

2012

2011 Trademark Law Decisions of the Federal Circuit

Marynelle Wilson

Antigone Peyton

Follow this and additional works at: <http://digitalcommons.wcl.american.edu/aulr>



Part of the [Courts Commons](#)

Recommended Citation

Wilson, Marynelle, and Antigone Peyton. "2011 Trademark Law Decisions of the Federal Circuit." American University Law Review 61, no.4 (2012): 1151-1174

This Article is brought to you for free and open access by the Washington College of Law Journals & Law Reviews at Digital Commons @ American University Washington College of Law. It has been accepted for inclusion in American University Law Review by an authorized administrator of Digital Commons @ American University Washington College of Law. For more information, please contact fbrown@wcl.american.edu.

2011 Trademark Law Decisions of the Federal Circuit

Keywords

Trademark Law

2011 TRADEMARK LAW DECISIONS OF THE FEDERAL CIRCUIT

MARYNELLE WILSON*

ANTIGONE PEYTON**

TABLE OF CONTENTS

Introduction.....	1152
I. Substantive Trademark Issues.....	1155
A. Likelihood of Confusion.....	1155
1. <i>Citigroup Inc. v. Capital City Bank Group, Inc.</i>	1155
2. <i>Estrada v. Telefonos de Mexico, S.A.B. de C.V.</i>	1158
3. <i>Craig v. Kenneth Cole Productions (LIC), Inc.</i>	1160
4. <i>Mag Instrument, Inc. v. Brinkmann Corp.</i>	1162
B. Functionality.....	1164
1. <i>Mag Instrument, Inc. v. Brinkmann Corp.</i>	1164
C. Descriptiveness; Acquired Distinctiveness.....	1167
1. <i>Dalton v. Honda Motor Co.</i>	1167
II. Procedural Trademark Issues.....	1169
A. Standing to Sue; Admissibility of Evidence.....	1169
1. <i>Dalton v. Honda Motor Co.</i>	1169
B. Default Judgment; Timing of Suspension.....	1171
1. <i>Benedict v. Super Bakery, Inc.</i>	1171
Conclusion.....	1174

* Attorney, Cloudigy Law PLLC; J.D., *American University, Washington College of Law*, 2010; B.A., *Columbia University*, 2003. Marynelle was the *American University Law Review's* 2009–2010 Senior Federal Circuit Editor.

** Founder of Cloudigy Law PLLC, an Intellectual Property and technology law firm. Antigone has worked for judges at the Court of Appeals for the Federal Circuit and the U.S. International Trade Commission and was the Editor-in-Chief of the *Federal Circuit Bar Journal* during law school.

INTRODUCTION

The United States Court of Appeals for the Federal Circuit's trademark docket was quiet in 2011. The Federal Circuit issued only six trademark decisions,¹ designating two of them as precedential.² The court issued a considerably higher number of trademark opinions in prior years.³

The smaller number of trademark cases on the court's docket might be driven by economic considerations and the reduced number of trademark applications filed in 2009 and 2010. In 2009, 352,051 trademark applications were filed, nearly 50,000 fewer than the 401,392 applications filed in 2008.⁴ In 2010, trademark filings increased slightly to 368,939.⁵ Given the average length of trademark prosecution and timelines for proceedings at the Trademark Trial and Appeals Board (TTAB), a disputed trademark application filed in late 2009 or 2010 would generally be heard at the Federal Circuit in 2011.⁶

In recent years, several trademark appeals have reached the

1. *Benedict v. Super Bakery, Inc.*, 665 F.3d 1263, 101 U.S.P.Q.2d (BNA) 1089 (Fed. Cir. 2011); *Estrada v. Telefonos de Mexico, S.A.B. de C.V.*, 447 F. App'x 197 (Fed. Cir. 2011); *Mag Instrument, Inc. v. Brinkmann Corp.*, Nos. 2011-1052, -1053, 2011 WL 5400095, at *1 (Fed. Cir. Nov. 9, 2011) (per curiam); *Citigroup Inc. v. Capital City Bank Grp., Inc.*, 637 F.3d 1344, 98 U.S.P.Q.2d (BNA) 1253 (Fed. Cir. 2011); *Dalton v. Honda Motor Co.*, 425 F. App'x 886 (Fed. Cir. 2011) (per curiam); *Craig v. Kenneth Cole Prods. (LIC), Inc.*, 433 F. App'x 901 (Fed. Cir. 2011) (per curiam).

2. *Benedict*, 665 F.3d at 1263, 101 U.S.P.Q.2d (BNA) at 1089; *Citigroup*, 637 F.3d at 1344, 98 U.S.P.Q.2d (BNA) at 1253.

3. The Federal Circuit issued twenty-three trademark decisions in 2010 (eight designated precedential), sixteen trademark decisions in 2009 (nine designated precedential), eight trademark decisions in 2008 (one designated precedential), fifteen trademark decisions in 2007 (eight designated precedential), and eleven trademark decisions in 2006 (seven designated precedential). Susan B. Flohr et al., *2010 Trademark Law Decisions of the Federal Circuit*, 60 AM. U. L. REV. 1159, 1160-61 (2011); Rebecca Gan, *2009 Trademark Law Decisions of the Federal Circuit*, 59 AM. U. L. REV. 1115, 1116 (2010); David M. Kelly & Stephanie H. Bald, *2008 Trademark Law Decisions of the Federal Circuit*, 58 AM. U. L. REV. 947, 948 (2009); Susan M. Kayser & David Jaquette, *2007 Trademark Law Decisions of the Federal Circuit*, 57 AM. U. L. REV. 1039, 1040 (2008); Christine Haight Farley & Geri L. Haight, *Review of the 2006 Trademark Law Decisions of the Federal Circuit*, 56 AM. U. L. REV. 987, 988-89 (2007).

4. *Trademarks Dashboard, Data Visualization Center, Application Metrics* (First Quarter FY 2012), <http://www.uspto.gov/dashboards/trademarks/main.dashxml> (follow "Open the Excel datasheet" hyperlink).

5. *Id.* In 2011, the number of applications increased again to 398,667. *Id.*

6. *See, e.g., id.* (showing the average number of months from application filing to final disposition at the PTO, including in cases involving an inter partes proceeding at the TTAB, is fifteen months); *see also* U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, *Median Time to Disposition in Cases Terminated After Hearing or Submission*, http://www.cafc.uscourts.gov/images/stories/the-court/statistics/Median_Disposition_Time_table_02-11.pdf (last visited Mar. 21, 2012) (showing median time for disposition in cases appealed from the PTO to the Federal Circuit, from docketing date to disposition date, is eight to eleven months over the last five years).

Federal Circuit via district courts, the International Trade Commission, and even the United States Court of Federal Claims.⁷ All of the 2011 appeals, however, originated in the TTAB,⁸ an administrative tribunal within the United States Patent and Trademark Office (PTO). Five cases involved opposition proceedings,⁹ and one involved a cancellation proceeding.¹⁰ Four of the Federal Circuit's trademark opinions primarily addressed substantive trademark law,¹¹ one covered a procedural issue,¹² and one considered both substantive and procedural issues.¹³ The Federal Circuit affirmed the TTAB's decisions in all six cases.

