

2014

2013 Trademark Law Decisions of the Federal Circuit

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2013 TRADEMARK LAW DECISIONS OF THE FEDERAL CIRCUIT*

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INTRODUCTION

The U.S. Court of Appeals for the Federal Circuit had a very quiet year in terms of trademark decisions, issuing only four decisions in 2013.¹ This number is a notable decline from the Federal Circuit's

* This Area Summary reflects the Authors' current thoughts on the subject matter and should not be attributed, in whole or in part, to Morgan, Lewis & Bockius, LLP or any of its clients. This Area Summary is not meant to convey legal opinions or legal advice of any kind.

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1. See *In re City of Hous.*, 731 F.3d 1326, 1328 (Fed. Cir. 2013) (holding that section 2(b) of the Lanham Act prohibited the City of Houston and the District of Columbia from registering their city seals on the Federal Register), *cert. denied*, 134 S.

output on trademark decisions² in past years, which included thirteen trademark decisions in 2012,³ six in 2011,⁴ and twenty-three in 2010.⁵ This year's decrease in trademark decisions cannot be attributed to a significant decrease in the court's caseload, as its overall docket for Fiscal Year 2013⁶ was down only slightly from previous years, with 1259 appeals filed as compared to 1381 in Fiscal Year 2012 and 1349 in Fiscal Year 2011.⁷ However, the percentage of appeals pertaining to trademark law that were filed with the court this year was generally consistent with previous years, as two percent of this year's approximately 1259 appeals pertained to trademark law.⁸ Substantive trademark decisions have not made up more than three percent of

Ct. 1325 (2014); *In re Health Sci. Funding, LLC*, 538 F. App'x 898, 899 (Fed. Cir. 2013) (affirming the U.S. Patent and Trademark Office Trademark Trial and Appeal Board's (TTAB or "the Board") finding that the marks PRASTERONE.ORG and THE PRASTERONE COMPANY were generic and could not be registered); *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 719 F.3d 1367, 1369 (Fed. Cir. 2013) (holding that litigation in district court did not preclude Levi Strauss & Co. from bringing a registration challenge to the TTAB because the registrations at issue covered a broader scope of goods than the district court litigation addressed); *Wax v. Amazon Techs., Inc.*, 500 F. App'x 944, 946–47 (Fed. Cir. 2013) (per curiam) (holding that a likelihood of confusion existed between the marks AMAZON VENTURES and AMAZON.COM).

2. This Area Summary uses the term "trademark decisions" to refer to decisions that substantively address claims under the Lanham (Trademark) Act, 15 U.S.C. §§ 1051–1141n (2012). Practitioners should be aware that this Area Summary is a survey only of the 2013 trademark decisions issued by the Federal Circuit that substantively address Lanham Act claims and that other opinions issued by the Federal Circuit this year may also impact trademark law practice but are not considered or discussed herein.

3. See Molly R. Silfen et al., *2012 Trademark Law Decisions of the Federal Circuit*, 62 AM. U. L. REV. 991, 992 (2013) (noting that eleven of the thirteen 2012 trademark decisions were precedential).

4. See Marynelle Wilson & Antigone Peyton, *2011 Trademark Law Decisions of the Federal Circuit*, 61 AM. U. L. REV. 1151, 1152 (2012) (theorizing that the economic environment and a diminished number of trademark applications in 2009 and 2010 may have caused a decline in the number of trademark cases before the court).

5. See Susan B. Flohr et al., *2010 Trademark Law Decisions of the Federal Circuit*, 60 AM. U. L. REV. 1159, 1160, 1162 (2011) (highlighting that out of six per curiam cases, the court affirmed the TTAB's decisions five times without written opinions).

6. Although the term "Fiscal Year 2013" refers to the period between October 1, 2012, and September 30, 2013, see *Fiscal Year Definition*, U.S. SENATE, http://www.senate.gov/reference/glossary_term/fiscal_year.htm (last visited May 1, 2014), the caseload statistics during that timeframe shed light on the number of cases filed in 2013.

7. See *United States Court of Appeals for the Federal Circuit: Historical Caseload*, U.S. COURT OF APPEALS FOR THE FED. CIR., <http://www.cafc.uscourts.gov/images/stories/Statistics/historical%20caseload%20graph%2083-13.pdf> (last visited May 1, 2014) (illustrating the court's caseload since Fiscal Year 1983 and illustrating that the lowest number of appeals per year in recent history was 1208 in Fiscal Year 2010).

8. *United States Court of Appeals for the Federal Circuit: Appeals Filed, by Category (FY 2013)*, U.S. COURT OF APPEALS FOR THE FED. CIR., <http://www.cafc.uscourts.gov/images/stories/Statistics/fy%2013%20filings%20by%20category.pdf> (last visited May 1, 2014).

the Federal Circuit's caseload in the past eight years.⁹ Despite its relative quiet on the trademark front this year, the Federal Circuit weighed in on several issues of note to the practice of trademark law in its four 2013 decisions, each of which is discussed in detail below.

