

# 2001 FEDERAL CIRCUIT TRADEMARK ROUNDUP\*

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## INTRODUCTION

In 2001, ten trademark cases provided the U.S. Court of Appeals for the Federal Circuit<sup>1</sup> with the opportunity to delve into a wide variety of substantive and procedural trademark jurisprudence. The substantive cases could be considered ho-hum, with the court affirming the Trademark Trial and Appeal Board (the Board) in five of the six cases reviewed. On the procedural front, however, the court aggressively confronted both the Trademark Trial and Appeal Board and a district court judge for procedural errors and omissions, thus fulfilling its mission as a unifier in intellectual property matters.

In reversing or vacating all but one of the four cases decided on procedural grounds, the Federal Circuit was both active and strict in its review of three Board decisions and one district court decision. In one case, the court informed the Board that it had misunderstood the requirements for the doctrine of laches—confusing it with equitable estoppel.<sup>2</sup> In another, the court criticized the Board's decision for failing to take into account an intervening statute that proved dispositive to the case.<sup>3</sup> Finally, in an unusual foray into the issue of the timing of a summary judgment decision, the Federal Circuit vacated a district court's premature grant of summary

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1. The Federal Circuit has jurisdiction to review appeals from the Trademark Trial and Appeal Board (the Board) pursuant to 15 U.S.C. §§ 1070, 1071(a) (2000). *But see infra* note 58 (discussing an alternative form of review for parties dissatisfied with decisions of the Board).

2. *See* Bridgestone/Firestone Research, Inc. v. Auto. Club de l'Ouest de la France, 245 F.3d 1359, 1363, 58 U.S.P.Q.2d (BNA) 1460, 1463 (Fed. Cir. 2001) (noting that the requirement of "specific evidence of 'reliance'" could be proof of estoppel, but does not relate to laches).

3. *See* United States Olympic Comm. v. Toy Truck Lines, Inc., 237 F.3d 1331, 1334, 57 U.S.P.Q.2d (BNA) 1380, 1382 (Fed. Cir. 2001) (admonishing the Board for ignoring the applicable law, and finding that "[t]he USOC's opposition to Toy Truck's application for registration could not be denied without consideration of the 1998 act.").

judgment and directed it to allow additional time for discovery.<sup>4</sup> Through these decisions, the Federal Circuit sent a clear message that the Board and the lower courts would be well advised to address procedural issues carefully if they expect their decisions to withstand review.

In contrast to the court's procedural decisions in 2001, the court's review of substantive issues was relatively conservative, primarily sticking to established doctrines while examining the details of each case carefully and methodically. While none of the 2001 cases seemed particularly groundbreaking, the Federal Circuit continued to refine its ever-increasing body of substantive law. The court explained and expanded upon several important legal doctrines, including the "related goods" doctrine<sup>5</sup> and the proper method of analysis for a trademark with multiple words or numbers.<sup>6</sup>

## I. PROCEDURAL ISSUES

### A. *Application of Intervening Statute: United States Olympic Committee v. Toy Truck Lines, Inc.*

In *United States Olympic Committee v. Toy Truck Lines, Inc.*,<sup>7</sup> the Federal Circuit reversed a decision by the Trademark Trial and Appeal Board because the Board had improperly ignored an intervening statute.<sup>8</sup> The case arose when Toy Truck Lines filed an "intent to use" application,<sup>9</sup> which would allow the mark PAN AMERICAN to be used on "miniature toy trucks and scale model trucks."<sup>10</sup> The United States Olympic Committee (USOC) filed an opposition based on its marks PAN AMERICAN GAMES, USA PAN

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4. See *Carefree Trading, Inc. v. Life Corp.*, No. 00-1274, 2001 U.S. App. LEXIS 18833, at \*14 (Fed. Cir. Aug. 16, 2001).

5. See *In re Save Venice N.Y., Inc.*, 259 F.3d 1346, 1351-52, 59 U.S.P.Q.2d (BNA) 1778, 1782 (Fed. Cir. 2001) (setting out a two-part test to determine whether a geographic mark is "primarily geographically deceptively misdescriptive"). The "related goods test" measures "whether a reasonably prudent consumer would believe that non-competitive but related goods sold under similar marks derive from the same source, or are affiliated with, connected with, or sponsored by the same trademark owner." 15 U.S.C. § 1052(d) (West 1994 & Supp. V 1999).

6. See *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1346, 57 U.S.P.Q.2d (BNA) 1807, 1811 (Fed. Cir. 2001) (explaining that a mnemonic mark must be examined "as a whole" or in its entirety, rather than in its component parts).

7. 237 F.3d 1331, 57 U.S.P.Q.2d (BNA) 1380 (Fed. Cir. 2001).

8. *Id.* at 1334, 57 U.S.P.Q.2d (BNA) at 1382.

9. A party may file an "intent to use" application before it actually uses a trademark in commerce if it files an affidavit confirming that it plans to use the mark in commerce. See 15 U.S.C. § 1051(b)(3)(B) (1994). The party must show evidence of use in commerce before the mark is actually granted registration. *Id.* § 1051(d).

10. *United States Olympic Comm.*, 237 F.3d at 1332, 57 U.S.P.Q.2d (BNA) at 1380.

AM TEAM, and PAN AM GAMES for use with a variety of goods-but not toy or scale model trucks.<sup>11</sup> The USOC based its opposition on sections 2(a) and 2(d) of the Lanham Act,<sup>12</sup> which prohibit registration of marks "which falsely suggest a connection with persons . . . institutions, beliefs, or national symbols"<sup>13</sup> or which would be likely to "cause confusion" with a previously registered mark.<sup>14</sup>

After the USOC had filed its opposition, the U.S. Congress enacted, and the President signed into law, the Olympic and Amateur Sports Act,<sup>15</sup> which stated that the USOC has the exclusive right to use "the words . . . "Pan-American" . . . ."<sup>16</sup> The Act further provided the USOC with a civil cause of action against anyone who used, without consent, the words as delineated in the statute, which carry the potential to cause public confusion.<sup>17</sup>

The USOC cited the new statute in its brief, but the Board declined to consider it because the alleged violation of the new statute was not a pleaded ground in the opposition.<sup>18</sup> The Board thus rejected the USOC's opposition under the Lanham Act.<sup>19</sup> Without hesitation, the Federal Circuit found that "[i]t was improper for the Board to refuse to consider the 1998 enactment."<sup>20</sup> The court reasoned that, because Toy Truck Lines had not established an exception to the Supreme Court's general rule that "a tribunal must apply the law as it exists at the time of the decision,"<sup>21</sup> the Board should have considered the statute.<sup>22</sup> The court explained that exceptions to the general rule are applicable "when justice requires, such as when vested rights are materially affected by the change in law."<sup>23</sup> Determining when an

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11. *Id.*, 57 U.S.P.Q.2d (BNA) at 1380.

12. 15 U.S.C. § 1052 (1994 & Supp. V 1999).

13. *Id.* § 1052(a).

14. *Id.* § 1052(d).

15. 36 U.S.C. § 220506 (Supp. V 1999).

16. *Id.* § 220506(a)(4).

17. *Id.* §§ 220506(c)(3)-(c)(4). The Act prohibits the use of:

(3) the words described in subsection (a)(4) of this section, or any combination or simulation of those words tending to cause confusion or mistake, to deceive, or to falsely suggest a connection with the [USOC] or any Olympic, Paralympic, or Pan American Games activity; or (4) any trademark, trade name, sign, symbol, or insignia falsely representing association with, or authorization by, the International Olympic Committee, the International Paralympic Committee, the Pan American Sports Organization, or the [USOC].

*Id.*

18. *United States Olympic Comm.*, 237 F.3d at 1333, 57 U.S.P.Q.2d (BNA) at 1381.

19. *Id.*, 57 U.S.P.Q.2d (BNA) at 1381.

20. *Id.* at 1334, 57 U.S.P.Q.2d (BNA) at 1381.

21. *Saint Francis Coll. v. Al Khazraji*, 481 U.S. 604, 608 (1987).

22. *United States Olympic Comm.*, 237 F.3d at 1333, 57 U.S.P.Q.2d (BNA) at 1381.

23. *Id.* at 1334, 57 U.S.P.Q.2d (BNA) at 1382.

exception is applicable requires consideration of whether the change in the law produces new legal consequences, relative to the time prior to the new provision.<sup>24</sup> According to the Federal Circuit, Toy Truck Lines had no vested rights in the PAN AMERICAN mark because it had filed its trademark application based on an intent to use the mark rather than on actual use.<sup>25</sup> The court found “no suggestion of the existence of any vested property right or investment in trademark use.”<sup>26</sup> The statute granted the USOC exclusive rights to use PAN AMERICAN and required no showing of the likelihood of confusion to enforce such rights.<sup>27</sup> Therefore, the Federal Circuit held that the Board’s findings as to the likelihood of confusion were irrelevant and, as a matter of law, the opposition should have been sustained.<sup>28</sup> As a result, the court reversed and remanded.<sup>29</sup>

*B. Effective Use of Laches Defense: Bridgestone/Firestone Research, Inc. v. Automobile Club de l’Ouest de la France*

In *Bridgestone/Firestone Research, Inc. v. Automobile Club de l’Ouest de la France*,<sup>30</sup> the Federal Circuit again reversed the Board’s decision and criticized its misapplication of Bridgestone’s use of the laches defense.<sup>31</sup> The Automobile Club petitioned to cancel Bridgestone’s mark LEMANS for “pneumatic rubber tires,” a mark which Bridgestone owned since 1963.<sup>32</sup> Since 1923 the Automobile Club has run a car race in Le Mans, France called “Les 24 Heurs du Mans.”<sup>33</sup> In 1986, the Automobile Club was granted a registration on the

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24. *Id.*, 57 U.S.P.Q.2d (BNA) at 1382; *see also* Landgraf v. USI Film Prods., 511 U.S. 244 (1994). The Landgraf Court succinctly clarified the issue: “A statute does not operate ‘retrospectively’ merely because it is applied in a case arising from conduct antedating the statute’s enactment, or upsets expectations based in prior law. Rather, the court must ask whether the new provision attaches new legal consequences to events completed before its enactment.” *Id.* at 270 (citations omitted).

25. *United States Olympic Comm.*, 237 F.3d at 1334, 57 U.S.P.Q.2d (BNA) at 1382.

26. *Id.*, 57 U.S.P.Q.2d (BNA) at 1382. *But cf.* Warnervision Entm’t Inc. v. Empire of Carolina, Inc., 101 F.3d 259, 262 (2d Cir. 1996) (finding that a court may not enjoin a party from making the use required for registration of an Intent to Use (ITU) application on the grounds that another party has used the mark subsequent to the filing of the ITU application).

27. *United States Olympic Comm.*, 237 F.3d at 1334, 57 U.S.P.Q.2d (BNA) at 1382.