Of the five trademark opinions that addressed substantive issues, two were affirmed without opinion under Federal Circuit Rule 36 after the parties fully briefed and argued the appeals.¹⁴ While the

7. See, e.g., *ERBE Elektromedizin GmbH v. Canady Tech. LLC*, 629 F.3d 1278, 1280, 97 U.S.P.Q.2d (BNA) 1048, 1049 (Fed. Cir. 2010) (appeal from district court involving both patent claims and trademark claims); *Green Edge Enters., LLC v. Rubber Mulch Etc., LLC*, 620 F.3d 1287, 1290, 96 U.S.P.Q.2d (BNA) 1425, 1427 (Fed. Cir. 2010) (appeal from district court involving patent claims and trademark counterclaims); *Deere & Co. v. ITC*, 605 F.3d 1350, 1351, 95 U.S.P.Q.2d (BNA) 1206, 1207 (Fed. Cir. 2010) (appeal from the International Trade Commission involving a claim of trademark infringement based on gray market goods under the Tariff Act of 1930); *Siler v. United States*, 296 F. App'x 32, 32–33 (Fed. Cir. 2008) (per curiam) (appeal involving copyright and trademark claims against the United States, in which the Federal Circuit concluded that the Court of Federal Claims has no jurisdiction over trademark claims).

8. *Benedict v. Super Bakery, Inc.*, 665 F.3d 1263, 1264, 101 U.S.P.Q.2d (BNA) 1089, 1089 (Fed. Cir. 2011); *Estrada v. Telefonos de Mexico, S.A.B. de C.V.*, 447 F. App'x 197 (Fed. Cir. 2011); *Mag Instrument, Inc. v. Brinkmann Corp., Nos. 2011-1052, -1053*, 2011 WL 5400095, at *1 (Fed. Cir. Nov. 9, 2011) (per curiam); *Citigroup Inc. v. Capital City Bank Grp., Inc.*, 637 F.3d 1344, 1347, 98 U.S.P.Q.2d (BNA) 1253, (Fed. Cir. 2011); *Dalton v. Honda Motor Co.*, 425 F. App'x 886, 887 (Fed. Cir. 2011) (per curiam); *Craig v. Kenneth Cole Prods. (LIC), Inc.*, 433 F. App'x 901, 901–02 (Fed. Cir. 2011) (per curiam).

9. *Estrada*, 447 F. App'x at 198; *Mag Instrument*, 2011 WL 5400095, at *1; *Citigroup*, 637 F.3d at 1347, 98 U.S.P.Q.2d (BNA) at 1254; *Dalton*, 425 F. App'x at 887; *Craig*, 433 F. App'x at 902.

10. *Benedict*, 665 F.3d 1263, 1264, 101 U.S.P.Q.2d (BNA) at 1089.

11. *Estrada*, 447 F. App'x at 201; *Mag Instrument*, 2011 WL 5400095, at *1; *Citigroup*, 637 F.3d at 1347, 98 U.S.P.Q.2d (BNA) at 1254; *Craig*, 433 F. App'x at 902.

12. *Benedict*, 665 F.3d at 1269, 101 U.S.P.Q.2d (BNA) at 1089.

13. *Dalton*, 425 F. App'x at 889.

14. *Mag Instrument*, 2011 WL 5400095, at *1 (without opinion); *Craig*, 433 F. App'x at 902 (without opinion). Rule 36 allows the court to affirm a lower court or administrative agency decision without opinion when the opinion would not be precedential and any of the following conditions exists:

- (a) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;
- (b) the evidence supporting the jury's verdict is sufficient;
- (c) the record support summary judgment, directed verdict, or judgment on the pleadings;
- (d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or
- (e) a judgment or decision has been entered without an error of law.

number of Rule 36 affirmances decreased from five in 2010 to two in 2011, the percentage of affirmances in 2011 increased: in 2010, the Federal Circuit affirmed thirty-three percent of appeals of substantive trademark issues without opinion;¹⁵ in 2011, the court affirmed forty percent without opinion.¹⁶

In the two precedential cases (one on substantive law, one on procedural grounds), the Federal Circuit did not fully agree with the TTAB's analyses or the justifications for its final decisions. In *Citigroup Inc. v. Capital City Bank Group, Inc.*,¹⁷ the Federal Circuit disapproved of the TTAB's "reasonable manner" test to analyze whether a likelihood of confusion exists between two marks.¹⁸ Although the court affirmed the TTAB's likelihood of confusion finding, it stated that the TTAB should no longer use the "reasonable manner" test.¹⁹ Then, in *Benedict v. Super Bakery, Inc.*,²⁰ the court determined that Trademark Rule 2.127(d)²¹—which governs the TTAB process and procedure after a dispositive motion has been filed—is ambiguous and interpreted the rule's effect on suspension of a trademark proceeding after a summary judgment motion has been filed.²² The court noted that the plain language of the rule does not clearly coincide with the TTAB's interpretation of the rule,²³ and this inconsistency can confuse practitioners about how the TTAB will apply the rule.²⁴ Despite this ambiguity, the court ultimately upheld the TTAB's decision based on the facts of the case and on other TTAB rules.²⁵

The Federal Circuit's 2011 trademark decisions are discussed in detail below. When an opinion addresses more than one issue, the issues may be broken up and discussed separately, particularly when substantive and procedural issues are covered in the same opinion.

15. Flohr et al., *supra* note 3, at 1162.

16. *Mag Instrument*, 2011 WL 5400095, at *1; *Craig*, 433 F. App'x at 901.

17. 637 F.3d 1344, 98 U.S.P.Q.2d (BNA) 1253 (Fed. Cir. 2011).

18. *Id.* at 1353, 98 U.S.P.Q.2d (BNA) at 1258–59.

19. *Id.* at 1353, 1356, 98 U.S.P.Q.2d (BNA) at 1258–59, 1261.

20. 665 F.3d 1263, 1263, 101 U.S.P.Q.2d (BNA) 1089, 1092 (Fed. Cir. 2011).

21. 37 C.F.R. § 2.127(d) (2011).

22. *Benedict*, 665 F.3d at 1267–68, 101 U.S.P.Q.2d (BNA) at 1092.

23. *Id.* at 1267, 101 U.S.P.Q.2d (BNA) at 1092.

24. *Id.*, 101 U.S.P.Q.2d (BNA) at 1092. Pro se applicants, like *Benedict*, might be particularly susceptible to confusion.

25. *Id.* at 1269, 101 U.S.P.Q.2d (BNA) at 1092–93.

I. SUBSTANTIVE TRADEMARK ISSUES

A. Likelihood of Confusion

1. Citigroup Inc. v. Capital City Bank Group, Inc.

In the first Federal Circuit trademark opinion of 2011, the court affirmed the TTAB's decision to deny an opposition filed by Citigroup.²⁶ In 2006, Capital City Bank (CCB) applied to register several standard character marks that use the phrase "Capital City Bank."²⁷ Citigroup opposed CCB's applications, arguing that consumers were likely to confuse CCB's marks (CAPITAL CITY BANK, CAPITAL CITY BANK INVESTMENTS, CAPITAL CITY BANK GROWING BUSINESS, and CAPITAL CITY BANC INVESTMENTS) with Citigroup's CITIBANK mark.²⁸

The TTAB applied the likelihood of confusion factors listed in *In re E.I. DuPont De Nemours*²⁹ to determine whether likelihood of confusion existed under Lanham Act § 2(d).³⁰ The TTAB found that

26. Citigroup Inc. v. Capital City Bank Grp., Inc., 637 F.3d 1344, 1356, 98 U.S.P.Q.2d (BNA) 1253, 1261 (Fed. Cir. 2011).

27. *Id.* at 1348, 98 U.S.P.Q.2d (BNA) at 1255.

28. *Id.*, 98 U.S.P.Q.2d (BNA) at 1255. At the TTAB, Citigroup also alleged a dilution as a ground for opposition, but it dropped this claim on appeal. *Id.* at 1348–49, 98 U.S.P.Q.2d (BNA) at 1255.

