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2017 Trademark Law Decisions Of The Federal Circuit

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2017 TRADEMARK LAW DECISIONS OF THE FEDERAL CIRCUIT

ANITA B. POLOTT* AND RACHEL E. FERTIG**

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INTRODUCTION

In 2017, the Federal Circuit again championed the First Amendment and the freedom of trademark owners to register marks that the U.S. Patent and Trademark Office (USPTO) had previously deemed unfit to print. The court fully embraced the Supreme Court’s unanimous affirmation of its 2015 *In re Tam*¹ decision,² which had declared the Lanham Act’s ban on disparaging marks under section 2(a) to be a First Amendment violation.³ In December, the Federal Circuit’s *In re Brunetti*⁴ decision struck a second blow to section 2(a) by deeming its ban on “immoral” or “scandalous” marks unconstitutional.⁵ The Federal Circuit also issued ten other trademark decisions⁶ in 2017,⁷ which, as with prior years, represented less than three percent of its total docket.⁸ However, as discussed below, these decisions—which range from holding that the standard for awarding attorneys’ fees under the Lanham Act is the same

1. 808 F.3d 1321 (Fed. Cir. 2015) (en banc).

2. *Matal v. Tam*, 137 S. Ct. 1744 (2017).

3. *In re Tam*, 808 F.3d at 1335.

4. 877 F.3d 1330 (Fed. Cir. 2017).

5. *In re Brunetti*, 877 F.3d at 1356.

6. This Article uses the term “trademark decisions” to refer primarily to decisions that substantively address claims under the Lanham (Trademark) Act, 15 U.S.C. §§ 1051–1141n. Practitioners should be aware that this Article is a survey only of the 2017 trademark decisions issued by the Federal Circuit that substantively address trademark issues and that other opinions issued by the Federal Circuit in 2017 may also impact trademark law practice but are not considered or discussed herein. For a summary of 2016 trademark decisions, see Anita B. Polott & Rachel E. Fertig, *2016 Trademark Law Decisions of the Federal Circuit*, 67 AM. U. L. REV. 1411 (2018).

7. *In re Latindo*, 712 F. App’x 993 (Fed. Cir. 2017) (per curiam); *In re I.A.M.Symbolic, LLC*, 866 F.3d 1315 (Fed. Cir. 2017); *Earnhardt v. Kerry Earnhardt, Inc.*, 864 F.3d 1374 (Fed. Cir. 2017); *Lyons, DVM v. Am. Coll. of Veterinary Sports Med. & Rehab.*, 859 F.3d 1023 (Fed. Cir. 2017), *cert. denied*, 138 S. Ct. 366 (2017); *Joseph Phelps Vineyards, LLC v. Fairmont Holdings, LLC*, 857 F.3d 1323 (Fed. Cir. 2017) (per curiam); *Milo & Gabby LLC v. Amazon.com, Inc.*, 693 F. App’x 879 (Fed. Cir. 2017), *cert. denied*, 138 S. Ct. 335 (2017); *In re DDMB, Inc.*, 681 F. App’x 919 (Fed. Cir. 2017); *In re Driven Innovations, Inc.*, 674 F. App’x 996 (Fed. Cir. 2017).

8. See U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, APPEALS FILED, BY CATEGORY: FY2017 (2018), http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/FY_17_Filings_by_Category.pdf.

as that under the Patent Act⁹ to articulating a three-factor test to determine ownership of a mark¹⁰—are likely to significantly impact the practice of trademark law for years to come.

I. SUBSTANTIVE TRADEMARK ISSUES

The court issued eleven decisions addressing substantive trademark issues in 2017, including one—*Romag Fasteners, Inc. v. Fossil, Inc. (Romag II)*¹¹—that was a reinstatement from a 2016 decision. Each of these decisions is summarized below.

A. *Prohibition of Immoral or Scandalous Matter: In re Brunetti*

In *In re Brunetti*, the Federal Circuit held that the provision of section 2(a) of the Lanham Act prohibiting registration of a trademark that “[c]onsists of or comprises immoral, deceptive, or scandalous matter” was an unconstitutional restriction on the freedom of speech.¹²

The appellant, Erik Brunetti, owned a clothing brand called FUCT.¹³ In 2011, the USPTO refused registration of Mr. Brunetti’s application under section 2(a), contending that the mark was scandalous because it was a variation of the word “fucked.”¹⁴ Mr. Brunetti requested reconsideration and filed an appeal to the Trademark Trial and Appeal Board (TTAB or “the Board”).¹⁵ The Board affirmed the original examiner’s decision to reject the mark for vulgarity and denied Mr. Brunetti’s request for reconsideration, noting that the FUCT mark was the phonetic equivalent of the vulgar word “fucked.”¹⁶

Mr. Brunetti appealed the Board’s decision to the Federal Circuit, advancing three arguments: (1) there was not substantial evidence to support the Board’s finding that the mark was vulgar; (2) even if the court found the mark to be vulgar, section 2(a) only prohibited immoral or

9. *Romag Fasteners, Inc. v. Fossil, Inc. (Romag II)*, 686 F. App’x 889, 889 (Fed. Cir. 2017).

10. *Lyons*, 859 F.3d at 1029.

11. 686 F. App’x 889 (Fed. Cir. 2017).

12. 15 U.S.C. § 1052(a); *In re Brunetti*, 877 F.3d at 1357.

13. *In re Brunetti*, 877 F.3d at 1337.

14. *Id.* The USPTO rejects a mark when it finds that a “‘substantial composite of the general public’ would find the mark scandalous.” *Id.* at 1336. If a mark is vulgar it is scandalous. *Id.* The USPTO defines vulgar as “lacking in taste, indelicate, [and] morally crude.” *Id.* (alteration in original). Examining attorneys take “the context of the marketplace as applied to only the goods described in the application” and “contemporary attitudes” into account when deciding whether a mark is scandalous. *Id.*

15. *Id.* at 1337.

16. *Id.*

scandalous marks, not vulgar marks; and (3) section 2(a)'s prohibition of "immoral or scandalous marks" was unconstitutional.¹⁷ The Federal Circuit disposed of Mr. Brunetti's first argument, determining that there existed substantial evidence to support the Board's finding that a "'substantial composite' of the American public" would determine that the trademark FUCT was vulgar.¹⁸ The court also rejected Mr. Brunetti's second argument, holding that the USPTO can prove that a mark is scandalous by showing that it is vulgar.¹⁹

The court focused on Mr. Brunetti's third argument: in light of the Supreme Court's recent decision in *Matal v. Tam*²⁰—which held unconstitutional the section 2(a) provision that barred registration of disparaging marks—the prohibition on registering immoral or scandalous marks also violated the First Amendment.²¹ Analyzing section 2(a) as a possible content-based restriction, the court began by noting that such restrictions prohibit speech discussing a particular topic or conveying a particular message.²² Content-based restrictions are unconstitutional unless they survive strict scrutiny review, meaning that the government must prove the restriction is narrowly tailored to further a compelling government interest.²³

The government conceded that section 2(a)'s ban on immoral or scandalous material was a content-based restriction.²⁴ Moreover, the government did not argue that section 2(a) survived strict scrutiny review.²⁵ Rather, the government argued that the First Amendment did not apply in the context of trademark registrations because it was "a government subsidy program or limited public forum."²⁶ Alternatively, the government argued that trademarks were purely commercial speech, implicating the less exacting intermediate level of scrutiny.²⁷

The court ultimately rejected the government's argument that trademark registration is a government subsidy²⁸ because it found that trademark registration does not implicate Congress's power to spend

17. *Id.*

18. *Id.* at 1339.

