

FROSS ZELNICK LEHRMAN & ZISSU, P.C.

INFORMATION LETTER

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WE ARE PLEASED TO REPORT THAT MANAGING INTELLECTUAL PROPERTY presented Fross Zelnick with “Firm of the Year” awards in the categories of Trademark Prosecution (National), Trademark Prosecution (Northeast), and Trademark Contentious (Northeast). The MIP 2015 *IP Stars Handbook* ranks the firm in the First Tier of law firms in the Trademark Prosecution, Trademark Contentious, and Copyright categories. The rankings may be viewed at [MIP Handbook](#).

FROSS ZELNICK was honored as “Firm of the Year – Trademarks” by Who’s Who Legal Awards 2015. *Who’s Who Legal 100* (2015) recognized the firm as the worldwide leading law firm in the trademarks field for the tenth consecutive time. Describing the firm as a “global leader” and “go-to” resource “for all matters pertaining to US and international trademark law,” the publication also specifically mentioned the following individuals: **STEPHEN BIGGER** (“a ‘prominent figure’ in the US market”), **DAVID DONAHUE** (“exceptional litigator”), **MARK ENGELMANN** (“a ‘real authority’ on trademark clearance and enforcement strategy”), **LYDIA GOBENA** (“outstanding”), **RONALD LEHRMAN** (“incredibly gifted”), **CRAIG MENDE** (“superb”), and **ROGER ZISSU** (“a ‘legend’ of the US trademark bar”).

FROSS ZELNICK was awarded the title of “Best Design Patent Firm – New York” in Acquisition International’s 2015 Intellectual Property Awards.

ALLISON STRICKLAND RICKETTS received a 2015 Client Choice award.

The March 2015 Super Lawyers *New York Times* Best Women Lawyers Supplement recognized **SUSAN DOUGLASS**, **JANET HOFFMAN**, **NADINE JACOBSON**, and **BARBARA SOLOMON** as Super Lawyers, and **KAREN LIM**, **HINDY DYM**, and **STACY WU** as Rising Stars.

LARRY APOLZON’s article “Coming to America: a guide to extending registrations via the Madrid Protocol,” was published in *World Trademark Review* Issue 54. The article may be viewed at [World Trademark Review](#).

DAVID DONAHUE and **J**ASON JONES co-authored the article “Supreme Court Rules on TTAB Preclusion,” published in the May 2015 issue of *Managing Intellectual Property*. A .pdf of the article can be downloaded at [Fross Zelnick Articles](#).

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KAREN LIM and **JASON JONES** contributed the United States chapter to The International Comparative Legal Guide to Trademarks 2015 Edition, published by Global Legal Group, Ltd., London (www.iclg.co.uk). Their chapter provides an overview of United States law governing trademark registration, enforcement, assignment, and licensing. A .pdf of the chapter may be downloaded at [Fross Zelnick Articles](#).

LARRY APOLZON spoke on a panel on protecting design in the fashion and wearables industries at the 2015 Penn Intellectual Property Group Symposium at the University of Pennsylvania on March 19, 2015.

SUSAN DOUGLASS spoke on an April 7, 2015 panel sponsored by the International Trademark Association and addressed to U.S. Patent and Trademark Office officials and policy makers on the topic “Making Office Actions (Less) Work.”

CHARLES WEIGELL gave a presentation on Design Patent Prosecution and Infringement to the Copyright Society of the USA on April 27, 2015.

RICHARD LEHV was quoted in *The New York Times* on May 11, 2015, on the legal question of whether the use of the hashtag symbol (#) next to a common phrase can turn that phrase into a trademark.

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Information Letter

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UNITED STATES

SUPREME COURT

- Trademark Trial and Appeal Board Decisions on Likelihood of Confusion Can Have Preclusive Effect in Subsequent Federal Court Litigation
B&B Hardware, Inc. v. Hargis Industries, Inc.

FEDERAL CIRCUIT

- Mere Offering of Service Without Provision of Service is Not "Use in Commerce"
Couture v. Playdom, Inc.

NINTH CIRCUIT COURT OF APPEALS

- Use of Deceased Celebrity's Image on T-Shirts Constitutes False Endorsement Under Lanham Act
Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.

EASTERN DISTRICT OF VIRGINIA

- Trademark Use in U.S. Required To Assert Lanham Act Claim
Belmora LLC v. Bayer Consumer Care AG

SOUTH DAKOTA

- New Right of Publicity Statute

HAGUE AGREEMENT

- U.S. Joins Hague International Design Filing System

Supreme Court: TRADEMARK TRIAL AND APPEAL BOARD DECISIONS ON LIKELIHOOD OF CONFUSION CAN HAVE PRECLUSIVE EFFECT IN SUBSEQUENT FEDERAL COURT LITIGATION

B & B Hardware v. Hargis Ind., 135 S. Ct. 1293 (2015)

The U.S. Supreme Court recently held in *B&B Hardware, Inc. v. Hargis Industries,*

Inc., that a decision of the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office ("T.T.A.B.") on the issue of likelihood of confusion may preclude a federal court from reaching a contrary conclusion on the issue in a subsequent infringement action. But the key word in the previous sentence is *may*—not *must*—and the Supreme Court went out of its way to explain that "for a great many registration

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decisions” from the T.T.A.B., “issue preclusion obviously will not apply.”

It must be initially noted that, before the Supreme Court’s decision, a few U.S. federal appellate courts had recognized that in certain circumstances a decision by the T.T.A.B. could have preclusive effect in later federal court litigation (while a few other U.S. federal appellate courts had held that there could be no such preclusive effect). Viewed in this light, the Supreme Court’s holding changes little other than taking the rule already applied in some U.S. federal appellate courts and making it a nationwide rule.

But it will be interesting in the coming months to see how federal courts and the T.T.A.B. apply the Supreme Court’s holding.

The Facts and Procedural History of the Case

The facts of the case as relevant here are relatively straightforward. The plaintiff, B&B Hardware (“B&B”), has since 1993 owned a federal registration for the mark SEALTIGHT for metal fasteners used in the aerospace industry. Meanwhile, the defendant, Hargis Industries (“Hargis”), uses the mark SEALTITE for metal fasteners in the construction industry, and in 2002 applied for federal registration of SEALTITE. B&B opposed registration of SEALTITE before the T.T.A.B., arguing that it was confusingly similar to SEALTIGHT. After the parties engaged in discovery and trial, the T.T.A.B. concluded that SEALTITE was confusingly similar to SEALTIGHT and could not be registered. Hargis did not exercise its statutory right to appeal the T.T.A.B.’s decision to the U.S. Court of Appeals for the Federal Circuit or a federal district court.

B&B also sued Hargis for infringement in federal district court, claiming that Hargis’ use of SEALTITE infringed B&B’s rights in SEALTIGHT. In light of the T.T.A.B.’s

finding of a likelihood of confusion, B&B argued to the district court that the T.T.A.B.’s decision precluded Hargis from arguing in the district court that there was no likelihood of confusion between the marks. The district court, however, refused to give preclusive effect to the T.T.A.B.’s determination. Ultimately, a jury sided with Hargis, finding no likelihood of confusion between the marks. B&B appealed to the U.S. Court of Appeals for the Eighth Circuit, arguing that the district court should have given preclusive effect to the T.T.A.B.’s likelihood of confusion decision. But the Eighth Circuit affirmed, holding that because the T.T.A.B. looks to different factors than do federal courts in making likelihood of confusion determinations, a federal court should never give preclusive effect to a T.T.A.B. decision on the likelihood of confusion issue. The Supreme Court accepted review of the case and reversed the Eighth Circuit.

The Supreme Court’s Decision

In short, the Supreme Court rejected the Eighth Circuit’s per se rule that T.T.A.B. decisions can never be entitled to preclusive effect in federal court, holding instead that, in some cases, the T.T.A.B.’s decision may be entitled to preclusive effect. The Supreme Court’s ruling can be summarized in the following sentence from the opinion: “So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.” 135 S. Ct. at 1310.

The “ordinary elements” of issue preclusion are set forth in the Restatement (Second) of Judgments, which states: “When an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.”

The Supreme Court rejected the argument that issue preclusion should never apply because the procedures used by the T.T.A.B. were different from the procedure used in federal courts (e.g., the T.T.A.B. does not allow for testimony by live witnesses). The Supreme Court noted that proceedings before the T.T.A.B. are governed largely by the Federal Rules of Civil Procedure and the Federal Rules of Evidence and, thus, there is “no categorical reason to doubt the quality, extensiveness or fairness” of the T.T.A.B.’s procedures. 135 S. Ct. at 1309.