29. 476 F.2d 1357, 1361, 177 U.S.P.Q. (BNA) 563, 567 (C.C.P.A. 1973). The *DuPont* likelihood of confusion 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, i.e. "impulse" vs. careful, sophisticated purchasing. (5) The fame of the prior mark (sales, advertising, length of use). (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 (house mark, "family" mark, product mark). (10) The market interface between application and the owner of a prior mark: (a) a mere "consent" to register or use, (b) agreement provisions designed to preclude confusion, i.e. limitations on continued use of the marks by each party, (c) assignment of mark, application, registration and good will of the related business, or (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion. (11) The extent to which applicant has a right to exclude others from use of its mark on its goods. (12) The extent of potential confusion, i.e., whether de minimis or substantial. (13) Any other established fact probative of the effect of use.

Id., 177 U.S.P.Q. (BNA) at 567.

30. *Citigroup*, 637 F.3d at 1348, 98 U.S.P.Q.2d (BNA) at 1255. Section 2(d) of the Lanham Act provides:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal

four of the thirteen *DuPont* factors favored Citigroup, namely: (1) the fame of Citigroup's mark, (2) the similarity between Citibank's services and CCB's services, (3) the similarity of trade channels, and (4) the type of consumers.³¹ But two significant factors—actual confusion and the similarity of the marks—favored CCB.³² After weighing the relevant factors, the TTAB concluded that registration of CCB's marks was not likely to confuse consumers.³³ Citigroup appealed that ruling to the Federal Circuit.³⁴

In its analysis, the Federal Circuit primarily focused on the factors that favored CCB. Looking at the similarity of the marks, the Federal Circuit said that the CITIBANK mark was too different from CCB's mark to cause confusion.³⁵ The distinctive "I" misspelling of CITIBANK is actually what prevented it from prevailing on this factor.³⁶ The court drew from prior analysis of Citigroup's mark,³⁷ which found that the "I" misspelling in Citigroup's marks is key to its trademark ownership and scope of protection.³⁸ The court also noted that CCB's marks include the word "Capital" with "City Bank," which distinguishes CCB's marks from Citigroup's.³⁹ Although the presence of an additional term like "Capital" does not automatically defeat a likelihood of confusion finding, here, the additional word was one of several distinctions between the two marks.⁴⁰

The Federal Circuit also analyzed whether any actual confusion existed. The TTAB had noted that the two banks had been operating in the same geographic markets for over thirty-five years, but neither party knew of any actual confusion.⁴¹ The TTAB found that the lack of misdirected phone calls, requests for information, or other evidence of confusion, combined with a long history of competition, indicated that customers were not confused by the marks.⁴² On

register on account of its nature unless it . . . (d) [c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, with used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . .

15 U.S.C. § 1052(d) (2006).

31. *Citigroup*, 637 F.3d at 1348, 98 U.S.P.Q.2d (BNA) at 1255.

32. *Id.*, 98 U.S.P.Q.2d (BNA) at 1255.

33. *Id.*, 98 U.S.P.Q.2d (BNA) at 1255.

34. *Id.* at 1348–49, 98 U.S.P.Q. (BNA) at 1255–56.

35. *Id.* at 1349, 98 U.S.P.Q.2d (BNA) at 1256.

36. *Id.* at 1349–50, 98 U.S.P.Q.2d (BNA) at 1256–57.

37. *Citigroup Inc. v. City Holding Co.*, 171 F. Supp. 2d 333 (S.D.N.Y. 2003).

38. *Citigroup*, 637 F.3d at 1350, 98 U.S.P.Q.2d (BNA) at 1256.

39. *Id.* at 1351, 98 U.S.P.Q.2d (BNA) at 1257.

40. *Id.* at 1351–54, 98 U.S.P.Q.2d (BNA) at 1257–59.

41. *Id.* at 1354, 98 U.S.P.Q.2d (BNA) at 1259.

42. *Id.*, 98 U.S.P.Q.2d (BNA) at 1259.

appeal, Citigroup argued that because not all of the opposed marks had been used in commerce, the actual confusion factor should be given less weight.⁴³ The Federal Circuit, however, concluded that the TTAB had enough evidence to find that no actual confusion existed.⁴⁴

Citigroup also argued that the TTAB weighed the relevant factors incorrectly. Citigroup contended that the TTAB should have found a likelihood of confusion because a greater number of the *DuPont* factors weighed in favor of Citigroup than in favor of CCB.⁴⁵ The Federal Circuit reminded Citigroup that the TTAB “may find a single factor dispositive,”⁴⁶ and concluded—primarily based on the dissimilarity of the marks—that “CCB’s marks are not likely to cause confusion with Citigroup’s marks.”⁴⁷

The most notable part of the case was the Federal Circuit’s instruction, in dicta, to the TTAB to abandon the “reasonable manner” doctrine.⁴⁸ The TTAB had adopted this standard to analyze standard character marks.⁴⁹ Under this doctrine, the TTAB would first determine the reasonable variations of font size, style, and colors in which a proposed mark might be displayed, and then decide if those variations would be likely to cause confusion with the prior mark.⁵⁰ For example, if the TTAB did not think that red lettering on a red background would be a reasonable way to show a mark, it would not consider that option.⁵¹ The Federal Circuit rejected the “reasonable manner” approach, stating, “[t]he TTAB should simply use the *DuPont* factors to determine the likelihood of confusion between depictions of standard character marks that vary in font style, size, and color and the other mark.”⁵²

The Federal Circuit also concluded that the “reasonable manner” doctrine was not based on trademark law it had approved or adopted, remarking that the doctrine “is unsupported by anything other than TTAB practice.”⁵³ Even though the court agreed with the TTAB’s ultimate conclusion on the confusion issue, the Federal Circuit

43. *Id.*, 98 U.S.P.Q.2d (BNA) at 1259–60.

44. *Id.*, 98 U.S.P.Q.2d (BNA) at 1260.

45. *Id.* at 1356, 98 U.S.P.Q.2d (BNA) at 1261.

46. *Id.* at 1355, 98 U.S.P.Q.2d (BNA) at 1260.

47. *Id.* at 1356, 98 U.S.P.Q.2d (BNA) at 1261.

48. *Id.* at 1353, 98 U.S.P.Q.2d (BNA) at 1258–59.

49. *Id.*, 98 U.S.P.Q.2d (BNA) at 1259.

50. *Id.*, 98 U.S.P.Q.2d (BNA) at 1258–59.

51. *See id.* at 1352–53, 98 U.S.P.Q.2d (BNA) at 1258 (identifying several proceedings in which the TTAB applied the “reasonable manner” approach to consider applicants’ proposed registration of typed, block, or script marks).

52. *Id.* at 1353, 98 U.S.P.Q.2d (BNA) at 1259.

53. *Id.*, 98 U.S.P.Q.2d (BNA) at 1259.

unequivocally stated that the TTAB's reasonableness approach is incorrect and should not be used in future opinions.⁵⁴

2. *Estrada v. Telefonos de Mexico, S.A.B. de C.V.*

The case of *Estrada v. Telefonos de Mexico, S.A.B. de C.V.*⁵⁵ demonstrates that a trademark applicant's ulterior motives are sometimes fairly easy to discern, and neither the TTAB nor the Federal Circuit looks favorably on ill-intentioned applicants.

Estrada, who lives in Mexico, applied for U.S. trademark registration for the mark AUDITORIO TELMEX in connection with arenas and services, including sports, concert, and convention facilities and events.⁵⁶ Telefonos opposed registration because of its TELMEX mark, which is not registered with the PTO but has been used in the U.S. and Mexico in connection with telecommunications and other related services.⁵⁷

Telefonos had been using TELMEX in Mexico for six decades.⁵⁸ It sponsors a large concert arena in Guadalajara, Mexico, which, notably, is called AUDITORIO TELMEX.⁵⁹ This arena held the 2008 Latin American MTV Music Awards, an event that was telecast worldwide over the Internet.⁶⁰ Telefonos also sells telephone-calling cards in the U.S. that display the TELMEX mark with artwork and promotions for Telefonos-sponsored sports and entertainment events.⁶¹

The TTAB sustained the oppositions to *Estrada's* applications.⁶² The Federal Circuit also agreed that *Estrada's* trademark applications for AUDITORIO TELMEX should be denied on likelihood of confusion grounds.⁶³ Before the TTAB, Telefonos provided a witness who testified that Telefonos had been selling telephone-calling cards bearing the TELMEX mark in the U.S. since 2000.⁶⁴ The TTAB found this activity was sufficient to establish Telefonos's priority to the TELMEX mark.⁶⁵

Also, the Federal Circuit noted that even though the TELMEX

54. *Id.* at 1353-54, 98 U.S.P.Q.2d (BNA) at 1258-59.

