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August/September 2011 Issue

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Yves Saint Laurent Am., Inc.,
2011 WL 3505350 (S.D.N.Y. Aug. 10, 2011)

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Civil Cases

Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., 2011 WL 3505350 (S.D.N.Y. Aug. 10, 2011)

by Lawrence R. Robins

ABSTRACT

The Southern District of New York denied Christian Louboutin S.A.'s ("Louboutin") request for a preliminary injunction preventing competitor Yves Saint Laurent America, Inc. ("YSL") from selling monochromatic red shoes that Louboutin claimed infringed on its registered trademark for "a lacquered red sole on footwear." Finding that the use of a single color is functional when used in fashion design, the district court denied relief and issued a Show Cause Order requiring Louboutin to show that its federal registration should not be cancelled.

CASE SUMMARY

FACTS

In or around 1992, fashion designer Christian Louboutin began coloring the outsoles of his high-fashion women's shoes a glossy, vivid red. By his own account, Louboutin adopted the red sole to provide his shoes "energy" and chose the particular shade of red because he regarded it as "engaging, flirtatious, memorable, and the color of passion," as well as "sexy."

Movie stars and other "A-list notables" snapped up the shoes at prices sometimes exceeding $1,000. Louboutin enjoyed phenomenal market success as sales reached 240,000 pairs per year and 2011 revenues were projected to be approximately $135 million. The U.S. Patent and Trademark Office granted Louboutin a registration covering the red outsole in 2008.

In January 20011, Louboutin complained to YSL that certain models of shoes offered by YSL in its Cruise Collection used monochromatic outsole/upper combinations, including models that were entirely red. In response, YSL claimed that red outsoles had appeared occasionally in YSL collections as far back as the 1970s, including in YSL's 2008 Cruise Collection. YSL refused to withdraw the challenged models and this suit ensued.

ANALYSIS

Both the court and YSL conceded that the bright red outsoles had become closely associated with Louboutin. The court pointed to copying by competitors and by black marketers as evidence of the

notoriety of Louboutin's design.

Before the court was the issue of "whether the Lanham Act extends protection to a trademark composed of a single color used as an expressive and defining quality of an article of wear produced in the fashion industry." The court distinguished the use of a single color in this case from protected fashion-industry marks involving multiple colors combined in distinct patterns or combinations of shades that manifest a conscious effort to design a uniquely identifiable mark embedded in the goods. As examples, the court cited Louis Vuitton's multicolored monogram pattern and the Burberry plaid, and also distinguished cases protecting color on industrial products where color is irrelevant to function and serves only to distinguish one product from another (e.g., pink fiberglass and gold/green cleaning pads).

In reasoning that evokes the old color-depletion theory, the court relied heavily on an analogy between the worlds of art and high-fashion design, observing that such creative fields thrive on artistic freedom and fair competition, and that the greatest range for a creative outlet exists when every color of the spectrum is freely available for use. "The law should not countenance restraints that would interfere with creativity and stifle competition by one designer, while granting another a monopoly invested with the right to exclude use of an ornamental or functional medium necessary for the freest and most productive artistic expression by all engaged in the same enterprise."

Introducing the concept of aesthetic functionality, the court next observed that in the fashion business, creativity, aesthetics, taste, and seasonal change drive color selection—color is used to advance expressive, ornamental, and aesthetic purposes. The court focused on Louboutin's own testimony, where he admitted that he chose the color to give his shoes "energy" and because it is "engaging" as evidence of the color's "functionality." The court also found that the use of lacquered red in particular had an effect on the cost and quality of the finished product in that the process made the shoes more expensive and, as a result, more attractive to its intended customer.

Turning to the ultimate issue, the court asked whether affirming trademark rights for Louboutin's use of the color red would significantly hinder competition. It answered in the affirmative for a number of reasons, including (1) that granting one participant a monopoly on the color red would impermissibly hinder competition among other market participants; (2) that such a monopoly would unfairly inhibit achievement of stylistic goals, such as color matching between shoes, garments, and accessories; (3) that granting a monopoly would create undue uncertainty in the fashion market any time a designer wanted to use the color red; and (4) that finding trademark protection would create additional uncertainty as to where to draw the line when a shade of red is infringing. On this particular issue, the court pointed out that Louboutin himself could not explain why the red used by YSL in 2011 was confusingly similar while prior uses of red outsoles by YSL were not.

Ultimately, the Court held that protecting a single color on an article of fashion was an invitation to uncertainty, dispute, and more litigation. "Because in the fashion industry color serves ornamental and aesthetic functions vital to robust competition, the Court finds that Louboutin is unlikely to be able to prove that its red outsole brand is entitled to trademark protection, even if it has gained enough public recognition in the market to have acquired secondary meaning."

Finally, the court also strongly hinted that it would order the cancellation of Louboutin's U.S. trademark registration, but it could not do so at this juncture since no motion for summary judgment was before the court.