Turning to the crux of the case, the Eighth Circuit’s primary basis for rejecting issue preclusion for T.T.A.B. decisions was its belief that the T.T.A.B.’s legal analysis of the issue of likelihood of confusion for purposes of deciding registration is different from the analysis in federal court for infringement. Thus, according to the Eighth Circuit, the issue of likelihood of confusion for infringement purposes is never “actually litigated and determined” by the T.T.A.B. The Supreme Court rejected this notion.

First, the Supreme Court held that the text of the U.S. Trademark (Lanham) Act provides the same statutory standard to be applied by the T.T.A.B. and the federal courts, namely “the likelihood of confusion standard,” and that this standard was not “fundamentally different” between the T.T.A.B. and the federal courts, notwithstanding the fact that some of the specific nuances of the standard differ between the tribunals. 135 S. Ct. at 1307.

Second, the Supreme Court analyzed whether, in reality, the TTAB actually applies the same likelihood of confusion standard since the T.T.A.B. “typically analyzes the marks, goods and channels of trade only as set forth in the application and the opposer’s registration, regardless of whether the actual usage of the marks by

the parties differs.” 135 S. Ct. at 1307. This was a closely watched facet of the case, as it is well established that the T.T.A.B. does not typically look to the real-world use of the marks made by the parties (particularly the use made by the defendant), while marketplace conditions are *critical* to the likelihood of confusion analysis of district courts in infringement actions. The Supreme Court acknowledged this difference, stating that “unlike in infringement litigation,” the T.T.A.B.’s “determination that a likelihood of confusion does or does not exist will not resolve the confusion issue with respect to non-disclosed usages”—*i.e.*, real-world usages not listed in the application and registration. But the Supreme Court held that this difference did not require a per se rule that T.T.A.B. decisions can never be entitled to issue preclusion. *Id.* at 1308. Rather, the Court explained that this difference was just “a reason not to apply issue preclusion in some or even many cases.” *Id.* The Court then went on to announce what many view as the key passage from the opinion and the rule for district courts to apply going forward:

If a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation. By contrast, if a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue. Thus, *if the TTAB does not consider the marketplace usage of the parties’ marks, the TTAB’s decision should have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.*

Id. (emphasis added).

Given the above rule, as well as the T.T.A.B.'s repeated statements in precedential cases that it does not look to real-world usage of the parties' marks in making registration decisions, the Supreme Court readily explained that "for a great many registration decisions issue preclusion obviously will not apply because the ordinary elements will not be met." 135 S. Ct. at 1306.

The Future of T.T.A.B. and Federal Court Proceedings After *B&B Hardware*

Going forward, the key to whether a T.T.A.B. decision will have preclusive effect in subsequent federal court litigation will come down to a district court judge's determination of whether the T.T.A.B. considered any marketplace usage of the parties' marks and, if it did, if those usages are "materially the same" as the usages at issue in the infringement action. The Court provided little guidance as to which usages are "materially" the same and which are not, but it did provide some helpful hints.

First, the Court explained that "trivial variations" in the parties' marks between the T.T.A.B. and federal court would not be sufficient to avoid preclusion—specifically, a party cannot add "descriptive or non-distinctive elements" to its mark to avoid preclusive effect of a T.T.A.B. decision. Second, since the Supreme Court made clear that "if the TTAB does not consider the marketplace usage of the parties' marks, the TTAB's decision should have no later preclusive effect in a suit," it appears that most, if not all, decisions by the T.T.A.B. concerning intent-to-use applications or applications based on foreign registrations for marks that are not yet in use in the U.S. will not have preclusive effect, since neither of these types of applications involve any use by the defendant in the U.S. for the T.T.A.B. to examine.

But with the exception of these few clear principles discussed above, the impact of the decision on cases where there is real-world usage of the mark by the defendant will not be known until federal courts and the T.T.A.B. start to apply the decision.

As to the T.T.A.B., we will have to wait and see if, in light of the Supreme Court's implicit approval of the T.T.A.B.'s procedures and likelihood of confusion analysis, the T.T.A.B. will begin to consider marketplace usage of the defendant's mark as part of its analysis. Moreover, litigants who are unhappy with the T.T.A.B.'s decisions likely will be more inclined to appeal the decisions to the U.S. Court of Appeals for the Federal Circuit or a federal district court.

As to the federal courts, an additional legal step will be added in almost every federal court case (both currently-pending and newly-filed cases) in which the parties have previously litigated a T.T.A.B. proceeding to conclusion. Specifically, the party that prevailed in the T.T.A.B. will no doubt want to argue to the district court that issue preclusion should apply because the "usages adjudicated by the TTAB are materially the same" as the ones before the district court. The losing party before the T.T.A.B. will obviously argue against such preclusion, arguing that the usages analyzed the T.T.A.B. are not materially the same as the ones before the district court. It will be interesting to see how district courts begin to grapple with these arguments in the coming months and, specifically, whether courts heed the warning of the Supreme Court that "a great many" of the T.T.A.B.'s decisions will not be entitled to preclusive effect.

Finally, it would seem that the Court's decision will have the most impact on the strategies and actions of defendants/applicants in T.T.A.B. proceedings and their counsel. Specifically, because of the analyses used

by the T.T.A.B. for likelihood of confusion—*i.e.*, not reviewing real-world usages and acceptance of likelihood of confusion surveys that do not employ real-world situations—it is often easier to prove likelihood of confusion in the T.T.A.B. than it is in federal courts (as the conflicting results of the T.T.A.B. and district court proceedings in *B&B Hardware* demonstrate). Accordingly, defendants in T.T.A.B. proceedings may wish to try to expand the scope of the proceeding, including by introducing evidence of real-world usages of the parties' marks. Or, as a more drastic measure in higher-stakes proceedings, defendants in T.T.A.B. proceedings may be more inclined to file declaratory judgment actions of non-infringement in federal court in response to the filing of a T.T.A.B. proceeding and ask the T.T.A.B. to suspend the proceeding while the federal court case proceeds (something the T.T.A.B. routinely does).

[-JDJ](#)

Federal Circuit: MERE OFFERING OF SERVICE WITHOUT PROVISION OF SERVICE IS NOT “USE IN COMMERCE”

Couture v. Playdom, Inc., 778 F.3d 1379 (Fed. Cir. 2015)

The Federal Circuit recently addressed for the first time whether “the offering of a service, without the actual provision of a service, is sufficient to constitute use in commerce” under Section 45 of the Lanham Act, 15 U.S.C. § 1127. The Circuit Court held that, under the clear language of Section 45, such an offer does not qualify as use in commerce.

On May 30, 2008, David Couture filed an application to register the service mark PLAYDOM based on use in commerce under Section 1(a) of the Lanham Act, 15 U.S.C. § 1051(a). *Couture v. Playdom, Inc.*, 778 F.3d 1379, 1380 (Fed. Cir. 2015). The specimen that Couture filed showing use of the mark was a screenshot of Couture’s

website. *Id.* As of the filing date, the website consisted of a single page with the following text: “Welcome to PlaydomInc.com. We are proud to offer writing and production services for motion picture film, television, and new media. Please feel free to contact us if you are interested: playdominc@gmail.com.” *Id.* There also was a notice on the webpage that read “Website Under Construction.” *Id.* Couture did not provide any service under the PLAYDOM mark until 2010. *Id.* The PLAYDOM mark was registered on January 13, 2009. *Id.*

On February 4, 2009, Playdom, Inc. (“Playdom”) applied to register the mark PLAYDOM and Couture’s mark was cited against it. *Id.* Thereafter, Playdom petitioned to cancel Couture’s PLAYDOM mark on the ground, *inter alia*, that the registration was void *ab initio* because Couture had not used the mark in commerce as of the date of the application. *Id.* The Trademark Trial and Appeal Board (the “Board”) granted the cancellation petition, holding that Playdom had not rendered any services as of its filing date. *Id.* Playdom appealed to the Federal Circuit, which affirmed.

