

2006

## 2005 Trademark Decisions of the Federal Circuit

Stephen R. Baird

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



Part of the [Civil Procedure Commons](#), and the [Intellectual Property Commons](#)

---

### Recommended Citation

Baird, Stephen R. "2005 Trademark Decisions of the Federal Circuit." American University Law Review 55, no.4 (May 2006): 1263-1289.

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

---

## 2005 Trademark Decisions of the Federal Circuit

### **Keywords**

Trademark, Federal Circuit, Procedural Trademark issues, Substantive Trademark issues, Federal Procedure

## 2005 TRADEMARK DECISIONS OF THE FEDERAL CIRCUIT

STEPHEN R. BAIRD\*

### TABLE OF CONTENTS

Introduction.....	1263
I. Procedural Issues in Federal Circuit Trademark Cases.....	1264
A. Res Judicata/Issue Preclusion.....	1264
B. Rules Concerning Extension of Time to Oppose.....	1267
II. Substantive Trademark Issues.....	1270
A. Likelihood of Confusion.....	1270
B. Disclaimers.....	1273
C. Genericness, Mere Descriptiveness, and Secondary Meaning.....	1276
D. Surname Refusals and The Paris Convention.....	1280
E. Gray Market Goods.....	1282
F. Trade Dress and Section 43(a) of the Lanham Act.....	1285
Conclusion .....	1289

### INTRODUCTION

The United States Court of Appeals for the Federal Circuit (“Federal Circuit”) delivered only six precedential trademark opinions in 2005.<sup>1</sup> It also issued six non-precedential trademark

---

\* Stephen R. Baird is a shareholder of Winthrop & Weinstine, P.A., a Minneapolis-based general practice law firm. He is head of Winthrop & Weinstine’s Intellectual Property and Trademark and Brand Management Practice Groups. The author would like to thank Samuel Lockner and Kyle Kaiser, Winthrop & Weinstine associates, and Brent Lorentz, a Winthrop & Weinstine summer associate, for their capable assistance and dedication in preparing this Article. The author, a 1990-91 law clerk to The Honorable Wilson Cowen, dedicates this work to distinguished inactive Senior Judge Wilson Cowen of the Court of Appeals for the Federal Circuit.

1. *In re Stereotaxis, Inc.*, 429 F.3d 1039 (Fed. Cir. 2005); *SKF USA, Inc. v. Int’l Trade Comm’n*, 423 F.3d 1307 (Fed. Cir. 2005); *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*, 424 F.3d 1229 (Fed. Cir. 2005); *In re Steelbuilding.com*, 415 F.3d 1293 (Fed. Cir. 2005); *In re Rath*, 402 F.3d 1207 (Fed. Cir. 2005); *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369 (Fed. Cir. 2005).

opinions during the year.<sup>2</sup> The Federal Circuit's dozen trademark cases for 2005 came from three different sources: the Trademark Trial and Appeal Board ("TTAB" or "Board"), the International Trade Commission ("ITC"), and two federal district courts. The Federal Circuit appears to have been in a fairly affirming mood of both the TTAB and ITC during 2005, siding with the ITC in the one case it reviewed,<sup>3</sup> siding with the TTAB in six of its nine decisions,<sup>4</sup> affirming in part two TTAB decisions,<sup>5</sup> and vacating only one.<sup>6</sup> In contrast, the Federal Circuit disturbed both of the trademark decisions coming from federal district courts in 2005.<sup>7</sup> Of the many interesting substantive and procedural trademark issues confronted by the court during 2005, only one was identified as an issue of first impression.<sup>8</sup>

## I. PROCEDURAL ISSUES IN FEDERAL CIRCUIT TRADEMARK CASES

### A. *Res Judicata/Issue Preclusion*

In 2005, the Federal Circuit issued only one precedential opinion concerning procedural issues in a trademark case. In *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*,<sup>9</sup> the court reviewed a summary judgment decision of the TTAB that dismissed an opposition brought by Mayer/Berkshire to prevent registration of the trademark BERKSHIRE in International Class 25 for various categories of clothing made by Berkshire Fashions.<sup>10</sup> Circuit Judge Pauline

---

2. *Stoller v. N. Telepresence Corp.*, 152 F. App'x 923 (Fed. Cir. 2005); *Hartco Eng'g, Inc. v. Wang's Int'l, Inc.*, 142 F. App'x 455 (Fed. Cir. 2005); *Stoller v. Hyperstealth Biotech. Corp.*, 131 F. App'x 280 (Fed. Cir. 2005); *In re Precision Cuts, Inc.*, 131 F. App'x 288 (Fed. Cir. 2005); *Decorations for Generations, Inc. v. Home Depot USA, Inc.*, 128 F. App'x 133 (Fed. Cir. 2005); *In re Innovation Dev. Group*, 126 F. App'x 471 (Fed. Cir. 2005).

3. *SKF USA*, 423 F.3d at 1318.

4. *In re Stereotaxis, Inc.*, 429 F.3d at 1043; *N. Telepresence Corp.*, 152 F. App'x at 927; *In re Rath*, 402 F.3d at 1214; *In re Precision Cuts, Inc.*, 131 F. App'x at 291; *Hyperstealth Biotech.*, 131 F. App'x at 283; *In re Innovation Dev. Group*, 126 F. App'x at 474.

5. *In re Steelbuilding.com*, 415 F.3d at 1301; *Palm Bay Imps., Inc.*, 396 F.3d at 1377.

6. *Mayer/Berkshire*, 424 F.3d at 1234.

7. *Hartco*, 142 F. App'x at 461; *Decorations for Generations, Inc.*, 128 F. App'x at 139.

8. *SKF USA*, 423 F.3d at 1312.

9. 424 F.3d 1229 (Fed. Cir. 2005).

10. Berkshire Fashions sought to register the trademark BERKSHIRE for the following goods in Int'l Class 25: raincoats, sweaters, pocket squares, scarves, mantillas, belts, gloves, hats, earmuffs, slippers, tops, blouses, shirts, pants, vests, and uniforms. *Id.* at 1230-31. Mayer/Berkshire claimed use of the BERKSHIRE mark since 1906 as a trade name and since 1925 as a trademark for the following goods: gloves, lingerie, nightgowns, pajamas, t-shirts, leotards, and down vests. *Id.* at 1230.

Newman, writing for a unanimous three-member panel of the Federal Circuit, held that the Board erred in its application of the doctrines of res judicata and collateral estoppel, vacated the TTAB's grant of summary judgment, and remanded the opposition for further proceedings.<sup>11</sup>

Defendant Berkshire Fashions had obtained summary judgment because the Board found that prior federal district court litigation between the parties had already decided there was no likelihood of confusion<sup>12</sup> between the respective BERKSHIRE marks of the parties.<sup>13</sup> The prior federal district court litigation was brought by Mayer/Berkshire, claiming trademark infringement and unfair competition by Berkshire Fashions.<sup>14</sup> At trial, the jury answered "no" to the following question: "Have defendants infringed plaintiff's trademark, i.e., is there a likelihood of confusion resulting from the use by defendants of the trademark and trade name 'Berkshire'?"<sup>15</sup> Given the jury verdict, the district court entered judgment for the defendant. This judgment also caused the TTAB to dismiss a previous opposition filed by Mayer/Berkshire against Berkshire Fashions' application to register BERKSHIRE as a trademark for certain goods falling within International Class 18, namely,

---

Since 1990, Mayer/Berkshire has owned eight registrations for BERKSHIRE in connection with different items of apparel and hosiery in Int'l Class 25. *Id.*

11. *Id.*

12. The "likelihood of confusion" analysis is the touchstone judicial standard in trademark law and is based on section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d) (2000). *See, e.g.,* Edwin S. Clark, *Finding Likelihood of Confusion With Actual Confusion: A Critical Analysis of the Federal Courts' Approach*, 22 GOLDEN GATE U. L. REV. 393, 393 (1992) ("Likelihood of confusion is the cornerstone of trademark infringement."); H. Brian Holland, *Tempest in a Teapot or Tidal Wave? Cybersquatting Rights and Remedies Run Amok*, 10 J. TECH. L. & POL'Y 301, 313-14 (2005) ("One of the most troublesome factors for trademark holders tends to be similarity of the goods and competitive proximity."). Courts typically consider several factors to determine whether competing products reach the "likelihood of confusion" threshold. *See, e.g.,* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (analyzing (1) strength of the trademark, (2) similarity of the marks, (3) proximity of the products and their competitiveness with one another, (4) evidence that the senior user may "bridge the gap" by developing a product for sale in the market of the alleged infringer's product, (5) evidence of actual consumer confusion, (6) evidence that the imitative mark was adopted in bad faith, (7) respective quality of the products, and (8) sophistication of consumers in the relevant market); *see also* AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979) (discussing non-exclusive factors to consider "in determining whether confusion between related goods is likely"). For a general discussion of the likelihood of confusion analysis in trademark law, *see* Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721 (2004), and Richard L. Kirkpatrick, *Likelihood of Confusion Issues: The Federal Circuit's Standard of Review*, 40 AM. U. L. REV. 1221 (1991).

