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2016 Trademark Law Decisions Of The Federal Circuit

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2016 TRADEMARK LAW DECISIONS OF THE FEDERAL CIRCUIT

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

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INTRODUCTION

In 2016, the U.S. Court of Appeals for the Federal Circuit continued its recent trend of issuing only a handful of trademark decisions—eight decisions were issued from March to December¹—followed by the reinstatement of the trademark aspects of one such decision in May 2017.² Notably, although the Federal Circuit’s caseload hit a twenty-year high in 2016—addressing 1839 appeals³—trademark cases composed only two percent of the court’s overall docket.⁴ Over the past decade, trademark cases have not represented more than three percent of the Federal Circuit’s docket and fell to a low of one percent in 2015.⁵

Nonetheless, as aptly illustrated by the court’s decisions in 2015—

1. See *Emerald Cities Collaborative, Inc. v. Roese*, 666 F. App’x 908 (Fed. Cir. 2016); *In re Jobdiva, Inc.*, 843 F.3d 936 (Fed. Cir. 2016); *Christian Faith Fellowship Church v. Adidas AG*, 841 F.3d 986 (Fed. Cir. 2016); *In re Light*, 662 F. App’x 929 (Fed. Cir. 2016); *Westlake v. Barrera*, 659 F. App’x 622 (Fed. Cir. 2016) (per curiam); *In re Cordua Rests., Inc.*, 823 F.3d 594 (Fed. Cir. 2016); *Romag Fasteners, Inc. v. Fossil, Inc. (Romag I)*, 817 F.3d 782 (Fed. Cir. 2016); *JBLU, Inc. v. United States*, 813 F.3d 1377 (Fed. Cir. 2016).

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

3. See U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, HISTORICAL CASELOAD (2017), http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/Historical_Caseload_Graph_83-17.pdf.

4. See U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, APPEALS FILED, BY CATEGORY: FY 2016 (2017), http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/FY16_Caseload_by_Category.pdf.

5. See U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, APPEALS FILE, BY CATEGORY: FY 2015 (2016), <http://www.cafc.uscourts.gov/sites/default/files/Caseload%20by%20Category%20%282015%29.pdf> (reporting trademark cases as making up one percent of the Federal Circuit docket); see also *Statistics*, U.S. CT. APPEALS FOR FED. CIR., <http://www.cafc.uscourts.gov/the-court/statistics> (last visited May 9, 2018) (providing annual statistics from Fiscal Year (FY) 2006 through FY 2017 under the “Caseload, by Category” section, indicating that trademark appeals have constituted no more than three percent of the Federal Circuit’s docket in the last decade).

including *In re Tam*⁶ and *Apple Inc. v. Samsung Electronics. Co.*,⁷ which raised issues later addressed by the Supreme Court—the relatively small number of trademark decisions should not be equated with a small contribution to trademark jurisprudence.⁸ As discussed in detail below, the Federal Circuit’s 2016 decisions continue the practice of making an outsized contribution with only a few well-reasoned decisions.⁹

I. SUBSTANTIVE TRADEMARK ISSUES

The Federal Circuit issued five decisions addressing substantive trademark issues in 2016 and reinstated one of these decisions in 2017. Each of these decisions is discussed below.

A. Meaning of “Trademark” in Tariff Act

1. JBLU, Inc. v. United States

For its first trademark case of 2016, *JBLU, Inc. v. United States*,¹⁰ the Federal Circuit reversed the U.S. Court of International Trade (CIT) to hold that the term “trademark,” as used in a regulation implementing section 304 of the Tariff Act, was clear on its face and referred to both federally registered and common law unregistered trademarks. The Federal Circuit rejected the U.S. Customs and Border Protection’s (CBP) narrow interpretation which only accounted for federally registered trademarks.¹¹

This case arose from jean shipments from China to a U.S.-based

6. 808 F.3d 1321 (Fed. Cir. 2015), *aff’d sub nom.* *Matal v. Tam*, 137 S. Ct. 1744 (2017) (addressing First Amendment issues related to registration of disparaging marks).

7. 786 F.3d 983 (Fed. Cir. 2015), *rev’d*, 137 S. Ct. 429 (2016) (addressing functionality of registered trade dress for design of on-screen icons).

8. See Linda K. McLeod & Lindsay B. Allen, *2015 Trademark Law Decisions of the Federal Circuit*, 65 AM. U. L. REV. 1027, 1029–30 (2016) (emphasizing the significance of *Tam* and noting that the decision will likely shape trademark examinations going forward).

9. 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 (2012), and the Tariff Act of 1930, 19 U.S.C. §§ 1202–1683 (2012). Practitioners should be aware that this Article is a survey only of the 2016 trademark decisions issued by the Federal Circuit that substantively address trademark issues, and that other opinions issued by the Federal Circuit in 2016 may also impact trademark law practice but are not considered or discussed herein. For a summary of 2017 trademark decisions, see Anita B. Polott & Rachel E. Fertig, *2017 Trademark Law Decisions of the Federal Circuit*, 67 AM. U. L. REV. 1355 (2018).

10. 813 F.3d 1377, 1382 (Fed. Cir. 2016).

11. *Id.* at 1382.

importer.¹² Between September 11, 2010 and October 20, 2010, California-based company JBLU, Inc., operating under the name C'est Toi Jeans USA, imported over 350,000 pairs of jeans embroidered with "C'est Toi Jeans USA," "CT Jeans USA," and "C'est Toi Jeans Los Angeles"—all of which were manufactured in China.¹³ Simultaneously, JBLU also filed for federal registration of two trademarks: "C'est Toi Jeans USA" and "CT Jeans USA" (collectively, "CT Marks").¹⁴ Upon arrival to the United States, CBP inspected the jeans and found that their "Made in China" tags were not sufficiently conspicuous to mark the country of origin for the jeans, as required under section 304 of the Tariff Act and its implementing regulations.¹⁵ In particular, the implementing regulations—19 C.F.R. § 134.46 and 19 C.F.R. § 134.47—provide distinct standards for marking the country of origin in instances where a geographical location—such as "United States," "USA," "or the name of any city or location in the United States"¹⁶—appears on an imported article and may mislead the ultimate purchaser as to the actual country of origin.¹⁷

For importers, the two regulations have different consequences. Under 19 C.F.R. § 134.46, the imported article must be marked with the country of origin "in close proximity to [the location] words [(e.g., USA)]" and "in at least a comparable size" font.¹⁸ By contrast, under

12. *Id.* at 1378.

13. *Id.* ("[I]n various fonts on their backs, pocket linings, back waistbands, and hangtags."). See Kevin J. Fandl, 2016 *International Trade Law Decisions of the Federal Circuit*, 67 AM. U. L. REV. 1381, 1402–04 (2018).

14. *JBLU, Inc.*, 813 F.3d at 1378 (noting that applications were submitted on October 8, 2010).

15. *Id.* Section 304 of the Tariff Act requires marking of the country-of-origin—in this case China—"in a conspicuous place as legibly, indelibly, and permanently as the nature of the article . . . will permit" as specified in regulations issued by the Secretary of Treasury, i.e., Customs. *Id.* at 1378–79 (citing 19 U.S.C. § 1304(a) (2012)).

16. 19 C.F.R. § 134.46 (2017).

17. *JBLU, Inc.*, 813 F.3d at 1379.

18. 19 C.F.R. § 134.46 discusses the use of a mark when the name of a country other than the country of origin is used:

In any case in which the words "United States," or "American," the letters "U.S.A.," any variation of such words or letters, or the name of any city or location in the United States, or the name of any foreign country or locality other than the country or locality in which the article was manufactured or produced appear on an imported article or its container, and those words, letters or names may mislead or deceive the ultimate purchaser as to the actual country of origin of the article, there shall appear legibly and permanently in close proximity to such words, letters or name, and in at least a comparable size, the name of the country of origin preceded by "Made in," "Product of,"

19 C.F.R. § 134.47, when “the name of a location in the United States or ‘United States’” appears as “part of a trademark or trade name,” the country of origin marking only needs to be “in close proximity [to the location of the words, letters, or name] or in some other conspicuous location.” And § 134.47 does not require the imported article’s country of origin to be written in a comparable font size.¹⁹

Noting the small font and distant location of the “Made in China” mark from the prominent embroidery in the jeans, CBP found JBLU in violation of the more stringent standard under § 134.46 with respect to the jeans imported *before* it had filed for federal trademark registration of the CT Marks.²⁰ For these jeans imported before an application for federal registration had been filed, CBP determined that JBLU’s use of the embroidered words “USA” and “Los Angeles” could not be considered part of a trademark; thus, such jeans could not be evaluated under the more lenient country-of-origin standard under § 134.47.²¹

On cross-motions for summary judgment, the CIT upheld CBP’s application of the strict standard under § 134.46, according CBP’s narrow interpretation of “trademark” under § 134.47 substantial deference because the term was not defined and CBP’s interpretation was not plainly erroneous.²² JBLU appealed.²³

The Federal Circuit reviewed the CIT’s determination *de novo* and reversed its decision.²⁴ Specifically, the court rejected the CIT’s deference to CBP and re-affirmed that “[i]f a regulation is clear on its face, no deference is given to the promulgating agency’s interpretation.”²⁵ Instead, the regulation is interpreted “in accordance with its unambiguous meaning.”²⁶ In this case, the Federal Circuit held that the “[t]he word ‘trademark’ in § 134.47 unambiguously includes trademarks without a pending [federal trademark] application.”²⁷ The Federal Circuit explained that this interpretation was consistent with dictionary and Lanham Act definitions that existed at the time of the

or other words of similar meaning.