The Federal Circuit explained that to apply for a registration under Section 1(a) of the Lanham Act, a mark must be “used in commerce.” The phrase “use in commerce” is defined in Section 45 of the Lanham Act, 15 U.S.C. § 1127, which provides that a mark is used in commerce on services when (1) “it is used or displayed in the sale or advertising of services,” and (2) “the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.” The Federal Circuit, quoting one of its earlier decisions, stated that this definition means that “advertising or

publicizing a service that the applicant intends to perform in the future will not support registration.” *Couture*, 778 F.3d at 1381 (quoting *Aycock Eng’g, Inc. v. Airflite, Inc.*, 560 F.3d 1350, 1358 (Fed. Cir. 2009)). Rather, the advertising must be for an “existing service” that has already been offered to consumers. *Couture*, 778 F.3d at 1381 (quoting *Aycock*, 560 F.3d at 1358).

The Circuit Court then went on to answer the question at issue here—whether the mere offering of a service, without the actual provision of it, constituted “use in commerce.” The Court held that Section 45 is clear on its face that a service mark is used in commerce only when the designated services are actually rendered. *Couture*, 778 F.3d at 1381. The Court also noted that other circuit courts, the Board, and the leading treatise on trademarks all had interpreted Section 45 as requiring the actual provision of services. *Id.* at 1382. Here, there was no evidence that Couture had rendered any services to customers until 2010, two years after he had applied to register the PLAYDOM mark under Section 1(a) of the Lanham Act. *Id.* Thus, the Court affirmed the cancellation of his mark.

This decision makes clear that Section 1(a) of the Lanham Act may be used as a basis of an application only if the identified services already have been provided under the mark. Otherwise, Section 1(b) of the Lanham Act, 15 U.S.C. § 1051(b), which allows for an application based on an intent to use the mark, is the appropriate statutory basis.

[-EW](#)

Ninth Circuit Court of Appeals:
USE OF DECEASED CELEBRITY’S IMAGE ON
T-SHIRTS CONSTITUTES FALSE
ENDORSEMENT UNDER LANHAM ACT

Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc., 778 F.3d 1059 (9th Cir. 2015)

In a recent decision, the United States Court of Appeals for the Ninth Circuit affirmed a jury verdict in favor of Fifty-Six Hope Road Music, Ltd. (“Fifty-Six Hope Road”), an entity formed by Bob Marley’s children and heirs to exploit Bob Marley’s persona, that A.V.E.L.A., Inc. (“A.V.E.L.A.”) and other defendants’ (together with A.V.E.L.A., “Defendants”) unauthorized use of Marley’s image on t-shirts and other merchandise constituted false endorsement under Section 43(a) of the U.S. Trademark (Lanham) Act, 15 U.S.C. § 1125(a). *See Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059 (9th Cir. 2015).

This appeal arose from a dispute between, on the one hand, Fifty-Six Hope Road and Zion Rootswear (“Zion,” and together with Fifty-Six Hope Road, “Plaintiffs”), holder of an exclusive license from Fifty-Six Hope Road to design, manufacture, and sell t-shirts and other merchandise bearing Marley’s image, and on the other, Defendants, entities involved in the sale of unlicensed, competing merchandise bearing images of Marley at Target, Walmart, and other large retail outlets. *See id.* at 1066. Plaintiffs initially sued Defendants in the United States District Court for the District of Nevada on five claims stemming from Defendants’ unauthorized use of Marley’s likeness: (1) trademark infringement under 15 U.S.C. § 1114, (2) false endorsement under 15 U.S.C. § 1125(a), (3) common law trademark infringement, (4) unauthorized commercial use of right to publicity under Nev. Rev. Stat. § 597.770 *et seq.*, and (5) intentional interference with prospective economic advantage. *Id.* The district court granted summary judgment to Defendants on the infringement and right of publicity claims, and allowed the remaining claims for false endorsement and interference to proceed to a jury. *Id.* at 1067.

Following a trial, the jury found in favor of Plaintiffs and against all Defendants on the false endorsement claim, and in favor of Plaintiffs and against only A.V.E.L.A. on the intentional interference claim. The jury awarded \$300,000 in compensatory damages for the intentional interference. Following post-trial discovery, the district court entered judgment against Defendants for an additional \$800,000 representing their net profits from the false endorsement. The district court further granted Plaintiffs' motion for attorneys' fees in an amount of approximately \$1.5 million. *See id.* at 1067.

Defendants appealed the judgment and the award of profits and attorneys' fees. Plaintiffs cross-appealed on several points, including the grant of summary judgment on the Nevada right of publicity claim and the amount of profits awarded. *Id.* The Ninth Circuit upheld the district court's determinations and the jury's verdict on all points.

The decision is significant for its treatment of the false endorsement claim, so we focus on that issue here.

In upholding the jury's verdict on Plaintiffs' false endorsement claim, the Court first found that that under the law of the Ninth Circuit, there is a cognizable claim under Section 1125(a) for misuse of a celebrity's persona, even when the celebrity is deceased. *Id.* The panel further found that Plaintiffs introduced sufficient evidence at trial to support the jury's finding that consumers would likely be confused about whether Plaintiffs had sponsored or approved Defendants' Marley products. *Id.* at 1068-72.

In celebrity cases, as the court noted, eight factors are applied to determine likelihood of confusion: "(1) the level of recognition that the celebrity has among the segment of the society for whom the defendant's product is intended; (2) the relatedness of the fame or success of the celebrity to the

defendant's product; (3) the similarity of the likeness used by the defendant to the actual celebrity; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) defendant's intent on selecting the celebrity; and (8) likelihood of expansion of the product lines." *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1007-08 (9th Cir. 2001) (quoted by *Fifty-Six Hope Road*, 778 F.3d at 1069). The court further noted that "[w]here the plaintiff is not the celebrity himself," as was the case here, "an additional factor becomes relevant: the strength of association between the mark and the plaintiff." *Fifty-Six Hope Road*, 778 F.3d at 1069.

Reviewing factors 1-7, the panel found that the evidence did not compel a finding contrary to the jury's verdict. *See id.* at 1069-71. Specifically, the panel noted that sufficient evidence was presented to establish that there was a high level of recognition of Marley's image within Defendants' target market, that Marley's image had long been associated with apparel, indicating that the fame of the celebrity was related to the defendant's product, and that A.V.E.L.A. had used actual photos of Marley, not simply likenesses, on the merchandise in question. *Id.* at 1069. The panel further credited evidence indicating that the marketing channels were identical, since A.V.E.L.A.'s licensees had sold A.V.E.L.A. Marley products in some of the same stores where Plaintiffs and their licensees sold authorized Marley products, that purchaser care was likely low given the inexpensive nature of the items, and that A.V.E.L.A.'s merchandise was similar to that of Hope Road, implying an intent to associate their products with Plaintiffs. *See id.* at 1070-71.

With respect to the fifth factor, evidence of actual confusion, the panel reviewed Plaintiffs' consumer confusion survey, which consisted of 509 face-to-face

interviews conducted by professional interviewers with individuals in shopping malls. *Id.* at 1069-70. As part of the survey, interviewers had shown the test group an A.V.E.L.A. t-shirt bearing Bob Marley's image and the control group a t-shirt bearing the image of a different, unrenowned African-American man with dreadlocks. Several questions were put to both groups, including: "Who do you think gave their permission or approval for this particular T-shirt to be made or put out?" 37% of the test group answered: "Bob Marley/the person on the shirt or his heirs, estate, or agents." With the control group, 20% answered the same. *See id.* at 1070.

Defendants argued on appeal that the survey questions were indefinite, and that a valid false endorsement claim "should have an identifiable person as the putative endorser." *Id.* at 1070. But, as the panel stated, there was "no precedent showing that it must be a single entity that is falsely attributed as the party that approved the product or that the survey taker must be able to identify the party." *Id.* Therefore, the panel disregarded Defendants' arguments on the survey, holding that "identifying Marley or whoever holds the rights to his persona in the alternative does not render the survey data useless or irrelevant. Rather, the imprecision of the data merely decreases its probative value." *Id.*

The panel further found sufficient evidence to support the additional factor of association between the mark and Plaintiffs, which, as the court noted, was particularly important in this case, given that a review of the standard *Downing* factors primarily supported a finding that Marley himself and not the Fifty-Six Hope Road entity had sponsored or approved Defendants' products. *Id.* at 1071. Here, however, "Marley sold merchandise bearing his image during his lifetime, and his successors-in-interest have continued to do

so, implying that his image served (and continues to serve) a source-identifying function." *Id.* Thus, the panel held, "the jury was free to infer that the source-identifying function of Marley's persona had not weakened to the extent that there was no likelihood of confusion." *Id.*