Louboutin has already filed an appeal of the district court's decision, which remains pending before the U.S. Court of Appeals for the Second Circuit.

CONCLUSION

The decision is a bright red flag to anyone seeking to protect color in a design-oriented business, not to mention a reminder that even doing everything correctly in order to establish secondary meaning may not be enough if the court views the relevant product feature as functional.

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Civil Cases

Fair Isaac Corp. v. Experian Info. Solutions, Inc., 2011 WL 3586429 (8th Cir. Aug. 17, 2011)

by Mary Beth Walker

ABSTRACT

Plaintiffs sought review of a summary judgment decision finding of descriptiveness of mark and jury determination of fraud in procurement of a registration. The Eighth Circuit upheld the summary judgment decision that plaintiffs' "300-850" mark was merely descriptive in light of evidence that consumers immediately understood plaintiffs' mark to describe the scoring range for their credit-scoring system. It also found that there was sufficient evidence to support the jury's determination that plaintiffs procured the registration by fraud based on false statements offered by plaintiffs in response to an office action issued on the issue of descriptiveness.

CASE SUMMARY

FACTS

Plaintiffs Fair Isaac Corporation and MyFICO Consumer Services, Inc. (collectively "FICO") developed a sophisticated credit-scoring system to rate consumers' financial credit worthiness that relies on aggregate information. These so-called FICO credit scores are the most widely used scores in the industry because of their high rate of consistency and predictivity. The FICO credit-score range is 300-850. In 2004, FICO applied for a trademark registration for the mark "300-850," which was later issued.

Defendants are Experian Information Solutions, Inc., Equifax, Inc., and TransUnion, LLC ("TransUnion"), which are individual credit bureaus, and VantageScore Solutions, LLC ("VantageScore"), a joint venture between the other defendants (collectively the "Credit Bureaus"). The individual credit bureaus produce their own credit scores. Because the individual credit-bureau scores rely only on the data of the individual bureau, however, they are less reliable than FICO scores. In an effort to compete with FICO, the three credit bureaus formed the joint venture VantageScore in 2006, which relies on data common to all three bureaus.

FICO sued the Credit Bureaus, alleging trademark infringement, false advertising, antitrust, and other claims. FICO's trademark-infringement and other Lanham Act claims were based on VantageScore's overlapping 501-850 scoring range. The Credit Bureaus counterclaimed, seeking cancellation of FICO's registration for the mark "300-850" on the ground that FICO had procured the registration through fraud.

The district court found on summary judgment that FICO's "300-850" mark was merely descriptive. After the summary judgment ruling, a jury found that FICO's "300-850" mark had not acquired secondary meaning, and therefore did not function as a mark. The jury also found that FICO's registration for the mark had been procured by fraud. FICO appealed the district court's determination that its "300-850" mark was merely descriptive, as well as the jury's determination that its registration had been procured by fraud as lacking sufficient evidentiary support.

ANALYSIS

On appeal, FICO argued that the district court erred in finding that its "300-850" mark was merely descriptive because the mark had no meaning in the credit industry when FICO adopted the mark. FICO also argued that the absence of competitive need to use its particular scoring system, or even to use a numeric scoring system at all, reflected that its mark was not descriptive. The Eighth Circuit disagreed. Noting that consumers viewed the "300-850" mark as generally conveying the scoring range for the FICO system, the appeals court concluded that there was no genuine issue that the mark immediately described the qualities and characteristics of FICO's credit scores, and upheld the district court's finding of mere descriptiveness.

The Eighth Circuit also found that the record contained sufficient evidence to support the jury's conclusion that the "300-850" registration was procured by fraud. The Credit Bureaus submitted evidence of two statements made by or on behalf of FICO in response to the U.S. Patent and Trademark Office's ("PTO") initial refusal to register the mark based on descriptiveness. In one statement, a FICO employee stated that, "[t]o the best of [her] knowledge, only the FICO score uses the 300-850 range as a unique identifier for credit bureau risk scores." In another statement, FICO's counsel stated that the mark was not descriptive because "300-850 is the credit scoring scale only for [FICO's] credit bureau-based risk products and not for . . . other credit bureau-based risk products that competitors develop." Evidence in the record established that TransUnion also used a credit-score range of 300-850. FICO argued that this evidence was not contrary to its counsel's statement because FICO was the only company that used the score as a "unique identifier." FICO pointed to TransUnion's disclaimer of any use of 300-850 as a mark to support this position.

FICO argued that, even if the statements made in its office-action response were false, there was no evidence that they were made with an intent to deceive the PTO and, in any event, the statements were not material to the PTO's determination to register the mark. FICO contended that third-party use would have been relevant only if there was an issue of priority. As TransUnion claimed no trademark rights in 300-850, priority was not at issue.