55. 447 F. App'x 197 (Fed. Cir. 2011).

56. *Id.* at 199.

57. *Id.*

58. *Id.*

59. *Id.*

60. *Id.* at 200.

61. *Id.*

62. *Id.*

63. *Id.* at 201, 204.

64. *Id.* at 200, 202.

65. *Id.* at 201-02.

mark is not famous, it is a coined term, and therefore it is inherently distinctive and strong.⁶⁶ The court also concluded that other confusion factors, such as the real-world overlap between telecommunication, arena, and entertainment services, supported the TTAB's decision to deny Estrada's registration request.⁶⁷ Based on this evidence, Telefonos demonstrated that consumers would likely be confused between the TELMEX and AUDITORIO TELMEX marks.⁶⁸

The most remarkable part of this decision was that the TTAB and the Federal Circuit considered evidence of Estrada's bad faith when applying the thirteenth *DuPont* confusion factor.⁶⁹ This catch-all factor, which allows the TTAB to weigh "any other established fact probative of the effect of use,"⁷⁰ gives the TTAB and the court some additional flexibility in their analyses.

In this case, the TTAB and the Federal Circuit considered Estrada's questionable testimony in their analyses of the thirteenth confusion factor.⁷¹ The TTAB found that Estrada had lived in Mexico for nearly thirty years, during which "use of [the] TELMEX mark [had] been ubiquitous."⁷² Estrada had also lived within ten miles of the AUDITORIO TELMEX arena since 1980.⁷³ Despite these clear connections, Estrada claimed that he was unfamiliar with the TELMEX mark, and that he chose AUDITORIO TELMEX for his mark because it "sounds good for the services upon which it will be used. Is [sic] an easy listening phrase."⁷⁴ The TTAB found this testimony disingenuous and concluded that it supported a finding of bad faith.⁷⁵ The Federal Circuit agreed.⁷⁶ Even though other factors provided enough evidence that a likelihood of confusion existed between the two marks, this evidence of bad faith further buttressed the court's opinion.⁷⁷

66. *Id.* at 202.

67. *Id.* at 202–03.

68. *Id.* at 203.

69. *Id.* at 203–04.

70. *Id.* (quoting *In re E.I. DuPont De Nemours*, 476 F.2d 1357, 1361, 177 U.S.P.Q. (BNA) 563, 567 (C.C.P.A. 1973)).

71. *Id.*

72. *Id.* at 200.

73. *Id.*

74. *Id.*

75. *Id.*

76. *Id.* at 203–04.

77. *See generally id.* at 201–04 (reviewing the TTAB's assessment of the *DuPont* factors). The Federal Circuit panel also highlighted TTAB's comment that the "bad faith would have tipped the balance to a finding of likelihood of confusion" if the other factors had not already done so. *Id.* at 204.

3. Craig v. Kenneth Cole Productions (LIC), Inc.

In *Craig v. Kenneth Cole Productions (LIC), Inc.*,⁷⁸ the Federal Circuit affirmed, without a written opinion, the TTAB's decision⁷⁹ to sustain an opposition to Craig's application for the mark LE TIGRE used on pens and on leather goods.⁸⁰

Kenneth Cole owns a registration for a stylized Le TIGRÉ trademark for clothing, which it has used since 1979.⁸¹



Kenneth Cole argued that its LeTIGRÉ (stylized) mark is famous, it is identical to the applied-for mark, and registration of Craig's mark would be likely to cause confusion and dilution.⁸² Given the Federal Circuit's summary affirmance of this decision, the TTAB's opinion illustrates the relevant analysis and reasoning supporting the successful opposition.

The TTAB first examined the similarities between the marks and concluded that the marks are nearly identical.⁸³ The TTAB noted that while Kenneth Cole's registered mark is stylized and includes an accent over the final "e," these differences are minor when considering the overall similarities of the marks in the minds of consumers.⁸⁴ The TTAB found that this *DuPont* factor weighed strongly in favor of Kenneth Cole.⁸⁵

The TTAB then looked at the next factor: the similarities of the goods. The TTAB reiterated that goods or services do not have to be "identical or even competitive" to be related for the purposes of this analysis.⁸⁶ That is, "[t]he goods need only be sufficiently related that consumers would be likely to assume, upon encountering the goods under similar marks, that the goods originate from, are sponsored or

78. *Craig v. Kenneth Cole Prods. (LIC), Inc.*, 433 F. App'x 901 (Fed. Cir. 2011) (per curiam).

79. *Kenneth Cole Prods. (LIC), Inc. v. Craig*, 2010 WL 1233880, at *1 (T.T.A.B. Mar. 23, 2010), *aff'd*, 433 F. App'x 901 (Fed. Cir. 2011) (per curiam).

80. *Craig*, 433 F. App'x at 902.

81. *Kenneth Cole Prods.*, 2010 WL 1233880, at *1.

82. *Id.* at *1.

83. *Id.* at *5.

84. *Id.*

85. *Id.* at *6.

86. *Id.* at *8.

authorized by, or are otherwise connected to the same source.”⁸⁷ When considering this factor, the TTAB relied on testimony from Kenneth Cole’s trademark and licensing manager, who cited other luxury brands such as COACH, LOUIS VUITTON, and KATE SPADE as companies that have used the same mark on clothing, pens, and planners.⁸⁸ Another witness testified that companies in this industry regularly sell both clothing and small leather goods under the same mark.⁸⁹ Even though the goods associated with Kenneth Cole’s registration were different from those listed in Craig’s application, the TTAB ultimately found that this factor also weighed in favor of Kenneth Cole.⁹⁰

The TTAB also considered the other *DuPont* factors and found that they were either neutral or weighed in favor of Kenneth Cole.⁹¹ Based on its analysis, the TTAB found likelihood of confusion and sustained the opposition.⁹²

The TTAB did not address the dilution claim because it had already sustained the opposition on likelihood of confusion grounds.⁹³ The TTAB explained in its likelihood of confusion analysis that although Kenneth Cole had shown its mark was strong, it had not demonstrated that the mark was famous.⁹⁴ The TTAB distinguished between evidence of fame and evidence of a strong mark. In evaluating the strength of the mark, the TTAB focused on the fact that the mark was arbitrary for clothing, pens, and leather goods and commented that the mark is well known.⁹⁵ Considering fame, however, the TTAB emphasized that Kenneth Cole had not provided any financial information about sales and advertising of LeTIGRÉ clothing.⁹⁶ Without this evidence, the TTAB could not assess the mark’s exposure to the media and the public.⁹⁷ Because

87. *Id.* Kenneth Cole also argued that it had common law rights to the use of its mark on other goods, but the TTAB limited its analysis to the goods listed in Kenneth Cole’s registration because Kenneth Cole had not established priority of use on the additional goods. *Id.* at *4.

88. *Id.* at *8–9.

89. *Id.* at *9.

90. *Id.*

91. *See id.* at *9–10 (finding that because the trade channels and classes of purchasers of the goods in question have no restrictions, there is likely overlap between the goods of both parties); *see also id.* at *7–8 (holding that the third-party use of the same or similar marks on similar goods did not weigh in favor of either Kenneth Cole or Craig).

92. *Id.* at *10.

93. *Id.* at *10 n.10.