The court likewise was not persuaded by Defendants' argument that the judgment overextended the Lanham Act by creating a federal right of publicity. Defendants claimed that "consumers would always 'associate a deceased celebrity's image with that of his or her estate.'" *Id.* at 1073. As the court noted, though, federal claims "require an additional element" above and beyond a right of publicity claim: namely, "that the use be likely to confuse as to the sponsorship or approval of a defendant's goods." *Id.* Moreover, the court observed that Defendants had raised a number of "potentially salient" arguments on appeal. *Id.* at 1067-68 & n.1. However, given that they had failed to first assert those arguments—which included an aesthetic functionality defense, a Copyright Act defense under *Dastar Corp. v. Twentieth Century Fox Film, Corp.*, 539 U.S. 23 (2003), and a First Amendment defense under *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir.1989)—before the district court, Defendants had waived them in their entirety. *Id.* Thus, the court observed, the outcome of the case was "in part a function of defenses expressly waived by Defendants." *Id.* at 1073. Since the jury found likelihood of confusion, and Defendants waived so many potentially critical defenses, the panel felt bound to uphold the jury verdict. *See id.*

Judge Morgan Christen concurred in part and dissented in part, noting in particular that "the narrow holding . . . is dictated by the standard of review on appeal, and by the defenses actually pursued by defendants." *Id.* at 1083. Focusing on the confusion survey introduced by Plaintiffs,

she opined that the answers to the survey question “Who do you think gave their permission or approval for this particular T-shirt to be made or put out?” only indicated that many members of the public held a lay legal opinion that Marley or someone connected with him must have sponsored the shirt. *Id.* at 1084. As she pointed out, “this lay legal opinion is likely to be held by the majority of survey respondents every time merchandise bears a readily recognizable celebrity image.” *Id.* Ultimately, in her analysis, “[w]ithout a showing that consumers cared whether permission had been given, the second survey question only shows that most consumers share [that opinion]; it does nothing to suggest that the use of Marley’s image on the T-shirt runs afoul of the purpose of the Lanham Act.” *Id.* at 1085.

Given these problems of causation, “where a celebrity image is itself the only indication of sponsorship,” Judge Christen would have held that “a finding of actual confusion under § 43(a) must be supported by some evidence that the confusion could have had an impact on the consumers’ purchasing decisions. *Id.* Therefore, she would not have given weight to the survey, since it “did not show that consumers might be misled into buying the T-shirt based on whether permission had been given.” *Id.* Since evidence of actual consumer confusion was just one of the Downing factors, though, she still supported upholding the jury verdict on likelihood of confusion. *Id.*

As the Court observed, the outcome of this case may well have been different had Defendants not waived several key defenses. Nevertheless, the case serves as a reminder that even if a right of publicity claim is not available under state law, the successors of a deceased celebrity may still have a federal remedy under the Lanham Act. This lingering right can create difficult clearance issues for companies

that wish to use a deceased celebrity’s persona for commercial purposes, particularly where the celebrity’s successors are not known. Given the potential recovery of damages, profits, and attorneys’ fees, as well as injunctive relief, for violations of the Lanham Act, companies considering whether to use a deceased celebrity’s persona should perform due diligence of any potential successors-in-interest and seek the advice of experienced counsel.

- *JJP*

Eastern District of Virginia:

TRADEMARK USE IN U.S. REQUIRED TO ASSERT LANHAM ACT CLAIM

Belmora LLC v. Bayer Consumer Care AG, __ F. Supp. 2d __, 1:14-cv-00847-GBL (E.D. Va. Feb. 6, 2015)

This case was, in part, an appeal of the Trademark Trial and Appeal Board (“T.T.A.B.”) decision in the cancellation proceeding *Bayer Consumer Care AG v. Belmora LLC*, 110 U.S.P.Q.2d 1623 (T.T.A.B. 2014). In the cancellation proceeding, the T.T.A.B. held that the owner of a trademark outside the United States may prevail on a claim for misrepresentation of source under Section 14(3) of the Lanham Act if the defendant is taking affirmative steps to deliberately pass off its goods as those of the foreign mark owner, even when the mark owner is not using its mark in the United States. Because registrant Belmora had used packaging for its OTC analgesic product FLANAX sold in the United States that was virtually identical to the packaging for Bayer’s OTC analgesic product FLANAX sold in Mexico, and Belmora had falsely suggested in marketing materials that the brands were one and the same, the T.T.A.B. determined that Belmora was explicitly misleading consumers, and therefore ordered cancellation of its registration under Section 14(3).

Belmora appealed the T.T.A.B. decision to the Federal Circuit, and Bayer elected to move the appeal to the District Court for the Eastern District of Virginia for *de novo* review, while asserting affirmative claims for false designation of origin and false advertising under Section 43(a) of the Lanham Act, as well as a claim under the Paris Convention and state claims. Belmora moved to dismiss all of Bayer's affirmative claims on the ground that Bayer had not used the FLANAX mark in the United States and therefore lacked standing to assert all such claims. On the same ground, Belmora moved for judgment on the pleadings to reverse the T.T.A.B.'s cancellation of its registration under Section 14(3) of the Lanham Act.

The District Court summarized the issues in the case as follows: "Does the Lanham Act allow the owner of a foreign mark that is not registered in the United States and has never used the mark in United States commerce [to] assert priority rights over a mark that is registered in the United States by another party and used in United States commerce?" The court answered this question definitively in the negative, altogether ignoring Belmora's deceptive conduct that was the basis for the T.T.A.B.'s decision, and instead holding that the Lanham Act does not allow the owner of a foreign mark that is not used or registered in the United States to assert any claims under the Act, whether those be claims for false advertising, unfair competition, or claims under Section 14(3) to cancel a registration based on misrepresentation of source. The District Court relied on and affirmed the territoriality principle of trademarks, finding that "Bayer's interests do not fall within the zone of interests Congress intended to protect" under the Lanham Act because Bayer did not own a protectable interest in the FLANAX mark in the United States. The court further reasoned that Bayer could not show relevant economic or reputational

injury because "the losses the Lanham Act seeks to prevent are those emanating from infringement of a mark protected in the United States." The court acknowledged also that "[t]hrough Belmora's practices may seem unfair, the Lanham Act does not regulate all aspects of business morality."

Notably, the Virginia District Court's view is directly at odds with the Ninth Circuit's holding in *Grupo Gigante SA DE CV v. Dallo & Co., Inc.*, 391 F.3d 1088 (9th Cir. 2004), in which that court held that a famous, foreign mark may be the basis for an infringement claim, even when it has not been used in U.S. commerce, if the mark is familiar to a "substantial percentage of consumers" in a relevant U.S. market (i.e., the geographic area where the defendant is using the allegedly infringing mark). The court explained that risks of consumer confusion and fraud are the "reasons for having a famous-mark exception" to the territoriality principle.

Bayer has appealed the Virginia District Court's decision.

- [MRC](#)

South Dakota: NEW RIGHT OF PUBLICITY STATUTE

On March 30, 2015, South Dakota enacted its first right of publicity statute. Fewer than two dozen states recognize the right of publicity, which is not protected under federal law. The impetus for the bill derived, at least in part, from local efforts to establish a museum dedicated to Russell Means, a South Dakotan Native American and prominent activist for indigenous peoples in the state and around the world.

Compared to other states' right of publicity statutes, 2015 South Dakota House Bill No. 1225 (90th Legis. Assemb. 2015) is considerably broad in several key respects, but carefully narrowed in others. *See* 2015 SD Legis. 126 (HB 1225).

Under the statute, “[n]o person may use any aspect of a personality’s right of publicity for a commercial purpose” without express written consent. *Id.* § 2. “Commercial purpose” includes use in connection with or promotion of a product, merchandise, goods, service, or commercial activity, as well as “for the purpose of fund-raising.” *Id.* § 1.1. The fund-raising reference, which presumably includes charitable endeavors, is not commonly found in other states’ statutes.

A “personality” is defined as a South Dakota “citizen,” or anyone domiciled in the state at death, whose “name, voice, signature, photograph, image, likeness, distinctive appearance, gesture, or mannerism identifies the person and has commercial value.” *Id.* § 1.2. The inclusion of “image,” “distinctive appearance,” “gesture,” and “mannerism,” until now, has only been found in Indiana’s statute, arguably still the most protective in the United States.