The Eighth Circuit nonetheless found that there was sufficient evidence to support the jury's determination that the PTO relied on FICO's false representation in deciding whether to issue a registration for the "300-850" mark. The court noted that the PTO initially refused registration, reversing its position on registrability only after FICO responded with the false statements identified above. Thus, the court upheld the jury's decision that FICO's registration was procured by fraud.

CONCLUSION

This decision presents one of the first circuit court decisions discussing fraud in the context of descriptiveness of a mark. Whereas fraud claims frequently relate to the question of a mark's use, in this case, the question was whether FICO used the mark as a source identifier rather than merely as a functional range defining its scoring system, and whether it was aware of third-party uses of identical or similar designations as trademarks or otherwise. This case also provides a good practice-point reminder

that submissions in office-action responses, not just in statements of use, can form the basis for a claim of fraud.

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Civil Cases

Habush v. Cannon, 09-CV-18149 (Milwaukee County Cir. Ct. June 8, 2011)

by David M. Kelly

ABSTRACT

The parties were competing personal-injury lawyers. Defendants purchased plaintiffs' surnames in keyword advertising and plaintiffs sued under Wisconsin's right-of-publicity statute. The court granted defendants' motion for summary judgment, holding that although the defendants invaded the plaintiffs' privacy, the invasion was not "unreasonable."

CASE SUMMARY

FACTS

Plaintiffs Habush and Rottier were highly acclaimed personal-injury lawyers in Wisconsin. Defendants Cannon and Dunphy were also highly regarded personal-injury lawyers in Wisconsin. Beginning in 2009, defendants purchased "Habush" and "Rottier" as search-engine keywords. When users searched online for either "Habush" or "Rottier," the search results displayed the defendants' advertisements in the paid sponsored links. The ads did not contain plaintiffs' names. Plaintiffs sued defendants for invasion of privacy under Wis. Stat. § 995.50, Wisconsin's "right-of-publicity" statute.

ANALYSIS

The Milwaukee County Circuit Court granted defendants' motion for summary judgment and dismissed the case. It held that while the defendants did invade the plaintiffs' privacy, defendants' keyword advertising was not an "unreasonable" invasion of privacy. The court also rejected defendants' First Amendment and "unclean hands" affirmative defenses.

The court started by analyzing defendants' affirmative defenses. It held that a hidden process, like utilizing a computerized system to display advertisements based on keywords automatically, was not speech. Accordingly, the First Amendment did not apply. Regarding the unclean hands defense, defendants claimed that plaintiffs engaged in conduct similar to the actions plaintiffs sought to enjoin by placing ads on yellowpages.com, anywho.com, and 411.yellowpages.com. The court rejected this defense, distinguishing plaintiffs' keyword advertising that targeted generic subjects like "personal injury attorney" from defendants' advertising that targeted individual names like "Habush."

Turning to the merits of plaintiffs' right-of-publicity claim, plaintiffs had to prove (1) the use, (2) for advertising purposes, (3) of the name of any living person, (4) without having first obtained the written consent of the person. Plaintiffs also had to prove that the invasion was "unreasonable." First, defendants "used" plaintiffs' names in keyword advertising by providing the search engines with plaintiffs' names when purchasing the advertisements. Second, the keyword advertising was "for advertising purposes." Although plaintiffs' names were not included in the ads themselves, the keyword ads linked to defendants' website, which contained promotional materials for defendants' law firm. Third, the ads utilized the "name . . . of [a] living person," i.e., Habush and Rottier. Finally, defendants did not obtain written consent from plaintiffs. Although plaintiffs entered into contracts with search engines for their own advertising purposes, the court held that it was not a form of consent under the statute. The court thus held that defendants invaded the privacy of plaintiffs.

The court then weighed, based on the totality of the circumstances, whether the invasion of privacy was "reasonable." It first considered the "fundamental policy" of business competition, equating keyword advertising to setting up a business across the street from a competing business, or setting up a billboard next to a competitor's billboard. The court held that keyword advertising, like these actions, was consistent with principles of business competition and was not "unreasonable."

Next, the court considered whether the secondary meaning in the names "Habush" and "Rottier" influenced the reasonableness of defendants' advertising practices. It found that the "right-of-publicity" statute protected individuals, not businesses, and that plaintiffs' names, over time, became inseparable from their law firm. This dual meaning of plaintiffs' names reduced the "unreasonableness" of the invasion of privacy. The court also weighed the impact of user confusion and found it unlikely that consumers would be confused. Plaintiffs presented no evidence of actual confusion, neither defendants' sponsored ads nor its linked website contained plaintiffs' names, and the court noted that search-engine users have learned to be "skeptical" about web pages and commercial advertisements. The court also considered the constant developments in advertising, finding that in the innovative world of Internet advertising, a permanent injunction might prevent future advertising that did not invade the plaintiffs' privacy. Finally, the court analyzed whether defendants acted unethically in their business practices. Although plaintiffs asserted that defendants' actions violated the principles of attorney conduct, the court found no authority to support this assertion.