19 C.F.R. § 134.46.

19. *Id.* § 134.47.

20. *JBLU, Inc.*, 813 F.3d at 1379–80.

21. *Id.* at 1379.

22. *Id.* at 1380.

23. *Id.*

24. *Id.* at 1380, 1382.

25. *Id.* at 1380.

26. *Id.*

27. *Id.* at 1381.

original issuance of § 134.47.²⁸ Moreover, the court noted that the current Lanham Act definition of trademark continues to support this broad interpretation because “trademark rights stem from use, not registration,”²⁹ and, as recognized in *San Juan Products, Inc. v. San Juan Pools of Kansas, Inc.*,³⁰ “[t]he Lanham Act protects unregistered marks as does the common law.”³¹ Thus, “trademark” within the meaning of § 134.47 included federally registered and common-law trademarks. Accordingly, CBP should have applied the more lenient marking requirement under § 134.47.

B. Willfulness Requirement to Recover Infringer’s Profits

I. Romag Fasteners, Inc. v. Fossil, Inc. (Romag I)

In its first decision in *Romag Fasteners, Inc. v. Fossil, Inc. (Romag I)*,³² the Federal Circuit considered an appeal from a decision of the U.S. District Court for the District of Connecticut, finding that, as a matter of law in the U.S. Court of Appeals for the Second Circuit, a trademark owner could not recover a defendant’s profits for trademark infringement where the jury had found that the defendant’s trademark infringement was not willful.³³

Trademark owner, Romag Fasteners, Inc. (“Romag”), owns a patent on magnetic snap fasteners, which it sells—for wallets, purses, handbags, and other products—under its registered trademark, ROMAG (Registration No. 2,095,367).³⁴ Beginning in 2002, Fossil, Inc. (“Fossil”) agreed to use ROMAG magnetic snap fasteners in Fossil products and to purchase the fasteners from the authorized manufacturer, Wing Yip Metal Manufactory Accessories Limited (“Wing Yip”).³⁵ Years later, in 2010, Romag learned that some Fossil handbags contained counterfeit fasteners and filed suit against Fossil and retailers of its products for trademark and patent infringement.³⁶

28. *Id.*

29. *Id.*

30. 849 F.2d 468, 474 (10th Cir. 1988) (holding that both the Lanham Act and the common law protect unregistered marks).

31. *JBLU, Inc.*, 813 F.3d at 1381.

32. 817 F.3d 782 (Fed. Cir. 2016), *vacated*, 137 S. Ct. 1373 (2017).

33. *Id.* at 784–85.

34. *Id.* at 783 (noting that Romag “owns U.S. Patent No. 5,777,126 (‘the ’126 patent’) on magnetic snap fasteners”); *see* *Romag Fasteners, Inc. v. Fossil, Inc. (Romag III)*, 866 F.3d 1330, 1333 (Fed. Cir. 2017) (noting that Romag owns Patent No. 5,722,126 and trademark Registration No. 2,095,367).

35. *Romag I*, 817 F.3d at 783.

36. *Id.*

At trial, Fossil was found liable for patent and trademark infringement.³⁷ With respect to trademark infringement, the jury recommended an award comprised of “\$90,759.36 of Fossil’s profits under an unjust enrichment theory, and \$6,704,046.00 of Fossil’s profits under a deterrence theory.”³⁸ The district court, however, dismissed the recommended trademark award as contrary to law because the Second Circuit required willfulness to award an infringer’s profits, and Fossil had not been found to have willfully infringed the ROMAG mark.³⁹ Romag appealed this decision to the Federal Circuit claiming, inter alia, that to recover an infringing defendant’s profits as damages, a trademark owner does not have to prove that an infringer acted willfully.⁴⁰

As part of its de novo review of the legal standard for awarding profits derived from trademark infringement, the Federal Circuit undertook an extensive analysis of the Lanham Act’s legislative history, as well as the numerous court opinions creating an apparent circuit split concerning whether willfulness is required to obtain an infringer’s profits.⁴¹ Starting with cases supporting a willfulness requirement, the Federal Circuit discussed the decisions of several courts of appeals, including *George Basch Co. v. Blue Coral, Inc.*⁴² from the Second Circuit, whose precedent governed this case.⁴³ Notably, *George Basch* held that “under [15 U.S.C. § 1117(a)] of the Lanham Act, a plaintiff must prove that an infringer acted with willful deception before the infringer’s

37. *Id.* at 784. In addition to the trademark damages discussed above, the jury found that Fossil was liable for patent infringement and recommended a reasonable royalty award to Romag of \$ 51,052.14. *Id.* However, because Romag waited to bring the suit until just three days before “Black Friday,” the district court deemed such delay to constitute laches, which bars claims if the plaintiff’s unreasonable delay causes the defendant undue prejudice, and thus reduced the jury’s reasonable royalty award by “[eighteen percent] to exclude sales made during the period of delay.” *Id.*

38. *Id.*

39. *Id.* at 784–85.

40. *Id.* at 784.

41. *Id.* at 784–85, 787.

42. 968 F.2d 1532 (2d Cir. 1992).

43. *Romag I*, 817 F.3d at 785–86 (citing *SecuraComm Consulting Inc. v. Securacom Inc.*, 166 F.3d 182, 190 (3d Cir. 1999) (“[A] plaintiff must prove that an infringer acted willfully before the infringer’s profits are recoverable.” (alteration in original); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 968 (D.C. Cir. 1990)), *superseded by statute*, Trademark Amendments Act of 1999, Pub. L. No. 106–43, 113 Stat. 218 (1999), *as recognized in* *Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168 (3d Cir. 2005); *Bishop v. Equinox Int’l Corp.*, 154 F.3d 1220, 1223 (10th Cir. 1998) (“[A]n award of profits requires proof that “defendant’s actions were willful or in bad faith.”)). The Federal Circuit noted that these cases pre-dated the 1999 amendment to the Lanham Act. *Id.*

profits [could be] recoverable by way of an accounting.”⁴⁴ The Federal Circuit also noted that, although the Supreme Court had never addressed whether proof of willfulness is a prerequisite to recovering an infringing party’s profits, the Court had issued two pre-Lanham Act opinions that remained relevant to the question.⁴⁵

First, in *Saxlehner v. Siegel-Cooper Co.*,⁴⁶ the Court held that a group of trademark infringers who had either “acted in good faith” or made only small sales, “should not be required to account for gains and profits.”⁴⁷ Second, in *Hamilton-Brown Shoe Co. v. Wolf Brothers & Co.*,⁴⁸ the Supreme Court “affirmed an accounting of [an] infringer’s profits where” there was “abundant evidence” to show that the defendant “persiste[d] in the unlawful simulation in the face of the very plain notice of [the trademark owner’s] rights.”⁴⁹

As additional support, the Federal Circuit cited *The Restatement (Third) of Unfair Competition*, which “took the position that ‘[o]ne . . . is liable for the net profits earned on profitable transactions resulting from [trademark infringement], but only if . . . the actor engaged in the conduct with the intention of causing confusion or deception.’”⁵⁰ To illustrate the circuit split, the Federal Circuit also discussed decisions from several courts of appeals that generally took the position that willfulness was a relevant factor—but not a prerequisite—to awarding defendant’s profits derived from trademark infringement.⁵¹

44. *Id.* (first alteration in original) (quoting *George Basch Co.*, 968 F.2d at 1540 (explaining further that a “finding of willful deceptiveness is necessary in order to warrant an accounting for profits . . . [but] it may not be sufficient” (first alteration in original))). The Federal Circuit also cited *Int’l Star Class Yacht Racing Ass’n v. Tommy Hilfiger, U.S.A., Inc.*, 80 F.3d 749, 753 (2d Cir. 1996) (“In order to recover an accounting of an infringer’s profits, a plaintiff must prove that the infringer acted in bad faith.”). *Id.* at 785.

45. *Romag I*, 817 F.3d at 785.

46. 179 U.S. 42 (1900).

47. *Romag I*, 817 F.3d at 785 (quoting *Saxlehner*, 179 U.S. at 42–43).

48. 240 U.S. 251 (1916).

49. *Romag I*, 817 F.3d at 785 (last two alterations in original) (quoting *Hamilton-Brown Shoe Co.*, 240 U.S. at 261).

50. *Id.* (alterations in original) (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 37(1) (AM. LAW INST., 1995)).

