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## 2003 Trademark Law Decisions of the Federal Circuit

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### **Keywords**

Trademark Law, trademark evidence, Federal Circuit decisions, Lanham Act, Section 2(A) of the Lanham Act, Moseley v. V. Secret Catalogue, Inc.

## 2003 TRADEMARK LAW DECISIONS OF THE FEDERAL CIRCUIT

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## INTRODUCTION

In 2003, the Court of Appeals for the Federal Circuit was particularly active in trademark matters. Seventeen opinions, covering topics as diverse as adult-oriented conversations and mistaken identity, confirmed established precedent and provided new insights.<sup>1</sup> The Federal Circuit set new standards for both scandalous and geographically deceptively misdescriptive marks.<sup>2</sup> The court also considered the dilution doctrine in the face of the Supreme Court's landmark decision in *Moseley v. V. Secret Catalogue, Inc.*<sup>3</sup> The Federal Circuit has thus provided trademark lawyers and their clients with a wealth of guidance and change.

I. SCANDALOUS MARKS: DICTIONARY EVIDENCE ALONE SUPPORTS A REFUSAL TO REGISTER UNDER SECTION 2(A) OF THE LANHAM ACT

Although dictionaries have long held evidentiary value in trademark cases,<sup>4</sup> especially those involving refusals to register based

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1. Cent. Mfg. Co. v. Casablanca Indus., Inc., No. 03-1294, 2003 WL 22977469 (Fed. Cir. Dec. 16, 2003); *In re Coors Brewing Co.*, 343 F.3d 1340, 68 U.S.P.Q.2d (BNA) 1059 (Fed. Cir. 2003); Nitro Leisure Prods., LLC v. Acushnet Co., 341 F.3d 1356, 67 U.S.P.Q.2d (BNA) 1814 (Fed. Cir. 2003); *In re MBNA America Bank, N.A.*, 340 F.3d 1328, 67 U.S.P.Q.2d (BNA) 1778 (Fed. Cir. 2003); *In re Pacer Tech.*, 338 F.3d 1348, 67 U.S.P.Q.2d (BNA) 1629 (Fed. Cir. 2003); Custom Computer Servs., Inc. v. Paychex Prods., Inc., 337 F.3d 1334, 67 U.S.P.Q.2d (BNA) 1638 (Fed. Cir. 2003); *In re Les Halles de Paris J.V.*, 334 F.3d 1371, 67 U.S.P.Q.2d (BNA) 1539 (Fed. Cir. 2003); Waymark Corp. v. Porta Sys. Corp., 334 F.3d 1358, 67 U.S.P.Q.2d (BNA) 1303 (Fed. Cir. 2003); *In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 67 U.S.P.Q.2d (BNA) 1475 (Fed. Cir. 2003); *In re Savin Corp.*, No. 03-1094, 2003 WL 21316775 (Fed. Cir. June 6, 2003); Lowell Int'l Co. v. Quimby, No. 02-1392, 2003 WL 2138662 (Fed. Cir. June 4, 2003); Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc., 330 F.3d 1333, 66 U.S.P.Q.2d (BNA) 1811 (Fed. Cir. 2003), cert. denied, 124 S. Ct. 958 (2003); *In re California Innovations, Inc.*, 329 F.3d 1334, 66 U.S.P.Q.2d (BNA) 1853 (Fed. Cir. 2003); Nutting v. RAM Southwest, Inc., No. 02-1361, 2003 WL 2008072 (Fed. Cir. May 1, 2003); *In re AnyLens Acquisition, LLC*, Nos. 02-1493, 02-1494, 2003 WL 1194293 (Fed. Cir. Mar. 10, 2003); *In re Dayan*, No. 02-1473, 2003 WL 932442 (Fed. Cir. Mar. 7, 2003); *In re Majestic Distilling Co., Inc.*, 315 F.3d 1311, 65 U.S.P.Q.2d (BNA) 1201 (Fed. Cir. 2003).

2. See *Boulevard*, 334 F.3d at 1341, 67 U.S.P.Q.2d (BNA) at 1478 (finding dictionary definitions sufficient to support refusal to register a "scandalous" mark when the definitions of the mark categorize the word as vulgar and the applicant's use is limited to the vulgar meaning); see also *California Innovations*, 329 F.3d at 1340, 66 U.S.P.Q.2d (BNA) at 1857 (holding that to deny an application for geographically deceptively misdescriptiveness, the United States Patent and Trademark Office ("PTO") now must also show that the goods-place association is *material* to the consumer's purchasing decision).

3. 537 U.S. 418 (2003) (holding that federal law requires proof of actual dilution—rather than a likelihood of dilution—by objective proof of actual injury to the economic value of the trademark).

4. See, e.g., *In re American Fertility Soc'y*, 188 F.3d 1341, 1347, 51 U.S.P.Q.2d (BNA) 1832, 1836 (Fed. Cir. 1999) (noting that the PTO can meet its evidentiary burden by relying on dictionary definitions); *In re Gould Paper Corp.*, 834 F.2d 1017, 1018-19, 5 U.S.P.Q.2d (BNA) 1110, 1111 (Fed. Cir. 1987) (referencing dictionaries

on scandalous marks,<sup>5</sup> the Federal Circuit previously avoided determining whether such evidence alone is sufficient to support a refusal to register a mark under section 2(a) of the Lanham Act<sup>6</sup> when a term has no alternative meaning. Instead, past Federal Circuit decisions left “for another day” whether refusals based on a mark’s scandalous nature could be supported only by dictionary evidence in the absence of alternative definitions.<sup>7</sup> In *In re Boulevard Entertainment, Inc.*,<sup>8</sup> the Federal Circuit finally resolved this open question.<sup>9</sup>

The applicant in *Boulevard* offered adult entertainment services, specifically telephone services in which actors and actresses held “adult” conversations with customers.<sup>10</sup> Boulevard provided these services under the name “1-800-JACK-OFF” to over 1.2 million customers per year.<sup>11</sup> In 1998, Boulevard applied to register “1-800-JACK-OFF” for telephone entertainment services and filed an intent-to-use application for “JACK OFF” for the same services.<sup>12</sup> The examining attorney refused to register these marks on the ground that they included immoral and scandalous material.<sup>13</sup>

The examining attorney relied on four dictionaries, all of which defined “jack-off” as a vulgar and offensive reference to masturbation.<sup>14</sup> Although Boulevard provided Lexis-Nexis search results for “jack-off” to show that the mark was not vulgar, the examining attorney disregarded that evidence as either unrelated or as supportive of the offensive nature of the marks.<sup>15</sup> On appeal, the Trademark Trial and Appeal Board (“Board”) affirmed, and Boulevard timely appealed the decision to the Federal Circuit.<sup>16</sup>

The most important issue on appeal was whether the examining attorney improperly relied upon only dictionary definitions when refusing Boulevard’s applications.<sup>17</sup> Although the Federal Circuit had previously determined that dictionary definitions alone are

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to determine whether the term “wipe” is a commonly used generic term).

5. See, e.g., *In re Mavety Media Group, Ltd.*, 33 F.3d 1367, 1372-74, 31 U.S.P.Q.2d (BNA) 1923, 1927-28 (Fed. Cir. 1994) (relying on dictionary definitions to establish whether a mark constitutes scandalous matter under the Lanham Trademark Act).

6. Lanham Trademark Act, 15 U.S.C. § 1052(a) (2000).

7. *Mavety*, 33 F.3d 1367 at 1374, 31 U.S.P.Q.2d (BNA) at 1928.

8. 334 F.3d 1336, 67 U.S.P.Q.2d (BNA) 1475 (Fed. Cir. 2003).

9. *Id.* at 1340-41, 67 U.S.P.Q.2d (BNA) at 1477-78.

10. *Id.* at 1338, 67 U.S.P.Q.2d (BNA) at 1476-77.

11. *Id.* at 1339, 67 U.S.P.Q.2d (BNA) at 1477.

12. *Id.*, 67 U.S.P.Q.2d (BNA) at 1477.

13. *Id.*, 67 U.S.P.Q.2d (BNA) at 1477.

14. *Id.*, 67 U.S.P.Q.2d (BNA) at 1477.

15. *Id.*, 67 U.S.P.Q.2d (BNA) at 1479.

16. *Id.*, 67 U.S.P.Q.2d (BNA) at 1479.

17. *Id.* at 1340, 67 U.S.P.Q.2d (BNA) at 1477.

insufficient to support a section 2(a) refusal when a term has multiple meanings, some of which are non-vulgar and pertinent,<sup>18</sup> it had not previously reached the issue of whether dictionary definitions by themselves could be a sufficient basis for refusal when there are *no* alternative, non-vulgar meanings. In light of the facts at issue, the court answered this question in the affirmative.<sup>19</sup> Specifically, the court held that:

In a case such as this one, in which multiple dictionaries, including at least one standard dictionary, uniformly indicate that a word is vulgar, and the applicant's use of the word is clearly limited to the vulgar meaning of the word, . . . the PTO can sustain its burden of showing that the mark comprises or consists of scandalous matter by reference to dictionary definitions alone. In such instances, although other evidence, such as consumer surveys, would no doubt be instructive, the PTO's finding is not legally insufficient because of the absence of such evidence.<sup>20</sup>

The court thus held that dictionary definitions alone are sufficient to support a refusal under 15 U.S.C. § 1052(a) when the definitions all categorize the word as vulgar and the applicant's use is limited to the vulgar meaning.<sup>21</sup>

The court was also quick to distinguish the facts at issue in *Boulevard* with those in *In re Mavety Media Group, Ltd.*, another well-known Federal Circuit case that involved an application to register the mark "BLACK TAIL" for an adult magazine featuring photographs of partially and completely nude African American women.<sup>22</sup> The *Boulevard* court noted that the "BLACK TAIL" decision involved a double entendre because the term could be understood as either a vulgar reference to a female sexual partner or a non-vulgar reference to buttocks.<sup>23</sup> The term "jack-off," however, was not a double entendre because all dictionary definitions noted that the term was vulgar and *Boulevard*'s use of the term was "clearly limited to the vulgar meaning,"<sup>24</sup> and thus distinguishable from the use of the term at issue in *Mavety Media Group*.<sup>25</sup>

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18. See *In re Mavety Media Group, Ltd.*, 33 F.3d 1367, 1374, 31 U.S.P.Q.2d (BNA) 1923, 1928 (Fed. Cir. 1994) (finding that the Board erroneously concluded that the public would associate the applicant's mark with its vulgar meaning rather than its non-vulgar meaning).