Accordingly, the court held that defendants' use of plaintiffs' names was a "reasonable" invasion of privacy, and granted defendants' motion for summary judgment and dismissed the case.

CONCLUSION

This decision is important as it appears to be the first decision regarding the use of state right-of-publicity statutes to attack keyword advertising. In addition, although the court held for defendants, it based its ruling on the inclusion of "reasonableness" in the Wisconsin statute. This is important because many state right-of-publicity statutes do not include a "reasonableness" requirement.

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Levi Strauss & Co. v. Papikian Enters., Inc., 2011 WL 3739550 (N.D. Cal. Aug. 26, 2011)

by David M. Kelly

ABSTRACT
Plaintiff owns the trademarks LEVI'S and 501 for clothing. Defendants bought genuine discontinued LEVI'S jeans and sold them on their "501USA.com" website. Defendants moved for summary judgment on plaintiff's trademark and cybersquatting claims, asserting, among other things, that the first-sale doctrine protected their sales of genuine products. The court denied defendants' motion, however, and held that a genuine issue of material fact existed as to whether defendants' sales constituted infringement because their use of plaintiff's mark in their domain name suggested a false association between the parties.

CASE SUMMARY

FACTS
Levi Strauss & Co. ("LS&C") owns the trademarks LEVI'S and 501 for clothing. Defendants Papikian Enterprises, Inc. and Galoust Papikian (collectively "Papikian") bought genuine out-of-season and out-of-stock LEVI'S jeans and sold them on their website at "501USA.com." Papikian used metatags such as "501" and "LEVIS JEAN" on the "501USA.com" website. LS&C sued Papikian for trademark infringement, dilution, and cybersquatting, among other claims. Papikian filed a motion for summary judgment on all counts, asserting various defenses, including the first-sale doctrine and nominative fair use.

ANALYSIS
Generally, the first-sale doctrine holds that, with some exceptions, the right of a trademark owner to control the distribution of its branded products does not extend beyond the first sale of the product. As a result, the resale of genuine goods bearing the producer's trademark by the first or subsequent purchaser of the original article normally does not constitute trademark infringement. In this case, the court cited the Ninth Circuit's holding in *Sebastian v. Longs Drugs*, which determined that the stocking, displaying, and selling of genuine products were protected under the first-sale doctrine, and thus did not infringe the trademark rights of the original producer.

The *Sebastian* court noted, however, that "conduct by the reseller other than merely stocking and

reselling genuine trademark products may be sufficient to support a cause of action for infringement." It gave as a possible example a situation where a seller used a mark to suggest an affiliation with the trademark owner.

Applying the dicta of *Sebastian* to this case, the court noted that although LS&C did not directly respond to Papikian's arguments involving the first-sale doctrine, LS&C did allege that Papikian did more than "stock, display, and resell" genuine LEVI'S products, i.e., Papikian used LS&C's mark in its domain name and throughout its website to mislead consumers into assuming that Papikian was an authorized retailer of LS&C. According to the court, LS&C "put forth evidence from which a reasonable juror could conclude that Papikian's website and his use of LS&C's marks suggests he is an authorized LS&C retailer or is otherwise affiliated with LS&C which could negate Papikian's first sale defense." In determining whether Papikian had met its burden of establishing that no reasonable trier of fact could find other than in its favor, the court held that although Papikian may be able to establish the first-sale defense at trial, it had failed to meet this burden on the existing summary judgment record.

In addition, the court denied Papikian's motion for summary judgment on its nominative-fair-use defense, which required Papikian to show that (1) the product was not readily identifiable without LS&C's mark; (2) it did not use more of the mark than necessary; and (3) it did not falsely suggest that LS&C sponsored or endorsed Papikian. LS&C argued that there were disputed issues of fact on the second and third factors. Although LS&C did not provide evidence of actual confusion, the court held that Papikian's domain name "501USA.com" was the type of domain name that could suggest sponsorship or endorsement by LS&C under the Ninth Circuit's decision in *Toyota v. Tabari*, which gave several examples of such names, including "trademark-usa.com" domain names. Also, although Papikian put some disclaimers on its website, LS&C submitted web pages that featured numerous LS&C marks and showed that Papikian's disclaimers may not always be obvious or prominently displayed.

CONCLUSION

This case is of interest because it appears to be one of the few times that a court has considered whether the use of a third party's trademark in a domain name for a website selling genuine goods transformed the sale of such goods—normally protected by the first-sale doctrine—into trademark infringement.