28. *Id.*, 57 U.S.P.Q.2d (BNA) at 1382; *see also* S.F. Arts & Athletics, Inc. v. United States Olympic Comm., 483 U.S. 522, 531 (1987) (determining, under the Amateur Sports Act of 1978, that enforcement protection granted to the USOC for use of Olympic words and symbols does not require a showing of likelihood of confusion and does not allow the unauthorized user the Lanham Act statutory defenses).

29. *United States Olympic Comm.*, 237 F.3d at 1334, 57 U.S.P.Q.2d (BNA) at 1382.

30. 245 F.3d 1359, 58 U.S.P.Q.2d 1460 (Fed. Cir. 2001).

31. *Id.* at 1363, 58 U.S.P.Q.2d (BNA) at 1463.

32. *Id.* at 1360, 58 U.S.P.Q.2d (BNA) at 1461.

33. *Id.*, 58 U.S.P.Q.2d (BNA) at 1461.

supplemental register for the mark LE MANS for "automobile tires," which Bridgestone successfully cancelled in 1991.<sup>34</sup> In the context of that cancellation proceeding, the Automobile Club counterclaimed for cancellation of Bridgestone's LEMANS registration and argued that the registration "falsely suggested a connection with the Automobile Club and its sponsorship of the Le Mans race, in violation of § 2(a) of the Lanham Act."<sup>35</sup>

Bridgestone denied the false connection and raised a laches defense, asserting that the Automobile Club had "slept on its rights" for too long, as twenty-seven years had passed since it acquired its registration.<sup>36</sup> The Board granted the Automobile Club's cancellation and rejected Bridgestone's laches defense because "Bridgestone had not provided adequate evidence of its reliance on the Automobile Club's twenty-seven years of silence."<sup>37</sup> The Federal Circuit chastised the Board for incorrectly requiring evidence of reliance.<sup>38</sup> The Federal Circuit's decision explained that even though a laches defense requires a showing of undue or unreasonable delay and prejudice resulting from such delay, such a defense does not require evidence of reliance on the silence of the delaying party.<sup>39</sup>

Bridgestone proffered uncontested evidence of its significant investment in and promotion of LEMANS brand tires for twenty-seven years.<sup>40</sup> In confirming that this evidence would constitute the requisite economic prejudice for a laches defense, the Federal Circuit followed the Seventh Circuit's reasoning in *Hot Wax, Inc. v. Turtle Wax, Inc.*,<sup>41</sup> stating that "[e]conomic prejudice arises from investment in and development of the trademark, and the continued commercial use and economic promotion of a mark over a long period adds weight to the evidence of prejudice."<sup>42</sup> The Federal

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34. *Id.*, 58 U.S.P.Q.2d (BNA) at 1461.

35. *Id.*, 58 U.S.P.Q.2d (BNA) at 1461. Section 2(a) of the Lanham Act states that a mark will be refused registration if it "falsely suggests a connection with persons, living or dead, institutions, beliefs, or national symbols." 15 U.S.C. § 1052(a).

36. *Bridgestone/Firestone Research*, 245 F.3d at 1360, 58 U.S.P.Q.2d (BNA) at 1462.

37. *Id.* at 1361-62, 58 U.S.P.Q.2d (BNA) at 1461.

38. *Id.* at 1363, 58 U.S.P.Q.2d (BNA) at 1463.

39. *See id.*, 58 U.S.P.Q.2d (BNA) at 1463 (citing *Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 735, 23 U.S.P.Q.2d (BNA) 1701, 1704 (Fed. Cir. 1992) (explaining prejudice can take the form of loss of evidence or witnesses at trial, or economic prejudice); *see also A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1042, 22 U.S.P.Q.2d (BNA) 1321, 1336-37 (Fed. Cir. 1992) (identifying that "reliance is not a requirement of laches but is essential to equitable estoppel").

40. *See Bridgestone/Firestone Research*, 245 F.3d at 1362, 58 U.S.P.Q.2d (BNA) at 1463 (explaining Bridgestone's use of the LEMANS mark on at least four kinds of tires).

41. 191 F.3d 813, 52 U.S.P.Q.2d (BNA) 1065 (7th Cir. 1999).

42. *Bridgestone/Firestone Research*, 245 F.3d at 1363, 58 U.S.P.Q.2d (BNA) at 1463.

Circuit held that “[t]he Board’s ruling rested on an erroneous interpretation of the law of laches, leading to an unreasonable exercise of judgment.”<sup>43</sup> Therefore, the court found that the Board abused its discretion by rejecting the defense of laches.<sup>44</sup>

The Automobile Club proffered two arguments in support of its contention that laches was unavailable to Bridgestone and failed in both attempts. First, it analogized this “false suggestion” case to cases brought under section 2(d) of the Lanham Act based on the “likelihood of confusion” doctrine.<sup>45</sup> In previous likelihood of confusion cases, the Federal Circuit disallowed the equitable defenses of laches and estoppel to cases where the public interest in avoiding deception was at stake, and allowing continued use would have harmed that interest.<sup>46</sup> Here, the court rejected the Automobile Club’s analogy to “likelihood of confusion” doctrine and instead relied on its previous determination in *University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co., Inc.*<sup>47</sup> to allow the use of the laches defense. In *J.C. Gourmet Food Imports*, the court held that rights protected under the false suggestion provision are intended primarily to protect individuals and institutions from exploitation.<sup>48</sup> Thus, again adopting the Seventh Circuit’s doctrine in *Hot Wax*, the court held that “the equitable defenses of laches and estoppel are not barred in § 2(a) false suggestion cases, absent misrepresentation or deceit.”<sup>49</sup>

Finally, the court quickly disposed of the Automobile Club’s second theory, which suggested that Bridgestone could not use a laches defense because Bridgestone’s use of LEMANS was a “continuing wrong,” for which every use constituted a new injury.<sup>50</sup> In fact, the court found, the “continuing wrong” theory cut in favor of allowing Bridgestone’s laches defense because “a party aggrieved by a trademark use could delay filing suit indefinitely, while prejudice to the trademark user increases.”<sup>51</sup>

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43. *Id.*, 58 U.S.P.Q.2d (BNA) at 1463.

44. *Id.*, 58 U.S.P.Q.2d (BNA) at 1463.

45. *See infra* Part II.A (explaining the likelihood of confusion doctrine).

46. *See, e.g.,* *Ultra-White Co. v. Johnson Chem. Indus. Inc.*, 465 F.2d 891, 893-94, 175 U.S.P.Q. (BNA) 166, 167 (C.C.P.A. 1972) (stating that the public interest is the dominant consideration for courts considering laches arguments); *Chun King Corp. v. Genil Plant Line, Inc.*, 403 F.2d 274, 276, 159 U.S.P.Q. (BNA) 649, 651 (C.C.P.A. 1968) (emphasizing consideration of public interest as a relevant factor in discussions of the laches doctrine).

47. 703 F.2d 1372, 217 U.S.P.Q. (BNA) 505 (Fed. Cir. 1983).

48. *Id.* at 1376, 159 U.S.P.Q. (BNA) at 509.

49. *Bridgestone/Firestone Research*, 245 F.3d at 1363, 58 U.S.P.Q.2d (BNA) at 1463.

50. *Id.* at 1364, 58 U.S.P.Q.2d (BNA) at 1463.

51. *Id.*, 58 U.S.P.Q.2d (BNA) at 1463.

C. *Premature Grant of Summary Judgment: Carefree Trading, Inc. v. Life Corp.*

In an unpublished opinion captioned *Carefree Trading, Inc. v. Life Corp.*,<sup>52</sup> the Federal Circuit again expressed its discontent with the actions of the tribunal below. This time the Federal Circuit vacated a federal district judge's grant of summary judgment and delved into the details of procedure and discovery.<sup>53</sup>

This case's path to the Federal Circuit is interesting since the appeal was predicated on the Federal Circuit's exclusive jurisdiction with respect to patent claims.<sup>54</sup> Carefree manufactured and sold cardiopulmonary resuscitation ("CPR") face masks under its registered LIFE MASK mark.<sup>55</sup> Life Corp. sold emergency oxygen units, including CPR masks, under the registered marks LIFE CORPORATION, LIFE CORPORATION OXYGEN PAC and LIFE-02. Before the Board, Life Corp. successfully cancelled Carefree's mark based on a likelihood of confusion.<sup>56</sup>

Carefree appealed the Board's decision by filing a complaint in federal district court in Arizona and added patent infringement claims to its complaint.<sup>57</sup> Life Corp. initially brought counterclaims alleging trademark infringement, antitrust violations, and unfair competition.<sup>58</sup> Subsequently, all claims, except for those related to the cancellation of the LIFE MASK mark, were either withdrawn or dismissed.<sup>59</sup> The district court granted Life Corp.'s summary judgment motion regarding the cancellation claim, thereby affirming the Board's decision.<sup>60</sup> Carefree appealed to the Federal Circuit.<sup>61</sup>

Normally, the case would have been appealed to the U.S. Court of Appeals for the Ninth Circuit.<sup>62</sup> However, because federal jurisdiction was partially based on the patent claims under 28 U.S.C. § 1338,<sup>63</sup> and the Federal Circuit enjoys exclusive jurisdiction over

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52. No. 11-1274, 2001 U.S. App. LEXIS 18833 (Fed. Cir. Aug. 16, 2001).

53. *Id.* at \*4.

54. *See id.* (noting that the Federal Circuit's jurisdiction over patent claims under 28 U.S.C. § 1295 remains despite the district court's dismissal of the patent claims with prejudice).

55. *Id.* at \*1.

56. *Id.*

57. *Id.* at \*4. Pursuant to 15 U.S.C. § 1071(b)(1), a party dissatisfied with the decision of the Board may have a remedy through a civil action heard by a U.S. district court.

58. *Carefree Trading*, 2001 U.S. App. LEXIS 18833, at \*2-3.

59. *Id.* at \*3.

60. *Id.*

61. *Id.*

62. *See id.* at \*4 (citing 15 U.S.C. § 1071(b)) (describing a party's options for appeal after a cancellation proceeding).