However, South Dakota’s limiting nature is found in its use of the term “citizen,” indicating that the “personality” have a more clearly defined connection to the state. While the statute does not define “citizenship,” presumably it carries with it voting, residence or similar requirements. By contrast, other states such as Indiana merely require the violation to have occurred in the state, while other states require that the injury occur in the state. By limiting the statute to citizens it precludes persons wholly unconnected to the state from using the state’s courts to assert claims and from carpet bagging by personalities to find the most favorable forum for bringing a right of publicity claim.

Another limitation imposed in the statute is not just that the personality be used for commercial purpose—which is the gist of all similar statutes—but also that the characteristics must “ha[ve] commercial value.” Some states do require that a

plaintiff exploit his or her right of personality in order to assert a claim, especially in the post-mortem context. Here, the statute does not explain what determines whether a characteristic has a commercial value or how to prove this. Presumably, few would seek to make use of an aspect of a “personality” for a “commercial purpose” unless the aspect had commercial value. *See id.* §§ 1.1, 1.2.

South Dakota provides that the right of publicity lasts for seventy years following death (a “post-mortem” right), permitting successors-in-interest to assert a “personality’s” right of publicity for decades after death. *Id.* § 2. This lengthy period is comparable to California’s generous statute, but less than the 100-year post-mortem right found in the statutes of Indiana and Oklahoma. The South Dakota law also applies retroactively. *Id.* § 3. Thus, successors-in-interest of personalities who died as early as 1945 (seventy years ago) can assert actions today. However, only conduct that occurred after December 30, 2014 is actionable. *Id.* § 6.6.

The successor-in-interest under the South Dakota law either is the next-of-kin or an assignee. *Id.* § 2. Whoever seeks to exploit the post-mortem right must formally register his or her interest with the state and pay a \$100 fee. *Id.* § 11. No post-mortem claim can be brought based on *pre-registration* conduct alone. *See id.* § 10. Thus, the successor-in-interest is advised to register as soon after the “personality’s” death as possible. Under a strict reading of the statute, the right cannot be transferred before death. *See id.* (“Any person claiming to be a successor-in-interest to the right of publicity of a *deceased ‘personality’* pursuant to this Act or a licensee thereof *may register that claim* with the secretary of state on a form prescribed by the secretary of state and upon payment of a one hundred dollar filing fee to the secretary of state.”) (emphases

added)). However, arguably, there can be a transfer by will.

Other states, including Washington, Indiana, and California, also have retroactive provisions in their right-of-publicity statutes. While these provisions have been challenged on the ground that a right that did not exist at the time of an individual's death cannot be created after the fact, the provisions have survived. The South Dakota statute, which contemplates transfer of the right of publicity either by assignment or automatic transfer to next-of-kin, likely will raise a related issue, namely, whether a mere residual clause in a will that was created before the statute's enactment and therefore before the recognition of this right can constitute an assignment of a right of publicity. If residual rights were left other than to the next-of-kin, would this be a valid assignment of the publicity rights?

Remedies for a violation of the statute include both temporary and permanent injunctive relief and the greater of \$1000 or actual damages (including profits). *Id.* § 5.1, 5.2. If the conduct is found to be willful, treble or punitive damages are available. *Id.* § 5.4.

The South Dakota law contains ample carve-outs to protect the media, including that it does not apply to any “[l]iterary work, theatrical work, musical composition, audio visual work, film, radio, or television program;” “[o]riginal work of fine art;” “political or newsworthy” material; or advertisements for any of these. *Id.* § 6. Additional fair-use exceptions also apply. *See id.* §§ 7-9. For example, the statute does not apply to the use of a “personality’s” name that identifies him or her “as the author of a written work or a performer of a recorded performance.” *Id.* § 7. (But, the names of photographers, stage performers, and fine artists are not explicitly referenced in this provision. *See id.*) The statute also does not cover any protectable characteristic used “in

connection with a broadcast or reporting of an event or a topic of general or public interest including unauthorized biographies” or a formal charging or conviction of a crime. *Id.* §§ 8-9. These carve outs cover the broad reach of the First Amendment applied generally to statutes of this sort without also requiring that the use be transformative.

Finally, Section 12 provides that the statute is the sole basis for claims and remedies relating to the right of publicity. Of course, separate claims may be brought for false endorsement in certain situations.

With this statute's passage, businesses in this country and around the world that advertise or promote their goods and services across the United States are faced with yet another, slightly different, set of right-of-publicity provisions to navigate. While South Dakota's relatively modest number of residents (and resident celebrities) will mitigate the impact of this law nationwide, its effect on advertisers could be significant if they seek to use South Dakota citizens. The passage of yet another statute designed to protect against the commercial exploitation of individuals highlights the need for companies who are doing national marketing, including through social media, to ensure that all images that are used in promotional material are fully cleared.

[-LK](#)

Hague Agreement: U.S. JOINS HAGUE INTERNATIONAL DESIGN FILING SYSTEM

On May 13, 2015, the United States officially joined the Hague Agreement international design registration system, allowing both U.S. domiciles to file international design applications designating other countries and jurisdictions, and foreign domiciles to file applications through the World Intellectual Property Organization (WIPO) designating the United States. The system is similar to

the Madrid system of international trademark registration, except that applications to register designs can be filed directly with WIPO, and prior national filing is not needed to support international registration. U.S. domiciles (and those with a bona fide industrial or commercial establishment in the U.S.) can also file design applications through the U.S. Patent and Trademark Office, which will become an office of indirect filing.

While there are many countries that are not Hague members, such as China, Australia, Brazil, Canada, the Russian Federation, Taiwan, and Hong Kong, the system will facilitate extending design protections to many other contracting countries and jurisdictions, including to the EU, OAPI, South Korea, and Japan (Japan joined the Hague Agreement on May 13, 2015 as well).

For those looking to take advantage of extending design registration protections to the United States through the Hague system, please note that the U.S. remains an examination country. This means, among other things, that the U.S. Patent Office will conduct a prior art search and will evaluate eligibility for patenting according to strict standards, including requiring drawings with sufficient views to provide a complete and clear disclosure of the design, restricting the application to one design, and requiring signed declarations from the individual designers (even where an owning entity is named as the applicant).

Applications that are refused, or restricted, may put an applicant at risk of losing valuable rights. We then strongly recommend that anyone filing international applications designating the U.S. consult with our experienced design patent practitioners before filing the application to assist with resolving potential issues the U.S. Patent Office may raise and to help

minimize prosecution challenges where possible.

For our domestic clients interested in obtaining design protections abroad, the Hague system provides a lower-cost alternative to individual country or jurisdiction filings. We can assist you with filing international design applications, and we invite you to contact us to go over the advantages of this new filing system and how it can help protect your valuable product designs and help you to more effectively enforce your design rights.

[-CTJW](#)

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Information Letter

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INTERNATIONAL

CANADA

- Rare Interlocutory Injunction Granted in Trademark Infringement Case
Reckitt Benckiser LLC v. Jamieson Laboratories Ltd.
- Use of Competitor's Website Metatags Not Trademark or Copyright Infringement
Red Label Vacations Inc. v. 411 Travel Buys Limited

CAMBODIA

- Accession to Madrid Protocol

CHINA

- "Negative Social Influence" Grounds Rejection of Third-Party Application for BRUCE LEE in Chinese
Gao Xing Zhong Zi No. 1641 Administrative Judgment
- Nicole Kidman Cancels Third-Party Registration for NICOL KIDMAN in China
[No official case caption]

EURASIAN ECONOMIC UNION

- Unified Trademark Filings

EUROPEAN UNION

- Confusion Not Likely Where Graphic Elements Similar, but Design Elements of Asserted Marks Not Used Alone
Compagnie des montres Longines, Francillon SA v. OHIM

JAPAN

- New System for Protection of Non-Traditional Marks

OAPI

- Madrid Protocol in Effect

SEYCHELLES

- New Industrial Property Act in Effect

SOUTH KOREA

- Famous Handbag Designs Protected Under Expanded Unfair Competition Act
Hermès International v. Suwa United Co., Ltd.

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Canada: RARE INTERLOCUTORY
INJUNCTION GRANTED IN TRADEMARK
INFRINGEMENT CASE

*Reckitt Benckiser LLC v. Jamieson
Laboratories Ltd.* (2015 FC 215)

The Federal Court of Canada recently issued an interlocutory injunction in favor of plaintiffs Reckitt Benckiser LLC and Reckitt Benckiser (Canada) Limited ("Reckitt Benckiser") against defendant Jamieson Laboratories Ltd.'s ("Jamieson") use of the unregistered mark OMEGARED in connection with its krill- and salmon-based dietary and nutritional supplements. This decision, enjoining Jamieson from use of the mark even before a final decision has issued on the merits of the plaintiffs' trademark infringement claim, is a striking departure from the court's longstanding reluctance to grant interlocutory relief in such cases.

