

# INCONTESTABLE

Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.

## November 2008 Issue

### Civil Cases

***Anheuser-Busch, Inc. v. VIP Products, LLC,***  
***2008 WL 4619702 (E.D. Mo. 2008)***

*by Daniel P. Kaufman*

Parody defense fails in the face of a strong likelihood-of-confusion survey in a trade dress infringement case.

***Facenda v. N.F.L. Films Inc.,***  
***542 F.3d 1007 (3d Cir. 2008)***

*by Mary Beth Walker*

Third Circuit holds that false endorsement does not require evidence of actual confusion.

***Jackson v. Grupo Industrial Hotelero, S.A.,***  
***2008 WL 4648999 (S.D. Fla. 2008)***

*by Daniel P. Kaufman*

In Da Club? Not in This Club: 50 Cent's claims of trademark infringement and false designation of origin survive defendant nightclub owner's motion to dismiss for lack of subject matter jurisdiction, lack of personal jurisdiction, and forum non conveniens.

***Levi Strauss & Co. v. Abercrombie & Fitch***  
***Trading Co.,***  
***2008 WL 4614660 (N.D. Cal. 2008)***

*by Mary Beth Walker*

Northern District of California denies motion to strike plaintiff's surveys and rules that an attorney's explanation of prior survey results would not suffice in place of competent, expert testimony.

### TTAB Cases

*by Linda K. McLeod, former TTAB Judge*

***Kairos Institute of Sound Healing, LLC v. Doolittle***  
***Gardens, LLC,***  
***Opposition No. 91181945 (TTAB 2008)***

*by Linda K. McLeod and Dana M. Nicoletti*

### Finnegan Articles

#### Missing the Mark

*by Julia Anne Matheson*

### Events

#### Corporate Trademark and Brand Management in China

*November 13-14, 2008*

#### Trademarks: The Importance of Comprehensive Protection in a Challenging Economy

*November 18, 2008*

### UNREGISTRABLE:

#### Friends of the Devil a Friend of Trademarks?

*by Robert D. Litowitz*

TTAB refuses to impose sanctions for failure to make initial disclosures under amended Trademark Rules 2.120(g)(1) and (2).

***Media Online, Inc. v. El Clasificado, Inc.,  
Cancellation No. 92047294 (TTAB 2008)***

*by Linda K. McLeod and Dana M. Nicoletti*

TTAB denies leave to amend a petition to cancel based on Petitioner's undue delay in filing a futile fraud claim, and holds that Respondent has priority based on the constructive first use date of its application.

***Sierra Sunrise Vineyards v. Montelvini S.P.A.,  
Cancellation No. 92048154 (TTAB 2008)***

*by Linda K. McLeod and Dana M. Nicoletti*

TTAB grants cancellation of a registration on fraud grounds based upon registrant's false statement in its Section 8/15 declaration claiming use on all listed goods.

FINNEGAN

*DISCLAIMER: The information contained herein is intended to convey general information only and should not be construed as a legal opinion or as legal advice. The firm disclaims liability for any errors or omissions and readers should not take any action that relies upon the information contained in this newsletter. You should consult your own lawyer concerning your own situation and any specific legal questions. This promotional newsletter does not establish any form of attorney-client relationship with our firm or with any of our attorneys.*

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

**[www.finnegan.com](http://www.finnegan.com)**

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

# INCONTESTABLE

*Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.*

## November 2008 Issue

[Back to Main](#)

### Civil Cases

#### ***Anheuser-Busch, Inc. v. VIP Products, LLC, 2008 WL 4619702 (E.D. Mo. 2008)***

*by Daniel P. Kaufman*

#### **ABSTRACT**

The Eastern District of Missouri granted a preliminary injunction enjoining the defendant from selling a dog toy in the shape of a beer bottle due to a likelihood-of-confusion with the plaintiff's distinctive trade dress. The court rejected plaintiff's dilution claims under federal and state law for failure to prove actual dilution. Relying heavily on plaintiff's survey evidence showing a likelihood-of-confusion rate of 30.3%, the court rejected the defendant's arguments that the dog toy was a parody.

#### **CASE SUMMARY**

##### **FACTS**

Defendant VIP Products, LLC ("VIP") manufactures and sells high-quality dog toys. VIP designed a "Buttwiper" dog toy as a knock-off of plaintiff Anheuser-Busch, Inc.'s ("Anheuser-Busch") "Budweiser" beer bottle and label. In addition to copying the design elements of the distinctive "Budweiser" label, VIP's "Buttwiper" toy uses the word "Buttwiper" in place of "Budweiser," and depicts a dog scooting its bottom across the ground. The "Buttwiper" dog toy is packaged with "Cataroma," another beer-bottle-shaped squeeze toy and is available for purchase for \$19.95 from VIP's website and at specialty pet stores. In addition to beer, Anheuser-Busch uses its "Budweiser" mark and label design on a variety of other products, including pet products such as food/water bowls, frisbees, balls, leashes, collars, and pet mats.

Anheuser-Busch sought a preliminary injunction for trademark and trade dress infringement and dilution under the Lanham Act and Missouri state law.

##### **ANALYSIS**

The court considered Anheuser-Busch's claims for trademark and trade dress infringement together, but focused on the trade dress claim. Regarding the first two prongs of the test for trade dress infringement under Section 43(a) of the Lanham Act, the parties stipulated that the "Budweiser" label was distinctive and the court found it nonfunctional. VIP conceded that the only relevant likelihood-of-confusion factors were: (1) the degree of care reasonably expected of potential customers; and (2) evidence of actual confusion.

