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# Trademarks and Related Rights: Highlights for 2009-10

David S. Welkowitz

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## TRADEMARKS AND RELATED RIGHTS: HIGHLIGHTS FOR 2009-10

David S. Welkowitz\*

I. Keyword Advertising—Use in Commerce: <i>Rescuecom</i> ....	51
II. Dilution: <i>Starbucks</i> .....	55
III. Dilution—Comparative Advertising—International Developments—European Union: <i>L’Oreal v. Bellure</i> .....	58
IV. Registration—Fraud on the PTO: <i>Bose</i> .....	62
V. Tacking and Priority: <i>One Industries v. Jim O’Neal</i> .....	65
VI. Rights of Publicity—Commercial Use of Identity: <i>Yeager v. Cingular Wireless</i> .....	67
VII. Outside the Box—Pleading: <i>Iqbal</i> .....	69

### I. KEYWORD ADVERTISING—USE IN COMMERCE: *RESCUECOM*

The Second Circuit’s opinion in *Rescuecom Corp. v. Google, Inc.*<sup>1</sup> may be one of the most important opinions in recent years. Its subject—keyword advertising—has generated a large number of reported opinions, both in the United States and abroad.<sup>2</sup> “Keyword advertising” refers to the practice (most often associated with Google) of the sale by a search engine of key words, whose entry into the search engine produces advertisements on behalf of the purchasers of the key words along with the results of the search.<sup>3</sup> When the advertisements are the result of a search using a trademarked word or phrase, the trademark owner frequently complains that users may be confused as to possible

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\* Professor of Law, Whittier Law School. © 2010 by David S. Welkowitz.

1. *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2d Cir. 2009).

2. One such case has reached the European Court of Justice. See Case C-236/08, *Google France S.A.R.L. v. Louis Vuitton Malletier*, [2010] E.T.M.R. 30 (ECJ 2010).

3. In the case of Google, keyword advertising is often manifested in the form of “sponsored links” (labeled as such) which appear above and to the side of the actual search results, often on a different colored background than the search results. See *Rescuecom*, 562 F.3d at 126.

connections between the trademark owner and the advertiser.<sup>4</sup> Trademark owners also contend that it is unfair for Google to use their brand identity to obtain advertising revenues from competitors of the trademark owners.<sup>5</sup> Keyword advertising raises numerous issues, not the least of which is whether users are likely to be confused about the sources or affiliation of the sponsored links.<sup>6</sup> However, many cases, especially in the Second Circuit, became enmeshed in a preliminary issue—whether the sale of trademarked keywords, which do not appear in the sponsored advertisements, constitutes a “use in commerce” of the trademarks, as that phrase is defined in section 45 of the Lanham Act.<sup>7</sup> That was the issue before the court in *Rescuecom*.<sup>8</sup> In a previous decision, *1-800 Contacts, Inc. v. WhenU.Com, Inc.*,<sup>9</sup> the court held that software that generated pop-up advertisements in response to the entry of various web addresses (including ones containing trademarks) contained in the software’s database did not constitute a use in commerce.<sup>10</sup> Following *1-800 Contacts*, district courts in the Second Circuit held that keyword advertising also did not constitute a use in commerce because the mark was not affixed on a product or displayed with a product or service.<sup>11</sup> In *Rescuecom*, the Second Circuit distinguished its *1-800 Contacts* opinion and held that the sale of

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4. For a general discussion of this subject, see Kristen M. Beystehner, *See Ya Later, Gator: Assessing Whether Placing Pop-Up Advertisements On Another Company’s Website Violates Trademark Law*, 11 J. INTELL. PROP. L. 87 (2003).

5. *See id.* at 93-95.

6. *See id.* at 107. *Rescuecom*, 562 F.3d at 126-31.

7. The Lanham Act definition is as follows:

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and 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.

15 U.S.C. § 1127 (2010).

8. *Rescuecom Corp.*, 562 F.3d at 125, 129.

9. *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005).

10. *Id.* at 412.

11. *See, e.g., Merck & Co., Inc. v. Mediplan Health Consulting, Inc.*, 425 F. Supp. 2d 402, 415 (S.D.N.Y. 2006). *But see J.G. Wentworth, S.S.C. Ltd. v. Settlement Funding LLC, Inc.*, No. 06-0597, 2007 WL 30115, at \*5 (E.D. Pa. Jan. 4, 2007) (declining to follow the Second Circuit cases in a Third Circuit District Court decision).

keywords by Google does constitute a use in commerce.<sup>12</sup> The court gave two alternative reasons for the distinction.<sup>13</sup> First, in *I-800 Contacts*, the trigger for the pop-up ad was a website address, not a trademark—although a domain name may contain a trademark—and the plaintiff’s trademark never appeared in the pop-up ad.<sup>14</sup> Second, the defendant in *I-800 Contacts* did not actually sell the trademark to the advertiser.<sup>15</sup> The software contained a collection of advertisements that were shown whenever the software deemed them appropriate to the entered term.<sup>16</sup> The advertiser had no control over the timing of the advertising.<sup>17</sup> Because Google actually sold the use of the trademark for advertising purposes to an advertiser (or many advertisers), the court held that Google satisfied the definition by “using” the mark “in the sale . . . of [Google’s] services.”<sup>18</sup> Finally, the court rejected the argument that a use in commerce requires a use that is displayed to the public—a trademark use.<sup>19</sup> That Google’s actions constitute a “use in commerce” does not, of course, mean that it is an infringer. The trademark owner still must demonstrate that consumers are likely to believe that the sponsored links are somehow connected with the trademark owner.<sup>20</sup>

However, the most important part of the opinion was not the decision itself, or its reasoning. Rather, it was the Appendix that the court annexed to its opinion that made the decision extraordinary.<sup>21</sup> As law students, we are all taught that federal courts will not issue advisory opinions. But it is difficult to view the *Rescuecom* Appendix as anything other than an advisory opinion.<sup>22</sup> And its breadth is rather sweeping. The court embarked on a fairly lengthy discussion of the history and purpose of the “use in commerce” definition. It concluded that it probably was not intended to apply at all to infringement cases—only to registration.<sup>23</sup> The court’s reasoning is not at all illogical. The concept of affixation (or simultaneous display) that underlies the definition has long been connected with the idea of “use” necessary to

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12. *Rescuecom*, 562 F.3d at 127-29.

13. *Id.*

14. *Id.* at 128.

15. *Id.* at 128-29.

16. *Id.* at 129.