13. *Mayer/Berkshire*, 424 F.3d at 1231.

14. *Id.* at 1230.

15. *Id.* at 1231.

umbrellas, tote bags, and umbrella and scarf sets.<sup>16</sup> The question posed to the Federal Circuit was whether Mayer/Berkshire's attempt to prevent Berkshire Fashions from registering BERKSHIRE for clothing items falling within International Class 25 was precluded by the prior federal district court litigation.<sup>17</sup>

The Federal Circuit began its analysis by reviewing controlling<sup>18</sup> and non-controlling<sup>19</sup> precedent concerning the re-litigation avoidance doctrines of res judicata and collateral estoppel. The court recognized that the "likelihood of confusion" issue decided by a federal district court as part of a *trademark infringement* analysis only "presents a 'superficial similarity'"<sup>20</sup> and will not always control the outcome of a likelihood of confusion determination concerning the question of *trademark registration* before the TTAB.<sup>21</sup> According to the court, the issue at litigation addressed whether Berkshire Fashions displayed the BERKSHIRE mark or the Berkshire Fashions trade name on certain products in such a way as to likely cause confusion with Mayer/Berkshire's registered BERKSHIRE trademarks.<sup>22</sup> In contrast, the court noted that a trademark opposition proceeding "requires consideration not only of what the applicant has already marketed or has stated the intention to market, but of all the items for which registration is sought."<sup>23</sup> Because there was a reasonable dispute as to whether Berkshire Fashions' trademark application "embraces a broader statement of goods than those before the district court," summary judgment was inappropriate.<sup>24</sup> Indeed, the court criticized the Board for loosely referring to "garments" in

---

16. *Id.*

17. *Id.* at 1231-32.

18. *See* Parklane Hosiery Co. v. Shore, 439 U.S. 322, 326 n.5 (1979) (distinguishing the doctrines of res judicata and collateral estoppel); *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1362 (Fed. Cir. 2000) (explaining the basis of res judicata, or "claim preclusion").

19. *Am. Hygenic Labs., Inc. v. Tiffany & Co.*, 228 U.S.P.Q. (BNA) 855, 856-57 (T.T.A.B. 1986) (

[I]f res judicata applies at all, it must rest on the principle of claim preclusion, that is, that opposer's claim of priority and likelihood of confusion in the opposition is precluded because that claim has been determined by virtue of the disposition of the civil action . . . . We do not believe that claim preclusion applies in this case.

); *see also In re Infinity Broad. Corp. of Dallas*, 60 U.S.P.Q.2d (BNA) 1214, 1218 (T.T.A.B. 2001) (addressing whether an infringement action regarding the call letters of two broadcast stations is licensed in a trademark sense, while leaving the door open for future FCC discretion if a similar issue arises).

20. *Mayer/Berkshire*, 424 F.3d at 1232 (quoting *Jet, Inc.*, 223 F.3d at 1364-65).

21. *Id.* at 1232-33.

22. *Id.* at 1233.

23. *Id.*

24. *Id.*

describing what was at issue in the prior district court judgment and the current Berkshire Fashions' trademark application, holding that "[p]recedent and practice require a more detailed analysis."<sup>25</sup> Because the Board failed to analyze and compare each separate item of clothing, the court determined the Board had "not establish[ed] preclusion as to the specific items for which registration is sought and opposed."<sup>26</sup>

In vacating and remanding the Board's decision to grant summary judgment, the Federal Circuit was also persuaded that Mayer/Berkshire had presented sufficient evidence of actual confusion resulting from allegedly changed marketing practices of Berkshire Fashions following the favorable district court judgment.<sup>27</sup> Mayer/Berkshire sought to show that Berkshire Fashions went from "inconspicuous marking of some goods with labels bearing only the trade name" to "major marketing activity promoting the trademark BERKSHIRE in a manner" that has caused "significant actual confusion."<sup>28</sup> In conclusion, the court cited authority for the proposition that preclusion is a "drastic remedy," warning that "[c]autiousness is warranted in the application of preclusion by the Patent and Trademark Office ("PTO"), for the purposes of administrative trademark procedures include protecting both the consuming public and the purveyors."<sup>29</sup> Because the court was not satisfied that the Board had found preclusion "certain to every intent" and because "[t]he question of the likelihood of confusion presented sufficiently different issues and transactional facts to bar the application of preclusion," summary judgment was inappropriate.<sup>30</sup>

#### *B. Rules Concerning Extension of Time to Oppose*

In 2005, the Federal Circuit also had occasion to hear two TTAB appeals involving trademark procedural issues, filed by the infamous Leo Stoller, who has been identified by some commentators as a "trademark troll."<sup>31</sup> Mr. Stoller lost both appeals in non-precedential opinions.

---

25. *Id.*

26. *Id.* at 1234.

27. *Id.* at 1233.

28. *Id.*

29. *Id.* at 1234.

30. *Id.*

31. See The Troll Who Stole Super Sunday, Post of Marty Schwimmer to The Trademark Blog (Feb. 3, 2006), [http://www.schwimmerlegal.com/archives/2006/02/the\\_troll\\_who\\_s.html](http://www.schwimmerlegal.com/archives/2006/02/the_troll_who_s.html). John L. Welch, author of the award-winning *TTABlog: Keeping Tabs on the TTAB* posted an article on January 26, 2006, entitled *It's Time to Tackle the 'Trademark Trolls'*. Welch's *TTABlog* closely follows the actions of Mr. Leo

In *Stoller v. Hyperstealth Biotechnology Corp.*,<sup>32</sup> Circuit Judge Pauline Newman, writing for a three-member panel of the Federal Circuit, affirmed the TTAB's decision refusing to remand a multi-class trademark registration application that Mr. Stoller apparently wanted to oppose.<sup>33</sup> Hyperstealth had filed an application to register the mark HYPERSTEALTH with respect to two different classes of goods, International Class 5 (covering, inter alia, pharmaceuticals) and International Class 10 (covering, inter alia, medical devices).<sup>34</sup> Following Hyperstealth's publication in the *Official Gazette*,<sup>35</sup> Mr. Stoller filed an opposition as to the Class 5 goods based on exclusive rights he claims in his alleged trademark STEALTH.<sup>36</sup> Upon learning of the opposition, and undoubtedly looking to avoid a dispute with Mr. Stoller, Hyperstealth abandoned the registration application with respect to Class 5 goods, and the application was then approved with respect to the Class 10 goods.<sup>37</sup>

Apparently wanting to oppose the HYPERSTEALTH mark with respect to the Class 10 goods as well, but having failed to do so with his original opposition, Mr. Stoller attempted to create new law in his arguments for reconsideration.<sup>38</sup> First, he claimed that *res judicata* made his successful opposition for the Class 5 goods applicable to the Class 10 goods as well.<sup>39</sup> The court easily disposed of this argument by noting that the likelihood of confusion analysis would be completely different with respect to different classes of goods.<sup>40</sup> Second, Mr. Stoller argued that collateral estoppel should apply.<sup>41</sup> The court easily disposed of this argument as well. Because the filing of an opposition followed by the voluntary abandonment of an application did not constitute actual litigation before the TTAB, collateral estoppel could not apply.<sup>42</sup> In addition to the well-established legal precedent opposing Mr. Stoller's arguments, practical realities further necessitated the TTAB's decision because, had Mr. Stoller's

---

Stoller and his related companies. Apparently Mr. Stoller and his various entities have filed several hundred requests for extension of time to oppose registration of a wide variety of marks during the last couple of months in 2005 and in January 2006. Posting of John L. Welch to the TTABlog, <http://thettablog.blogspot.com/2006/01/ttablog-update-on-leo-stoller-and.html> (Jan. 26, 2006).