In support of its claims, Anheuser-Busch submitted a likelihood-of-confusion survey demonstrating a

30.3% net confusion rate. In accepting the survey, the court emphasized that one out of three people interviewed mistakenly believed that VIP's "Buttwiper" is manufactured and marketed by, or with the approval of, Anheuser-Busch or that there was some affiliation between "Buttwiper" and Anheuser-Busch.

In addressing the degree of care exercised by consumers, VIP argued that because its dog toys were more expensive than the typical dog toy, the survey results were invalid. The court disagreed, noting that some of Anheuser-Busch's dog-related items cost the same as VIP's dog toy and that a \$10 dog toy is not a high-end product.

As for the second relevant factor, actual confusion, VIP challenged Anheuser-Busch's survey on several grounds. First, VIP attacked survey responses where the respondent said, "Budweiser, I guess," when asked what company or brand put out or approved the making of "Buttwiper," arguing that the "I guess" answers conflicted with the survey expert's contention that he instructed the respondents not to guess. The court accepted the expert's testimony that "I guess" responses were not uncommon in situations where people try "to articulate their thoughts in this particular fashion." Second, VIP contended that the survey was deficient because it did not take into account the "high-end" price of the "Buttwiper" toy. The court rejected this argument, noting that \$10 per dog toy is not such a significant cost as to discredit an otherwise sound survey. Finally, the court rejected VIP's argument that the survey improperly excluded persons aged 18 to 21. The court found credible the survey expert's testimony that exclusion of this age group was inconsequential because it accounted for only 6% of the population and because VIP presented no evidence to the contrary and no survey evidence of its own.

In addition to the survey evidence, the court noted an additional instance of actual confusion, accepting Anheuser-Busch's evidence that searches for "Budweiser Beer" on Sears & Roebuck's website displayed hits for VIP's "Buttwiper" product.

In defense of the infringement claims, VIP argued that its "Buttwiper" product was a parody, citing *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC* 507 F.3d 252 (4th Cir. 2007), and *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410 (S.D.N.Y. 2002), two cases in which makers of parody dog items successfully avoided a finding of likelihood-of-confusion. The court distinguished *Louis Vuitton*, noting the absence of evidence in that case that the plaintiff sold dog toys or dog-related products. The court also emphasized the importance of Anheuser-Busch's survey, finding this to be an additional factor distinguishing *Louis Vuitton*. In addition, unlike in *Louis Vuitton* where the plaintiff's bags were considerably more expensive than the defendant's chew toys, here, Anheuser-Busch offered products under the "Budweiser" label that were the same price as VIP's "Buttwiper" toy. The court distinguished *Tommy Hilfiger* on similar grounds, noting that the products did not compete, and that the plaintiff in *Tommy Hilfiger* did not submit any survey evidence. Instead, the court cited two cases from the Eighth Circuit, *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769 (8th Cir. 1994), and *Mutual of Omaha Insurance Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987), emphasizing that in both of these cases, the defendant's parody argument did not defeat the plaintiff's survey evidence.

The court granted a preliminary injunction on Anheuser-Busch's claims for trademark/trade dress infringement and unfair competition, finding that the showing of a likelihood-of-confusion supported a strong presumption of irreparable harm and that the remaining preliminary injunction factors (i.e., balance of harm and the public interest) favored Anheuser-Busch.

The court refused, however, to grant Anheuser-Busch a preliminary injunction on its dilution claims under

either the Lanham Act or Missouri state law. In rejecting the claim of dilution by blurring, the court emphasized that Anheuser-Busch's survey failed to prove that consumers would change their impression of "Budweiser" because of an association with "Buttwiper." Likewise, the court rejected the claim of dilution by tarnishment because Anheuser-Busch provided no evidence that "Buttwiper" had harmed the reputation of "Budweiser." In both instances, the court rejected the claims after very limited discussion, apparently convinced that because Anheuser-Busch provided no evidence of *actual* dilution, its claims for blurring and tarnishment failed under federal law. It appears that the court improperly applied the now-defunct requirement from *Mosely v. V. Secret Catalogue, Inc.*, 537 U.S. 418 (2003), that a plaintiff demonstrate actual dilution, rather than a likelihood of dilution.

#### **CONCLUSION**

This decision demonstrates the persuasive value of survey evidence, particularly when courts may be less familiar with trademark law. Anheuser-Busch's survey evidence showing a 30.3% confusion rate carried the day throughout the court's opinion. Indeed, one of the factors the court emphasized in distinguishing two factually similar parody cases decided in favor of the defendants (i.e., *Louis Vuitton* and *Tommy Hilfiger*) was the failure of the plaintiffs in those cases to submit survey evidence.

The logo for the law firm Finnegan, Henderson, Farabow, Garrett & Dunner, LLP. The word "FINNEGAN" is written in a bold, green, sans-serif font.

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

[www.finnegan.com](http://www.finnegan.com)

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

# INCONTESTABLE

Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.

## November 2008 Issue

### Civil Cases

[Back to Main](#)

#### ***Facenda v. N.F.L. Films Inc.,* 542 F.3d 1007 (3d Cir. 2008)**

by Mary Beth Walker

#### **ABSTRACT**

In the first Third Circuit case to address false endorsement, the appellate court clarified an apparent district court split over whether a claim of false endorsement brought under Section 43(a)(1)(A) of the Lanham Act requires proof of actual confusion. The appellate court concluded that unlike a claim brought under Section 43(a)(1)(B), a false endorsement claim under Section 43(a)(1)(A) requires proof only of likely, not of actual, confusion.

