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by Mark Sommers and Naresh Kilaru

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Civil Cases

Tiffany (NJ) Inc. v. eBay Inc., 2010 WL 1236315 (2d Cir. Apr. 1, 2010)

by Mark Sommers and Naresh Kilaru

ABSTRACT

The Second Circuit handed down this much-anticipated decision affirming the district court's ruling that eBay is not liable for contributory trademark infringement for the sale of counterfeit Tiffany products on eBay's website. The decision is the first by a U.S. appeals court to squarely address contributory trademark infringement in the online marketplace. Although the Second Circuit remanded the case with respect to Tiffany's false advertising claim, the decision represents a significant victory for eBay and other online marketplace sites.

CASE SUMMARY

FACTS

In 2004, Tiffany (NJ) Inc. and Tiffany & Co. (collectively "Tiffany"), makers of high-end jewelry and other items, sued eBay Inc. ("eBay"), the operator of the well-known online marketplace website, for direct and contributory trademark infringement, trademark dilution, and false advertising. Tiffany alleged that eBay facilitated and advertised the sale of "Tiffany" goods on eBay's website, which turned out to be counterfeit. In 2008, the Southern District of New York ruled in favor of eBay after a week-long bench trial and held that eBay was not liable for contributory trademark infringement despite having general knowledge that counterfeit Tiffany products were being sold on its website. The district court held that under the Supreme Court's decision in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc*., 456 U.S. 844 (1982), the operator of an online marketplace can be held liable for contributory trademark infringement only if it has *specific* knowledge of particular infringing acts and allows that infringing activity to continue. The district court found that eBay promptly removed every infringing listing of which it had specific notice (and cancelled any fees earned from such listings), and therefore concluded that eBay's existing anticounterfeiting measures were adequate to avoid a finding of contributory liability.

ANALYSIS

The Second Circuit agreed with the district court's finding that eBay's activities, including use of the TIFFANY trademark on its website and in sponsored advertisements on the Google and Yahoo! search engines, did not constitute direct trademark infringement. While the appeals court did not decide whether the Ninth Circuit's *New Kids* nominative fair-use test was viable in the Second Circuit, it held that a defendant can lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product, and does not imply a false affiliation or endorsement by the plaintiff of the defendant. Because eBay used Tiffany's trademark to accurately describe the genuine Tiffany goods that were offered for sale on its website, and did not use the mark in a manner that suggested that Tiffany was affiliated with eBay or that it had endorsed the sale of its products through eBay's website, eBay's actions did not constitute direct trademark infringement.

Turning to the contributory trademark infringement claim, the Second Circuit largely agreed with the lower court's analysis. Under *Inwood*, the test was whether eBay continued to allow sellers of counterfeit Tiffany products to operate on its website despite "knowing or having reason to know" that they were offering counterfeit products. On appeal, Tiffany argued that eBay clearly knew that counterfeit Tiffany goods were being sold ubiquitously on its site. Indeed, the district court had found that "a significant portion" of the Tiffany sterling silver jewelry listed on eBay was counterfeit, and that eBay knew that "some portion" of the Tiffany goods sold on its website might be counterfeit. Nonetheless, the Second Circuit agreed with the district court that such generalized knowledge was insufficient to provide a basis for contributory liability. To be liable for contributory trademark infringement, the proprietor of an online marketplace must have "more than a general knowledge" that its service is being used to sell counterfeit goods. Rather, it must have knowledge of specific instances of infringement.

Tiffany argued that, as a matter of policy, holding eBay liable only when specific instances of infringement are brought to its attention would effectively require brand owners to police eBay and other online marketplace websites "24 hours a day, 365 days a year"—a burden that most trademark owners would not be able to afford. In the court's opinion, however, private market forces provide "a strong incentive" for online marketplace sites to minimize sales of counterfeit products so as to not alienate their own users. The appeals court added that, to the extent owners of online marketplace sites have reason to suspect that counterfeit products are being sold on their sites and *intentionally* shield themselves from discovering such activity, such inaction would amount to willful blindness and could give rise to contributory liability. Willful blindness, the court acknowledged, is tantamount to actual knowledge under the Lanham Act.