19. *Boulevard*, 334 F.3d at 1340-41, 67 U.S.P.Q.2d (BNA) at 1478.

20. *Id.*, 67 U.S.P.Q.2d (BNA) at 1478 (internal citations omitted).

21. *Id.*, 67 U.S.P.Q.2d (BNA) at 1478.

22. *Mavety*, 33 F.3d at 1368-69, 31 U.S.P.Q.2d (BNA) at 1923-24.

23. *Boulevard*, 334 F.3d at 1341, 67 U.S.P.Q.2d (BNA) at 1478.

24. *Id.*, 67 U.S.P.Q.2d (BNA) at 1478.

25. *Id.*, 67 U.S.P.Q.2d (BNA) at 1478.

The court also addressed several other issues. *Boulevard* argued that the

The Federal Circuit's opinion in *Boulevard* has provided much-needed precedent in the area of scandalous and immoral marks. With the holding that dictionary definitions alone may suffice for a refusal in certain circumstances, the Federal Circuit has provided more guidance to aid applicants in choosing and applying to register questionable marks.

## II. DILUTION AND PRIOR USE

Since Congress amended the Lanham Act in 1999 to allow oppositions based on dilution,<sup>26</sup> several issues have arisen regarding when such oppositions are appropriate. In *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*,<sup>27</sup> the Federal Circuit determined that, before bringing an opposition based on dilution, a trademark owner must demonstrate that its mark was famous prior to the applicant's use,<sup>28</sup> even if the applicant's use was limited to a specific geographic area,<sup>29</sup> and that state dilution law cannot be the basis for a dilution opposition.<sup>30</sup>

In *Enterprise*, Advantage Rent-A-Car produced a television commercial in 1990 with the phrase "We'll Even Pick You Up."<sup>31</sup> Advantage aired the commercial approximately one hundred times

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examining attorney relied on outdated dictionary definitions. *Id.*, 67 U.S.P.Q.2d (BNA) at 1478. To demonstrate that dictionary definitions are outdated and not reflective of community standards, the court advised that applicants present either a more current, "authoritative" dictionary that provides a different definition of the meaning or acceptability of the word or to "make a persuasive showing" that the dictionary definition does not reflect community views through "other" unspecified evidence. *Id.*, 67 U.S.P.Q.2d (BNA) at 1479. The court determined that Boulevard's evidence, which consisted of declarations of personal opinions as to the vulgarity of the term and media references discussing masturbation in general and the term "jerk-off," was clearly insufficient. *Id.* at 1341-42, 67 U.S.P.Q.2d (BNA) at 1479.

The court also addressed Boulevard's argument that the examining attorney relied on only a small percentage of Lexis-Nexis results without providing the search criteria or noting that they were representative results. *Id.* at 1342, 67 U.S.P.Q.2d (BNA) at 1479. The court did not address this issue in depth, and simply noted that any error was harmless. *Id.* at 1342-43, 67 U.S.P.Q.2d (BNA) at 1479.

Finally, the court briefly addressed Boulevard's First Amendment and Due Process arguments before rejecting them. *Id.* at 1343, 67 U.S.P.Q.2d (BNA) at 1480.

26. See 15 U.S.C. § 1063 (2000) (stating that a party may file an opposition to registration based on dilution of the distinctiveness of the opposing party's mark); see also DAVID A. BURGE, PATENT AND TRADEMARK: TACTICS AND PRACTICE 182 (3d ed. 1999) (defining dilution as the "use of a highly distinctive mark by someone other than its owner in a manner that tends to blur its distinctiveness or tarnish its image").

27. 330 F.3d 1333, 66 U.S.P.Q.2d (BNA) 1811 (Fed. Cir. 2003), *cert. denied*, 124 S. Ct. 958 (Dec. 15, 2003).

28. See *id.* at 1334-35, 66 U.S.P.Q.2d (BNA) at 1812.

29. *Id.* at 1335, 66 U.S.P.Q.2d (BNA) at 1812.

30. *Id.*, 66 U.S.P.Q.2d (BNA) at 1813.

31. *Id.* at 1336, 66 U.S.P.Q.2d (BNA) at 1813.

in the San Antonio, Texas area from 1992 through 1995.<sup>32</sup> Advantage broadened the scope of the television commercial from August 1997 to April 1998 when it aired the commercial 289 more times in Arkansas, Louisiana, New Mexico, and Texas.<sup>33</sup>

In 1994, Enterprise Rent-A-Car began a national advertising campaign using similar slogans, such as "Pick the Company that Picks You Up" and "Pick Enterprise, We'll Pick You Up."<sup>34</sup> After two years' use, Enterprise received trademark registrations for "PICK ENTERPRISE, WE'LL PICK YOU UP," "PICK THE COMPANY THAT PICKS YOU UP," and "WE'LL PICK YOU UP."<sup>35</sup>

After several years of use by both parties, Advantage sued Enterprise in the United States District Court for the Western District of Texas for unfair competition under federal and state law and for cancellation of Enterprise's registrations.<sup>36</sup> Enterprise responded with a counterclaim for federal and state unfair competition and trademark dilution.<sup>37</sup> After the parties entered into a partial consent judgment finding no likelihood of confusion regarding the unfair competition claims,<sup>38</sup> the district court ruled against Enterprise on its dilution claims after determining that its trademarks were not sufficiently famous under either federal or state law.<sup>39</sup> The Fifth Circuit affirmed the district court's holding on the federal dilution claim but remanded the state dilution claim, holding that state law required only distinctiveness, not fame.<sup>40</sup>

During the district court litigation, Advantage filed a federal trademark for the disputed "WE'LL EVEN PICK YOU UP" mark.<sup>41</sup> After the Fifth Circuit held that Enterprise's marks were not famous under the Federal Trademark Dilution Act ("FTDA"),<sup>42</sup> the Board dismissed Enterprise's opposition and held that Enterprises' FTDA claim was barred by *res judicata* and that state law dilution laws are not a proper basis for an opposition.<sup>43</sup>

Enterprise appealed the decision on two main grounds, arguing both that Advantage's prior use in a limited geographical area should

32. *Id.*, 66 U.S.P.Q.2d (BNA) at 1813.

33. *Id.*, 66 U.S.P.Q.2d (BNA) at 1813.

34. *Id.*, 66 U.S.P.Q.2d (BNA) at 1813.

35. *Id.*, 66 U.S.P.Q.2d (BNA) at 1814.

36. *Id.*, 66 U.S.P.Q.2d (BNA) at 1814.

37. *Id.*, 66 U.S.P.Q.2d (BNA) at 1814.

38. *Id.* at 1337, 66 U.S.P.Q.2d (BNA) at 1814.

39. *Id.*, 66 U.S.P.Q.2d (BNA) at 1814.

40. *Id.*, 66 U.S.P.Q.2d (BNA) at 1814.

41. *Id.* at 1336, 66 U.S.P.Q.2d (BNA) at 1814.

42. Federal Trademark Dilution Act, 15 U.S.C. § 1125(c) (2000) (protecting famous marks from uses that dilute their distinctiveness).

43. *Enterprise*, 330 F.3d at 1337-38, 66 U.S.P.Q.2d (BNA) at 1814-15.

not prevent the opposition proceeding because Enterprise's marks had since achieved fame<sup>44</sup> and that opposition proceedings can be based on state dilution law.<sup>45</sup> The Federal Circuit affirmed the Board's decision and determined that neither of Enterprise's arguments were persuasive.<sup>46</sup>

Enterprise's main argument on appeal was that Advantage's prior use in a limited geographical area did not bar Enterprise's opposition proceeding because Enterprise's marks had achieved fame after 1999.<sup>47</sup> The Federal Circuit rejected this argument and instead held that "any prior use, even in a limited geographic area, defeats an injunction under 15 U.S.C. § 1125(c) [the dilution statute], and, therefore, bars a claim of dilution as a ground for opposition under section 1063."<sup>48</sup> This conclusion was supported, in the court's view, by the plain language of 15 U.S.C. § 1125(c), which allows owners of famous marks to obtain "an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous . . . ."<sup>49</sup> Because the FTDA did not address suits based on limited geographic areas, the court found that "such use" referred to any use in commerce.<sup>50</sup> To successfully claim dilution under the FTDA, the court held that a trademark owner must show that its mark was famous prior to *any* use, even uses limited to specific geographic areas.<sup>51</sup>

The court extended this analysis to the opposition proceedings, noting that section 13 of the Lanham Act,<sup>52</sup> the dilution opposition provision, incorporated the dilution definition as provided in 15 U.S.C. § 1125(c).<sup>53</sup> Specifically, the court stated that "[b]ecause there can be no dilution under the FTDA where the allegedly famous mark did not achieve fame prior to any use by the accused infringer, there can be no opposition based on dilution under such circumstances."<sup>54</sup>

Enterprise also argued that it should be allowed to base its opposition on state dilution grounds.<sup>55</sup> The Federal Circuit, however,

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44. *Id.* at 1341, 66 U.S.P.Q.2d (BNA) at 1817.

45. *Id.* at 1344, 66 U.S.P.Q.2d (BNA) at 1819.

46. *Id.*, 66 U.S.P.Q.2d (BNA) at 1819.

47. *Id.* at 1341, 66 U.S.P.Q.2d (BNA) at 1817.

48. *Id.*, 66 U.S.P.Q.2d (BNA) at 1817.

49. 15 U.S.C. § 1125(c) (2000).

50. *Enterprise*, 330 F.3d at 1342, 66 U.S.P.Q.2d (BNA) at 1818.

51. *See id.* at 1343, 66 U.S.P.Q.2d (BNA) at 1819 (basing this holding on both the language of the statute and congressional intent).

52. *See* 15 U.S.C. § 1063 (2000) (stating that opposition to registration may be based on dilution as defined in Section 1125(c)).

53. *Enterprise*, 330 F.3d at 1343, 66 U.S.P.Q.2d (BNA) at 1819.

54. *Id.*, 66 U.S.P.Q.2d (BNA) at 1819.