#### **CASE SUMMARY**

#### **FACTS**

John Facenda was a well-known Philadelphia broadcaster until his death in 1984. This case was brought by his son as the executor of his estate (the "Estate"). Facenda's voice is very recognizable and is known by many football fans as the "Voice of God." Based on this widespread recognition, the Estate claimed trademark rights in Facenda's voice.

This dispute arose out of defendant N.F.L. Films Inc.'s ("NFL Films") unauthorized use of small portions of Facenda's voice-over work from earlier NFL Films productions in a cable-television production about the football video game "Madden NFL 06," called *The Making of Madden NFL 06*. Among other claims, the Estate sued NFL Films based on a claim of false endorsement under Section 43(a)(1)(A).

The district court granted the Estate's motion for summary judgment on its false endorsement claim. On appeal, NFL Films challenged the legal standard applied by the district court, arguing that false endorsement claims under Section 43(a)(1)(A), like false advertising claims under Section 43(a)(1)(B), require a showing of actual confusion. NFL Films also argued that the First Amendment prohibits the application of the Lanham Act to its television production.

The Third Circuit vacated the district court's grant of summary judgment, though it agreed with much of the district court's analysis of the false endorsement claim, including the application of a modified version of the likelihood-of-confusion test, and for the first time adopted a test specifically for use in false endorsement cases under Section 43(a)(1)(A).

## ANALYSIS

The Third Circuit first considered and rejected NFL Films' First Amendment defense because it found *The Making of Madden NFL 06* to be commercial speech rather than artistic expression.

The Third Circuit then considered the district court's adoption of a multifactor test for false endorsement cases originally set forth by the Ninth Circuit. The appellate court agreed that the traditional likelihood-of-confusion factors made for an uncomfortable fit in false-endorsement cases, and it adopted a slight modification of the Ninth Circuit's test resulting in the following list of eight factors that must be considered when evaluating false endorsement claims in the Third Circuit:

- (1) the level of recognition that the plaintiff has among the segment of society for whom the defendant's product is intended;
- (2) the relatedness of the fame or success of the plaintiff to the defendant's products;
- (3) the similarity of the likeness used by the defendant to the actual plaintiff;
- (4) evidence of actual confusion and the length of time the defendant employed the allegedly infringing work before any evidence of actual confusion arose;
- (5) marketing channels used;
- (6) likely degree of purchaser care;
- (7) defendant's intent in selecting the plaintiff; and
- (8) likelihood of expansion of the product lines.

In adopting these factors, the appellate court also clarified its position with respect to whether a false endorsement claim under Section 43(a)(1)(A) requires evidence of actual confusion. NFL Films argued that subsections 43(a)(1)(A) and (a)(1)(B) have the same standard, which distinguishes impliedly false endorsements from expressly false endorsements (in the false advertising context, impliedly false claims must be shown to have actually misled consumers, while actual confusion is presumed as to literally false claims). NFL Films also argued that, at the very least, the district court should have required evidence that consumers actually received the implied message.

The appellate court rejected NFL Films' arguments, noting that the statutory text of the two subsections differs. Only subsection (a)(1)(A) includes the phrase "likely to cause confusion." While a plaintiff *may* bring a false endorsement claim under both subsections (a)(1)(A) and (a)(1)(B), a plaintiff need not do so. Nor does the fact that a false endorsement claim can be brought under either subsection mean that the standards under each are the same.

Ultimately, the appellate court remanded the case for trial because it found that weighing the likelihood-of-confusion factors is a question of fact, not law, and was therefore inappropriate for resolution on summary judgment.

## CONCLUSION

Plaintiffs in the Third Circuit now have clear standards for a claim of false endorsement under Section 43

(a)(1)(A). Actual confusion is but one of eight factors to be considered, but is not a requirement for a finding of infringement.

**FINNEGAN**

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

**[www.finnegan.com](http://www.finnegan.com)**

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

# INCONTESTABLE

*Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.*

## November 2008 Issue

[Back to Main](#)

### Civil Cases

#### ***Jackson v. Grupo Industrial Hotelero, S.A., 2008 WL 4648999 (S.D. Fla. 2008)***

*by Daniel P. Kaufman*

#### **ABSTRACT**

The Southern District of Florida denied a Mexican corporation's motion to dismiss an action for trademark infringement and false designation of origin based upon lack of subject matter jurisdiction, lack of personal jurisdiction, and forum non conveniens. The court concluded that defendant's advertising in the United States to U.S. citizens through its website and U.S.-based infringement activities were sufficient to support a finding of subject matter jurisdiction and, further, to exercise personal jurisdiction based on the national long-arm statute (Fed. R. Civ. P. 4(k)(2)). The court also denied defendant's motion to dismiss for forum non conveniens, finding that Mexico was not an available and adequate forum, and the public and private interests and governing law favored bringing suit in the United States.

#### **CASE SUMMARY**

#### **FACTS**

Defendant Grupo Industrial Hotelero, S.A. ("Grupo") is a Mexican corporation that owns and operates the Coco Bongo nightclub in Cancun, Mexico. Grupo uses plaintiff Curtis Jackson's image, likeness, and federally registered trademark, G-UNIT, to promote the Coco Bongo nightclub on its website and in flyers distributed in the United States. Jackson, a rapper, music producer, and actor, is more commonly known as "50 Cent." Grupo draws more than half of its business from the United States. 50 Cent sued for trademark infringement and false designation of origin under the Lanham Act, and Grupo moved to dismiss based on lack of subject matter jurisdiction, lack of personal jurisdiction, and forum non conveniens.

