test of indisputability contained in Fed. R. Evid. 201(b): They are not usually common knowledge, nor are they derived from an unimpeachable source."<sup>391</sup>

On cross-appeal, the court also vacated the district court's determination of defendant Hilfiger's profits.<sup>392</sup> ISCYRA claimed that the district court erred in awarding profits made from Hilfiger's sale of clothing bearing the infringing mark only after receipt of the cease and desist letter, rather than all profits from the STAR CLASS clothing sales.<sup>393</sup> Hilfiger claimed that the district court erred in failing to deduct the defendant's costs and damages from the award of profits and in failing to subtract the percentage of profits attributable to Hilfiger's mark rather than ISCYRA's mark in assessing the award.<sup>394</sup> Without determining these issues, the court remanded the case for further findings as to Hilfiger's bad faith.<sup>395</sup> In so doing, the court observed that "the decision whether to award a full or partial accounting must be based on what is necessary to deter future misconduct,"<sup>396</sup> and "where infringement is especially malicious or egregious, allowing a defendant, especially a dominant competitor who has made use of the mark of a weaker entity to deduct profits due to its own market dominance in some circumstances inadequately serves the goal of deterrence."<sup>397</sup>

#### **\*222 F. *Major League Baseball Properties, Inc. v. Pacific Trading Cards, Inc.***

Plaintiff, Major League Baseball, sued the defendant for trademark infringement, dilution, and unfair competition in connection with defendant's manufacture and planned distribution of baseball cards bearing unlicensed representations of major league baseball players wearing uniforms bearing plaintiff's trademarks.<sup>398</sup> The plaintiff appealed from a denial of preliminary injunction and moved for an injunction pending appeal.<sup>399</sup> The Second Circuit indicated its intent to grant the plaintiff's motion unless the defendant could post bond.<sup>400</sup> After a conference, the parties announced they would be able to negotiate a settlement, but only if the district court's order and opinion were vacated.<sup>401</sup> The defendant desired a settlement because even a temporary injunction would have proven financially ruinous.<sup>402</sup> The plaintiff was amenable but indicated that it would be unable to settle unless the district court's opinion and order were vacated because trademark law would have subjected it to the defense of acquiescence, had the opinion and order been left standing.<sup>403</sup>

In a case of first impression before the Second Circuit, the court followed First Circuit precedent in delineating the grounds for exception to the Supreme Court ruling in *U.S. Bancorp Mortgage Co. v. Bonner Mall Partnership*.<sup>404</sup> In *U.S. Bancorp*, the Court curtailed the appellate courts' power to vacate judgments by holding that "mootness by reason of a settlement does not justify vacatur of a judgment under review, ... unless ... 'exceptional circumstances' counseled in favor of vacatur."<sup>405</sup> In this case, the court adopted the First Circuit definition of exceptional circumstances and held that where the court and the appellee, not the appellant, initiated consideration of settlement, where all the parties had a significant interest in vacating the

district court's opinion, and where that interest outweighed the social value of the precedent involved, vacatur was justified.<sup>406</sup>

#### Footnotes

<sup>a1</sup> Arnold White & Durkee, Austin, Texas. Timothy Kenny and Michael Gannon, Arnold White & Durkee, Minneapolis, contributed to this article.

<sup>1</sup> U.S. CONST. amend. XI.

<sup>2</sup> *Hans v. Louisiana*, 134 U.S. 1 (1890).

<sup>3</sup> *Ex parte Young*, 209 U.S. 123 (1908).

<sup>4</sup> 15 U.S.C. § 1122(a) (1994).

<sup>5</sup> *Seminole Tribe*, 517 U.S. 44 (1996).

<sup>6</sup> U.S. CONST. art. I, § 8, cl. 3.

<sup>7</sup> *Seminole Tribe*, 517 U.S. at 63.

<sup>8</sup> *Id.*

<sup>9</sup> *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 131 F.3d 353, 45 U.S.P.Q.2d (BNA) 1001 (3d Cir. 1997).

<sup>10</sup> *Id.* at 355, 45 U.S.P.Q.2d at 1002.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 356, 45 U.S.P.Q.2d at 1003.

<sup>15</sup> *Id.* at 360, 45 U.S.P.Q.2d at 1006.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 358, 45 U.S.P.Q.2d at 1004.

18 *Id.*

19 *Id.*

20 *Id.* at 366, 45 U.S.P.Q.2d at 1011.