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Civil Cases

Quia Corp. v. Mattel, Inc., 2011 WL 2749576 (N.D. Cal. July 14, 2011)

by David M. Kelly

ABSTRACT

Plaintiff offered an online mathematics education service using the mark IXL. Defendant used the identical mark on its educational handheld device and plaintiff sued for trademark infringement. The district court granted defendant's motion for partial summary judgment against plaintiff's forward-confusion claim and most remedies. The court, however, denied defendant's motion for summary judgment on plaintiff's reverse-confusion claim. In particular, the court held that defendant's aggressive use of social-media advertising could show that the two products shared similar marketing channels, thus increasing the likelihood of consumer confusion.

CASE SUMMARY

FACTS

Plaintiff Quia Corp. ("Quia") sold web-based study materials for students in prekindergarten to eighth grade under the federally registered mark IXL covering "educational services, namely, online instruction in the fields of math, science, English and foreign languages for use in the future." Defendant Mattel, Inc. ("Mattel") developed an educational handheld device called the "IXL LEARNING SYSTEM." In January 2010, Mattel filed a trademark application for the mark iXL for "[c]hildren's educational toys and devices, namely, handheld learning systems featuring interactive digital books, games, art activities, music players, writing tools, and photo albums." Learning of Mattel's application, Quia sent a cease-and-desist letter to Mattel. A few days later, Mattel abandoned its application and filed a new application for the mark IXL removing any reference to the "educational" aspect of its device. This new application covered "handheld mobile computer incorporating a music player, camera, digital notebook and electronic photo album," among other goods. Mattel then engaged in an extensive social-media campaign to promote its product, including email blasts, Facebook applications, YouTube channels, and tie-ins with "mommy bloggers." Quia sued for trademark infringement under theories of both reverse and forward confusion, and Mattel moved for partial summary judgment.

ANALYSIS

First, the court addressed the issue of infringement by reverse confusion, i.e., when the larger junior user extensively promotes its mark such that consumers mistakenly believe that the senior user's product

comes from or is sponsored by the junior user. Mattel sought a determination that the alleged impact of its social-media promotions on the way search engines displayed links to Quia's website did not constitute consumer confusion and was not a legally cognizable harm. The court noted that under the Ninth Circuit's holding in *Network Automation*, Quia had to show a likelihood of confusion to prove trademark infringement, and that "mere diversion" was not sufficient. Noting that although evidence of diversion was not evidence of consumer confusion, the court determined that such evidence may be relevant to the trademark-infringement analysis.

Quia originally claimed that Mattel's use of its mark harmed Quia's placement in search results, but later instead argued that Mattel's "aggressive" social-media advertising showed that the parties used similar marketing channels, which increased the likelihood of confusion. Although the court acknowledged that almost all retailers use online marketing and ubiquitous marketing channels like purchasing search-engine keywords or selling products on Amazon.com, social-media marketing "may be more akin to niche marketplaces such as specialty retail outlets or trade magazines." Accordingly, because the court could not say that Mattel's social-media advertising was "irrelevant" to the likelihood-of-confusion issue, it thus denied summary judgment on Quia's reverse-confusion claim.

The court, however, granted Mattel's motion for summary judgment on Quia's claim of forward confusion, i.e., when consumers exposed to the senior user's mark believe that the junior user's product comes from or is sponsored by the senior user. Specifically, although Quia had the burden to provide evidence that its online service fostered consumer interest in Mattel's product, it offered no evidence to support its claim that customers bought Mattel's product mistakenly believing that it was affiliated with Quia or its web-based products.

Regarding remedies, the court granted Mattel's motion for summary judgment on all monetary relief except Quia's request for Mattel's profits based on an unjust-enrichment theory. First, it held that Quia was not entitled to actual damages in the form of corrective advertising, royalties, or Mattel's profits. Quia was not entitled to corrective advertising because it failed to offer a nonspeculative basis for its actual damages. Quia's claim that "every click-through to a site related to [Mattel's] product results in measurable or otherwise compensable harm to Plaintiff [was] based entirely on conjecture." Quia was not entitled to reasonable royalty damages because it did not provide evidence of prior licensing negotiations with Mattel or with third parties for Quia's mark. Finally, Quia was not entitled to Mattel's profits as a measure of its own lost profits because the parties were not in direct competition.

Finally, the court denied Mattel's motion for summary judgment on Quia's claim for Mattel's profits based on a theory of unjust enrichment because Quia had offered "at least some" evidence that Mattel had "willfully" infringed the IXL mark, including evidence of Mattel's prior awareness of Quia's mark from a trademark search it conducted and from the graphic artist who designed Mattel's logo, and Mattel's receipt of Quia's demand letter before Mattel released its product.

CONCLUSION

This decision is of interest because it appears to be the first instance of a court suggesting that "aggressive" social-media advertising can bring two marks into the same channels of trade and thus increase the likelihood of confusion. Because the court's ruling was in the context of denying a motion for summary judgment, however, the court simply stated that it could not determine that Quia's theory was "irrelevant" at this early stage of the case.