19. *Id.*

20. 137 S. Ct. 1744 (2017).

21. *In re Brunetti*, 877 F.3d at 1340.

22. *Id.* at 1341–42 (citing *Reed v. Town of Gilbert*, 135 S. Ct. 2218, 2227 (2015)).

23. *Id.* at 1342.

24. *Id.*

25. *Id.*

26. *Id.*

27. *Id.*

28. *Id.* at 1344.

funds, which is a prerequisite for a government subsidy program.²⁹ Further, the court found that trademark registration is not a limited public forum because unlike limited public forums that have been recognized in the past, trademark registration is not tethered to government property.³⁰ As for the government's alternative theory that trademark registration is commercial speech subject to only intermediate scrutiny, the court noted that while trademarks include elements of commercial speech, they also often have expressive content and therefore cannot be characterized as purely commercial speech.³¹

Because the government's attempts to recast section 2(a)'s prohibition of immoral or scandalous matter failed, the constitutionality of this provision was assessed under strict scrutiny review and did not survive that rigorous standard.³² In dicta, the court noted that the prohibition would not have even survived a less rigorous intermediate scrutiny analysis.³³ Thus, the court held that section 2(a)'s ban on immoral or scandalous marks was an unconstitutional content-based restriction.³⁴ The Federal Circuit's decision was not appealed by the government, making *Brunetti* a final decision.

B. Willfulness Requirement to Recover Infringer's Profits: Romag Fasteners, Inc. v. Fossil, Inc. (Romag II)

On March 27, 2017, the Supreme Court granted certiorari to *Romag Fasteners, Inc. v. Fossil, Inc. (Romag I)*³⁵ and simultaneously vacated the Federal Circuit's decision.³⁶ The Court remanded the case to the Federal Circuit for reconsideration in light of its recent decision in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*.³⁷

In a per curiam order on May 3, 2017, the Federal Circuit in *Romag II* reinstated the section of its *Romag I* decision holding that the Second Circuit's willfulness requirement for claiming a trademark infringer's profits

29. *Id.*

30. *Id.* at 1347–48.

31. *Id.* at 1348–49.

32. *Id.* at 1349.

33. *Id.* at 1355.

34. *Id.* at 1357.

35. *Romag Fasteners, Inc. v. Fossil, Inc., (Romag I)* 817 F.3d 782 (Fed. Cir. 2016), *vacated*, 137 S. Ct. 1373 (2017).

36. *Romag Fasteners, Inc.*, 137 S. Ct. at 1373.

37. 137 S. Ct. 954 (2017) (holding that laches cannot be used as a defense against patent infringement claims brought within the statutory period); *Romag Fasteners, Inc.*, 137 S. Ct. at 1373.

remains good law.³⁸ The Federal Circuit reasoned that such reinstatement was proper given the Supreme Court's direction to reconsider the *Romag I* decision in light of *SCA Hygiene*, which "was solely concerned with the defense of laches against a claim for patent infringement damages" and therefore had no effect on the relevant trademark aspects of the *Romag I* decision.³⁹ The Federal Circuit's reinstatement of the trademark aspects of *Romag I* has not been further appealed.

C. *Attorneys' Fees Under the Lanham Act: Romag Fasteners, Inc. v. Fossil, Inc. (Romag III)*

In *Romag Fasteners, Inc. v. Fossil, Inc. (Romag III)*,⁴⁰ the Federal Circuit vacated and remanded the district court's denial of attorneys' fees under the Lanham Act, holding that the Lanham Act has the same standard for recovering attorneys' fees as the Patent Act.⁴¹

After the Federal Circuit affirmed the judgment from the district court that Fossil had engaged in patent and trademark infringement in *Romag II*,⁴² Romag sought attorneys' fees under the Patent Act, Lanham Act, and the Connecticut Unfair Trade Practices Act (CUTPA).⁴³ However, the district court only granted fees under the Patent Act and CUTPA, determining that the Lanham Act had a more stringent standard for awarding attorneys' fees that was not met.⁴⁴

With respect to the Patent Act, the district court applied the more lenient *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*⁴⁵ standard in analyzing whether a case is "exceptional," allowing for the recovery of attorneys' fees.⁴⁶ In *Octane*, the Supreme Court held that an exceptional case under the Patent Act is one that, given the totality of the

38. *Romag I*, 817 F.3d at 785, 789.

39. *Romag II*, 686 F. App'x 889, 890 (Fed. Cir. 2017). On August 9, 2017, the Federal Circuit issued its revised opinion on the patent issue involved in *Romag I* in light of the *SCA Hygiene* decision. *Romag Fasteners, Inc. v. Fossil, Inc. (Romag III)*, 866 F.3d 1330, 1333 n.1 (Fed. Cir. 2017).

40. 866 F.3d 1330 (Fed. Cir. 2017).

41. *Id.* at 1333, 1336. The Federal Circuit also addressed whether the district court erred in awarding fees under the Patent Act and whether the district court erred in ruling that Romag's 50(a) motion precluded a finding that Fossil's noninfringement position was frivolous. *Id.* at 1336, 1341. Those issues are beyond the scope of this Article and will not be discussed.

42. *Romag II*, 686 F. App'x at 890.

43. *Romag III*, 866 F.3d at 1333.

44. *Id.*

45. 134 S. Ct. 1749 (2014).

46. *Romag III*, 866 F.3d at 1334.

circumstances, is distinct from others in the considerable strength of a party's litigating position or the unreasonable way in which the case was litigated.⁴⁷ Applying that standard, the district court found that Romag was entitled to attorneys' fees under section 285 of the Patent Act because Fossil did not withdraw defenses it had made until after trial and because it considered Fossil's invalidity defense to be close to frivolous.⁴⁸

With respect to the Lanham Act, the district court applied the more stringent standard from the Second Circuit regarding the Lanham Act's fee-shifting provision, which only allows for recovery of attorneys' fees "on evidence of fraud or bad faith."⁴⁹ Because the district court did not find bad faith, fraud, or willfulness on the part of the defendants, it determined that the case was not exceptional within the meaning of the Lanham Act.⁵⁰ Fossil appealed the award of fees under the Patent Act and Romag cross-appealed the denial of fees under the Lanham Act.⁵¹

The Federal Circuit in this case reviewed the district court's grant of attorneys' fees for abuse of discretion.⁵² In addressing Romag's contention that the district court erred in not awarding attorneys' fees under the Lanham Act, the Federal Circuit considered whether the *Octane* standard should apply to the award of fees under the Lanham Act. It concluded that it should, based on the identical language in both Acts for attorneys' fees and the legislative history of the Lanham Act's fee-shifting provision.⁵³ In addition, the court noted that although the Second Circuit had not adopted the *Octane* standard for Lanham Act cases, many other circuits had.⁵⁴

As a result, the case was remanded to the district court to consider

47. *Id.* at 1333 (citing *Octane*, 134 S. Ct. at 1756).