63. *See* 28 U.S.C. § 1338 (1994 & Supp. V 1999) (providing federal district courts



matters arising in part under the patent laws,<sup>64</sup> the court accepted jurisdiction of the case.<sup>65</sup> Citing its decision in *Zenith Electronics Corp. v. Exzec Inc.*,<sup>66</sup> the Federal Circuit stated that its "exclusive jurisdiction over matters arising in part under the patent laws is not defeated by the fact that the patent claims have been dismissed with prejudice."<sup>67</sup>

In terms of the substance of the appeal, Carefree argued that the grant of summary judgment was premature because it did not have a chance to conduct sufficient discovery to respond to Life Corp.'s motion.<sup>68</sup> In March 1999, Life Corp. had filed its summary judgment motion in the U.S. District Court in Arizona and followed with a motion to stay discovery pending a decision on summary judgment in July 1999.<sup>69</sup> In September 1999, the case was reassigned to a new district court judge, and Carefree argued that it could not obtain the discovery it needed from Life Corp. to respond to the summary judgment motion.<sup>70</sup> Per the court's suggestion, Carefree filed a motion to compel discovery, which the district court granted on December 6, 1999 (after denying Life Corp.'s motion to stay discovery in November 1999).<sup>71</sup> The district court granted Life Corp.'s summary judgment motion on January 28, 2000.<sup>72</sup>

Carefree argued that it had just received Life Corp.'s discovery responses, and that it did not have the opportunity to address deficiencies in the responses or depose key witnesses identified in the responses when the court made its summary judgment ruling.<sup>73</sup> The Federal Circuit agreed, vacating the grant of summary judgment and directing the district court to allow Carefree to conduct additional discovery.<sup>74</sup> The court, however, expressly limited its ruling to the "unique circumstances of this case"<sup>75</sup> and specified that the decision "should not be read as a criticism of the district court."<sup>76</sup>

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with original jurisdiction in patent and trademark cases).

64. *Carefree Trading*, 2001 U.S. App. LEXIS 18833, at \*5.

65. *Id.* at \*4-5.

66. See 182 F.3d 1340, 1346, 51 U.S.P.Q.2d (BNA) 1337, 1341-42 (Fed. Cir. 1999) (holding that a patent claim's dismissal with prejudice by a lower court does not negate the exclusive jurisdiction of the Federal Circuit).

67. *Carefree Trading*, 2001 U.S. App. LEXIS 18833, at \*5.

68. *Id.* at \*3.

69. *Id.* at \*6-8.

70. *Id.* at \*6-7.

71. *Id.* at \*9-11.

72. *Id.* at \*11.

73. *Carefree Trading*, 2001 U.S. App. LEXIS 18833, at \*11-12.

74. *Id.* at \*14.

75. *Id.* at \*12.

76. *Id.* at \*14.

D. *No Review For Prevailing Party: Jurassic Stone Co. v. Solnhofen Natural Stone, Inc.*

In another unpublished decision, *Jurassic Stone Co. v. Solnhofen Natural Stone, Inc.*,<sup>77</sup> the Federal Circuit refused to review a decision of the Trademark Trial and Appeal Board regarding a petition for cancellation. Jurassic Stone prevailed before the Board in its petition for cancellation of the mark SOLNHOFEN on the ground that it was primarily geographically descriptive.<sup>78</sup> Jurassic Stone then attempted to appeal the decision to the Federal Circuit in order to request cancellation of the mark on an additional ground—fraud before the trademark examiner.<sup>79</sup> The Federal Circuit found that Jurassic Stone failed to show that relief on the alternative ground would alter the legal interests of the parties.<sup>80</sup> Thus, “the sole issue of its appeal [was] moot.”<sup>81</sup>

The court implied that it might have found the appeal frivolous (thus giving rise to a claim for attorney’s fees by Solnhofen) if Solnhofen had made a motion charging it as such under Rule 38<sup>82</sup> of the Federal Rules of Appellate Procedure.<sup>83</sup> In the absence of such a motion, however, the court expressly declined to make findings *sua sponte* as to whether the appeal was frivolous as filed or argued.<sup>84</sup>

## II. SUBSTANTIVE TRADEMARK ISSUES

On the substantive side, most surprising in 2001 is the relative dearth of cases examining likelihood of confusion between trademarks. The Federal Circuit published only one opinion in which this was the main issue.<sup>85</sup> Instead, the 2001 term focused on cases involving trademark descriptiveness, misdescriptiveness, or genericness. The Board’s decisions fared well in these cases, with the

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77. No. 11-1329, 2001 WL 131092 (Fed. Cir. Feb. 14, 2001).

78. *Id.* at \*1.

79. *Id.*

80. *Id.*

81. *Id.*; see also *Nasatka v. Delta Scientific Corp.*, 58 F.3d 1578, 35 U.S.P.Q.2d (BNA) 1374 (Fed. Cir. 1995) (dismissing the case because proceedings in the district court, rescinding the finding of inadequacy and resulting sanctions, mooted the appeal).

82. See FED. R. APP. P. 38 (“If a court of appeals determines that an appeal is frivolous, it may, after a separately filed motion or notice from the court and reasonable opportunity to respond, award just damages and single or double costs to the appellee.”).

83. *Jurassic Stone*, 2001 WL 131092, at \*1.

84. *Id.*

85. *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 57 U.S.P.Q.2d (BNA) 1557 (Fed. Cir. 2001).

Federal Circuit reversing the Board in only one of the court's six decisions addressing substantive issues.

A. *Likelihood of Confusion: Broad Protection for "Family" of Marks:*

Han Beauty, Inc. v. Alberto-Culver Co.

In 2001, the court addressed one likelihood of confusion case. In a trademark infringement case, an opposition, or a cancellation proceeding, the central issue is usually whether the defendant's goods or services are likely to cause confusion to a significant segment of the population because they cannot discern the defendant's goods from the plaintiff's goods or services.<sup>86</sup> Unlike most circuits, in the Federal Circuit the likelihood of confusion between marks is a question of law, which the court reviews de novo.<sup>87</sup> The Federal Circuit reviews underlying factual findings, such as trademark similarity or similarity in the characteristics of the goods, under the "clearly erroneous" standard set forth in Rule 52(a) of the Federal Rules of Civil Procedure.<sup>88</sup>

Determining the scope of protection afforded to a "family" of marks presents a difficult issue in likelihood of confusion cases.<sup>89</sup> The Federal Circuit's family analysis was central in a likelihood of confusion case relating to hair-care products. In *Han Beauty, Inc. v. Alberto-Culver Co.*,<sup>90</sup> the court affirmed the Trademark Trial and Appeal Board's decision sustaining Alberto-Culver's opposition to the registration of Han Beauty's mark for its hair-care products based on the likelihood of confusion, and stressed that in the context of inexpensive products with potentially unsophisticated purchasers, a family of marks enjoys strong protection.<sup>91</sup>

In 1994, Han Beauty applied for registration for the mark TREVIVE NUTRIENTS FOR THE LIFE OF YOUR HAIR and

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86. JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 5.01[1], at 5-8, § 5.02[3], at 5-41 (1974).

87. *Id.* § 8.14, at 8-346. The majority of other circuits treat the inquiry as an issue of fact and uphold lower court decisions regarding likelihood of confusion absent "clear error." *See id.* § 8.14, at 8-340.

88. *See generally* FED. R. CIV. P. 52(a) ("Findings of fact . . . shall not be set aside unless clearly erroneous"); *see also* Elec. Design & Sales, Inc. v. Elec. Data Sys. Corp., 954 F.2d 713, 715, 21 U.S.P.Q.2d (BNA) 1388, 1390 (Fed. Cir. 1992) (overturning the Board's finding of a likelihood of confusion on the grounds that the Board incorporated doubtful findings of fact).

89. A "family" of marks exists where one owner has many marks sharing common elements. *See, e.g.,* J. & J. Snackfoods Corp. v. McDonald's Corp., 932 F.2d 1460, 1463, 18 U.S.P.Q.2d 1889, 1891 (Fed. Cir. 1991) (explaining that a family of marks is achieved when the pattern of usage indicates the origin of the family).

90. 236 F.3d 1333, 57 U.S.P.Q.2d (BNA) 1557 (Fed. Cir. 2001).

91. *Id.* at 1337-38, 57 U.S.P.Q.2d (BNA) at 1560.

DESIGN.<sup>92</sup> Alberto-Culver opposed the registration based on a likelihood of confusion with its hair-care products sold under its family of marks with the prefix "TRES."<sup>93</sup>

Alberto-Culver used and acquired trademark rights in numerous marks beginning with the prefix "TRES" for various hair-care products.<sup>94</sup> In 1959, it acquired rights to use the mark TRESEMME for hair-care products and has continuously used the mark.<sup>95</sup> From the early 1960s until approximately 1980, Alberto-Culver also used the marks TRESNET for hair spray, TRESLAK for hair lacquer, and TRESOXIDE for peroxide used to bleach hair.<sup>96</sup> It also began marketing a protein hair conditioning treatment under the TRESPAC mark.<sup>97</sup> In addition, from 1984 to the 1990s, Alberto-Culver introduced additional hair-care products sold under the following marks: TRESSPRAY, TRESWAVE, TRESMEND, TRESGLAZE, TRESLIFT, TRESHOLD, and TRESSHINE.<sup>98</sup> In many cases, the products were marketed in a black plastic bottle, and the marks, along with the word "European," appeared on the label.<sup>99</sup> Alberto-Culver owned trademark registrations for the marks TRESEMME, TRESPAC, TRESSPRAY, TRESGELEE, TRESWAVE, and TRESHOLD.<sup>100</sup> Alberto-Culver sold and continues to sell all of its products as part of the TRESEMME product line with the TRESEMME mark displayed prominently on the packaging of all of the products.<sup>101</sup>

The court first examined the Board's finding that Alberto-Culver's "TRES" marks constituted a family of marks. The court applied the test set forth in *J. & J. Snack Foods Corp. v. McDonald's Corp.*,<sup>102</sup> which states that "[a] family of marks is a group of marks having a recognizable common characteristic"<sup>103</sup> which "arises if the purchasing public recognizes that the common characteristic is indicative of a common origin of goods."<sup>104</sup> The court found substantial evidence for the Board's finding that Alberto-Culver had

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92. *Id.* at 1335, 57 U.S.P.Q.2d (BNA) at 1558.

93. *Id.*, 57 U.S.P.Q.2d (BNA) at 1558.

94. *Id.* at 1334, 57 U.S.P.Q.2d (BNA) at 1558.

95. *Id.*, 57 U.S.P.Q.2d (BNA) at 1558.

96. *Han Beauty*, 236 F.3d at 1335, 57 U.S.P.Q.2d (BNA) at 1558.

97. *Id.*, 57 U.S.P.Q.2d (BNA) at 1558.

98. *Id.*, 57 U.S.P.Q.2d (BNA) at 1558.

99. *Id.*, 57 U.S.P.Q.2d (BNA) at 1558.

100. *Id.*, 57 U.S.P.Q.2d (BNA) at 1558.

101. *Id.*, 57 U.S.P.Q.2d (BNA) at 1558.

102. 932 F.2d 1460, 18 U.S.P.Q.2d (BNA) 1889 (Fed. Cir. 1991).

103. *Han Beauty*, 236 F.3d at 1336, 57 U.S.P.Q.2d (BNA) at 1559 (quoting *J. & J. Snack Foods Corp.*, 932 F.2d at 1462, 18 U.S.P.Q.2d (BNA) at 1892).