17. *Id.* at 128-29.

18. *Id.* at 129.

19. *Id.*

20. *See id.* at 130-31.

21. *Id.*

22. *See id.* at 131-41.

23. *Id.* at 132-34.

create trademark rights.<sup>24</sup> And, once there is sufficient connection between interstate commerce and the trademark, the jurisdictional nexus for Congressional regulation seems satisfied.<sup>25</sup> Indeed, there is a tension between the definition of “use in commerce” and the definition of “commerce.” The latter refers to all commerce that can be regulated by Congress,<sup>26</sup> but the former limits the scope to something less than the outer boundaries of Congressional power.<sup>27</sup> Nevertheless, as the court admits, the definition of use in commerce is not by its terms limited to registration.<sup>28</sup> Thus, the court’s analytical approach (which included a discussion of the legislative history of the provision) differs from the literalist, text-only approach used recently by many courts, including the Supreme Court.<sup>29</sup>

In addition to appending this advisory opinion, the panel, as revealed in the Appendix, took the additional unusual step of polling the members of the panel that decided *1-800 Contacts* to obtain their views of the Appendix.<sup>30</sup> According to the court, the *1-800 Contacts* panel concurred in the views expressed in the Appendix.<sup>31</sup> This informal polling permitted the panel to create a kind of unofficial, mini-en banc opinion without the formalities of an en banc request or hearing.

Of course, the Appendix is still dicta; in the main opinion the court distinguished *1-800 Contacts* and rested its decision on that distinction.<sup>32</sup> On the other hand, given the depth and breadth of the discussion, it is hard to believe that the court did not intend the Appendix to have influence, which undoubtedly it will have, especially with district judges in the Second Circuit.

The Internet is, obviously, an international vehicle. Thus, it is useful to compare *Rescuecom* with a recent keyword advertising decision of the European Court of Justice (ECJ).<sup>33</sup> As in the United States, trademark owners assert that keyword advertising constitutes an

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24. *See id.* at 134.

25. U.S. CONST. art. I, § 8, cl. 3.

26. 15 U.S.C. § 1127 (2010) (defining “commerce” as follows: “The word ‘commerce’ means all commerce which may lawfully be regulated by Congress”).

27. 15 U.S.C. § 1127 (2010) (defining use in commerce for a mark in the Lanham Act, § 43).

28. *Rescuecom*, 562 F.3d at 132.

29. *E.g.*, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432-33 (2003) (including a plain language reading of federal dilution statute). The *Rescuecom* court urged Congress to consider the issue. *Rescuecom*, 562 F.3d at 140-41.

30. *Rescuecom*, 562 F.3d at 140.

31. *Id.*

32. *Id.* at 128-29.

33. Case C-236/08, *Google Fr. S.A.R.L. v. Louis Vuitton Malletier*, [2010] E.T.M.R. 30 (ECJ 2010).

infringing use of their marks.<sup>34</sup> Also as in the United States, there is an issue about whether sales of keywords constitute a “use” of the marks.<sup>35</sup> In contrast to the United States, the key phrase is “use in the course of trade,” rather than “use in commerce,” and the phrase is subject to court interpretation, rather than statutory definition.<sup>36</sup> In this case, the ECJ decided that, although the sale of keywords was “in the course of trade” for Google, it did not constitute a “use”—a use would have to be “in its own commercial communication.”<sup>37</sup> Thus, allowing the advertiser to use the mark (and the court did hold that the advertiser had used the mark in the course of trade) was not the same as using it for oneself.<sup>38</sup> This is not precisely the “trademark” use that was at issue in *Rescuecom*, but it has some similarities. Contrary to the trend in the United States, the ECJ found no actionable “use.”<sup>39</sup>

## II. DILUTION: *STARBUCKS*

Another case afforded the Second Circuit an opportunity to interpret the relatively new and relatively under-interpreted Trademark Dilution Revision Act of 2006 (TDRA).<sup>40</sup> That case, *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*,<sup>41</sup> was before the court of appeals for the second time. The first time, following the district court’s rejection of Starbucks’ claims, the court of appeals remanded so that the district court could determine the effect of the TDRA on the dilution claims.<sup>42</sup> Then, after the district court rejected the dilution claims a second time, the case was back in the court of appeals.<sup>43</sup>

The TDRA made several important changes to the original Federal Trademark Dilution Act (FTDA).<sup>44</sup> The most publicized was the change

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34. *See id.*

35. *Id.* ¶¶ 50-59.

36. *Id.* ¶¶ 50-59.

37. *Id.* ¶ 56.

38. *Id.* ¶ 104.

39. This does not mean that Google was free of problems. The ECJ held that the advertiser might be held liable for infringement under a provision that precludes unauthorized use of an identical mark on identical goods. *See id.* ¶87. The ECJ left it up to the national courts to decide whether a reasonable Internet user would have difficulty understanding that the advertiser was unrelated to the mark owner. *Id.* ¶88. If the advertiser were held liable, Google’s business model would be in jeopardy. *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123, 126 (2d Cir. 2009).

40. 15 U.S.C. § 1051 (2010).

41. 588 F.3d 97 (2d Cir. 2009).

42. *Id.* at 104.

43. Starbucks also challenged the district court’s rejection of its infringement claims. *Id.* at 104-05.

44. 15 U.S.C. § 1051 (2002).

that overruled the Supreme Court's ruling that the FTDA required a plaintiff to show "actual" dilution, not just a likelihood of dilution.<sup>45</sup> But the TDRA also revamped the basic definition of dilution, dividing it into two categories—blurring and tarnishment—each with its own definition.<sup>46</sup> Blurring received further statutory embellishment; in addition to the definition, the drafters provided six non-exclusive factors for courts to consider when analyzing claims of likelihood of dilution by blurring.<sup>47</sup> *Starbucks*, where the defendant coffee seller called some of its brews "Charbucks" and "Mister Charbucks," invoked the new definition.<sup>48</sup> The district court, applying the common precedent from the Second Circuit and other circuits, held that a plaintiff must show that the accused mark is "substantially similar" to the famous mark.<sup>49</sup> The court of appeals, however, held that the TDRA altered that requirement, making the degree of similarity one factor, but not requiring a particular degree of similarity.<sup>50</sup> Obviously, if the two marks are not very similar, the association between the two marks that is necessary for dilution will not occur. However, under *Starbucks*, a court may consider varying degrees of similarity in a blurring analysis.<sup>51</sup> Prior to *Starbucks*, "substantial similarity" (or its equivalent) acted as a threshold requirement, causing many dilution claims to fail.<sup>52</sup> After *Starbucks* similarity becomes just one of several factors in the dilution analysis.<sup>53</sup> This may make it easier to prove likelihood of dilution in some cases. The court of appeals also found error in the district court's evaluation of the fifth and sixth factors, the intent to create an association and the existence of actual association.<sup>54</sup> As to the former, the district court

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45. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). The FTDA gave a cause of action against a use that "causes dilution." The TDRA gives a cause of action against a use that "is likely to cause dilution." 15 U.S.C. § 1125(c)(1) (2006).