I. SUBSTANTIVE TRADEMARK ISSUES

The court issued three decisions discussing substantive trademark issues in 2013, including a case of first impression on the registrability of government seals.¹⁰

A. *Likelihood of Confusion*: Wax v. Amazon Technologies, Inc.

In the first Federal Circuit trademark opinion of 2013, *Wax v. Amazon Technologies, Inc.*,¹¹ the court affirmed the Trademark Trial and Appeal Board (TTAB or "the Board") of the U.S. Patent and Trademark Office (USPTO) decision sustaining the opposition to an application to register the mark AMAZON VENTURES for investment management services based on existing registrations for the famous AMAZON.COM marks.¹²

Jeffrey S. Wax, a patent attorney and venture capitalist, filed an intent-to-use application in 2000 for the mark AMAZON VENTURES (with VENTURES disclaimed) for "investment management, raising venture capital for others, . . . and capital investment consultation."¹³ The application's publication was delayed for eight years¹⁴ due to the number of prior pending applications for various AMAZON.COM marks owned by the online retailer Amazon Technologies, Inc.

9. See Statistics, U.S. COURT OF APPEALS FOR THE FED. CIR., <http://www.cafc.uscourts.gov/the-court/statistics.html> (follow "2006" to "2013" hyperlinks under "Caseload, by Category") (demonstrating that during this time period, trademark decisions have comprised between approximately one and three percent of the Federal Circuit's caseload).

10. See *In re City of Hous.*, 731 F.3d 1326, 1328 (Fed. Cir. 2013) (registrability of government seals), *cert. denied*, 134 S. Ct. 1325 (2014); *In re Health Sci. Funding, LLC*, 538 F. App'x 898, 899 (Fed. Cir. 2013) (registrability of PRASTERONE.ORG and THE PRASTERONE COMPANY); *Wax v. Amazon Techs., Inc.*, 500 F. App'x 944, 945 (Fed. Cir. 2013) (per curiam) (registrability of AMAZON VENTURES).

11. 500 F. App'x 944 (Fed. Cir. 2013) (per curiam).

12. *Id.* at 945.

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

14. Wax's intent-to-use application was not published until 2008, eight years after filing. Notice of Publication Under 12(a) from Commissioner for Trademarks, U.S. Patent & Trademark Office, to Jeffrey S. Wax, Applicant (June 4, 2008), *available at* <http://tsdr.uspto.gov/documentviewer?caseId=sn78001126&docId=NOP20080604092535> (notifying the applicant that the AMAZON VENTURES Mark, U.S. Trademark Application Serial No. 78,001,126 (filed Mar. 27, 2000), "appears to be entitled to registration" pending any third-party objection during the 30-day publication period).

“Amazon”), which eventually either proceeded to registration¹⁵ or were abandoned.¹⁶ Amazon opposed the AMAZON VENTURES application upon publication, claiming priority and alleging a likelihood of confusion and dilution.¹⁷ Amazon based its priority claim on a number of its AMAZON.COM registered marks covering various financial and business services as well as its common law rights in marks containing “AMAZON.”¹⁸ The TTAB sustained Amazon’s opposition, finding that Amazon had established priority on the basis of its pleaded registrations and common law use and holding that consumers were likely to be confused between AMAZON VENTURES and the AMAZON.COM marks.¹⁹ Because the TTAB held for Amazon on its likelihood of confusion claim, it did not reach Amazon’s dilution claim.²⁰

The Federal Circuit affirmed the TTAB’s decision, first holding that it correctly determined that Amazon’s AMAZON.COM marks had priority over AMAZON VENTURES.²¹ Wax argued that Amazon could not establish priority because the USPTO had denied Amazon’s application to register AMAZON.COM for “financial management [and] financial planning services” after Wax filed the AMAZON VENTURES application.²² However, the Federal Circuit noted that Amazon owned several other registrations for AMAZON.COM marks with earlier filing dates than AMAZON VENTURES, including registrations for various advertising, business management, and credit card services.²³ Therefore, the fact that Amazon’s host of AMAZON.COM registrations did not specifically cover financial services did not negate the priority of its marks for a variety of related business services.²⁴

15. The following Amazon-owned applications proceeded to registration: (1) AMAZON.COM AUCTIONS, covering “commodity trading for others”; (2) AMAZON.COM, covering “credit card services; and charge card services”; and (3) AMAZON.COM Plus Design, covering “credit card services; and charge card services.” *Amazon Techs., Inc. v. Wax*, Opposition No. 91187118, 2012 WL 1267957, at *4 (T.T.A.B. Mar. 30, 2012), *aff’d per curiam*, 500 F. App’x 944. The registration for AMAZON.COM AUCTIONS has since been cancelled. *See* AMAZON.COM AUCTIONS, Serial No. 75,669,200 (cancelled July 13, 2012).

16. Amazon expressly abandoned its application for the mark AMAZON FINANCIAL SERVICES, covering various mutual fund and securities services, in October 2004. AMAZON FINANCIAL SERVICES, Serial No. 75,677,294 (abandoned Oct. 5, 2004).

17. *Wax*, 500 F. App’x at 945–46.

18. *Id.*

19. *Wax*, 2012 WL 1267957, at *9–10.

20. *Id.* at *11.

21. *Wax*, 500 F. App’x at 946.

22. *Id.* (alteration in original) (internal quotation marks omitted).