#### **ANALYSIS**

Grupo argued that the court lacked subject matter jurisdiction because the Lanham Act should not be applied extraterritorially to any alleged trademark infringement by it that occurred outside the United States. The court explained that 50 Cent was not seeking extraterritorial application of the Lanham Act, but rather, 50 Cent's infringement claims were based upon Lanham Act violations that occurred exclusively and directly within the United States, namely, the distribution of promotional materials in the United States and the use of 50 Cent's likeness and trademark on Grupo's website, accessed by persons within the United States. The court found these activities sufficient to support subject matter jurisdiction.

The court noted that it could obtain personal jurisdiction over Grupo under two theories: (1) if Grupo's contacts with Florida were sufficient to exercise jurisdiction under Florida's long-arm statute; and (2) if Grupo's contacts with the United States as a whole were sufficient to exercise jurisdiction under the national long-arm statute, Fed. R. Civ. P. 4(k)(2).

Evaluating the Florida long-arm statute, the court explained that Grupo must have committed a tortious act within the state, causing harm within the state. Although Grupo's transmission of ads via its website was a sufficient electronic communication to commit a tort within the State of Florida, and although this communication gave rise to the cause of action (i.e., trademark infringement based on Grupo's website), the court concluded that the harm was not suffered within the state because 50 Cent was not a Florida resident. Accordingly, the court could not exercise personal jurisdiction over Grupo under the Florida long-arm statute.

Fed. R. Civ. P. 4(k)(2), however, commonly referred to as the "national long-arm statute," allows courts to exercise personal jurisdiction over a defendant if: (1) the defendant is not subject to jurisdiction in any state; and (2) the defendant has minimum contacts with the United States as a whole such that exercising jurisdiction would not offend the U.S. Constitution and applicable laws. Here, the court held that Grupo was not subject to jurisdiction in any state, and Grupo's promotional advertisements in the United States, both on its website and in flyers, demonstrated that Grupo purposefully availed itself of the privilege of conducting activities within the United States as a whole. Although Grupo's infringing ads and promotional videos on its website appeared most influential in allowing the court to exercise jurisdiction, the court also emphasized additional relevant factors, including Grupo's regular attendance at travel trade shows in the United States and Grupo's dealings with U.S. travel agencies and tour operators to promote its Coco Bongo nightclub. Accordingly, the court denied Grupo's motion to dismiss for lack of personal jurisdiction.

Finally, the court also rejected Grupo's motion to dismiss for forum non conveniens. In rejecting Grupo's argument that Mexico was an available alternate adequate forum, the court explained that Grupo's own evidence (an article discussing Mexican IP law) demonstrated that the Mexican court system was admittedly slow, and that it was unclear whether there was a private right of action for injunctive relief for trademark infringement under Mexican law. Thus, even if Mexico were an adequate alternate forum, both the private and public interests favored keeping the case out of Mexico and in the United States. Because 50 Cent was suing for violations occurring within the United States, the evidence of the violations should be available in the United States. While Grupo's witnesses were in Mexico, the plaintiff and his witnesses were all located in the United States. Similarly, contrary to Grupo's claims that 50 Cent was asserting violations of Mexican law, the court concluded that 50 Cent was, in fact, asserting violations of U.S. law that would be better handled by a U.S. court. Based upon the foregoing, the court denied Grupo's motion for forum non conveniens.

## **CONCLUSION**

This case demonstrates that foreign companies physically outside the United States but operating websites accessible by U.S. citizens in the United States can be pulled into U.S. courts for violations of the Lanham Act. As cyberspace continues to grow and as presence on the Internet becomes increasingly essential to survival in the global marketplace, U.S. companies should find comfort in knowing that, extraterritorial difficulties notwithstanding, they can bring Lanham Act claims against foreign entities based on infringements occurring almost entirely on a website.

# FINNEGAN

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

**[www.finnegan.com](http://www.finnegan.com)**

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

# INCONTESTABLE

*Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.*

## November 2008 Issue

[Back to Main](#)

### Civil Cases

#### ***Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 2008 WL 4614660 (N.D. Cal. 2008)***

*by Mary Beth Walker*

#### **ABSTRACT**

Defendant challenged plaintiff's surveys based on a failure to include a fictitious control design, the lack of a control cell, the vagueness of the questions, the use of leading questions, the creation of demand effects, the use of an underinclusive universe, the failure to replicate marketplace conditions, and an "order bias." The Northern District of California denied defendant's motion to strike plaintiff's surveys, finding that any flaws in the surveys went to the weight of the surveys, not their admissibility.

#### **CASE SUMMARY**

#### **FACTS**

Plaintiff Levi Strauss & Co. ("Levi's") owns two trademark registrations for its embroidered pocket design called the "Arcuate Stitching Design Trademark" (the "Arcuate Mark") used on its jeans. Plaintiff sued defendant Abercrombie & Fitch Trading Co. ("Abercrombie"), claiming that Abercrombie's Ruehl 925 jean-pocket design ("Ruehl Design") infringed and diluted the Arcuate Mark.

Plaintiff conducted two surveys. One survey tested consumer recognition of Levi's back-pocket stitching. The other tested likelihood-of-confusion between the Ruehl Design and the Arcuate Mark. Abercrombie moved to exclude the two surveys on a number of grounds.

#### **ANALYSIS**

In one of plaintiff's surveys, Dr. Sanjay Sood measured consumer recognition of the Arcuate Mark. Participants were shown photographs of the back pockets of three brands of jeans: Levi's, Lee, and Lucky. The order of the photographs was rotated across the three brands. Participants were asked a series of questions about each photograph to test their recognition of each brand's pocket design. The first question in the series was: "Have you seen jeans with this style of pocket stitching before?" If a participant answered "yes" or "don't know," he or she was asked, "Do you associate jeans with this style of pocket stitching with one brand or company, more than one brand or company, [or] don't know?"