46. Lanham Act § 43(c)(2)(B), (C), 15 U.S.C. § 1125(c)(2)(B), (C).

47. Lanham Act § 43(c)(2)(B)(i)-(vi); 15 U.S.C. § 1125(c)(2)(B)(i)-(vi).

48. *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 103 (2d Cir. 2009).

49. *Id.* at 107. The Ninth Circuit recently reaffirmed its standard, which requires that marks be "identical or nearly identical." *Entm't Television, Inc. v. Entm't One GP Ltd.*, 363 F. App'x 510 (9th Cir. 2010) (unpublished opinion). Only famous marks are eligible for protection under the federal statute. 15 U.S.C. § 1125(c)(1).

50. *Starbucks*, 588 F.3d at 108-09. The first factor listed in the statute is "[t]he degree of similarity between the mark or trade name and the famous mark." 15 U.S.C. § 1125(c)(2)(B)(i).

51. *Starbucks*, 588 F.3d at 106.

52. *See, e.g., CareFirst of Md. v. First Care, P.C.*, 434 F.3d 263, 274 (4th Cir. 2006); *Autozone, Inc. v. Tandy Corp.*, 373 F.3d 786, 806-07 (6th Cir. 2004); *Playtex Prods., Inc. v. Ga. Pac. Corp.*, 390 F.3d 158, 167 (2d Cir. 2004).

53. *Starbucks*, 588 F.3d at 106-07.

54. *Id.* at 109.

favored the defendant because of a lack of bad faith.<sup>55</sup> The court of appeals rejected any requirement of bad faith; intent to create association meant that this factor favored a finding of dilution.<sup>56</sup> As to evidence of association, the court of appeals ruled that the district court improperly conflated lack of evidence of confusion with lack of association.<sup>57</sup> In light of the lower court's mistakes, the Second Circuit remanded for yet another consideration of the blurring claim.<sup>58</sup> On the other hand, the court of appeals upheld the district court's rejection of a dilution by tarnishment claim and its rejection of the infringement (confusion) claim.<sup>59</sup>

The court of appeals' analysis of similarity is perfectly compatible with the language of the TDRA.<sup>60</sup> As the court states, the statute contains no special requirements concerning the requisite degree of similarity.<sup>61</sup> And the notion expressed by the court that consumers would be more likely to make an association when the marks are on competing goods is logical.<sup>62</sup> In other ways, however, the court's analysis is imperfect. For one thing, its comparison to state dilution laws, where the Second Circuit has long imposed a "substantial similarity" requirement, was simply wrong.<sup>63</sup> The court stated that dilution under state laws was "better defined" than under the original FTDA.<sup>64</sup> New York's law, the analysis of which led to the "substantial similarity" requirement, contains no definition of dilution.<sup>65</sup> Until very recently, other state laws either looked like New York's law or they looked like the original FTDA.<sup>66</sup> Moreover, the requirement of "substantial similarity" reflected two limitations of dilution. First, for consumers to make a sufficient association between the two (usually non-competing) marks to be likely to cause dilution there almost has to

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55. *Id.*

56. *Id.*

57. *Id.*

58. *Id.* at 109-10.

59. *Id.* at 110-11. The court also upheld the rejection of a dilution claim under New York's dilution statute. *Id.* at 114.

60. *Id.* at 105-11. 15 U.S.C. § 1125.

61. *Starbucks*, 588 F.3d at 108-09.

62. *Id.* at 118 (referring to "products of equal quality").

63. *See id.* at 108.

64. *Id.* at 108.

65. *See* N.Y. GEN BUS LAW § 360 (McKinney 1996).

66. *See* DAVID S. WELKOWITZ, TRADEMARK DILUTION: FEDERAL, STATE, AND INTERNATIONAL LAW 17-21 (BNA Books 2002); 2009 Cum. Supp. ch. 1, § III.A.3. (BNA Books 2009).



be a very strong similarity between them.<sup>67</sup> Otherwise, the association either will be too fleeting or too weak to have a diluting impact.<sup>68</sup> Second, the requirement served as a useful check on the somewhat limitless and standardless power of a dilution claim.<sup>69</sup> Although the TDRA was intended to broaden the operative language of the statute, there is little evidence that Congress intended to create a dramatically broader claim than had existed under state law; indeed, the narrowing of the definition of fame, and the circumscription of dilution by factors, points in the opposite direction.<sup>70</sup>

It will be interesting to see the reaction of other circuits, especially the Ninth Circuit, to the *Starbucks* analysis. The Ninth Circuit has long required that the two marks be “identical or nearly identical” in order to support a dilution claim.<sup>71</sup> As the *Starbucks* court noted, the Ninth Circuit has not formally addressed this requirement since the TDRA.<sup>72</sup>

### III. DILUTION—COMPARATIVE ADVERTISING—INTERNATIONAL DEVELOPMENTS—EUROPEAN UNION: *L’OREAL V. BELLURE*

In a globalized world, no trademark lawyer can ignore developments in trademark law around the world. The European Union has a unified system of trademark protection, the Community Trade Mark (CTM),<sup>73</sup> which gives protection throughout the European Union, and a second system of national trademark laws, in which member countries have harmonized their laws according to a European Union Directive,<sup>74</sup> to make them relatively similar in many critical aspects. Both systems share certain core characteristics. Like the United States system, the primary basis of trademark infringement in the European

67. *Starbucks*, 588 F.3d at 107-108.

68. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

69. *Starbucks*, 588 F.3d at 107-108.

70. *See* 15 U.S.C. § 1125(c) (2010).

71. *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 907 (9th Cir. 2002).

72. The Ninth Circuit’s standard was followed by a district court post-TDRA. *Century 21 Real Estate LLC v. Century Ins. Grp.*, No. CIV 03-0053-PHX-SMM, 2007 WL 484555, at \*14-15 (D. Ariz. Feb. 9, 2007), *aff’d*, 300 F. App’x 527 (9th Cir. 2008). Moreover, after *Starbucks* the Ninth Circuit did reiterate its previous standard in an unpublished opinion. *E! Entm’t Television, Inc. v. Entm’t One GP Ltd.*, 363 F. App’x 510 (9th Cir. 2010) (unpublished opinion).

73. Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark, *superseding* Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trade mark (“CTM Regulations”).

74. First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks (OJ EC No L 40 of 11.2.1989, p. 1), *superseded by* Council Directive 2008/95/EC of 22 October 2008 to Approximate the Laws of the Member States Relating to Trade Marks (OJ 2008 L 299 p.25).

Union is confusion.<sup>75</sup> Also like the United States system, the European Union trademark laws, both the CTM and the harmonized system, contain a dilution provision.<sup>76</sup> The key language of both dilution provisions in the European Union is the same.<sup>77</sup> In the past few years, the ECJ has issued several opinions interpreting the dilution statute, notably a 2008 decision, *Intel Corp. v. CPM United Kingdom Ltd.*<sup>78</sup> In 2009, the ECJ issued its latest interpretation, *L'Oreal S.A. v. Bellure, NV*,<sup>79</sup> an opinion that illustrates some critical differences between the philosophy and application of United States trademark law and that of the European Union.

European Union dilution law, while containing some elements that are similar to United States dilution law, is worded quite differently from federal or state laws in this country.<sup>80</sup> Here is the relevant portion of the CTM Regulations:

The proprietor [of a CTM] shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(c) any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.<sup>81</sup>

Earlier ECJ decisions had given guidance on the meaning of a “mark with a reputation,”<sup>82</sup> and “detrimental to the distinctive character or repute of the trade mark.”<sup>83</sup> But the concept of “taking unfair advantage” remained relatively unexplained by the ECJ until the *L'Oreal* decision.<sup>84</sup> The *Intel* decision established that dilution requires

75. See Council Directive 89/104, Art. 4(4(a)), 5(2); 15 U.S.C. § 1125(c) (2010). See also Marcus H.H. Leupke, *Taking Unfair Advantage or Diluting A Famous Mark: A 20/20 Perspective On The Blurred Differences Between U.S. and E.U. Dilution Law*, 98 TRADEMARK REP. 789 (May-June 2008).

76. *Id.* at 806.

77. See Leupke, 98 TRADEMARK REP. 789; Council Regulation (EC) No 207/2009, Art. 9; First Directive 89/104/EEC of the Council, Art. 5.

78. Case C-252/07 *Intel Corp. v. CPM U.K. Ltd.*, 2008 ECR I-8823.

79. Case C-487/07 *L'Oreal S.A. v. Bellure, NV*, [2009] E.T.M.R. 55 (ECJ 2009).

80. Council Regulation (EC) No 207/2009, Art. 9(1)(c).

81. *Id.* The Trademark Harmonization Directive contains an almost identical provision in Article 5(2).

82. *E.g.*, Case C-375/97, *Gen. Motors Corp. v. Yplon, S.A.*, 1999 E.C.R. I-542.

83. Case C-487/07 *L'Oreal S.A. v. Bellure, NV*, [2009] E.T.M.R. 55, ¶¶ 39-40.

84. *Id.* ¶¶ 41-45.

a link between the two marks due to their similarity,<sup>85</sup> and, in addition, there must be proof that there will be a detriment to the distinctiveness of the mark or unfair advantage taken of its reputation.<sup>86</sup> *Intel* discussed the factors that would lead to a finding of a detriment,<sup>87</sup> but only obliquely discussed “unfair advantage” in the context of factors that do not necessarily mean either unfair advantage of or detriment to the mark.<sup>88</sup>

*L’Oreal’s* facts probably would not have even provoked a lawsuit in the United States. It was, for all intents and purposes, a comparative advertising case.<sup>89</sup> Bellure, along with the other defendants, is a maker of perfumes that imitate the fragrances of well-known perfumes, including several made by L’Oreal.<sup>90</sup> Some of those perfumes were packaged in ways that are similar to the well-known brands, but not in ways that would cause confusion, tarnishment, or dilution by blurring.<sup>91</sup> The imitations were marketed with comparison lists, showing which imitations corresponded to various brands, and in packaging that was similar to that used by L’Oreal, but not so similar as to cause confusion.<sup>92</sup> L’Oreal sued, claiming that the packaging violated Article 5(2) of the Trademark Harmonization Directive (essentially the same as Article 9(1)(c) of the CTM Regulations), and that the list violated another provision of the Trademark Harmonization Directive (by using an identical trademark on identical goods) and a provision of the comparative advertising directive that prohibits taking unfair advantage of the mark.<sup>93</sup> In the United States, such comparative advertising has long been considered outside the scope of trademark protection, unless the advertiser gives false information about one or both products.<sup>94</sup> The federal dilution statute contains a specific exclusion for comparative advertising.<sup>95</sup> But European Union trademark laws contain no such

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85. *Id.* ¶¶ 30-31; *see also id.* ¶¶ 42, 64 (discussing factors).

86. *Id.* ¶ 68.

87. *Id.* ¶¶ 68-81.

88. *Id.* ¶ 80.

89. Case C-487/07 *L’Oreal S.A. v. Bellure, NV*, [2009] E.T.M.R. 55, ¶¶ 14-27. Technically, *L’Oreal* interpreted the Trademark Harmonization Directive, not the CTM Regulations, but the principles involved do not differ.

90. *Id.* ¶¶ 14-21.

91. *Id.* ¶¶ 14-41, 30.

92. *Id.* ¶¶ 17-19, 21, 29.

93. *Id.* ¶¶ 22-24.