104. *Id.*, 57 U.S.P.Q.2d (BNA) at 1559.

created a family of marks with the TRES prefix, noting that Han Beauty had admitted as much in front of the Board, and that Alberto-Culver had used TRES-prefix marks for at least thirty years before Han Beauty's attempted registration of the TREVIVE mark.<sup>105</sup>

The court then turned to the Board's assessment of the "dimensions of protection properly afforded to the 'TRES' family element."<sup>106</sup> To do this, the court performed a detailed analysis of the pronunciation of the "TRES" element of the mark, both by itself and when pronounced with some of the Alberto-Culver suffixes.<sup>107</sup> The Board found that both the "TRE" in TREVIVE and the "TRES" in Alberto-Culver's marks were similar in sound and commonly pronounced "Tray."<sup>108</sup>

Han Beauty resisted this conclusion by presenting evidence that, with respect to several of the so-called family members, consumers commonly pronounced the prefix "TRESS," which differs from the pronunciation of its mark.<sup>109</sup> The Board relied on a declaration of a French professor who said that both "TRE" in TREVIVE and the "TRES" terms would be perceived as French or French-derived terms and thus pronounced "TRAY," rendering each term indistinguishable from the other.<sup>110</sup> The reliance on a French professor to determine the pronunciation that the general public would attribute to a certain term seems questionable; a French professor likely would be more inclined to find a French pronunciation than ordinary U.S. consumers, most of whom do not speak French.<sup>111</sup> However, both the Board and the court were willing to accept these findings as evidence of similarity sufficient to overcome Han Beauty's evidence of differing pronunciations.<sup>112</sup>

In addition, the court looked to the declaration of Han Beauty's national sales director, stating that, "[TREVIVE] had almost a continental French flare [sic] to it which I think is nice."<sup>113</sup> Even taking this statement into account, it is difficult to see how substantial evidence supported the proposition that the general public would

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105. *Id.*, 57 U.S.P.Q.2d (BNA) at 1559.

106. *Id.*, 57 U.S.P.Q.2d (BNA) at 1559.

107. *Id.* at 1336-37, 57 U.S.P.Q.2d (BNA) at 1559.

108. *Id.* at 1336, 57 U.S.P.Q.2d (BNA) at 1559.

109. *Han Beauty*, 236 F.3d at 1336, 57 U.S.P.Q.2d (BNA) at 1559.

110. *Id.* at 1337, 57 U.S.P.Q.2d (BNA) at 1559-60.

111. In fact, the non-French-speaking author of this article pronounced the "TRES" marks "TRESS" before reading the case.

112. *Han Beauty*, 236 F.3d at 1337, 57 U.S.P.Q.2d (BNA) at 1560.

113. *Id.*, 57 U.S.P.Q.2d (BNA) at 1560 (quoting *Han Beauty, Inc. v. Alberto-Culver Co.*, opposition no. 99,090 ser. No. 74/519,598, slip op. at 3 (Trademark Tr. & App. Bd. Mar. 10, 1999)).

necessarily pronounce the two prefixes the same way. Nonetheless, applying the deferential "substantial evidence" standard reserved for questions of fact, the court upheld the finding that "TRES" and "TRE" would be pronounced identically; therefore, the "TRES" marks and the TREVIVE mark "created similar commercial impressions."<sup>114</sup>

In approving the Board's broad protection for the "TRES" family of marks, the court distinguished several cases, such as *Witco Chemical Co. v. Whitfield Chemical Co.*,<sup>115</sup> that limit the scope of family elements used to exclude terms with different features. In *Witco Chemical*, the Federal Circuit held that WHIT prefix marks were not likely to cause confusion with WIT prefix marks.<sup>116</sup> The *Han Beauty* Court distinguished the earlier case by noting that, in *Witco Chemical*, there were differences in the "nature and character of the goods, differences in channels of trade," and noted that the goods in that case were marketed to more sophisticated consumers who the court felt would be able to distinguish between WHIT and WIT prefix marks.<sup>117</sup> Apparently, neither the Board nor the Federal Circuit had the same degree of faith in the product-discerning abilities of hair lacquer purchasers.

In reaching their respective decisions, both the court and the Board failed to address many of the "*Dupont* factors," the elements which the *Dupont* Court declared pertinent for the Federal Circuit's analysis in determinations on the likelihood of confusion generated by a mark.<sup>118</sup> *Han Beauty* reminds us that not all of the *Dupont* factors

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114. *Id.*, 57 U.S.P.Q.2d (BNA) at 1560.

115. 418 F.2d 1403, 164 U.S.P.Q. (BNA) 43 (C.C.P.A. 1969).

116. *See id.* at 1406, 164 U.S.P.Q. (BNA) at 45 (finding that the "probable purchaser" of such goods would have "no difficulty" distinguishing the differences between the products in question).

117. *Han Beauty*, 236 F.2d at 1337, 57 U.S.P.Q.2d (BNA) at 1560.

118. *In re E.I. Dupont de Nemours & Co.*, 476 F.2d 1357, 1361, 177 U.S.P.Q. (BNA) 563, 567 (C.C.P.A. 1973). The *Dupont* court stated that the court must consider the following factors:

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- (3) The similarity or dissimilarity of established, likely-to-continue trade channels.
- (4) The conditions under which and buyers to whom sales are made, i.e. "impulse" vs. careful, sophisticated purchasing.
- (5) The fame of the prior mark (sales, advertising, length of use).
- (6) The number and nature of similar marks in use on similar goods.
- (7) The nature and extent of any actual confusion.
- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.

are created equal in any particular case.<sup>119</sup> While the Board considered the similarity of the sound of the marks and the similarity of the goods sold under the marks, both of which are important *Dupont* factors, it failed to expressly comment on either the strength of the family of “TRES” marks or the absence of evidence showing actual confusion between the products.<sup>120</sup> While acknowledging the lack of expressed findings regarding these two elements, the court was not particularly concerned, stating that “the Board need not discuss every factor, but may focus its analysis on dispositive factors, such as similarity of the marks and relatedness of the goods.”<sup>121</sup> In making such a determination, however, the court noted that the record showed that the same salons sold Han Beauty products and Alberto-Culver products, sometimes side-by-side, and still no evidence revealed actual confusion.<sup>122</sup>

The lack of actual confusion in *Han Beauty*—where the category of goods was identical, inexpensive, and sold side by side in salons to both sophisticated and unsophisticated consumers—is the consummate example of when lack of actual confusion *should* be a significant factor mitigating against a finding of likelihood of confusion. This factor should be particularly important in a case where even the similarity in pronunciation of the marks—put forth as the main factor in the likelihood of confusion here—was disputed. However, even though Han Beauty submitted evidence that the products under both marks were sold in the same salons, it failed to set forth the length of time both marks appeared in the salons or the

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(9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark).

(10) The market interface between applicant and the owner of a prior mark:

(a) a mere “consent” to register or use.

(b) agreement provisions designed to preclude confusion, i.e. limitations on continued use of the marks by each party.

(c) assignment of mark, application, registration and good will of the related business.

(d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.

(11) The extent to which applicant has a right to exclude others from use of its mark on its goods.

(12) The extent of potential confusion, i.e., whether de minimis or substantial.

(13) Any other established fact probative of the effect of use.

119. See, e.g., *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 946, 55 U.S.P.Q.2d 1842 (Fed. Cir. 2001) (acknowledging that only those factors relevant to the record need to be considered in a particular case).

120. See *Han Beauty*, 236 F.3d at 1338, 57 U.S.P.Q.2d (BNA) at 1560.

121. *Id.*, 57 U.S.P.Q.2d (BNA) at 1560.

122. *Id.*, 57 U.S.P.Q.2d (BNA) at 1560-61.

circumstances under which they were marketed. In stating that "extended periods of side-by-side sales without actual confusion may tend to refute a likelihood of confusion,"<sup>123</sup> the court indicated that Han Beauty's failure to submit relevant evidence harmed its position.

*B. Little Protection for "Puffing"—Laudatory Marks*

A mark is "descriptive" if it "immediately conveys . . . knowledge of the ingredients, qualities, or characteristics of the goods or services with which it is used."<sup>124</sup> Pursuant to the Lanham Act, a descriptive mark is not registrable absent a showing of secondary meaning or acquired distinctiveness, i.e., a showing that consumers identify the owner of the mark as the source of goods or services sold under the mark.<sup>125</sup>

In 2001, in the area of descriptiveness, the Federal Circuit

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123. *Id.*, 57 U.S.P.Q.2d (BNA) at 1560-61. The federal circuit courts weigh the probative value of the element of lack of actual confusion differently. The Sixth Circuit has noted that "[d]ue to the difficulty of securing evidence of actual confusion, a lack of such evidence is rarely significant." *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 284, 42 U.S.P.Q.2d (BNA) 1173, 1180 (6th Cir. 1997); *see also Beer Nuts v. Clover Club Foods Co.*, 805 F.2d 920, 928, 231 U.S.P.Q. (BNA) 913, 918 (10th Cir. 1986) (holding that lack of actual confusion does not support a finding of no likelihood of confusion when the goods are inexpensive because "[p]urchasers are unlikely to bother to inform the trademark owner when they are confused about an inexpensive product.").

In contrast, the Ninth Circuit affords lack of actual confusion more weight when the duration of co-existence is extensive, stating that "[w]e cannot think of more persuasive evidence that there is no likelihood of confusion between these two marks than the fact that they have been simultaneously used for five years without causing any consumers to be confused as to who makes what." *Brookfield Communications, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1050, 50 U.S.P.Q.2d (BNA) 1545, 1553-54 (9th Cir. 1999); *see also Versa Prods. Co. v. Bifold Co.*, 50 F.3d 189, 205, 33 U.S.P.Q.2d (BNA) 1801, 1812 (3d Cir. 1995) (stating that "[i]f a defendant's product has been sold for an appreciable period of time without evidence of actual confusion, one can infer that continued marketing will not lead to consumer confusion in the future. The longer the challenged product has been in use, the stronger this inference will be."); *Lever Bros. v. Am. Bakeries Co.*, 693 F.2d 251, 257, 216 U.S.P.Q. (BNA) 177, 182 (2d Cir. 1982) ("Although actual confusion need not be shown by [the Appellant], substantial sales of both products over several years, without a single example of actual confusion, becomes significant."); *Aktiebolaget Electrolux v. Armatron Int'l, Inc.*, 999 F.2d 1, 4, 27 U.S.P.Q.2d (BNA) 1460, 1462-63 (1st Cir. 1993) (asserting that "an absence of actual confusion, or a negligible amount of it, between two products after a long period of coexistence on the market is highly probative in showing that little likelihood of confusion exists"). The Restatement of Unfair Competition lends further credence to this view, declaring that "when the parties have made significant use of their respective designations in the same geographic market for a substantial period of time, the absence of any evidence of actual confusion may in some cases justify an inference that the actor's use does not create a likelihood of confusion." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 23 cmt. d (1995).

124. *In re Quik-Print Copy Shops, Inc.*, 616 F.2d 523, 525, 205 U.S.P.Q. (BNA) 505, 507 (C.C.P.A. 1980).