23. *Id.*

24. *Id.*

The Federal Circuit then examined the TTAB's decision that Wax's AMAZON VENTURES mark was likely to cause confusion with Amazon's AMAZON.COM marks.²⁵ First, the court agreed with the Board's findings that Amazon's marks were very strong due to their commercial fame and inherent distinctiveness with regard to Amazon's services.²⁶ Wax attempted to argue on appeal that Amazon could only prove fame for the full mark AMAZON.COM, rather than the AMAZON term alone, and that his AMAZON VENTURES mark was not confusingly similar to AMAZON.COM when considered as a whole.²⁷

The Federal Circuit rejected these distinctions, first holding that AMAZON was the predominant aspect of Amazon's marks because AMAZON and AMAZON.COM were used interchangeably to refer to the company's services.²⁸ The court also noted that Wax did not argue against the TTAB's finding that the VENTURES portion of his mark was merely descriptive of his financial services (and indeed, Wax had accepted the USPTO's request to disclaim VENTURES during the application's prosecution period).²⁹ Given that Wax accepted and did not argue against disclaiming VENTURES, the AMAZON portion of the mark was given even more weight in the TTAB's analysis.³⁰ Further, Wax's argument that the differences between his and Amazon's services and channels of trade weighed against a likelihood of confusion also failed, as owners of a famous mark such as AMAZON.COM "enjoy a wide latitude of protection" and do not have to prove that the parties provide the same services in order to establish a likelihood of confusion.³¹ The Federal Circuit held that the Board did not err in its conclusion that the likelihood of confusion factors from *In re E.I. DuPont DeNemours & Co.*³² as a

25. *Id.* at 947.

26. *Id.* at 946–47.

27. *Id.* at 947.

28. *Id.*

29. *See id.*

30. *See id.*

31. *Id.* at 947–48 (quoting *Recot, Inc. v. M.C. Becton*, 214 F.3d 1322, 1327 (Fed. Cir. 2000)).

32. 476 F.2d 1357 (C.C.P.A. 1973). The *DuPont* court held that the following factors should be considered in a likelihood-of-confusion analysis:

(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 . . . 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 (6) The number and nature of similar marks in use on

whole strongly supported Amazon's position and affirmed the decision sustaining Amazon's opposition of AMAZON VENTURES.³³

B. Genericness: In re Health Science Funding, LLC

The Federal Circuit tackled the issue of genericness in *In re Health Science Funding, LLC*.³⁴ The court affirmed the TTAB's decision that the marks PRASTERONE.ORG and THE PRASTERONE COMPANY were generic for a website featuring information about prasterone drugs and related topics.³⁵

Health Science Funding, LLC ("Health Science") applied in March 2011 to register the marks PRASTERONE.ORG and THE PRASTERONE COMPANY ("the PRASTERONE marks") on the Supplemental Register for website informational services on the topic of prasterone scientific and clinical research.³⁶ The examining attorney refused registration on the basis that the proposed marks were generic for the services covered by the application and were therefore not capable of distinguishing applicant's services—a decision that the TTAB later affirmed.³⁷

The Federal Circuit affirmed the TTAB's decision that the PRASTERONE marks were generic for information services regarding prasterone, which is undisputedly a generic term for synthetic dehydroepiandrosterone ("DHEA").³⁸ The court began its analysis by noting that the USPTO bears the heightened "clear evidence" burden of proof for establishing that a proposed mark is generic.³⁹ Health Science first attempted to argue that the services at issue should be characterized as "publication services" and that there was no evidence that the PRASTERONE marks were generic for such

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 applicant and the owner of a prior mark (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 (13) Any other established fact probative of the effect of use.

Id. at 1361.

33. *Wax*, 500 F. App'x at 948.

34. 538 F. App'x 898 (Fed. Cir. 2013).

35. *Id.* at 899.

36. *In re Health Sci. Funding, LLC*, Nos. 85255510, 85255541, 2012 WL 4763146, at *1 & nn.2–3 (T.T.A.B. Sept. 19, 2012), *aff'd*, 538 F. App'x 898.

37. *Health Sci.*, 538 F. App'x at 899; *see* 15 U.S.C. § 1091(c) (2012) (providing that a word "must be capable of distinguishing the applicant's goods or services" in order to be registered on the Supplemental Register).

38. *Health Sci.*, 538 F. App'x at 900–02.

39. *Id.* at 900.

services.⁴⁰ The Federal Circuit quickly dismissed this argument, noting that the Board correctly classified the services at issue as “information services.”⁴¹ The court further described the services as relying on the exact description Health Science included in its applications for the PRASTERONE marks—“providing a website featuring scientific and clinical research information about investigational medical foods, dietary supplements or drugs, namely, prasterone or derivatives or analogs thereof.”⁴²

The Federal Circuit also rejected Health Science’s interpretation of the TTAB’s opinion as improperly holding that “genericness in one class of goods or services is sufficient to establish genericness for another class,” which would contradict Federal Circuit precedent.⁴³ The court noted that although the Board did state that “because ‘prasterone’ is the generic name of one of the items that is the subject matter of applicant’s services, it is likewise generic for the services themselves,” the TTAB’s analysis “did not stop there.”⁴⁴ More significantly, the Board examined each individual component of both PRASTERONE marks, noting the undisputed facts that prasterone is generic for synthetic DHEA and that “.org” and the word “company” are considered generic terms.⁴⁵ The Federal Circuit agreed with the Board’s finding that the evidence on record showed that the term “prasterone” is frequently used with informational websites on the subject of prasterone and related scientific and medical information.⁴⁶ The Federal Circuit therefore concluded that the TTAB correctly found that the addition of “.org” and “company” was not enough to elevate the generic term prasterone to a registrable mark.⁴⁷

Similarly, the Federal Circuit rejected Health Science’s reliance on *In re Steelbuilding.com*,⁴⁸ in which the Federal Circuit held that the Board had mistakenly read a finding of genericness in one class of goods or services to imply that another class was also generic.⁴⁹ The *Health Science* court found *Steelbuilding.com* distinguishable because the Board made several reversible errors in that case, including too

40. *Id.*

41. *Id.* at 900–01.