94. *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

95. Lanham Act § 43(c)(3)(A)(i); 15 U.S.C. § 1125(c)(3)(A)(i) (excluding “fair use” in connection with comparative advertising from dilution liability).

specific exclusion, and L'Oreal claimed that Bellure was taking "unfair advantage" of L'Oreal's trademark.<sup>96</sup> The ECJ agreed.<sup>97</sup>

As to Article 5(2), the ECJ made clear that taking "unfair advantage" is an independent wrong that does not depend on showing any other form of dilution or confusion.<sup>98</sup> The court is to make "a global assessment" of the facts to determine whether the second user is "free riding" on the reputation of the well-known mark.<sup>99</sup> Further, the ECJ indicated *sua sponte* that this aspect of Article 5(2) applied to the comparison lists.<sup>100</sup> Finally, the ECJ held that using the well-known mark to market an imitation, even by a truthful comparison, violated the comparative advertising directive and took "unfair advantage" of the mark.<sup>101</sup>

The trend of European Union law has been somewhat more protective of trademarks than United States law, especially with regard to non-confusing uses.<sup>102</sup> Thus, the ECJ has ruled that the maker of an unauthorized soccer team scarf was infringing, despite a clear disclaimer of any connection with, or authorization from, the soccer team.<sup>103</sup> It later ruled that the dilution law applied to competing goods situations, despite the statutory language limiting dilution claims to situations where the goods are "not similar."<sup>104</sup> The phrase "mark with a reputation" encompasses a far larger universe of marks than does the category of "famous" marks under United States law.<sup>105</sup> The somewhat holistic approach of the ECJ in *Intel* and *L'Oreal* is more amorphous than the six-factor test set out in the TDRA.<sup>106</sup> And *L'Oreal* permits a

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96. Case C-487/07 *L'Oreal S.A. v. Bellure, NV*, [2009] E.T.M.R. 55, ¶¶ 22-30, 60.

97. *Id.* ¶¶ 59, 80. The ECJ's ruling fairly clearly meant that defendants' actions violated the comparative advertising laws. As to dilution, the ECJ's ruling meant that there *could* be a violation on the facts, but the court left it to the member country's courts (in this case, the U.K.) to make that determination, following the guidelines set by the ECJ.

98. *Id.* ¶¶ 41-43.

99. *Id.* ¶¶ 44, 50.

100. *Id.* ¶¶ 62-64.

101. *Id.* ¶ 80.

102. See Case C-487/07 *L'Oreal S.A. v. Bellure, NV*, [2009] E.T.M.R. 55, ¶ 80.

103. Case C-206/01 *Arsenal Football Club, Plc. v. Reed*, 2002 E.C.R. I-10273, ¶ 62 (interpreting Article 5(1)(a)).

104. Case C-408/01 *Adidas-Salomon, A.G. v. Fitnessworld Trading, Ltd.*, 2003 E.C.R. I-12537, ¶¶ 19-22.

105. Compare Case C-375/97 *Gen. Motors Corp. v. Yplon*, 1999 E.C.R. I-5421, ¶¶ 20-28 (mark must "be known by a significant part of the public concerned in a substantial part of [a member country]" (emphasis added)), with 15 U.S.C. § 1125(c)(2)(A) (stating famous mark must be "widely recognized by the general consuming public of the United States" (emphasis added)).

106. Admittedly, the TDRA's test does not lead to conclusive results either. But one doubts that the ECJ would have denied a dilution claim under the circumstances presented in *Louis Vuitton*

claim in situations clearly not covered by United States law.<sup>107</sup> Those whose clients serve markets in Europe and count on directly transferring their knowledge of United States law to European law do so at their peril.

#### IV. REGISTRATION—FRAUD ON THE PTO: *BOSE*

Registered trademarks are valuable assets, especially in a world where foreign registrations may be linked to a domestic registration through the Madrid Protocol.<sup>108</sup> An unexpected loss of registration could seriously disrupt a trademark owner's ability to protect its trademark.<sup>109</sup> On the other hand, we do not wish to issue valuable assets on the basis of fraudulent representations. Thus, those who obtain registrations by defrauding the PTO will have them canceled when the fraud is brought to the attention of the PTO.<sup>110</sup> The central question is: What constitutes "fraud"? This was the subject of a Federal Circuit opinion, *In re Bose Corp.*<sup>111</sup>

Six years before *Bose*, in *Medinol v. Neuro Vasx, Inc.*,<sup>112</sup> the Trademark Trial and Appeal Board (TTAB) ruled that fraud could be made out by showing: (1) that the registrant made a false statement; and (2) that the registrant knew or should have known that the statement was false.<sup>113</sup> Moreover, the entire registration could be canceled even if the false statement only related to part of the goods or services for which it was registered—e.g., a false claim that it was being used on some goods

*Malletier, S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 268-69 (4th Cir. 2007) (holding "Chewy Vuitton" dog toy does not dilute "Louis Vuitton" mark).

107. See Case C-487/07 *L'Oreal*, E.T.M.R. 55 (ECJ 2009).

108. See 15 U.S.C. § 1141c (requiring notification of the International Bureau if a basic registration used for an international registration is canceled within five years of issuance or if action to cancel began within five years of issuance); *id.* § 1141j (holding that extension of protection is to be canceled if underlying international registration is canceled).

109. Domestically, registration constitutes prima facie evidence of one's exclusive right to use the mark on the goods for which it is registered; after five years the presumption becomes conclusive. 15 U.S.C. § 1115(a), (b). Internationally, marks whose extension of protection in other countries is based on a U.S. registration may be canceled; the trademark owner would then have three months to reapply for registration in those countries based on its original priority. See 15 U.S.C. § 1141j(c) (stating that a person whose extension of protection is canceled may apply for registration and assert original priority if application is made within three months of international registration cancellation). There is also a provision in the Lanham Act for imposing civil liability on one that procures a fraudulent registration in an action brought by an injured party. 15 U.S.C. § 1120.

110. See 15 U.S.C. § 1115(b)(1) (2010).

111. 580 F.3d 1240 (Fed. Cir. 2009).

112. 67 U.S.P.Q.2d (BNA) 1205, 1209 (TTAB 2003).

113. *Id.* at 1208.

when the mark was actually being used on other goods.<sup>114</sup> Thus, a negligently false statement, made without any fraudulent intent could be the basis of cancellation.<sup>115</sup> Obviously, this is a potential weapon (or shield) for others wishing to use the mark and to block an infringement suit.<sup>116</sup> In *Bose*, the false statement occurred in a renewal application.<sup>117</sup> The application stated that the mark was being used on a class of goods that the company no longer sold.<sup>118</sup> However, the company's general counsel believed that the mark was still being "used" in that class because the company still repaired those goods.<sup>119</sup> The PTO found that repair did not constitute use.<sup>120</sup> More importantly, the TTAB ruled that the belief that repair constituted use was unreasonable—that is, Bose should have known it was not proper—and therefore fraudulent.<sup>121</sup> The Federal Circuit reversed, holding that some evidence of intent to deceive was required to show fraud on the PTO; negligence (including an unreasonable belief in the truth of the statement) was not sufficient.<sup>122</sup>