48. *Id.* at 1334 (finding that Fossil's non-infringement position was not frivolous enough to justify an award of fees, but nevertheless concluding that Romag was entitled to attorney's fees under the Patent Act because: (1) Fossil failed to withdraw its defenses with prejudice during the trial; (2) Fossil made an invalidity defense that bordered on frivolous; and (3) Romag was already penalized enough for its conduct).

49. *Id.* (citing *Louis Vuitton Malletier S.A. v. LY USA, Inc.*, 676 F.3d 83, 111 (2d Cir. 2012)).

50. *Id.*

51. *Id.*

52. *Id.*

53. *Id.* at 1334–35.

54. *Id.* The court noted that since *Octane* was handed down, the Third, Fourth, Fifth, Sixth, and Ninth Circuits had all held that the *Octane* court sent a "clear message" that the term "exceptional" was defined for the fee provision in both the Patent Act and the Lanham Act. *Id.* at 1335 (citing several circuit court decisions to emphasize that no circuit has declined to apply the *Octane* standard to the Lanham Act after specifically considering the case).

Lanham Act and the Patent Act attorneys' fees and to evaluate whether an award of fees is appropriate given the correct analysis under *Octane*.⁵⁵

D. Distinctiveness

1. Genericness: *In re Magnesita Refractories Co.*

Among the substantive trademark decisions issued by the Federal Circuit in 2017 was an analysis of genericness in *In re Magnesita Refractories Co.*⁵⁶ In that case, the court affirmed the TTAB's refusal to register the mark MAGNESITA because the term (and its English equivalents "magnesia" and "magnesite") identified key components in refractory products. The Federal Circuit found that substantial evidence supported the TTAB's determination that the term was generic as applied to refractory products in Class 19 and highly descriptive as to online information services for refractory products in Class 37.⁵⁷

In November 2009, Magnesita Refractories Co. ("MRC") first filed an application for the mark MAGNESITA based on its bona fide intention to use the mark in commerce under section 1(b) of the Lanham Act.⁵⁸ The examining attorney applied the doctrine of foreign equivalents, under which an examiner may consider whether the English equivalent to the mark would be generic or descriptive. An examiner may apply this doctrine when the mark is comprised of a foreign word from a language familiar to an appreciable segment of American consumers.⁵⁹ The examining attorney found that "magnesia" and "magnesite"—translations of MAGNESITA—were components of refractory products and thus were merely descriptive of MRC's goods and services.⁶⁰ Following the refusal, MRC attempted to amend the application to claim acquired distinctiveness under section 2(f) based on five years of substantially exclusive and continuous use of the mark in commerce.⁶¹ The examining

55. *Id.* at 1341–42. Similar to the Lanham Act attorney fees' claim, the court found that the district court erred in declining to consider Romag's earlier litigation misconduct when awarding attorneys' fees under the Patent Act. *Id.* at 1340.

56. No. 2016-2345, 2017 WL 5664747 (Fed. Cir. Nov. 27, 2017).

57. *Id.* at *2–3.

58. *In re Magnesita Refractories Co.*, Nos. 77873477, 85834316, 2016 WL 10571037, at *1 (T.T.A.B. May 17, 2016) (explaining that MRC sought to register the word MAGNESITA as a standard character mark by filing Application Serial No. 77,873,477 with the Patent and Trademark Office), *aff'd*, 2017 WL 5664747.

59. *In re Magnesita Refractories Co.*, 2017 WL 5664747, at *1.

60. *Id.*

61. *Id.* at *2–3.

attorney rejected this amendment.⁶² The examining attorney also rejected a subsequent amendment to register the Class 19 goods on the supplemental register on the basis that the mark was generic; however, she accepted the amendment for MRC's goods in Class 37, concluding that the mark was merely descriptive for those services.⁶³

In January 2013, MRC filed another application seeking to register the mark MAGNESITA in Classes 19 and 37 with an asserted first use in October 2008 and a claim, supported by evidence of advertising and sales, that the mark had acquired distinctiveness.⁶⁴ The examining attorney found the mark to be generic or highly descriptive for the refractory products in Class 19 for the same reasons set forth in the refusal of the initial application, and the attorney found the mark to be highly descriptive for the services claimed in Class 37.⁶⁵ The examining attorney denied the application in both classes, finding that the evidence of use that MRC had provided, including three-and-a-half years of gross sales numbers and an article about MRC's acquisition of a U.S. refractory products company, was not sufficient to show that MAGNESITA distinctively indicated MRC as the source for the applied-for refractory products and services.⁶⁶

MRC appealed both denials to the Board, which consolidated the claims and affirmed the examiner's opinion that MAGNESITA was generic for the goods claimed in Class 19 and that MRC had failed to show acquired distinctiveness for both the Class 19 goods and Class 37 services claimed in the second application.⁶⁷ The Board held that because the mark was highly descriptive with respect to the Class 37 services, more evidence was necessary to confirm acquired distinctiveness.⁶⁸

MRC appealed the Board's decision to the Federal Circuit.⁶⁹ The Federal Circuit first disposed of MRC's argument that after *B & B Hardware, Inc. v. Hargis Industries, Inc.*,⁷⁰ the court should reconsider the

62. *Id.* at *2.

63. *Id.*

64. *In re Magnesita Refractories Co.*, 2016 WL 10571037, at *2 (explaining that MRC filed Application Serial No. 85,834,316 with the Patent and Trademark Office as a use-based application under section 1(a) of the Trademark Act).

65. *In re Magnesita Refractories Co.*, 2017 WL 5664747, at *2.

66. *Id.*

67. *Id.* at *2–3.

68. *Id.* at *3.