42. *Id.* at 900.

43. *Id.*

44. *Id.* at 901.

45. *Id.*

46. *Id.* at 902.

47. *Id.*

48. 415 F.3d 1293 (Fed. Cir. 2005).

49. *Id.* at 1298–99; *see Health Sci.*, 538 F. App’x at 901.

narrowly construing the genus of the applicant's goods and services.⁵⁰ The Board did not make such errors in *Health Science*.⁵¹ As the court noted, the Board's analysis correctly tracked Federal Circuit precedent from *In re Hotels.com, L.P.*,⁵² in which the court affirmed the Board's holding that the mark HOTELS.COM was generic for hotel information and reservations made via the Internet.⁵³ After finding that the Board's genericness analysis was correct, the Federal Circuit affirmed the refusal to register the PRASTERONE marks.⁵⁴

C. *Government Entity Seals/Insignia: In re City of Houston*

In a combined precedential opinion, the Federal Circuit upheld the TTAB's section 2(b) refusals to register the government seals of the City of Houston and the District of Columbia in two cases on appeal from the Director of the USPTO.⁵⁵

Section 2(b) of the Lanham Act prohibits the registration of any trademark that "[c]onsists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof."⁵⁶ The District of Columbia ("the District") applied in January 2009⁵⁷ to register its official seal for a variety of goods, including shirts, pens, cups, and hats, while the City of Houston ("Houston") applied the following month to register its city seal for various municipal and city services.⁵⁸

Examining attorneys refused both applications on the basis that section 2(b) prohibits the federal registration of government seals and insignia, and both applicants unsuccessfully appealed to the TTAB.⁵⁹ The Federal Circuit combined the appeals as an issue of first impression as to whether section 2(b) bars a state or local government entity from registering its own insignia.⁶⁰ Each appellant presented a strikingly different theory to support its argument that section 2(b) did not bar such registrations.⁶¹

50. *Health Sci.*, 538 F. App'x at 901.

51. *Id.*

52. 573 F.3d 1300 (Fed. Cir. 2009).

53. *Id.* at 1301; see *Health Sci.*, 538 F. App'x at 901.

54. *Health Sci.*, 538 F. App'x at 902.

55. See *In re City of Hous.*, 731 F.3d 1326, 1328 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct. 1325 (2014).

56. 15 U.S.C. § 1052(b) (2012).

57. See U.S. Trademark Application Serial No. 77,643,857 (filed Jan. 6, 2009).

58. *City of Hous.*, 731 F.3d at 1329.

59. *Id.*

60. *Id.* at 1328.

61. See *id.* at 1330–32 (explaining that Houston focused on the legislative intent underlying the definition of the term "applicant," while the District relied

The Federal Circuit began its analysis with Houston's argument that it should be allowed to register its city seal because government entities are not "applicants" barred by the prohibitions of section 2.⁶² As the basis for its theory, Houston proposed that section 45 of the Lanham Act defines the term "person" as pertaining to an applicant to include both a natural person and "a 'juristic person,' which includes any 'organization capable of suing and being sued in a court of law.'"⁶³ Because section 45 begins with a caveat that all definitions are set forth therein "unless the contrary is plainly apparent from the context,"⁶⁴ Houston argued that section 2(b)'s context indicated that Congress intended for the term "applicant" to exclude a government entity attempting to register its own seal or insignia.⁶⁵ In support of this legislative intent argument, Houston contended that unauthorized use of government insignia leads to confusion among the public as to whether the goods and services bearing such insignia are actually sponsored by or affiliated with the government.⁶⁶ Houston also argued that the bar on government registration of its insignia frustrates public policy, as the goal of the Lanham Act is to protect the consuming public from "pirates and cheats."⁶⁷

The Federal Circuit rejected this interpretation of the legislative history of the Lanham Act, noting that the Supreme Court's decisions in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*⁶⁸ and *United States v. Clintwood Elkhorn Mining Co.*⁶⁹ strongly supported statutory construction based on the plain language of the statute unless "rare and exceptional circumstances" required a deeper analysis into Congress's intentions.⁷⁰ The Federal Circuit did not find such circumstances in *City of Houston*, as it concluded that nothing in the plain language of section 2(b) indicated that a government entity is exempt from this prohibition.⁷¹ Further, the court noted that section 45 plainly contemplates that "applicant" can encompass a

upon the alleged congressional desire to implement the treaty rights recognized in the Paris Convention).

62. *Id.* at 1330.

63. *Id.* (quoting 15 U.S.C. § 1127 (2012)).

64. 15 U.S.C. § 1127.

65. *City of Hous.*, 731 F.3d at 1330.

66. *Id.*

67. *Id.* (quoting H.R. REP. NO. 79-219, at 2 (1945)).

68. 469 U.S. 189 (1985).

69. 553 U.S. 1 (2008).

70. *City of Hous.*, 731 F.3d at 1330–31 (quoting *Clintwood Elkhorn*, 553 U.S. at 11); see also *Park 'N Fly*, 469 U.S. at 194 (asserting that statutory construction begins with "the assumption that the ordinary meaning of [the statutory] language accurately expresses the legislative purpose").