Abercrombie challenged the validity of the consumer recognition survey on the grounds that the questions asked were vague, the survey did not include a fictitious control design and, thus, did not account for "spurious recognition," and the survey lacked a control cell. The court concluded that the

questions were not so inherently ambiguous that they affected the reliability of the survey. The court also found that the lack of a fictitious control design and the lack of a separate control group went to the weight of the survey, rather than its admissibility, apparently crediting Dr. Sood's contention that he did not include a fictional stitching design because of the many stitching designs on the market and because control jeans were used in the survey.

The second survey conducted by Dr. Sood tested for a likelihood-of-confusion. That double-blind, mall-intercept survey tested women who were between 20-45 years of age and who had either purchased jeans that cost at least \$75 in the last six months or planned to do so in the next six months. Participants were shown a photograph of a female wearing a pair of Levi's jeans "from the back side such that the person wearing the jeans is posed in a stance as if she were striding or waiting at a street corner." The participants were then shown four photographs in the same perspective of four different brands of jeans: Citizens for Humanity, Seven for All Mankind, Ruehl, and True Religion. The interviewer then asked each participant a series of questions. The first question was: "Do you think that any of these jeans are made, sponsored or endorsed by the same company that made the jeans you saw in the first picture? Or, do you think that none of these jeans are made, sponsored or endorsed by the same company that made the jeans you saw in the first picture?" If the participant answered in the affirmative as to one or more of the jeans, she was asked: "Which one or ones do you think are made, sponsored or endorsed by the same company that made the jeans you saw in the first picture?" For each pair of jeans that a participant identified in response to the second question, she was asked: "What is it about these jeans that makes you say it is made, sponsored or endorsed by the same company that made the jeans that you saw in the first picture?"

Abercrombie argued that this survey was inadmissible because it used leading questions, created demand effects, lacked a proper control, utilized an underinclusive survey universe, lacked marketplace conditions, and suffered from "order bias." The court found that none of the questions were unduly suggestive, noting that in the cases cited by Abercrombie for this proposition, questions were found leading because they identified the trademarked product and the accused product in the question. It also found that Abercrombie's concerns regarding order bias, demand effects, and lack of marketplace conditions went to the weight rather than the admissibility of the survey. Further, it held that because controls were used in the survey and the questions asked were open-ended, any failure to use a separate control group did not render the results of the survey so unreliable that it should be excluded.

Finally, the court considered Abercrombie's argument that the survey universe was underinclusive because it focused on the target market for Ruehl jeans. Abercrombie argued that plaintiff's survey universe should have included girls and women 13 years and older, and should not have been limited to any price point. However, Abercrombie's expert did not explain how or why the persons excluded from Dr. Sood's survey universe would have reacted differently from those included in Dr. Sood's survey. Accordingly, the court concluded that any defects in the survey universe also went to the weight of the survey.

Abercrombie, as part of its motion for summary judgment, also attempted to introduce surveys conducted by plaintiff for other litigations, which it claimed showed that the Arcuate Mark had lost distinctiveness, but offered only an attorney's (rather than an expert's) calculation analysis of the significance of the survey results. The court sustained plaintiff's objection to the surveys' use and did not consider them on summary judgment, finding that "[u]nsubstantiated attorney argument regarding the meaning of technical evidence is no substitute for competent, substantiated expert testimony."

## CONCLUSION

This opinion provides direction regarding the Northern District of California's evaluation of the admissibility of consumer recognition and likelihood-of-confusion surveys, and underscores the importance of expert testimony in analyzing survey results.

The logo for the law firm Finnegan, consisting of the word "FINNEGAN" in a bold, green, sans-serif font.

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

[www.finnegan.com](http://www.finnegan.com)

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

# INCONTESTABLE

*Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.*

## November 2008 Issue

[Back to Main](#)

### TTAB Cases

#### ***Kairos Institute of Sound Healing, LLC v. Doolittle Gardens, LLC, Opposition No. 91181945 (TTAB 2008)***

*by Linda K. McLeod and Dana M. Nicoletti*

#### **ABSTRACT**

The TTAB denied Applicant's motion for sanctions based upon Opposer's failure to make initial disclosures, and stated that sanctions are only available when a Board order has been violated or if a party affirmatively stated that it would not provide initial disclosures.

#### **CASE SUMMARY**

#### **FACTS**

On January 16, 2008, the TTAB issued a notice of institution, providing that the initial disclosures of Kairos Institute of Sound Healing, LLC ("Opposer") and Doolittle Gardens, LLC ("Applicant") were due April 25, 2008. Applicant served its initial disclosures on April 25, 2008, but Opposer did not serve its initial disclosures until May 30, 2008. On May 25, 2008, one month after the deadline for service and prior to the service of Opposer's disclosures, Applicant filed a motion for sanctions with the TTAB, arguing that Opposer acted in bad faith by willfully evading its disclosure obligations and prejudicing Applicant's ability to proceed with its case. Opposer responded that its failure to make timely service of the disclosures was inadvertent and unintentional, and that Applicant suffered no actual prejudice since three months of discovery still remained after the delayed service.