69. *Id.*

70. 135 S. Ct. 1293 (2015) (holding that the party opposing registration bears the burden of proof).

burden of proof on the applicant to show acquired distinctiveness.⁷¹ The court rejected that argument, explaining that “*B & B Hardware* does not address the evidentiary burdens involved in *ex parte* proceedings.”⁷² The court then affirmed that the evidence showing that magnesite and magnesia were key components in refractory products was sufficient to support the determination that the mark MAGNESITA was generic with respect to the goods in Class 19.⁷³

The Federal Circuit then considered the application for MAGNESITA in Class 37, which asserted acquired distinctiveness.⁷⁴ The court acknowledged that the Lanham Act specifically provides the Board discretion regarding whether to find acquired distinctiveness based solely on five years of substantially exclusive and continuous use of a mark in commerce.⁷⁵ The court highlighted the statutory language providing that the Board “may” accept that evidence as *prima facie* evidence of distinctiveness.⁷⁶ The court further explained that the descriptiveness of MAGNESITA’s Class 37 services created “an elevated burden to show acquired distinctiveness,” which MRC did not meet.⁷⁷

2. *Descriptiveness*: *In re Driven Innovations, Inc.*

The Federal Circuit’s *In re Driven Innovations, Inc.*⁷⁸ decision addressed whether the mark DOTBLOG was descriptive of a service that located and summarized blog posts related to a user’s search inquiry.⁷⁹ The court reversed the Board’s determination that the mark was descriptive with respect to those services, finding instead that it was merely suggestive.⁸⁰

In December 2006, Driven Innovations, Inc. (“Driven”) filed an “intent to use” application for the mark DOTBLOG.⁸¹ In August 2007, the USPTO approved the application and issued a notice of allowance.⁸² On October 5, 2012, a new examining attorney reviewed a statement of use filed by Driven that year and refused registration.⁸³ The refusal was based

71. *In re Magnesita Refractories Co.*, 2017 WL 5664747, at *3.

72. *Id.*

73. *Id.* at *4.

74. *Id.*

75. *Id.* at *5.

76. *Id.*

77. *Id.*

78. 674 F. App’x 996 (Fed. Cir. 2017).

79. *Id.* at 996.

80. *Id.*

81. *Id.*

82. *Id.* at 996–97.

83. *Id.* at 997.

on a finding that DOTBLOG was descriptive of the services claimed because “the applicant [was] providing specific information to customers with respect to information and key terms on blogs.”⁸⁴

Driven responded that the refusal was procedurally improper because an earlier examining attorney approved the mark and the new examining attorney misapplied the clear error standard.⁸⁵ Driven further argued that the refusal was incorrect on the merits because the mark was suggestive.⁸⁶ The examining attorney issued a second Office Action on April 25, 2013, maintaining the refusals, and Driven responded by repeating its arguments, only to receive a final refusal.⁸⁷

On appeal, the TTAB found that DOTBLOG was descriptive because “each component [of the mark had] retained its character as merely descriptive or without trademark significance in relation to the services, and . . . the composite term does not present a new meaning that is not itself merely descriptive.”⁸⁸ The TTAB also noted that consumers would “immediately understand” DOTBLOG to describe “a website that may feature information for blogs, or be related to blogs, regardless of the domain in which the blogs reside.”⁸⁹ It also found that the mark was descriptive because of a forthcoming .blog generic top-level domain, reasoning that “consumers would perceive the mark as conveying the impression of ‘providing specific information’ from searches of sites on the ‘.blog’ domain.”⁹⁰

The Federal Circuit disagreed and noted that descriptiveness is not analyzed in the abstract but rather “in relation to the particular goods for which registration is sought.”⁹¹ Analyzing the mark in this manner, the court found that “the definitions of ‘dot’ and ‘blog’ d[id] not

84. *Id.*

85. *Id.*

86. *Id.*

87. *Id.*

88. *In re Driven Innovations, Inc.*, 115 U.S.P.Q.2d 1261, 1267 (T.T.A.B. 2015), *rev'd*, 674 F. App'x 996 (Fed. Cir. 2017).

89. *Id.* The Board concluded that the examining attorney's reliance on sections 1, 2, 3, and 45 to refuse registration was in error, but considered these arguments as further support for refusal under section 2(e)(1). *Id.* at 1268. Driven acknowledged at oral argument before the Federal Circuit that it would not pursue a formal procedural challenge of these findings. *In re Driven Innovations, Inc.*, 674 F. App'x at 997.

90. *In re Driven Innovations, Inc.*, 115 U.S.P.Q.2d at 1268 (explaining that when combining the activation of the .blog with DOTBLOG's services, users would understand that the mark provides information from searching websites on the .blog domain).

91. *In re Driven Innovations, Inc.*, 674 F. App'x at 998 (citation omitted).

provide sufficient support for the Board's finding under a substantial evidence standard" because neither dot nor blog would "immediately convey" or "immediately describe" the online nature of Driven's services or the relationship of its services to blogs.⁹² The court further noted that the Board's reasoning was problematic because it would result in a refusal to register any marks where the claimed goods or services had any relation to blogs.⁹³

3. *Descriptiveness*: In re North Carolina Lottery

In *In re North Carolina Lottery*,⁹⁴ the Federal Circuit agreed with the TTAB's determination that the mark FIRST TUESDAY is merely descriptive;⁹⁵ thus, the TTAB's refusal to register the mark was warranted.⁹⁶

North Carolina Lottery ("N.C. Lottery") is a state agency that has operated traditional lottery drawing games and instant lottery scratch-off games in North Carolina since 2006.⁹⁷ To maintain customer interest in its games, N.C. Lottery introduced new scratch-off games on the first Tuesday of each month.⁹⁸ It also claimed to use the mark FIRST TUESDAY continuously on its print materials, website, and point-of-sale displays since July 2013.⁹⁹

On October 1, 2014, N.C. Lottery applied to register the FIRST TUESDAY mark for "lottery cards," "scratch cards for playing lottery games," and "lottery services."¹⁰⁰ In support of its registration, N.C. Lottery submitted promotional materials along with explanatory text detailing new scratch-offs available each month.¹⁰¹

The examining attorney denied the application because he determined that the promotional materials merely described an aspect of N.C. Lottery's goods and services—that on the first Tuesday of each month the new scratch-offs would be available.¹⁰²

The TTAB affirmed the examiner's refusal, reasoning that the promotional materials made it clear that new scratch-off games would

92. *Id.* at 999.

93. *Id.* at 1000.

94. 866 F.3d 1363 (Fed. Cir. 2017).

95. *Id.* at 1368.

96. *Id.* at 1369.

97. *Id.* at 1365.

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.*

102. *Id.*

be offered every first Tuesday of the month.¹⁰³ The materials therefore required no mental leap or multi-step reasoning process to reach a conclusion as to the nature of the goods and services involved.¹⁰⁴

N.C. Lottery appealed, arguing that the TTAB erred as a matter of law by relying on the explanatory text of the specimens to supplement the meaning of the mark itself.¹⁰⁵ N.C. Lottery believed the TTAB should have instead limited the inquiry to what a general consumer would know about N.C. Lottery's goods and services and would immediately understand the mark to mean without additional context.¹⁰⁶

The Federal Circuit analyzed N.C. Lottery's claim in two parts. It first discussed whether the Board erred in considering the explanatory text when analyzing descriptiveness. The second part of the analysis discussed whether there was substantial evidence to support the Board's conclusion that the mark was descriptive.