In addition to contributory trademark infringement, Tiffany had also alleged that various eBay advertisements marketing the availability of Tiffany products on eBay's site constituted false advertising, because eBay knew that a significant proportion of the Tiffany products offered for sale on its site were not genuine. The record showed that eBay advertised the availability of Tiffany products at low prices on its website to drive demand for its "jewelry and watches" category. For instance, one link on eBay's website read "Tiffany & Co. under $50." eBay also purchased sponsored link advertisements on various search engines. For instance, the evidence showed that a search for "tiffany" on the Yahoo! search engine produced a sponsored link that read "Tiffany on eBay. Find tiffany items at low prices."

The Second Circuit held that such advertisements could constitute false advertising to the extent (1) they implied the genuineness of all Tiffany goods on eBay's site, and (2) consumers were likely to be misled by such advertisements. An advertisement is unlawful, the appeals court noted, when it implies that all of the goods advertised for sale are genuine, when in fact, as here, "a sizeable proportion of them are not."

In considering Tiffany's false advertising claim, the appeals court looked at whether Tiffany had put forward any empirical evidence showing that consumers were likely to be misled by eBay's advertisements. Because the district court's opinion did not reflect whether Tiffany had submitted such evidence, the appeals court remanded Tiffany's false advertising claim for further consideration based on the record evidence.

In its defense, eBay argued that prohibiting such advertisements would create a deterrent effect against online advertisers generally, because they would need to confirm the authenticity of all products they advertise for sale. The Second Circuit rejected this argument, however, noting that a simple disclaimer might be sufficient to avoid such liability.

CONCLUSION

The Second Circuit's decision represents a significant victory for eBay and other online marketplace websites, at least in the Second Circuit where online marketplace websites may be shielded from contributory liability for the sale of counterfeit goods on their websites if there are reasonable anticounterfeiting measures in place, and they take action with regard to specific instances of infringement once they are brought to their attention.

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Civil Cases

City of New York v. Tavern on the Green, L.P., 2010 WL 841322 (S.D.N.Y. Mar. 10, 2010)

by Robert B. Dulaney

ABSTRACT

Granting summary judgment on behalf of the City of New York, the Southern District of New York determined that the City had rights to the name "Tavern On The Green" that predated the incontestable TAVERN ON THE GREEN registration owned by the bankrupt vendor who most recently operated the well-known Central Park restaurant. Further, the court determined that the applicant for the mark knew of the City's prior right to use the name, and not only failed to disclose the City's right to use, but also affirmatively declared to the PTO that no other entity had any such rights. The court found that these misrepresentations were part of a deliberate attempt to mislead the PTO as to material facts and ordered the TAVERN ON THE GREEN registration cancelled.

CASE SUMMARY

FACTS

The City of New York (the "City") opened a restaurant in Central Park called "Tavern On The Green" in 1934 and hired a vendor to operate the restaurant. The restaurant operated over the years under various vendors, occasionally closing for renovations and improvements, including closing for renovations in 1973 and reopening in August 1976.

In conjunction with the 1973 renovations, the City entered a license agreement ("the 1973 Agreement") with Warner LeRoy to operate "Tavern On The Green" as a restaurant and cabaret. The 1973 Agreement was not termed a trademark license and did not have terms specifically directed to trademark ownership or to any termination of the vendor's ability to use the name. The agreement did, however, reserve for the City various rights to oversee and approve the operation of the restaurant, as well as the right to approve or reject any proposed name change.

After taking over operation of the restaurant, LeRoy filed an application for the mark TAVERN ON THE GREEN for restaurant services, claiming a first use on the date the restaurant reopened after the 1973 renovations. The application was filed on behalf of a joint venture formed by LeRoy to operate the restaurant and included a declaration that the company had the right to use the mark. The declaration further affirmed that "no other person, firm, corporation or association has the right to use said mark in commerce . . . ." During the application process, LeRoy never informed the PTO of the 1973 Agreement or of the City's prior use of the name "Tavern On The Green" in association with the restaurant. The application was approved and the mark registered in 1981. The joint venture later filed a Section 15 affidavit, claiming continuous use of the mark, and the mark became incontestable pursuant to 15 U.S.C. § 1065. The City first objected to the federal registration in 2006.