94. *Id.* at *10.

95. *Id.* at *7.

96. *Id.* at *6.

97. *Id.*

Kenneth Cole did not meet its burden of proving the mark was famous, the dilution claim would have failed anyway.⁹⁸

4. Mag Instrument, Inc. v. Brinkmann Corp.

In *Mag Instrument, Inc. v. Brinkmann Corp.*,⁹⁹ a per curiam judgment without opinion, the Federal Circuit affirmed the TTAB's decision to sustain three oppositions: two based on likelihood of confusion grounds, and one based on functionality grounds.¹⁰⁰ The functionality issue will be discussed in a later section.

This case involved three dueling oppositions between Brinkmann Corporation and Mag Instrument.¹⁰¹ Mag Instrument opposed Brinkmann's application to register MAGNUM MAXFIRE for flashlights, and Brinkmann opposed both Mag Instrument's application to register MAG STAR for flashlights, flashlight accessories, and flashlight parts, as well as Mag Instrument's application to register a "dual band" configuration mark for flashlights.¹⁰²

In the first proceeding, which dealt with Brinkmann's application for MAGNUM MAXFIRE, Mag Instrument argued that Brinkmann's MAGNUM MAXFIRE mark was likely to cause confusion with Mag Instrument's MAG-NUM STAR mark.¹⁰³ In an interesting move, Brinkmann asserted a *Morehouse* defense,¹⁰⁴ named after the case from which it originated.¹⁰⁵ An applicant may use a *Morehouse* defense to a likelihood of confusion claim only when the defending party already owns an unchallenged registration for a mark that is the same or substantially identical to its challenged mark.¹⁰⁶ Also, the unchallenged mark must be associated with goods or services that are the same or substantially similar to those it seeks to cover with the new mark.¹⁰⁷ Brinkmann argued that its registration of MAGNUM MAX for hand-held electrical spotlights met the criteria for a

98. *Id.* at *10 n.10.

99. Nos. 2011-1052, -1053, 2011 WL 5400095, at *1 (Fed. Cir. Nov. 9, 2011) (per curiam).

100. *Id.* The court also sustained another Brinkmann opposition because the proposed mark is functional. See *infra* Part I.B.1.

101. *Mag Instrument, Inc. v. Brinkmann Corp.*, 96 U.S.P.Q.2d (BNA) 1701, 1705-06 (T.T.A.B. 2010).

102. *Id.*

103. *Id.* at 1710-11.

104. *Id.* at 1711.

105. *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 160 U.S.P.Q. (BNA) 715 (C.C.P.A. 1969).

106. *Id.* at 884, 160 U.S.P.Q. (BNA) at 717.

107. *Id.*, 160 U.S.P.Q. (BNA) at 717. The policy motivation for this defense is that the opposer could not be harmed further by a new registration for a mark for goods so similar to the existing mark. *Id.*, 160 U.S.P.Q. (BNA) at 717.

successful *Morehouse* defense.¹⁰⁸ The TTAB disagreed and found that MAGNUM MAXFIRE and MAGNUM MAX are not substantially identical.¹⁰⁹ It also found that flashlights and hand-held electric spotlights are not similar enough to meet the threshold for application of the defense.¹¹⁰ Thus, the TTAB concluded that Brinkmann could not use the *Morehouse* defense.¹¹¹

The TTAB then explored the strong similarity of the marks.¹¹² Although MAG-NUM STAR (Mag Instrument's mark) and MAGNUM MAXFIRE do not look or sound identical in their entirety, both marks have a nearly identical dominant element: the first word "MAGNUM."¹¹³ The TTAB also remarked that STAR and MAXFIRE both "suggest[] brilliance or illumination of the highest magnitude."¹¹⁴

The TTAB found that the other relevant *DuPont* factors—the similarity of the goods, channels of trade, and classes of consumers—also favored Mag Instrument and so "the relevant *DuPont* factors weigh[ed] in favor of a finding of likelihood of confusion."¹¹⁵ Thus, the TTAB sustained this opposition.¹¹⁶

The TTAB's analysis of Brinkmann's opposition to Mag Instrument's requested registration of MAG STAR proceeded in a similar manner. The TTAB found that the two marks—Brinkmann's MAXSTAR and Mag Instrument's MAG STAR—differed only by one letter and one space.¹¹⁷ The TTAB did not accept Mag Instrument's argument that customers would recognize the "MAG" part of the MAG STAR mark as referring to Mag Instrument.¹¹⁸ Thus, the similarity of the marks factor favored Brinkmann.¹¹⁹ The TTAB also found that the other relevant *DuPont* factors favored the opposing party, Brinkmann.¹²⁰ Therefore, the TTAB concluded that there was

108. *Mag Instrument*, 96 U.S.P.Q.2d (BNA) at 1711.

109. *Id.* at 1711.

110. *Id.* at 1712 (citation omitted) ("The *Morehouse* defense requires the goods to be identical, substantially the same, or so related as to represent in law a distinction without a difference.").

111. *Id.* at 1712.

112. *Id.*

113. *Id.* at 1712–13.

114. *Id.* at 1713.

115. *Id.* at 1713–14.

116. *Id.* at 1714.

117. *See id.* (noting that "[v]isually, the only real difference is the third letter in each mark, 'g' and 'x' respectively").

118. *Id.* at 1715. The TTAB also mentioned that "it has been long held that the family of marks doctrine is unavailable to a defendant as a defense in an inter partes proceeding." *Id.*

119. *Id.*

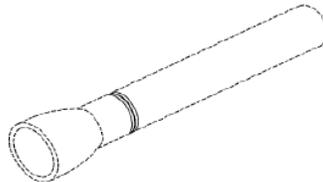
120. *Id.*

a likelihood of confusion between the marks and sustained the opposition.¹²¹

B. Functionality

I. Mag Instrument, Inc. v. Brinkmann Corp.

Mag Instrument also had to defend a proposed mark against a functionality analysis.¹²² The Lanham Act does not allow registration of “any matter that, as a whole, is functional.”¹²³ The Supreme Court has defined a feature as functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”¹²⁴ Brinkmann opposed Mag Instrument’s application to register a “dual band” configuration mark on functionality grounds.¹²⁵



In support of its functionality argument, Brinkman noted that Mag Instrument had an expired patent, U.S. Patent No. 4,388,673, which covered a rechargeable flashlight and holder.¹²⁶ The bands on Mag Instrument’s patented flashlight contained a positive electrode and a negative electrode, respectively, which allow the flashlight’s battery to recharge when placed in the flashlight’s holder.¹²⁷ According to Brinkmann, the dual bands are “‘necessary to charge the flashlight and the reason that the charging feature works.’”¹²⁸

When considering the functionality issue, the first question the TTAB tackled was: what actually constitutes the applied-for mark?¹²⁹

121. *Id.* at 1716.

122. *Id.* at 1701.

123. 15 U.S.C. § 1052(e)(5) (2006).

124. *Mag Instrument*, 96 U.S.P.Q.2d (BNA) at 1718 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10, 214 U.S.P.Q. (BNA) 1, 4 n.10 (1982)). The policy behind prohibiting trademark registration of functional features is that such registration might “inhibit[] legitimate competition by allowing a producer to control a useful product feature.” *Id.* (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164, 34 U.S.P.Q.2d (BNA) 1161, 1163 (1995)).

125. *Id.* at 1716.

126. *Id.* at 1718.

127. *Id.* at 1717.

128. *Id.* (quoting Brinkmann’s Opp’n Br. at 10).

129. *Id.* at 1716–17.