Background

In or about mid-2012, Plaintiffs Reckitt Benckiser sought to enter the North American market for krill-based dietary supplements, which contain omega-3 fatty acids. Although Reckitt Benckiser considered acquiring Jamieson, which had marketed such products in Canada under the SUPER KRILL brand since January 2012, Reckitt Benckiser ultimately purchased the MEGARED business from Schiff Nutrition International, Inc. ("Schiff") in December 2012. Schiff had successfully sold MEGARED supplements in the United States. Schiff also owned a 2011 Canadian registration for MEGARED, which Reckitt Benckiser acquired.

The MEGARED supplements had been under review by the Canadian health authority since 2009, and in 2012 were approved for sale in Canada. Reckitt Benckiser launched its MEGARED product in Canada in December 2013, but not before Jamieson had already changed the name of its SUPER KRILL supplements to OMEGARED in June 2013. Reckitt Benckiser sent two demand letters following Jamieson's summer re-launch,

advising Jamieson that OMEGARED infringed its registered mark MEGARED. Jamieson denied all the claims and increased the scale of its OMEGARED campaign in January and February 2014, just as Reckitt Benckiser's supplements were going to market in Canada.

Interlocutory Injunction

In considering Reckitt Benckiser's motion for interlocutory relief, the court applied the three-part test established under Canadian law, requiring: (1) a serious issue to be tried on the merits; (2) demonstration that the plaintiff will suffer irreparable harm if the motion is refused; and (3) a balance of convenience favoring granting the injunction.

A. Serious Issue on the Merits

In considering the seriousness of the infringement issue at hand, the court gave particular weight to the fact that Reckitt Benckiser owned a valid, prior registration for MEGARED. The court also examined Jamieson's motivations for and timing of its launch of the OMEGARED product, concluding that Jamieson had acted to preempt the launch of the MEGARED brand. The court noted that Jamieson's actions might have had a legitimate business motivation in other circumstances. Given the timing of its "massive" OMEGARED campaign in early 2014, however, which coincided with the launch of MEGARED, the court concluded that Jamieson deliberately sought to strike out the MEGARED brand. Even the packaging Jamieson adopted for its OMEGARED product was redesigned to have a similar look to the MEGARED packaging. Furthermore, Reckitt Benckiser put forward evidence of actual confusion, and the court acknowledged the close aural and visual similarities between the MEGARED and OMEGARED marks. The court held that Jamieson deliberately infringed and passed off the MEGARED mark.

B. Irreparable Harm

The court noted that "irreparable" refers to the nature of the harm, not its magnitude,

and analyzed several prior Canadian cases holding that “irreparable harm” often occurs where a party cannot collect damages. In this case, the court found that damages would be impossible to calculate since Reckitt Benckiser never had the opportunity to enter the Canadian market to enjoy the exclusive rights to which it was entitled based on its registration for MEGARED. The court relied on case law establishing that, where there is no methodology for quantifying and comparing the loss arising from the defendant’s misconduct, on the one hand, and the loss that would have been owed to normal market competition, on the other, irreparable harm will be found.

The court also held that Jamieson’s actions would damage the goodwill in the MEGARED mark, and that injunctive relief is available to protect against such irrevocable loss to reputation.

C. Balance of Convenience

The balance of convenience examines whether the plaintiff or the defendant would sustain greater harm arising from an injunction, or lack thereof. The court found that Reckitt Benckiser’s ownership of a valid registration entitled it to all of the statutory benefits registration provides, and that Reckitt Benckiser should therefore be “favored” under the balance of convenience analysis.

The court determined that Jamieson should not be protected, where it had infringed the MEGARED mark with its “eyes wide open.” Even before Jamieson had received Reckitt Benckiser’s demand letters, it had conducted a trademark search in hope of registering the OMEGARED mark. This search disclosed the prior MEGARED registration. The court held that Jamieson, in proceeding with its launch under these circumstances and with overt knowledge of Reckitt Benckiser’s prior rights, had itself brought about any losses it might sustain as a result of the injunction.

This case presents a notable departure from the Canadian Federal Court’s general reluctance to grant interlocutory relief. Although Jamieson has appealed the decision and further developments are pending, this decision may nevertheless signal a greater readiness by the court to grant interlocutory injunctions in suitable contexts, supporting the rights and business interests of trademark owners.

-KLD

Canada: USE OF COMPETITOR’S WEBSITE METATAGS NOT TRADEMARK OR COPYRIGHT INFRINGEMENT

Red Label Vacations Inc. v. 411 Travel Buys Limited (2015 FC 19)

In January 2015, the Federal Court of Canada issued an important decision addressing the trademark and copyright significance of website metatags. The decision is one of the most comprehensive considerations of this issue to come from a Canadian court. In summary, the court held that in this particular instance, no copyright protection existed in the plaintiff’s metatags, nor did the defendant’s use of the plaintiff’s metatags (including metatags comprised of the plaintiff’s own trademarks) amount to trademark infringement.

Background

The plaintiff, Red Label Vacations Inc., is a travel information and bookings website trading as Redtag.ca (“Redtag”), and primarily serving the Canadian market. The defendant, 411 Travel Buys Limited, trading as 411travelbuys.ca (“411”), was established several years after Redtag and is a competitor travel website, also serving the Canadian market.

Like many websites, both Redtag and 411 utilized “metatags” in an attempt to increase online traffic to their sites. Metatags are words that are woven into a website’s source code, but are not visible on the websites themselves. However, metatags can be discerned by search

engines using algorithms to find online materials that contain the search terms. Thus, metatags are frequently used strategically, to increase a particular website's ranking or placement among search engine results.

In February 2009, Redtag's CEO searched for his company's website using the Google search engine to monitor its ranking, and noticed that a number of 411's web pages appeared in his search results. The metatags for these web pages contained terms similar to those contained in Redtag's metatags. In fact, some of 411's metatags consisted of Redtag's registered trademarks. Other of 411's metatags were compilations of travel-related terms, such as might be used by prospective customers looking for information and bookings for their next getaway, and were similar to those used by Redtag. Some even included the identical idiosyncratic misspellings that characterized Redtag's own metatags. Redtag objected to 411's use of these metatags.

Analysis of the Federal Court of Canada

The court considered both the trademark and copyright aspects of 411's copying and use of Redtag's metatags. On Redtag's copyright claim, the court concluded that Redtag did not enjoy copyright protection in the metatags. Specifically, the metatags lacked the requisite originality, as it had not taken "skill and judgment" to compile these particular terms. The court found that Redtag's metatags were derived from a list of Google key words, and that Redtag had culled from the list the "common generic terms" most relevant to the travel industry. The court left the door open for other, sufficiently original, metatags to rise to the level of copyrightability. Additionally, the fact that 411 copied metatags from only 48 individual web pages of Redtag's total 180,000 web pages was insufficient to

expose 411 to liability, even if copyright had been found to exist in the metatags.

With respect to trademark infringement and passing off, the court noted that other jurisdictions, including courts in the United States, have held that trademark infringement arises from use of a competitor's metatags on the basis of "initial interest confusion." Under this doctrine, confusion results even before a customer actually purchases a good or service, where the customer initially seeks a particular brand but is diverted to a competitor as a result of the competitor's use of the first company's trademark.

However, the Canadian Federal Court rejected this analysis with respect to the present situation, emphasizing that consumers did not actually see any infringing content on 411's website, nor did any association with the Redtag website arise from 411's use of Redtag's metatags. In short, there was no confusion as to source. The court also found most compelling the fact that, although 411's use of Redtag's metatags may impact search results and rankings, consumers are nevertheless always left with a choice as to which of the various websites disclosed in their search they ultimately decide to visit.

This decision underscores the variability, across jurisdictions, of the law relating to metatags. In jurisdictions that reject the "initial interest confusion" doctrine and are more lenient towards use of competitor trademarks in metadata, brand owners should consider ensuring that their metatags are indeed original. Registering the copyright in sufficiently original metatags is a further protective step to consider, where possible, though the copyright treatment of metatags is still evolving in many jurisdictions, as illustrated by this decision in Canada. Even where registration is not a prerequisite for copyright protection, obtaining a registration may be prudent, as this generally provides evidence of the

subsistence and validity of a copyright, together with proof of ownership.