In the first instance, N.C. Lottery argued that explanatory text in its specimens could not supply additional meaning to a mark because the mark itself did not convey that meaning; therefore, the Board should have considered the mark without the explanatory text.¹⁰⁷ However, the court agreed with the USPTO's position that the Board was required to consider the mark in its commercial context in order to determine the public's perception. It refused to cut the explanatory text from the promotional materials when assessing commercial context.¹⁰⁸

The court did not go so far as to say that the use of explanatory text with a mark automatically renders the mark merely descriptive. Instead it explained that a mark's distinctiveness in the context of explanatory text is a case-specific analysis.¹⁰⁹ However, the court found that the Board in this case was correct in considering the explanatory text of the specimens to assess descriptiveness of the mark.

N.C. Lottery next argued that because it needed to explain the connection between the mark and goods and services offered, the explanatory text was evidence that the mark was not descriptive.¹¹⁰ It

103. *In re* N.C. Lottery, No. 86411401, 2016 WL 4140920, at *3 (T.T.A.B. 2016), *aff'd*, 866 F.3d 1363.

104. *Id.*

105. *In re* N.C. Lottery, 866 F.3d at 1367.

106. *Id.*

107. *Id.*

108. *Id.* at 1368.

109. *Id.*

110. *Id.*

cited two cases, *Tumblebus Inc. v. Cranmer*¹¹¹ and *Swatch AG v. Beehive Wholesale, LLC*,¹¹² as examples in which courts have relied on explanatory text to find a mark was not descriptive.¹¹³ The Federal Circuit distinguished the two cases on the grounds that connecting the TUMBLEBUS and SWAP marks to their services and products required a greater mental leap than connecting FIRST TUESDAY to when new scratch-offs are being offered.¹¹⁴ In other words, there was less of a mental leap between understanding that FIRST TUESDAY refers to a new good or service being offered on the first Tuesday of a new month than what was required in *Tumblebus* and *Swatch*.

In agreeing with the USPTO that substantial evidence supported the Board's finding of mere descriptiveness, the court concluded that the mark FIRST TUESDAY did not identify the source of goods or services as much as it described a feature or characteristic of those goods or services.¹¹⁵ The commercial context in this case demonstrated that "a consumer would *immediately* understand the intended meaning of FIRST TUESDAY" because the explanatory text accompanying the mark was straightforward and simple.¹¹⁶

4. *Disclaimer Requirement: In re DDMB, Inc.*

In *In re DDMB, Inc.*,¹¹⁷ the Federal Circuit affirmed the Board's decision requiring an applicant to disclaim all words in the applied-for mark—EMPORIUM ARCADE BAR and its accompanying design—or face rejection of its application on the basis that the mark was merely descriptive of the applicant's services.¹¹⁸

DDMB, Inc. applied to register the mark¹¹⁹ in connection with "providing video and amusement arcade services" in Class 41 and "bar services [and] bar services featuring snacks" in Class 43.¹²⁰ The examining attorney refused registration on the ground that the terms EMPORIUM and ARCADE BAR were merely descriptive and therefore must be disclaimed.¹²¹ DDMB agreed to disclaim ARCADE BAR but

111. 399 F.3d 754 (6th Cir. 2005).

112. 739 F.3d 150 (4th Cir. 2014).

113. *In re N.C. Lottery*, 866 F.3d at 1368.

114. *Id.*

115. *Id.* at 1369.

116. *Id.* (emphasis added).

117. 681 F. App'x 919 (Fed. Cir. 2017).

118. *Id.* at 923.

119. *See infra* Figure 1.

120. *In re DDMB*, 681 F. App'x at 920.

121. *Id.*

not EMPORIUM.¹²² The examining attorney issued a final refusal, and DDMB appealed the decision to the Board, which affirmed.¹²³



Figure 1: DDMB, Inc. Proposed Mark

On appeal, the Federal Circuit reviewed the Board's determination that EMPORIUM was merely descriptive of DDMB's services and concluded that the decision was supported by substantial evidence.¹²⁴ The court asserted three reasons for its decision: (1) dictionary evidence indicated that the word "emporium" encompassed a variety of commercial activities, including those listed in the application; (2) additional dictionary evidence featured as an example of the word's usage in the phrase "pizza emporium" contradicted DDMB's argument that goods and services purchased in an emporium were not to be consumed on site; and (3) third-party registrations of marks disclaimed the term "emporium" for restaurant, catering, and bar services.¹²⁵

The court also agreed that substantial evidence negated DDMB's argument that EMPORIUM ARCADE BAR was a unitary mark such that EMPORIUM was arbitrary as used.¹²⁶ In reaching this conclusion, the court approved the Board's rejection of DDMB's argument that it created an "incongruous redundancy" when it placed EMPORIUM in front of ARCADE BAR because the two terms had similar meanings.¹²⁷ Here, the court agreed with the Board's reasoning that EMPORIUM did not overlap with BAR because the words are not synonyms.¹²⁸

122. *Id.*

123. *Id.*

124. *Id.* at 921–22.

125. *Id.* at 922.

126. *See id.* (viewing the inseparability of the terms in "EMPORIUM ARCADE BAR" as substantial evidence supporting the mark's unitary nature).

127. *See id.* (specifying that, since the terms "emporium" and "bar" are not synonymous, they do not overlap to the point of rendering the use of "emporium" arbitrary).

128. *Id.*

Similarly, the EMPORIUM ARCADE BAR was not a unitary mark because the mark as a whole did not take on an independent meaning separate from its constituent parts, as DDMB contended.¹²⁹

Finally, although not addressed by the Board, the court noted that DDMB undermined its position that EMPORIUM did not describe its services by agreeing to disclaim ARCADE BAR as descriptive and then arguing that EMPORIUM was redundant of that term.¹³⁰ Accordingly, the court affirmed the Board's decision.¹³¹ DDMB subsequently agreed to disclaim EMPORIUM ARCADE BAR and the mark was registered.

5. *Primarily Merely a Surname*: Earnhardt v. Kerry Earnhardt, Inc.

In *Earnhardt v. Kerry Earnhardt, Inc.*,¹³² the Federal Circuit vacated and remanded the Board's decision that the mark EARNHARDT COLLECTION was not primarily merely a surname.¹³³ The Federal Circuit found that the Board's opinion was unclear as to whether COLLECTION was merely descriptive in the context of the applicant's goods and services.¹³⁴

The appellee, Kerry Earnhardt, is the son of the late Dale Earnhardt, a famous race car driver. Kerry is also the stepson of the appellant, Theresa Earnhardt, Dale's widow.¹³⁵ Kerry Earnhardt's company, Kerry Earnhardt, Inc. ("KEI"), used the mark EARNHARDT COLLECTION as a lifestyle brand and licensed that mark for use in connection with construction services.¹³⁶ Theresa Earnhardt owned several trademark registrations for and the associated common law rights in trademarks containing DALE EARNHARDT in connection with various goods and services.¹³⁷

KEI filed a trademark application for the EARNHARDT COLLECTION mark for use in connection with furniture in Class 20 and custom construction of homes in Class 37.¹³⁸ Theresa Earnhardt opposed the application, arguing that consumers were likely to confuse the applied-for mark with her registered marks.¹³⁹ She also asserted that the

129. *Id.*

130. *Id.* at 923.