Brinkmann argued that the mark was merely two bands surrounding a flashlight barrel.¹³⁰ Mag Instrument argued that the mark consisted of “two bands that are visibly contrasting from the rest of the flashlight.”¹³¹ The distinction is important because the way the bands look does not affect how they work.¹³² Mag Instrument said that it only wanted to register the visual aspects of the bands.¹³³

Referring to the *Trademark Manual of Examination Procedure*, the TTAB stated that a mark consists of a description of the proposed mark that an examining attorney accepts.¹³⁴ The description must accurately characterize the mark and clearly explain what the mark comprises.¹³⁵ Based on this definition, the TTAB agreed with Brinkmann’s characterization of the mark because nothing in Mag Instrument’s application or description indicated that the dual bands must look different from the barrel.¹³⁶

The TTAB’s characterization of the mark—that it is just two bands around the flashlight barrel—also sheds light on its functionality analysis. Because the color or appearance of the bands is not part of the mark, the TTAB only considered the bands themselves.¹³⁷ The TTAB then applied the factors from *In re Morton-Norwich Products, Inc.*¹³⁸ to the dual band mark to determine if the mark was functional.¹³⁹ *Morton-Norwich* lists the following factors as relevant to a functionality analysis:

- (1) the existence of a utility patent disclosing the utilitarian advantages of the design;
- (2) advertising materials in which the originator of the design touts the design’s utilitarian advantages;
- (3) the availability to competitors of functionally equivalent designs; and
- (4) facts indicating that the design results in

130. *Id.* at 1716.

131. *Id.*

132. *Id.* at 1717 (describing how Mag Instrument’s drawing of the dual band mark only showed their placement and not how the contrasting bands on the MAG CHARGER flashlight exhibit are actually electrodes for charging).

133. *Id.*

134. *Id.* at 1716 (citing U.S. PATENT AND TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINATION PROCEDURE §§ 808.02–808.03 (2d ed. 1997) (“To be satisfactory, the description [of a mark] should state accurately what the mark comprises, and should not create a misleading impression by either positive statement or omission of facts The examining attorney should require a description of the mark where the mark is three-dimensional If applicable, the description statement must clearly indicate the portion of the product or container which the mark comprises”).

135. *Id.* (quoting U.S. PATENT AND TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINATION PROCEDURE § 808.02 (2d ed. 1997)).

136. *Id.* at 1716–17 (“There is no indication in the application that the two bands contrast with the barrel of the flashlight.”).

137. *Id.* at 1717.

138. 671 F.2d 1332, 213 U.S.P.Q.2d (BNA) 9 (C.C.P.A. 1982).

139. *Mag Instrument*, 96 U.S.P.Q.2d (BNA) at 1718.

comparatively simple or cheap method of manufacturing the product.¹⁴⁰

The first two factors were relevant and dispositive for the TTAB. The TTAB paid particular attention to Mag Instrument's expired utility patent for the ring-charging flashlight.¹⁴¹ The TTAB determined that the patent's abstract, drawings, and claims covered the same features as Mag Instrument's applied-for mark: two rings behind the head of the flashlight that are used to recharge the flashlight's batteries.¹⁴²

Moreover, Mag Instrument's advertising for this flashlight describes the dual bands as the "charger module" and extols the benefits of the charging bands as allowing the flashlight to charge in any position.¹⁴³ Because these two factors pointed to the utilitarian advantages of the dual bands, the TTAB sustained Brinkmann's opposition based on the functionality doctrine.¹⁴⁴

For the sake of completeness, however, the TTAB discussed Brinkmann's alternative argument that Mag Instrument's "dual band" mark had not acquired secondary meaning or distinctiveness.¹⁴⁵ For trade dress or product design to receive a trademark registration on the principal register, the applicant must show that the mark has acquired secondary meaning, or that customers associate the design with the source of the goods.¹⁴⁶ Under section 2(f) of the Lanham Act, "nothing . . . shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce."¹⁴⁷ Mag Instrument applied for registration under section 2(f), and the PTO approved the mark for publication.¹⁴⁸ This approval created "a presumption that the examining attorney found that the applicant made a prima facie showing of acquired distinctiveness."¹⁴⁹ Brinkmann therefore had the initial burden of presenting a prima facie case that Mag Instrument's mark had not

140. *Id.* (citing *Valu Eng'g, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1274, 61 U.S.P.Q.2d (BNA) 1422, 1426 (Fed. Cir. 2002)).

141. *See id.* (highlighting the "vital significance" of a prior patent in a trademark claim).

142. *Id.* at 1720.

143. *Id.*

144. *Id.* at 1722.

145. *Id.*

146. *Wal-Mart Stores, Inc. v. Samara Bros. Inc.*, 529 U.S. 205, 211, 54 U.S.P.Q.2d (BNA) 1065, 1068 (2000).

147. 15 U.S.C. § 1052(f) (2006).

148. 96 U.S.P.Q.2d (BNA) at 1722.

149. *Id.* (citing *Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572, 1576, 6 U.S.P.Q.2d (BNA) 1001, 1004 (Fed. Cir. 1988)).

acquired secondary meaning.¹⁵⁰ If Brinkmann successfully met its burden, Mag Instrument would have to present additional evidence of secondary meaning to show that it overcame Brinkmann's showing.¹⁵¹

The TTAB found that Brinkmann met its burden when it demonstrated that the primary significance of the dual bands is their charging function and concluded that Mag Instrument had not overcome Brinkmann's prima facie showing.¹⁵² Although Mag Instrument submitted sixteen declarations to show acquired distinctiveness during the prosecution of the application, the TTAB found that the declarations had limited probative value because they "[were] nearly identical in wording and thus [did] not appear to have been prepared in the signer's own words."¹⁵³ Moreover, the declarants were not consumers; nearly all of the declarations were from sales representatives or others associated with the flashlight retail business.¹⁵⁴

Finally, the TTAB noted that the sales and advertising evidence that Mag Instrument submitted to show secondary meaning did not specifically indicate the dual bands as a source identifier: "[t]here is no evidence that Mag Instrument ever placed any 'look for' advertisements or otherwise made promotional efforts to create consumer association between the dual bands, or recharging rings, with the source of the flashlights."¹⁵⁵ On the contrary, the TTAB found that Mag Instrument's advertising emphasized the utilitarian attributes of the dual bands, not their value as a trademark.¹⁵⁶ Thus, even absent the TTAB's conclusion that the dual bands were functional, the TTAB found that Mag Instrument would not be entitled to a trademark because the dual band configuration mark had not acquired distinctiveness.¹⁵⁷

C. Descriptiveness; Acquired Distinctiveness

1. Dalton v. Honda Motor Co.

The Federal Circuit halted Dalton's pro se attempt to defend the registration of the mark DEALERDASHBOARD.¹⁵⁸ Honda opposed

150. *Id.*

151. *Id.*

152. *Id.*

153. *Id.* at 1723.

154. *Id.*

155. *Id.*

156. *Id.* at 1724.

157. *Id.*

158. *Dalton v. Honda Motor Co.*, 425 F. App'x 886, 887 (Fed. Cir. 2011) (per

the mark at the TTAB, after its American subsidiary received a cease-and-desist letter from Dalton.¹⁵⁹ In its opposition, Honda claimed that, in the automotive industry, DEALERDASHBOARD “is a generic term, or, at best, a merely descriptive term.”¹⁶⁰ The TTAB found that DEALERDASHBOARD is merely descriptive.¹⁶¹ The TTAB further noted that Dalton had not argued that the mark had acquired distinctiveness, so he could not overcome the TTAB’s finding that the mark was merely descriptive.¹⁶²

On appeal, Dalton argued that the TTAB should not have found that the mark was merely descriptive, and it should have considered third-party registrations containing the terms DEALER or DASHBOARD.¹⁶³ Beginning with the descriptiveness issue, the Federal Circuit reviewed the dictionary definition of the term “dealer” in the record, which is “one engaged in buying and selling.”¹⁶⁴ The court then considered what the word “dashboard” means in context.¹⁶⁵ Relying on evidence that Honda submitted, the court defined this type of dashboard as “an Internet-based system that provides dealers with key performance indicators.”¹⁶⁶ The court noted that the TTAB also relied on the listing of services Dalton identified in his application.¹⁶⁷ The services listing described a DEALERDASHBOARD as “the graphical display of sales, service and other information relating to businesses engaged in buying and selling goods, particularly automobiles.”¹⁶⁸

After considering this evidence, the court adopted the TTAB’s conclusion that Dalton’s mark “merely describes, without conjecture or speculation” the services listing.¹⁶⁹ Finally, the court agreed with Honda that, in this situation, Dalton’s combination of two terms does not change the descriptive nature of the mark.¹⁷⁰ The court, like the

curiam).