[-KLD](#)

Cambodia: ACCESSION TO MADRID PROTOCOL

Cambodia acceded to the Madrid Protocol on March 5, 2015. The Protocol will enter into force with respect to Cambodia on June 5, 2015. For more information, see [WIPO](#).

[-KL](#)

China: “NEGATIVE SOCIAL INFLUENCE” GROUNDS REJECTION OF THIRD-PARTY APPLICATION FOR BRUCE LEE IN CHINESE *Gao Xing Zhong Zi No. 1641 Administrative Judgment* (Beijing High Court, August 29, 2014)

While the late Bruce Lee’s martial arts skills and appearances in action films are legendary, some fans may not know that he adopted the Chinese screen name 李小龍, which means “Little Dragon Lee.” In fact, there are dozens of Chinese trademark applications and registrations for this Chinese-character mark in the name of Bruce Lee Enterprises, LLC, which owns the exclusive rights to the use of Bruce Lee’s name, image, and likeness.

In 2004, an individual named Chaoqin Zhang filed a Chinese trademark application for 李小龍 covering automobiles and motorcycles in Class 12. In China, there is no rule against registration of a personal name, and an individual whose name is the subject of an application need not give his or her permission for the name to be registered. Hence, Mr. Zhang’s application was approved for registration and published. Shannon Emery Lee, Mr. Lee’s daughter, and Bruce Lee Enterprises, LLC opposed. In 2010, the Chinese Trademark Office (“CTMO”) rejected the opposition, and the opposers appealed to the Trademark Review and Adjudication Board (“TRAB”). In 2012, the TRAB

reversed the CTMO’s decision and ordered that the application be refused. The TRAB’s decision was based on the reputation evidence submitted by the opposers. The TRAB noted that film performances enjoy high visibility and influence, and that consumers would mistakenly believe that the applied-for mark was authorized by Mr. Lee or designated for use on genuine Bruce Lee merchandise, resulting in “a negative social influence.” Apparently, the reputation evidence was not submitted at the CTMO level, and this omission could have contributed to the initial unfavorable decision.

The applicant appealed the TRAB decision to the Beijing No. 1 Intermediate Court, but the appeal failed. The court agreed that the average consumer would mistakenly associate the mark with the late martial arts master and actor, causing “a negative social influence.” On further appeal to the Beijing Higher People’s Court, the highest court in China, the applicant argued that because Mr. Lee has no particular association with the goods at issue (automobiles and motorcycles), registration of 李小龍 in Class 12 would not cause “a negative social influence.” At trial, however, the court recognized Mr. Lee’s achievements and notoriety, and noted that while 李小龍 is a relatively common name in China, the average consumer could still associate the applied-for mark with the late martial artist and actor, given Mr. Lee’s wide influence. The court reasoned that if the 李小龍 mark were permitted to be registered in China, consumers would associate the automobiles and motorcycles promoted under the mark with Mr. Lee, when in fact the applicant was not authorized by Bruce Lee Enterprises, LLC or Mr. Lee’s family to register or use the mark. The court rejected the appeal and upheld the TRAB’s refusal to register.

In reaching its decision, the court explained that Article 10(h) of the China Trademark Law provides that a mark that is detrimental

to socialist morals or that causes some other adverse influence—political, economic, cultural, religious, or otherwise—cannot be registered. This is what is meant by the “negative social influence” ground that is sometimes invoked in rejecting applications. The name of a political, religious, historical, or other public figure can constitute an asset that the public interest requires be protected from unauthorized trademark registration. The TRAB decision that the court considered and upheld was issued prior to the implementation of the revised China Trademark Law, but the old law and the new law do not differ on this issue.

We are advised that other applications for the same mark by the same applicant in Classes 6, 7, 9, 11, 29, 30, 33 and 34 were also finally rejected by the Higher People’s Court on the same grounds. That the applicant filed for the same mark in so many classes may well have influenced the court’s decision, as such a filing pattern is an indication of bad faith.

This decision helps to elucidate the “negative social influence” ground on which trademark applications can be refused in China, and demonstrates that reputation evidence is extremely important in attacking third-party applications, including applications for celebrity names.

-RNB

China: NICOLE KIDMAN CANCELS THIRD-PARTY REGISTRATION FOR NICOL KIDMAN IN CHINA

[No official case caption] (TRAB November 5, 2014)

In 2006, a Chinese individual named Binfu Wu filed a Chinese trademark application for NICOL KIDMAN in English, covering umbrellas, handbags, and other Class 18 goods. The Chinese Trademark Office (“CTMO”) granted the registration in 2009.

Nicole Kidman, the famous award-winning actress who did not own any prior Chinese trademark registrations for her name covering Class 18 or similar goods, subsequently filed an invalidation action before the Trademark Review and Adjudication Board (“TRAB”). Ms. Kidman argued that Mr. Wu’s registration infringed her personal name rights and took advantage of her reputation in bad faith, thus violating Article 32 of the Revised China Trademark Law (“an application for trademark registration shall not infringe another person’s prior rights”). Cancellation actions of this nature are filed initially before the TRAB rather than before the CTMO.

On November 5, 2014, the TRAB invalidated Mr. Wu’s trademark registration, finding that Ms. Kidman had sufficiently proved her fame by submitting copies of movie stills starring Ms. Kidman, videos of ceremonies in which Ms. Kidman was awarded honors, including an Academy Award, and magazine advertisements, media interviews, news articles, and Chinese website reports featuring Ms. Kidman. Together, this extensive evidence proved to the TRAB’s satisfaction that Ms. Kidman had achieved a high reputation in China prior to Mr. Wu’s filing date. Further, the TRAB held that NICOL KIDMAN was likely to cause confusion among consumers, as the mark is nearly identical to Ms. Kidman’s name. The TRAB did not discuss the relevance of the applied-for goods vis-à-vis Ms. Kidman’s fame, although it did mention that Ms. Kidman is famous in the fashion industry as well as the film industry. This observation suggests that for a celebrity to enforce his or her personal name rights against third-party marks, it may be important to show that the name is known for, or at least associated with, the goods at issue, and not just famous in general. (We note, however, that the Beijing Higher People’s Court did not appear to base its decision in the Bruce

Lee case discussed above on such a condition.)

Previous TRAB criteria stated that for a case such as this one to succeed, the applied-for mark had to be identical to the prior right at issue, or had to be a recognized translation of the prior mark/name. However, in 2014, the Beijing Higher People’s Court clarified that any sign capable of evoking the prior right or name at issue may be considered as that person’s name and may be asserted against an objectionable application, with fame not being a prerequisite for protection of a natural person’s name. Fame is certainly a factor, however, in determining whether the public would regard the name as being an identifier of the natural person at issue. Therefore, under current practice, the prior right and the challenged mark need not be identical, as long as the challenged mark can be deemed likely to cause confusion with the prior right/name at issue.

Mr. Wu had also filed an application for NICOLE KIDMAN (with the “E”) in Class 25, which the TRAB—in the Class 18 case—deemed to be an indication of his bad faith and his intention to take advantage of Ms. Kidman’s reputation. Mr. Wu’s bad faith was a factor contributing to the TRAB’s invalidation of his Class 18 application. Ms. Kidman successfully opposed the Class 25 application in a separate proceeding before the CTMO.

-RNB

Eurasian Economic Union: UNIFIED TRADEMARK FILINGS

Beginning in 2015, a unified system of trademark filing came into effect in the Russian Federation, Belarus, and Kazakhstan, integrated as the Eurasian Economic Union (“EEU”). Unified applications in these countries may be filed through their national Patent offices or by requesting transformation of national

applications into an EEU unified application.

-KL

European Union: CONFUSION NOT LIKELY WHERE GRAPHIC ELEMENTS SIMILAR, BUT DESIGN ELEMENTS OF ASSERTED MARKS NOT USED ALONE

Compagnie des montres Longines, Francillon SA v. Office for Harmonization in the Internal Market (OHIM) (Case T-76/13, February 25, 2015)

In *Compagnie des montres Longines, Francillon SA v Office for Harmonization in the Internal Market*, the General Court recently upheld a decision by the Fifth Board of Appeal (the “Board”) and dismissed an opposition filed by Swiss watchmaker Compagnie des montres Longines (“Longines”), notwithstanding the reputation of the earlier marks and the identical goods of interest.