21 *See* Parden v. Terminal Ry. of Ala. State Docks Dept., 377 U.S. 184 (1964), *overruled by*, Welch v. Texas Dept. of Highways and Public Transp., 483 U.S. 468 (1987), *overruling recognized by*, United States v. Union Gas Co., 832 F.2d 1343 (3d Cir. 1987).

22 *College Sav. Bank*, 131 F.3d at 362, 45 U.S.P.Q.2d at 1008.

23 *See* Employees of the Dep't of Public Health & Welfare v. Dep't of Public Health & Welfare, 411 U.S. 279 (1973); Edelman v. Jordan, 415 U.S. 651 (1974); Welch v. Texas Dep't of Highways and Pub. Transp., 483 U.S. 468 (1987).

24 *College Sav. Bank*, 131 F.3d at 363, 45 U.S.P.Q.2d at 1009.

25 *Id.* at 364, 45 U.S.P.Q.2d at 1009.

26 *Id.*

27 *Id.* at 365, 45 U.S.P.Q.2d at 1011.

28 *Id.*

29 *Id.* at 366, 45 U.S.P.Q.2d at 1011.

30 *Id.* at 362, 45 U.S.P.Q.2d at 1008.

31 *Id.*

32 Chavez v. Arte Publico Press, 139 F.3d 504, 506, 46 U.S.P.Q.2d (BNA) 1541, 1542-43 (5th Cir. 1998), *revised and superceded by*, Chavez v. Arte Publico Press, No. 93-2881, 1998 WL 685623 (5th Cir. 1998).

33 *Id.*, 46 U.S.P.Q.2d at 1542-43.

34 *Id.*, 46 U.S.P.Q.2d at 1542.

35 *Id.*

36 *Id.* at 510-12, 46 U.S.P.Q.2d at 1546-48.

37 *Id.* at 508, 512, 46 U.S.P.Q.2d at 1544, 1548.

38 *Id.* at 508, 46 U.S.P.Q.2d at 1544.

39 *Id.* at 508-12, 46 U.S.P.Q.2d at 1545-48.

40 *Id.* at 509, 46 U.S.P.Q.2d at 1545.

41 424 U.S. 693 (1976).

42 *Id.* at 694-95.

43 *Id.* at 697-99.

44 *Id.* at 697-98.

45 *Id.* at 712-713.

46 *Chavez*, 139 F.3d at 509, 46 U.S.P.Q.2d at 1545.

47 Trade-Mark Cases, 100 U.S. 82, 92-93 (1879).

48 *Chavez*, 139 F.3d at 508-09, 46 U.S.P.Q.2d at 1544-45.

49 *Id.* at 509, 46 U.S.P.Q.2d at 1545.

50 *Id.* at 510-11, 46 U.S.P.Q.2d at 1546-47.

51 *Id.*

52 *Id.*

53 *Id.*

54 *See Trade-Mark Cases*, 100 U.S. at 92; 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5.02 (3d ed. 1996).

55 *Id.*

56 *Id.*, MCCARTHY, *supra* note 54, at § 5.03 (noting that Congress' power for trademark recognition comes only under its Commerce Power).

57 Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 48 U.S.P.Q.2d (BNA) 1065 (5th Cir. 1998).

58 *Id.* at 547, 48 U.S.P.Q.2d at 1080-81.

59 *Id.* at 536, 48 U.S.P.Q.2d at 1070.

60 *Id.* at 534-35, 48 U.S.P.Q.2d at 1068-69.

61 *Id.* at 535, 48 U.S.P.Q.2d at 1069.

62 *Id.* at 534, 48 U.S.P.Q.2d at 1068.

63 *Id.*

64 *Id.* at 539-40, 48 U.S.P.Q.2d at 1072-74.

65 *Id.* at 538, 48 U.S.P.Q.2d at 1071-72.

66 *Id.*

67 *Id.*

68 *Id.*

69 *Id.*

70 *Id.* at 539, 48 U.S.P.Q.2d at 1072-73.

71 *Id.* at 540-41, 48 U.S.P.Q.2d at 1073-74.

72 *Id.* at 534, 48 U.S.P.Q.2d at 1068.

73 *Id.* at 541, 48 U.S.P.Q.2d at 1073-74.

74 *Id.*

75 *Id.* at 534, 48 U.S.P.Q.2d at 1068.



76 *Id.*

77 *Id.* at 542, 48 U.S.P.Q.2d at 1075.