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by Linda K. McLeod and Stephanie H. Bald

ABSTRACT

Applicants applied to register the mark JUST JESU IT for various types of athletic apparel. Nike, Inc. opposed the application on the grounds of likelihood of confusion and dilution based on Opposer's alleged prior use and registration of the mark JUST DO IT for clothing, among other goods. The TTAB found that Applicants' JUST JESU IT mark was likely to cause confusion because Opposer's JUST DO IT mark was famous, the parties' goods were identical in part, the goods were presumed to travel in the same trade channels and to be purchased by the same classes of consumers, and the marks were similar in their entireties. The TTAB also found for Opposer on its dilution claim because Opposer's JUST DO IT mark was famous for purposes of dilution, that mark became famous prior to Applicants' filing date, and an association existed between the parties' marks that would impair the distinctiveness of the famous JUST DO IT mark. Notably, in finding that Applicants' mark diluted the famous JUST DO IT mark, the TTAB held that the Trademark Dilution Revision Act of 2006 does not require the marks to be identical or substantially similar.

CASE SUMMARY

FACTS

Peter Maher and Patricia Hoyt Maher (collectively "Applicants") applied to register the mark JUST JESU IT for various types of athletic apparel. Nike, Inc. ("Opposer") opposed Applicants' application on the ground of likelihood of confusion, alleging prior use and ownership of three registrations for the mark JUST DO IT, one of which covered clothing. Opposer also alleged that its JUST DO IT mark became famous prior to the filing date of Applicants' application, and that the JUST JESU IT was likely to dilute the distinctiveness of Opposer's JUST DO IT mark.

ANALYSIS

The TTAB first found that Opposer had established standing and priority based on its prior registration and use of the JUST DO IT mark since 1989, which predated Applicants' August 5, 2009, filing date.

Regarding likelihood of confusion, the TTAB found that the JUST DO IT mark was famous based on Applicants' admission of such fame and the other evidence discussed below in connection with

Opposer's dilution claim. The TTAB further held that the similarity of the parties' goods, trade channels, and classes of consumers favored Opposer. The TTAB noted the identity of certain goods covered by Applicants' application and Opposer's registration, and relied on the presumption that the parties' trade channels and classes of consumers were the same. As to the similarity-of-marks factor, the TTAB found that the marks were similar because they started and ended with the same words ("just" and "it"); both marks contained three words; the sound of the first and third words in the parties' marks were identical and the second term in the parties' marks had a similar sound ("u" versus "do"); and the marks had similar overall commercial impressions because Opposer's mark has been viewed as a "battle cry" and the public was also likely to view Applicants' mark as a call to action (i.e., it can be pronounced "Just Jesuit"). The TTAB dismissed Applicants' argument that the marks were different because Applicants intended to use their mark in connection with a "crown of thorns," noting that the issue of likelihood of confusion must be decided based on a comparison of Applicants' mark set forth in the application and the cited registration, not upon a comparison of Applicants' mark as it may appear on the goods. Additionally, the TTAB noted that, to the extent that Applicants had argued that their mark was a protected parody, parody is not a defense if the marks would otherwise be considered confusingly similar. Further, where, as here, a defendant appropriates a trademarked symbol such as a word or picture, not to parody the product or company symbolized by the trademark, but only as a prominent means to promote, satirize, or poke fun at religion or religious themes, the TTAB will not find a "parody" of a trademark. Based on the above, the TTAB found a likelihood of confusion.

As to Opposer's dilution claim, the TTAB analyzed the three elements of a dilution-by-blurring claim: (1) whether Opposer's mark is famous; (2) whether Opposer's mark became famous prior to Applicants' filing date; and (3) whether Applicants' mark is likely to blur the distinctiveness of Opposer's famous mark.

Regarding fame, the TTAB noted again that Applicants had admitted fame, and that their admissions extended to fame for purposes of dilution, not just likelihood of confusion. For example, in addition to admitting that Opposer's mark was famous, Applicants answered Opposer's interrogatory regarding Applicants' awareness of Opposer's JUST DO IT mark with the response, "Who isn't aware of Opposer's Mark? At least in the free world." Applicants also answered Opposer's request for production of documents regarding when Applicants first learned of Opposer's mark with the response, "No such documents. Applicants do not live under a rock." In addition to Applicants' admissions, the TTAB noted that "perhaps the most significant of the four elements set forth in the Act to determine fame is the extent of actual public recognition of the mark as a source-indicator for the goods and services in connection with which it is used," and here, third-party references to and discussions about the mark JUST DO IT were pervasive, reflecting the extreme popularity of the mark and the message of compelled action that it represented. The TTAB cited numerous articles in print publications referring to Opposer's JUST DO IT mark and Opposer's success under that mark, as well as various independent sources that identified the slogan as among the most well known in the country. For example, surveys conducted by third parties had ranked JUST DO IT among the most memorable/best/highly recognized slogans, books had been written about the value of the mark, and celebrities such as LeBron James had endorsed products under the mark.