125. 15 U.S.C. § 1052(f) (1994).



reaffirmed the doctrine set forth in *In re the Boston Beer Co. Ltd. Partnership*,<sup>126</sup> which stated that marks that are merely laudatory and descriptive of the alleged merit of goods or services are regarded as “descriptive,” and therefore, not registrable absent a showing of secondary meaning.<sup>127</sup> Such laudatory marks are descriptive because, as *Boston Beer* explained, they simply state the characteristics or quality of the goods in condensed form.<sup>128</sup> In the two cases the Federal Circuit reviewed in 2001, it emphasized that a slogan faces an uphill battle in establishing that it deserves trademark protection when it merely expounds the virtues of its related goods.

1. *The ultimate bike rack: descriptive or suggestive?*

Although a descriptive term requires proof of secondary meaning to qualify for federal registration, if a mark “requires imagination, thought, and perception” to arrive at “the qualities or characteristics of the goods” then the mark is “suggestive” and does not require such proof of secondary meaning to establish registrability.<sup>129</sup> In *In re Nett Designs, Inc.*,<sup>130</sup> the Federal Circuit displayed the vast discretion that the Trademark Trial and Appeal Board holds in determining where a term falls on the spectrum between descriptiveness and suggestiveness.<sup>131</sup> The Federal Circuit affirmed the Board’s denial of reconsideration of a trademark examiner’s requirement that an applicant disclaim part of the mark to be used on the applicant’s bike racks.<sup>132</sup>

Nett Designs applied to register the mark LOAD LLAMA THE ULTIMATE BIKE RACK, for “carrying racks for mounting on bicycles, accessories for bicycle racks, namely attachments for expanding the carrying capacity of a carrying rack for mounting on bicycles, and bungee cords sold together as a unit with such carrying racks.”<sup>133</sup> The examiner had required Nett Designs to disclaim THE ULTIMATE BIKE RACK, and Nett Designs refused.<sup>134</sup> Upon the Board’s review, Nett Designs attempted to present a list of 158

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126. 198 F.3d 1370, 53 U.S.P.Q.2d (BNA) 1056 (Fed. Cir. 1999).

127. *Id.* at 1374, 53 U.S.P.Q.2d (BNA) at 1058.

128. *Id.*, 53 U.S.P.Q.2d (BNA) at 1058.

129. *In re Gyulay*, 820 F.2d 1216, 1217, 3 U.S.P.Q.2d (BNA) 1009, 1009 (Fed. Cir. 1987).

130. 236 F.3d 1339, 57 U.S.P.Q.2d (BNA) 1564 (Fed. Cir. 2001).

131. *See id.* at 1341-42, 57 U.S.P.Q.2d (BNA) at 1566 (describing terms such as “ultimate” as having both descriptive and suggestive aspects, and noting that “the duty to place [a] term in its proper context within the mark and to determine the public’s perception” rests with the Board).

132. *Id.* at 1340, 57 U.S.P.Q.2d (BNA) at 1565.

133. *Id.*, 57 U.S.P.Q.2d (BNA) at 1565.

134. *Id.*, 57 U.S.P.Q.2d (BNA) at 1565.

registered marks containing the word ULTIMATE, but the Board refused to consider the list.<sup>135</sup> Nett Designs took an *ex parte* appeal to the Federal Circuit.<sup>136</sup>

In its review, the Federal Circuit considered whether there was substantial evidence of the Board's finding that the phrase THE ULTIMATE BIKE RACK was descriptive, i.e., just a laudatory description of Nett Designs' products, rather than suggestive.<sup>137</sup> The court outlined the rules that explain the blurred lines between a descriptive mark and a suggestive one.<sup>138</sup> After reviewing the Board's evidence, including dictionary definitions of the term "ULTIMATE"<sup>139</sup> and Nett Designs' specifics of use,<sup>140</sup> the court concluded that there was substantial evidence supporting the Board's finding that, in the context, consumers would "immediately regard THE ULTIMATE BIKE RACK as a laudatory descriptive phrase that touts the superiority of Nett Designs' bike racks."<sup>141</sup> Thus, applying *Boston Beer*, the court found that the mark was descriptive.<sup>142</sup> Because Nett Designs failed to present evidence of secondary meaning, the court affirmed the Board's decision to deny that portion of the mark trademark protection.<sup>143</sup>

Like the Board, the Federal Circuit gave little consideration to Nett Designs' presentation of evidence of the 158 other registrations containing the term ULTIMATE.<sup>144</sup> The court reiterated that a term might be descriptive or suggestive depending on the context in which it is used.<sup>145</sup> Without citing any authority, the court went on to state that even if there were other ULTIMATE marks that had characteristics of Nett Designs' mark, the Board is not bound by the

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135. *Id.*, 57 U.S.P.Q.2d (BNA) at 1565.

136. See 15 U.S.C. § 1070 (allowing any final decision of the examiner in charge of registering marks to be appealed to the Trademark Trial and Appeal Board upon payment of the prescribed fee).

137. See *Nett Designs*, 236 F.3d at 1341-42, 57 U.S.P.Q.2d (BNA) at 1565-66.

138. See *id.* at 1341, 57 U.S.P.Q.2d (BNA) at 1566 ("[A] term may slide along the continuum between suggestiveness and descriptiveness depending on usage, context, and other factors that affect the relevant public perception of the term.").

139. *Id.* at 1342, 57 U.S.P.Q.2d (BNA) at 1566 (defining ultimate as "representing or exhibiting the greatest possible development or sophistication: the ultimate bicycle") (quoting THE AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE (3d ed. 1992)).

140. See *Nett Designs*, 236 F.3d at 1342, 57 U.S.P.Q.2d (BNA) at 1566 (noting that Nett Designs' advertising brochure stated "[t]he 'Load Llama The Ultimate Bike Rack' allows users of bicycles to enjoy the ride without constant apprehension that carried-along objects may fall off the carrier").

141. *Id.*, 57 U.S.P.Q.2d (BNA) at 1566.

142. *Id.*, 57 U.S.P.Q.2d (BNA) at 1566.

143. *Id.*, 57 U.S.P.Q.2d (BNA) at 1566.

144. *Id.*, 57 U.S.P.Q.2d (BNA) at 1566.

145. *Id.*, 57 U.S.P.Q.2d (BNA) at 1566.

allowance of such prior registrations.<sup>146</sup> Thus, the court found no error in the Board's neglect of the evidence of prior registrations.

Once the Board made its determination, based on substantial evidence, that this particular mark sat on the descriptive end of the continuum, no amount of prior registrations, no matter how similar to the proposed mark, would have been reason for the Federal Circuit to find error in such decision. This disregard for prior registrations, and the minimal persuasive value of prior registrations, reinforces the notion that trademark examiners and the Board have great discretion in choosing to examine other marks when making registration determinations because each mark is looked at in context and on its own merits.<sup>147</sup> From a practitioner's standpoint, lack of uniformity and non-adherence to precedent makes it difficult to advise clients about the potential success of obtaining registration for a particular mark; therefore, this uncertainty should be revisited by the Federal Circuit or addressed by legislation.

2. *The first name in floorcare*: Hoover Co. v. Royal Appliance Manufacturing Co.

In *Hoover Co. v. Royal Appliance Manufacturing Co.*,<sup>148</sup> the Federal Circuit found itself examining laudatory advertising slogans—this time in the context of an opposition action by one vacuum cleaner manufacturer against another. In the end, the court affirmed the Board's ruling, which (1) rejected the opposition, finding that Hoover did not have a trademark with which to put forth the challenge, and (2) found that Royal's mark was not deceptively misdescriptive.<sup>149</sup>

Hoover challenged Royal's application for the mark THE FIRST NAME IN FLOORCARE because it considered the mark likely to cause confusion with Hoover's mark NUMBER ONE IN FLOORCARE.<sup>150</sup> Because Hoover's mark was not registered, it needed to establish that the NUMBER ONE IN FLOORCARE mark was distinctive of its goods "either inherently or through the acquisition of secondary meaning"<sup>151</sup> before it could challenge Royal's

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146. *Nett Designs*, 236 F.3d at 1342, 57 U.S.P.Q.2d (BNA) at 1566.

147. *See id.*, 57 U.S.P.Q.2d (BNA) at 1566 (advancing the idea that extensive prior registrations of a term does not eliminate the potential for the term to be deemed descriptive, and that such a determination hinges on the context in which the term is used).

148. 238 F.3d 1357, 57 U.S.P.Q.2d (BNA) 1720 (Fed. Cir. 2001).

149. *Id.* at 1361, 57 U.S.P.Q.2d (BNA) at 1723.

150. *Id.* at 1359, 57 U.S.P.Q.2d (BNA) at 1723.

151. *Id.*, 57 U.S.P.Q.2d (BNA) at 1723.

application.<sup>152</sup> In the end, Hoover seemed just a little too smug in touting its “number one” designation and failed to convince the Board or the court that its mark deserved trademark protection.<sup>153</sup>

First, Hoover argued that its mark was inherently distinctive, indicating a single source of goods, because it really was “number one in floorcare” and no other company could use the phrase with “equal truth.”<sup>154</sup> This contention, of course, simply confirmed the laudatory nature of the phrase. If Hoover eventually fell out of the top position in floorcare, as the court explained, the next “number one” should then be entitled to use the designation to describe itself.<sup>155</sup> Hoover offered the same argument in different packaging when it tried to establish in the alternative that if the mark were descriptive, it had acquired distinctiveness in the marketplace.<sup>156</sup> It contended that the slogan had “evolved as a second-hand identity as a consequence of consumer recognition of Hoover’s first place position in every recognized category in the floorcare industry.”<sup>157</sup> With only minimal evidence of the use of the slogan and no consumer surveys regarding perception or brand recognition, the court determined that the current industry rankings provided insufficient evidence to reverse the Board’s finding that the mark was not distinctive of [Hoover’s] goods in commerce.<sup>158</sup>

Hoover then tried to block Royal’s registration by establishing that THE FIRST NAME IN FLOORCARE was either “deceptive” under section 2(a) of the Lanham Act<sup>159</sup> or “deceptively misdescriptive” when used in connection with Royal’s products under section 2(e) of the Lanham Act.<sup>160</sup> Under the Federal Circuit’s three-part test set forth in *In re Budge Manufacturing Co.*,<sup>161</sup> to determine whether a mark is deceptive, the court must ask: “(1) Is the term misdescriptive of the

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152. *Id.*, 57 U.S.P.Q.2d (BNA) at 1723; *see also* *Towers v. Advent Software, Inc.*, 913 F.2d 942, 945, 16 U.S.P.Q.2d (BNA) 1039, 1041 (Fed. Cir. 1990) (ruling that an entity opposing the registration of a trademark, on the grounds of a likelihood of confusion with its own unregistered term, must initially establish the distinctiveness of its unregistered term).