51. *Id.* at 786. The Federal Circuit cited to cases from the U.S. Courts of Appeals for the Fifth Circuit, Seventh Circuit, Sixth Circuit, and Eleventh Circuit to support its finding. *See id.* (citing *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 554 (5th Cir. 1998) (holding that “the intent to confuse or deceive” is only a “relevant factor[] to the court’s determination of whether an award of profits is appropriate”); *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 607 (6th Cir. 1991) (stating that proof of

Romag argued that the Second Circuit's *George Basch* opinion and similar cases were invalidated by a 1999 amendment to the Lanham Act.⁵² In responding to, and ultimately rejecting, this argument, the Federal Circuit explained that when *George Basch* and similar decisions were issued—before the 1999 amendment—“the Lanham Act [under § 1117(a)] permitted recovery only for violations of § 1125(a), i.e., trademark infringement and false advertising.”⁵³ Between 1996 and 1999, Congress amended the Lanham Act a number of times to create a new cause of action for trademark dilution and accompanying injunctive and monetary relief.⁵⁴ Notably, in 1999, Congress had to amend § 1117(a) to correct an error from the 1996 amendments that had omitted language necessary to award monetary relief for willful dilution.⁵⁵ As relevant to this case, the current language of § 1117(a) states that

[w]hen a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.⁵⁶

Romag interpreted the change made under the 1999 amendment—specifically, the express inclusion of the “willful” requirement for violations under § 1125(c) for dilution without adding a similarly express requirement for trademark infringement under § 1125(a)—to prove that: (1) “Congress chose to make willful infringement a prerequisite to

actual confusion is not required to recover profits, and quoting the Seventh Circuit rule that “there is no express requirement . . . that the infringer willfully infringe . . . to justify an award of profits” (internal quotation marks omitted) (quoting *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989)); *Roulo*, 886 F.2d at 941 (“Other than general equitable considerations, there is no express requirement that . . . the infringer willfully infringe the trade dress to justify an award of profits.”); *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988) (“Nor is an award of profits based on either unjust enrichment or deterrence dependent upon a higher showing of culpability on the part of the defendant, who is purposely using the trademark.”)).

52. *Romag I*, 817 F.3d at 786–88.

53. *Id.* at 787.

54. *Id.*

55. *Id.* (citing Trademark Amendments Act of 1999, Pub. L. No. 106–43, § 3(b), 113 Stat. 218, 219 (1999)) (alterations in original) (explaining that the 1996 amendment made available “the remed[y] set forth in section[] 1117(a) without amending § 1117(a) to provide for such monetary remedies in the case of dilution”).

56. *Id.* at 787–88 (alteration in original) (quoting 15 U.S.C. § 1117(a) (2012)).

recovery of monetary relief for trademark dilution”; and (2) Congress “did not intend [for] willful infringement to be a prerequisite to recovery of monetary relief for the other types of infringement covered by that section, including the sale of counterfeits.”⁵⁷

The Federal Circuit disagreed with Romag’s arguments based on the 1999 amendment and interpreted the addition of the

“willful violation” language . . . to distinguish dilution cases from, inter alia, infringement cases in the area of damages (as opposed to profits), since it was established in the courts of appeals that willfulness was not required for damages recovery, . . . and Congress wished to limit damages awards for dilution to cases involving willfulness.⁵⁸

Although the Federal Circuit acknowledged that certain circuits shared Romag’s interpretation,⁵⁹ the Federal Circuit applies the law of the circuit from which a case is appealed.⁶⁰ Thus, the Federal Circuit evaluated the case according to Second Circuit precedent, which, like many other circuits,⁶¹ continued, after the 1999 amendment, to require the trademark owner to prove the defendant’s willful infringement in order to secure an award of profits for all violations covered under § 1117(a).⁶² Of particular importance to the Federal Circuit was a 2014 Second Circuit decision, *Merck Eprova AG v. Gnosis S.P.A.*,⁶³ which reaffirmed *George Basch’s* holding that “a finding of defendant’s willful deceptiveness is a prerequisite for awarding

57. *Id.* at 788.

58. *Id.* at 790.

59. *Id.* at 788 (citing *Laukus v. Rio Brands, Inc.*, 391 F. App’x 416, 424 (6th Cir. 2010); *Synergistic Int’l, LLC v. Korman*, 470 F.3d 162, 175 (4th Cir. 2006); *Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 175 (3d Cir. 2005) (“By adding this word [‘willful’] to the statute in 1999, but limiting it to [§ 1125(c)] violations, Congress effectively superseded the willfulness requirement as applied to [§ 1125(a)].” (alterations in original)); *Quick Techs., Inc. v. Sage Group PLC*, 313 F.3d 338, 349 (5th Cir. 2002), *superseded by statute*, Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218 (1999)).

60. *Id.* at 784.

61. *Id.* at 788 (citing *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1073–74 (9th Cir. 2015) (“Awarding profits is proper only where the defendant is attempting to gain the value of an established name of another. Willful infringement carries a connotation of deliberate intent to deceive.”); *Fishman Transducers, Inc. v. Paul*, 684 F.3d 187, 191 (1st Cir. 2012); *M2 Software Inc. v. Viacom, Inc.*, 223 F. App’x 653, 656 (9th Cir. 2007); *W. Diversified Servs., Inc. v. Hyundai Motor Am., Inc.*, 427 F.3d 1269, 1270 (10th Cir. 2005)).

62. *Id.* at 789.

63. 760 F.3d 247 (2d Cir. 2014).

profits.”⁶⁴ Moreover, the Federal Circuit saw “nothing in the 1999 amendment [to] permit [it] to declare that the governing Second Circuit precedent [was] no longer good law.”⁶⁵ Thus, based upon the Federal Circuit’s application of the *George Basch* test, it affirmed the district court’s decision that “Romag [was] not entitled to recover Fossil’s profits, as Romag did not prove that Fossil infringed willfully.”⁶⁶ Romag appealed the *Romag I* decision to the Supreme Court.⁶⁷

2. Romag Fasteners, Inc. v. Fossil, Inc. (Romag II)

On March 27, 2017, the Supreme Court granted certiorari of the *Romag I* decision and simultaneously vacated the Federal Circuit’s decision.⁶⁸ The Court remanded the case to the Federal Circuit for reconsideration in light of the Supreme Court’s recent decision in a patent case, *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*.⁶⁹

In a per curiam opinion on May 3, 2017, the Federal Circuit reinstated sections II and III of its *Romag I* decision, affirming the district court’s judgment declining to award Fossil’s profits.⁷⁰ Simply put, the Federal Circuit reinstated its determination that the Second Circuit’s willfulness requirement for claiming a trademark infringer’s profits remains good law. The Federal Circuit reasoned that such

64. *Romag I*, 817 F.3d at 789 (quoting *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992)).

65. *Id.* at 789–90 (noting that the legislative “history [of the 1999 amendment] does not even acknowledge the pre-1999 split in the courts of appeals on the willfulness requirement for a recovery of infringer’s profits, much less indicate a desire to change it”).

66. *Id.* at 791. Although not relevant in the instant case because there was no threshold finding of willfulness, *George Basch* also holds that although “a finding of willful deceptiveness is necessary in order to warrant an accounting for profits . . . it may not be sufficient,” meaning, equitable factors must also be evaluated, even after the threshold willfulness requirement is satisfied. *George Basch Co.*, 968 F.2d at 1540–41. Such equitable factors include: “(1) the degree of certainty that the defendant benefited from the unlawful conduct; (2) availability and adequacy of other remedies; (3) the role of a particular defendant in effectuating the infringement; (4) plaintiff’s laches; and (5) plaintiff’s unclean hands.” *Id.* (“The district court’s discretion lies in assessing the relative importance of these factors and determining whether, on the whole, the equities weigh in favor of an accounting. As the Lanham Act dictates, every award is ‘subject to equitable principles’ and should be determined ‘according to the circumstances of the case.’” (quoting 15 U.S.C. § 1117 (1988))).

67. *Romag Fasteners, Inc. v. Fossil, Inc.*, 137 S. Ct. 1373, 1373 (2017).

68. *Id.*

69. *Id.* (citing *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954 (2017)) (rejecting laches as a defense against damages for alleged patent infringement that occurred within a limitations period).

70. *Romag II*, 686 F. App’x 889, 890 (Fed. Cir. 2017) (per curiam).

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 trademark aspects of the *Romag I* decision contained in sections II and III.⁷¹ The time for appeal has passed with no further appeal being requested.⁷²

C. *Genericness*

1. *In re Cordua Restaurants, Inc.*

Among the substantive trademark decisions issued by the Federal Circuit in 2016 was an analysis of genericness in *In re Cordua Restaurants, Inc.*⁷³ In this case, the Federal Circuit affirmed the Trademark Trial and Appeal Board's (TTAB) refusal to register a stylized form of the word mark "CHURRASCOS"—a common term for grilled meat—finding substantial evidence supporting TTAB's determination that the term was generic as applied to a chain of restaurants serving a signature dish of grilled steak.⁷⁴

In 2008, Cordua obtained Registration No. 3,439,321 (the "Registration") for the service mark CHURRASCOS (in standard character format) for use of the word in connection with "restaurant and bar services; catering."⁷⁵ In 2011, under application 85,214,191 (the "Application"), Cordua sought registration of the mark at issue in this case—a stylized form of CHURRASCOS for use in connection with "[b]ar and restaurant services; [c]atering."⁷⁶

71. *Id.* 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 III*, 866 F.3d 1330, 1341–42 (Fed. Cir. 2017).