32. 131 F. App'x 280 (Fed. Cir. 2005) (non-precedential).

33. *Id.* at 281.

34. *Id.*

35. *Id.*

36. *Id.*

37. *Id.* at 281-82.

38. *Id.* at 282.

39. *Id.*

40. *Id.*

41. *Id.*

42. *Id.* at 282-83.

arguments succeeded, it would have permitted an opposer to disregard the clear rules requiring the payment of a separate filing fee for each class of goods or services being opposed.<sup>43</sup>

In *Stoller v. Northern Telepresence Corp.*,<sup>44</sup> the Federal Circuit, in a per curiam opinion, affirmed the TTAB's decision denying as untimely Mr. Stoller's request for extension of time to oppose registration of the trademark DARKSTAR filed by Northern Telepresence.<sup>45</sup> Mr. Stoller made three separate attempts to extend the time to oppose registration of the DARKSTAR mark, and each failed. In his first attempt, the unsigned request for extension of time<sup>46</sup> to oppose arrived at the PTO several days after expiration of the thirty-day opposition period.<sup>47</sup> In addition, the certificate of mailing accompanying the request, dated prior to the expiration of the opposition period, also was not signed<sup>48</sup> by Mr. Stoller.<sup>49</sup> Had both the request and the certificate been signed, the court presumed the filing would have been considered timely, since they were dated prior to expiration of the opposition period.<sup>50</sup> Since the facts showed that both were unsigned, the court agreed with the TTAB that this first extension attempt was defective.<sup>51</sup>

Mr. Stoller's second extension attempt responded to the TTAB's invitation to cure the defect in the first request pursuant to a rule of practice in trademark cases that, in the court's words, prohibits the Board from refusing to consider "an unsigned paper . . . if a signed copy is submitted to the Board within the time limit set forth in the Board's notification of the signature defect."<sup>52</sup> This second attempt contained a copy of Mr. Stoller's first extension request, and while he did sign the second request, he did not date it, and while he signed

---

43. See Rules of Practice in Trademark Cases, Filing an Opposition, 37 C.F.R. § 2.101(d)(1) (2005) ("The opposition must be accompanied by the required fee for each party joined as opposer for each class in the application for which registration is opposed . . .").

44. 152 F.App'x 923 (Fed. Cir. 2005) (non-precedential).

45. *Id.* at 924.

46. 37 C.F.R. § 2.102(a) requires that extensions of time to oppose must be signed. Rules of Practice in Trademark Cases, Extension of Time for Filing an Opposition, 37 C.F.R. § 2.102(a) (2005).

47. *N. Telepresence*, 152 F. App'x at 925.

48. 37 C.F.R. § 2.197 requires that certificates of mailing be signed. Rules of Practice in Trademark Cases, Certificate of Mailing or Transmission, 37 C.F.R. § 2.197 (2005).

49. *N. Telepresence*, 152 F. App'x at 925.

50. *Id.*

51. *Id.*

52. *Id.* (citing Rules of Practice in Trademark Cases, Service and Signing of Papers, 37 C.F.R. § 2.119(e) (2005)).

the certificate of mailing, it was dated well outside the thirty-day limit, rendering the second request defective as well.<sup>53</sup>

The Federal Circuit described Mr. Stoller's third request as a "copy" of the original first request, but unlike the first request, he both signed and dated this third request within the original thirty-day statutory period.<sup>54</sup> The TTAB held that the record contained no evidence that this fully signed and timely dated extension request had been received by the Board or timely mailed to the Board.<sup>55</sup> Alternatively, the Board held that Mr. Stoller failed to prove that he had actually signed the first request within the original thirty-day statutory period, as required by 37 C.F.R. § 2.119(e).<sup>56</sup> After reviewing the Board's full record, the court concluded that the third request was not faxed to the Board by Mr. Stoller until almost one year after the original unsigned request was filed.<sup>57</sup> Because the court agreed that there was substantial evidence to support the Board's finding that Mr. Stoller failed to make a timely request for extension of time to oppose registration of the DARKSTAR mark, it affirmed the Board's decision.<sup>58</sup> In doing so, however, the Federal Circuit explicitly left open the question whether the Board had correctly interpreted 37 C.F.R. § 2.119(e) as requiring that the "signed copy" be signed within the original thirty-day statutory period.<sup>59</sup>

## II. SUBSTANTIVE TRADEMARK ISSUES

### A. *Likelihood of Confusion*

In 2005, the Federal Circuit issued only one precedential opinion interpreting the "likelihood of confusion" standard set forth in section 2(d) of the Lanham Act.<sup>60</sup> In *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*,<sup>61</sup> Palm Bay appealed a decision of the TTAB refusing registration of the mark VEUVE ROYALE for sparkling wine.<sup>62</sup> The refusal was based on likely confusion with the marks VEUVE CLICQUOT PONSARDIN, VEUVE

---

53. *Id.*

54. *Id.* at 926.

55. *Id.*

56. *Id.*

57. *Id.* at 927.

58. *Id.*

59. *Id.*

60. 15 U.S.C. § 1052(d) (2000); *see also supra* note 12 and accompanying text (discussing the likelihood of confusion standard).

61. 396 F.3d 1369 (Fed. Cir. 2005).

62. *Id.* at 1370.

CLICQUOT, and THE WIDOW.<sup>63</sup> Specifically, Palm Bay asserted that the Board had made erroneous findings with respect to four of the factors set forth in *In re E.I. DuPont de Nemours & Co.*:<sup>64</sup> (1) the similarity of the marks, (2) third-party use of the term VEUVE, (3) the fame of appellee Veuve Clicquot Ponsardin Maison Fondee En 1772 (“VCP”)’s marks, and (4) purchaser sophistication.<sup>65</sup> First, Palm Bay took issue with the Board’s finding that the marks were similar, arguing that the Board had improperly stated and applied the similarity test.<sup>66</sup> The test for similarity or dissimilarity requires an examination of the appearance, sound, connotation, and commercial impression of the marks; however, the Board had carelessly treated “commercial impression” as the ultimate conclusion to be reached.<sup>67</sup> Noting that “commercial impression” had occasionally been used as a proxy for the ultimate conclusion of similarity or dissimilarity of marks, the court decided that such a minor misstatement of the test in an otherwise proper analysis would not create reversible error.<sup>68</sup>

Also, Palm Bay unsuccessfully argued that the Board did not give sufficient weight to the dominance of CLICQUOT in VCP’s marks.<sup>69</sup> The court found that VEUVE was clearly a distinctive term as applied to wines, and thus was conceptually strong as a trademark; the accompanying use of CLICQUOT did not diminish that fact.<sup>70</sup> Furthermore, since VEUVE was the dominant feature of Palm Bay’s mark (as opposed to the laudatory ROYALE), it was proper to conclude that the use of the same distinctive term at the beginning of the marks rendered them similar.<sup>71</sup> Thus, the Court affirmed the Board’s finding that the marks were more similar than dissimilar.<sup>72</sup>

Second, Palm Bay claimed that the Board erred when it rejected evidence of third-party usage of VEUVE on other alcoholic beverages.<sup>73</sup> Again, the court affirmed the Board’s decision. Although such evidence could sometimes be used to show that a similar mark was relatively weak and entitled to narrow protection,

---

63. *Id.* at 1371.

64. 476 F.2d 1357, 1361 (C.C.P.A. 1973). In *In re DuPont*, the U.S. Court of Customs and Patent Appeals ruled that an inquiry into the likelihood of consumer confusion was a question of fact and articulated thirteen factors that should be weighed when evaluating the likelihood of confusion.

65. *Palm Bay Imps., Inc.*, 396 F.3d at 1371.

66. *Id.*

67. *Id.* at 1371-72.

68. *Id.*

69. *Id.* at 1372.

70. *Id.*

71. *Id.* at 1372-73.

72. *Id.* at 1373.