153. *See Hoover*, 238 F.3d at 1360, 57 U.S.P.Q.2d (BNA) at 1722 (concluding the “Number One in Floorcare” slogan “[was] not inherently distinctive and had not acquired distinctiveness”).

154. *Id.* at 1359, 57 U.S.P.Q.2d (BNA) at 1722.

155. *Id.* at 1360, 57 U.S.P.Q.2d (BNA) at 1722.

156. *Id.*, 57 U.S.P.Q.2d (BNA) at 1722.

157. *Id.*, 57 U.S.P.Q.2d (BNA) at 1722.

158. *Id.* at 1360-61, 57 U.S.P.Q.2d (BNA) at 1722-23. *See* 15 U.S.C. § 1052(f) (indicating that a mark acquires secondary meaning if it becomes “distinctive of the applicant’s goods in commerce”).

159. *See* 15 U.S.C. § 1052(a) (2000) (barring registration of marks “consist[ing] of or compris[ing] . . . deceptive . . . matter”).

160. 15 U.S.C. § 1052(e).

161. 857 F.2d 773, 8 U.S.P.Q.2d (BNA) 1259 (Fed. Cir. 1988).

character, quality, function or use of the goods? (2) If so, are prospective purchasers likely to believe that the misdescription actually describes the goods? and (3) If so, is the misdescription likely to affect the decision to purchase?”<sup>162</sup>

Hoover and Royal each presented arguments concerning the connotations that THE FIRST NAME IN FLOORCARE would evoke in consumers’ minds. Hoover argued that “The First Name” would be perceived as meaning that Royal was “number one” in floorcare, a position that Hoover again reminded the court that it held.<sup>163</sup> Royal contended that “The First Name” suggested “general familiarity, as in being on a ‘first name’ basis with an individual.”<sup>164</sup> The court sided with Royal and concluded that the slogan was not misdescriptive of Royal’s goods.<sup>165</sup> Without a detailed analysis of the *Budge* factors, the court reviewed the facts under the “substantial evidence” standard reserved for questions of fact.<sup>166</sup> It found that, although both Hoover and Royal proposed plausible connotations, substantial evidence supported the Board’s decision that Royal’s connotation was defensible and the slogan was not deceptive or deceptively misdescriptive of Royal’s goods.<sup>167</sup>

*C. Primarily Geographically Deceptively Misdescriptive: In re Save Venice New York, Inc.*

Under section 2(e) (3) of the Lanham Act, a mark is not eligible for federal registration if, “when used on or in connection with the goods of the applicant [it] is primarily geographically deceptively misdescriptive” of such goods.<sup>168</sup> In *In re Save Venice New York, Inc.*,<sup>169</sup> the Federal Circuit affirmed the Trademark Trial and Appeal Board’s decision, which denied registration to a mark consisting of the phrases “THE VENICE COLLECTION” and “SAVE VENICE INC.” as well as an image of the winged lion of St. Mark.<sup>170</sup>

Save Venice New York, Inc. was a non-profit corporation “devoted to preserving and restoring some of the cultural treasures of Venice, Italy.”<sup>171</sup> It sought registration for the mark described above to cover

162. *Id.* at 775, 8 U.S.P.Q.2d (BNA) at 1260.

163. *Hoover Co. v. Royal Appliance Mfg. Co.*, 238 F.3d 1357, 1361, 57 U.S.P.Q.2d (BNA) 1720, 1723 (Fed. Cir. 2001).

164. *Id.*, 57 U.S.P.Q.2d (BNA) at 1723.

165. *Id.*, 57 U.S.P.Q.2d (BNA) at 1723.

166. *Id.*, 57 U.S.P.Q.2d (BNA) at 1723.

167. *Id.*, 57 U.S.P.Q.2d (BNA) at 1723.

168. 15 U.S.C. § 1052(e)(3).

169. 259 F.3d 1346, 59 U.S.P.Q.2d (BNA) 1778 (Fed. Cir. 2001).

170. *Id.* at 1349, 59 U.S.P.Q.2d (BNA) at 1780.

171. *Id.*, 59 U.S.P.Q.2d (BNA) at 1780.

a variety of products, including potpourri, silverware, lamps, clocks, furniture, glass products, and carpets.<sup>172</sup> None of the goods originated from Venice except for some glassware, which was not part of the disputed application.<sup>173</sup> The court first noted that both the decision of whether a mark is primarily geographically misdescriptive and whether a geographic location is known for particular goods are questions of fact; therefore, the court reviewed the issues under the substantial evidence standard.<sup>174</sup>

The court approved the Board's application of the Federal Circuit's two-part test, set forth in *In re Wada*,<sup>175</sup> to determine whether the mark is primarily geographically misdescriptive.<sup>176</sup> *In re Wada* places the initial burden on the examiner to determine whether "(1) the mark's primary significance is a generally known geographic location; and (2) consumers would reasonably believe the applicant's goods are connected with the geographic location in the mark, when in fact they are not."<sup>177</sup>

In its analysis under the test's first prong, the court noted that as a "composite," a mark composed of several words and an image, the mark must be evaluated "as a whole."<sup>178</sup> Yet, when the examiners evaluate "composite" marks, they may also consider the significance of each separate element of the mark.<sup>179</sup> The Board found that the mark's most prominent part was the phrase "THE VENICE COLLECTION," which was displayed prominently at the top of the mark and created "an unmistakable reference to Venice, Italy."<sup>180</sup> In

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172. *Id.* at 1350, 59 U.S.P.Q.2d (BNA) at 1780.

173. *Id.*, 59 U.S.P.Q.2d (BNA) at 1780.

174. *Id.* at 1351, 59 U.S.P.Q.2d (BNA) at 1781; *see also* On-Line Careline v. Am. Online, Inc., 229 F.3d 1080, 1085, 56 U.S.P.Q.2d (BNA) 1471, 1475 (Fed. Cir. 2000) (instructing that the substantial evidence standard "requires the reviewing court to ask whether a reasonable person might find that the evidentiary record supports the agency's conclusion," and stressing that the standard "necessitates a stricter judicial review of agency factfinding"); *In re Compagnie Generale Mar.*, 993 F.2d 841, 845, 26 U.S.P.Q.2d (BNA) 1652, 1655 (Fed. Cir. 1993) (denying a French corporation's application to register the mark "French Line" for a host of goods and services because the mark was primarily geographically descriptive); *In re Loew's Theatres, Inc.*, 769 F.2d 764, 765, 226 U.S.P.Q. (BNA) 865, 866 (Fed. Cir. 1985) (sustaining the denial of registration of the "Durango" mark for chewing tobacco because the mark would be primarily geographically deceptively misdescriptive).

175. 194 F.3d 1297, 52 U.S.P.Q.2d (BNA) 1539 (Fed. Cir. 1999).

176. *Save Venice*, 259 F.3d at 1352, 59 U.S.P.Q.2d (BNA) at 1781.

177. *Wada*, 194 F.3d at 1300, 52 U.S.P.Q.2d (BNA) at 1540.

178. *Save Venice*, 259 F.3d at 1352, 59 U.S.P.Q.2d (BNA) at 1782.

179. *Id.*, 59 U.S.P.Q.2d (BNA) at 1782; *see also In re Nat'l Data Corp.*, 753 F.2d 1056, 1058, 224 U.S.P.Q.2d (BNA) 749, 751 (Fed. Cir. 1985) (finding that it is proper to examine the significance of each individual component of a mark, even though the question of likelihood of confusion must be resolved by examination of the mark in its entirety).

180. *Save Venice*, 259 F.3d at 1352, 59 U.S.P.Q.2d (BNA) at 1782.

addition, the examiner presented evidence of a gazetteer, an encyclopedia, published books, and web sites establishing that the Lion of St. Mark used in the mark appears on the Venetian flag and on many statues in Venice.<sup>181</sup> The court found this evidence sufficiently substantial for the examiner to establish a prima facie case that the significance of the mark was primarily geographic and that it signified Venice, Italy.<sup>182</sup>

The Board rejected Save Venice's argument that the mark was incontestable because the primary portion of its mark was SAVE VENICE, INC. and Save Venice had a registration for SAVE VENICE for "fundraising services" dating back to 1991.<sup>183</sup> A mark is incontestable, meaning that the registrant can rely on it as conclusive evidence of its validity, registrant's ownership, and exclusive right to use it in connection with the goods and services listed in the application, when the mark has been on the principal register and in continuous use for five years.<sup>184</sup> However, as the court stated, a mark's incontestable status carries preemptive weight "only in the form registered and for the goods and services claimed."<sup>185</sup> Here, the goods and services at issue differed from the "fundraising services" in the previous registration.<sup>186</sup> In addition, the Board determined that the new mark was completely different graphically than the SAVE VENICE mark because "Save Venice" was only displayed in small font at the bottom of the disputed mark, which was dominated by THE VENICE COLLECTION, and the registered mark did not contain the image of the Lion of St. Mark.<sup>187</sup> In light of this, the court agreed with the Board's analysis that rejected Save Venice's incontestability argument.<sup>188</sup>

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181. *Id.*, 59 U.S.P.Q.2d (BNA) at 1782.

182. *Id.* at 1352-53, 59 U.S.P.Q.2d (BNA) at 1782. The court noted that it had previously held that even less evidence of primarily geographic significance would suffice for the prima facie showing. By way of example, the court noted that a dictionary definition of "Durango" provided sufficient evidence to establish a prima facie showing in *In re Loew's Theatres. Save Venice*, 259 F.3d at 1353, 59 U.S.P.Q.2d (BNA) at 1782 (citing *In re Loew's Theatres, Inc.*, 769 F.2d 764, 766, 226 U.S.P.Q.2d (BNA) 865, 866 (Fed. Cir. 1985)).

183. *Save Venice*, 259 F.3d at 1353, 59 U.S.P.Q.2d (BNA) at 1782.

184. See 15 U.S.C. § 1065 (1994) (listing the pre-conditions to qualifying a registered mark as "incontestable"); 15 U.S.C. § 1115(b) (1994) (providing that once the usage rights of a registered mark have become "incontestable" under 15 U.S.C. § 1065, then "the registration shall be conclusive evidence" of the validity, registration, ownership, and exclusive right to use the mark).

185. *Save Venice*, 259 F.3d at 1353, 59 U.S.P.Q.2d (BNA) at 1782 (citing *In re Merrill Lynch*, 828 F.2d 1567, 1568, 4 U.S.P.Q.2d (BNA) 1141, 1141 (Fed. Cir. 1987)).

186. *Save Venice*, 259 F.3d at 1353, 59 U.S.P.Q.2d (BNA) at 1782.

187. *Id.*, 59 U.S.P.Q.2d (BNA) at 1783.

188. *Id.*, 59 U.S.P.Q.2d (BNA) at 1783.