71. *City of Hous.*, 731 F.3d at 1331 (internal quotation marks omitted).

government entity, as the provision sets forth a list of government entities such as “‘the United States,’ ‘any State,’ and ‘any instrumentality of a State’” as examples of entities covered by the term.⁷² According to the court, the City of Houston would certainly fall into this category.⁷³ Other provisions of section 2 of the Lanham Act include express exceptions,⁷⁴ which the Court viewed as an indication that if Congress had intended for section 2(b) to permit state and local government registration of its own insignia, it would have expressly provided for such an exemption.⁷⁵ Although the Federal Circuit affirmed the Board’s holding that the examining attorney properly refused Houston’s registration of its city seal, it noted that Houston had other options for preventing fraudulent and potentially confusing use of its insignia.⁷⁶ For example, the city could pass an ordinance banning such activity or appeal to Congress to amend section 2(b).⁷⁷

The District took a very different but equally unsuccessful approach in its appeal, arguing that denying government entities the ability to register their official seals and insignia violated the United States’ obligations under Article 6 of the Paris Convention.⁷⁸ To position this analysis, the District first argued that the language of section 2(b) is ambiguous⁷⁹ and that therefore, courts could examine its legislative history and congressional intent.⁸⁰ This contention led the District to its theory that Article 6 of the Paris Convention requires member countries to allow for the trademark registration of

72. *Id.*

73. *Id.*

74. For example, section 2(c) prohibits the registration of a trademark that “[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual *except by his written consent*, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, *except by the written consent of the widow.*” 15 U.S.C. § 1052(c) (2012) (emphasis added).

75. *City of Hous.*, 731 F.3d at 1331.

76. *Id.*

77. *Id.*

78. *Id.* at 1331–32; see Paris Convention for the Protection of Industrial Property, art. 6, Mar. 20, 1883, revised July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305, 325 [hereinafter Paris Convention]. The Paris Convention is a global intellectual property treaty that established a “Union” of member countries for the protection of industrial property. See *Summary of the Paris Convention for the Protection of Industrial Property (1883)*, WORLD INTELL. PROP. ORG., http://www.wipo.int/treaties/en/ip/paris/summary_paris.html (last visited May 1, 2014) (summarizing the creation and goals of the Paris Convention). Article 6 of the Paris Convention provides for the consistent recognition of registered trademarks among member countries. See Paris Convention, *supra*, 21 U.S.T. at 1639–46, 828 U.N.T.S. at 324–33.

79. *City of Hous.*, 731 F.3d at 1332. The District set forth that section 2(b)’s language is not plain on its face because the USPTO has previously allowed for the registration of three government seals. *Id.* at 1332 & n.1.

80. *Id.* at 1332.

official insignia that are registered in other countries.⁸¹ The Federal Circuit again disagreed with the contention that the language of section 2(b) is ambiguous but held that even if the language did allow for an examination of statutory construction, the District's Paris Convention theory did not pass muster.⁸² Article 6*quinquies*⁸³ of the Paris Convention provides that "[e]very trademark duly registered in the country of origin shall be accepted for filing and protected as is in the other countries of the [Paris Convention] Union, subject to the reservations indicated in this Article."⁸⁴ However, Article 6*ter*⁸⁵ modifies the general rule of 6*quinquies* with the caveat that the member countries agree to refuse or to invalidate the registration of trademarks that are comprised "of armorial bearings, flags, and other State emblems, of countries of the Union."⁸⁶ Therefore, the Federal Circuit found that these Articles relate to emblems of countries, rather than those of local public bodies and cities.⁸⁷ The District is not "a country of the Union," so its seal would not fall under the protections of the Paris Convention.⁸⁸ The court also pointed out that the Paris Convention applies to trademarks that are already "duly registered in the country of origin," a category under which the District's trademark application did not fall.⁸⁹

The Federal Circuit's suggestion that the appellants in *City of Houston* had other options at their disposal if they disagreed with the Lanham Act's prohibition on the registration of government indicia did not go unheard. Two months after the court issued its decision in *City of Houston*, several members of the U.S. House of Representatives and Senate introduced a bipartisan bill urging Congress to amend the Lanham Act and allow the United States federal, state, and local governments to register their "flag[s], coat[s]

81. *Id.* at 1334.

82. *See id.* at 1333 (asserting to the contrary that section 2(b)'s language "is quite plain on its face").

83. The suffix "*-quinquies*" is a Latin suffix meaning, in this context, the "fifth subsection." *Id.* at 1334 n.2.

84. *Id.* at 1334 (quoting Paris Convention, *supra* note 78, 21 U.S.T. at 1643, 828 U.N.T.S. at 331).

85. The suffix "*-ter*" means the "third subsection." *Id.* at 1334 n.2.

86. *Id.* at 1334 (quoting Paris Convention, *supra* note 78, 21 U.S.T. at 1640, 828 U.N.T.S. at 327).

87. *Id.*

88. *Id.* (quoting the District of Columbia Organic Act of 1871, 16 Stat. 419 (1871), which declares that the District "constitute[s] a body corporate for municipal purposes, and may . . . have a seal, and exercise all the powers of a municipal corporation").

89. *See id.* at 1335 (quoting Paris Convention, *supra* note 78, 21 U.S.T. at 1643, 828 U.N.T.S. at 331) (noting that this rationale would be "circular," since answering the question at issue—whether the mark can be registered in the United States—in the affirmative is the very requirement necessary for Article 6*quinquies* to apply).

of arms, or other official insignia” with the USPTO.⁹⁰ The bill, which was introduced in the House and referred to the House Judiciary Committee on December 12, 2013, would add an exception to section 2(b), which currently states:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . . [c]onsists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.⁹¹

The bill would add to the end of this provision the exception that “this subsection shall not prevent the United States, or any State, municipality, county, political subdivision, or other governmental authority in the United States, from obtaining registration under this Act of any mark that consists of or comprises its own flag, coat of arms, or other official insignia.”⁹² If enacted, trademark practitioners could expect a host of applications by state and local government entities seeking to protect their respective seals and indicia.