78 *Id.*

79 *Id.*

80 *Id.*

81 *Id.* at 544, 48 U.S.P.Q.2d at 1076-77.

82 *Id.*

83 *Id.*

84 *Id.*

85 *Id.* at 543-44, 48 U.S.P.Q.2d at 1075-76.

86 *Id.* at 545-46, 48 U.S.P.Q.2d at 1077-79.

87 *Id.* at 546, 48 U.S.P.Q.2d at 1078-79.

88 *Id.* at 546-47, 48 U.S.P.Q.2d at 1078-80.

89 Sunbeam Prods., Inc. v. West Bend Co., 123 F.3d 246, 44 U.S.P.Q.2d (BNA) 1161 (5th Cir. 1997).

90 *Id.* at 254, 44 U.S.P.Q.2d at 1167.

91 *Id.* at 249, 44 U.S.P.Q.2d at 1162.

92 *Id.* at 258, 44 U.S.P.Q.2d at 1170.

93 *Id.* at 255-57, 44 U.S.P.Q.2d at 1167-69.

94 *Id.* at 259, 44 U.S.P.Q.2d at 1171.

95 *Id.* at 261, 44 U.S.P.Q.2d at 1172.

96 *Id.* at 254-55, 44 U.S.P.Q.2d at 1167.

97 *Id.*

98 *Id.* at 254, 44 U.S.P.Q.2d at 1167.

99 *Id.* at 255, 44 U.S.P.Q.2d at 1168 (citations omitted).

100 *Id.* at 256, 44 U.S.P.Q.2d at 1168.

101 *Id.*

102 *Id.*, 44 U.S.P.Q.2d at 1169.

103 *Id.* at 257, 44 U.S.P.Q.2d at 1169.

104 *Id.*

105 *Id.* at 258, 44 U.S.P.Q.2d at 1170.

106 *Id.*

107 *Id.* at 259, 44 U.S.P.Q.2d at 1171.

108 *Id.*

109 *Id.* at 261, 44 U.S.P.Q.2d at 1172.

110 Thomas & Betts Corp. v. Panduit Corp., 138 F.3d 277, 282-83, 46 U.S.P.Q. (BNA) 1026, 1028-29 (7th Cir.), *cert. denied*, 1998 WL 440289 (1998).

111 *Id.* at 282, 46 U.S.P.Q. at 1028-29.

112 *Id.* at 282, 46 U.S.P.Q. at 1029.

113 *Id.*

114 *Id.*

115 *Id.* at 283, 46 U.S.P.Q. at 1029.

116 *Id.* at 285, 46 U.S.P.Q. at 1031.

117 *Id.* at 288-90, 46 U.S.P.Q. at 1033-36.

118 *Id.* at 291, 46 U.S.P.Q. at 1036.

119 *Id.* at 283, 46 U.S.P.Q. at 1029.

120 *Id.* at 285, 46 U.S.P.Q. at 1031.

121 *Id.* at 288-302, 46 U.S.P.Q. at 1033-45.

122 *Id.* at 299-300, 46 U.S.P.Q. at 1043-44.

123 *Id.* at 291-97, 46 U.S.P.Q. at 1036-41.

124 *Id.* at 288, 46 U.S.P.Q. at 1033.

125 *Id.*

126 *Id.* at 290-91, 46 U.S.P.Q. at 1035-36.

127 *Id.* at 294, 46 U.S.P.Q. at 1038-39.

128 *Id.*

129 *Id.*

130 *Id.*

131 Allfast Fastening Sys. v. Briles Rivet Corp., 47 U.S.P.Q.2d (BNA) 1170, 1172 (C. D. Cal. 1998).

132 *Id.*

133 *Id.*

134 *Id.*

135 *Id.*

136 *Id.* at 1173.

137 *Id.*

138 *Id.*

139 *Id.* at 1173-74.

140 *Id.* at 1177.

141 *Id.*

142 *Id.*

143 *Id.*

144 *Id.*

145 *Id.* at 1178.

146 *Id.*

147 *Leatherman Tool Group v. Cooper Indus., Inc.*, 44 U.S.P.Q.2d (BNA) 1275 (D. Or. 1996) [*Leatherman I*]; 47 U.S.P.Q.2d (BNA) 1045 (D. Or. 1997) [*Leatherman II*]; 47 U.S.P.Q.2d (BNA) 1049 (D. Or. 1998) [*Leatherman III*].