The court then analyzed the second prong of the test, the "goods/place association test." The court considered "whether the public would reasonably identify or associate the goods sold under the mark with the geographic location contained in the mark."<sup>189</sup> Through a gazetteer and an encyclopedia the examiner had established that Venice was known for glass, lace, art objects, jewelry, cotton and silk textiles, printing and publishing; thus, such products satisfied the prima facie goods/place application test.<sup>190</sup> The Board rejected Save Venice's executive director's declaration that she "knew from personal experience that none of the applicant's [categories of] goods were manufactured or sold in Venice, Italy" as a self-serving statement that "strain[ed] credulity."<sup>191</sup> The Federal Circuit found that this rejection was not an abuse of discretion.<sup>192</sup>

The court grouped each of Save Venice's products into two categories: (1) products "identical to traditional Venetian products, and (2) those related to such products."<sup>193</sup> In the end, the court found that the disputed mark was primarily geographically misdescriptive and would likely confuse consumers with respect to the source in connection with both the identical and the related goods.<sup>194</sup>

With respect to the goods "related to" traditional Venetian products, the Board had borrowed a concept from a different area of trademark law in its decision. The Board used the Federal Circuit's "related goods" test, set forth in *Giant Food, Inc. v. Nation's Foodservice, Inc.*<sup>195</sup> and re-stated in *Save Venice*, which "measures whether a reasonably prudent consumer would believe that non-competitive but related goods sold under similar marks derive from the same source, or are affiliated with, connected with, or sponsored by the same trademark owner."<sup>196</sup> The test is usually applied to refuse registration when a mark so resembles a previously registered mark that the public is likely to believe the applicant's goods come from the same source or are somehow affiliated with the goods of the owner of the previous mark.<sup>197</sup>

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189. *Id.* at 1353-54, 59 U.S.P.Q.2d (BNA) at 1783.

190. *Id.* at 1354, 59 U.S.P.Q.2d (BNA) at 1783.

191. *Id.*, 59 U.S.P.Q.2d (BNA) at 1783.

192. *Save Venice*, 259 F.3d at 1354, 59 U.S.P.Q.2d (BNA) at 1783.

193. *Id.*, 59 U.S.P.Q.2d (BNA) at 1783.

194. *Id.* at 1355, 59 U.S.P.Q.2d (BNA) at 1784.

195. 710 F.2d 1565, 218 U.S.P.Q. (BNA) 390 (Fed. Cir. 1983).

196. *Save Venice*, 259 F.3d at 1355, 59 U.S.P.Q.2d (BNA) at 1784 (citing *Giant Food*, 710 F.2d 1565, 218 U.S.P.Q. (BNA) 390).

197. See *Nina Ricci, S.A.R.L. v. E.T.F. Enters.*, 889 F.2d 1070, 12 U.S.P.Q.2d (BNA) 1901 (Fed. Cir. 1989) (denying registration for a perfume, clothing, and accessories



The Federal Circuit reviewed *de novo* this adaptation of the “related goods” test to the area of geographic marks, an issue of first impression. The court found that geographic regions that are known for certain products could potentially expand on their traditional products to fit “changing customer needs.”<sup>198</sup> In addition, the court found that the public does not necessarily assume that only a region’s traditional goods are associated with that region.<sup>199</sup> Because the public may intuit that geographic regions will expand the production of goods and services beyond those traditionally from the region, and begin to produce related goods or services,<sup>200</sup> the court expanded the reach of the “related goods” doctrine, holding that “the registrability of a geographic mark may be measured against the public’s association of that region with both its traditional goods and any related goods or services that the public is likely to believe originate there.”<sup>201</sup>

#### D. Genericness

Generic terms are “common names that the purchasing public understands primarily as describing the type of goods or services being sold.”<sup>202</sup> They are “incapable of indicating a single source of goods or services, and cannot be registered as trademarks.”<sup>203</sup> According to the Federal Circuit, to grant a generic mark registration “would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are.”<sup>204</sup> In 2001, the Federal Circuit decided two cases in which the Trademark Trial and Appeal

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mark that was confusingly similar to a preexisting and well-known mark for women’s accessories); see generally 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:63 (4th ed. 1997) (“[T]he confusion necessary for the trademark infringement of federally registered marks is not limited purely to confusion of purchasers as to the source of goods, but to any kind of confusion, such as confusion between the products themselves.”).

198. See *Save Venice*, 259 F.3d at 1355, 59 U.S.P.Q.2d (BNA) at 1784 (“In the modern marketing context, geographic regions that are noted for certain products or services actively promote and adapt their specialties to fit changing consumer needs.”).

199. *Id.*, 59 U.S.P.Q.2d (BNA) at 1784.

200. *Id.*, 59 U.S.P.Q.2d (BNA) at 1784.

201. *Id.*, 59 U.S.P.Q.2d (BNA) at 1784.

202. *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1344, 57 U.S.P.Q.2d (BNA) 1807, 1810 (Fed. Cir. 2001) (citing *In re Merrill Lynch*, 828 F.2d 1567, 1569-70, 4 U.S.P.Q.2d (BNA) 1141, 1142 (Fed. Cir. 1987)); see also *H. Marvin Ginn Corp. v. Int’l Ass’n of Fire Chiefs, Inc.*, 782 F.2d 987, 989-90, 228 U.S.P.Q.2d (BNA) 528, 530 (Fed. Cir. 1986) (“[T]he critical issue in genericness cases is whether the members of the relevant public primarily understand the term sought to be protected to refer to the genus of goods or services in question.”).

203. *Dial-A-Mattress*, 240 F.3d at 1344, 57 U.S.P.Q.2d (BNA) at 1810.

204. *Merrill Lynch*, 828 F.2d at 1559, 4 U.S.P.Q.2d (BNA) at 1142.

Board concluded that the marks were generic, reversing one case and affirming the Board's decision in the other.

1. *1-888-M-A-T-R-E-S-S*: *In re Dial-A-Mattress Operating Corp.*

At issue in *In re Dial-A-Mattress Operating Corp.*,<sup>205</sup> was the Board's prior holding that the mark was unregistrable because it was either a generic or merely descriptive mark. In reversing the Board's determination that a mark was generic, the Federal Circuit tackled the distinction between a generic and a descriptive mark and clarified the application of its two tests used to determine whether a term is generic.<sup>206</sup>

Dial-A-Mattress sold mattresses and bedding through retail stores and through its telephone service.<sup>207</sup> In 1996, it filed an application to register 1-888-M-A-T-R-E-S-S for its "telephone shop-at-home retail services in the field of mattresses."<sup>208</sup> It had previous registrations for other marks, including DM DIAL A MATRES (and design), (212) M-A-T-T-R-E-S, 1-800-MATTRES, AND LEAVE OFF THE LAST S-THAT'S THE S FOR SAVINGS, and DIAL-A-MATTRESS.<sup>209</sup>

Dial-A-Mattress claimed that 1-888-M-A-T-R-E-S-S was "inherently distinctive or, alternatively, that it had acquired distinctiveness."<sup>210</sup> In addition to presenting its own prior registrations in support of its application, Dial-A-Mattress presented its assistant general counsel's declaration in which he stated that Dial-A-Mattress "sought to register '1-800-MATTRESS,' '1-888-MATTRESS' and '1-888-MATTRES' to further protect its existing marks and because it received an 'inordinate number' of customer calls on these lines,"<sup>211</sup> presumably by people who either misdialed or did not know how to spell the word "mattress."

As established in *H. Marvin Ginn Corp. v. International Ass'n of Fire Chiefs, Inc.*<sup>212</sup> and its progeny, the Federal Circuit applied the two-part inquiry used to determine whether a mark is generic: "First, what is the genus of the goods or services at issue? Second, is the term sought to be registered . . . understood by the relevant public primarily to refer to that genus of goods or services?"<sup>213</sup> Citing *In re*

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205. 240 F.3d 1341, 57 U.S.P.Q.2d (BNA) 1807 (Fed. Cir. 2001).

206. *Id.* at 1343, 57 U.S.P.Q.2d (BNA) at 1809.

207. *Id.*, 57 U.S.P.Q.2d (BNA) at 1809.

208. *Id.*, 57 U.S.P.Q.2d (BNA) at 1809.

209. *Id.*, 57 U.S.P.Q.2d (BNA) at 1809.

210. *Id.*, 57 U.S.P.Q.2d (BNA) at 1809.

211. *Id.* at 1343-44, 57 U.S.P.Q.2d (BNA) at 1809-10.

212. 782 F.2d 987, 228 U.S.P.Q. (BNA) 528 (Fed. Cir. 1986).

213. *Id.* at 990, 228 U.S.P.Q. (BNA) at 530.

*Merrill Lynch*, one of the primary Federal Circuit cases regarding genericness, the court set forth a litany of sources that it considered competent to show evidence of the public's perception of a challenged term, including surveys, dictionary definitions, and newspapers.<sup>214</sup>

The Patent and Trademark Office ("PTO") has the burden of proving that a term is generic.<sup>215</sup> The PTO can meet this burden by satisfying one of two Federal Circuit tests.<sup>216</sup> Where a mark is a "compound term formed by the union of words,"<sup>217</sup> the PTO may satisfy its burden by using the rule set forth in *In re Gould Paper Corp.*,<sup>218</sup> which requires evidence that (1) each of the separate words constituting the mark is generic, and (2) that "the separate words joined to form a compound have a meaning identical to the meaning common usage would ascribe to those words as a compound."<sup>219</sup> The *In re Gould* rule only applies if the public understands the individual terms to be generic, and the joining of the individual terms lends "no additional meaning to the term."<sup>220</sup> If the proposed mark is a phrase and not simply a compound word, however, the Board "cannot simply cite definitions and generic uses of the constituent terms of [the] mark."<sup>221</sup> Instead, under the rule set forth in *H. Marvin Ginn Corp. v. International Ass'n of Fire Chiefs, Inc.*,<sup>222</sup> and *In re American Fertility Society*,<sup>223</sup> it must conduct an inquiry into the "meaning of the disputed phrase as a whole."<sup>224</sup>

According to the Federal Circuit, the Board applied the incorrect rule. The Board applied *In re Gould*, asserting that 1-888-M-A-T-R-E-S-

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214. *Dial-A-Mattress*, 240 F.3d at 1344, 57 U.S.P.Q.2d (BNA) at 1810 (citing *In re Merrill Lynch*, 828 F.2d 1567, 1570, 4 U.S.P.Q.2d (BNA) 1141, 1143 (Fed. Cir. 1987)).

215. *Id.* at 1810 (citing *In re Am. Fertility Soc'y*, 188 F.3d 1341, 1345, 51 U.S.P.Q.2d (BNA) 1832, 1834 (Fed. Cir. 1999)).

216. *Compare Am. Fertility Soc'y*, 188 F.3d 1341, 51 U.S.P.Q.2d (BNA) 1832 (holding that the PTO cannot meet its burden of proof solely by examining the genericness of the phrase constituents), with *In re Gould Paper Corp.*, 834 F.2d 1017, 5 U.S.P.Q.2d (BNA) 1110 (Fed. Cir. 1987) (finding the mark "SCREENWIPE" to be generic without any demonstrated use of the exact composite).