In 2009, the successors to the operating company created by LeRoy (and owners of the registration) filed for bankruptcy. Among the issues in the bankruptcy was ownership of the name "Tavern On The Green" and the incontestable TAVERN ON THE GREEN registration. The trademark ownership issue was heard by the Southern District of New York where the City and mark owners in bankruptcy ("Debtors") filed opposing summary judgment motions. The City's motion sought a declaration of prior rights to the name under New York law as well as cancellation of the Debtors' registered mark. The Debtors' motion sought a declaration that they had the exclusive rights to TAVERN ON THE GREEN for restaurant services, and an injunction against the City's use of the name in commerce. The court granted the City's motion and ordered cancellation of the Debtors' TAVERN ON THE GREEN mark for restaurant services.

ANALYSIS

Acknowledging the incontestability of the Debtors' mark for restaurant services, the court noted that the mark could not be cancelled except under one of the statutory exceptions to incontestability, which include infringement of prior state law rights in the registered mark and fraudulent registration. The court determined that the City had a valid claim of prior rights to the name "Tavern On The Green" under New York law pursuant to Section 1065, and also that the Debtors' mark was obtained fraudulently under Section 1064(3).

Applying New York law, the court determined that the proper test for prior rights to the mark was whether the City's use of the mark began before the Debtors' mark was registered, and whether there had been a continuous use by the City. Citing the 1973 Agreement for operation of a restaurant under the specific name "Tavern On The Green," the court found compelling evidence that the City had used the mark before the Debtors' registration. The 1973 Agreement lacked specific language addressing ownership of the mark or termination of the Debtors' use of the mark. However, the court pointed to the agreement provision that the restaurant's name could not be changed without the City's permission, as well as to the provisions for the City's oversight of the restaurant, as a recognition of the City's preexisting interest in the restaurant and the mark. The court also noted that the City chose the name and each vendor, and made significant investments to ensure the success of the restaurant, such that "Tavern On The Green" was closely associated in the public mind with a building owned by the City and located in New York's Central Park. The court found that these agreement provisions, coupled with the City's use of the mark for over 30 years prior to the 1973 Agreement, demonstrated the City's protectable interest under New York law.

The court also held that the City's use of "Tavern On The Green" had been continuous, rejecting the Debtors' arguments that the various closings for renovations and improvements broke the City's chain of continuous use. According to the court, the renovations demonstrated an intention to continue operations. Thus, the court found that the Debtors' registration for restaurant services was not incontestable as against the City.

Having determined that the City had an independent right to use the mark, the court turned to the issue of cancellation of the registration. Cancelling the registration due to fraud required the City to establish misstatements by the applicant indicating a deliberate attempt to mislead the PTO about a material fact that would have affected the PTO's action on the application. Noting that an applicant's statements to the PTO must reflect "uncompromising candor," the court held that a deliberate omission in a trademark application of information regarding another's right to use the mark was a material omission justifying cancellation of the mark.

Addressing the applicant's intent, the court again relied on the 1973 Agreement, stating that the agreement demonstrated LeRoy's knowledge of another's right to use the "Tavern On The Green" mark, as well as awareness that the City had used the mark for decades prior to the date of first use claimed in the application. These facts that LeRoy failed to disclose to the PTO, coupled with the declaration asserting that "no other person, firm, corporation or association has the right to use said mark in commerce," compelled the inference that LeRoy had attempted to mislead the PTO. Thus, the court determined that the registration had been obtained by fraud, granted the City's summary judgment motion, and ordered the TAVERN ON THE GREEN registration for restaurant services cancelled.

In reaching its decision, the court rejected a laches defense that the Debtors raised for the fraud accusations, holding that the Lanham Act makes clear that a claim for cancellation based on fraud may be asserted at any time. Moreover, the court noted that to assert an equitable defense such as laches, the Debtors must come before the court with clean hands. Where, as here, the restaurant services registration was obtained through fraud on the PTO, the Debtors could not meet the requirement for clean hands.

CONCLUSION

This opinion emphasizes the importance of accuracy in the declarations and other papers filed with trademark applications. While recent major cases addressing fraud on the PTO have focused on the descriptions of goods and services, this case highlights the need for accuracy in all of the application language, especially the language in declarations submitted during the application process.