148 *Leatherman I*, 44 U.S.P.Q.2d (BNA) 1275 (D. Or. 1996).

149 *Id.*

150 *Id.*

151 *Id.* at 1280.

152 *Id.* at 1278.

153 *Id.* at 1279.

154 *Id.* at 1278.

155 *Id.* at 1279.

156 *Id.* at 1280.

157 *Id.* at 1279.

158 *Id.* at 1280.

159 *Id.*

160 *Leatherman II*, 47 U.S.P.Q.2d (BNA) at 1046 (D. Or. 1997).

161 *Id.*

162 *Id.*

163 *Id.*

164 *Id.* at 1048.

165 953 F.2d 500, 21 U.S.P.Q.2d (BNA) 1493 (9th Cir. 1991).

166 *Leatherman II*, 47 U.S.P.Q.2d at 1047.

167 *Id.*

168 *Id.* at 1048.

169 *Id.* at 1047.

170 *Leatherman III*, 47 U.S.P.Q.2d (BNA) at 1049 (D. Or. 1998).

171 *Id.* at 1050.

172 *Id.*

173 *Id.* at 1051.

174 *Id.*

175 *Id.*

176 *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 419-20, 44 U.S.P.Q.2d (BNA) 1928, 1932-33 (9th Cir. 1997).

177 *Id.* at 415, 44 U.S.P.Q.2d at 1929.

178 *Id.* at 419, 44 U.S.P.Q.2d at 1932.

179 *Id.* at 420, 44 U.S.P.Q.2d at 1933.

180 89 F.3d 1257, 39 U.S.P.Q.2d (BNA) 1502 (6th Cir. 1996).

181 126 F.3d 25, 44 U.S.P.Q.2d (BNA) 1051 (2d Cir. 1997).

182 *CompuServe*, 89 F.3d at 1268, 39 U.S.P.Q.2d at 1511.

183 *Bensusan*, 126 F.3d at 29, 44 U.S.P.Q.2d at 1054.

184 *Id.* at 27, 44 U.S.P.Q.2d at 1052.

185 952 F. Supp. 1119, 42 U.S.P.Q.2d (BNA) 1062 (W.D. Pa. 1997).

186 *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 418, 44 U.S.P.Q.2d (BNA) 1928, 1931 (9th Cir. 1997).

187 *Id.* at 419, 44 U.S.P.Q.2d at 1932 (quoting *Zippo*, 952 F. Supp. at 1124).

188 *Zippo*, 952 F. Supp. at 1124, 42 U.S.P.Q.2d at 1066.

189 *Id.*

190 *Cybersell*, 130 F.3d at 415, 44 U.S.P.Q.2d at 1933.

191 465 U.S. 783 (1984).

192 *Id.* at 783.

193 *Id.* at 784.

194 *Id.* at 791.

195 *Cybersell*, at 420, 44 U.S.P.Q.2d at 1933 (quoting *Core-Vent Corp. v. Nobel Indus. AB*, 11 F.3d 1482, 1486 (9th Cir. 1993)).

196 141 F.3d 1316, 46 U.S.P.Q.2d (BNA) 1511 (9th Cir. 1998).

197 15 U.S.C. § 1125(c)(4)(B) (1994 & Supp. 1997).

198 *Panavision*, 141 F.3d at 1319, 46 U.S.P.Q.2d at 1514.

199 *Id.*

200 *Id.*; *Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 1229, 40 U.S.P.Q.2d (BNA) 1412, 1415 (N.D. Ill. 1996).

201 *Panavision*, 141 F.3d at 1327, 46 U.S.P.Q.2d at 1521; *Intermatic*, 947 F. Supp. at 1241, 40 U.S.P.Q.2d at 1423.

202 *Panavision*, 141 F.3d at 1322, 46 U.S.P.Q.2d at 1514.

203 *Id.* at 1324, 46 U.S.P.Q.2d at 1518-19.

204 *Id.* at 1319-24, 46 U.S.P.Q.2d at 1514-18.

205 *Id.* at 1321, 46 U.S.P.Q.2d at 1515.

206 *Id.* at 1323, 46 U.S.P.Q.2d at 1516.

207 34 F.3d 410, 31 U.S.P.Q.2d (BNA) 1811 (7th Cir. 1994).