Left undecided in *Bose* was whether a reckless disregard for the truth would constitute fraudulent intent.<sup>123</sup> In dicta in a post-*Bose* decision, the TTAB obliquely indicated that it would be sufficient.<sup>124</sup> However, in *Bose*, the Federal Circuit stated that even gross negligence would not demonstrate fraudulent intent.<sup>125</sup> Thus, if reckless disregard is

114. See *Medinol*, 67 U.S.P.Q.2d (BNA) at 1205 (holding PTO canceled the mark in its entirety).

115. Subsequent TTAB decisions somewhat ameliorated the *Medinol* rule. See, e.g., *Maids to Order of Ohio, Inc. v. Maid-to-Order Inc.*, 78 U.S.P.Q.2d (BNA) 1899, 1905 (TTAB 2006) (holding honest and reasonable belief in truth of statement found sufficient to preclude fraud); *Univ. Games Corp. v. 20Q.net, Inc.*, 87 U.S.P.Q.2d (BNA) 1465, 1468 (TTAB 2008) (holding correction of false statement during prosecution creates rebuttable presumption of no fraudulent intent); *Zanella v. Nordstrom, Inc.*, 90 U.S.P.Q.2d (BNA) 1758, 1761-62 (TTAB 2008) (holding in dicta that correction of false statement prior to any challenge to registration creates rebuttable presumption of no fraudulent intent).

116. Common law trademark rights by use certainly would exist. But, where priority is based on constructive use, which is dependent on registration, see 15 U.S.C. § 1057(c), the loss of registration would preclude priority.

117. *In re Bose Corp.*, 580 F.3d 1240, 1242 (Fed. Cir. 2009).

118. *Id.*

119. *Id.*

120. *Id.* at 1246.

121. *Id.* at 1246-47.

122. *Id.* at 1244-45.

123. *Id.* at 1246 n.2.

124. *DaimlerChrysler Corp. v. American Motors Corp.*, Cancellation No. 92045099, 2010 WL 302022, at \*10 (Jan. 14, 2010). In a footnote, the TTAB acknowledged that the Federal Circuit left this issue open. *Id.* at \*6 n.5.

125. *Bose*, 476 F.3d at 1244, citing *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 935 F.2d 867, 876 (Fed. Cir. 1988).

sufficient, it must rise to a level above gross negligence, leaving a small window of less than full subjective intent for an opponent to climb through.<sup>126</sup>

A separate question is whether *Bose* is good policy. It has already been criticized on the grounds that it adopts an inapt patent standard, and that mistakes, especially in specifying uses, are uniquely within the registrant's control, justifying a different standard.<sup>127</sup> This critique views *Bose* as a disincentive for the applicant to be careful or for an opponent to even raise the issue of fraud.<sup>128</sup> On the other hand, it seems harsh for a registrant to be entirely deprived of a registration for an error that does not reflect bad faith and that only affects part of the registration.<sup>129</sup> Perhaps the Federal Circuit would prefer that Congress make the policy decision about where to draw the line if the *Bose* standard proves problematic.

The TTAB's *Medinol* rule, and the Federal Circuit's reversal, may be seen in the larger context of the agency attempting to create easily applied, administratively convenient rules and the court requiring harder to apply, but less harsh standards.<sup>130</sup> A rule that only requires showing objectively unreasonable behavior is easier to administer than a standard requiring evidence of intent to deceive. Thus, it is not surprising that an administrative agency would seek to apply the harsher, but less complicated, "should have known" standard.<sup>131</sup> This certainly is not the first time that the PTO has tried to apply a relatively bright-line rule, only to be rebuked by a higher court. In *In re Nantucket*,<sup>132</sup> the Federal Circuit's predecessor, the Court of Customs and Patent Appeals (CCPA), reversed the TTAB's rule regarding geographically deceptively misdescriptive marks.<sup>133</sup> The TTAB's rule was that if a mark represented a geographic place, and if that place was not the origin of the goods, the

126. See *Bose*, 476 F.3d at 1244-45.

127. See Brandon L. Harrell, Note, *Federal Circuit Tightens Standard For Proving Intent To Deceive in Trademark Fraud Cases*: In re *Bose Corp.*, 12 TUL. J. TECH. & INTELL. PROP. 313 (2009).

128. See, e.g., Joseph Dreitler, *The Dangers Posed by Bose*, WORLD TRADEMARK REVIEW, Dec./Jan. 2010, at 13.

129. The *Maids to Order* case may reflect the TTAB's effort to draw a more palatable line. See *Maids to Order of Ohio, Inc. v. Maid-to-Order Inc.*, 78 U.S.P.Q.2d 1899, 1905 (TTAB 2006).

130. *Medinol Ltd. v. Neuro Vasx Inc.*, 67 U.S.P.Q.2d 1205, 1205, 1209 (TTAB 2003).

131. See, e.g., Brief for Petitioner at 19-22, *Shen Mfg. Co., Inc. v. Ritz Hotel Ltd.*, 546 U.S. 822 (2005) (No. 04-1648), 2005 WL 1361867.

132. 677 F.2d 95 (CCPA 1982).

133. At the time, such marks could only be registered on a showing of secondary meaning; now they are barred from registration altogether. Lanham Act § 2(e)(3), (f), 15 U.S.C. § 1052(e)(3), (f).

mark could not be registered.<sup>134</sup> The CCPA, however, held that this rule—simple to apply—ignored the requirement of deceptiveness.<sup>135</sup> Thus, it required the PTO to show that the public would expect the goods to come from that place, and were thus deceived by the false implication.<sup>136</sup> Clearly, the CCPA’s standard is more difficult to administer than the TTAB’s rule.<sup>137</sup> *Bose*, then, may be seen as part of a continuing struggle to define the proper boundary between appropriate administrative discretion to create rules and an improper reading of the statute in furtherance of unwarranted administrative convenience.

A post-*Bose* example of this same problem is *In re Sones*.<sup>138</sup> The PTO rejected a specimen of use for a charity bracelet sold on the Internet because it did not contain a picture of the item on which the mark was used.<sup>139</sup> Although the PTO disclaimed any intent to create a rigid rule requiring a picture, the Federal Circuit rejected the PTO’s contention, finding that the PTO intended exactly what it disclaimed.<sup>140</sup> The Federal Circuit then rejected the PTO’s rule and remanded with instructions to the PTO to “consider the evidence as a whole to determine” whether the specimen of use was sufficient.<sup>141</sup> As in *Bose*, an easily administered rule was rejected in favor of a more complicated approach.