55. *See id.* at 1344, 66 U.S.P.Q.2d (BNA) at 1819 (arguing that the fame of the

noted that section 13 of the Lanham Act provides for opposition based on the FTDA and makes no mention of state dilution laws as a ground for opposition.<sup>56</sup> Thus, the court concluded that the language and history of the statute did not allow for oppositions based on state dilution laws.<sup>57</sup>

*Enterprise* is an important decision because it clearly limits trademark owners' rights to pursue dilution claims. Although not as significant as the Supreme Court's recent decision in *Moseley v. V. Secret Catalogue, Inc.*,<sup>58</sup> *Enterprise* similarly saddles trademark owners with a high burden to demonstrate dilution. Practitioners should therefore pay close attention to this decision and the prior use, no matter how limited, of junior users.

### III. REFURBISHED GOODS

In *Nitro Leisure Products, LLC v. Acushnet Co.*,<sup>59</sup> the Federal Circuit addressed the complex subject of refurbished goods, an area that has not received much attention by the Federal Circuit in recent years. The Federal Circuit was able to clarify what standards apply and why refurbished goods should be treated differently than re-sold new goods.<sup>60</sup>

The dispute in *Nitro* began when Acushnet determined that Nitro was selling both "recycled" and "refurbished" golf balls originally manufactured by Acushnet under the "TITLEIST," "ACUSHNET," "PINNACLE" and "PRO VI" marks.<sup>61</sup> The recycled golf balls were used balls in good condition that were simply washed and repackaged. The refurbished golf balls were subjected to a procedure that stripped the paint and trademark markings, at which point Nitro would reattach the original manufacturer's trademark.<sup>62</sup> Nitro also applied the statement "USED & REFURBISHED BY SECOND CHANCE" or "USED AND REFURBISHED BY GOLFBALLSDIRECT.COM" to each ball.<sup>63</sup> Nitro was rather

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mark is not determinative in some state dilution statutes).

56. *See id.*, 66 U.S.P.Q.2d (BNA) at 1819-20 (noting legislative history supports the conclusion that state laws cannot form the basis of a dilution opposition).

57. *Id.* at 1344-45, 66 U.S.P.Q.2d (BNA) at 1819-20.

58. 537 U.S. 418, 433 (2002) (holding among other things that the FTDA requires a showing of actual dilution as opposed to a likelihood of dilution).

59. 341 F.3d 1356, 67 U.S.P.Q.2d (BNA) 1814 (Fed. Cir. 2003).

60. *Id.* at 1360-65, 67 U.S.P.Q.2d (BNA) at 1817-20.

61. *Id.* at 1358, 67 U.S.P.Q.2d (BNA) at 1815.

62. *Id.*, 67 U.S.P.Q.2d (BNA) at 1815.

63. *Id.*, 67 U.S.P.Q.2d (BNA) at 1815.

successful in its sale of used golf balls, with annual sales of ten million dollars in 2001.<sup>64</sup>

Nitro initiated the suit and filed a complaint in the Southern District of Florida for unfair competition.<sup>65</sup> Acushnet responded with a suit in the Central District of California alleging patent and trademark infringement, as well as trademark dilution.<sup>66</sup> The California case was eventually consolidated with the Florida case.<sup>67</sup> Acushnet moved for a preliminary injunction regarding only Nitro's sale of the refurbished balls, which the district court denied.<sup>68</sup> At issue before the Federal Circuit was Acushnet's appeal of the denial of the preliminary injunction on trademark infringement and dilution grounds.<sup>69</sup>

Acushnet's main argument on appeal was that the district court applied an erroneous standard for trademark infringement.<sup>70</sup> Specifically, Acushnet contended that the district court misapplied the Supreme Court's decision in *Champion Spark Plug Co. v. Sanders*<sup>71</sup> and erroneously failed to apply the Eleventh Circuit's "material difference" test, enumerated in *Davidoff & CIE, S.A. v. PLD International Corp.*<sup>72</sup> Acushnet claimed that the *Davidoff* decision, if properly applied, would have required the district court to analyze whether the original and refurbished goods were "materially different," an analysis it claimed would have clearly demonstrated that Nitro's refurbishing activities were unlawful.<sup>73</sup>

The court did not agree with Acushnet's analysis.<sup>74</sup> After citing the traditional likelihood of confusion factors,<sup>75</sup> the court reviewed the

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64. See *id.*, 67 U.S.P.Q.2d (BNA) at 1815 (noting that, of the \$10 million in total sales, \$4.8 million resulted from the sale of refurbished balls).

65. *Id.*, 67 U.S.P.Q.2d (BNA) at 1815.

66. *Id.*, 67 U.S.P.Q.2d (BNA) at 1815.

67. *Id.*, 67 U.S.P.Q.2d (BNA) at 1816.

68. *Id.* at 1358-59, 67 U.S.P.Q.2d (BNA) at 1816.

69. *Id.*, 67 U.S.P.Q.2d (BNA) at 1816.

70. *Id.* at 1359, 67 U.S.P.Q.2d (BNA) at 1816. Because this was an appeal from a court within the Eleventh Circuit, the court relied on Eleventh Circuit law. *Id.*, 67 U.S.P.Q.2d (BNA) at 1816.

71. 331 U.S. 125 (1947) (holding that used and refurbished goods may be sold under the trademark of the original manufacturer so long as the alleged infringer attempts to restore the original condition of the goods and full disclosure is made about the true nature of the goods).

72. 263 F.3d 1297, 1300 (11th Cir. 2001) (finding that a trademark was infringed when a party unrelated to the trademark owner sold genuinely trademarked goods in altered packaging).

73. See *Nitro*, 341 F.3d at 1361, 67 U.S.P.Q.2d (BNA) at 1817 (noting that Acushnet argued that the "material difference" test used to determine the likelihood of confusion in the sale of new goods should also be used to determine if a trademark has been infringed in the sale of used goods).

74. *Id.* at 1363, 67 U.S.P.Q.2d (BNA) at 1819-20.

75. See *id.* at 1360, 67 U.S.P.Q.2d (BNA) at 1817. In *Frehling Enters., Inc. v. Int'l*

*Champion* case.<sup>76</sup> In *Champion*, the Supreme Court noted that sellers of used goods may keep the trademark of the original manufacturer on the product without deceiving the public if the seller had made all possible efforts to restore the product and made full disclosure of the product's condition.<sup>77</sup> Although the Court in *Champion* determined that there was no traditional likelihood of confusion on the facts of that case,<sup>78</sup> it also noted that: "[c]ases may be imagined where the reconditioning or repair would be so extensive or so basic that it would be a misnomer to call the article by its original name, even though the words 'used' or 'repaired' were added."<sup>79</sup> The Court held that there was no infringement because the defendant in *Champion* did not provide a new design for the product and had only attempted to restore the product.<sup>80</sup>

The Federal Circuit next turned to the *Davidoff* "material difference" test.<sup>81</sup> Unlike *Champion*, *Davidoff* involved the limitation of resale of *new*, genuine goods.<sup>82</sup> The *Davidoff* decision examined the differences between the resold goods and the original goods, which consisted of the obliteration of batch codes on packaging.<sup>83</sup> *Davidoff* determined that the alterations to the packaging were "material differences," and the defendant was thus liable for trademark infringement.<sup>84</sup>

After reviewing both *Champion* and *Davidoff*, the Federal Circuit found that the context of a case—the resale of new goods versus the resale of used goods—determined when a court should use the *Champion* analysis as opposed to the *Davidoff* "material differences"

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*Select Group, Inc.*, 192 F.3d 1330, 1335, 52 U.S.P.Q.2d (BNA) 1447, 1449 (11th Cir. 1999), the court adopted the following seven factors to assess the likelihood of consumer confusion: type of mark; similarity of mark; similarity of the products the marks represent; similarity of the parties' retail outlets (trade channels) and customers; similarity of advertising media; defendant's intent; and actual confusion.

76. *Nitro*, 341 F.3d at 1361-62, 67 U.S.P.Q.2d (BNA) at 1818.

77. See *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125, 130 (1947) (noting that the original manufacturer is not harmed as long as it is not associated with the inferior quality of the used goods).

78. See *id.* at 126 (noting that the infringer sold repaired spark plugs with the original manufacturer's brand still affixed to them as well as a "Renewed" label).

79. *Id.* at 129.

80. *Id.*

81. See *Davidoff & CIE, S.A. v. PLD Int'l Corp.*, 263 F.3d 1297, 1302 (11th Cir. 2001) (holding that a trademark is infringed when materially different goods are sold under that mark because of the resulting consumer confusion).

82. See *id.* at 1299 (alleging that the defendant infringed the plaintiff's trademark by reselling its products in the original container with the batch number removed).

83. *Id.*

84. See *id.* at 1302-03 (finding that the etching on the bottle where the batch code had been was likely to cause consumer confusion).

test.<sup>85</sup> Although the court acknowledged the importance of the *Davidoff* “material differences” test in the context of resale of new goods, the court applied the *Champion* test in the context of refurbished goods: “whether the used or refurbished goods are so different from the original that it would be a misnomer for them to be designated by the original trademark.”<sup>86</sup> After reviewing the district court’s application of the *Champion* analysis to the facts at issue, the court determined that the refurbished golf balls were not sufficiently different from original golf balls to warrant a finding of trademark infringement.<sup>87</sup>

In stark contrast, Judge Newman issued a strong dissent. Judge Newman relied on the damage done by Nitro’s refurbishing process and stated that, although Nitro argued that the differences were not great, “that is not the issue. Trademarks are an indication of quality, on which the consumer can rely. The consumer is no less deceived if he does not know that the product is inferior, or if the extent of the inferiority is not great.”<sup>88</sup> Moreover, Judge Newman disagreed with the court’s determination that the notice would aid consumers, stating that “[w]hen the defects are concealed, that is not ‘full disclosure about the true nature’ of the golf balls . . . . Concealment is the antithesis of full disclosure.”<sup>89</sup> This, however, was not the view of the majority, which felt that while the trademarks were used on the refurbished golf balls, they were used on a product that was so different that it would not constitute trademark infringement.<sup>90</sup>

#### IV. LIKELIHOOD OF CONFUSION IN THE FEDERAL CIRCUIT

In 2003, the Federal Circuit issued several opinions involving likelihood of confusion. While application of the likelihood of confusion factors is not groundbreaking, it does provide insight into how applicants should proceed in the examination phase.