208 *Panavision*, 141 F.3d at 1321-22, 46 U.S.P.Q.2d at 1516 (citing *Indianapolis Colts*, 34 F.3d at 411, 31 U.S.P.Q.2d at 1812).

209 *Id.* (citing *Indianapolis Colts*, 34 F.3d at 411, 31 U.S.P.Q.2d at 1813).

210 *Id.* (citing *Indianapolis Colts*, 34 F.3d at 411, 31 U.S.P.Q.2d at 1812).

211 *Id.* at 1321-22, 46 U.S.P.Q.2d at 1516.

212 *Cybersell*, 130 F.3d at 419-20, 44 U.S.P.Q.2d at 1932-33.

213 *Panavision*, 141 F.3d at 1321, 46 U.S.P.Q.2d at 1516.

214 *Id.* at 1321-22, 46 U.S.P.Q.2d at 1516.

215 *Id.* at 1321, 46 U.S.P.Q.2d at 1516.

216 *Id.* at 1325-26, 46 U.S.P.Q.2d at 1518-19.

217 *Id.* at 1325, 46 U.S.P.Q.2d at 1518.

218 *Id.*, 46 U.S.P.Q.2d at 1519.

219 *Id.*, 46 U.S.P.Q.2d at 1518-19; *see* Panavision Int'l, L.P. v. Toeppen, 945 F. Supp. 1296, 1303, 40 U.S.P.Q.2d (BNA) 1908, 1913 (C.D. Cal. 1996); Academy of Motion Picture Arts and Sciences v. Network Solutions Inc., 989 F. Supp. 1276, 1279 (C.D. Cal. 1997); Lockheed Martin Corp. v. Network Solutions, Inc., 985 F. Supp. 949, 959, 44 U.S.P.Q.2d 1865, 1874 (C.D. Cal. 1997).

220 Bensusan Restaurant Corp. v. King, 126 F.3d 25, 44 U.S.P.Q.2d (BNA) 1051 (2d Cir. 1997).

221 *Id.* at 27, 44 U.S.P.Q.2d at 1052.

222 *Id.*

223 *Id.* at 29, 44 U.S.P.Q.2d at 1054.

224 *Id.* at 28, 44 U.S.P.Q.2d at 1053.

225 *Id.*

226 *Id.* at 29, 44 U.S.P.Q.2d at 1053-54.

227 *Id.* at 28, 44 U.S.P.Q.2d at 1053.

228 *Id.* at 29, 44 U.S.P.Q.2d at 1054.

229 *Id.* at 29, 44 U.S.P.Q.2d at 1053-54.

230 Zippo Mfg. Co. v. Zippo Dot Com, Inc., 952 F. Supp. 1119, 1121, 42 U.S.P.Q.2d (BNA) 1062, 1064 (W.D. Pa. 1997).

231 *Id.* at 1121-22, 42 U.S.P.Q.2d at 1064-65.

232 *Id.*

233 *Id.*



234 *Id.*, 42 U.S.P.Q.2d at 1063-64.

235 *Id.* at 1124, 42 U.S.P.Q.2d at 1066.

236 *Id.* (citations omitted).

237 *Id.* at 1121, 42 U.S.P.Q.2d at 1064.

238 *Id.* at 1126, 42 U.S.P.Q.2d at 1068.

239 *Id.* at 1128, 42 U.S.P.Q.2d at 1069-70.

240 *Bunn-O-Matic Corp. v. Bunn Coffee Serv., Inc.*, 46 U.S.P.Q.2d (BNA) 1375, 1375 (C.D. Ill. 1998).

241 *Id.* at 1376.

242 *Id.*

243 *Id.*

244 *Id.* at 1377.

245 *Id.*

246 *Telephone Audio Prods., Inc. v. Smith*, No. CIV.A.3:97-CV-0863-P, 1998 WL 159932, at 2 (N.D. Tex. 1998).

247 *Id.* at 3.

248 *Id.*

249 *Avery Dennison Corp. v. Sumpton*, 999 F. Supp. 1337, 46 U.S.P.Q.2d (BNA) 1852 (C.D. Cal. 1998).

250 *See Intermatic Inc. v. Toeppen*, 947 F. Supp. 1227, 40 U.S.P.Q.2d (BNA) 1412 (N.D. Ill. 1996); *Panavision Int'l L.P. v. Toeppen*, 945 F. Supp. 1296, 40 U.S.P.Q.2d (BNA) 1908 (C.D. Cal. 1996), *aff'd*, 141 F.3d 1316, 46 U.S.P.Q.2d (BNA) 1151 (9th Cir. 1998).