#### V. TACKING AND PRIORITY: *ONE INDUSTRIES V. JIM O’NEAL*

When more than one person uses essentially the same trademark in the same area, problems are almost inevitable. In an infringement suit, the winner of the battle for control of the mark is the person who used it first.<sup>142</sup> Often, however, a trademark owner will want to modernize its

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134. 15 U.S.C. § 1052(e)(2) (1946).

135. *Nantucket*, 677 F.2d at 97-98.

136. *Id.* at 101.

137. *See also In re Oppedahl & Larson, LLP*, 373 F.3d 1171 (Fed. Cir. 2004) (upholding rejection of “patents.com,” but indicating that it would not be appropriate from the PTO to create a per se rule ignoring the possibility that a top level domain indicator could enhance a mark’s distinctiveness).

138. 590 F.3d 1282 (Fed. Cir. 2009).

139. The web page used the mark, described the item, and offered it for sale. *Id.* at 1283.

140. “[T]he office actions, the Board’s opinion, and the PTO’s appeal brief belie counsel’s answer.” *Id.* at 1284.

141. *Id.* at 1288-89.

142. Since late 1989, “use” in this context includes constructive use. If one files an application for registration based on intent to use, and the registration subsequently issues, the registrant is deemed to have used the mark throughout the United States since the date of the application. Lanham Act § 7(c), 15 U.S.C. § 1057(c). The concept of use analogous to trademark use also sometimes backdates priority before actual use. *See T.A.B. Sys. v. Pactel Teletrac*, 77 F.3d 1372, 1375 (Fed. Cir. 1996).



mark, by either using a different typeface, altering a logo, or, perhaps, slightly altering the actual words used in the mark. But when the mark is altered, does the mark owner lose the priority it had in the original mark vis-à-vis users who began using after the original mark was in use but before the restyled mark was used? The answer is two-fold: if the restyled mark is perceived by the public as essentially the same as the old mark, then the trademark owner can “tack” the priority of the old mark onto the new mark.<sup>143</sup> Otherwise, the original priority is lost, and the restyled mark will have priority only based on when it was first used.<sup>144</sup> The key question is: How much change will be permitted before a mark loses its ability to tack? The Ninth Circuit addressed that question in *One Industries, LLC v. Jim O’Neal Distributing, Inc.*<sup>145</sup>

O’Neal and One Industries both sold apparel and accessories to off-road motorcyclists.<sup>146</sup> O’Neal, the earlier entrant in the market, used “O” (O apostrophe) as its mark.<sup>147</sup> One Industries used a stylized logo consisting of interlocking “ones,” which resembled the letter “O.”<sup>148</sup> As the first user, O’Neal would expect to have priority.<sup>149</sup> However, the look of the “O” mark had changed a few times over the years.<sup>150</sup> Most critically in this case, it had changed between the time One first used its logo and the first use of the most recent iteration of the O’Neal “O” mark.<sup>151</sup> Because the most recent version was the closest in appearance to the One logo (and therefore the most likely to be confused), O’Neal’s ability to tack the later mark onto the prior one was very important.<sup>152</sup>

The proper standard for tacking was crucial. Here, the court reiterated the standard it enunciated a decade earlier: that “[t]he standard for ‘tacking’ . . . is exceedingly strict: [t]he marks must create the same, continuing commercial impression and the later mark should not

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143. See *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1048-49 (9th Cir. 1999).

144. *Id.*

145. 578 F.3d 1154 (9th Cir. 2009).

146. *Id.* at 1156-57.

147. *Id.*

148. *Id.*

149. *Id.* Obviously, its priority only mattered to the extent that consumers would be confused by the two marks.

150. *Id.*

151. *Id.* at 1157-58.

152. *Id.* O’Neal was the defendant in the case because One Industries filed a declaratory judgment action seeking a judgment of non-infringement. *Id.* at 1157. O’Neal then counterclaimed for infringement. *Id.* Thus, if O’Neal had priority, confusion would result in a successful counterclaim for O’Neal. If O’Neal did not have priority, then confusion would be measured against the earlier version of the mark, which proved to be insufficiently similar for confusion.

materially differ from or alter the character of [the earlier version].”<sup>153</sup> Citing several cases from within and without the Ninth Circuit, the court upheld the district court’s determination that tacking was not permissible here.<sup>154</sup> The logical conclusion is that one should not assume that one’s view of the effect of restyling will be the court’s view; indeed, one should view the restyling with a very critical eye. The “exceedingly strict” standard means that one must approach the effort carefully, perhaps preceded by a thorough trademark search to minimize the risk of losing priority.<sup>155</sup>

A procedural matter provided an interesting side issue in the case. One Industries moved for a more definite statement (of the counterclaim) under Rule 12(e), a motion that is not normally favored under the federal notice pleading and broad discovery regime.<sup>156</sup> However, the district court not only granted the motion, but, in doing so, it decided the issue of tacking as a matter of law.<sup>157</sup> Although deciding such an issue on a motion for a more definite statement appears irregular, the Ninth Circuit chose not to disturb the district court’s conclusion.<sup>158</sup>

#### VI. RIGHTS OF PUBLICITY—COMMERCIAL USE OF IDENTITY: *YEAGER V. CINGULAR WIRELESS*

Rights of publicity have long tested the boundaries of commercial versus cultural uses of a celebrity’s identity. A recent district court decision, *Yeager v. Cingular Wireless LLC*,<sup>159</sup> provides a good example of this tension.

Cingular ran an advertisement touting the speed of its cellular phone system in which it compared its new system to the groundbreaking flight of Chuck Yeager breaking the sound barrier.<sup>160</sup>

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153. *Id.* at 1160, (citing *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999)).

154. *Id.* at 1161. Interestingly, the court conceded that it was “a close case,” but still upheld the finding that *as a matter of law* the mark did not meet the standard. *Id.* (emphasis added).

155. *See, e.g.*, *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 758 (9th Cir. 2006).

156. *One Industries*, 578 F.3d at 1160.

157. *Id.*

158. The Ninth Circuit questioned the appropriateness of deciding the issue that way, and admonished courts to avoid it, but found no reversible error because O’Neal had notice of the issue and chose neither to object nor request that it be put off until after discovery. *Id.* The affirmation in light of this issue drew a dissent. *Id.* at 1166-67 (Graber, J., concurring in part and dissenting in part).

159. 673 F. Supp. 2d 1089 (E.D. Cal. 2009).

160. *Id.* at 1094.