72. On June 9, 2017, the Federal Circuit issued a "mandate" for its *Romag II* decision (which reinstated the *Romag I* decision as to the trademark issues). The Federal Circuit issues a mandate "[seven] days after the time to file a petition for rehearing expires, or [seven] days after entry of an order denying a timely petition for panel rehearing, petition for rehearing en banc, or motion for stay of mandate, whichever is later." FED. R. APP. P. 41. Additionally, the time to file another petition for writ of certiorari with the Supreme Court expired ninety days after the Federal Circuit issued its decision in *Romag II* on May 3, 2017.

73. 823 F.3d 594 (Fed. Cir. 2016).

74. *Id.* at 598, 606; *see also In re Cordua Rests. LP*, 110 U.S.P.Q.2d 1227, 1234 (T.T.A.B. 2014) (affirming refusal of registration of Serial No. 85/214,191), *aff'd*, 823 F.3d 594 (Fed. Cir. 2016).

75. *In re Cordua Rests., Inc.*, 823 F.3d at 598.

76. *Id.*

Figure 1: Cordua's Mark in the Application



The Application was rejected as generic under Lanham Act section 2(e)(1),⁷⁷ and, on appeal, the TTAB affirmed the examiner's refusal, agreeing that "'churrascos' is the generic term for a type of cooked meat and a generic term for a restaurant featuring churrasco steaks."⁷⁸ Further, the TTAB held that "Cordua's earlier registration of the underlying CHURRASCOS word mark . . . had no bearing on whether the stylized form of CHURRASCOS was generic."⁷⁹

Cordua appealed this decision to the Federal Circuit, arguing that the Registration had "achieved incontestable status" after five years of use and that TTAB's "failure to fully consider the incontestable registration [in evaluating the Application was reversible] error."⁸⁰ At a minimum, Cordua argued the presumption of validity accorded to the Registration based upon its registration on the Principal Register should have served as prima facie evidence of the validity of the mark in the Application because both use the same word for the same services.⁸¹

The Federal Circuit rejected these arguments and affirmed all prior findings of genericness. Its opinion can be separated into four parts. First, the Federal Circuit reaffirmed that incontestability is irrelevant for the purposes of determining whether a mark is generic because a "registered mark that has become generic may be cancelled at any time."⁸² Second, the Federal Circuit explained that the presumption

77. *Id.*; see also 15 U.S.C. § 1052(e)(1) (2012).

78. *In re Cordua Rests., Inc.*, 823 F.3d at 598 (quoting *In re Cordua Rests. LP*, 110 U.S.P.Q.2d 1227, 1232, 1234) ("The Board also agreed with the examiner that the stylized form of CHURRASCOS was also ineligible for registration because it is merely descriptive of a restaurant serving barbecued steaks and because Cordua had not provided sufficient evidence of acquired distinctiveness.").

79. *Id.*

80. *Id.* at 597–99.

81. *Id.* at 600 ("The general presumption of validity resulting from federal registration includes the specific presumption that the trademark is not generic." (quoting *Coca-Cola Co. v. Overland, Inc.*, 692 F.2d 1250, 1254 (9th Cir. 1982)).

82. *Id.* at 599–600 (citing *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) ("Generic terms are not registrable, and a registered mark may be canceled at any time on the grounds that it has become generic."); *In re Merrill Lynch, Pierce, Fenner, & Smith, Inc.*, 828 F.2d 1567, 1569 (Fed. Cir. 1987) ("Generic terms, by definition incapable of indicating source, are the antithesis of trademarks, and can

of a registration's validity does not attach to a new application for a mark that is similar or identical.⁸³ Instead, every new application for trademark registration will be reviewed separately on the merits.⁸⁴ Third, in assessing whether the U.S. Patent and Trademark Office (PTO) met its burden to prove genericness of the stylized mark at issue by clear and convincing evidence, the Federal Circuit explained the issue is not whether "CHURRASCOS" is considered generic in terms of Cordua's restaurants, but whether the term identifies a broader group of restaurant services as understood by the general public.⁸⁵ Specifically, the court held that the PTO must apply the two-part test established in *H. Marvin Ginn Corp. v. International Ass'n of Fire Chiefs, Inc.*⁸⁶ to (1) determine "the genus of goods or services at issue" and (2) whether "the term sought to be registered or retained on the register [is] understood by the relevant public primarily to refer to that genus of goods or services."⁸⁷

The Federal Circuit noted that the TTAB "misse[d] the point" in the few instances where its analysis suggested "that 'churrascos' is generic as applied to Cordua's own restaurant services."⁸⁸ Ultimately, however, the court upheld the TTAB's decision, finding that it had substantial evidence on which to affirm the examining attorney's determination that "the general public (the consumers of restaurant services) understands that churrascos is generic for a type of restaurant, specifically a restaurant that serves 'churrascos.'"⁸⁹

In particular, the court affirmed that the TTAB was correct to base its genericness determination upon three English-language dictionaries defining "churrasco" as grilled meat—and, under the foreign equivalents doctrine,⁹⁰ "would have been justified in translating

never attain trademark status.")).

83. *Id.* at 600.

84. *Id.* (quoting *In re Shinnecock Smoke Shop*, 571 F.3d 1171, 1174 (Fed. Cir. 2009)).

85. *Id.* at 602 (citing *H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987 (Fed. Cir. 1986)).

86. 782 F.2d 987 (Fed. Cir. 1986).

87. *In re Cordua Rests., Inc.*, 823 F.3d at 601 (quoting *H. Marvin Ginn Corp.*, 782 F.2d at 990).

88. *Id.* at 602. The court cited *In re 1800Mattress.com IP, LLC*, 586 F.3d 1359, 1361, 1363 (Fed. Cir. 2009), to explain that the inquiry should focus on the "goods or services for which the applicant sought protection, as set forth in its trademark application." See *In re Cordua Rests., Inc.*, 823 F.3d at 602.

89. *In re Cordua Rests., Inc.*, 823 F.3d at 601 (citing *In re Cordua Rests., Inc.*, 110 U.S.P.Q.2d 1227, 1229 (T.T.A.B. 2014), *aff'd*, 823 F.3d 594 (Fed. Cir. 2016)).

90. The doctrine of foreign equivalents is the doctrine by which the PTO considers the English translation of foreign language marks when it evaluates the similarity of

‘churrascos’ into ‘barbecue’ and subsequently determining whether the term ‘barbecue’ is generic when applied to restaurant services.⁹¹ The TTAB was also correct to give no weight to the addition of “S” to make the word plural (whether such spelling was correct or not).⁹²

Additionally, in response to Cordua’s argument that an individual menu item does not indicate the type of restaurant services, the Federal Circuit clarified that a generic term for a classification of goods is also generic for any services centered on those goods.⁹³ Accordingly, the court did not find an error in the TTAB’s reliance on a number of newspaper and magazine articles showing that “the restaurant-going public understands the term ‘churrascos’ to refer to a type of restaurant as well as a dish” and thus, the mark refers to a class of restaurants, and the public uses the mark to refer to that class of restaurant.⁹⁴ At the same time, the Federal Circuit noted that this decision should not be interpreted to “suggest that the term ‘churrascos’ is necessarily generic as to any and all restaurant services”—to the contrary, the result may have differed in an application for “a narrower sub-genre of restaurant” like “vegetarian or sushi restaurants” whose main feature is not grilled meat.⁹⁵

Lastly, the Federal Circuit assessed Cordua’s argument that the stylization of the CHURRASCOS mark in a “unique and arbitrary font” rendered it eligible for registration on the Principal Register.⁹⁶ To be sure, a mark that is descriptive or otherwise unregistrable on the Principal Register may be registrable if “the design features of the asserted mark create an *impression on the purchasers separate and apart from the impression made by the words themselves*, or if it can be shown . . . that the particular display . . . has *acquired distinctiveness*.”⁹⁷ Cordua failed to establish that the stylization of CHURRASCOS satisfied either of these alternative bases of registrability. Specifically, the Federal Circuit concluded that “Cordua did not argue . . . that [the] stylization

marks as a factor in the likelihood of confusion analysis. See *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772*, 396 F.3d 1369, 1377 (Fed. Cir. 2005).

91. *In re Cordua Rests., Inc.*, 823 F.3d at 603.

92. *Id.*

93. *Id.* at 604 (quoting *In re CyberFinancial.Net, Inc.*, 65 U.S.P.Q.2d 1789, 1791 (T.T.A.B. 2002)).

94. *Id.* (internal citations omitted).

95. *Id.* at 605.

96. *Id.* at 606.