#### **ANALYSIS**

The TTAB denied Applicant's motion for sanctions for failure to timely provide initial disclosures. Under Trademark Rule 2.120(g)(1), a party may seek sanctions only when another party fails to comply with an order of the TTAB relating to disclosures. Because no order was issued compelling a party to make initial disclosures, the TTAB held that imposing sanctions would be premature. The TTAB also noted that an order of institution does not constitute an official TTAB order relating to disclosures under the Rule. It clarified that "a notice of institution is merely a scheduling order, whereas the type of order that is contemplated as a prerequisite to a motion for sanctions under Trademark Rule 2.120(g)(1) is an order granting or denying a motion to compel or a motion for a protective order." Had Applicant filed a motion to compel the disclosures and the TTAB granted such motion, Applicant could then move for sanctions for Opposer's failure to comply with that order.

The TTAB also observed that Trademark Rule 2.120(g)(2) allows for sanctions only where a party fails to

provide required initial disclosures or discovery and that party affirmatively informs the other party that the required disclosures will not be made. Here, there was no affirmative refusal to make disclosures, so the TTAB found that imposing sanctions in the form of a dismissal under Rule 2.120(g)(2) would also be premature.

#### **CONCLUSION**

The TTAB will not grant a motion for sanctions for failure to make initial disclosures under Trademark Rules 2.120(g)(1) and (2) unless a party fails to comply with a TTAB order relating to disclosures or fails to serve initial disclosures and affirmatively informs the other party that the required disclosures will not be made.

The logo for the law firm Finnegan, Henderson, Farabow, Garrett & Dunner, LLP. The word "FINNEGAN" is written in a bold, green, sans-serif font.

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

[www.finnegan.com](http://www.finnegan.com)

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

# INCONTESTABLE

*Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.*

## November 2008 Issue

[Back to Main](#)

### TTAB Cases

#### ***Media Online, Inc. v. El Clasificado, Inc., Cancellation No. 92047294 (TTAB 2008)***

*by Linda K. McLeod and Dana M. Nicoletti*

#### **ABSTRACT**

The TTAB denied Petitioner's motion for leave to add claims of descriptiveness and fraud to a cancellation petition, and granted Respondent's motion for judgment on the pleadings on the issue of priority.

#### **CASE SUMMARY**

#### **FACTS**

Media Online, Inc. ("Petitioner") filed a petition to cancel El Clasificado, Inc.'s ("Respondent") registration for the mark EL CLASIFICADO ONLINE for "placing advertisements of others on a website via a global computer network." In its petition, Petitioner alleged that Respondent's mark so resembled its previously used marks, CLASIFICADOSONLINE.COM and CLASIFICADOS ONLINE, that it was likely to cause confusion under Section 2(d) of the Lanham Act, and asserted priority of use. Respondent filed a motion for judgment on the pleadings on Petitioner's priority claim. A month later, Petitioner filed a cross-motion to amend its petition for cancellation to add claims of descriptiveness and fraud.

#### **ANALYSIS**

In evaluating the parties' respective claims, the TTAB considered Petitioner's cross-motion to amend its pleadings to add claims of descriptiveness (on the basis that Respondent's mark translated as "The Classified") and fraud. Petitioner based its fraud claim on the allegation that Respondent does not offer the covered services on its website.

In rejecting Petitioner's motion for leave to amend, the TTAB noted that the facts that formed the basis for Petitioner's new claims appeared to have been within Petitioner's knowledge at the time of its original filing, including the cited dictionary definitions and Respondent's website content. Accordingly, the TTAB viewed the seven-month delay in Petitioner's filing to constitute "undue delay" that caused prejudice to Respondent.

Petitioner argued that its delay in moving to amend was attributable to the fact that the parties were engaged in settlement discussions and that Respondent had "surprised" Petitioner by raising the affirmative defense of priority in its motion for judgment on the pleadings rather than in its answer. Noting

that the parties had never filed a stipulation or consented motion to suspend proceedings for settlement discussions, the TTAB concluded Petitioner could not have reasonably concluded that it need not also move forward with its case and prepare all possible claims for trial.

The TTAB also rejected Petitioner's explanation that it delayed filing a motion to amend because it was "surprised" by Respondent's motion for judgment on the pleadings on the issue of priority. In particular, the TTAB noted that priority is an issue in the case by virtue of Petitioner's Section 2(d) claim. Thus, Respondent's ability to rely solely on its application filing date in its motion followed settled law, and its priority filing date is apparent from Respondent's registration.

Concluding that Petitioner had ample time to exercise its responsibility to identify all claims so that Respondent had proper notice, the TTAB held that "allowing piecemeal prosecution of this case would unfairly prejudice respondent by increasing the time, effort, and money that respondent would be required to expend to defend against petitioner's challenge to its registration."

The TTAB also examined Petitioner's fraud claim, finding it to be futile for failure to plead particular facts necessary to establish that Respondent had made knowingly false statements. Petitioner's mere allegation that the Respondent did not currently offer the identified services on its website was insufficient to state a fraud claim because it claimed falsehoods without stating any details about Respondent's purportedly false statements to the USPTO.

Accordingly, based upon its finding that the delay was unsupported and likely to cause prejudice, that the claims sought to be added were available and/or known to Petitioner at the time of its original filing, and that the fraud claim as pleaded would be futile, the TTAB denied Petitioner's motion to amend.

The TTAB likewise denied Petitioner's petition to cancel and granted Respondent's motion for judgment on the pleadings regarding priority.

Turning to the priority claim, Petitioner alleged that its pleaded marks were first used in commerce on November 27, 1999. Respondent, on the other hand, filed its intent-to-use application for its EL CLASIFICADO ONLINE mark on November 4, 1999 (three weeks earlier), and was thus entitled to rely upon its filing date as its constructive first use date under Section 7(c) of the Lanham Act. Based upon these facts and its conclusion that Petitioner could not prevail on its priority claim as a matter of law, the TTAB granted Respondent's motion for judgment on the pleadings.