159. *Id.*

160. *Id.* (internal quotation marks omitted).

161. *Id.* at 889.

162. *Id.* The TTAB and the Federal Circuit also addressed procedural issues of standing and admissibility of evidence. *See infra* Part II.A.1.

163. *Id.* at 891.

164. *Id.* at 892 (internal quotation marks omitted).

165. *Id.*

166. *Id.*

167. *Id.*

168. *Id.* (internal quotation marks omitted).

169. *Id.* (internal quotation marks omitted).

170. *See id.* at 893 (quoting *In re Nat’l Shooting Sports Found., Inc.*, 219 U.S.P.Q. (BNA) 1018, 1020 (T.T.A.B. 1983)) (noting that a combination of descriptive terms might be registrable “if the juxtaposition of the words is inventive or evokes a unique commercial impression, or if the term has a bizarre or incongruous meaning as applied to the goods”).

TTAB, noted that Dalton did not assert in his application that his mark had acquired secondary meaning, and he offered no evidence to support such a claim.¹⁷¹ Therefore, the court upheld the TTAB's conclusion that DEALERDASHBOARD is a merely descriptive mark.¹⁷²

On the question of third-party registrations, the Federal Circuit reminded Dalton that "a merely descriptive mark does not qualify for registration simply because other similar marks appear on the register."¹⁷³ Thus, it concluded that the TTAB was justified when it considered only the registrability of Dalton's mark in the context of the relevant services.¹⁷⁴ Consequently, the Federal Circuit affirmed the TTAB's decision to sustain Honda's opposition and refuse Dalton's registration of the mark.¹⁷⁵

II. PROCEDURAL TRADEMARK ISSUES

The Federal Circuit's procedural decisions in 2011 demonstrate that the court takes the TTAB's discovery process seriously. It showed little sympathy for TTAB litigants who failed to follow procedural rules, even if the meaning or effect of certain rules may be subject to debate.

A. *Standing to Sue; Admissibility of Evidence*

1. Dalton v. Honda Motor Co.

In addition to the substantive questions discussed above,¹⁷⁶ the *Dalton* opinion covered the procedural issues of standing and whether late-produced evidence may be excluded from the record.¹⁷⁷ Dalton argued that Honda did not have standing to oppose his registration because Honda is a foreign corporation, and he had only sent a cease-and-desist letter to American Honda.¹⁷⁸ American Honda is a wholly-owned subsidiary of Honda Motor Company, the parent company that filed the opposition.¹⁷⁹

The standing requirements for oppositions are conferred both by statute, in section 13 of the Lanham Act, and by common law judicial

171. *Id.*

172. *Id.* at 893–94.

173. *Id.* at 894.

174. *Id.*

175. *Id.*

176. *See supra* Part I.C.1.

177. 425 F. App'x at 889–91, 894–95.

178. *Id.* at 890.

179. *Id.* at 891.

decisions that interpret the statutory standing requirements.¹⁸⁰ The Lanham Act allows anyone “who believes that he would be damaged by the registration of a mark” to oppose it.¹⁸¹ The judicially-created standard for demonstrating standing further requires a showing of: “(1) a ‘real interest’ in the proceeding; and (2) a ‘reasonable basis’ for believing that [the opposer] would suffer damage if the mark is registered.”¹⁸²

The court explained that a parent company has standing to oppose a trademark application on behalf of its wholly-owned subsidiary because damage to the subsidiary could lead to damage to the parent company.¹⁸³ That Honda Motor Company is a foreign entity did not factor into this analysis.¹⁸⁴ The Federal Circuit commented that although the TTAB did not discuss the parent-subsidiary relationship in its decision, it applied the correct test to find that Honda Motor Company, the parent company, had standing.¹⁸⁵ Therefore, the court concluded that the TTAB correctly determined that Honda Motor Company had standing to oppose Dalton’s registration.¹⁸⁶

The final procedural point in this case involved the TTAB’s decision to exclude documents Dalton attempted to introduce during his deposition. During the discovery period, Dalton initially failed to respond to Honda’s discovery requests, and he produced a small set of documents only after the TTAB issued an order granting Honda’s motion to compel discovery.¹⁸⁷ At his deposition, however, Dalton sought to introduce a large number of documents that he had not previously provided.¹⁸⁸

The TTAB cited, with approval, other cases in which it had excluded evidence that had not been produced during discovery.¹⁸⁹ Moreover, the TTAB noted that the excluded evidence would not change the outcome of the case.¹⁹⁰ Based on these considerations, the Federal Circuit affirmed the TTAB’s decision to exclude the evidence.¹⁹¹

180. *Id.* at 889–90 (citing *Ritchie v. Simpson*, 170 F.3d 1092, 1095, 50 U.S.P.Q.2d (BNA) 1023, 1025 (Fed. Cir. 1999)).

181. *Id.* (quoting 15 U.S.C. § 1063(a) (2006)).

182. *Id.* at 890 (citing *Simpson*, 170 F.3d at 1095, 50 U.S.P.Q.2d (BNA) at 1025).

183. *Id.*

184. *Id.* at 890–91.

185. *Id.* at 891.

186. *Id.*

187. *Id.* at 894–95.

188. *Id.* at 895.

189. *Id.*

190. *Id.*

191. *Id.*

B. Default Judgment; Timing of Suspension

1. Benedict v. Super Bakery, Inc.

The final Federal Circuit trademark decision issued in 2011 covered purely procedural issues in a precedential decision.¹⁹² Additionally, this case cost the trademark owner his registration—just one week after he had renewed it.¹⁹³

Benedict held trademark registrations for G THE GOODYMAN for pepperoni sticks and bakery goods like cupcakes, cookies, and donuts.¹⁹⁴



Super Bakery applied for a trademark registration for GOODY MAN for similar bakery goods.¹⁹⁵

The examining attorney rejected Super Bakery's application, stating that the proposed mark was likely to be confused with Benedict's mark.¹⁹⁶ In July 2007, after this rejection, Super Bakery asked the PTO to cancel Benedict's mark, arguing that Benedict had abandoned the mark and committed fraud.¹⁹⁷ In January and February 2008, Super Bakery served discovery requests on Benedict.¹⁹⁸

Beginning in mid-February 2008, Benedict, a pro se party, failed to respond to several pleadings in the proceeding, including discovery requests, a motion to compel discovery, and the TTAB's order granting the motion to compel.¹⁹⁹ In August 2008, Super Bakery

192. *Benedict v. Super Bakery, Inc.*, 665 F.3d 1263, 101 U.S.P.Q.2d (BNA) 1089 (Fed. Cir. 2011).

193. Benedict filed his Section 8 application to renew the mark on Dec. 16, 2011, and the PTO accepted the renewal on Dec. 20, 2011. See *Prosecution History for Registration No. 296622*, TRADEMARK APPLICATIONS AND REGISTRATIONS RETRIEVAL (TARR), available at <http://tarr.uspto.gov/tarr?regser=serial&entry=78232100&action=Request+Status>. The Federal Circuit's opinion was issued on Dec. 28, 2011. *Benedict*, 665 F.3d at 1263, 101 U.S.P.Q.2d (BNA) at 1089.