97. *Id.* (emphasis added) (citing *In re Sadoru Grp., Ltd.*, 105 U.S.P.Q.2d 1484, 1486 (T.T.A.B. 2012)).

create[d] a separate impression.”⁹⁸ Similarly, the Federal Circuit determined that Cordua “did not argue that the stylization (i.e., the graphic quality) of the stylized form of CHURRASCOS [had] acquired distinctiveness.”⁹⁹ Rather, Cordua “argued only that the underlying word mark ha[d] acquired distinctiveness”—which, the Federal Circuit explained, could not “save [the mark] from ineligibility as generic.”¹⁰⁰

D. Use in Commerce

1. Christian Faith Fellowship Church v. Adidas AG

In another case examining the fundamentals of trademark protection, *Christian Faith Fellowship Church v. Adidas AG*,¹⁰¹ the Federal Circuit reaffirmed the broad meaning of “use in commerce” under the Lanham Act and, accordingly, reversed the TTAB’s cancellation of the mark “ADD A ZERO” on hats based upon its narrow interpretation of “use in commerce.”¹⁰² In particular, the Federal Circuit disagreed with the TTAB holding that the “documented sale of two marked hats to an out-of-state resident were de minimis and therefore did not constitute use of the marks in commerce under the Lanham Act.”¹⁰³

In March 2005, Christian Faith Fellowship Church (“Church”) submitted two trademark applications—“one for use of ‘ADD A ZERO’ in standard characters and another for a stylized design of the phrase”—based upon actual sales, including the sale of two hats bearing the mark in February 2005.¹⁰⁴

Based upon a likelihood of confusion with these marks, the PTO refused adidas AG’s (“Adidas”) application for the clothing mark “ADIZERO.”¹⁰⁵ Adidas filed to cancel the Church’s registrations, arguing, among other things, that it failed to use the marks in commerce before registration.¹⁰⁶ The TTAB considered the Church’s cancelled check for the sale of the two marked hats for \$38.34 in February 2005, but found

98. *Id.*

99. *Id.*

100. *Id.*

101. 841 F.3d 986 (Fed. Cir. 2016).

102. *Id.* at 995.

103. *Id.* at 987. In addition, the Federal Circuit held that the check at issue was admissible under the business records exception to hearsay and that substantial evidence supported TTAB’s finding that parishioner who wrote the check resided out-of-state, in Wisconsin. *See id.* at 989–90.

104. *Id.* at 988.

105. *Id.*

106. *Id.*

that such sales “within the state of Illinois to [a person] who reside[d] outside the state [did] not affect commerce that Congress can regulate” as required under the Lanham Act.¹⁰⁷ In short, such sales were “insufficient to show use that affects interstate commerce.”¹⁰⁸

Under 15 U.S.C. § 1051(a), in order to register a trademark, the owner must show that the applied-for mark has been “used in commerce.”¹⁰⁹ The Lanham Act explains that use means “the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark,” for instance, when a mark is used on “*goods [that] are sold or transported in commerce.*”¹¹⁰ Further, the Lanham Act defines the term “commerce” to include “all commerce which may lawfully be regulated by Congress.”¹¹¹

The Federal Circuit reiterated that “Congress’s power under the Commerce Clause is broad.”¹¹² In particular, the court cited the Supreme Court’s decision in *Wickard v. Filburn*,¹¹³ which interpreted the Commerce Clause to vest Congress with the power to “regulate activities that have a substantial effect on interstate commerce . . . [e]ven if . . . [the particular] activity be local and though it may not be regarded as commerce.”¹¹⁴ This broad “substantial effects” interpretation has been repeatedly and recently reaffirmed, including by the Supreme Court in *Gonzales v. Raich*¹¹⁵ as well as *Taylor v United States*.¹¹⁶ *Raich* reaffirmed that when “a general regulatory statute bears

107. *Id.*

108. *Id.* at 988–99.

109. *Id.*; see also 15 U.S.C. § 1051(a) (2012).

110. *Christian Faith Fellowship Church*, 841 F.3d at 989 (citing 15 U.S.C. § 1127).

111. 15 U.S.C. § 1127.

112. *Christian Faith Fellowship Church*, 841 F.3d at 990 (citing *Larry Harmon Pictures Corp. v. Williams Rest. Corp.*, 929 F.2d 662, 664 (Fed. Cir. 1991)).

113. 317 U.S. 111, 127–28 (1942) (holding that activity must be considered in the aggregate, and that the appellee-wheat farmer’s “own contribution to the demand for wheat may be trivial by itself is not enough to remove him from the scope of federal regulation where . . . his contribution, taken together with that of many others similarly situated, is far from trivial”).

114. *Christian Faith Fellowship Church*, 841 F.3d at 991 (second and third alterations in original) (citing *Wickard*, 317 U.S. at 125).

115. 545 U.S. 1, 6–8, 17 (2005) (upholding application of the Commerce Clause to personal cultivation of marijuana, noting that “case law firmly establishes Congress’s power to regulate purely local activities that are part of an economic ‘class of activities’ that have a substantial effect on interstate commerce”).

116. 136 S. Ct. 2074, 2077–78 (2016) (concerning interpretation of a statutory provision that defines “commerce” under 18 U.S.C. § 1951(b)(3) (2012) to include “all . . . commerce over which the United States has jurisdiction”).

a substantial relation to commerce, the de minimis character of individual instances arising under that statute is of no consequence,” and Congress has the power to regulate it under the Commerce Clause.¹¹⁷ And, of particular relevance to the Church’s claim to its ADD A ZERO registrations, *Taylor* clarified that “proof that the . . . conduct in and of itself affected or threatened commerce is not needed,” rather, “[a]ll that is needed is proof that the . . . conduct fell within a category of conduct that, in the aggregate, had the requisite effect” on commerce.¹¹⁸ The Federal Circuit also cited many of its past Lanham Act “use in commerce” cases to support the broad scope of Congress’s Commerce Clause powers, noting that the TTAB “erred by not properly applying [its] holdings in [*Larry Harmon Pictures Corp. v. Williams Restaurant Corp.*]¹¹⁹ and [*In re Silenus Wines*].”¹²⁰

Based upon this extensive recounting of case law confirming the broad scope of the Lanham Act’s definition of commerce as “all activity regulable by Congress,” the Federal Circuit held that it was “clear . . . that the Church’s sale of two ‘ADD A ZERO’-marked hats to an out-of-state resident [was] regulable by Congress under the Commerce Clause and, therefore, constitute[d] ‘use in commerce’ under the Lanham Act.”¹²¹ The Federal Circuit went on to explain that the Church did not need to demonstrate actual and specific effect of interstate commerce or that the hats were destined for out-of-state travel.¹²² Moreover, the Federal Circuit clarified that any cases that may conclude that the Lanham Act “requires commercial activities . . . beyond that which is sufficient for Congress to regulate commercial activity under the Commerce Clause,” are not correct and the TTAB was wrong to rely on them.¹²³ Having reversed the TTAB’s decision to cancel the mark for failure to use it in commerce, the Federal Circuit remanded the case for

117. *Christian Faith Fellowship Church*, 841 F.3d at 991 (citing *Raich*, 545 U.S. at 17).

118. *Id.* at 992 (second alteration in original) (quoting *Taylor*, 136 S. Ct. at 2081).

119. 929 F.2d 662, 666 (Fed. Cir. 1991) (refusing to adopt a de minimis test for use in commerce determinations).

120. 557 F.2d 806, 808–10 (C.C.P.A. 1977) (holding that the intrastate sale of imported French wine constituted “use in commerce” under the Lanham Act); see *Christian Faith Fellowship Church*, 841 F.3d at 992–94.

121. *Christian Faith Fellowship Church*, 841 F.3d at 987, 992–93 (stating further that “it cannot be doubted that the transaction at issue—the private sale of goods, particularly apparel, to an out-of-state resident—is ‘quintessentially economic’”).

122. *Id.* at 993.

123. *Id.* at 994–95 (explaining that the underlying meaning of “in commerce” in the Lanham Act is the same as the Commerce Clause and is governed by *Larry Harmon* and the Supreme Court decisions discussed above).

the TTAB to address Adidas’s other grounds for cancellation.¹²⁴

E. Proper Identification of Goods and Services

1. In re Jobdiva, Inc.

In *In re Jobdiva, Inc.*,¹²⁵ the Federal Circuit considered a case in which the TTAB granted a counterclaim for cancellation based on a bright line rule that if a term is used as the name of a product (in this case a computer program) that is sold or licensed in commerce, that name cannot also be a service mark unless it is specifically used to identify a separate service offered in connection with that product. The Federal Circuit vacated the TTAB decision after determining that the TTAB had applied the wrong test in evaluating whether the mark was used in connection with certain services.¹²⁶

The TTAB applied this bright-line test to two service mark registrations owned by JobDiva, Inc. (“JobDiva”) for services that it primarily offered through a “software as a service” (“SaaS”) model.¹²⁷ Specifically, JobDiva secured the first registration in June 2004 for the standard character mark JOBDIVA under Registration No. 2,851,917, covering “personnel placement and recruitment” services (the “Word Mark”).¹²⁸ In November 2005, JobDiva obtained Registration No. 3,013,235 for its design.¹²⁹

Figure 2: JobDiva Design Mark



The registration states that it covers “personnel placement and recruitment services; computer services, namely, providing databases featuring recruitment and employment, employment advertising, career information and resources, resume creation, resume transmittals

124. *Id.* at 995.