## **CONCLUSION**

This decision highlights the importance of ensuring that cancellation and opposition pleadings are fully investigated and that all possible claims are included prior to initiating an action, as well as the need to plead fraud with particularity, and to act promptly to amend a pleading when additional claims come to light.

The logo for the law firm Finnegan, consisting of the word "FINNEGAN" in a bold, green, sans-serif font.

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

[www.finnegan.com](http://www.finnegan.com)

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

# INCONTESTABLE

*Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.*

## November 2008 Issue

[Back to Main](#)

### TTAB Cases

#### ***Sierra Sunrise Vineyards v. Montelvini S.P.A., Cancellation No. 92048154 (TTAB 2008)***

*by Linda K. McLeod and Dana M. Nicoletti*

#### **ABSTRACT**

The TTAB granted a petition to cancel a registration for MONTELVINI VENEGAZZU for wines, spirits, and liqueurs on the ground that, despite Respondent's assertion in its Section 8/15 declaration that its mark was in use on all covered goods, the mark was not in use on liqueurs at the time of the filing and, thus, the filing of the declaration constituted a fraud on the USPTO.

#### **CASE SUMMARY**

#### **FACTS**

Sierra Sunrise Vineyards ("Petitioner") filed a petition to cancel Montelvini S.P.A.'s ("Respondent") registration for the mark MONTELVINI VENEGAZZU covering wines, spirits, and liqueurs on the ground of fraud in Respondent's filing of its Section 8/15 declaration.

Respondent moved for summary judgment, arguing that the statements made in connection with its Section 8/15 declaration were not false and that it lacked the requisite intent to commit fraud. Petitioner cross-moved for summary judgment on its claim of fraud, contending that Respondent knew or should have known that it was not using its mark on spirits and liqueurs at the time it filed its Section 8/15 declaration.

#### **ANALYSIS**

The TTAB denied Respondent's combined motion for summary judgment and motion to amend the identification of goods in its registration, and granted Petitioner's cross-motion for summary judgment. Finding that Petitioner had met its burden of demonstrating that Respondent was not using its mark on liqueurs at the time it filed its combined Section 8/15 declaration on September 8, 2005, and that Respondent failed to raise a genuine issue of material fact as to the veracity of the statements it made in its Section 8/15 declaration, or regarding its intent to deceive the USPTO, the TTAB granted judgment in Petitioner's favor.

In evaluating the parties' various motions, the TTAB first considered whether Respondent's statements about the use of its mark on its identified goods (wines, spirits, and liqueurs) were material to the maintenance of its trademark registration. It was undisputed that Respondent's Section 8/15 declaration

clearly stated that its mark was in use in commerce on all the goods listed in the registration, and the TTAB noted that Respondent's registration for liqueurs would not have been maintained but for that broad statement. As such, the TTAB held that the statement made in Respondent's declaration claiming use of its mark on liqueurs was material.

The TTAB then considered the falsity of Respondent's statement in its Section 8/15 declaration. In response to discovery, Respondent admitted that it has never sold or shipped liqueurs under the registered mark in the United States, although it had advertised its products in the United States. Determining that mere advertising (as contrasted with shipment or sale) did not constitute a technical trademark use, the TTAB concluded that it did not create a genuine issue of fact. Concluding that Respondent's statement that its mark was in use in interstate commerce on all of the goods listed in the registration was false, that the registration would not have been maintained for all listed goods without that false statement, and that Respondent should have known that its allegations were false at the time of filing its Section 8/15 declaration, the TTAB found in favor of Petitioner.

In defense of the fraud claim, Respondent argued that its false statement was the result of a miscommunication between itself and its U.S. and Italian trademark counsel before the declaration was filed. Respondent claimed that, given the differences in U.S. and Italian law, it had not understood the need to demonstrate specific actual use of the mark on each listed product in a registration. Respondent also argued language and cultural differences between U.S. and European views about wine in relation to other alcoholic beverages further contributed to the false statement, thereby raising a genuine issue of material fact as to its intent.

The TTAB rejected all of Respondent's arguments. As in prior decisions, the TTAB emphasized the obligation of a registrant to work with its counsel to protect against the possibility of false statements. The TTAB concluded that by signing its combined declaration, Respondent was under an obligation to investigate and thoroughly understand the applicable laws in the jurisdiction in which it is operating—namely, the United States—and that TTAB precedent mandates that distinctions in language and culture do not negate a finding of fraud.

Finally, the TTAB denied Respondent's motion to amend its registration to delete spirits and liqueurs from the identification of goods. The TTAB stated that it was confronted with this same issue in *Medinol* and had ruled that it was expressly prohibited: "If fraud can be shown in the procurement of a registration, the entire resulting registration is void." Thus, Respondent's motion to amend its registration was denied.

#### **CONCLUSION**

The TTAB continues to strictly adhere to its *Medinol* fraud standard, and defenses about miscommunications between counsel, cultural differences regarding the goods, and a lack of understanding about U.S. trademark law will not excuse an inaccurate assertion of use.

The logo for the law firm Finnegan, consisting of the word "FINNEGAN" in a bold, green, sans-serif font.

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

[www.finnegan.com](http://www.finnegan.com)

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved

# INCONTESTABLE

Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.