##### A. *In re* Majestic Distilling Co., Inc.

In *In re Majestic Distilling Co., Inc.*,<sup>91</sup> the Federal Circuit explored the factors enumerated in *In re E.I. DuPont DeNemours & Co.*,<sup>92</sup> and

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85. See *Nitro Leisure Prods., LLC v. Acushnet Co.*, 341 F.3d 1356, 1362-63, 67 U.S.P.Q.2d (BNA) 1814, 1819 (Fed. Cir. 2003) (noting that purchasers of used goods have different expectations than purchasers of new products).

86. *Id.* at 1363, 67 U.S.P.Q.2d (BNA) at 1819.

87. *Id.* at 1365, 67 U.S.P.Q.2d (BNA) at 1821.

88. *Id.* at 1366, 67 U.S.P.Q.2d (BNA) at 1823 (Newman, J., dissenting).

89. *Id.* at 1369, 67 U.S.P.Q.2d (BNA) at 1824.

90. *Id.* at 1365, 67 U.S.P.Q.2d (BNA) at 1821.

91. 315 F.3d 1311, 65 U.S.P.Q.2d (BNA) 1201 (Fed. Cir. 2003).

provided more guidance on how to approach a refusal to register under section 2(d) of the Lanham Act.<sup>93</sup>

*Majestic Distilling* involved Majestic's attempt to register the mark "RED BULL" for tequila.<sup>94</sup> Upon review, the examining attorney determined that the mark was not registrable because there was a likelihood of confusion between "RED BULL" for tequila and the registered mark "RED BULL" for Scotch whiskey and malt liquor.<sup>95</sup> Although Majestic successfully petitioned for cancellation of the "RED BULL" mark for Scotch whiskey, both the examining attorney and the Board, on appeal, found that there was in fact a likelihood of confusion between "RED BULL" for tequila and for malt liquor.<sup>96</sup>

On appeal, the Federal Circuit affirmed and addressed each of the *DuPont* likelihood of confusion factors raised by the parties.<sup>97</sup> First, the court noted that Majestic's mark was identical to one of the marks for use with malt liquor and "almost identical" to another "RED BULL" mark.<sup>98</sup> Moreover, the court reaffirmed that "when word marks are identical but neither suggestive nor descriptive of the goods associated with them, the first *DuPont* factor weighs heavily against the applicant."<sup>99</sup> Similarly, because tequila and malt liquor are both alcoholic beverages marketed in the same channels of trade, the second and third *DuPont* factors, which refer to the similarity of the goods and trade channels, also weighed against Majestic.<sup>100</sup>

The court was more thorough in its analysis of the fourth factor, sophistication of the purchaser and customer. The court recognized that while both tequila and malt liquor are inexpensive and likely

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92. 476 F.2d 1357, 177 U.S.P.Q. (BNA) 563 (C.C.P.A. 1973).

The thirteen *DuPont* Factors are: (1) the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression; (2) the similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use; (3) the similarity or dissimilarity of established, likely-to-continue trade channels; (4) the conditions under which, and buyers to whom, sales are made; (5) the fame of the prior mark; (6) the number and nature of similar marks in use on similar goods; (7) the nature and extent of any actual confusion; (8) the length of time during, and conditions, under which there has been concurrent use without evidence of actual confusion; (9) the variety of goods on which a mark is or is not used; (10) the market interface between an applicant and the owner of a prior mark; (11) the extent to which an applicant has a right to exclude others from use of its mark on its goods; (12) the extent of potential confusion; and (13) any other established fact probative of the effect of use.

93. See Lanham Trademark Act, 15 U.S.C. § 1052(d) (2000).

94. *Majestic Distilling*, 315 F.3d at 1311, 65 U.S.P.Q.2d (BNA) at 1201.

95. *Id.* at 1314, 65 U.S.P.Q.2d (BNA) at 1201-03.

96. *Id.*, 65 U.S.P.Q.2d (BNA) at 1202-03.

97. *Id.*, 65 U.S.P.Q.2d (BNA) at 1202-03.

98. *Id.* at 1315, 65 U.S.P.Q.2d (BNA) at 1204.

99. *Id.*, 65 U.S.P.Q.2d (BNA) at 1204.

100. *Id.* at 1316, 65 U.S.P.Q.2d (BNA) at 1204.

“impulse” buys, many consumers are very brand-conscious regarding alcoholic beverages.<sup>101</sup> Ultimately, the court determined that Majestic did not provide sufficient evidence to support this likelihood of confusion factor, specifically noting the absence of survey data.<sup>102</sup>

The court next turned to the fifth and seventh factors, the fame of the prior mark and actual confusion.<sup>103</sup> The court simply noted Majestic’s lack of evidence that the “RED BULL” mark for use with malt liquor was not famous and stated that, even if there was such evidence, a lack of fame would not preclude a finding of likelihood of confusion.<sup>104</sup> Similarly, in reference to the seventh factor, the court briefly noted that, although there was little evidence of actual confusion, such a “lack of evidence carries little weight, especially in an *ex parte* context.”<sup>105</sup>

Majestic’s argument apparently relied heavily on the sixth, eighth, and tenth factors, which involve the number of similar marks used on similar goods, the length of time of concurrent use without actual confusion, and the “market interface between the applicant and the owner of the prior mark,”<sup>106</sup> respectively. Majestic noted that there were no incidents of actual confusion during its use of the “RED BULL” mark, which lasted for sixteen years,<sup>107</sup> and that the Stroh Brewery Company, the owner of the “RED BULL” mark for malt liquor, had acknowledged that its mark could be used concurrently with the Scotch whiskey mark and had entered into agreements with third parties regarding the mark.<sup>108</sup> However, these arguments did not persuade the court, which found that the agreements between the “RED BULL” mark for malt liquor and for Scotch whiskey were dated and limited to preclude use of the mark on beer or ale.<sup>109</sup>

After methodically reviewing the likelihood of confusion factors at issue, the court affirmed the Board’s decision.<sup>110</sup> *Majestic Distilling* is thus a study of how the Federal Circuit applies the *DuPont* factors.

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101. *Id.*, 65 U.S.P.Q.2d (BNA) at 1204.

102. *Id.* at 1316-17, 65 U.S.P.Q.2d (BNA) at 1204-05.

103. *Id.*, 65 U.S.P.Q.2d (BNA) at 1205.

104. *Id.* at 1317, 65 U.S.P.Q.2d (BNA) at 1205.

105. *Id.*, 65 U.S.P.Q.2d (BNA) at 1205 (internal citation omitted).

106. *Id.* at 1315, 65 U.S.P.Q.2d (BNA) at 1205.

107. *Id.* at 1318, 65 U.S.P.Q.2d (BNA) at 1206.

108. *Id.* at 1317, 65 U.S.P.Q.2d (BNA) at 1205.

109. *See id.* at 1318, 65 U.S.P.Q.2d (BNA) at 1205-06 (illustrating how the age of an agreement could limit the agreement’s value when using it as a *DuPont* indicator).

110. *See id.*, 65 U.S.P.Q.2d (BNA) at 1207 (holding that consumers could be mistakenly led to believe that the different products could come from the same entity, therefore constituting confusion).

B. *In re Coors Brewing Co.*

Courts and the Board often analyze whether different goods or services are sufficiently related under the *DuPont* factors to weigh in favor of a finding of likelihood of confusion. In *In re Coors Brewing Co.*,<sup>111</sup> the Federal Circuit addressed this issue and reinforced its holding that the Patent and Trademark Office (“PTO”) must show “something more” than that different goods are in the same environment to demonstrate that the goods are sufficiently related to weigh in favor of a finding of likelihood of confusion.<sup>112</sup> Unfortunately, the court declined to provide specific examples or guidance.

*Coors Brewing* involved Coors’s 1998 application for registration of the “BLUE MOON and design” mark for use with beer.<sup>113</sup> Coors had previously applied to register the word mark “BLUE MOON,” but registration was refused based on section 2(d) likelihood of confusion grounds.<sup>114</sup> After the first refusal, Coors combined the “BLUE MOON” word mark with a design, which reflected a forest scene in the bottom half, the words “Blue Moon” across the center of the design, and a large moon covering the majority of the top half of the design.<sup>115</sup> The words “Blue Moon Brewing Co.” were also present at the bottom of the design in small font.<sup>116</sup> The examining attorney again refused the application, citing a likelihood of confusion with the mark “BLUE MOON and Design” for restaurant services and with two “BLUE MOON” marks for use with wine.<sup>117</sup> The examining attorney determined that the marks were similar in sound, appearance, and commercial impression and that beer and restaurant services were “closely related” because brew pubs often provide restaurant services, some restaurants sell private label beer, and several third parties had registered marks for both beer and restaurant services.<sup>118</sup> The examining attorney contended that beer and wine are sufficiently related because both products are sold through the same channels to the same classes of purchasers.<sup>119</sup>

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111. *In re Coors Brewing Co.*, 343 F.3d 1340, 68 U.S.P.Q.2d (BNA) 1059 (Fed. Cir. 2003).

112. *See id.*, 68 U.S.P.Q.2d (BNA) at 1059.

113. *Id.* at 1341, 68 U.S.P.Q.2d (BNA) at 1059.

114. *Id.*, 68 U.S.P.Q.2d (BNA) at 1059.

115. *Id.* at 1344, 68 U.S.P.Q.2d (BNA) at 1062.

116. *Id.*, 68 U.S.P.Q.2d (BNA) at 1062.

117. *Id.* at 1341-42, 68 U.S.P.Q.2d (BNA) at 1060-61.

118. *Id.*, 68 U.S.P.Q.2d (BNA) at 1061.

119. *Id.* at 1342, 68 U.S.P.Q.2d (BNA) at 1061.