125. 843 F.3d 936 (Fed. Cir. 2016).

126. *Id.* at 937.

127. *Id.* at 937–38, 941 (“As the Board explained, JobDiva’s SaaS model of software delivery also changes the way that users interact with JobDiva: ‘The users pay for the computing as a service rather than owning the machines and software to do it.’” (quoting *JobDiva, Inc.*, Cancellation No. 92050828, 2015 WL 3542849, at *2)).

128. JOBDIVA, Registration No. 2,851,917.

129. *In re Jobdiva, Inc.*, 843 F.3d at 937.

and communication of responses thereto via a global computer network” (“Design Mark”).¹³⁰

In April 2009, JobDiva petitioned to cancel a registration for the mark JOBVITE, claiming it was likely to be confused with its federally registered JOBDIVA trademarks.¹³¹ In June 2009, Jobvite counterclaimed seeking cancellation of the JOBDIVA registrations as they relate to and for failure “to perform personnel placement and recruitment services.”¹³² After years of unsuccessful settlement negotiations between the parties, the TTAB resumed proceedings and concluded that JobDiva had not presented any evidence to support its claim that it used the JOBDIVA marks in connection with “personnel placement and recruitment services” separate and apart from the sale of the computer program. On this basis, the TTAB granted the counterclaim and ordered the PTO to (a) cancel the Word Mark registration in whole and (b) amend the Design Mark registration by deleting the “personnel placement and recruitment” services. JobDiva filed a request for reconsideration of that decision and the TTAB denied that request. At the same time, the TTAB denied the petition to cancel the JOBVITE registration.¹³³ JobDiva appealed the decision on the counterclaim but did not appeal the denial of its petition to cancel the JOBVITE registration.¹³⁴

In reviewing the TTAB analysis, the Federal Circuit disagreed with the TTAB’s bright-line approach, holding that it “erred in its understanding of the law” by requiring JobDiva to “prove that ‘it [was] rendering “personnel placement and recruitment” *as an independent activity distinct* from providing its software to others.”¹³⁵ Instead, the Federal Circuit held that “[t]he proper question is whether JobDiva, through its software, performed personnel placement and recruitment services and whether consumers would associate JobDiva’s registered marks with personnel placement and recruitment services, regardless of whether the steps of the service were performed by software.”¹³⁶

130. *Id.*; see JOBDIVA, Registration No. 3,013,235.

131. JobDiva, Inc. v. Jobvite, Inc., Cancellation No. 92050828, 2015 WL 2170162, at *1–3 (T.T.A.B. Apr. 16, 2015).

132. *In re Jobdiva, Inc.*, 843 F.3d at 938.

133. *JobDiva, Inc.*, Cancellation No. 92050828, 2015 WL 2170162, at *18.

134. Brief for Appellant at 2, *In re JobDiva, Inc.*, 843 F.3d. 936 (No. 15-1960), 2015 WL 6948862, at *2.

135. *In re Jobdiva, Inc.*, 843 F.3d at 939–41 (quoting *JobDiva, Inc.*, Cancellation No. 92050828, 2015 WL 3542849, at *4).

136. *Id.* at 937.

The Federal Circuit noted that this fact-specific approach aligned with the TTAB's "initial observation that, with modern technology, the line between services and products sometimes blurs"¹³⁷ and that "[i]n today's commercial context if a customer goes to a company's website and accesses the company's software to conduct some type of business, the company may be rendering a service, even though the service utilizes software."¹³⁸ Based on these modern complexities, the Federal Circuit reasoned that "[t]o determine whether a mark is used in connection with the services described in the registration," the TTAB must factually assess, on a case-by-case basis, whether there is sufficient evidence that "a user would associate the mark with" the identified services.¹³⁹ The Federal Circuit thus vacated and remanded the counterclaim case for reconsideration under the proper legal standard.¹⁴⁰ Upon remand, the TTAB vacated its decision ordering cancellation of the Word Mark registration and amendment of the Design Mark registration after Jobvite failed to show good cause why it should not do so.¹⁴¹

II. PROCEDURAL ISSUES

Although the Federal Circuit reversed the majority of lower court rulings for the substantive issue cases discussed above—including two of three TTAB rulings—it upheld all three TTAB rulings in appeals related to procedural issues. These cases are discussed below.

A. *Excusable Neglect*

1. *Westlake v. Barrera*

In *Westlake v. Barrera*,¹⁴² the Federal Circuit held that the TTAB acted within its discretion to dismiss a cancellation proceeding when it

137. *Id.* at 940 (citing *JobDiva, Inc.*, Cancellation No. 92050828, 2015 WL 3542849, at *2).

138. *Id.* (quoting *In re Ancor Holdings*, No. 76213721, 2006 WL 1258813, at *3 (T.T.A.B. Apr. 28, 2006)). The Federal Circuit also noted that it had previously upheld a TTAB decision recognizing that "software may be used by companies to provide services." *Id.* at 941; *cf. On-Line Careline, Inc. v. Am. Online, Inc.*, 229 F.3d 1080, 1088 (Fed. Cir. 2000) (affirming that American Online, Inc. used its "ONLINE TODAY" mark in connection with providing "users access to the [i]nternet news and information service" as described in its service mark registration).

139. *In re Jobdiva, Inc.*, 843 F.3d at 941–42 (internal citations omitted).

140. *Id.* at 936.

141. *JobDiva, Inc. v. Jobvite, Inc.*, Cancellation No. 92050828, 2017 WL 2391866, at *1–2 (T.T.A.B. May 04, 2017).

142. 659 F. App'x 622 (Fed. Cir. 2016).

determined that the petitioner did not show good cause for his failure to timely submit evidence to support his cancellation claim against a third party's registration.¹⁴³

This case began when the petitioner, Mr. Westlake, filed a petition for cancellation against a trademark registration owned by Mr. Barrera, the respondent.¹⁴⁴ The petition for cancellation alleged: (1) that the respondent fraudulently procured the registration; and (2) that the respondent's mark falsely suggested a connection to petitioner.¹⁴⁵ The petitioner, however, failed to submit evidence to support his claim, failing to even timely respond to the show cause order issued six months after the initial July 29, 2014, deadline for submitting testimony.¹⁴⁶ Mr. Westlake offered no excuse for this delay "except to say it was difficult to publish [his periodical] on a monthly basis and respond to the various motions filed by" Mr. Barrera.¹⁴⁷

To assess whether such grounds for failure to timely submit evidence could be deemed "excusable neglect,"¹⁴⁸ the TTAB borrowed from a standard articulated by the Supreme Court in *Pioneer Investment*

143. *Id.* at 624. The Federal Circuit reviews such determinations of the TTAB under a deferential abuse-of-discretion standard. *See Hewlett-Packard Co. v. Olympus Corp.*, 931 F.2d 1551, 1552 (Fed. Cir. 1991).

144. Under Registration No. 3,662,484, issued August 4, 2009, Mr. Barrera owns a mark consisting of the words "THE NATIONAL POLICE GAZETTE THE LEADING ILLUSTRATED SPORTING JOURNAL IN AMERICA" and the accompanying design:

Figure 3: Barrera Mark



Id.

145. *Westlake*, 659 F. App'x at 623; *see also* 15 U.S.C. § 1064 (2012) (discussing the requirements for a petition to cancel a registration of a mark).

146. *Westlake*, 659 F. App'x at 623.

147. *Id.* at 624 (alternation in original) (internal quotations omitted).

148. *See Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship*, 507 U.S. 380, 391–95 (1993) (explaining that Courts of Appeals have found that "excusable neglect" may apply in situations where a party's failure to comply with a filing deadline was inadvertent or was otherwise reasonable under a review of the totality of the circumstances).