Yeager sued, claiming both state law and Lanham Act (false endorsement) violations.<sup>161</sup> Cingular contended that its use did not constitute commercial speech, citing the Ninth Circuit's opinion in *Hoffman v. Capital Cities/ABC, Inc.*,<sup>162</sup> in which altered versions of various famous movie scenes and posters accompanied an article on modern fashions.<sup>163</sup> The article mentioned the fashion designers, where one could buy the various fashions and accessories depicted, and the prices.<sup>164</sup> The Ninth Circuit held that this was not commercial speech.<sup>165</sup>

In *Yeager*, the District Court distinguished *Hoffman* and held that the use in question was commercial speech.<sup>166</sup> It noted that *Hoffman* involved a feature article (despite its commercial overtones) and noted that the magazine in that case was not paid to promote the products.<sup>167</sup> Cingular, by contrast, used Yeager's name in an actual advertisement, even if not in a way that made his identity the centerpiece of the commercial message.<sup>168</sup> The court's decision was not altogether surprising; several years earlier basketball legend Kareem Abdul-Jabbar successfully sued General Motors over an advertisement that singled out his achievement as a college player (then known as Lew Alcindor).<sup>169</sup> Moreover, the more recent decision in *Facenda v. NFL Films, Inc.*,<sup>170</sup> where plaintiff, the estate of the longtime voice of NFL Films, sued when his voice was used briefly in a "documentary" about the making of the "Madden NFL '06" video game, also took a commercial viewpoint over a non-commercial one.<sup>171</sup> Together, *Yeager* and *Facenda* indicate that it is dangerous to use any identifying characteristic of a celebrity in an advertisement, even if the use is arguably incidental or informational.

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161. *Id.*

162. 255 F.3d 1180, 1183 (9th Cir. 2001).

163. *Id.* Dustin Hoffman complained that a movie poster for *Tootsie*, in which he often appeared dressed as a woman, had been altered to show him in a different dress than the one in the original poster.

164. *Id.* at 1183-85.

165. *Id.* at 1186.

166. *Yeager v. Cingular Wireless, LLC*, 673 F. Supp. 2d 1089, 1097 (E.D. Cal. 2009).

167. *Id.* at 1098.

168. *Id.* at 1093. The court denied defendant's motion for summary judgment on the false endorsement claim on the grounds that an issue of fact existed as to its nominative use defense. *Id.* at 1103-1104.

169. *Abdul-Jabbar v. Gen. Motors Corp.*, 85 F.3d 407 (9th Cir. 1996).

170. 542 F.3d 1007 (3d Cir. 2008).

171. *Id.* at 1016-18. The court analogized it to an "infomercial." *Id.* at 1017. See also *Dryer v. National Football League*, 689 F. Supp. 2d 1113 (D. Minn. 2010) (denying defendant's motion for judgment on the pleadings in case alleging use of plaintiff's image in promotional videos for the NFL).

VII. OUTSIDE THE BOX—PLEADING: *IQBAL*

Although the case arose in a context far afield of intellectual property, I would feel remiss if I did not offer brief comments on the effect of the Supreme Court's 2009 decision in *Ashcroft v. Iqbal*.<sup>172</sup> *Iqbal* solidified and extended the Court's 2007 opinion in *Bell Atlantic Corporation v. Twombly*,<sup>173</sup> in which the Court enunciated a standard for federal pleading—"plausibility"—that has changed the landscape of federal practice. Many observers thought (or hoped) that *Twombly* would be a sui generis opinion, born of the particular requirements for demonstrating an antitrust violation.<sup>174</sup> *Iqbal* made it clear that all pleadings now would be subject to the plausibility standard.<sup>175</sup> The Court also set forth a two-step process for evaluating pleadings: (1) eliminate the "legal conclusions" in the complaint; and (2) review the remaining allegations to determine whether they form a plausible basis for a claim.<sup>176</sup> What are those legal conclusions that the Court directs us to ignore? One prime source is evidently pleadings that simply track the elements of a statute.<sup>177</sup>

*Iqbal* arose in a civil rights context, where the plaintiff often lacks access to the facts about the defendant's intent, making compliance with the plausibility standard difficult.<sup>178</sup> How would the standard apply in a trademark context? The key issue is to avoid a pleading that simply tracks the language of the Lanham Act.<sup>179</sup> In an ordinary infringement context, this probably is not difficult. If there is a registration, for example, plead that, together with the basic facts of the defendant's conduct, and that most likely would suffice to allow a plausible conclusion of likelihood of confusion. On its face, a pleading that contains a comparison of the plaintiff's mark to a device used by the defendant would probably permit the court to make a reasoned judgment about whether a confusion claim is plausible. Dilution, however, is more problematic. Many complaints baldly assert that the plaintiff's

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172. 129 S. Ct. 1937 (2009).

173. 550 U.S. 544 (2007).

174. See, e.g., John P. Sullivan, *Twombly and Iqbal: The Latest Retreat From Notice Pleading*, 43 SUFFOLK U. L. REV. 1, 41-42 (2009).

175. *Iqbal*, 129 S. Ct. at 1949.

176. *Id.* at 1949-50. Those familiar with copyright may recognize the similarities between this process and a process used to test substantial similarity in some copyright infringement cases. See *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992).

177. *Iqbal*, 129 S. Ct. at 1949-50.

178. *Id.* at 1939.

179. See *infra* note 7.

mark is “famous,” without pleading supporting facts.<sup>180</sup> Such assertions (although arguably fame is a combination of fact and law) may not pass muster under *Iqbal*.<sup>181</sup> Moreover, the conclusory allegation that the defendant's use of a mark is likely to cause dilution could pose additional problems. A court, using its “judicial experience and common sense,”<sup>182</sup> could infer that confusion is plausible from a bare demonstration of trademark rights and a short statement of defendant's conduct. But dilution is more amorphous, and plausibly inferring dilution from anything short of an identical or near-identical use of a famous mark<sup>183</sup> might be difficult. Nevertheless, district courts probably will allow fairly conclusory allegations to pass muster until they receive more guidance from the courts of appeals.

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180. See, e.g., *VMM Ent., Inc. v. Welch*, No. 8:07-cv-1380-T-23TBM, 2007 WL 3202450 (M.D. Fla. Oct. 26, 2007). Cf. *Vulcan Golf, LLC v. Google, Inc.*, 552 F. Supp. 2d 752 (N.D. Ill. 2008).

181. See *Iqbal*, 129 S. Ct. at 1949.

182. *Id.* at 1950.

183. See *Thane Int'l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 907 (9th Cir. 2002).