II. PROCEDURAL TRADEMARK ISSUES

The court issued one procedural trademark law decision in 2013, which discussed the potentially far-reaching implications of claim and issue preclusion.

A. *Claim/Issue Preclusion: Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*

In its sole trademark procedural decision of the year, *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*,⁹³ the Federal Circuit reversed the TTAB’s decision that district court litigation precludes USPTO opposition and cancellation proceedings. In this important decision, the court thereby opened the door to trademark registration challenges by unsuccessful district court litigants.⁹⁴

Appellee Abercrombie & Fitch Trading Co. (“Abercrombie”) created a “mirror image stitching design” (“the Abercrombie Design”) for use on a line of jeans sold in its Ruehl brand stores and obtained registration (“the Abercrombie Design Registration”) of its design for “[c]lothing, namely, jeans, skirts, [and] pants” on the

90. S. 1816, 113th Cong. (2013); H.R. 3713, 113th Cong. (2013).

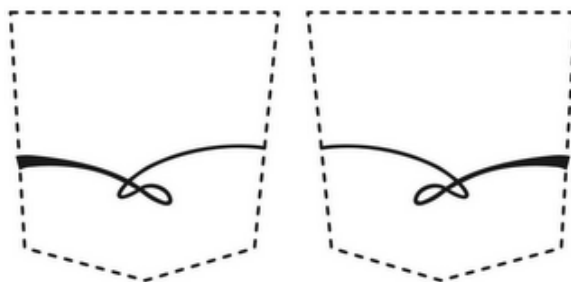
91. 15 U.S.C. § 1052 (2012).

92. S. 1816, 113th Cong. § 1; H.R. 3713, 113th Cong. § 1.

93. 719 F.3d 1367 (Fed. Cir. 2013).

94. *Id.* at 1369.

Supplemental Register.⁹⁵ Abercrombie’s application to register its design was refused registration on the Principal Register after the examining attorney held that the mark was “merely a decorative or ornamental feature of the goods” and therefore was incapable of serving the source-indicating function of a trademark on the Principal Register.⁹⁶ Abercrombie amended the application to seek registration on the Supplemental Register after failing to persuade the examining attorney that the mark should be registered on the Principal Register.⁹⁷



While the application for the Abercrombie Design Registration was pending, Abercrombie filed an application (the “Abercrombie Design Application”) for the Abercrombie Design covering “[c]lothing, namely, jeans, skirts, shorts, pants and jackets” to the Principal Register.⁹⁸ Upon publication of the Abercrombie Design Application, Appellant Levi Strauss & Co. (“Levi Strauss”) filed an opposition to the Abercrombie Design Application and a petition to cancel the Abercrombie Design Application.⁹⁹ Levi Strauss based its opposition and cancellation petition on its “Arcuate” stitching trademark (“the Arcuate Design”), for which it owned four federal trademark registrations and claimed use dating from 1873.¹⁰⁰

95. Registration No. 3,451,669; *see Levi Strauss*, 719 F.3d at 1368–69.

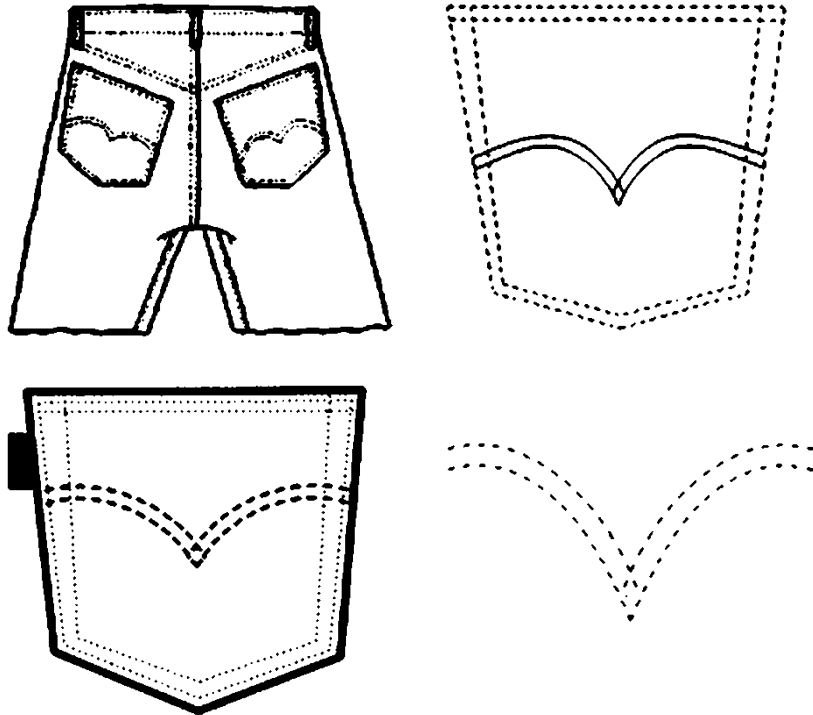
96. *See* Office Action from Caroline E. Wood, Trademark Examining Attorney, U.S. Patent & Trademark Office, to Kathryn M. Wheble, Counsel to Applicant Abercrombie & Fitch Trading Co. (Feb. 22, 2008), *available at* <http://tsdr.uspto.gov/documentviewer?caseId=sn78977782&docId=OOA20080222090744>.