Coors promptly appealed the examining attorney's refusal.<sup>120</sup> The Board rejected the examining attorney's determination that beer and wine are sufficiently related, but accepted that beer and restaurant services are sufficiently related because, as noted by the examining attorney, brew pubs often serve as restaurants, some restaurants sell private label beer, and some marks have been obtained for both restaurant services and beer.<sup>121</sup>

On appeal to the Federal Circuit, Coors contended, among other things, that the marks were not similar and that beer and restaurant services are not sufficiently related to weigh in favor of finding likelihood of confusion.<sup>122</sup> The court first addressed whether the two marks were similar. Although both marks included full moons and the words "Blue Moon," the court held that the marks were actually "quite different."<sup>123</sup> Because the marks involved significant differences, the court determined that similarity was a "less important factor" in the likelihood of confusion analysis.<sup>124</sup>

The court also examined Coors's other main argument, i.e., that beer and restaurant services are not sufficiently related to weigh in favor of a finding of likelihood of confusion.<sup>125</sup> Citing *Jacobs v. International Multifoods Corp.*,<sup>126</sup> the court reaffirmed that "[t]o establish likelihood of confusion a party must show *something more* than that similar or even identical marks are used for food products and for restaurant services."<sup>127</sup> The evidence relied on by the Board, which included several references to restaurants providing private label beer, articles about brew pubs that brew beer and offer restaurant services, and several third-party registrations for beer and restaurant services, was not the "something more" required by *Jacobs*.<sup>128</sup> Moreover, Coors further demonstrated the lack of "something more" by producing evidence that well under one percent of restaurants were brew pubs, that there was no evidence

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120. *Id.*, 68 U.S.P.Q.2d (BNA) at 1061.

121. *Id.*, 68 U.S.P.Q.2d (BNA) at 1061.

122. *Id.*, 68 U.S.P.Q.2d (BNA) at 1061.

123. *Id.* at 1344, 68 U.S.P.Q.2d (BNA) at 1062.

124. *Id.*, 68 U.S.P.Q.2d (BNA) at 1062.

125. *Id.*, 68 U.S.P.Q.2d (BNA) at 1062. The court also affirmed the Board's finding that the "Blue Moon" mark was not weak and determined that the large number of third-party uses prevented the mark from being considered strong. *Id.* at 1345, 68 U.S.P.Q.2d (BNA) at 1062-63.

126. 668 F.2d 1234, 212 U.S.P.Q. (BNA) 641 (C.C.P.A. 1982) (holding that just because restaurants serve food and beverages does not mean that all food and beverages are related to restaurant services for purposes of likelihood of confusion).

127. *Coors*, 343 F.3d at 1345, 68 U.S.P.Q.2d (BNA) at 1063 (quoting *Jacobs*, 668 F.2d at 1236) (emphasis in original).

128. *Id.* at 1346, 68 U.S.P.Q.2d (BNA) at 1063.

that a significant amount of restaurants offered private label beer, and that it was actually unusual for one mark to be registered for both beer and restaurants.<sup>129</sup> The court thus reversed the Board's decision upholding the examining attorney's refusal and remanded the case for consideration consistent with the opinion.<sup>130</sup>

This opinion reaffirms the *Jacobs* test and also provides much-needed examples of the amorphous "something more" standard.<sup>131</sup> While the court failed to provide more specific guidance, practitioners can look to *Coors Brewing* to assess the quantum of evidence necessary to overcome a section 2(d) likelihood of confusion based on a perceived similarity of services.

#### V. GEOGRAPHICALLY DECEPTIVELY MISDESCRIPTIVENESS

The Federal Circuit's decisions in a pair of cases involving geographically deceptively misdescriptiveness are among the most important trademark decisions of 2003. These decisions reshaped the standard for geographically deceptively misdescriptiveness in light of the North American Free Trade Agreement ("NAFTA") and its implementing legislation.<sup>132</sup> Although earlier post-NAFTA Federal Circuit decisions employed the pre-NAFTA standard,<sup>133</sup> in these cases the Federal Circuit clearly laid down a new standard by which geographically deceptively misdescriptive marks should be judged.

##### A. *In re* California Innovations, Inc.

The Federal Circuit first addressed the interplay between geographically deceptively misdescriptive marks and NAFTA in *In re California Innovations, Inc.*<sup>134</sup> The applicant in *California Innovations* filed an intent-to-use application for "CALIFORNIA INNOVATIONS" in reference to various products, including automobile visor organizers and backpacks.<sup>135</sup> Although the examining attorney allowed the mark to be published for opposition, the PTO

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129. *Id.*, 68 U.S.P.Q.2d (BNA) at 1063.

130. *Id.* at 1347, 68 U.S.P.Q.2d (BNA) at 1064.

131. *Id.*, 68 U.S.P.Q.2d (BNA) at 1064.

132. North American Free Trade Agreement, Dec. 17, 1992, 32 I.L.M. 605; NORTH AMERICAN FREE TRADE AGREEMENT, TEXTS OF AGREEMENT, IMPLEMENTING BILL, STATEMENT OF ADMINISTRATIVE ACTION, AND REQUIRED SUPPORTING STATEMENTS, H.R. DOC. NO. 103-159, at 154 (1993).

133. *In re* Save Venice New York, Inc., 259 F.3d 1346, 59 U.S.P.Q.2d (BNA) 1778 (Fed. Cir. 2001); see *In re* Wada, 194 F.3d 1297, 52 U.S.P.Q.2d (BNA) 1539 (Fed. Cir. 1999).

134. 329 F.3d 1334, 1340-41, 66 U.S.P.Q.2d (BNA) 1853, 1857-58 (Fed. Cir. 2003).

135. *Id.* at 1336, 66 U.S.P.Q.2d (BNA) at 1853.

subsequently reasserted jurisdiction and refused registration on the basis that the mark was geographically deceptively misdescriptive.<sup>136</sup>

Prior to NAFTA, sections 2(e) and (f) of the Lanham Act allowed both primarily geographically descriptive and deceptively misdescriptive marks to be registered on the Supplemental Register, and, upon a showing of acquired distinctiveness, on the Principal Register.<sup>137</sup> Furthermore, the test for geographically deceptively misdescriptive marks required a showing that the primary significance of the mark was a generally known geographic location and that the public likely would think that the goods came from that location, when, in fact, the goods originated from a different area.<sup>138</sup> This test thus included the so-called “goods-place” association requirement.<sup>139</sup>

The Federal Circuit determined that “NAFTA and its implementing legislation obliterated the distinction between geographically deceptive marks and primarily geographically deceptively misdescriptive marks.”<sup>140</sup> Specifically, the court determined that the NAFTA amendments prohibited geographically deceptively misdescriptive marks from registration, regardless of acquired distinctiveness.<sup>141</sup> Because the PTO can no longer rely on lack of distinctiveness as the basis for refusal, the court found that the PTO must instead demonstrate that geographically deceptively misdescriptive marks are, in fact, deceptive.<sup>142</sup> The court stated that the PTO now must also show that the goods-place association is *material* to the consumer’s purchasing decision.<sup>143</sup> To deny registration on geographically deceptively misdescriptiveness grounds, the PTO must therefore show:

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136. *Id.*, 66 U.S.P.Q.2d (BNA) at 1853.

137. *Id.* at 1337, 66 U.S.P.Q.2d (BNA) at 1855. The Principal Register is the primary registry of trademarks maintained by the PTO. 15 U.S.C. §§ 1051-1072 (2000). In order to qualify for registration on the Principal Register, a trademark must be distinctive and currently in use. *See id.* § 1052(c). Certain marks which are not eligible for registration on the Principal Register, but which are capable of distinguishing an applicant’s goods or services, are registered at the PTO on the Supplemental Register. *See id.* §§ 1091-1096. Those marks which are registered on the Supplemental Register are excluded from receiving the advantages of certain sections of the Trademark Act of 1946. *See id.* § 1094.

138. *California Innovations*, 329 F.3d at 1340, 66 U.S.P.Q.2d (BNA) at 1857.

139. *See id.*, 66 U.S.P.Q.2d (BNA) at 1857 (describing the “goods-place association” as the association between the goods in question and location where the potential confusion could occur).

140. *Id.*, 66 U.S.P.Q.2d (BNA) at 1856.

141. *Id.*, 66 U.S.P.Q.2d (BNA) at 1856.

142. *Id.* at 1340, 66 U.S.P.Q.2d (BNA) at 1857.

143. *See id.*, 66 U.S.P.Q.2d (BNA) at 1857-58 (noting that this newly heightened test of materiality inquiry “equates this test with the elevated standard applied under § 1052(a)”).

(1) the primary significance of the mark is a generally known geographic location; (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place; and (3) the misrepresentation was a material factor in the consumer's decision.<sup>144</sup>

Because the Board had not applied this new test, the court remanded the case.<sup>145</sup>

The court recognized that it had issued two decisions regarding geographically deceptively misdescriptive marks since NAFTA without providing a new test.<sup>146</sup> The court, however, determined that those two decisions also satisfied the new post-NAFTA test because they both discussed the relationship between the geographic locations at issue and the products.<sup>147</sup>

*B. In re Les Halles de Paris J.V.*

Only two months later, the Federal Circuit applied its new test to services and placed a higher burden on the PTO to demonstrate that a mark was unregistrable as geographically deceptively misdescriptive in the services context. In *In re Les Halles de Paris J.V.*,<sup>148</sup> the court was faced with the PTO's decision to refuse registration of the mark "LE MARAIS" for restaurant services.<sup>149</sup> Both the examining attorney and the Board determined that the mark was geographically deceptively misdescriptive based on the pre-*California Innovations* standard.<sup>150</sup> The Board relied on evidence that a Jewish quarter of Paris is known as "Le Marais" and found that, especially in light of Les Halles' use of the term in relation to a French restaurant, consumers were likely to associate the restaurant with the "Le Marais" region of Paris.<sup>151</sup> The Board specifically noted that it was not making a finding that the "Le Marais" neighborhood was known for cuisine.<sup>152</sup>

On appeal, the court determined that the second prong of the *California Innovations* analysis would have to be modified in the services context.<sup>153</sup> In the context of goods, the *California Innovations* test allows an inference that the consumer associates the product with

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144. *Id.* at 1341, 66 U.S.P.Q.2d (BNA) at 1858.

145. *Id.* at 1342-43, 66 U.S.P.Q.2d (BNA) at 1858.

146. *Id.*, 66 U.S.P.Q.2d (BNA) at 1856.

147. *Id.* at 1340-41, 66 U.S.P.Q.2d (BNA) at 1857.

148. 334 F.3d 1371, 67 U.S.P.Q.2d (BNA) 1539 (Fed. Cir. 2003).

149. *Id.* at 1372, 67 U.S.P.Q.2d (BNA) at 1540.

150. *Id.*, 67 U.S.P.Q.2d (BNA) at 1540.

151. *Id.*, 67 U.S.P.Q.2d (BNA) at 1540.

152. *Id.*, 67 U.S.P.Q.2d (BNA) at 1540.