The TTAB also found that Opposer's advertising and publicity of the JUST DO IT mark and sales of products under that mark supported a finding of fame. Opposer showed that it has spent approximately $6 billion in advertising the JUST DO IT mark, and it had advertised in network and cable-television commercials and print advertising, including having produced several award-winning ads, throughout the United States. Many of these advertisements and commercials featured famous athletes, such as

Michael Jordan, John McEnroe, Bo Jackson, Tiger Woods, and LeBron James. Additionally, in 2006, Opposer started placing the JUST DO IT mark on the bottom of its shoe boxes, and has distributed and sold over 900 million shoe boxes bearing the mark. Opposer has also sold over 27 million units of products, including t-shirts, that either bear the JUST DO IT mark or include the mark "in the style name" of the product. Net sales for those products at the retail level have been close to $175 million.

Based on the above, and the registration of Opposer's JUST DO IT mark on the Principal Register, the TTAB concluded that the mark was famous. The TTAB also found that the mark had been famous prior to Applicants' August 5, 2008, priority filing date based on the articles referencing the fame of the mark published long prior to Applicants' filing date.

Lastly, the TTAB examined the relevant dilution-by-blurring factors: (1) the degree of similarity between the mark or trade name and the famous mark, (2) the degree of inherent or acquired distinctiveness of the famous mark, (3) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark, (4) the degree of recognition of the famous mark, (5) whether the user of the mark or trade name intended to create an association with the famous mark, and (6) any actual association between the mark or trade name and the famous mark.

With respect to these factors, the TTAB found that the JUST DO IT mark was extremely well recognized by a broad spectrum of the public; Opposer had engaged in substantially exclusive use of the JUST DO IT mark based on its vigilant enforcement of its rights and its refusal of all third-party requests to use the mark; Opposer's JUST DO IT mark was distinctive; Applicants' JUST JESU IT mark was sufficiently similar to Opposer's JUST DO IT mark to "trigger consumers to conjure up" Opposer's famous mark, and thus the similarity factor favored Opposer; the "actual association" factor was neutral because Applicants had not yet used their mark; and the factor relating to Applicants' intent was neutral because there was no direct evidence that Applicants intended to create an association with Opposer's mark.

The TTAB explained that, in determining the similarity or dissimilarity of the marks for purposes of dilution, "[it] will use the same test as for determining the similarity or dissimilarity of the marks in the likelihood of confusion analysis, that is, the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression." Moreover, the TTAB noted that "the harm dilution does to the selling power of a mark is not only caused by a third-party use or registration of an identical mark. It may be caused by a 'look-alike' mark, one that is close enough to the famous mark that consumers will recall the famous mark and be reminded of it . . . 'even if they do not believe that the goods come from the famous mark's owner.'" (Citation omitted.) Although the parties' marks were not identical or substantially similar, the TTAB concluded that the parties' marks were sufficiently similar that an association between them was established.

The TTAB dismissed Applicants' argument that the certified status and title copies of four active third-party registrations for "JUST . . . IT" marks for clothing weighed against a finding that Opposer's use was substantially exclusive. The TTAB explained that no evidence or testimony had been introduced to show that the marks were actually in use. Further, the four registrations were insufficient to show that "just . . . it" would be considered a commonly registered element. The TTAB also dismissed Applicants' arguments that no dilution was likely because of the small size of their business and because Applicants intended to use their mark for "humorous, religious-themed apparel." The TTAB explained that the size of Applicants' business actually weighed in Opposer's favor because, if Opposer made an exception to its policy of not allowing third parties to use marks with the structure "just . . . it" for any reason, Opposer's mark's ability to uniquely identify Opposer as a single source would be impaired. Further, Applicants'

marks did not constitute a parody because Applicants did not intend to use their mark to parody or to make any type of social commentary regarding Opposer, Opposer's famous mark, or Opposer's goods. Instead, Applicants were seeking to use their mark for religious social commentary and had attempted to take a "free ride" on the mark's association with the famous mark for economic gain, which is not protectable parody. Finally, the TTAB noted that, although the dilution doctrine was designed to provide a remedy where the goods or services involved were neither competitive nor necessarily related, the doctrine may apply where goods are related and competing, as in the present case.

Thus, the TTAB concluded that the parties' marks were sufficiently similar that an association between them was established; Opposer's mark was inherently distinctive and the degree of public recognition of the mark was extremely high; Opposer engaged in substantially exclusive use of its mark; and the goods were, in part, identical. These factors established a likelihood of dilution and outweighed the facts that there did not appear to be an actual association between the marks (nor could there be, because Applicants' mark was not yet in use), and the record did not reflect a bad-faith intent on the Applicants' part in adopting the marks.

Accordingly, the opposition was sustained and registration to Applicants was refused based on a likelihood of confusion and dilution.