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Express Scripts, Inc. v. Intel Corp., 2010 U.S. Dist. LEXIS 18933 (E.D. Mo. Mar. 3, 2010)

by Kenneth H. Leichter

ABSTRACT

After plaintiff filed an intent-to-use trademark application for the mark INTELLACT, defendant Intel sent a cease-and-desist letter demanding that plaintiff abandon its application. The letter also stated that use of the INTELLACT mark would infringe and dilute Intel's rights in its INTEL mark. When the letter was sent, plaintiff had already begun using the INTELLACT mark, apparently unbeknownst to Intel. After plaintiff brought a lawsuit seeking a declaratory judgment of noninfringement, Intel moved to dismiss for lack of subject matter jurisdiction. The district court denied the motion, finding (1) a controversy existed under the Supreme Court's *MedImmune* decision because, by alleging possible infringement, the letter put plaintiff in the position of either pursuing arguably illegal behavior or abandoning that which it claims a right to do, and (2) discretionary dismissal of the declaratory judgment suit was not warranted because Intel's letter specifically alleged infringement, making a declaratory ruling on infringement necessary to clarify plaintiff's right to use the INTELLACT mark going forward.

CASE SUMMARY

FACTS

Express Scripts, Inc. ("ESI") provides pharmacy benefit management and related healthcare consulting services. ESI filed an intent-to-use trademark application for the mark INTELLACT for these services and began use of the INTELLACT mark in connection with some of these services as early as February 2009.

In May 2009, ESI received a letter from Intel Corporation ("Intel") concerning the INTELLACT trademark application, stating in relevant part:

> Given Intel's strong presence in the computer industry and the fact that Intel actively provides a wide range of medical and healthcare products and services, Intel believes that your client's use of INTELLACT is likely to deceive or confuse consumers . . . . Furthermore, any use of INTELLACT is likely to dilute the famous INTEL mark . . . . Use of the INTELLACT trademark thus constitutes infringement of Intel's established trademark rights and violates Intel's rights . . . . Accordingly, Intel must insist that your client abandon its INTELLACT trademark application.

> Please note that our intention is not to disrupt your client's business but to protect Intel's trade name and trademark rights. We are therefore interested in settling this manner [sic] in an efficient and amicable manner.

In response to Intel's letter, ESI filed suit, seeking a declaratory judgment that ESI's use of INTELLACT in connection with its pharmacy benefit management services does not violate Intel's rights in the INTEL mark. Intel moved to dismiss the declaratory judgment action for lack of subject matter jurisdiction on the ground that no case or controversy exists.

ANALYSIS

The court noted that prior to the Supreme Court's decision in *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007), the Federal Circuit had employed the two-part "reasonable apprehension of imminent suit" test for declaratory judgment actions in intellectual property cases. In *MedImmune*, however, the Supreme Court rejected the reasonable-apprehension-of-suit test in favor of a broader facts-and-circumstances inquiry. In this case, the court found that although *MedImmune* was a patent case, courts have concluded it is equally applicable to other types of intellectual property disputes and "there does not appear to be a colorable argument to the contrary."

As articulated in *MedImmune*, the jurisdictional test is "whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." The court noted that subsequent decisions of the Federal Circuit applying the *MedImmune* standard have recognized that it makes declaratory judgment jurisdiction "much more readily available in disputes concerning intellectual property rights."

Courts following *MedImmune* have concluded that jurisdiction to enter a declaratory judgment exists where the defendant has taken "a position that puts the declaratory judgment plaintiff in the position of either pursuing arguably illegal behavior or abandoning that which he claims a right to do." Although it is no longer necessary to show a reasonable apprehension of imminent suit in order to present a justiciable case, doing so remains one possible avenue for demonstrating that a case or controversy exists. Likewise, the second prong of the prior test—requiring the plaintiff to demonstrate that it has taken significant steps toward engaging in arguably infringing activity—remains a significant consideration in determining whether the court has jurisdiction to enter a declaratory judgment.

Intel argued that there was no actual controversy here because its letter only requested that ESI abandon its intent-to-use application for the INTELLACT mark, and that it therefore, at most, threatened an opposition before the PTO. However, ESI presented evidence that it was in fact already using the mark in connection with providing certain pharmacy benefit management services. Although Intel apparently did not know that ESI was using the INTELLACT mark when it sent its letter, Intel did expressly state that using INTELLACT would infringe on its trademark rights. The court concluded that because ESI knew that it was using INTELLACT when it received Intel's letter, the letter put ESI in the position of either pursuing arguably illegal behavior or abandoning that which it claims a right to do. The court thus concluded that there was subject matter jurisdiction to entertain ESI's claim for a declaratory judgment.

Intel next argued that the court should exercise its discretion to dismiss ESI's claim because (1) ESI's action attempted to usurp Intel's choice of forum as the true plaintiff; (2) ESI could not show any adverse effects on its use of the INTELLACT mark; and (3) allowing the action to go forward would discourage settlement efforts.