153. *Id.* at 1373-74, 67 U.S.P.Q.2d (BNA) at 1541-42.

the geographic location *if* consumers identify the geographic location as a known source of the product.<sup>154</sup> Because consumers generally receive services at the business itself, they are more likely to be aware that the services do not originate in the geographic location of the mark, thereby rendering the inference inapplicable with regard to services.<sup>155</sup> The court therefore held that, when dealing with services, the PTO “must show that patrons will likely be misled to make some meaningful connection between the restaurant (the service) and the relevant place.”<sup>156</sup> Examples include evidence that consumers thought that the food was imported from the “Le Marais” region or that the restaurant’s chefs received specialized training in the “Le Marais” region, among other things.<sup>157</sup>

The court also noted that the PTO must demonstrate the third prong of the *California Innovations* analysis: that the misleading services-place association is material.<sup>158</sup> To satisfy the materiality prong, the court stated that the PTO must make “some heightened association between the services and the relevant geographic denotation.”<sup>159</sup> The court noted that “an inference of materiality arises in the event of a very strong services-place association.”<sup>160</sup> Without a very strong services-place association, the PTO must present direct evidence of materiality.<sup>161</sup> Since the Board did not apply the heightened standard for geographically deceptively misdescriptive goods, the court remanded the case.<sup>162</sup>

## VI. MERE DESCRIPTIVENESS

The Federal Circuit also issued one published and several unpublished decisions focusing on the issue of mere descriptiveness; namely, *In re MBNA America Bank, N.A.*,<sup>163</sup> *In re Dayan*,<sup>164</sup> *In re Anylens Acquisition, LLC*,<sup>165</sup> and *In re Savin Corp.*<sup>166</sup> *MBNA America Bank* and *Dayan* involved a traditional distinction between descriptive and suggestive marks,<sup>167</sup> while both *Anylens* and *Savin* involved the use of

154. *Id.* at 1374, 67 U.S.P.Q.2d (BNA) at 1542.

155. *Id.*, 67 U.S.P.Q.2d (BNA) at 1542.

156. *Id.*, 67 U.S.P.Q.2d (BNA) at 1541.

157. *Id.*, 67 U.S.P.Q.2d (BNA) at 1541-42.

158. *Id.*, 67 U.S.P.Q.2d (BNA) at 1542.

159. *Id.*, 67 U.S.P.Q.2d (BNA) at 1542.

160. *Id.* at 1375, 67 U.S.P.Q.2d (BNA) at 1542.

161. *Id.*, 67 U.S.P.Q.2d (BNA) at 1541-42.

162. *Id.*, 67 U.S.P.Q.2d (BNA) at 1541-42.

163. 340 F.3d 1328, 67 U.S.P.Q.2d (BNA) 1778 (Fed. Cir. 2003).

164. No. 02-1473, 2003 WL 932442 (Fed. Cir. Mar. 7, 2003).

165. Nos. 02-1493, 02-1494, 2003 WL 1194293 (Fed. Cir. Mar. 10, 2003).

166. No. 03-1094, 2003 WL 21316775 (Fed. Cir. June 6, 2003).

167. *MBNA America Bank*, 340 F.3d at 1332, 67 U.S.P.Q.2d (BNA) at 1780; *Dayan*,

Internet terms such as “com” and “net” as descriptive portions of proposed marks.<sup>168</sup> *Anylens* also dealt with geographic terms used on the Internet.<sup>169</sup>

A. *In re* MBNA America Bank, N.A.

*MBNA America Bank* focused on the distinction between descriptive and suggestive marks in the registration process.<sup>170</sup> MBNA filed two intent-to-use applications for “MONTANA SERIES” and “PHILADELPHIA CARD” in connection with credit card services.<sup>171</sup> The examining attorney refused to register the marks as merely descriptive of MBNA’s goods and services.<sup>172</sup> The Board affirmed, noting that MBNA’s credit cards could be categorized as “regional affinity” cards, which attempt to appeal to customers in particular geographic regions.<sup>173</sup> Since the marks described the region, and hence a significant feature of MBNA’s services, the Board agreed that the marks were merely descriptive and thus unregistrable.<sup>174</sup>

MBNA appealed, claiming that the marks were suggestive, but the Federal Circuit found its arguments unpersuasive.<sup>175</sup> MBNA claimed that the “MONTANA SERIES” and “PHILADELPHIA CARD” marks were either arbitrary or suggestive because they did not immediately convey credit card information, such as interest rates and the annual fee.<sup>176</sup> The court found that the marks described regional pride and loyalty, which are significant features of “regional affinity” cards.<sup>177</sup> The Federal Circuit thus agreed with the Board’s determination that the marks were merely descriptive in regard to MBNA’s credit card services.<sup>178</sup>

Chief Judge Mayer issued a dissenting opinion, observing that MBNA was attempting to register the marks for credit card services, not credit cards with scenes of Montana or Philadelphia.<sup>179</sup>

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2003 WL 932442, at \*1.

168. *Anylens*, 2003 WL 1194293, at \*1; *Savin*, 2003 WL 21316775, at \*\*1-3.

169. *Anylens*, 2003 WL 1194293, at \*2.

170. *MBNA America Bank*, 340 F.3d at 1329, 67 U.S.P.Q.2d (BNA) at 1779-80.

171. *Id.* at 1331, 67 U.S.P.Q.2d (BNA) at 1780.

172. *Id.*, 67 U.S.P.Q.2d (BNA) at 1780.

173. *Id.*, 67 U.S.P.Q.2d (BNA) at 1779.

174. *Id.*, 67 U.S.P.Q.2d (BNA) at 1779-81.

175. *See id.*, 67 U.S.P.Q.2d (BNA) at 1779.

176. *Id.* at 1333, 67 U.S.P.Q.2d (BNA) at 1781.

177. *Id.* at 1334, 67 U.S.P.Q.2d (BNA) at 1781.

178. *Id.*, 67 U.S.P.Q.2d (BNA) at 1781.

179. *Id.* at 1332, 67 U.S.P.Q.2d (BNA) at 1783 (Mayer, C.J., dissenting) (arguing that the evidence does not support the finding that the relevant marks are merely descriptive of recited services).

B. *In re Dayan*

In the unpublished decision *In re Dayan*,<sup>180</sup> the court was faced with an intent-to-use application for the mark “BABY GOLF” for “clothing, namely newborn, infant and toddler shirts, one-piece outfits, coveralls, pants and dresses.”<sup>181</sup> The examining attorney refused the registration as merely descriptive, and the Board agreed, affirming the refusal.<sup>182</sup> The Board noted that the word “baby,” which was disclaimed apart from the entire mark, was obviously descriptive and that Dayan’s category was sufficiently broad to include so-called “golf shirts.”<sup>183</sup>

On appeal, Dayan contended that despite selling polo shirts, the Board lacked substantial evidence that polo shirts are also known as “golf shirts.”<sup>184</sup> The court concurred with the Board, noting that Dayan’s identification of goods was broad enough to cover “golf-style clothing” and “golf shirts.”<sup>185</sup> The court also found that the Board did rely on substantial evidence for the proposition that polo shirts are also commonly known as golf shirts, including a catalogue sheet for golf shirts and a magazine article.<sup>186</sup>

Dayan also argued that the “BABY GOLF” mark was incongruous and thus not merely suggestive.<sup>187</sup> Dayan claimed that “BABY GOLF” was incongruous because the idea of babies playing golf is, in fact, a fanciful notion.<sup>188</sup> The court disagreed and determined that no “mental pause” was required to understand that “BABY GOLF” is for golf-styled clothing for babies.<sup>189</sup>

C. *In re Anylens Acquisition, LLC*

In another unpublished decision, *In re Anylens Acquisition, LLC*,<sup>190</sup> the Federal Circuit addressed Anylens’s intent-to-use application for “NATIONAL CONTACTS.COM” and “NATIONAL CONTACT

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180. No. 02-1473, 2003 WL 932442 (Fed. Cir. Mar. 7, 2003).

181. *Id.* at \*1.

182. *Id.*

183. *Id.*

184. *Id.*

185. *Id.*

186. *Id.* at \*\*1-2.

187. *See id.* at \*6. Incongruity is a concept commonly used by the Board and federal courts to explain the often-difficult determination of whether a mark is merely descriptive or suggestive. *Id.* Incongruity simply encompasses the idea that, when a term includes certain words not commonly used together, thus requiring imagination and “mental pause,” the term is more likely suggestive, rather than descriptive. *Id.*

188. *Id.*

189. *Id.* at \*7.

190. Nos. 02-1493, 02-1494, 2003 WL 1194293 (Fed. Cir. Mar. 10, 2003).

LENSES.COM” for “on-line retail store services, mail order services, and retail stores featuring contact lenses, eyeglasses, and accessories.”<sup>191</sup> The examining attorney refused to register either mark on descriptiveness grounds.<sup>192</sup> The Board affirmed, stating that the marks immediately conveyed information about Anylens’s services because “contacts” and “contact lenses” described some of Anylens’s services, the term “national” extended beyond the geographic boundaries in which the services were offered, and the term “.com” was a mere reference to a top level domain designation.<sup>193</sup>

Anylens disputed the Board’s finding on several grounds. First, Anylens claimed that the Board inappropriately “dissect[ed]” the marks instead of viewing them in their entirety.<sup>194</sup> The Federal Circuit, however, held that to determine descriptiveness, it is appropriate to discern the meaning of the individual words that comprise the mark.<sup>195</sup> Moreover, when viewing the words together, the court found that the mark was still merely descriptive.<sup>196</sup>

Anylens’s next contention was that the term “national” did not describe the geographic scope of its services.<sup>197</sup> Instead, Anylens claimed that it used the term “national” to identify itself with the nation.<sup>198</sup> Again, the Federal Circuit rejected this argument. The court stated that, while the source of Anylens’s goods may not be national, the goods may be available nationwide.<sup>199</sup> The court noted that Anylens did not dispute the nationwide scope of its services and that registration under the Lanham Act provides “nationwide exclusivity” for the mark.<sup>200</sup>

Finally, the Federal Circuit rejected Anylens’s creative argument that the terms “.com” and “national” are incongruous because “.com” describes a worldwide scope whereas “national” is more geographically limited.<sup>201</sup> The definition of “.com,” in the court’s view, involves a commercial organization and not a geographic scope.<sup>202</sup> Because the two terms did not represent conflicting

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191. *Id.* at \*1.