131. *Id.*

132. 864 F.3d 1374 (Fed. Cir. 2017).

133. *Id.* at 1376.

134. *See id.* at 1380 (finding it unclear whether the Board employed a descriptiveness or genericness inquiry in evaluating the term COLLECTION).

135. *Id.* at 1376.

136. *Id.*

137. *Id.*

138. *Id.*

139. *Id.*

applied-for mark ran afoul of section 2(e)(4) of the Lanham Act because EARNHARDT COLLECTION was primarily merely a surname and therefore not registrable without proof of acquired distinctiveness.¹⁴⁰ The Board dismissed the opposition, concluding that Theresa Earnhardt had not established a likelihood of confusion between her marks and the applied-for mark.¹⁴¹ Moreover, the Board determined that the mark was not primarily merely a surname because the addition of the term COLLECTION diminished the surname significance of EARNHARDT and COLLECTION was not the “common descriptive or generic name for KEI’s goods and services.”¹⁴² Theresa Earnhardt appealed to the Federal Circuit on the surname issue.¹⁴³

On appeal, the Federal Circuit began by noting that “[a] mark is primarily merely a surname” if, from the general public’s perspective, the significance of the mark emanates primarily from the surname.¹⁴⁴ Because both parties admitted that EARNHARDT was a surname, the issue turned on where the term COLLECTION fell on the distinctiveness scale with respect to KEI’s goods and services.¹⁴⁵ If the term was suggestive, arbitrary, or fanciful, then the primary significance of the mark as a whole would not be that of a surname.¹⁴⁶ If, on the other hand, the term was generic or descriptive, the overall impression of EARNHARDT COLLECTION would be of a surname.¹⁴⁷

Theresa Earnhardt contended that, while the Board had clearly concluded that the term COLLECTION was not generic, it did not address whether that term was merely descriptive of KEI’s goods.¹⁴⁸ The Federal Circuit agreed that the Board’s opinion was unclear as to whether it conducted the proper inquiry into whether the COLLECTION element was merely descriptive.¹⁴⁹ As a result, the court vacated and remanded the case to the Board with instructions to clarify its analysis regarding whether the term was merely descriptive

140. *See id.*; *see also* 15 U.S.C. § 1052(e)(4) (2012) (providing that a mark is not registrable if it is “primarily merely a surname”).

141. *Earnhardt*, 864 F.3d at 1377.

142. *Id.* (internal quotation omitted).

143. *Id.*

144. *See id.* (citing *In re Hutchinson Tech. Inc.*, 852 F.2d 552, 554 (Fed. Cir. 1988)).

145. *Id.* at 1377, 1380.

146. *See id.* at 1377–78 (identifying distinctiveness of the second term in a mark to be instructive as to whether the first term is a surname).

147. *See id.*

148. *Id.* at 1379.

149. *Id.* at 1380.

of furniture and custom home construction.¹⁵⁰

6. *Trade Dress: Industrial Models, Inc. v. SNF, Inc.*

In *Industrial Models, Inc. v. SNF, Inc.*,¹⁵¹ the Federal Circuit affirmed a grant of summary judgment of non-infringement of trade dress because the non-movant, SNF, Inc., failed to carry its burden.¹⁵² Specifically, the court concluded that SNF, Inc., was unable to show that the alleged trade dress was non-functional and was likely to be confused with the allegedly infringing product.¹⁵³ The Federal Circuit also affirmed the award of attorneys' fees to the movant, Industrial Models.¹⁵⁴

Industrial Models entered the market for fiberglass utility bodies for use in trucks.¹⁵⁵ SNF, Inc., and other entities—collectively “the SNF entities”¹⁵⁶—sued Industrial Models, alleging, inter alia, that Industrial Models's fiberglass utility bodies infringed their trade dress.¹⁵⁷ When the U.S. District Court for the Northern District of Texas granted Industrial Models's motion for summary judgment for declaratory judgment of non-infringement of trade dress, the SNF entities appealed.¹⁵⁸

The Federal Circuit reviewed de novo the district court's grant of summary judgment to Industrial Models.¹⁵⁹ Under 15 U.S.C. § 1125(a)(1), an individual who uses “any word, term, name, symbol, or device” that is likely to be confused with another's established trade dress, with respect “to the origin, sponsorship, or approval of his or her goods,” shall be subject to liability.¹⁶⁰ The court noted that the Supreme Court has interpreted the statute to grant trade dress rights to unregistered trademarks in product design if the product is shown to be distinctive and non-functional and likely to cause confusion with the product for which protection is sought.¹⁶¹ The party asserting trade

150. *Id.* at 1381.

151. Nos. 2017-1172, 2017-1173, 2017 WL 5152159 (Fed. Cir. Nov. 7, 2017).

152. *Id.* at *8.

153. *Id.*

154. *Id.*

155. *Id.* at *1.

156. *Id.*

157. *Id.* at *2. The Federal Circuit also addressed antitrust claims brought against the SNF entities by Industrial Models and Industrial Models's Motion for Attorneys' Fees relating to the SNF entities' claims for patent and copyright infringement. *Id.* at *3–6. Those issues are beyond the scope of this Summary and will not be discussed.

158. *Id.* at *7.

159. *Id.* at *3.

160. *Id.* at *7 (quoting 15 U.S.C. § 1125(a)(1) (2012)).

161. *Id.*

dress infringement bears the burden of proving that the matter sought to be protected is distinctive and non-functional.¹⁶²

The Federal Circuit affirmed the district court's grant of summary judgment because the SNF entities failed to present any evidence that the claimed trade dress was non-functional and instead relied on bare assertions that the claimed features were aesthetic.¹⁶³ Although the lack of non-functionality evidence alone was sufficient for the court to affirm the grant of summary judgment, the Federal Circuit noted an additional ground to support the district court's decision: the SNF entities conceded they provided no evidence of likelihood of confusion between the claimed trade dress and the allegedly infringing products.¹⁶⁴

Next, the Federal Circuit considered whether the district court abused its discretion by awarding attorneys' fees to Industrial Models.¹⁶⁵ The court noted that the proper standard for evaluating if the case was exceptional—and therefore whether attorneys' fees were appropriate—under trade dress law was the same standard used for patent cases: whether the case stands out by virtue of the strength of a party's position or whether the case was litigated unreasonably.¹⁶⁶ Under the framework, the Federal Circuit agreed that an award of attorneys' fees was appropriate because the SNF entities provided only bare assertions of non-functionality and presented no evidence of likelihood of confusion.¹⁶⁷

7. *Likelihood of Confusion: In re Latindo*

In *In re Latindo*,¹⁶⁸ the Federal Circuit affirmed the TTAB's decision to deny registration of the mark SENSI after conducting a likelihood of confusion analysis.¹⁶⁹ The court held, overall, that the new mark was

162. *Id.* (citing 15 U.S.C. § 1125(a)(3) (“In a civil action for trade dress infringement . . . , the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.”)).