In rejecting these arguments, the court first found that ESI's actual, ongoing use of the INTELLACT mark was the principal factor in creating a concrete dispute that warranted resolution by declaratory judgment. The court stated it might have agreed with Intel that declaratory relief would not serve any purpose if ESI were not using the mark. But because of ESI's use and the specific allegation of infringement, a declaratory ruling on infringement was necessary to clarify ESI's right to use INTELLACT going forward.

Furthermore, the court found Intel's arguments in favor of discretionary dismissal unpersuasive. To support its usurpation-of-forum argument, Intel cited cases involving situations in which a declaratory judgment action and an infringement action were pending in different federal courts. Here, in contrast, Intel had not filed an infringement action in another forum, and its argument was therefore that this action should not proceed at all, not that the proper forum is elsewhere. Likewise, the court reasoned that any adverse effect on ESI's ability to use its mark was not an especially pertinent consideration when the other option is outright dismissal. As for promotion of settlement, the court stated that though there is of course a general policy in favor of settlements, ESI was under no obligation to negotiate with Intel and the court saw no reason to dismiss the lawsuit on this basis.

CONCLUSION

This decision shows the increased risk of a preemptory declaratory judgment lawsuit when sending cease-and-desist letters in trademark disputes. In this court's words, the *MedImmune* standard makes declaratory judgment jurisdiction "much more readily available in disputes concerning intellectual property rights." The decision also highlights the impact that the use of the allegedly infringing mark, or lack thereof, by the target of a cease-and-desist letter can have on the declaratory judgment analysis. The court stated that, had the plaintiff not begun using its mark, it might have dismissed the suit.

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The Crash Dummy Movie, LLC v. Mattel, Inc., 2010 WL 1508203 (Fed. Cir. Apr. 16, 2010)

by Linda K. McLeod and Stephanie H. Bald

ABSTRACT

In 2003, applicant applied to register the mark CRASH DUMMIES for games and playthings. Mattel opposed the application on the grounds of priority and likelihood of confusion based on its alleged prior use of the marks CRASH DUMMIES and THE INCREDIBLE CRASH DUMMIES through its predecessor-in-interest. The parties agreed that their respective marks were likely to cause confusion, so the only disputed issue was whether Mattel could establish common-law trademark rights in the CRASH DUMMIES marks prior to applicant's 2003 filing date. The TTAB found a prima facie case of abandonment of the marks by Mattel based on more than three years of nonuse, beginning at the earliest on December 31, 1995, and ending in December 2003. However, the TTAB also found that Mattel had rebutted the presumption of abandonment by showing "reasonable grounds for the suspension and plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate." The Federal Circuit affirmed.

CASE SUMMARY

FACTS

Mattel, Inc.'s ("Mattel") predecessor-in-interest, Tyco Industries, Inc. ("Tyco"), began using the marks CRASH DUMMIES and THE INCREDIBLE CRASH DUMMIES ("CRASH DUMMIES marks") in 1991, obtained federal registrations for those marks in 1993, and sold toys under those marks through at least 1994. Tyco also entered into a number of licenses for use of the CRASH DUMMIES marks, which expired on December 31, 1995. In the mid-1990s, Tyco experienced financial difficulties, and on February 12, 1997, Tyco assigned its trademark portfolio, including the CRASH DUMMIES marks, to Mattel. On February 13, 1998, Mattel recorded Tyco's assignment for the CRASH DUMMIES marks with the PTO.

In 1998, KB Toys approached Mattel about becoming the exclusive retailer of CRASH DUMMIES toys, but Mattel declined the offer because it needed to retool Tyco's CRASH DUMMIES toys to meet its stringent safety standards and the costs associated with retooling were too significant, given KB Toys' sales projections at the time. In 2000, Mattel began brainstorming ideas for a new line of toys under the CRASH DUMMIES marks, researched and tested the new toys as early as 2001, obtained concept approval by 2002, began manufacturing the new toys in October 2003, and reintroduced them into the market in December 2003. During this time, the PTO cancelled the registrations for the CRASH DUMMIES marks owned by Mattel for failure to file a Section 8 Declaration of Use.