73. *Id.*

such evidence was only relevant if the consuming public was exposed to the mark.<sup>74</sup> Here, the only evidence offered was a Beverage Media Guide circulated to distributors and the testimony of a private investigator who found Veuve de Varnay for sale in six New York stores and on Internet Web sites and restaurant lists.<sup>75</sup> The court found that the Media Guide was irrelevant because it provided no indication that the *consuming public* was aware of the third party-usage.<sup>76</sup> Also, the court concluded that the remaining evidence could not possibly demonstrate that third-party usage was sufficiently widespread to “condition” the consuming public to associate VEUVE with alcoholic beverages in general.<sup>77</sup> Thus, the evidence of third-party usage was not significant enough to undermine the strength of VCP’s mark and the Board’s rejection of the evidence was deemed proper.<sup>78</sup>

Third, the court addressed the issue of fame and explicitly stated that fame for likelihood of confusion purposes differs from fame for dilution purposes.<sup>79</sup> Under a dilution analysis, fame is an either-or proposition; however, under a likelihood of confusion analysis, fame exists along a spectrum entitling parties to corresponding degrees of protection.<sup>80</sup> The court then determined that fame for the likelihood of confusion analysis should be based upon the specific product market.<sup>81</sup> Thus, in order for a mark to be famous such that it is entitled to greater protection, it need only be known within the segment of the population likely to use the product.<sup>82</sup> Specifically, the court stated that “fame of a mark under the fifth *DuPont* factor is the class of customers and potential customers of a product or service, and not the general public.”<sup>83</sup> The court then found that substantial sales volume and advertising expenditures were adequate to support the finding regarding the fame of the mark.<sup>84</sup>

Finally, the court addressed the purchaser sophistication. The relevant inquiry under this factor was “the conditions under which, and to whom, sales are made.”<sup>85</sup> If the consumers are sophisticated

---

74. *Id.*

75. *Id.*

76. *Id.* at 1374.

77. *Id.*

78. *Id.*

79. *Id.*

80. *Id.* at 1375.

81. *Id.*

82. *Id.*

83. *Id.*

84. *Id.* at 1375-76.

85. *Id.* at 1376.

and the item is not subject to impulse purchases, more similarity between the marks can be tolerated.<sup>86</sup> In this case, the Board found that champagne and sparkling wines were not necessarily expensive goods that were always purchased by sophisticated individuals.<sup>87</sup> Many brands of champagne and sparkling wine sell for less than ten dollars per bottle and general consumers, not just connoisseurs, constitute the purchasing public.<sup>88</sup> Thus, the Board had properly applied the “purchaser sophistication” factor.<sup>89</sup>

Ancillary to the preceding analysis, the court discussed the doctrine of foreign equivalents<sup>90</sup> because the Board had found Palm Bay’s mark to be similar to THE WIDOW. (VEUVE ROYALE translates from French to English as “Royal Widow”). The court noted that the doctrine of foreign equivalents should be applied only when the average American purchaser would “stop and translate the word into its English equivalent.”<sup>91</sup> Since the court was unconvinced that the average American purchaser would translate “VEUVE” to “widow,” substantial evidence did not support the Board’s finding on likelihood of confusion for THE WIDOW.

#### B. Disclaimers

In *In re Stereotaxis, Inc.*,<sup>92</sup> the Federal Circuit agreed with the TTAB’s finding of mere descriptiveness and affirmed the TTAB’s decision to condition registration of the trademark STEREOTAXIS and Design for medical goods and services on the applicant disclaiming the word STEREOTAXIS.<sup>93</sup> The applicant sought to register the mark shown below in connection with twelve goods and services, including “Magnetic Navigation Systems for Medical Applications,” “Magnetic Medical Devices,” “Magnets and Electromagnets for Medical Applications,” and “Medical Imaging Apparatus.”<sup>94</sup>



---

86. *Id.*

87. *Id.*

88. *Id.*

89. *Id.*

90. *Id.* at 1377 (explaining that the doctrine of foreign equivalents refers to the practice of translating foreign words from common languages “into English to determine genericness, descriptiveness, as well as similarity of connotation in order to ascertain confusing similarity to English word marks”).

91. *Id.* (quoting *In re Pan Tex Hotel Corp.*, 190 U.S.P.Q. 109 (T.T.A.B. 1976)).

92. 429 F.3d 1039 (Fed. Cir. 2005).

93. *Id.* at 1040.

94. *Id.*

The Examining Attorney of the PTO concluded that the term STEREOTAXIS was merely descriptive and had to be disclaimed before applicant's STEREOTAXIS and Design mark could be registered.<sup>95</sup> The applicant appealed the disclaimer requirement to the TTAB, and the TTAB affirmed.<sup>96</sup> Specifically, the TTAB ruled that "the term stereotaxis immediately describes . . . significant information concerning the nature, purpose or function of at least some, if not most, of the applicant's goods, and therefore must be disclaimed."<sup>97</sup> The applicant sought reversal of the TTAB's decision on two grounds: (1) the TTAB failed to identify the products and services offered under applicant's STEREOTAXIS and Design mark that STEREOTAXIS merely described, and (2) there was insufficient evidence to establish that STEREOTAXIS is descriptive of any of the products and services bearing applicant's STEREOTAXIS and Design mark.<sup>98</sup>

The Federal Circuit disagreed with the applicant's first ground for appeal, namely, that the TTAB was required to identify the particular products and services that STEREOTAXIS merely described.<sup>99</sup> The court stated:

[T]he Trademark Office may require a disclaimer as a condition of registration if the mark is merely descriptive for at least one of the products or services involved. We know of no requirement in the trademark statute or elsewhere that the Board must make the additional analysis the [a]pplicant seeks in order to determine that a proposed mark is merely descriptive as applied to the [a]pplicant's products and services.<sup>100</sup>

The court further disagreed with the applicant's argument that there was insufficient evidence to support the TTAB's finding that STEREOTAXIS was merely descriptive of the goods and services bearing applicant's STEREOTAXIS and Design mark.<sup>101</sup> The court stressed that the TTAB's determination of mere descriptiveness is a factual finding that will be upheld unless unsupported by substantial evidence.<sup>102</sup> Here, the evidence relied on by the TTAB consisted of dictionary definitions<sup>103</sup> and press releases.<sup>104</sup>

---

95. *Id.*

96. *Id.* at 1040-41.

97. *Id.* at 1041 (internal quotation marks omitted).

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.*

102. *Id.* at 1041-42.

103. The court noted that the TTAB found support from the ENCARTA WORLD

The applicant argued that the TTAB should have limited its definition of STEREOTAXIS to “products and services that utilize an external reference frame, a computer and a scanning device, which the [a]pplicant’s products do not use.”<sup>105</sup> The applicant further contended that other definitions exist “that are more reflective of the purchasing public’s understanding of the term.”<sup>106</sup> The Federal Circuit disagreed and determined that substantial evidence supported the TTAB’s finding.<sup>107</sup> The court stated that the applicant did not “show that an external reference frame, a computer and a scanning device *are essential elements*, rather than simply a common methodology, of stereotaxis.”<sup>108</sup> The court further stated that in order for the applicant to succeed on its argument, it would have to “show that its proposed definition would be understood by the relevant public—here the medical profession—to be the *only meaning* of the term.”<sup>109</sup> The court concluded that because the applicant failed to establish the foregoing “the fact that the [a]pplicant’s products may use magnets and magnetic imagery rather than an external frame of reference and computer generated imagery *is not enough* to invalidate the finding that the [a]pplicant’s proposed use of the term ‘stereotaxis’ is merely descriptive of its products and services.”<sup>110</sup>

This case stands for three propositions: (1) neither an examining attorney nor the TTAB is required to specify which good or service a proposed mark merely describes, but rather it is sufficient to find that the proposed mark is merely descriptive of one of the products or services; (2) the fact that evidence exists to support a different classification of a mark is insufficient, but instead an applicant must

---

ENGLISH DICTIONARY 1753 (1st ed. 1999) which defines “stereotaxis” as a “‘technique in brain surgery: neurological surgery involving the insertion of delicate instruments that are guided to a specific area by the use of three-dimensional scanning techniques.’” The court further referenced MedTerms.com, an online medical dictionary that defines “stereotaxis” as the “‘use of a computer and scanning devices to create three-dimensional pictures.’” *In re Stereotaxis*, 429 F.3d at 1042 (citing MEDTERMS MEDICAL DICTIONARY, <http://www.medterms.com> (last visited Mar. 12, 2006)).

104. The TTAB found further support from a press release by Advent International which the court determined adequately demonstrated the public’s perception of the applicant’s products and services. *In re Stereotaxis*, 429 F.3d at 1042.