CONCLUSION

Under the Federal Trademark Dilution Act of 1996, the TTAB had generally held that for a dilution claim to lie, a defendant's mark needed to be identical or substantially similar to the plaintiff's famous mark. In this case, the TTAB followed the Ninth Circuit Court of Appeals and the Second Circuit Court of Appeals, however, in finding that the Trademark Dilution Revision Act of 2006 does *not* require marks to be identical or substantially similar. Rather, the TTAB found that "the harm dilution does to the selling power of a mark is not only caused by a third-party use or registration of an identical mark. It may be caused by a 'look-alike' mark, one that is close enough to the famous mark that consumers will recall the famous mark and be reminded of it," even if the consumers do not believe that the goods come from the famous mark owner. In determining the similarity or dissimilarity of the marks for purposes of dilution, the TTAB will use the same test as in the likelihood-of-confusion analysis (i.e., the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression).

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INCONTESTABLE®

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

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Back to Main

Unregistrable

®eviewing the Situation

by Robert D. Litowitz

You are a national retailer hawking prep-style clothes to affluent American teens. Your principal marketing tactic is to hire idyllic bronzed Adonises and Venuses to model your pants, tops, and underwear in various stages of undress.

So when you discover that your clothing is being worn by one of the featured performers on a television program watched avidly, if not worshipfully, by your target demographic, what do you do? Rejoice? Celebrate? Fire up the marketing engine?

Well, if you are retail giant Abercrombie & Fitch, and if the celebrity in question is Mike Sorrentino from MTV's *Jersey Shore*, you've got quite a "Situation" on your hands.

For those readers who have been living in pop-culture Siberia for the past three years, the television show *Jersey Shore* chronicles the exploits of a collection of Italian-American young adults let loose in a group home on the New Jersey beach town of Seaside Heights. Although most hail from outside the Garden State, they have been dispatched to go "Down the Shore" (the uniquely Joisey way of going to the beach). Describing themselves bluntly as "Guidos" and "Guidettes," the cast members busy themselves with the daily rituals of Gym, Tanning, and Laundry (or "GTL" in *Jersey Shore* parlance). They're like modern-day residents of some distorted, bizarre monastic order, following the same arc of daily activities, usually culminating in late-night excursions to some bling-laden club, where the Shorers mingle, flirt, and stalk the ultimate prize—someone to drag back for a session in the hot tub, and perhaps more. The male ringleader of this hedonistic beach haven, Mr. Sorrentino, delights in pulling up his shirt, pointing to his impressive washboard abs, and ostentatiously proclaiming, "We've got a situation here!"

No sooner than you can say "The Rock," "The Donald," or "The Governator," Mr. Sorrentino became known simply as "The Situation," a guy notorious for loutish behavior, and certainly not someone who'd

ever be confused for the host of CNN's "The Situation Room," Wolf Blitzer.

And for five seasons that saw the Shorers go from escapades on the Seaside boardwalk to South Beach and now to Florence, Italy, "The Situation" exploited his callow image for fame and fortune. (Well, maybe infamy. But in the age of Paris Hiltonesque quasi celebrity, the line between fame and infamy has arguably been extinguished. It makes folks of a certain age nostalgic for the days when D-List celebrities with no discernable claim to fame, like Orson Bean or Arlene Francis, stuck to game-show panels and kept their noses clean.)

This season, "The Situation" can be seen barreling through the narrow streets of Florence sporting Abercrombie logo wear. For any number of reasons, the folks at the retailer were less than impressed by this PDA (public display of Abercrombie!). So they did what any concerned trademark owner would do—they called their lawyers.

Now certain legal circles in the IP world are notorious for offers to pay potential infringers to stay off the market. Such so called "reverse payments" were once endemic in pharmaceutical patent litigation, that is, until the FTC perked up its regulatory ears and began to crack down. But offering to pay a celebrity *not* to sport your brand? That's precisely what Abercrombie opted to do. Instead of a classic cease-and-desist letter complaining of "product placement without pay," Abercrombie sent the *Jersey Shore* team this missive:

> We are deeply concerned that Mr. Sorrentino's association with our brand could cause significant damage to our image. We understand that the show is for entertainment purposes, but believe this association is contrary to the aspirational nature of our brand, and may be distressing to many of our fans. We have therefore offered a substantial payment to Michael "The Situation" Sorrentino and the producers of MTV's *The Jersey Shore* to have the character wear an alternate brand. We have also extended this offer to other members of the cast, and are urgently waiting a response.

Remaining true to his iconoclastic nature, "The Situation" has remained tightlipped, and no word has emerged from him or MTV in response to Abercrombie's angst. Abercrombie, likewise, remains mum about the size of the "substantial payment" it has dangled in front of Mr. Sorrentino and the rest of the *Jersey Shore* cast. But one thing seems clear. In our pseudocelebrity culture, where free publicity is the currency of the realm, everybody involved in this "situation" smells like a winner.

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