## November 2008 Issue

[Back to Main](#)

### Unregistrable

#### Friends of the Devil a Friend of Trademarks?

by Robert D. Litowitz

Anyone who has been to a major concert event in the past few years knows that the price of admission—often topping \$250—is only the beginning of the dedicated fan's financial adventure. Navigating crowded concourses during intermission or after the lights have dimmed, concertgoers are funneled towards booths and kiosks sporting a shopping mall's worth of merchandise ranging from basic logo T-shirts selling for upwards of \$30 to elaborate sweatshirts or jackets with prices rivaling the face value of the ticket. And they express their affinity for their favorite performers and bands not only with their cheers, but with their Visa® cards. This I know from painful experience, having recently dropped over \$200 on products the music industry calls "merch," including one particularly pricey "vintage T," to assuage family members left behind by the scarcity of tickets.

Even before sales of CDs started plunging faster than today's Dow Jones average, the sale of concert merchandise accounted for an ever increasing piece of the music industry pie. It would be fair and logical to assume that the era of mass music merchandising is of relatively recent vintage, the brainchild of buttoned-down bean counters wielding MBAs and Excel® spreadsheets looking for ways to make up for the shortfall caused by a culture of rampant illegal music downloading.

It therefore came as a surprise, if not a shock, to discover that the agents for transforming the concert business into a retailing juggernaut were not captains of the universe in corporate boardrooms during the go-go '80s and '90s, but rather the quintessential counterculture figures from the "Summer of Love" in 1967—the Grateful Dead and their iconoclastic trademark lawyer, Harold "Hal" Kant. Kant, who died two weeks ago at age 77, is credited with crafting what a recent obituary described as The Dead's "revolutionary approach to the music industry." Dennis McLellan, *Hal Kant, 1931-2008; Lawyer and Fan of Opera Represented Grateful Dead*, L.A. TIMES, Oct. 26, 2008, pt. B (California), at 10. The Grateful Dead, whose leader, Jerry Garcia, died in 1995, but whose legacy as uber-hippies lives on, were known as a "free-loving" outfit. *Id.* But Kant, a Bronx native once described in the National Law Journal as a "conservative, Republican, poker-playing opera fan" reportedly "oversaw every aspect of their business, whether licensing, touring, trademarks, merchandise, or Garcia getting busted for drugs." *Id.* A graduate of Harvard Law School, Mr. Kant was a clerk for a U.S. appeals court judge before he started a general business law practice and eventually began representing movie industry clients. *Id.* Then, in 1971, his practice found new life with The Dead. *Id.*

The Grateful Dead's studio recordings seldom found a place on the music charts or mainstream radio.

But thanks to Hal Kant's can-do attitude towards trademarks and other IP rights, the band became a commercial success and remains one to this day. More significantly, the strategy Hal Kant helped craft for the Grateful Dead became the template for a new generation of "Jam Bands," such as the phenomenally lucrative Phish, who freely permit fans to record and trade concert tapes and CDs, and whose financial success relies on owning and controlling their intellectual property rights, including music publishing and trademarks. A visit to the Grateful Dead's or Phish's website reveals almost as much clothing and other merchandise—all bearing the bands' array of trademarks and logos—as found at the online stores of many major apparel retailers. And while bands like Phish and The Dead hew to the hippie counterculture ethos, they also have built elaborate business infrastructures with aggressive licensing arms to spread their influence throughout the retail counterculture. Kant's influence extends to the courtroom, with the Grateful Dead and many other bands successfully enforcing their trademark rights against counterfeiters, often using sophisticated strategies pioneered by Kant. Numerous examples include *Grateful Dead Products v. Come 'N' Get It*, 1993 WL 512829 (S.D.N.Y. Dec. 9, 1993), a case where the "Deadheads" prevailed against the seller of illegal live performance recordings, and a recent lawsuit that The Dead, along with Carlos Santana, and members of Led Zeppelin and The Doors, brought against the owner of a popular website, [www.wolfgangsvault.com](http://www.wolfgangsvault.com), for the unauthorized sale of vintage and reproduced promotional merchandise. In an ironic twist, the Wolfgang of [wolfgangsvault.com](http://www.wolfgangsvault.com) is none other than the late fabled concert promoter, Bill Graham, whose Fillmore West and Winterland venues were home to countless Grateful Dead shows.

Kant's influence extended beyond pure merchandising to exploiting the right of publicity. When Ben and Jerry's ice cream produced a new flavor, "Cherry Garcia," in 1987, the company did not clear the idea with Garcia. *Id.* Although Garcia was unconcerned—"At least they're not naming a motor oil after me, man," he said—Mr. Kant convinced him that the issue should be addressed. *Id.* Mr. Kant remained the band's general counsel until around 2000, but he continued to represent Ice-Nine, the band's music publishing company, until his death. *Id.*

Looking back over Hal Kant's impressive IP legacy with the Grateful Dead and appreciating the imprint and impact this one unconventional trademark lawyer had on the shape of the music business brings new poignancy to one of The Dead's signature lyrics from "Truckin'," the first of its handful of radio hits—"What a long, strange trip it's been."

The logo for Finnegan, Henderson, Farabow, Garrett & Dunner, LLP. The word "FINNEGAN" is written in a bold, green, sans-serif font.

**If you have any questions or need additional information, please contact:**

[Julia Anne Matheson](#), Editor-in-Chief

[Jonathan M. Gelchinsky](#), Associate Editor

[Kenneth H. Leichter](#), Assistant Editor

Washington, DC • Atlanta, GA • Cambridge, MA • Palo Alto, CA • Reston, VA • Brussels • Shanghai • Taipei • Tokyo

[www.finnegan.com](http://www.finnegan.com)

Copyright © 2008 Finnegan, Henderson, Farabow, Garrett & Dunner, LLP | All rights reserved