On March 31, 2003, The Crash Dummy Movie, LLC ("CDM") filed an intent-to-use application for the mark CRASH DUMMIES for games and playthings. Mattel opposed CDM's application on the grounds of priority and likelihood of confusion. CDM conceded that the parties' marks were confusingly similar, so the only issue before the TTAB was whether Mattel could establish prior rights in its CRASH DUMMIES marks. The TTAB found a prima facie case of abandonment by Mattel of the CRASH DUMMIES marks based on three years of nonuse, beginning at the earliest on December 31, 1995, and ending at Mattel's actual shipment of the CRASH DUMMIES toys in December 2003. However, the TTAB concluded that Mattel had rebutted the presumption of abandonment by showing "reasonable grounds for the suspension and plans to resume use in the reasonably foreseeable future when the conditions requiring suspension abate." CDM appealed the TTAB's decision sustaining Mattel's opposition.

ANALYSIS

The Federal Circuit found that substantial evidence supported the TTAB's finding that Mattel intended to resume use of the CRASH DUMMIES marks during the relevant time period (December 31, 1995, to December 2003). Specifically, the Federal Circuit found that (1) there was no evidence that Mattel rejected the business opportunity with KB Toys in 1998 because it had decided to abandon its marks, but rather it did so because of the high cost of retooling Tyco's product line to meet Mattel's safety standards; (2) Mattel would not have recorded Tyco's trademark assignment with the PTO in 1998 unless it intended to use the CRASH DUMMIES marks in the foreseeable future; (3) the cancellation of Mattel's registrations for the CRASH DUMMIES marks did not establish Mattel's lack of intent to use those marks; and (4) Mattel's research and development efforts from 2000 to 2003 showed its intent to resume use of the marks. Accordingly, the Federal Circuit held that the TTAB correctly found that Mattel had not abandoned its trademark rights, and, therefore, CDM was not entitled to registration of the CRASH DUMMIES mark.

CONCLUSION

Even where there has been a period of nonuse of nearly eight years, the presumption of abandonment after three years of nonuse may be rebutted where a party shows that there were reasonable grounds for such nonuse and the party establishes an intent to resume use in the reasonably foreseeable future during the period of nonuse.

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Volvo Trademark Holding AB v. volvospares.com, 2010 WL 1404175 (E.D. Va. Apr. 1, 2010)

by David M. Kelly

ABSTRACT

After Volvo lost a UDRP case it brought against the domain name volvospares.com used for a website selling new and used parts in direct competition with Volvo, it filed this in rem action. The district court granted Volvo's motion for summary judgment on its cybersquatting claim. Although the UDRP panel found that the registrant did not register volvospares.com with a bad-faith intent to profit from the VOLVO mark, the district court disagreed and found that the registrant's use of the famous and distinctive VOLVO mark in the domain name constituted cybersquatting and ordered transfer of the domain name to Volvo.

CASE SUMMARY

FACTS

Volvo Trademark Holding AB and its related companies (collectively "Volvo") and their network of authorized dealers have sold VOLVO automobiles, parts, replacement parts, and services under the federally registered VOLVO mark since 1956. Ken White registered the domain name volvospares.com in 1997 and used the associated website to sell new and used parts for VOLVO automobiles in competition with authorized VOLVO dealers and service centers. After Volvo objected to White's use of the domain name, White posted a disclaimer on the volvospares.com website stating, "DISCLAIMER: Volvospares.com has no affiliation with Volvo Group and makes no claim to or implication of being associated in any official business capacity in conjunction with or for such companies." White also altered the registrant name for volvospares.com from "Cyberzone Ltd." with a United Kingdom address to "VolvoSpares" with a Spain address.

After White failed to respond to Volvo's demand letters, Volvo filed a UDRP complaint against volvospares.com. Although the UDRP panel held that the volvospares.com domain name was confusingly similar to Volvo's VOLVO mark, it held that Volvo failed to establish that White used the domain name in bad faith based on an absence of evidence that White "misrepresented his business to customers or to the public at large."

Volvo then filed this in rem action against the volvospares.com domain name (i.e., not against White personally) for cybersquatting, trademark infringement, and dilution. Volvo sent the complaint to White via first-class mail and email, and published notice of the action pursuant to the court's order permitting service by publication. Volvo then filed a motion for summary judgment. White neither filed an answer to the complaint nor formally responded to Volvo's motion for summary judgment. However, White submitted two documents to the court almost two months after the answer deadline.