163. *See id.* (citing *Indus. Models, Inc. v. SNF, Inc.*, No. 4:15-CV-689-A, 2016 WL 4533321, at *4 (N.D. Tex. Aug. 29, 2016), *aff'd*, No. 2017-1172, 2017 WL 5152159 (Fed. Cir. Nov. 7, 2017)) (finding persuasive the District Court's determination that the SNF entities failed to identify more than “the overall shape, profile, and appearance’ of the utility bodies”).

164. *Id.*

165. *Id.* at *8.

166. *Id.* at *7 (citing *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014)). For further discussion on the implications of deeming a case exceptional, see *supra* Section I.C.

167. *Indus. Models, Inc.*, 2017 WL 5152159, at *8.

168. No. 2017-1292, 2017 WL 5256285 (Fed. Cir. Nov. 13, 2017) (per curiam).

169. *Id.* at *3.

confusingly similar to SENSI-CARE, an older mark.¹⁷⁰

P.T. Arista Latindo (“Arista”) filed a trademark application based on an intent to use SENSI with goods in several classes, including Class 5.¹⁷¹ The examining attorney refused to register the mark in relation to the Class 5 goods under section 2(d) of the Lanham Act “because of [its] likelihood of consumer confusion . . . with two previously registered marks.”¹⁷² The marks at issue owned by Convatec are as follows: (1) SENSI-CARE in standard characters for “medicated skin care preparations, namely, protectants for the prevention of skin irritation and preparations for the treatment and prevention of diaper rash,”¹⁷³ and (2) the stylized version¹⁷⁴ for “[s]kin protectant preparations, namely, medicated skin care preparations; preparations for protecting the skin from irritation, namely, pharmaceutical skin lotions; preparations for treatment and prevention of diaper rash, namely, medicated diaper rash ointments and lotions.”¹⁷⁵

Figure 2: Arista Proposed Mark

SENSI  CARE

Arista appealed to the TTAB, arguing that (1) “the marks were dissimilar”; (2) “the goods were unrelated”; and (3) “there were no actual instances of consumer confusion.”¹⁷⁶ In response to Arista’s arguments, the Board assessed the relevant confusion factor introduced in *In re E.I. DuPont de Nemours & Co.*¹⁷⁷ and determined that the goods—diapers and diaper rash cream—were related and sold through similar channels and that the classes of customers were similar to both Arista and Convatec.¹⁷⁸ Analyzing the totality of the circumstances, the Board

170. *Id.* at *1, *3.

171. *See id.* at *1 (identifying Arista’s Class 5 goods as “adult and baby diapers and diaper inserts” and pointing out that a trademark application based on the intent-to-use for a mark is filed under section 1(b) of the Lanham Act).

172. *Id.* (citing 15 U.S.C. § 1052(d) (2012)).

173. *See id.* (identifying the mark under Registration No. 2,618,533).

174. *See infra* Figure 2.

175. *See In re Latindo*, 2017 WL 5256285, at *1 (alteration in original) (identifying the mark under Registration No. 3,640,455).

176. *Id.* The TTAB only addressed Arista’s first two claims. The actual confusion analysis, if any, was not presented in this case, and the Board did not reach any decision based on that argument.

177. 476 F.2d 1357 (C.C.P.A. 1973).

178. *In re Latindo*, 2017 WL 5256285, at *1 (citing *In re E.I. DuPont de Nemours & Co.*, 476 F.2d at 1361 (specifying a non-exhaustive list of thirteen factors, which are known

determined that the marks were similar and “that there was a high likelihood of confusion with the previously registered marks” to affirm the rejection of Arista’s mark.¹⁷⁹

On appeal, Arista did not dispute the similarity in sound and meaning, the close relation of the goods, or “that the channels of trade and classes of customers [were] similar.”¹⁸⁰ Rather, Arista argued that there was a different connotation and commercial impression regarding the mark because consumers, when considering SENSI in the context of the website, would assume the mark meant *sensible* versus Convatec’s use of the mark to refer to *sensitive*.¹⁸¹ In the end, Arista claimed the Board erred in refusing to consider the extrinsic evidence of Arista’s tagline.¹⁸²

In rejecting this argument, the Federal Circuit held that only the evidence “in the application and cited registration, *not extrinsic evidence*, . . . determines likelihood of confusion.”¹⁸³ In other words, the Board must only compare the mark found in a prior registration with the mark in the application at issue. Accordingly, an applicant cannot rely on how a mark is displayed in commerce “to prove that the commercial impressions are different” because trade dress is easily changed.¹⁸⁴

Arista’s attempt to use *Coach Services, Inc. v. Triumph Learning LLC*¹⁸⁵ to support its utilization of extrinsic evidence in assessing likelihood of confusion was thwarted by the Federal Circuit, which found that Arista misread *Coach*.¹⁸⁶ In particular, the court and the Board in *Coach* considered differences in the goods and services *in the application and registration* as opposed to extrinsic evidence when concluding that the trademarks had different commercial impressions.¹⁸⁷

As a last attempt, Arista argued that dictionary.com showed SENSI

as the “*DuPont* factors,” that are considered in light of evidence in the record to evaluate likelihood of confusion)).

179. *Id.*

180. *Id.* at *2.

181. *Id.*

182. *Id.*

183. *Id.* (emphasis added).

184. *Id.* (citing *Vornado, Inc. v. Breuer Elec. Mfg. Co.*, 390 F.2d 724, 727 (C.C.P.A. 1968)).

185. 668 F.3d 1356 (Fed. Cir. 2012).

186. *In re Latindo*, 2017 WL 5256285, at *3. The court in *Coach* found no likelihood of confusion, even though the marks were identical, because the uses were inherently different—one mark was for educational materials and the other was for a fashion label. See *Coach*, 668 F.3d at 1360–61, 1371.