192. *Id.*

193. *Id.*

194. *Id.*

195. *Id.*

196. *Id.*

197. *Id.*

198. *Id.*

199. *Id.*

200. *Id.* at \*3.

201. *Id.*

202. *Id.*

geographic scopes, the court refused to hold that they were incongruous.<sup>203</sup> The court thus affirmed the Board's findings.<sup>204</sup>

*D. In re Savin Corp.*

*In re Savin Corp.*<sup>205</sup> is yet another unpublished decision involving the descriptiveness of a mark. Savin filed an intent-to-use application for "SAVIN NET" for a "computer software system for processing parts and supplies orders via a real-time on-line system, namely, software generating a graphical user interface that is downloadable by customers for use in communicating with the vendor" and "computerized on-line ordering services in the field of office machinery and equipment."<sup>206</sup> The examining attorney required that Savin disclaim "NET" because it was merely descriptive of on-line systems.<sup>207</sup> In response, Savin contended that "NET" was not descriptive because its services were provided through phone lines and not a global network.<sup>208</sup> The examining attorney maintained that the mark was merely descriptive and relied on on-line dictionaries stating that "NET" refers to networks connected by telephones and Savin's own brochure, which referenced its "on-line" system.<sup>209</sup>

When Savin appealed, the Board upheld the examining attorney's disclaimer requirement.<sup>210</sup> The Board relied on the dictionary definitions and noted that Savin's system was for the transmission of data over phone lines, thus rendering the "NET" portion of the mark merely descriptive.<sup>211</sup>

On appeal, the court reiterated that to be merely descriptive, a mark "would immediately convey to one seeing or hearing it the thought of appellant's services."<sup>212</sup> The dictionary definitions along with Savin's brochure description convinced the court that the "NET" portion of the mark did immediately convey part of Savin's services.<sup>213</sup> The court also rejected Savin's argument that, because the term "net" has several meanings, it could not immediately convey information about the company's services.<sup>214</sup> Instead, the court noted that, while

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203. *Id.*

204. *Id.* at \*4.

205. No. 03-1094, 2003 WL 21316775 (Fed. Cir. June 6, 2003).

206. *Id.* at \*1.

207. *Id.*

208. *Id.* at \*2.

209. *Id.*

210. *Id.*

211. *Id.*

212. *Id.* (quoting *In re Bed & Breakfast Registry*, 791 F.2d 157, 159, 229 U.S.P.Q. (BNA) 818, 819 (Fed. Cir. 1986)).

213. *Id.* at \*3.

214. *Id.*

there are various types of networks, they are all networks and any other definition of “net” was irrelevant to Savin’s services.<sup>215</sup>

## VII. INHERENTLY DISTINCTIVE TRADE DRESS

Courts have struggled with the scope of inherently distinctive trade dress since *Two Pesos, Inc. v. Taco Cabana, Inc.*<sup>216</sup> changed the legal landscape and subjected trade dress to the traditional distinctiveness factors.<sup>217</sup> In *In re Pacer Technology*,<sup>218</sup> the Federal Circuit addressed the PTO’s evidentiary burden in showing that a particular trade dress is not inherently distinctive.<sup>219</sup> Specifically, the court analyzed whether the PTO must show evidence that consumers actually associated the trade dress with the applicant.<sup>220</sup>

The applicant in *Pacer* applied to register a specific design for a container cap.<sup>221</sup> After reviewing the design, the examining attorney issued a non-final action finding that the design was not inherently distinctive.<sup>222</sup> In response, Pacer produced five consumer affidavits claiming that the cap design indicated Pacer as the source.<sup>223</sup> The examining attorney continued to refuse the registration and included, as further support, ten registered U.S. design patents with designs similar to Pacer’s.<sup>224</sup>

Pacer appealed the examining attorney’s refusal to the Board, which affirmed.<sup>225</sup> The Board explained that the design patent evidence was “probative of the fact that consumers are not likely to find applicant’s claimed feature . . . to be at all unique, original or peculiar in appearance.”<sup>226</sup> The fact that several of the design patents were registered by Pacer’s competitors further bolstered the Board’s decision.<sup>227</sup>

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215. *Id.* at \*4.

216. 505 U.S. 763, 776, 23 U.S.P.Q.2d (BNA) 1081, 1086 (1992) (holding that section 43(a) of the Lanham Act does not require “proof of secondary meaning . . . where the trade dress at issue is inherently distinctive”).

217. *See id.*, 23 U.S.P.Q.2d (BNA) at 1084 (explaining the general rule to determine distinctiveness: “An identifying mark is distinctive and capable of being protected if it *either* (1) is inherently distinctive *or* (2) has acquired distinctiveness through secondary meaning.”) (internal quotation omitted).

218. 338 F.3d 1348, 67 U.S.P.Q.2d (BNA) 1629 (Fed. Cir. 2003).

219. *Id.* at 1349, 67 U.S.P.Q.2d (BNA) at 1630.

220. *Id.* at 1351, 67 U.S.P.Q.2d (BNA) at 1631-32.

221. *Id.* at 1349, 67 U.S.P.Q.2d (BNA) at 1630.

222. *Id.*, 67 U.S.P.Q.2d (BNA) at 1630.

223. *Id.*, 67 U.S.P.Q.2d (BNA) at 1630.

224. *Id.*, 67 U.S.P.Q.2d (BNA) at 1630.

225. *Id.*, 67 U.S.P.Q.2d (BNA) at 1630.

226. *Id.*, 67 U.S.P.Q.2d (BNA) at 1630.

227. *Id.*, 67 U.S.P.Q.2d (BNA) at 1630.

The main issue on appeal was whether the PTO established a *prima facie* case of lack of inherent distinctiveness, or, instead, whether the PTO was required to show that the patented designs were actually used in the relevant market.<sup>228</sup> In light of its decisions in *In re Loew's Theatres, Inc.*<sup>229</sup> and *In re Gyulay*,<sup>230</sup> the court determined that the PTO must only show a "reasonable predicate" that the patented designs were advertised, sold, or used, *not* that there was actual use.<sup>231</sup> The court noted that the PTO does not have the resources to show actual use, which would likely require expensive evidence such as consumer surveys.<sup>232</sup> Instead, the court found that the applicant was in the better position to demonstrate lack of actual use when attempting to rebut the PTO's *prima facie* case.<sup>233</sup>

The court determined that Pacer failed to provide sufficient evidence to rebut the PTO's *prima facie* case.<sup>234</sup> Pacer only provided five consumer affidavits, all of which were very similar and conclusory and none of which explained why Pacer's cap design was distinct from designs on competing products.<sup>235</sup> The court therefore affirmed the Board and the examining attorney's refusal to register the container cap.<sup>236</sup>

#### VIII. MONETARY DAMAGES

The Federal Circuit decided two trademark cases in 2003 involving monetary damages.<sup>237</sup> Both of these decisions held that the district courts had abused their discretion in awarding certain damages under the Lanham Act and modified or reversed those awards.

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228. *Id.* at 1350, 67 U.S.P.Q.2d (BNA) at 1631.

229. 769 F.2d 764, 767-68, 226 U.S.P.Q. (BNA) 865, 867 (Fed. Cir. 1985) (affirming the PTO's denial to register "DURANGO" as a mark for chewing tobacco, when such a mark would be "primarily geographically deceptively misdescriptive").

230. 820 F.2d 1216, 1218, 3 U.S.P.Q.2d (BNA) 1009, 1010-11 (Fed. Cir. 1987) (holding that the term "APPLE PIE," used to describe the scent of potpourri, was not registrable under section 2(a) of the Lanham Act because "APPLE PIE" is merely descriptive of the scent of the potpourri and did not convey any "secondary meaning").

231. *Pacer*, 338 F.3d at 1351, 67 U.S.P.Q.2d (BNA) at 1632.

232. *Id.* at 1352, 67 U.S.P.Q.2d (BNA) at 1632.

233. *Id.*, 67 U.S.P.Q.2d (BNA) at 1632-33.

234. *Id.* at 1353, 67 U.S.P.Q.2d (BNA) at 1633.

235. *Id.*, 67 U.S.P.Q.2d (BNA) at 1633.

236. *Id.*, 67 U.S.P.Q.2d (BNA) at 1633.

237. *Nutting v. RAM Southwest, Inc.*, No. 02-1361, 2003 WL 2008072 (Fed. Cir. May 1, 2003); *Waymark Corp. v. Porta Systems Corp.*, 334 F.3d 1358, 67 U.S.P.Q.2d (BNA) 1303 (Fed. Cir. 2003).

## A. Nutting v. RAM Southwest, Inc.

In the first of these cases, *Nutting v. RAM Southwest, Inc.*, an unpublished decision, the Federal Circuit took a big “bite” out of the district court’s damages award.<sup>238</sup> This case involved the defendants’ continued distribution, after the plaintiff’s termination of defendants’ distributorship, of plaintiff’s artificial fangs under the “PROFESSIONAL FANGTASTICS” mark.<sup>239</sup> The plaintiff, Donald Nutting, sued the defendants for false designation of origin under section 43(a) of the Lanham Act,<sup>240</sup> among other things.<sup>241</sup> After a jury found the defendants liable for false designation of origin, the district court trebled all of the jury’s Lanham Act damages awards.<sup>242</sup> More specifically, the lower court awarded the defendants’ profits, trebled, plus the cost of corrective advertising, trebled, as damages for the Lanham Act violations, along with attorney’s fees, costs, and prejudgment interest.<sup>243</sup>

The Federal Circuit found that the district court’s post-verdict award of the defendants’ profits, trebled, constituted an abuse of discretion and modified the award.<sup>244</sup> The court first noted that section 35(a) of the Lanham Act<sup>245</sup> does not expressly provide for the trebling of an award of defendants’ profits, but only for an award of treble the plaintiff’s “actual damages.”<sup>246</sup> The court then observed that, under applicable Tenth Circuit law,<sup>247</sup> the sole fact that defendants’ actions were willful was insufficient to invoke the court’s more general power to remedy an “inadequate” recovery under section 35 of the Lanham Act because a showing of willfulness was a prerequisite to an award of *any* of the defendants’ profits.<sup>248</sup>

## B. Waymark Corp. v. Porta Systems Corp.

The second of these cases presented a much more straightforward issue. In *Waymark Corp. v. Porta Systems Corp.*,<sup>249</sup> the Federal Circuit considered whether an award of monetary sanctions against

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238. No. 02-1361, 2003 WL 2008072, at \*5 (Fed. Cir. May 1, 2003).