ANALYSIS

The district court granted Volvo's motion for summary judgment. As an initial matter, the court found that it had in rem jurisdiction over the volvospares.com domain name because the registrant was located outside of the United States and the domain name registry, VeriSign, was located in the district. The court then found that there was no genuine issue of material fact regarding the elements of Volvo's ACPA claim: (1) White had a bad-faith intent to profit from his use of the VOLVO mark, and (2) the volvospares.com domain name was confusingly similar to or dilutive of Volvo's famous VOLVO mark.

The court initially found that White had a bad-faith intent to profit from his use of the VOLVO mark in the volvospares.com domain name. Specifically, the court found that White intended to divert sales from authorized Volvo dealers, and that he should have known that his use of the mark was infringing based on the fame and distinctiveness of the registered VOLVO mark. It then found that the VOLVO mark was distinctive and famous, and that volvospares.com was confusingly similar to the VOLVO mark because "VOLVO" was the dominant part of the domain name. Further, the court found that the disclaimer on the volvospares.com website did not negate this confusion.

Finally, the court considered White's two informal and untimely submissions addressing the merits of Volvo's claims, but they were not sufficient to create a genuine issue of material fact to defeat summary judgment. White asked the court in his first submission to consider the UDRP decision as evidence, but the court held that the decision did not preclude Volvo from seeking relief in the district court, citing its earlier decision in *Eurotech, Inc. v. Cosmos European Travels AG*, 213 F. Supp. 2d 612 (E.D. Va. 2002), in which it held that UDRP decisions are "neither admissible, nor entitled to any deference, with respect to the merits issues" of the lawsuit. In his other submission, White argued that his registration of volvospares.com predated Volvo's registration of domain names pairing its VOLVO mark with generic terms (e.g., volvoparts.com and volvoaccessories.com). The court held, however, that the relevant inquiry was whether the volvospares.com domain infringed Volvo's rights in the VOLVO mark, which predated White's registration of volvospares.com by more than forty years. Accordingly, the fact that White registered volvospares.com before Volvo registered similarly formulated "volvo[generic term].com" domain names did not negate his infringing activity. The district court thus ordered the transfer of volvospares.com to Volvo.

CONCLUSION

This decision is relevant because it addresses the right of a reseller of parts for a branded product to register and use domain names consisting of the brand name plus a generic term for the goods at issue. Although there have been numerous UDRP decisions involving resellers, this decision is one of only a few reseller decisions decided by federal courts. In addition, the district court's finding that a disclaimer did not negate confusion between the famous VOLVO mark and the volvospares.com domain name neutralized one of the common defenses asserted by cybersquatters. Finally, the court reaffirmed the fact that UDRP decisions have no binding effect and are entitled to no deference in civil litigation.

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TTAB Cases

In re Lebanese Arak Corp., 94 USPQ2d 1215 (TTAB Mar. 4, 2010)

by Michael R. Justus

ABSTRACT

In a 3-2 decision by an augmented panel of judges, the TTAB affirmed the refusal of registration of the mark KHORAN for wine on disparagement grounds under Section 2(a) of the Lanham Act based on the mark's similarities to the term "Koran," which is the sacred text of Islam, and the fact that alcohol is prohibited by the tenets of Islam. The majority held that use of the name of the sacred Islamic text for a substance prohibited by that religion would be disparaging to Muslims.

CASE SUMMARY

FACTS

Applicant Lebanese Arak Corp. ("Applicant") applied for registration of the mark KHORAN for "alcoholic beverages, namely wines." The Examining Attorney refused the application on the ground of disparagement under Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a). Specifically, the Examining Attorney concluded that KHORAN is the phonetic equivalent of "Koran," which is the sacred text of Islam, and that because the Koran forbids consumption of alcoholic beverages, use of KHORAN for wine is disparaging to the beliefs of Muslims. The Examining Attorney rejected Applicant's position that because the English translation of the Armenian word KHORAN is "alter," KHORAN had an entirely different meaning and commercial impression than "Koran." Applicant appealed the refusal to the TTAB.