105. *Id.*

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

107. The court further stated that the issue before it was not whether evidence existed to support a finding that the proposed mark could be classified differently, but rather whether substantial evidence supported the TTAB’s decision. *Id.*

108. *Id.* (emphasis added).

109. *Id.* (emphasis added) (citing *In re Abcor Dev. Corp.*, 588 F.2d 811, 813 (C.C.P.A. 1978)).

110. *Id.* (emphasis added).

demonstrate that the TTAB's decision is unsupported by substantial evidence; and (3) a good or service can vary from the definition(s) relied upon by the TTAB for the finding that a proposed mark is merely descriptive provided the relevant public does not believe the precise definition is the only meaning of the term.

*C. Genericness, Mere Descriptiveness, and Secondary Meaning*

In 2005, the Federal Circuit issued one precedential opinion and two nonprecedential opinions concerning trademark genericness. In *In re STEELBUILDING.COM*,<sup>111</sup> the TTAB affirmed the PTO's refusal to register the claimed mark STEELBUILDING.COM.<sup>112</sup> The Board's affirmance was based on an alternative determination that the mark was either generic or merely descriptive.<sup>113</sup> The Federal Circuit vacated the finding of genericness, but affirmed the refusal on the grounds of mere descriptiveness and lack of secondary meaning.<sup>114</sup>

The court articulated the two-part genericness inquiry as first determining the genus of goods or services and then determining whether the term sought to be registered was understood by the relevant public to refer primarily to such genus of goods or services.<sup>115</sup> The Federal Circuit began its analysis by attacking the genus used in the Board's decision.<sup>116</sup>

The court's starting point for its attack was the subtle, yet critical difference between how the applicant described the goods and services bearing its mark and how the Board described the applicant's goods and services.<sup>117</sup> Specifically, the applicant described its goods and services as "computerized on-line retail services in the field of pre-engineered metal buildings and roofing systems,"<sup>118</sup> while the Board described applicant's goods and services as being "the sale of pre-engineered steel buildings on the Internet."<sup>119</sup>

While the two descriptions seem similar in meaning, the description used by the Board failed to account for the fact that STEELBUILDING.COM provided more than sales.<sup>120</sup> Specifically, the applicant's Website provided highly interactive options that allowed the customer to create unique designs and then obtain pricing

---

111. 415 F.3d 1293 (Fed. Cir. 2005).

112. *Id.* at 1296.

113. *Id.*

114. *Id.*

115. *Id.* at 1296-97.

116. *Id.* at 1298.

117. *Id.*

118. *Id.* at 1296.

119. *Id.* at 1297-98 (internal quotation marks omitted).

120. *Id.* at 1298.

information for the designs.<sup>121</sup> Therefore, the Website was much more than a mere shopping guide.<sup>122</sup> The Board's misunderstanding of the proper genus would have been an adequate ground for the Federal Circuit to vacate the Board's genericness decision.<sup>123</sup>

Finally, the court addressed the significance of attaching .COM to a mark, finding that it was no different than attaching a word such as "company" or "incorporated."<sup>124</sup> Following precedent, the court rejected the Board's position that the addition of a top-level domain indicator could never render a term sufficiently distinctive for registration.<sup>125</sup> In *In re STEELBUILDING.COM*, the court determined that the addition of .COM expanded the meaning of the mark to include Internet services that enabled individual design of steel structures.<sup>126</sup>

Notwithstanding the court's determination that STEELBUILDING.COM was not generic, the court nonetheless upheld the TTAB decision on the grounds that the mark was descriptive and had not acquired secondary meaning.<sup>127</sup> For descriptiveness purposes, STEELBUILDING would convey the same impression as "steel buildings;" and since the addition of .COM only implied that the services would be associated with online commerce, it did not alter the descriptive character of the mark.<sup>128</sup>

In the secondary meaning analysis, the court dismissed a large portion of the evidence provided by the applicant.<sup>129</sup> The court dismissed evidence of Internet advertising because the applicant did not spend enough money.<sup>130</sup> The court dismissed evidence relating to an Internet poll because it lacked sufficient reliability.<sup>131</sup> The court also reviewed additional, unspecified evidence presented to the Board, but determined that "none of that evidence established the proposed mark's distinctiveness."<sup>132</sup>

In partial dissent, Circuit Judge Richard Linn disagreed with the treatment of the evidence of secondary meaning provided by the applicant.<sup>133</sup> Specifically, he felt that distinctiveness "attributable to

---

121. *Id.*

122. *Id.*

123. *Id.*

124. *Id.*

125. *Id.*

126. *Id.*

127. *Id.*

128. *Id.* at 1300.

129. *Id.*

130. *Id.*

131. *Id.*

132. *Id.*

133. *Id.* at 1301 (Linn, J., concurring in part and dissenting in part).

domain name recognition” should not have been discounted because “domain name recognition is a form of source identification . . . .”<sup>134</sup> He considered it legal error to discount distinctiveness evidence on the simple basis that the mark was also a domain name.<sup>135</sup>

Additionally, Judge Linn disagreed with the discounting of applicant’s Internet advertising evidence, particularly when the case relied on for dismissing the evidence was a 1994 case decided before Internet advertising became a viable strategy.<sup>136</sup> The applicant’s sales had risen from \$500,000 to \$4,500,000 in seven months.<sup>137</sup> Thus, even though the actual money spent on advertising may have been modest, the effect may have been powerful enough to create secondary meaning.<sup>138</sup>

Months prior to the Federal Circuit’s precedential decision in *In re STEELBUILDING.COM*, the court issued a nonprecedential opinion affirming the TTAB’s decision sustaining the Examining Attorney’s refusal to register as merely descriptive the claimed mark TICK TAPE for a “hand tool for removing insects attached to human or animal hosts.”<sup>139</sup> In *In re Innovation Development Group, Inc.*, the Examining Attorney requested a copy of the applicant’s published patent and used the language describing the device against the applicant and in support of the mere descriptiveness finding.<sup>140</sup>

In support of its position that TICK TAPE was suggestive and not descriptive, the applicant argued that the Board failed to identify any components of its tool that could be described as “tape,” nor could it, because tape is flexible and its tool is rigid.<sup>141</sup> The applicant also argued that not all adhesive products are considered “tape,” and there are many different types of tape, including magnetic tape, so using the term “tape” does not necessarily mean the product has adhesive qualities.<sup>142</sup> The Federal Circuit was not persuaded. It agreed with the Solicitor that “substantial evidence supports the Board’s findings that TICK TAPE is merely descriptive.”<sup>143</sup> In particular, the court noted the Board’s finding that the term “tape”

---

134. *Id.*

135. *Id.* at 1302.

136. *Id.* at 1303.

137. *Id.*

138. *Id.*

139. *In re Innovation Dev. Group, Inc.*, 126 F. App’x 471 (Fed. Cir. 2005).

140. The patent described the device as having “a foam backing with an adhesive surface” that “will adhere to the body of the tick while the device is pulled away from the skin, resulting in the removal of the tick.” *Id.* at 472 (quoting U.S. Patent No. 6,718,686 B2 (filed Feb. 13, 2002)).

141. *Id.* at 472-73.

142. *Id.* at 473.

143. *Id.*

has a broad definition that includes “adhesive tape,” and relying on the description set forth in the applicant’s published patent, the court concluded that the applicant’s product “falls squarely within the definition of ‘tick tape,’” such that the claimed “mark TICK TAPE would immediately indicate that one component of [the] hand tool . . . is particularly useful for removing ticks,” rendering the designation merely descriptive.<sup>144</sup>

In *In re Precision Cuts, Inc.*,<sup>145</sup> the applicant attempted to register a stylized version of the mark PRECISION CUTS for hair cut services.<sup>146</sup> The trademark examiner determined, and the Board affirmed, that the mark was generic and thus required a disclaimer of the words in the mark.<sup>147</sup> On appeal, the court evaluated whether the Board’s decision was supported by substantial evidence.<sup>148</sup> The evidence at issue in the case was the submission by the examiner of sixty examples of “precision cut” returned by a NEXIS search.<sup>149</sup>

The genericness inquiry requires a two-part analysis.<sup>150</sup> First, the genus of goods or services must be identified.<sup>151</sup> Second, it must be shown that the relevant public primarily associates the contested mark with the genus of services for which it is to be used.<sup>152</sup> In this case, the genus was uncontested—it was “haircut services.”<sup>153</sup> Thus, the ultimate question was whether there was substantial evidence to show that the public primarily associated “precision cuts” with haircut services.<sup>154</sup>

The court held that the NEXIS results constituted sufficient evidence, stating that “[a] reasonable person’s credulity would be satiated by the hundreds of NEXIS search returns that the examiner, and the Board, relied upon to establish a prima facie case that the terms are generic.”<sup>155</sup> Additionally, the court noted that the PTO was not required to administer consumer surveys to discharge its burden under a genericness finding.<sup>156</sup>

---

144. *Id.* at 473-74.