239. *Id.* at \*1.

240. 15 U.S.C. § 1125(a) (2000).

241. *See Nutting*, 2003 WL 2008072, at \*2 (noting that the plaintiff also sued for infringement of trade dress and violation of the Colorado Consumer Protection Act).

242. *Id.*

243. *See id.* (noting that the total amount of the award came to over \$1.1 million).

244. *Id.* at \*4.

245. 15 U.S.C. § 1117(a).

246. *Nutting*, 2003 WL 2008072, at \*3.

247. *Id.* (discussing controlling Tenth Circuit case law as it relates to the review of damage awards).

248. *Id.* at \*5.

249. 334 F.3d 1358, 67 U.S.P.Q.2d (BNA) 1303 (Fed. Cir. 2003).

trademark plaintiffs was appropriate under section 35 of the Lanham Act.<sup>250</sup> The district court had dismissed the plaintiffs' trademark claims and awarded sanctions against the plaintiffs because they did not yet possess a federally registered trademark when they filed their action alleging infringement of their mark "BATTSCAN."<sup>251</sup> In reversing this award, the Federal Circuit held that the district court misunderstood the governing law and thus abused its discretion in awarding sanctions.<sup>252</sup> The court reasoned that the plaintiffs had sued under section 43(a) of the Lanham Act, which provides a remedy for unregistered, as well as registered marks, and sanctions for this suit were therefore inappropriate.<sup>253</sup>

#### IX. INSUFFICIENCY OF USE

One unpublished case in 2003, *Lowell International Co. v. Quimby*,<sup>254</sup> discussed the common question of sufficiency of use: when has an applicant made enough trademark use to establish priority for purposes of an opposition?<sup>255</sup> In *Lowell*, the applicant sought registration of "1-800-REFERRAL" for certain information-related services and William Quimby opposed on likelihood of confusion grounds.<sup>256</sup> The parties stipulated as to likelihood of confusion; the only issue was priority of use.<sup>257</sup> In sustaining Quimby's opposition, the Board observed that Lowell produced only two solicitation letters as evidence of use.<sup>258</sup> Although testimony of a single witness (here applicant) could sometimes be probative, the Board found the applicant's testimony as to his continuous use of his mark to be "inconsistent, contradictory and vague."<sup>259</sup> Reviewing the Board's findings of fact under the "substantial evidence" standard, the Federal Circuit agreed with these findings.<sup>260</sup> Thus, the court's

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250. 15 U.S.C. § 1117(a) (2000).

251. See *Waymark*, 334 F.3d at 1360-62, 67 U.S.P.Q.2d (BNA) at 1305-07.

252. See *id.* at 1366, 67 U.S.P.Q.2d (BNA) at 1309 (noting further that its reversal of the district court's decision was not intended as a criticism since Waymark's briefing on the matter "was at best confusing").

253. See *id.* at 1363-64, 67 U.S.P.Q.2d (BNA) at 1307-08.

254. No. 02-1392, 2003 WL 21318662 (Fed. Cir. June 4, 2003).

255. *Id.* at \*3.

256. *Id.* at \*1.

257. See *id.* (explaining that in determining priority of use, the Board sought to resolve whether Lowell could prove that he used his "1-800-REFERRAL" mark before Quimby first used his similar mark in May 1997).

258. See *id.* at \*2 (pointing out that these solicitation letters, to the Dental Society of New York and the Florida Bar, did not result in any form of participation agreement).

259. *Id.*

260. *Id.* at \*3.

decision signaled the importance of corroborating evidence when establishing priority of use.

#### X. PROCEDURAL ISSUES

In addition to tackling numerous substantive matters, the Federal Circuit also clarified procedural points in two cases that criticized the Board's handling of some technical issues and approved of its handling of others.

##### A. Custom Computer Services, Inc. v. Paychex Properties, Inc.

In *Custom Computer Services, Inc. v. Paychex Properties, Inc.*,<sup>261</sup> the Federal Circuit considered whether the Board had properly interpreted and applied the federal regulation governing untimely filed oppositions.<sup>262</sup> In this case, the would-be opposer, The Payroll People, Inc., filed two extensions of time to oppose registration of the mark "PAY-AS-YOU-GO."<sup>263</sup> Although these extensions were granted, Payroll People's counsel mistakenly filed its extensions on behalf of "Custom Computer Services, Inc." formerly known as Payroll People, when Payroll People had not, in fact, changed its name or previously been known as Custom Computer Services, Inc.<sup>264</sup> When Payroll People finally filed an opposition, the Board rejected it, holding that Payroll People should not have the benefit of the granted extensions because its counsel's error was not the sort of "mistake" in the "form of the potential opposer's name" that, according to 37 C.F.R. § 2.102(b), would allow a party wrongly identified in an extension request to pursue an opposition.<sup>265</sup>

The Federal Circuit reversed and held that the Board improperly interpreted section 2.102(b).<sup>266</sup> The court began by quoting the regulation in its entirety, specifically noting that, with respect to requests for extension of time to file an opposition, the potential opposer's failure to provide its "name" may be excused if the failure was the result of "misidentifi[cation] through mistake" or if the "opposition is filed in the name of a person in privity with the person

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261. 337 F.3d 1334, 67 U.S.P.Q.2d (BNA) 1638 (Fed. Cir. 2003).

262. *See id.* at 1336-37, 67 U.S.P.Q.2d (BNA) at 1640.

263. *Id.* at 1335, 67 U.S.P.Q.2d (BNA) at 1639.

264. *See id.*, 67 U.S.P.Q.2d (BNA) at 1639 (explaining that while the two companies were separate entities, one of Payroll People's founders was also the owner of Custom Computer).

265. *Id.* at 1336, 67 U.S.P.Q.2d (BNA) at 1639.

266. *See id.* at 1337, 67 U.S.P.Q.2d (BNA) at 1640 (noting that while the Board's interpretation of the term "mistake" was reasonable, its application of that interpretation in the instant case was not supported by substantial evidence).

who requested and was granted the extension of time.”<sup>267</sup> The court determined that section 2.102(b)’s use of the disjunctive “or” meant that the potential opposer need not demonstrate both that its name was misidentified by mistake and that it was in privity with the named potential opposer.<sup>268</sup> Since the Board had required Payroll People to show privity and had not pointed to any evidence that there was misidentification through mistake, the court reversed.<sup>269</sup>

*B. Central Manufacturing Co. v. Casablanca Industries, Inc.*

The hotly contested case *Central Manufacturing Co. v. Casablanca Industries, Inc.*<sup>270</sup> entailed a number of procedural and substantive issues. Here, Central Manufacturing filed a petition for cancellation of the “STEALTH” mark for ceiling fans while the original registrant was in bankruptcy.<sup>271</sup> Before the petition was answered, Central filed a motion for summary judgment.<sup>272</sup> Shortly thereafter, the Hunter Fan Company acquired the “STEALTH” registration and moved for an extension of time to answer the petition.<sup>273</sup> At this point, the Board suspended proceedings due to the pending summary judgment motion, as required by 37 C.F.R. § 2.127(d).<sup>274</sup> Although Central filed a motion for default and another summary judgment motion, the Board denied both and required Central to file an amended petition.<sup>275</sup> After Central filed its amended petition, it again moved for default after Hunter filed its answer.<sup>276</sup> Hunter replied with sworn affidavits that the parties had agreed that Hunter could file at a later time.<sup>277</sup> While Central contested this characterization, the Board ultimately denied the default motion.<sup>278</sup> More motions followed, eventually leading the Board to require that Central seek leave before filing more pretrial motions.<sup>279</sup> Additionally, Central’s four notices of reliance eventually were excluded on evidentiary

267. *Id.* at 1336-37, 67 U.S.P.Q.2d (BNA) at 1640.

268. *Id.* at 1337, 67 U.S.P.Q.2d (BNA) at 1640.

269. *Id.*, 67 U.S.P.Q.2d (BNA) at 1640.

270. No. 03-1294, 2003 WL 22977469 (Fed. Cir. Dec. 16, 2003) (per curiam).

271. *Id.* at \*1.

272. *Id.*

273. *Id.*

274. *Id.*; see also 37 C.F.R. § 2.127(d) (2002) (providing that “When a party files . . . a motion for summary judgment, or any other motion which is potentially dispositive of a proceeding, the case will be suspended by the Trademark Trial and Appeal Board with respect to all matters not germane to the motion . . .”).

275. See *Central*, 2003 WL 22977469, at \*1 (indicating that the amended petition required a greater degree of specificity).

276. *Id.*

277. *Id.*

278. *Id.*

279. *Id.* at \*2.

grounds.<sup>280</sup> Based on the lack of evidence in the record, the Board denied Central's cancellation petition.<sup>281</sup>

The Federal Circuit approved of the Board's rulings regarding the cancellation proceeding.<sup>282</sup> The court first held that the Board correctly excluded the notices of reliance because they included unauthenticated evidence as well as hearsay.<sup>283</sup> Next, the court rejected Central's argument that the Board applied strict procedural rules to Central and lenient rules to Hunter regarding Central's various motions and evidentiary issues.<sup>284</sup> Central's argument that Hunter provided insufficient evidence of prior use and lack of likelihood of confusion was rejected because the court found that Central "misapprehend[ed]" the burden of proof.<sup>285</sup> Finally, the court held that the Board correctly determined that the "STEALTH" mark was suggestive and that the requirement that Central seek leave prior to filing further motions was proper.<sup>286</sup>

#### CONCLUSION

The Federal Circuit's decisions in 2003 provided practitioners with both new precedent and guidelines regarding long-standing standards. While most of the decisions remained loyal to precedent, the opinions regarding scandalous and geographically misdescriptively deceptive marks marked important changes. The Federal Circuit's trademark decisions have thus provided important substantive guidance for trademark lawyers and their clients.

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280. *See id.* (explaining that the court excluded the evidence as untimely because it was proffered during the rebuttal instead of being properly introduced during the plaintiff's case-in-chief).

281. *Id.*

282. *Id.* at \*3.

283. *Id.*

284. *Id.*

285. *Id.*

286. *Id.* at \*4.