251 *Intermatic*, 947 F. Supp. at 1239, 40 U.S.P.Q.2d at 1422.

252 *Id.*

253 *Avery Dennison*, 999 F. Supp. at 1338, 46 U.S.P.Q.2d at 1852.

254 *Id.* at 1340, 46 U.S.P.Q.2d at 1853-54.

255 *Id.*, 46 U.S.P.Q.2d at 1854.

256 *Id.* at 1339, 46 U.S.P.Q.2d at 1853.

257 *Id.*

258 15 U.S.C. § 1127 (1994 & Supp. 1996).

259 15 U.S.C. § 1125(c)(4)(B) (1994 & Supp. 1997).

260 *Avery Dennison*, 999 F. Supp. at 1342, 46 U.S.P.Q.2d at 1855.

261 *Id.*

262 *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 293, 46 U.S.P.Q.2d (BNA) 1652, 1660 (citing seven such cases).

263 *Id.* at 290-91, 46 U.S.P.Q.2d at 1657-58.

264 *Id.* at 313, 46 U.S.P.Q.2d at 1677.

265 *Toys “R” Us Inc. v. Abir*, 45 U.S.P.Q.2d (BNA) 1944 (S.D.N.Y. 1997).

266 *Id.* at 1947.

267 *Id.*

268 *Id.* at 1948.

269 *Id.* at 1949.

270 *Academy of Motion Picture Arts and Sciences v. Network Solutions, Inc.*, 45 U.S.P.Q.2d (BNA) 1463 (C.D. Cal. 1997).

271 *Id.* at 1467-68.

272 *Id.* at 1466.

273 *Id.* at 1467.

274 Playboy Enters., Inc. v. Welles, 47 U.S.P.Q.2d (BNA) 1186, 1188 (S.D. Cal. 1998).

275 *Id.* at 1191-92.

276 *Id.* at 1189-91.

277 *Id.* at 1191.

278 Viacom Inc. v. Ingram Enters., Inc., 141 F.3d 886, 46 U.S.P.Q.2d (BNA) 1473 (8th Cir. 1998).

279 949 F. Supp. 409, 42 U.S.P.Q.2d (BNA) 1194 (E.D. Va. 1996).

280 *Viacom*, 141 F.3d at 889, 46 U.S.P.Q.2d at 1475.

281 *Id.*

282 *Id.* at 889-90, 46 U.S.P.Q.2d at 1475.

283 141 F.3d at 890, 46 U.S.P.Q.2d at 1475.

284 Conte Bros. Automotive, Inc. v. Quaker State-Slick 50, Inc., 992 F. Supp. 709, 45 U.S.P.Q.2d (BNA) 1908 (D.N.J. 1998).

285 *Id.* at 710, 45 U.S.P.Q.2d at 1909.

286 *Id.* at 716, 45 U.S.P.Q.2d at 1915.

287 *Id.*

288 Telebrands Corp. v. Media Group, Inc., 45 U.S.P.Q.2d (BNA) 1342 (S.D.N.Y. 1997).

289 *Id.* at 1344.

290 *Id.* at 1347 nn. 11 & 12.

291 *Id.* at 1346.

292 *Id.* at 1349.

293 *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 46 U.S.P.Q.2d (BNA) 1737 (5th Cir. 1998).

294 *Id.* at 191, 46 U.S.P.Q.2d at 1738.

295 *Id.* at 192, 46 U.S.P.Q.2d at 1739.

296 *Id.* at 194-96, 46 U.S.P.Q.2d at 1741.

297 *Id.* at 200, 46 U.S.P.Q.2d at 1745.

298 *Id.*

299 *Id.* at 194, 46 U.S.P.Q.2d at 1740-41.

300 *Id.*, 46 U.S.P.Q.2d at 1741.

301 *Id.* at 195, 46 U.S.P.Q.2d at 1741.

302 *Id.* at 192-93, 46 U.S.P.Q.2d at 1739.

303 *Id.* at 191, 46 U.S.P.Q.2d at 1738.

304 *Id.* at 194, 46 U.S.P.Q.2d at 1745.

305 *Id.* at 200, 46 U.S.P.Q.2d at 1745.

306 *Id.*, 46 U.S.P.Q.2d at 1745-46.

307 *Id.*, 46 U.S.P.Q.2d at 1746.