145. 131 F. App’x 288 (Fed. Cir. 2005).

146. *Id.* at 289.

147. *Id.*

148. *Id.* at 290.

149. *Id.*

150. *Id.*

151. *Id.*

152. *Id.*

153. *Id.*

154. *Id.*

155. *Id.* at 290-91.

156. *Id.* at 291.

*D. Surname Refusals and The Paris Convention*

The Federal Circuit also had occasion to address a surname refusal while revisiting the subject of the Paris Convention<sup>157</sup> and its application to section 44 of the Lanham Act.<sup>158</sup> In *In re Rath*,<sup>159</sup> the applicant appealed from a TTAB decision refusing registration of the trademarks RATH and DR. RATH on the principal register.<sup>160</sup> The TTAB refused registration on the ground that the marks were ineligible under section 2(e) of the Lanham Act<sup>161</sup> because they were considered primarily the surname of the applicant.<sup>162</sup> Dr. Rath advanced the argument that he was entitled to registration on the grounds that he possessed a registration of the marks in his country of origin.<sup>163</sup>

Citing the Paris Convention, he argued that the surname rule was at odds with the rights accorded to those holding foreign registrations.<sup>164</sup> Specifically, he argued that he should not be denied registration unless his marks fell within one of the three enumerated exceptions provided in Article 6 *quinquies* of the Paris Convention.<sup>165</sup> Because Article 6 *quinquies* did not explicitly except the registration of surnames, he argued that his registration should be allowed.<sup>166</sup>

In affirming the TTAB, the court first held that the Convention was not a self-executing treaty; therefore, it was only binding to the extent that it had been implemented by Congress.<sup>167</sup> Because Congress adopted language providing for the registration for foreign marks “if eligible,” the court determined that foreign marks must satisfy the substantive section 2 requirements of the Lanham Act, including the surname rule.<sup>168</sup> The court found that the language of section 44(e) of the Lanham Act clearly indicated that “if eligible” referred to the requirements for registration on the principal register, rather than

---

157. Paris Convention for the Protection of Industrial Property, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305.

158. 15 U.S.C. § 1126 (2000) (governing international conventions and the registration of foreign marks in the United States).

159. 402 F.3d 1207 (Fed. Cir. 2005).

160. *Id.* at 1208.

161. 15 U.S.C. § 1052(e) (2000) (prohibiting the registration of a mark which is “primarily merely a surname”).

162. *In re Rath*, 402 F.3d at 1208.

163. *See id.* (basing this claim on German trademarks for “nutritional supplements, books, grains, and educational services”).

164. *See id.* at 1209 (conceding “that the marks are primarily, merely surnames”).

165. *Id.* (citing Paris Convention for the Protection of Industrial Property, *supra*, note 157).

166. *Id.*

167. *Id.* at 1209-10.

168. *Id.* at 1211.

the eligibility requirements of the Convention.<sup>169</sup> Thus, while registration may have been required on the supplemental register, the court held that no statute or treaty required that the registration be on the principal register.<sup>170</sup>

The court also revisited the holding of *In re Establishments Darty et Fils*.<sup>171</sup> In that case, a foreign registrant attempted to register a mark in reliance on section 44(d) of the Lanham Act.<sup>172</sup> The court found that section 44(d) merely affected domestic priority and prior use rules and excused certain foreign applicants from demonstrating use in commerce to secure registration under the statute.<sup>173</sup> Section 44(d) did nothing to eliminate the substantive requirements for registration on the principal register, i.e., the applicant was still required to prove secondary meaning to make an otherwise descriptive mark eligible for registration.<sup>174</sup> Here, while section 44(e) affected the prior use rules, it did nothing to alter the substantive bars to registration.<sup>175</sup>

In a concurring opinion, Judge William Bryson would have upheld the decision on the narrower grounds that surnames were “merely descriptive” marks and thus fell within the Convention exceptions as marks “devoid of distinctive character.”<sup>176</sup> However, citing various pieces of legislative history, he believed it was unlikely that the phrase “if eligible” referred to the section 2 requirements of the Lanham Act.<sup>177</sup>

The majority undertook this opportunity to elaborate on the interplay between the Paris Convention and the Lanham Act, concluding that the Lanham Act did not require contemporaneous interpretation of the Convention.<sup>178</sup> Meanwhile, the concurring opinion argued that the Convention necessarily must be interpreted for foreign registrations because the Lanham Act intended to “provide rights and remedies stipulated by treaties and conventions

---

169. *Id.*

170. *Id.* at 1211-12.

171. 759 F.2d 15 (Fed. Cir. 1985).

172. *In re Rath*, 402 F.3d at 1212. Section 44(d) of the Lanham Act, 15 U.S.C. § 1126(d) (2000), governs applications by individuals who have previously filed an application for registration of the mark in certain foreign countries to register marks in the United States.

173. *In re Rath*, 402 F.3d at 1213.

174. *Id.*

175. *Id.* at 1214.

176. *Id.* at 1220-21 (Bryson, J., concurring).

177. *Id.*

178. *Id.* at 1213-14 (majority opinion).

respecting trademarks . . . entered into between the United States and foreign nations.”<sup>179</sup>

### E. Gray Market Goods

In *SKF USA, Inc. v. International Trade Commission*,<sup>180</sup> the Federal Circuit affirmed the ITC’s decision that section 337 of the Tariff Act of 1930<sup>181</sup> was not violated by four companies’ importation of “gray market”<sup>182</sup> ball bearings originally manufactured by SKF but not authorized for sale in the United States.<sup>183</sup> There were no physical differences between SKF’s ball bearings authorized for American sale and the foreign products; rather, the nature and extent of post-sale technical and engineering services differed.<sup>184</sup> A customer who purchased ball bearings from an “authorized” source would receive, for example, access to experienced engineers for on-site consultation or access via a “hotline.”<sup>185</sup>

The importation of gray market goods violates the Lanham Act if the gray market goods are “materially different” from the authorized goods.<sup>186</sup> In this case, the Federal Circuit addressed an issue of first impression<sup>187</sup>—whether the distinction between domestic goods and gray market goods must be physically manifested in the product or packaging in order to be “materially different” and thus infringing.<sup>188</sup> The court affirmed the decision of the Commission, holding for the first time that “material differences need not be physical in order to establish trademark infringement in gray market cases.”<sup>189</sup> In support, the Federal Circuit “[made] explicit what may only have been implicit” in its holding in *Gamut v. International Trading Commission*.<sup>190</sup> It noted that the *Gamut* court developed a “material

179. *Id.* at 1216 (Bryson, J., concurring) (quoting Lanham Act § 45, 15 U.S.C. § 1127 (2000)).

180. 423 F.3d 1307 (Fed. Cir. 2005).

181. 19 U.S.C. § 1337 (2000). The section makes unlawful, among other things, “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946.” *Id.* § 1337(a)(1)(C).

182. “Gray market” goods, sometimes called “gray goods,” are goods “legally acquired abroad[, but] imported [into the United States] without the consent of the . . . trademark holder.” *SKF USA Inc.*, 423 F.3d at 1312 (quoting *Gamut Trading Co. v. Int’l Trade Comm’n*, 200 F.3d 775, 778 (Fed. Cir. 1999)).

183. *Id.* at 1309, 1318.

184. *Id.* at 1309.

185. *Id.* at 1309-10.

186. *Id.* at 1313 (citing *Gamut*, 200 F.3d at 779).

187. *Id.* at 1312.

188. *Id.*

189. *Id.* at 1314.