ANALYSIS

In a 3-2 decision affirming the refusal of registration, the TTAB majority first clarified that disparagement, not scandalousness, is the proper ground for refusal of registration under Section 2(a) of the Lanham Act based on perceived offense to religious or ethnic sensibilities. Disparagement is determined under a two-pronged test, namely: (1) what is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods and services; and (2) if that meaning is found to refer to identifiable persons, institutions, beliefs, or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group. The majority began its analysis with the second prong of the test, finding "no real dispute" that the Examining Attorney had met his burden on that prong. In particular, the majority relied on the fact that the Koran is the sacred text of Islam and Islamic authorities view alcohol as a prohibited substance. Thus, the crux of the second prong was whether use of the name of the holy Islamic text for a substance banned by that religion would be disparaging to Muslims and their beliefs. The majority answered this question in the affirmative.

Turning to the hotly contested first prong, the likely meaning of the matter in question, the majority held that the public would regard Applicant's KHORAN mark as referring to the holy text of Islam. First, the majority concluded that KHORAN was the phonetic equivalent of "Koran." Second, the majority pointed out that Koran has many alternate spellings and, thus, the public was likely to believe that KHORAN was yet another alternate spelling. Third, the majority acknowledged that people do, in fact, use "Khoran" as an alternate spelling for "Koran" based on Internet evidence from blogs and web articles. Fourth, there was no evidence that people other than those who speak Armenian were likely to recognize KHORAN as the Armenian word for "alter."

Finally, the majority rejected the dissent's position that the meaning of Applicant's mark under the first prong must be determined from the standpoint of the general public rather than that of a substantial composite of the referenced group. The majority first noted that the result would be the same here regardless of whether it considered how the mark would be perceived by Muslim Americans or the public in general due to the relative renown of the Koran. However, in limiting the scope of the inquiry to a substantial composite of the referenced group, the majority focused its reasoning on hypothetical situations in which a term or symbol would be clearly understood by members of a particular religious group as being significant to their worship or beliefs, but would not be known or understood by the general public. The majority refused to interpret the disparagement test in a way that would ignore such situations, holding that the proper analysis of the meaning of the mark under the first prong is from the standpoint of a substantial composite of the referenced group.

The majority concluded that KHORAN would be recognized as the name of the holy text of Islam and that the use of that name for wine would be disparaging to the beliefs of Muslim Americans. Accordingly, the majority affirmed the refusal of registration under Section 2(a) of the Lanham Act.

CONCLUSION

This decision clarifies the proper analysis for Section 2(a) disparagement claims. By limiting the scope of the "meaning of the mark" inquiry to the standpoint of a substantial composite of the referenced group, the majority aimed to prevent disparagement stemming from use of a term that would be integral to the beliefs or culture of a particular group but relatively unknown to the public as a whole.

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Unregistrable

Portrait of the Artist as an ®

by Robert D. Litowitz

A recent *Newsweek* piece focused on the evolution of several venerable brand logos from their first quaint incarnations to their sleek current iterations. Among them was the portrait of Betty Crocker , who, it turns out, began as a stern and foreboding visage during the dark days of the Great Depression, morphed into a Donna Reed doppelganger in the Eisenhower era, and is now, according to *Newsweek*, a sophisticated amalgam of 20 different contemporary-style archetypes.

Anchoring opposite ends of the Southern symbol spectrum, Colonel Sanders and Uncle Ben have undergone similar "makeovers," and now, to keep up with our culture's obsession with youth and fitness, present trimmer, more youthful versions of themselves. Even the Pep Boys Manny, Moe, and Jack have been spruced up. We wouldn't be shocked to learn that Manny underwent Lasik surgery and now looks as spiffy as the dapper Jack. All this reminiscing about famous head shots leaves one to wonder—is the fictitious "face of the brand" a relic of the prior century, ironically destined to fade into oblivion in the Facebook era? Apart from the "Mr. Opportunity" cartoon spokesman whom Honda trots out every August to hawk end-of-the year bargains, modern brand "figureheads" are few and far between—replaced by minimalist logos more in step with our digital times. Perhaps the last hold out against this trend towards depersonalized brands is the irrepressible media titan Oprah Winfrey. It seems Oprah never misses an opportunity to adorn her mug on something. Even with her epic battles with the bathroom scale, Ms. Winfrey figured out how to become a perpetual "cover girl" by starting her own magazine—*O*. And now that she is going prime time with OWN - The Oprah Winfrey Network, the former Queen of Daytime will have limitless opportunities to profit from her portrait. Who knows, the woman credited with almost single-handedly saving the publishing industry with Oprah's Book Club might, with her ubiquitous face, accomplish an even greater feat—saving the "headshot" logo from brand oblivion.

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