308 *Id.* at 197, 46 U.S.P.Q.2d at 1743.

309 *Id.* at 200, 46 U.S.P.Q.2d at 1746.

310 *Id.* at 196, 46 U.S.P.Q.2d at 1742.

311 *Id.* at 200-04, 46 U.S.P.Q.2d at 1746-49.

312 *Id.* at 201-04, 46 U.S.P.Q.2d at 1747-49.

313 *Id.* at 204-05, 46 U.S.P.Q.2d at 1749-50.

314 *Id.* at 207, 46 U.S.P.Q.2d at 1752.

315 *Id.* at 206-07, 46 U.S.P.Q.2d at 1751.

316 *Id.* at 193, 46 U.S.P.Q.2d at 1739.

317 *Id.*

318 *Id.*

319 *Id.* at 204-05, 46 U.S.P.Q.2d at 1749-50.

320 *Id.* at 205-06, 46 U.S.P.Q.2d at 1751.

321 *Id.*, 46 U.S.P.Q.2d at 1750-51.

322 *Id.* at 196, 46 U.S.P.Q.2d at 1742.

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324 Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery, 150 F.3d 1042, 1044, 47 U.S.P.Q.2d (BNA) 1332, 1333 (9th Cir. 1998).

325 *Id.* at 1045, 47 U.S.P.Q.2d at 1333-4.

326 *Id.*

327 *Id.*, 47 U.S.P.Q.2d at 1334.

328 *Id.* at 1044, 47 U.S.P.Q.2d at 1333.

329 *Id.* at 1048, 47 U.S.P.Q.2d at 1336.

330 *Id.* at 1046, 47 U.S.P.Q.2d at 1334.

331 *Id.*

332 *Id.* at 1053, 47 U.S.P.Q.2d at 1340.

333 *Id.* at 1048, 47 U.S.P.Q.2d at 1336.

334 *Id.* at 1048-49, 47 U.S.P.Q.2d at 1337.

335 *Id.*

336 Allard Enters., Inc. v. Advanced Programming Resources, Inc., 146 F.3d 350, 357, 46 U.S.P.Q.2d (BNA) 1865, 1871 (6th Cir. 1998).

337 *Id.*

338 *Id.*

339 *Id.* at 358, 46 U.S.P.Q.2d at 1871.

340 *Id.* at 359-60, 46 U.S.P.Q.2d at 1872-73.

341 *Id.* at 359, 46 U.S.P.Q.2d at 1872-73.

342 *Id.* at 360, 46 U.S.P.Q.2d at 1873.

343 *Id.* at 361, 46 U.S.P.Q.2d at 1874.

344 *Id.*

345 Material Supply Int'l, Inc. v. Sunmatch Indus. Co., Ltd., 146 F.3d 983, 47 U.S.P.Q.2d (BNA) 1341 (D.C. Cir 1998).

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347 *Id.*

348 *Id.*

349 *Id.* at 987, 47 U.S.P.Q.2d at 1342.

350 *Id.*

351 *Id.* at 988, 47 U.S.P.Q.2d at 1343.

352 *Id.*, 47 U.S.P.Q.2d at 1344.

353 *Id.* at 989, 47 U.S.P.Q.2d at 1344.

354 *Id.* at 990-91, 47 U.S.P.Q.2d at 1345-46.

355 *Id.*

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358 *Ideal World*, 997 F. Supp. at 336, 46 U.S.P.Q.2d at 1840.

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364 *Id.* at 101, 45 U.S.P.Q.2d at 1987.

365 248 U.S. 90, 97 (1918).

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369 *Id.* at 1046.

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371 *Id.*

372 *Id.* at 1805.

373 *Id.*

374 *Id.*

375 *Id.* at 1805-06.

376 *Id.* at 1805 (citing *Home Box Office, Inc. v. Showtime/The Movie Channel Inc.*, 832 F.2d 1311, 4 U.S.P.Q.2d (BNA) 1789 (2d Cir. 1987)).

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381 *Enesco Corp. v. Price/Costco Inc.*, 146 F.3d 1083, 1084, 47 U.S.P.Q.2d (BNA) 1144, 1144 (9th Cir. 1998).

382 *Id.* at 1085, 47 U.S.P.Q.2d at 1145.

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404 513 U.S. 18 (1994).

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406 *Id.* at 151-52, 47 U.S.P.Q.2d at 1479-80.