190. *Id.* at 1313. The court in *Gamut* announced a test under which a company

differences” test, not a “physical differences” test for determining whether gray goods infringed.<sup>191</sup> Thus, the plain language of the test demonstrated that a finding of infringement was not limited merely to physical differences. Second, the *Gamut* court had relied upon cases that held nonphysical material differences to be sufficient to avoid trademark infringement.<sup>192</sup> Finally, the court noted that a manufacturer’s goodwill might be invested in nonphysical traits, and consumers may consider those traits to be a material difference, the lack of which may be confusing.<sup>193</sup>

After determining that nonphysical differences may be “material” and subject a gray market importer to trademark infringement liability, the court next discussed whether the four gray market distributors infringed upon SKF’s marks in this case.<sup>194</sup> The Commission found that there was no infringement because SKF did not provide the post-sale technical and engineering support to “all or substantially all” of its customers.<sup>195</sup>

SKF argued that, to prove infringement, it should only have to show that a sufficient number of its goods are materially different from the gray goods, and that certain amounts of a trademark owner’s nonconforming goods may be ignored if they are of de minimis amounts.<sup>196</sup> The Federal Circuit disagreed. Relying on the Fifth Circuit’s reasoning in *Martin’s Herend Imports, Inc. v. Diamond & Gem Trading USA, Co.*,<sup>197</sup> the Federal Circuit held that

If less than all or substantially all of a trademark owner’s products possess the material difference, then the trademark owner has placed into the stream of commerce a substantial quantity of goods

---

may be liable for trademark infringement for importing gray goods when “there are differences between the foreign and domestic product and [those] differences are material.” 200 F.3d at 779. The *Gamut* court set a low threshold for materiality, “requiring no more than showing that consumers would be likely to consider the differences between the foreign and domestic products to be significant when purchasing the product, for such differences would suffice to erode the goodwill of the domestic source.” *Id.* For a more complete analysis of the *Gamut* holding, see Stephen R. Baird, *Review of the 1999 Trademark Decisions of the United States Court of Appeals for the Federal Circuit*, 49 AM. U. L. REV. 1321, 1374-76 (2000).

191. *SKF USA Inc. v. Int’l Trade Comm’n*, 423 F.3d 1307, 1313-14 (Fed. Cir. 2005).

192. See *id.* at 1314 (stating that “the appropriate test should not be strictly limited to physical differences”). The *SKF USA* court quoted the *Gamut* court for the proposition that “[d]ifferences in labeling and other written materials have been deemed material.” *Id.* (quoting *Gamut*, 200 F.3d at 781).

193. *Id.* at 1314.

194. *Id.*

195. *Id.* at 1315.

196. *Id.* at 1311, 1316.

197. 112 F.3d 1296 (5th Cir. 1997).

that are or may be the same or similar to those of the importer, and then there is no material difference.<sup>198</sup>

If the trademark owner sells a substantial amount of nonconforming goods, the court reasoned, consumers would not be confused by the gray goods.<sup>199</sup> Allowing a trademark owner to recover “when less than ‘substantially all’ of its goods bear the material difference from the gray goods thus would allow the owner itself to contribute to the confusion by consumers that it accuses gray market importers of creating.”<sup>200</sup> The court discounted SKF’s argument that the sale of one nonconforming product may defeat an infringement claim, emphasizing that “the ‘all or *substantially all*’ benchmark recognizes something less than 100% compliance will suffice . . . .”<sup>201</sup>

Finally, the court held that SKF could not meet the standard that all or substantially all of its sales were conforming.<sup>202</sup> The court noted that “it was undisputed that 87.4 percent of [its] sales to authorized distributors were supported by the ‘full panoply’ of post-sale technical and engineering services.”<sup>203</sup> SKF’s sales through another business unit, Chicago Rawhide, provided the services only on a discretionary basis based on the size of the customer and the customer’s history, and thus there was no guarantee that the customer would consistently receive the post-sale services.<sup>204</sup> Consequently, the court refused to count sales through the Chicago Rawhide division as conforming.<sup>205</sup> The court noted that SKF’s sales through “alternate channels of distribution,” including sales to gray market distributors, surplus distributors, and others further undercuts its claim that substantially all of its goods sold were conforming.<sup>206</sup> The court rejected SKF’s claim that the goods distributed in the “alternate channels” should be discounted, stating that “[t]he material difference standard focuses on differences in the goods themselves, not differences in their channels of distribution or the consumer expectations in those channels.”<sup>207</sup> It therefore affirmed the ITC’s determination that SKF did not establish a material difference between its own products and

---

198. *SKF USA*, 423 F.3d at 1315.

199. *Id.* at 1315.

200. *Id.*

201. *Id.* at 1316.

202. *Id.* at 1317.

203. *Id.*

204. *See id.* (noting that the ITC excluded consumer expectations as a basis for its decision).

205. *Id.*

206. *See id.* at 1317-18 (reiterating SKF USA’s position that its services were categorically superior to “any services that others could provide”).

207. *Id.* at 1318.

those of the distributors based on post-sale technical and engineering services and the ITC's findings that there was no section 337 violation by the importation of the gray market ball bearings.<sup>208</sup>

The case stands for two important propositions. First, it is now clear that differences in gray market goods do not have to be physical differences or differences in accompanying safety stickers, labels, or instruction manuals.<sup>209</sup> The differences may include any "material difference" that a consumer would likely consider, including any services related to the sale of the product.<sup>210</sup> However, the Federal Circuit also made explicit that the mark owner cannot claim infringement against a gray market importer when it itself is selling a substantial quantity of nonconforming goods.<sup>211</sup> While the court set no particular standard, it found in this case that SKF's sales of 12.6% of nonconforming goods defeated its claim.<sup>212</sup> Any producer who wishes to protect its line from gray market sales must ensure that it upholds its own product quality control.<sup>213</sup>

#### F. Trade Dress and Section 43(a) of the Lanham Act

The Federal Circuit possesses exclusive appellate jurisdiction over patent cases decided by the federal district courts throughout the United States.<sup>214</sup> Some patent cases include both patent claims and trademark claims, especially trade dress claims under section 43(a) of the Lanham Act.<sup>215</sup> Thus, in addition to reviewing trademark decisions of the TTAB and the ITC, the Federal Circuit also reviews trademark rulings from federal district court patent decisions.

*Hartco Engineering, Inc. v. Wang's International, Inc.*<sup>216</sup> is one such case. In *Hartco*, the Federal Circuit reviewed a design patent decision

---

208. *Id.*

209. *See id.* at 1313 (noting that the court was "mak[ing] explicit what may have only been implicit in *Gamut*").

210. *Id.* at 1314.

211. *Id.* at 1315.

212. *Id.* at 1317-18.

213. However, a manufacturer's sales of used or refurbished nonconforming goods can still protect the integrity of its product line. *See id.* at 1318 (noting that "consumers do not expect used or refurbished goods to be the same as new goods and that for such goods, 'material differences' do not necessarily measure consumer confusion" (quoting *Nitro Leisure Prods. L.L.C. v. Acushnet Co.*, 341 F.3d 1356, 1364 (Fed. Cir. 2003))).

214. 28 U.S.C. § 1292(c)(2) (2000) (providing that the "Federal Circuit shall have exclusive jurisdiction of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting").

215. *See, e.g., Hartco Eng'g, Inc. v. Wang's Int'l, Inc.*, 142 F. App'x 455 (Fed. Cir. 2005) (evaluating claims involving patent and trade dress infringement).

216. 142 F. App'x 455 (Fed. Cir. 2005).

from the United States District Court for the Eastern District of Louisiana, including a trade dress claim under section 43(a) of the Lanham Act.<sup>217</sup> At trial, the jury found that Wang's willfully infringed Hartco's claimed trade dress in a hitch cover design<sup>218</sup> and packaging design.<sup>219</sup> Hartco argued that the jury instructions erroneously failed to require proof of secondary meaning for product configuration trade dress and inherent distinctiveness for packaging trade dress.<sup>220</sup>

Applying Fifth Circuit and U.S. Supreme Court trade dress law and writing for a unanimous three-member panel, Circuit Judge Sharon Prost rejected Hartco's argument that its hitchcover design is inherently distinctive.<sup>221</sup> Relying on the Supreme Court's decision in *Wal-Mart Stores, Inc. v. Samara Bros.*,<sup>222</sup> the Federal Circuit confirmed that "a *product* design cannot be inherently distinctive as a matter of law."<sup>223</sup> To determine whether Hartco had met its burden of presenting sufficient evidence to support a finding of secondary meaning, the court indicated that it must look to the "length and nature of use, sales volume and advertising, consumer surveys and testimony, and [the] appellant's intent."<sup>224</sup> Because the record showed that Hartco did not introduce evidence of this type (other than having sold its hitchcover design for four years before appellants sold their competing four propeller hitchcover design), the court concluded that "Hartco did not meet its burden of establishing secondary meaning" and because "no reasonable jury could have concluded that Hartco showed secondary meaning,"<sup>225</sup> the Federal Circuit reversed the district court's denial of "judgment of noninfringement as a matter of law, together with the damage award relevant to this claim."<sup>226</sup>

---

217. *Id.* at 456, 459.