194. *Benedict*, 665 F.3d at 1263, 101 U.S.P.Q.2d (BNA) at 1089–90.

195. *Id.*, 101 U.S.P.Q.2d (BNA) at 1090.

196. *Id.*, 101 U.S.P.Q.2d (BNA) at 1090.

197. *Id.*, 101 U.S.P.Q.2d (BNA) at 1090.

198. *Id.*, 101 U.S.P.Q.2d (BNA) at 1090.

199. *Id.* at 1264–65, 101 U.S.P.Q.2d (BNA) at 1089–90.

asked the TTAB for a default judgment based on Benedict's failure to comply with the TTAB's order compelling a discovery response.²⁰⁰ Benedict finally responded and filed a request for reconsideration of the discovery order, claiming he had not received the TTAB order until his time to comply had almost expired.²⁰¹ Although the TTAB deemed Benedict's response untimely, it gave him the opportunity to respond to the discovery requests within thirty days, by March 13, 2009.²⁰²

On March 12, 2009 (day twenty-nine), Benedict filed a motion for summary judgment—on somewhat dubious grounds—and he still did not respond to the discovery requests.²⁰³ After filing his summary judgment motion, he invoked Trademark Rule 2.127(d),²⁰⁴ which states:

When any 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 and no party should file any paper which is not germane to the motion except as otherwise specified in the Board's suspension order. If the case is not disposed of as a result of the motion, proceedings will be resumed pursuant to an order of the Board when the motion is decided.²⁰⁵

In other words, under this Rule, no party is allowed to file anything unrelated to a dispositive motion once the case has been suspended. The TTAB issued its order suspending the case on March 30, 2009.²⁰⁶

Two weeks later, Super Bakery asked the TTAB for sanctions, default judgment, and cancellation of Benedict's mark.²⁰⁷ The TTAB agreed, stating that the case was not actually suspended until after the TTAB issued a suspension order, so Benedict was still required to meet the March 13 discovery deadline after he filed his summary judgment brief.²⁰⁸ The TTAB entered default judgment against Benedict and cancelled the mark.²⁰⁹

In 2010, Benedict appealed the decision to the Federal Circuit, which sent the case back to the TTAB because the TTAB had not

200. *Id.* at 1265, 101 U.S.P.Q.2d (BNA) at 1090.

201. *Id.*, 101 U.S.P.Q.2d (BNA) at 1090.

202. *Id.*, 101 U.S.P.Q.2d (BNA) at 1090.

203. *Id.* at 1265–66, 101 U.S.P.Q.2d (BNA) at 1090–91.

204. 37 C.F.R. § 2.127(d) (2011).

205. *Benedict*, 665 F.3d at 1265–66, 101 U.S.P.Q.2d (BNA) at 1090 (quoting 37 C.F.R. § 2.127(d)).

206. *Id.* at 1266, 101 U.S.P.Q.2d (BNA) at 1090.

207. *Id.*, 101 U.S.P.Q.2d (BNA) at 1090.

208. *Id.*, 101 U.S.P.Q.2d (BNA) at 1091.

209. *Id.*, 101 U.S.P.Q.2d (BNA) at 1091.

clearly explained in its prior opinion how Trademark Rule 2.127(d) applied to the facts of this case.²¹⁰ In response to the Federal Circuit's remand, the TTAB elaborated on its interpretation and application of Trademark Rule 2.127(d) to this case.²¹¹ The TTAB primarily relied on a comment and response made during the formal notice-and-comment process after the rule was proposed:

Comment: One organization suggested the section should be amended to provide that the filing of a potentially dispositive motion automatically suspends proceedings, without any action by the Board.

Response: The suggested modification has not been adopted. A variety of motions are potentially dispositive, including a motion for sanctions in the form of entry of judgment. Because of the number of situations in which a party may make a potentially dispositive motion, it is believed better for the Board to determine whether proceedings should be suspended based on the situation presented by the particular case.²¹²

The TTAB concluded that the comment indicates a case is not suspended the moment a summary judgment motion is filed.²¹³ Rather, the case continues to move forward until the TTAB actually issues a suspension order.²¹⁴

The TTAB also noted that "there was 'a strong showing of willful evasion' of discovery" on Benedict's part and ruled that his summary judgment motion was "without merit."²¹⁵ Benedict appealed the TTAB's second decision, arguing that the TTAB's interpretation of the rule is not what the plain language of the rule actually states.²¹⁶ Benedict claimed that he followed the rule as it is written.²¹⁷

The Federal Circuit agreed with Benedict that the TTAB's interpretation of Trademark Rule 2.127(d) is not dictated by the

210. See Flohr et al., *supra* note 3, at 1195–96 (summarizing the procedural history and the Federal Circuit's 2010 opinion of *Benedict*).

211. *Benedict*, 665 F.3d at 1266, 101 U.S.P.Q.2d (BNA) at 1091.

212. *Id.* at 1266–67, 101 U.S.P.Q.2d (BNA) at 1091 (quoting Miscellaneous Changes to Trademark Trial and Appeal Board Rules, 63 Fed. Reg. 48,081, 48,094 (Sept. 9, 1998)).

213. *Id.* at 1267, 101 U.S.P.Q.2d (BNA) at 1091.

214. *Id.*, 101 U.S.P.Q.2d (BNA) at 1091.

215. *Id.*, 101 U.S.P.Q.2d (BNA) at 1091–92. Benedict argued that the doctrine of res judicata barred Super Bakery's petition for cancellation based on the examining attorney's final office action issued with respect to Super Bakery's application. *Id.*, 101 U.S.P.Q.2d (BNA) at 1091–92. The office action stated that there was a likelihood of confusion between Super Bakery's mark and Mr. Benedict's registered mark. *Id.*, 101 U.S.P.Q.2d (BNA) at 1091–92.

216. *Id.*, 101 U.S.P.Q.2d (BNA) at 1092.

217. *Id.*, 101 U.S.P.Q.2d (BNA) at 1092.

plain language of the rule.²¹⁸ On this point, the court concluded, “[t]his ambiguity [in the language of the rule] does not support the extreme sanction of default judgment.”²¹⁹

The court affirmed the TTAB’s decision, however, because of Benedict’s behavior.²²⁰ In spite of the ambiguity in Trademark Rule 2.127(d), Benedict clearly violated the Trademark Rules concerning responding to discovery requests and complying with TTAB orders.²²¹ Furthermore, Trademark Rule 2.120(g) states clearly that “if a party fails to comply with an order of the Trademark Trial and Appeal Board relating to disclosure or discovery” the TTAB may issue an appropriate order to remedy the violation.²²²

Thus, the Federal Circuit concluded that Benedict’s long history of ignoring his obligations in this case justified the TTAB’s order entering default judgment and cancelling Benedict’s mark.²²³

CONCLUSION

Overall, the Federal Circuit’s 2011 trademark decisions did not introduce major changes to trademark law and doctrine. However, the court’s *Citigroup* and *Benedict* decisions identified areas where the TTAB should hone or clarify its rules and practices. Also, the *Estrada* and *Benedict* opinions indicated the Federal Circuit’s expectation of cooperation and candor from litigants at the TTAB. So although the Federal Circuit issued few trademark decisions last year, those decisions still provide insight into the court’s approach to trademark law and procedure.

218. *Id.*, 101 U.S.P.Q.2d (BNA) at 1092.

219. *Id.* at 1268, 101 U.S.P.Q.2d (BNA) at 1092.

220. *Id.*, 101 U.S.P.Q.2d (BNA) at 1092–93.

221. *Id.*, 101 U.S.P.Q.2d (BNA) at 1092.

222. 37 C.F.R. § 2.120(g) (2011).

223. *Benedict*, 665 F.3d at 1269, 101 U.S.P.Q.2d (BNA) at 1093.