217. *In re Gould*, 834 F.2d at 1019, 5 U.S.P.Q.2d (BNA) at 1112.

218. 834 F.2d 1017, 5 U.S.P.Q.2d (BNA) 1110 (Fed. Cir. 1987).

219. *Id.* at 1018, 5 U.S.P.Q.2d (BNA) at 1111-12; see also *Dial-A-Mattress*, 240 F.3d at 1345, 57 U.S.P.Q.2d (BNA) at 1810 (identifying the word "Screenwipe" as an example of a compound term that would be examined under the *In re Gould* test).

220. *Am. Fertility Soc'y*, 188 F.3d at 1348, 51 U.S.P.Q.2d (BNA) at 1834.

221. *Id.* at 1350, 51 U.S.P.Q.2d (BNA) at 1836.

222. 782 F.2d 987, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986).

223. 188 F.3d 1341, 51 U.S.P.Q.2d (BNA) 1832 (Fed. Cir. 1999).

224. *Dial-A-Mattress*, 240 F.3d at 1345, 57 U.S.P.Q.2d (BNA) at 1810 (quoting *Am. Fertility Soc'y*, 188 F.3d at 1347, 51 U.S.P.Q.2d (BNA) at 1836).

S was a compound term.<sup>225</sup> The Board found that (1) the (888) area code had no source indicating significance, (2) “mattress” is the equivalent of the word “mattress,” and (3) mattress is a generic term.<sup>226</sup> It contended that “joining these two generic terms added no additional meaning to the mark than the individual meanings of its constituent parts.”<sup>227</sup> The Board presented no evidence for the conclusion that the joined phrase held no additional meaning.<sup>228</sup> Instead, it relied on *Dranoff-Perlstein Associates v. Sklar*<sup>229</sup> from the Third Circuit, which ruled that trademark protection should not be granted for telephone numbers composed of a general mnemonic word.<sup>230</sup>

Dial-A-Mattress did not dispute these findings or the Board’s legal conclusions under *In re Gould*. Instead, Dial-A-Mattress contended that the mark was not a compound term and argued that the Board should have applied *Ginn* and *American Fertility Society*, to determine whether the mark “as a whole” is understood by the purchasing public to “refer to the genus of goods and services.”<sup>231</sup> The court agreed, finding that 1-888-M-A-T-R-E-S-S bore a closer resemblance to a phrase than a compound word.<sup>232</sup> In addition, the Federal Circuit pointed out the subtlety that the *In re Gould* test was limited to cases involving compound terms formed by the union of words, and not by the union of “a series of numbers and a word.”<sup>233</sup> While the court agreed with the Board that “(888)” was “devoid of source-indicating significance,” it stated that the set of numbers itself was not a “generic term for selling by telephone.”<sup>234</sup> Then examining the record in light of the *Ginn* and *American Fertility Society* rules, the court found a lack of substantial evidence to support the conclusion that 1-888-M-A-T-R-E-S-S, taken as a whole, was a generic term.<sup>235</sup> Analogizing to the phrase “Fire Chief” (used as a magazine title) in *Ginn*, the court reasoned that there was no evidence that the relevant

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225. See *id.*, 57 U.S.P.Q.2d (BNA) at 1810 (explaining that if each part of a compound word is generic, the combination is also generic).

226. *Id.* at 1347, 57 U.S.P.Q.2d (BNA) at 1810.

227. *Id.*, 57 U.S.P.Q.2d (BNA) at 1810.

228. *Id.*, 57 U.S.P.Q.2d (BNA) at 1810.

229. 967 F.2d 852, 23 U.S.P.Q.2d (BNA) 1174 (3d Cir. 1992).

230. See *id.* at 859, 23 U.S.P.Q.2d (BNA) at 1180 (“Because telephone numbers contain only an area code and seven digits, the range of commonly used alternatives which effectively communicate the same functional information . . . is severely limited in that context.”).

231. *Dial-A-Mattress*, 240 F.3d at 1345, 57 U.S.P.Q.2d (BNA) at 1810-11.

232. *Id.*, 57 U.S.P.Q.2d (BNA) at 1810-11.

233. *Id.* at 1346, 57 U.S.P.Q.2d (BNA) at 1811.

234. *Id.*, 57 U.S.P.Q.2d (BNA) at 1811.

235. *Id.*, 57 U.S.P.Q.2d (BNA) at 1811.

public referred to telephone mattress retailers as "1-888-M-A-T-R-E-S-S."<sup>236</sup> Further analogizing to the phrase "cash management account" in *In re Merrill Lynch*,<sup>237</sup> the court found that 1-888-M-A-T-R-E-S-S did not "immediately and unequivocally describe the service at issue."<sup>238</sup>

The Board made an alternative determination that even if the mark was not generic, it was merely descriptive of the services and not registrable because Dial-A-Mattress had not made a sufficient showing of acquired distinctiveness.<sup>239</sup> Dial-A-Mattress argued that the mark was not descriptive, but the Federal Circuit rejected that assertion outright, contending that the mark clearly conveyed the impression that "a service relating to mattresses is available by telephone."<sup>240</sup>

Thus, to determine registrability, the question then became whether the mark had achieved secondary meaning; whether "in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself."<sup>241</sup> Here, the unusual aspect of determining secondary meaning or acquired distinctiveness was that Dial-A-Mattress was not yet using the mark; rather it had simply filed an intent to use application.<sup>242</sup> To make its case, Dial-A-Mattress would have had to establish that 1-888-M-A-T-R-E-S-S was the legal equivalent of one of its prior marks.<sup>243</sup>

The Board contended that the mark "(212) M-A-T-T-R-E-S" was not the legal equivalent of "1-888-M-A-T-R-E-S-S" because the (212) portion "was subject to change and should not be given much weight."<sup>244</sup> Yet again, the Board was incorrect in the eyes of the Federal Circuit. The court rejected this contention, finding that even though the (212) was subject to change at the whim of the phone company, the marks were still mnemonically similar and legal equivalents.<sup>245</sup> Thus, the court allowed Dial-A-Mattress to rely on

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236. *Id.* at 1345, 57 U.S.P.Q. at 1810-11.

237. 828 F.2d 1567, 4 U.S.P.Q.2d 1141 (Fed. Cir. 1987).

238. *Dial-A-Mattress*, 240 F.3d at 1345, 57 U.S.P.Q.2d (BNA) at 1810-11.

239. *Id.* at 1346-47, 57 U.S.P.Q.2d (BNA) at 1811-12.

240. *Id.*, 57 U.S.P.Q.2d (BNA) at 1811-12.

241. *Id.* at 1347, 57 U.S.P.Q.2d (BNA) at 1812 (quoting *Inwood Labs., Inc. v. Ives Labs.*, 456 U.S. 844, 851 n.11 (1982)).

242. *Id.*, 57 U.S.P.Q.2d (BNA) at 1812.

243. *Id.*, 57 U.S.P.Q.2d (BNA) at 1812 (noting that marks are legal equivalents when they create "the same, continuing commercial impression such that the consumer would consider them both the same mark").

244. *Dial-A-Mattress*, 240 F.3d at 1347-48, 57 U.S.P.Q.2d (BNA) at 1812-13. When Dial-A-Mattress registered the (212) M-A-T-T-R-E-S mark, it placed broken lines around the (212) portion, indicating that the area code was subject to change. *Id.* at 1343, 57 U.S.P.Q.2d (BNA) at 1809.

245. *Id.* at 1347-48, 57 U.S.P.Q.2d (BNA) at 1812-13.

(212) M-A-T-T-R-E-S as prima facie evidence of acquired distinctiveness. Additionally, the Federal Circuit agreed that, because of the similarity of the services detailed for the marks, the relatively slight difference in spelling of the mnemonics, and the public's propensity for misspelling, people associated "1-888-M-A-T-R-E-S-S" with Dial-A-Mattress and "at least some consumers" were attempting to reach Dial-A-Mattress when they used it.<sup>246</sup>

## 2. *Birthday balloons*: *In re Watts*

The other case addressing the issue of a generic term was short and sweet—and rightfully so. In an unpublished opinion, *In re Watts*,<sup>247</sup> the Federal Circuit accepted the decision of the Board affirming an examiner's refusal to register the term "BIRTHDAY BALLOONS."<sup>248</sup> The court found sufficient factual evidence to support the Board and examiner's findings that the mark was generic and thus ineligible for registration.<sup>249</sup> In fact, the court did not even see the need to set forth the *Ginn* standard used in *Dial-A-Mattress*, and instead relied on evidence that the examiner conducted a search of the Lexis-Nexis database and found 664 stories referring to the term "birthday balloons."<sup>250</sup> In addition, the examiner submitted evidence of third party registrations where the registrant had used the term "birthday balloons" to describe its goods.<sup>251</sup> Thus, the examiner concluded, and the Board agreed, that the public would understand the term "birthday balloons" to refer to balloons given on birthdays.<sup>252</sup>

The applicant, Watts, who wanted to use the term for mail order gift balloon services, argued that "when purchasing such balloons, one would ask for 'balloons for a birthday,' rather than 'birthday balloons,'" and maintained that the mark was "unique, creative, descriptive, [and] distinctive."<sup>253</sup> Watts further presented evidence of his own Lexis-Nexis report which purportedly showed that the mark had been used only five or six times in that database in 1999 in major U.S. newspapers.<sup>254</sup> The court found this argument unpersuasive, and instead held that even these five or six instances (without the hundreds of others found by the examiner) would have constituted

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246. *Id.* at 1348, 57 U.S.P.Q.2d (BNA) at 1813.

247. *In re Watts*, No. 75-529, 2001 U.S. App. LEXIS 9332 (Fed. Cir. May 16, 2001).

248. *Id.* at \*1.

249. *Id.* at \*3.

250. *Id.* at \*2.

251. *Id.*

252. *Id.*

253. *In re Watts*, No. 75-529, 2001 U.S. App. LEXIS 9332 (Fed. Cir. May 16, 2001).

254. *Id.*

sufficient evidence to uphold the Board's decision.<sup>255</sup>

#### CONCLUSION

Although 2001 was a quiet year for Federal Circuit trademark jurisprudence, the court did send a clear message that the Board and district judges must follow proper procedure. The Federal Circuit thus fulfilled its statutory mission to give uniformity and oversight in trademark cases, and also met its constitutional duty of ensuring due process for litigants. Fulfillment of these duties is particularly important in its review of the Trademark Trial and Review Board, as the Board is not an Article III tribunal with the protections of presidential nomination, senatorial consent and life appointment of its administrative law judges.

Thus, in 2001, trademark practitioners and the interested public can feel secure that the Federal Circuit has done its job in fulfilling its appointed oversight role.

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255. *Id.* at \*3.

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