218. The trade dress for the hitchcover design is described as a "novelty trailer hitchcover featuring a three-blade marine propeller . . . that spins from the force of moving air when attached to the trailer hitch of a vehicle." *Id.* at 456.

219. *Id.* The Federal Circuit identified the claimed packaging trade dress as consisting of five elements: (1) a clear plastic package showing the hitchcover product inside, (2) blue cardboard background, (3) "white lettering identifying the product and Hartco Engineering's trademark 'PROP'R-HITCHCOVER'", (4) "red lines in the upper left hand corner", and (5) "a picture of the product in position on a vehicle and the product's patent information in the upper right hand corner." *Id.* at 461.

220. *Id.* at 458.

221. *Id.* at 460.

222. 529 U.S. 205, 212 (2000).

223. *Hartco*, 142 F. App'x at 460.

224. *Id.*

225. *Id.*

226. *Id.* at 460-61.

With respect to Hartco's product packaging trade dress claim, the Federal Circuit confirmed that "[u]nlike product configuration, product packaging is capable of being inherently distinctive and thus a showing of secondary meaning may be unnecessary to prevail on a trade dress claim."<sup>227</sup> Although the court recognized that separately the packaging elements may not be subject to protection, "taken together, Hartco's trade dress is *ipso facto* inherently distinctive and thus, subject to protection under section 43(a) of the Lanham Act."<sup>228</sup> With respect to the question of packaging trade dress infringement because Hartco presented evidence of trade dress similarity, interchangeability of products, common purchasers and advertisers, actual confusion among consumers, *and* showed that Wang's intended to copy Hartco's packaging, the court found that the jury verdict was supported by substantial evidence that there was a likelihood of confusion.<sup>229</sup> As a result, the portion of the decision concerning damages was vacated for further proceedings to determine the appropriate damages for the successful packaging trade dress infringement claim.<sup>230</sup>

In 2005, Circuit Judge Sharon Prost wrote another trade dress opinion interpreting section 43(a) of the Lanham Act, this time applying Ninth Circuit trade dress law.<sup>231</sup> In *Decorations for Generations, Inc. v. Home Depot USA, Inc.*,<sup>232</sup> the Federal Circuit concluded that substantial evidence did not support the jury's verdict in favor of the manufacturer's trade dress and unfair competition claims concerning a steel Christmas tree stand<sup>233</sup> and reversed the district court's denial

---

227. *Id.* at 461.

228. *Id.* This portion of the decision seems rather generous to Hartco Engineering and a bit weak in reasoning. Without citation, the court held that "[p]ackaging trade dress is inherently distinctive if its intrinsic nature identifies the source of the product." *Id.* at 461. Even more significantly, the Federal Circuit made no mention of what substantial evidence the jury could have relied upon to support a necessary finding of inherent distinctiveness in packaging having a clear plastic case to view the enclosed product, a blue cardboard backing with a picture of the hitchcover in use on the upper right hand corner, and the product brand positioned on the upper left hand corner. Indeed, it is not self-evident, at least to this author, that the intrinsic nature and positioning of these combined elements automatically identifies the source of the product. Equally significantly, the court also made no mention of whether there was substantial evidence in the record to support the threshold question of whether the elements claimed in the alleged trade dress were nonfunctional, a requirement that has been upheld by the U.S. Supreme Court in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 214 (2000), as well as the Fifth Circuit in *Eng'g Dynamics v. Structural Software*, 26 F.3d 1335, 1350 (5th Cir. 1994).

229. *Hartco*, 142 F. App'x at 460.

230. *Id.*

231. *Decorations for Generations, Inc. v. Home Depot USA, Inc.*, 128 F. App'x 133 (Fed. Cir. 2005).

232. *Id.*

233. The Christmas tree stand design was described as

of the defendant retailer's motion for judgment notwithstanding the verdict.<sup>234</sup> Applying Ninth Circuit and Supreme Court trade dress precedent, the Federal Circuit concluded that the record did not contain substantial evidence in support of the manufacturer's claim of secondary meaning in the alleged product configuration trade dress.<sup>235</sup>

The district court had found that "substantial evidence" supported a finding that the following secondary meaning factors had been established by the Christmas tree stand manufacturer: (1) length of time and exclusivity of use, (2) intentional copying, and (3) evidence of actual confusion.<sup>236</sup> Based on the Federal Circuit's review of the record, it only agreed that substantial evidence supported the finding concerning the length of time and exclusivity of use of the Christmas tree stand design.<sup>237</sup> It maintained that sales for six consecutive years of roughly the same design "is a sufficient amount of time, year after year, to support a jury finding" on this factor, even though the seasonal nature of the product made it available and on display only five to six weeks each year.<sup>238</sup>

In rejecting the trial court's finding of substantial evidence to support the "intentional copying" element of the Ninth Circuit's secondary meaning test for protectable trade dress, the Federal Circuit held: "While there was evidence introduced that supported the conclusion that the defendants had indeed copied utilitarian features of [the manufacturer's] tree stand, there was no evidence introduced that the defendants intentionally copied protected trade dress that had been perceived by consumers as originating from a

---

[A] one-foot steel pipe (intended to contain the tree base), a six-inch square plate of flat steel (that serves as a base), and four legs protruding from the corners of the base and made of 24-inch long steel bars. The stand also includes four screws that are meant to secure the tree by fitting into apertures that are evenly spaced around the steel pipe component. In order to evoke Christmas colors, [the] stand was colored green and red, with the base and body of the stand colored green and the rim of the stand covered by a red plastic covering.

*Id.* at 134. Although these elements seem to cry out for being labeled as "functional," and although a finding of nonfunctionality is a threshold question for determining trade dress protection, the Federal Circuit "decline[d] to address whether substantial evidence supported the jury's finding that certain aspects of the tree stand are non-functional," since it already had determined that "substantial evidence does not support the jury's finding that the . . . tree stand had established secondary meaning in the minds of consumers . . ." *Id.* at 139 n.6.

234. *Id.* at 134.

235. *Id.* at 136, 139.

236. *Id.* at 137.

237. *Id.*

238. *Id.* at 137-38.

particular manufacturer.”<sup>239</sup> Finally, in rejecting the trial court’s finding of substantial evidence to support the “actual confusion” element of the secondary meaning test, the Federal Circuit noted that the only evidence of so-called actual confusion in the record stemmed from confusion among employees of the parties, not consumers of the tree stand.<sup>240</sup> Because the Federal Circuit was “aware of no precedent in the Ninth Circuit that would allow the confusion of ‘the relevant buying public’ to be inferred by testimony from company employees or associates,” it disagreed with the district court that substantial evidence supported the finding of actual confusion to support secondary meaning.<sup>241</sup>

#### CONCLUSION

The Federal Circuit was not as prolific in 2005 as compared to past years in issuing trademark opinions. The court chose to issue precedential trademark decisions in only six cases. Only one of the cases—the *SKF USA* decision concerning gray market goods—was identified by the court as involving an issue of first impression, namely, whether the difference between domestic goods and gray market goods must be physically manifested in the product or packaging in order to qualify as “materially different” and thus infringing. While none of the 2005 Federal Circuit trademark cases can fairly be described as groundbreaking, they do advance the court’s growing and important body of trademark law.

---

239. *Id.* at 138. Indeed, the Federal Circuit specifically found “that the copied elements of [the] tree stand that were identified as being non-functional by the district court (i.e., the colors, the plastic rim, and the display box) were, in fact, utilitarian in nature.” *Id.*

240. *Id.* at 138-39.

241. *Id.* at 139.