*Services Co. v. Brunswick Associates Ltd.*¹⁴⁹ Under the *Pioneer* standard for excusable neglect, the TTAB considered “‘all relevant circumstances,’ including ‘the danger of prejudice to the [non-movant], the length of the delay and its potential impact on judicial proceedings, the reason for the delay, including whether it was within the reasonable control of the movant, and whether the movant acted in good faith.’”¹⁵⁰ Using this rubric, the TTAB found that the petitioner’s “failure to take testimony or offer evidence was not the result of excusable neglect.”¹⁵¹ The TTAB reasoned that this was inexcusable because the petitioner did not seek an extension to file such evidence “until after [the TTAB] issued its show-cause order” and “after the scheduled testimony-submission periods of both parties had” long expired.¹⁵² Moreover, the TTAB determined that the purported reason for the petitioner’s delay was within his control, which “weigh[ed] strongly” against him.¹⁵³ Having concluded that the neglect was not excusable, the TTAB dismissed the cancellation petition.¹⁵⁴

On appeal, Mr. Westlake asserted that the TTAB should have taken “Mr. Barrera’s repeated delays and bad faith” into account in evaluating whether his delay could be deemed excusable neglect.¹⁵⁵ In reviewing the TTAB’s decision, the Federal Circuit found that the TTAB had considered “Mr. Barrera’s actions, [but] deem[ed] them not to excuse Mr. Westlake’s failure to prosecute his case.”¹⁵⁶ Moreover, to the extent Mr. Westlake actually sought to have the Federal Circuit craft a new standard for assessing excusable neglect, the Federal Circuit held that it was not its “function under an abuse-of-discretion standard of review.”¹⁵⁷

Identifying no error in the TTAB’s use of the *Pioneer* standard of “excusable neglect” and no abuse of discretion in its application of the

149. 507 U.S. 380, 381, 383 (1993); *see also* FED. R. CIV. P. 6(b)(1)(B) (explaining that a court may extend the time by which a party may comply with a court deadline if the party moves for such an extension based on “excusable neglect”); TMEP § 509.01(b)(1) (Oct. 2017), <https://www.uspto.gov/sites/default/files/documents/tbmp-master-document-Jun2017.pdf> (“[M]ovant must show that its failure to act during the time previously allotted therefor was the result of excusable neglect.”).

150. *Westlake*, 659 F. App’x at 623 (quoting *Pioneer Inv. Servs. Co.*, 507 U.S. at 395).

151. *Id.*

152. *Id.* at 624.

153. *Id.* (first alteration in original) (internal quotations omitted).

154. *Id.*

155. *Id.*

156. *Id.*

157. *Id.* (citing *In re NTP, Inc.*, 654 F.3d 1279, 1292 (Fed. Cir. 2011)).

standard to the facts of the case, the Federal Circuit affirmed the TTAB judgment in full.¹⁵⁸

B. Failure to Function as a Trademark and Material Alteration on Appeal

I. In re Light

The Federal Circuit next addressed procedural issues raised in the context of two appeals by pro se appellant Prema Jyothi Light, *In re Light (Light I)*¹⁵⁹ and *In re Light (Light II)*.¹⁶⁰ The appeals were raised in response to the TTAB's refusal to register two marks consisting of over 500 words each because of their failure to function as trademarks and Light's material alteration of the original applied-for marks.¹⁶¹

In July 2001, fifteen years before the Federal Circuit's decision, Light filed applications to register the full-text of the two images reproduced below for use on cartoon prints, paper dolls, and coloring books.¹⁶²

158. *Id.* at 624–25.

159. *In re Light (Light I)*, No. 76293326, 2013 WL 6858009 (T.T.A.B. Dec. 13, 2013).

160. *In re Light (Light II)*, No. 76293327, 2013 WL 6858010 (T.T.A.B. Dec. 13, 2013).

161. *See Light I*, No. 76293326, 2013 WL 6858009, at *1; *Light II*, No. 76293327, 2013 WL 6858010, at *1.

162. *In re Light (Light III)*, 662 F. App'x 929, 932 (Fed. Cir. 2016).

trademarks. The examining attorney explained that the full-text marks “fail[ed] to function’ as trademarks,” but explained that “Light could overcome the failure-to-function rejections by amending the proposed marks to only seek registration of the stylized wording in the top left-hand corners: . . . the ‘SHIMMERING BALLERINAS & DANCERS’ [and] the ‘SHIMMERING RAINFOREST.’”¹⁶⁷ Light did not amend her claims as advised or file new applications for more limited marks, but instead appealed the examiner’s refusal, submitting revised specimens with even more details and claiming that the “proposed marks had acquired distinctiveness in accordance with [s]ection 2(f) of the Lanham Act.”¹⁶⁸

In Light’s final administrative appeal, the TTAB affirmed the refusal to register the marks, agreeing that the marks failed to function as trademarks for two reasons: (1) the number of words was too great for consumers to usefully differentiate one source from another; and (2) the proposed amendments did nothing to assist the marks’ overall subject matter because the “specimens reveal that the matters ‘merely identif[y] what appears to be a title (e.g., of a story) and a list of fanciful, fictional names.’”¹⁶⁹ Additionally, the TTAB determined that Light’s various proposed amendments “would effect material alterations of the original subject matter” because each such amendment would necessitate new conflicting mark searches.¹⁷⁰ Light appealed these decisions to the Federal Circuit, which reviewed and ultimately upheld each determination in *In re Light (Light III)*.¹⁷¹

First, to reject Light’s contention that the marks should be registrable because they were “easily recognizable,” the Federal Circuit explained that the “mark must be perceived by the relevant public as conveying the commercial impression of a trademark.”¹⁷² In other words, “the mark

167. *Id.*

168. *Id.* at 932–33.

169. *Id.* at 933 (last alteration in original) (quoting *Light I*, No. 76293326, 2013 WL 6858009, at *3–6 (T.T.A.B. Dec. 13, 2013); *Light II*, No. 76293327, 2013 WL 6858010, at *2–5 (T.T.A.B. Dec. 13, 2013)).

170. *Id.* (describing the following as the specific issues with Light’s proposed amendments: (1) “removing the columns and displaying the character names instead in a radial or ‘starburst’ manner [would] ‘create[] a new commercial impression’”; (2) “converting the proposed stylized mark to a ‘single standard character mark’ would likewise result in a mark ‘with a very different appearance and commercial impression’”; and making similar observations about (3) “adding a ‘colorful background, stars, and rays of light emanating from the top’” (quoting *Light I*, 2013 WL 6858009, at *7–8; *Light II*, 2013 WL 6858010, at *6–7)).

171. 662 F. App’x 929, 934 (Fed. Cir. 2016).

172. *Id.*

must identify the source of goods.”¹⁷³ The court also noted the TTAB’s numerous factual determinations “in support of its conclusion that the relevant public would not perceive Light’s proposed marks as identifying the source of goods.”¹⁷⁴

Next, the Federal Circuit rejected Light’s claim that the amended marks did not materially alter the original applied-for marks.¹⁷⁵ Under 37 C.F.R. § 2.52, a trademark applicant must submit a drawing of the mark and may amend a drawing so long as the amendments would not “materially alter” the mark.¹⁷⁶ According to Federal Circuit precedent, an amendment is material if “the mark would have to be republished after the alteration in order to fairly present the mark for purposes of opposition.”¹⁷⁷ Although the TTAB analyzed three distinct amendments, Light only challenged the TTAB’s finding on one of them.¹⁷⁸ Other than Light’s reference to § 807.14(e)(ii) of the *Trademark Manual of Examining Procedure*,¹⁷⁹ she failed to provide any evidence to support this particular challenge.¹⁸⁰ Given the evidence in support of the TTAB’s rejection and the fact that it often uses § 807.14 in concluding that any additional elements requiring a further search would constitute a material alteration,¹⁸¹ the Federal Circuit affirmed the TTAB’s rejection of Light’s proposed amendments as well as its judgment overall.¹⁸²

173. *Id.* (citing *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1123 (Fed. Cir. 1985)).

174. *Id.* at 934–35 (noting that “at best, ‘readers and users of [Light’s books would] understand the applied-for matter as simply identifying a title or theme for [Light’s] playbook, [and] a corresponding list of character names in the playbook’”) (last alteration in original) (quoting *Light I*, 2013 WL 6858009, at *5; *Light II*, 2013 WL 6858010, at *4).

175. *Id.* at 937.

176. *Id.* (citing 37 C.F.R. § 2.72(a)(2) (2016)).

177. *Id.* (quoting *In re Hacot-Colombier*, 105 F.3d 616, 620 (Fed. Cir. 1997)).

178. *Id.* (citing *Light I*, 2013 WL 6858009, at *7–8; *Light II*, 2013 WL 6858010, at *6–7) (explaining that Light challenged the TTAB’s determination on her addition of “a colorful background, stars, and rays of light emanating from the top left corner” of the mark (internal quotations omitted)).

179. Appellant’s Brief at 23, *Light III*, 662 F. App’x 929 (Nos. 2014-1597), 2015 WL 180577, at *23 (stating that § 807(e)(ii) requires “the addition, deletion, or amendment of color features in a design mark does not result in a material alteration of the mark”).

180. *Light III*, 662 F. App’x at 937.

181. The *Trademark Manual of Examining Procedure* states that “the addition of any element that would require a further search will constitute a material alteration.” TMEP § 807.14 (Oct. 2017).

182. *Light III*, 662 F. App’x at 937. (last alteration in original) (citing *In re Pierce Foods Corp.*, 230 U.S.P.Q. 307, 308 (T.T.A.B. 1986)).