97. *See* Request for Reconsideration After Final Action from Reid M. Wilson and Christine B. Redfield, Attorney of Record, to Commissioner for Trademarks, U.S. Patent & Trademark Office (May 1, 2008), <http://tsdr.uspto.gov/documentviewer?caseId=sn78977782&docId=RFR20080502170254> (requesting reconsideration of the examining attorney’s final action with respect to U.S. Trademark Application Serial No. 78,977,782).

98. Trademark Application Serial No. 78,977,782; *see Levi Strauss*, 719 F.3d at 1369.

99. *Levi Strauss*, 719 F.3d at 1369.

100. *Id.*; *see* Registration No. 0,404,248 (issuing November 16, 1943, for use on “waistband type overalls”); Registration No. 1,139,254 (issuing on September 2, 1980, for use on “pants, jackets, skirts, and shorts”); Registration No. 2,791,156 (issuing on December 9, 2003, for use on “pants, jeans, shorts, shirts, t-shirts, blouses, skirts and



Shortly thereafter, Levi Strauss sued Abercrombie in the U.S. District Court for the Northern District of California, alleging that the Abercrombie Design infringed and diluted its Arcuate Design.¹⁰¹ The USPTO suspended Levi Strauss's opposition and cancellation proceedings pending resolution of the suit.¹⁰² The district court held in separate decisions that the Abercrombie Design, which only appeared on jeans sold in Abercrombie's Ruehl stores, did not infringe or dilute Levi Strauss's Arcuate Design given the disparate channels of trade and price points for the parties' respective jeans ("the 2009 Infringement Judgment" and "the 2009 Dilution Judgment," respectively).¹⁰³ Levi Strauss appealed the district court's dilution decision to the U.S. Court of Appeals for the Ninth Circuit, which reversed and remanded on the basis that the lower court erroneously relied on the standard that the marks at issue

jackets"); Registration No. 2,794,649 (issuing on December 16, 2003, for use on "pants, jeans, shorts, shirts, t-shirts, blouses, skirts and jackets").

101. *Levi Strauss*, 719 F.3d at 1369; *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 548 F. Supp. 2d 811, 812 (N.D. Cal. 2008).

102. *Levi Strauss*, 719 F.3d at 1369.

103. *Id.* at 1370; see *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, No. 07-03752 JSW, 2009 WL 1082175 (N.D. Cal. Apr. 22, 2009) (judgment on trademark dilution and trademark infringement), *rev'd*, 633 F.3d 1158 (9th Cir. 2011).

must be “identical or nearly identical” in order for dilution by blurring to occur.¹⁰⁴

Further complicating matters, Abercrombie ultimately discontinued its Ruehl brand during the appeal but then filed a new trademark application for the Abercrombie Design covering “clothing, namely bottoms” in connection with its recently announced Gilly Hicks brand.¹⁰⁵ On remand to the district court, Levi Strauss, concerned that the Gilly Hicks products were priced closer to Levi Strauss’s price points, asked Abercrombie to amend the pleadings or augment the record to address the Gilly Hicks product line.¹⁰⁶ Abercrombie refused, and the district court declined Levi Strauss’s motion to amend its complaint without explanation.¹⁰⁷ Soon after, Levi Strauss voluntarily moved to dismiss its dilution claim, which the district court granted with prejudice (the “2011 Final Dilution Judgment”).¹⁰⁸

After the district court suit was dismissed, Abercrombie filed motions for summary judgment in the USPTO opposition and cancellation proceedings, arguing that Levi Strauss’s challenges were barred by both claim preclusion and issue preclusion.¹⁰⁹ The Board disagreed with Abercrombie’s claim preclusion argument, holding that the doctrine did not apply because of the “significant differences” between the facts required to establish infringement in a district court case and those required to oppose a trademark application or cancel a registration.¹¹⁰ However, the Board agreed that the elements of issue preclusion barred Levi Strauss’s claims and granted summary judgment to Abercrombie.¹¹¹ Levi Strauss appealed to the Federal Circuit.¹¹²

104. *Levi Strauss*, 633 F.3d at 1174 (quoting *Levi Strauss*, 2009 WL 1082175, at *9).

105. *Levi Strauss*, 719 F.3d at 1370.

106. *Id.* Although the court’s decision refers to Abercrombie’s “Gilley Hicks” brand, the correct spelling of the brand as used by both parties is “Gilly Hicks,” which this Area Summary uses.

107. *Id.*

108. *Id.*

109. *Id.* at 1370–71. The doctrine of claim preclusion prevents a litigant from raising issues in a subsequent suit that should have been raised in the first action if there was a judgment on the merits in the first action and the actions share the “same cause of action” involving the same transactional facts. *Id.* at 1371 (quoting *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979)). Issue preclusion bars a subsequent action for issues that have already been fully litigated in an earlier suit where the earlier determination was necessary to the judgment in that suit. *Id.*

110. *Id.* at 1371; *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, Opposition No. 91175601, 2012 WL 1267965, at *4 (T.T.A.B. Mar. 29, 2012), *rev’d*, 719 F.3d 1367.

111. *Levi Strauss*, 719 F.3d at 1371; *Levi Strauss*, 2012 WL 1267965, at *7.

112. *Levi Strauss*, 719 F.3d at 1371.