In 2010, Staccata Srl (“Staccata”) filed a CTM application for the figurative mark



for a range of goods in Classes 9 and 14, including, *inter alia*, “horological and chronometric instruments.” Longines subsequently opposed the application on December 20, 2010 for all applied-for goods based on its earlier figurative and composite registrations featuring a “winged hourglass” design,

including  ,  ,

and  in Classes 9 and 14. Longines based its opposition on Article 8(1)(b) of the Community Trade Mark Regulation, arguing that the marks at issue and goods coverage were highly similar and therefore likely to cause confusion among consumers. Longines also relied on Article 8(5), arguing that consumers would be likely to confuse the respective marks

due to the long-standing reputation of their earlier trademarks.

In November 2011, the Opposition Division of OHIM rejected Longines' opposition on both the asserted grounds. Longines appealed and, in November 2012, the Board dismissed the appeal and upheld the decision in its entirety. On further appeal, the General Court upheld the Board's dismissal of the opposition on the ground that there was no likelihood of confusion or association between the respective marks, and that while Longines established the reputation of their earlier composite mark, that was insufficient to support a claim under Article 8(5) since the evidence did not demonstrate reputation of the "winged hourglass" design on its own.

In comparing the respective marks, the General Court held that the graphic element (namely, the "extended wings" featured in both parties' marks) cannot be considered the dominant feature of either mark. Rather, the court emphasized that in Staccato's mark, the letters "Q" and "M" have significant impact as they are featured in the middle of the design, and that "QUARTODIMIGLIO" is at the top of the mark and as wide as the design itself. As for Longines' marks, the court pointed out that "LONGINES" appears prominently in the earlier composite marks, making it easily legible, recognizable, and memorable to consumers. Additionally, the General Court agreed with the Board's approach of meticulously comparing the representation of the wings in the respective marks, finding that the stylistic and conceptual differences reinforced the visual differences. In concluding that there was low similarity between the respective marks, the General Court observed that "where a mark is composed of word elements and figurative elements [as with the mark at issue here], the former must, as a rule, be considered to be more distinctive than the latter, as the average consumer will more easily refer to the goods in

question by citing the name rather than describing the figurative element of the mark." Here, inclusion of "QUARTODIMIGLIO" was found to distinguish Staccato's mark from Longines' earlier figurative and composite marks.

The General Court then analyzed the potential for likelihood of confusion between the respective marks, and concluded that in view of the overall visual and phonetic differences, the Board was correct in finding no likelihood of confusion, despite the identical goods of interest and arguable similarity (albeit at a "low level"). The General Court concluded that the significant visual and stylistic differences outweighed the few visual similarities. With respect to Longines' "winged hourglass" design mark, the General Court found no likelihood of confusion, noting the phonetic differences (namely, that the design mark would not be pronounced by consumers whereas Staccato's mark would be pronounced "QUARTODIMIGLIO" or "QM"), as well as the low conceptual similarity.

As to Longines' arguments under Article 8(5), the General Court determined that Longines' evidence successfully proved the reputation of the earlier composite marks (i.e., those featuring "LONGINES" and the "winged hourglass" design) for goods such as watches, in view of their "continuous quantitatively and qualitatively significant use over a period of time." Regarding the "winged hourglass" design, however, the court found that Longines failed to demonstrate reputation, as the evidence submitted generally did not show use of the figurative element on its own, and even where it did, the design did not occupy a visually important position on the goods at issue. The court pointed out that consumers do not focus on the "winged hourglass" component of the composite mark; rather, it is the word element "LONGINES" that is dominant in the overall impression of these marks and attracts the attention of consumers. The General Court therefore

upheld the Board's finding that registration of the applied-for mark would not be detrimental to or take unfair advantage of the reputation or distinctive character of Longines' earlier marks.

The General Court noted, in passing, that the Board may have reached a different conclusion with respect to the "winged hourglass" design on its own if the device had been shown to be consistently represented in a different manner, in a combination of a large figurative and a small verbal element, or if Longines had proven that consumers were indeed accustomed to focusing on the "winged hourglass" device alone, rather than on the "LONGINES" component. This case suggests that in order to demonstrate reputation in a design/logo (apart from any verbal matter and/or house marks that may accompany it) under Article 8(5), the trademark owner would need to demonstrate use of such design/logo on its own or in a combination that strongly emphasizes that element.

[-MS](#)

Japan: NEW SYSTEM FOR PROTECTION OF NON-TRADITIONAL MARKS

Beginning on April 1, 2015, applications to register the following types of trademarks may be filed in Japan:

- Color marks
- Sound marks
- Motion marks
- Hologram marks
- Position marks

Further information is available from "Chapter 2: Trademarks at the Vanguard—What are Non-Traditional Trademarks?" on the Japan Patent Office's website at www.jpo.go.jp.

[-KL](#)

OAPI: MADRID PROTOCOL IN EFFECT

The accession of the African Intellectual Property Organization ("OAPI") to the Madrid Protocol came into effect on March 5, 2015. The seventeen member countries of OAPI are: Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, Comoros, the Republic of Congo, Côte d'Ivoire, Gabon, Guinea, Equatorial Guinea, Mali, Mauritania, Niger, Guinea Bissau, Senegal, and Togo. For more information, see [WIPO News](#).

[-KL](#)

Seychelles: NEW INDUSTRIAL PROPERTY ACT IN EFFECT

The Industrial Property Act 2014 of Seychelles came into effect on March 1, 2015. Salient features with respect to trademarks are:

- Convention priority may now be claimed.
- Three-dimensional marks may be registered.
- Collective marks and geographical indications may also be registered.
- Applications may be opposed by users of similar marks, if the opposer files its own application and can demonstrate use for at least six months and establish a reputation.
- Registrations may be attacked if unused for a continuous period of three years or more (instead of the five-year period under the former law).

Further, design protection is now available for a five-year term, extendible for two further five-year periods.

[-KL](#)

South Korea: FAMOUS HANDBAG DESIGNS PROTECTED UNDER EXPANDED UNFAIR COMPETITION

Hermès International v. Suwa United Co., Ltd., Seoul Central District Court [Dist. Ct.], 2014

In a case involving French luxury brand Hermès International (“Hermès”) against Korean importer Suwa United Co., Ltd. (“Suwa”), the Seoul Central District Court ruled on January 29, 2015, that famous unregistered handbag designs can function as source identifiers and are therefore protectable against unauthorized imitations. The decision (now on appeal) is a win for established global brands that have invested substantially in promoting their goods. The case is notable as yet another South Korea court decision interpreting the new “catch-all” amendment of the Unfair Competition Act (UCPA) since it came into effect on January 31, 2014. The “catch-all” provision of the UCPA prohibits “an act of infringing a person’s right to profit by using that person’s product, which was the result of considerable effort and investment, without authorization for one’s business through a method that contravenes fair commercial trade practice or competition order.” An earlier decision of the Seoul Central District Court, *NUPL Co., Ltd. v. Mcostar Co., Ltd.*, 2014Ga-Hap524716, Nov. 27, 2014, involving this provision in a signature-dish and café-design trade-dress case was reported in our March 2015 Information Letter.

The court found in favor of Hermès despite the differences in the trademarks under which the bags were sold and their materials and pricing, and awarded around US \$90,000 in damages, as well as an injunction against Suwa’s manufacture or sale of imitation bags.



BIRKIN (Left) and KELLY (Right) Hermès bags



Suwa bags

Hermès owns numerous trademark registrations around the world for BIRKIN and KELLY for handbags named after famous screen actresses. Suwa, which marketed some of its bags under the GINGER mark, was found to have unfairly copied the shapes of Hermès’ iconic bags. The Hermès bags are hand-crafted collectibles made of leather that sell for several thousand dollars each. Purchase of these highly-coveted status symbols are subject to waiting lists, and their value can increase with resale; in 2013 one crocodile edition fetched over US \$100,000 at auction in Beverly Hills, California. On the other hand, Suwa’s bags are presumably factory-made items of polyester aimed at the youth “swag” culture that proudly riffs off designer brands and are not intended to be mistaken for the real thing. The court did not require a showing of direct competition to reach its conclusion that Suwa clearly copied Hermès’ famous trade dress and free rode on its reputation in order to increase its own sales.

Thus far, we have seen the revised UCPA applied to protect trade-dress owners’ rights in the fashion and restaurant industries. Both cases are on appeal, and it remains to be determined whether these broad applications are upheld.

-[SLW](#)

[Note: the above images are from Kim & Chang Intellectual Property’s Spring 2015 IP Newsletter.]

FROSS ZELNICK LEHRMAN & ZISSU, P.C.