*C. Anti-Trafficking Prohibition**1. In re Emerald Cities Collaborative Inc. v. Roesse*

In its last procedural trademark case of 2016, *In re Emerald Cities Collaborative Inc. v. Roesse*,¹⁸³ the Federal Circuit affirmed the TTAB's interpretation of a contract as an improper assignment of an intent-to-use application to a third party in violation of the Lanham Act's anti-trafficking rule under 15 U.S.C. § 1060(a)(1),¹⁸⁴ rendering the subsequently issued registration invalid.¹⁸⁵

The ownership chain in this case starts with Perry Orlando, who applied in November 2008 to register THE EMERALD CITY as a standard character mark for use "in business development and consulting services in the renewable energy industry."¹⁸⁶ In November 2009, the PTO issued a Notice of Allowance, giving Orlando until May 2010 to file a Statement of Use ("SOU") to fulfil the Lanham Act's use in commerce requirements to register the mark.¹⁸⁷

The next month, on December 30, 2009, Orlando signed a "perpetual" and immediately effective "Trademark Assignment and License" agreement ("Agreement") with Emerald Cities Collaborative, Inc. ("ECC").¹⁸⁸ As relevant here, the Agreement stated that "Orlando own[ed] certain rights in the [THE EMERALD CITY] Mark" and that "Orlando agree[d] to convey and assign unto ECC, all right, title and interest in and to the Mark . . . at such time as the Mark is registered at the [PTO]."¹⁸⁹ Additionally, the Agreement specified that "ECC [would] promptly pay Orlando \$25,000" and "upon payment of such amount, Mr. Orlando [would] appoint[] Joel Rogers [ECC's cofounder] as his Power of Attorney (with the full power of substitution and resubstitution) for the

183. 666 F. App'x 908 (Fed. Cir. 2016).

184. The anti-trafficking rule of 15 U.S.C. § 1060(a)(1) limits the assignment of applications and prohibits the buying and selling—or trafficking—of non-existent marks. See 15 U.S.C. § 1060(a)(1) (2012) ("[N]o application to register a mark . . . shall be assignable prior to . . . the filing of the verified statement of use . . . except for an assignment to a successor to the business of the applicant . . . to which the mark pertains, if that business is ongoing and existing.").

185. *In re Emerald Cities Collaborative, Inc.*, 666 F. App'x at 909–10, 912; 15 U.S.C. § 1060(a)(1) (2012) (stating that "no application to register a mark under section 1051(b) of this title shall be assignable prior to the filing of an amendment under section 1051(c)").

186. *In re Emerald City Collaborative Inc.*, 666 F. App'x at 909.

187. *Id.*

188. *Id.*

189. *Id.* at 909.

limited purpose of *allowing ECC . . . to take over continued prosecution of the application for the Mark.*¹⁹⁰ Lastly, the Agreement provided that ECC would “pay Orlando \$40,000 as a final installment upon registration of the [M]ark at the PTO” and that, should ECC terminate the Agreement, “Orlando [must] promptly cease use of the Mark.”¹⁹¹

In April 2010, Orlando filed the requisite SOU to support registration of THE EMERALD CITY Mark, listing the date of first use “as early as January 15, 2010,” and adding an appointment of counsel, namely, ECC’s attorneys.¹⁹² The PTO accepted the SOU and registered the Mark on July 6, 2010 under Registration No. 3,814,868.¹⁹³ That same day, Orlando entered a written agreement with ECC assigning his “entire interest in the [M]ark to ECC ‘with an effective date of July 6th 2010 . . . pursuant to [the] 2009 Trademark Assignment.’”¹⁹⁴

Three months later, in October 2010, ECC filed an action to oppose registration of the mark EMERALD CITIES, which Sheri Jean Roesse, the applicant, had applied for in September 2009.¹⁹⁵ To defend her application, Roesse counterclaimed to cancel ECC’s mark as invalid for violating 15 U.S.C. § 1060(a)(1)—the Lanham Act’s anti-trafficking rule.¹⁹⁶ In particular, the Lanham Act’s anti-trafficking rule states that an application to register a mark through an intent-to-use application may not be assignable prior to filing an SOU.¹⁹⁷ The Lanham Act provides only one exception to this rule, which permits assignment to a successor of an applicant’s business if the business is ongoing and existing.¹⁹⁸ ECC did not claim that the Agreement fell within this exception, but rather contended that the Agreement was not subject to this provision because it did not transfer the mark until July 6, 2010.¹⁹⁹ The TTAB, however, agreed with the applicant and canceled ECC’s registration because it determined that the Agreement

190. *Id.* at 909–10 (alterations in original) (noting, in particular, that pursuant to the Agreement, ECC would “be responsible for all payments in connection with the continued prosecution of the Mark in the United States or its possessions” and “ECC [would] have the *exclusive right* to file oppositions or claims against the users of confusingly similar trademarks”).

191. *Id.* at 910.

192. *Id.*

193. *Id.*

194. *Id.* (alteration in original).

195. *Id.*

196. *Id.*

197. *Id.* at 912 (quoting 15 U.S.C. § 1060(a)(1) (2012)).

198. *Id.* (quoting § 1060(a)(1)).

199. *Id.*

“constituted an improper assignment of the intent-to-use application [before the filing of the SOU] in violation of § 1060(a)(1).”²⁰⁰

On appeal, ECC, the appellant, asserted that the TTAB “erred in construing the Agreement as an immediate assignment” that pre-dated the April 2010 filing of the SOU.²⁰¹ In support, ECC argued that “the Agreement was merely an ‘agreement to assign [the Mark] in the future’”—specifically, “upon registration” on July 6, 2010.²⁰² ECC also argued that the exclusive enforcement and quality control provisions of the Agreement only applied after the Mark was registered and that the Power of Attorney provision only created an “agent-principal relationship between Orlando, the trademark owner, and the appointed representative [ECC].”²⁰³ But, as explained below, the Federal Circuit rejected all of these arguments.

Specifically, the Federal Circuit discussed three critical aspects of the Agreement that were “inconsistent with the interpretation . . . advocated by ECC that Orlando retained ownership between the effective date and the registration date.”²⁰⁴ First, instead of establishing an agent-principal relationship with Orlando as principal, the Agreement’s language “indicate[d] that Orlando ceded control over the intent-to-use application to ECC and instead became obligated to assist ECC in *its* registration of the applied-for mark.”²⁰⁵ Second, “the Agreement commence[d] on the Effective Date [of December 30, 2009]” and gave ECC “the right to control the quality of goods and services sold under the mark” starting from the Effective Date.²⁰⁶ And third, the Agreement did not restrict the appellant’s right to enforce the Mark to only a specific time period, but rather, prohibited Orlando from challenging the appellant’s use of the Mark, before or after its registration date.²⁰⁷ The Federal Circuit ultimately concluded that the Agreement’s purpose and execution was for Orlando to relinquish the Mark to the petitioner immediately as of the December 30, 2009, Effective Date.²⁰⁸

Having affirmed the TTAB’s determination that the Agreement violated the Lanham Act’s anti-trafficking rule, the Federal Circuit “further

200. *Id.* at 910.

201. *Id.* at 911.

202. *Id.*

203. *Id.*

204. *Id.* at 912–13.

205. *Id.* at 912.

206. *Id.* at 912–13 (first alteration in original) (citations omitted).

207. *Id.* at 913.

208. *Id.* at 912.

conclude[d] that the [TTAB] did not err in cancelling” ECC’s registration for THE EMERALD CITY.²⁰⁹ Lastly, “because ECC’s opposition to Roesse’s application was based solely on the now canceled registration,” the Federal Circuit also affirmed the TTAB’s dismissal of ECC’s opposition to Roesse’s EMERALD CITIES mark.²¹⁰

CONCLUSION

Perhaps less sensational than its 2015 docket, the Federal Circuit was still relatively active in the area of trademark law in 2016. Its decisions bookended the lifecycle of a trademark—from the threshold criteria for obtaining a registration²¹¹ to the technicalities of losing one²¹² to use in international trade²¹³ and discrepancies in obtaining particular enforcement remedies among the circuits.²¹⁴ No doubt, the practical impact of clarifying these essential aspects of trademark law will influence trademark practice on a daily basis and reaffirm the Federal Circuit’s significant contribution to the law of trademarks with a few, well-reasoned decisions.

209. *Id.* at 914.

210. *Id.*

211. See *In re Jobdiva, Inc.*, 843 F.3d 936, 940–41 (Fed. Cir. 2016) (covered goods and services); *Christian Faith Fellowship Church v. Adidas AG*, 841 F.3d 986, 987–95 (Fed. Cir. 2016) (use in commerce); *In re Cordua Rests., Inc.*, 823 F.3d 594, 599–606 (Fed. Cir. 2016) (genericness); *Light III*, 662 F. App’x 929, 936–38 (Fed. Cir. 2016) (failure to function as a source of goods or services).

212. See *In re Emerald Cities Collaborative Inc.*, 666 F. App’x at 910–12 (discussing the improper assignment of an intent-to-use application before filing an SOU).

213. See *JBLU, Inc. v. United States*, 813 F.3d 1377, 1379–82 (Fed. Cir. 2016) (relaxing country-of-origin labeling requirements for geographic terms associated with all trademarks—federally registered and common law unregistered).

214. See *Romag II*, 686 F. App’x 889, 890 (Fed. Cir. 2017); *Romag I*, 817 F.3d 782, 785–91 (Fed. Cir. 2016).