The Federal Circuit reversed the TTAB's decision, holding that Levi Strauss's registration challenges were not barred by claim or issue preclusion.¹¹³ The court began by noting that a reversed judgment cannot support preclusion of either type and that the Ninth Circuit reversed both the 2009 Dilution Judgment and the district court's findings accompanying the judgment.¹¹⁴ These reversals left both the 2009 Infringement Judgment and the 2011 Final Dilution Judgment as possible bases for the preclusion analysis.¹¹⁵

With respect to issue preclusion, the Federal Circuit found that the 2011 Final Dilution Judgment resulted from Levi Strauss's voluntary dismissal.¹¹⁶ The 2011 Final Dilution Judgment could be considered an adjudication on the merits as required for claim preclusion.¹¹⁷ It was not, however, a decision on any "issue" in the suit and therefore could not be used as a basis for issue preclusion.¹¹⁸ The court observed that the 2009 Infringement Judgment was therefore the only remaining basis for issue preclusion and that this judgment was decided on the merits.¹¹⁹ However, the court previously held that the 2009 Infringement Judgment could not bar Levi Strauss's TTAB actions given the widely disparate set of issues between Levi Strauss's TTAB opposition and cancellation proceedings and those presented to the district court.¹²⁰ The TTAB proceedings were based on the Abercrombie Design Application and required an analysis of all of the goods sought in the application.¹²¹ In contrast, the district court infringement suit focused on whether Abercrombie's marketing of its specific Ruehl-brand jeans featuring the Abercrombie Design was likely to cause confusion with Levi Strauss's Arcuate Design.¹²² This difference in the scope of issues meant that Levi Strauss's TTAB claims were not barred by issue preclusion and that the Board erred in its ruling on this aspect.¹²³

The Federal Circuit also reversed the Board's dismissal on the alternative ground that Levi Strauss's challenges at the USPTO were

113. *Id.* at 1369, 1371.

114. *Id.* at 1372.

115. *Id.*

116. *Id.*

117. *Id.* (clarifying that because the judgment was a voluntary dismissal with prejudice, it amounted to a decision on the merits for claim- but not issue-preclusion purposes).

118. *Id.* at 1372-73.

119. *Id.* at 1373.

120. *Id.*

121. *Id.*

122. *Id.*

123. *Id.* at 1373-74.

barred by claim preclusion.¹²⁴ Claim preclusion requires an identity of parties, a final judgment on the merits, and the same transactional facts; in this case, the parties were identical, and the 2009 Infringement Judgment and the 2011 Final Dilution Judgment were both judgments on the merits.¹²⁵ Thus, the Board erred in holding that the transactional facts in the USPTO challenges were the same as those weighed by the district court.¹²⁶ With regard to the 2009 Infringement Judgment, the Federal Circuit's prior judgments in *Jet, Inc. v. Sewage Aeration Systems*¹²⁷ and *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*¹²⁸ "squarely controlled" and supported the court's finding that a claim for trademark infringement cannot bar trademark opposition or cancellation proceedings before the Board.¹²⁹ Although these decisions did not address a prior dilution claim, the court explained that its rationale in those cases could be extended to the 2011 Final Dilution Judgment.¹³⁰ Because the dilution claim also "involved a distinctly narrower set of product-specific transactional facts than those at issue in the [TTAB] proceedings," the court held that the 2011 Final Judgment on Dilution was similarly not claim preclusive in the TTAB proceedings.¹³¹ The district court case was limited to Abercrombie's Ruehl line, while the Abercrombie Design Application and the Abercrombie Design Registration with the USPTO covered a much broader array of clothing goods.¹³² Indeed, as the Federal Circuit noted, Abercrombie's refusal to extend the district court proceedings to cover its Gilly Hicks line of clothing evidenced the narrow scope of the action.¹³³

The Federal Circuit concluded its opinion with a reminder that if it had affirmed the Board's decision that Levi Strauss was precluded from pursuing its challenges to Abercrombie's registrations, such a decision would have required the owners of famous marks to litigate the full range of possible uses for the allegedly infringing mark in district court actions.¹³⁴ Accordingly, the court held that neither issue preclusion nor claim preclusion prevented Levi Strauss from

124. *Id.* at 1374.

125. *Id.* at 1372, 1374.

126. *See id.*

127. 223 F.3d 1360 (Fed. Cir. 2000).

128. 424 F.3d 1229 (Fed. Cir. 2005).

129. *Levi Strauss*, 719 F.3d at 1374.

130. *Id.*

131. *Id.*

132. *Id.* at 1373.

133. *Id.* at 1370, 1375.

134. *Id.* at 1375.

challenging Abercrombie's registrations with the USPTO and reversed and remanded the case for further determination of the Board's proceedings.¹³⁵ The remanded case is currently pending with the TTAB.¹³⁶

CONCLUSION

The Federal Circuit was relatively quiet with respect to trademark decisions in 2013, deciding only two precedential decisions and four decisions in total. Nevertheless, the court's analyses of the TTAB's decisions in these cases should be of interest to trademark practitioners. On the legislative front, practitioners can look forward to following the progress of the proposed bill to amend the Lanham Act to allow for the federal registration of official government seals and insignia by the U.S. Government and its cities and states, in contrast to the Federal Circuit's affirmation that section 2(b) prevents the registration of such symbols. In addition to this interesting legislative development, trademark practitioners may be particularly likely to find the Federal Circuit's guidance on the reach of claim and issue preclusion to be a helpful development where their administrative and civil litigation practices overlap.

135. *Id.* at 1376.

136. *See* *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, Cancellation No. 92049913 (T.T.A.B. filed Sept. 9, 2008).