187. *In re Latindo*, 2017 WL 5256285, at *3.

would be understood as *sensible*.¹⁸⁸ However, the court found that dictionary evidence was not helpful to Arista because dictionary.com did not actually define SENSI, and noted only that *sensible* was alphabetically nearby.¹⁸⁹

Because there was nothing in Arista's application indicating "SENSI" should be understood to mean '*sensible*' and because Arista's slogan did not appear in the application, the Federal Circuit affirmed the TTAB's refusal to grant registration.¹⁹⁰ The court found that Arista's application did not prove that the identical terms used by Arista and Convatec had different definitions or made different commercial impressions.¹⁹¹

8. *Ownership: Lyons v. American College of Veterinary Sports Medicine & Rehabilitation*

In *Lyons v. American College of Veterinary Sports Medicine & Rehabilitation*,¹⁹² the Federal Circuit affirmed the TTAB's decision to cancel an individual's registration on the Supplemental Register.¹⁹³ Despite the fact that the appellant was the first to use and register the mark at issue, the court found that the mark was actually owned by her former colleagues based on a three-factor indicia of ownership test.¹⁹⁴

In 1999, the appellant, Sheila Lyons, started an organizing committee with the goal of forming an accredited veterinary specialist organization for treating animals.¹⁹⁵ Upon Ms. Lyons's suggestion, the committee used the mark THE AMERICAN COLLEGE OF VETERINARY SPORTS MEDICINE AND REHABILITATION ("VETERINARY SPORTS").¹⁹⁶ In 2004, Ms. Lyons was dismissed from the committee.¹⁹⁷ Years later, the committee was accredited by the American Veterinary Medical Association.¹⁹⁸

In May of 2005, approximately one year after Ms. Lyons was dismissed from the committee, she applied to register VETERINARY SPORTS in connection with veterinary education services and eventually obtained a

188. *Id.*

189. *Id.*

190. *Id.*

191. *Id.*

192. 859 F.3d 1023 (Fed. Cir. 2017), *cert. denied*, 138 S. Ct. 366 (2017).

193. *Id.* at 1027, 1029, 1032.

194. *See id.* at 1029.

195. *See id.* at 1024.

196. *See id.* at 1024–25.

197. *Id.* at 1025.

198. *Id.*

registration for the mark on the Supplemental Register.¹⁹⁹ Just shy of the five-year anniversary of the registration date, the committee, which was still using VETERINARY SPORTS, petitioned to cancel Ms. Lyons's registration on the grounds of priority of use and likelihood of confusion, misrepresentation of source, and fraud.²⁰⁰ Despite it not being one of the grounds put forth by the committee, the Board concluded that Ms. Lyons did not own the mark and found her registration void ab initio.²⁰¹ Ms. Lyons appealed to the Federal Circuit, arguing that she had "continuously" used VETERINARY SPORTS since 1996, long before the committee began using it.²⁰²

On appeal, the Federal Circuit reviewed the Board's legal conclusions de novo.²⁰³ The court adopted the Board's three-factor test to determine ownership: "(1) the parties' objective intentions or expectations; (2) who the public associates with the mark; and (3) to whom the public looks to stand behind the quality of goods or services offered under the mark."²⁰⁴

Using this three-factor framework, the court reviewed the Board's factual findings under the substantial evidence standard.²⁰⁵ First, the court affirmed the Board's determination that the parties objectively manifested the collective intent that the entire team would form a veterinary specialist organization that would use VETERINARY SPORTS, not that Ms. Lyons would perform personal services under the mark.²⁰⁶ There, the court approved of the Board's refusal to give weight to Ms. Lyons's subjective intent.²⁰⁷ Second, the Federal Circuit agreed with the Board's conclusion that the public associated VETERINARY SPORTS with the committee in part because Ms. Lyons only engaged in "de minimis" use of the mark that did not qualify as "use in commerce," while the committee engaged in substantial use of the mark.²⁰⁸ Finally, the Federal Circuit agreed with the Board that the relevant public

199. *Id.*

200. *Id.* "The cancellation proceeding was suspended for almost three years" because Ms. Lyons sued the American College of Veterinary Sports Medicine and Rehabilitation for infringing her mark. *Id.* (citing *Lyons v. Am. Coll. of Veterinary Sports Med. & Rehab., Inc.*, 997 F. Supp. 2d 92, 98 (D. Mass. 2014)).

201. *Id.* at 1025–26.

202. *Id.* at 1028–29.

203. *Id.* at 1027.

204. *Id.* at 1029.

205. *Id.* at 1027, 1029.

206. *Id.* at 1030.

207. *Id.*

208. *Id.* at 1030–31.

looked to the committee, not Ms. Lyons, to stand behind the quality of the educational and certification services associated with the mark because the committee, not Ms. Lyons, had achieved accreditation from the American Veterinary Medical Association.²⁰⁹

Thus, despite the fact that Ms. Lyons used the mark first, introduced it to the committee, and registered it, the committee was the true owner of VETERINARY SPORTS.²¹⁰ As a result, the Federal Circuit affirmed the Board's decision to cancel Ms. Lyons's trademark registration.²¹¹

CONCLUSION

Without question, the Federal Circuit's 2017 decisions significantly clarify the interpretation and implementation of the Lanham Act. But in the wake of the Federal Circuit's *In re Brunetti* decision, it remains to be seen whether the feared "smut-bath"²¹² of applications sullies the marketplace or empowers bold expression. As the Federal Circuit acknowledged, "[f]or immoral or scandalous marks, [the] message is often uncouth. But [such marks] can espouse a powerful cause."²¹³ Nonetheless, given the essence of trademarks as trusted identifiers in a marketplace of options, the enduring wisdom of Justice Oliver Wendell Holmes seem to support the Federal Circuit's further freeing of expression for trademarks this year:

[T]he best test of truth is the power of the thought to get itself accepted in the competition of the market, and . . . we should be eternally vigilant against attempts to check the expression of opinions that we loathe . . . , unless they so imminently threaten . . . the lawful and pressing purposes of the law that an immediate check is required to save the country.²¹⁴

209. *Id.* at 1031–32.

210. *Id.* at 1032.

211. *See id.*

212. Hugh Hansen, *Symposium: Most Important Free Speech Case in Many Years*, SCOTUSBLOG (June 22 2017, 11:52 AM), <http://www.scotusblog.com/2017/06/symposium-important-free-speech-case-many-years>.

213. *In re Brunetti*, 877 F.3d 1330, 1349 (Fed. Cir. 2017) (discussing examples of vulgarity used in the service of powerful causes, including FUCK HEROIN, Application No. 86,361,326; FUCK CANCER, Application No. 86,290,011; FUCK RACISM, Application No. 85,608,559).

214. *Abrams v. United States*, 250 U.S. 616, 630 (1919) (Holmes, J., dissenting) (stating further that "truth is the only ground upon which their wishes safely can be carried out. That at any rate is the theory of our Constitution[, which] . . . is an experiment, as all life is an experiment . . . [and] we should be eternally vigilant against attempts to check the expression of opinions that we loathe and believe to be

To be sure, as Justice Holmes acknowledged, trusting in the power of the truth is an experiment, but “the theory of our Constitution . . . is [also] an experiment, as all life is an experiment.”²¹⁵ We look forward to seeing how the results unfold.

fraught with death, unless they so imminently threaten immediate interference with the lawful and pressing purposes of the law that an immediate check is required to save the country”).

215. *Id.* at 630.