

# REVIEW OF THE 2006 TRADEMARK DECISIONS OF THE FEDERAL CIRCUIT

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## INTRODUCTION

The United States Court of Appeals for the Federal Circuit (“Federal Circuit”) delivered only seven precedential trademark opinions in 2006.<sup>1</sup> This small proportion of trademark cases is consistent with the court’s docket in recent years.<sup>2</sup> This year, the court addressed a range of interesting substantive issues including trade dress configuration,<sup>3</sup> reverse passing off,<sup>4</sup> and genericism.<sup>5</sup> Notably, two of the seven precedential decisions involved plant names protected by the Plant Variety Protection Act.<sup>6</sup>

The Federal Circuit decided only one case in 2006 where the primary issue was procedural, rather than substantive.<sup>7</sup> In that case, discussed below,<sup>8</sup> the Federal Circuit sided with the Trademark Trial and Appeal Board (“the Board”), and affirmed its decision on the applicability of the *res judicata* doctrine.<sup>9</sup>

This year proved once again that appellants face a stiff challenge in convincing the Federal Circuit to overturn the Board’s findings and determinations. Of the eight Board decisions appealed to the Federal Circuit,<sup>10</sup> only one was overturned.<sup>11</sup> Also, the Federal Circuit

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1. *Go Med. Indus. Pty., Ltd. v. Inmed Corp.*, 471 F.3d 1264 (Fed. Cir. 2006); *In re Pennington Seed, Inc.*, 466 F.3d 1053 (Fed. Cir. 2006); *Syngenta Seed, Inc. v. Delta Cotton Co-op, Inc.*, 457 F.3d 1269 (Fed. Cir. 2006); *M2 Software, Inc. v. M2 Commc’ns, Inc.*, 450 F.3d 1378 (Fed. Cir. 2006); *Sharp Kabushiki Kaisha v. Thinksharp, Inc.*, 448 F.3d 1368 (Fed. Cir. 2006); *Bourdeau Bros., Inc. v. Int’l Trade Comm’n*, 444 F.3d 1317 (Fed. Cir. 2006); *In re Slokevage*, 441 F.3d 957 (Fed. Cir. 2006).

2. See Stephen R. Baird, *2005 Trademark Decisions of the Federal Circuit*, 55 AM. U. L. REV. 1263, 1263 (2006) (stating that six precedential trademark cases were decided by the Federal Circuit in 2005); Bruce J. Goldner & Kenneth A. Plevan, *2004 Trademark Law Decisions of the Federal Circuit*, 54 AM. U. L. REV. 1181, 1183 nn.7, 8 (2005) (citing four precedential opinions involving trademark issues delivered by the Federal Circuit in 2004); Roberta Horton & Catherine Rowland, *2003 Trademark Law Decisions of the Federal Circuit*, 53 AM. U. L. REV. 909, 910 n.1 (2004) (indicating that the Federal Circuit decided eleven precedential trademark cases in that “particularly active” year); Robert Pechina, *2002 Trademark Law Decisions of the Federal Circuit*, 52 AM. U. L. REV. 999, 1000 nn.1, 2 (2003) (stating the Federal Circuit issued precedential opinions in a total of seven trademark cases in 2002); Andrew Hartman & Lisa K. Koenig, *2001 Federal Circuit Trademark Roundup*, 51 AM. U. L. REV. 747, 748-76 (2002) (citing seven precedential trademark cases decided by the Federal Circuit in 2001).

3. *In re Slokevage*, 441 F.3d 957.

4. *Syngenta Seed, Inc.*, 471 F.3d 1269.

5. *In re Pennington Seed*, 466 F.3d 1053.

5. *Id.*; *Syngenta Seed, Inc. v. Delta Cotton Co-Op*, 457 F.3d 1269 (Fed. Cir. 2006).

7. *Sharp Kabushiki Kaisha*, 448 F.3d 1368.

8. See *infra* Section II.A.

9. *Sharp Kabushiki Kaisha*, 448 F.3d at 1372-73.

10. *In re Pennington Seed*, 466 F.3d 1053; *M2 Software, Inc. v. M2 Commc’ns, Inc.*, 450 F.3d 1378 (Fed. Cir. 2006); *Sharp Kabushiki Kaisha*, 448 F.3d 1368; *In re Slokevage*, 441 F.3d 957 (Fed. Cir. 2006); *El Encanto, Inc. v. La Tortilla Factory, Inc.*, 201 F. App’x 773 (Fed. Cir. 2006); *Stoller v. Sutech U.S.A., Inc.*, 199 F. App’x 954

affirmed rulings by a federal district court<sup>12</sup> and the International Trade Commission (“ITC”).<sup>13</sup> This year, the Federal Circuit affirmed in every trademark decision it published.<sup>14</sup>

In 2006, as in years past, the Federal Circuit has designated a good portion of its trademark decisions as not citable precedent.<sup>15</sup> Four out of the total eleven trademark cases were unpublished.<sup>16</sup> All four non-precedential decisions dealt with the application of the *In re E.I. DuPont de Nemours & Co.*<sup>17</sup> factors for likelihood of confusion.<sup>18</sup>

## I. SUBSTANTIVE TRADEMARK ISSUES

### A. Appeals from District Courts

#### 1. Reverse passing off

*Syngenta Seed, Inc. v. Delta Cotton Co-op, Inc.*<sup>19</sup> is the first of two cases decided this year that deal with seed names.<sup>20</sup> This case involved a reverse palming off claim where the Federal Circuit needed to decide whether the evidence sufficiently supported the jury’s verdicts of infringement under the Plant Variety Protection Act (“PVPA”)<sup>21</sup> and confusion or injury under the Lanham Act.<sup>22</sup> Syngenta Seeds, Inc. is an international agribusiness that produces, *inter alia*, commercial crop seeds.<sup>23</sup> This litigation concerned one such variety of seed

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(Fed. Cir. 2006); *Hart v. N.Y. Yankees P’ship*, 184 F. App’x 972 (Fed. Cir. 2006); *Miguel Torres, S.A. v. Bodegas Muga, S.A.*, 176 F. App’x 124 (Fed. Cir. 2006).

11. *Stoller*, 199 F. App’x 954.

12. *Go Med. Indus. Pty., Ltd. v. Inmed Corp.*, 471 F.3d 1264 (Fed. Cir. 2006).

13. *Bourdeau Bros., Inc. v. Int’l Trade Comm’n*, 444 F.3d 1317 (Fed. Cir. 2006).

14. *In re Pennington Seed*, 466 F.3d 1053; *Go Med. Indus.*, 471 F.3d 1264; *Syngenta Seed, Inc. v. Delta Cotton Co-op, Inc.*, 457 F.3d 1269 (Fed. Cir. 2006); *M2 Software, Inc.*, 450 F.3d 1378; *Bourdeau Bros., Inc.*, 444 F.3d 1317; *In re Slokevage*, 441 F.3d 957.

15. See Penelope Pether, *Inequitable Injunctions: The Scandal of Private Judging in the U.S. Courts*, 56 STAN. L. REV. 1435, 1444 (2004) (arguing that not publishing opinions amounts to private judging, a scandal that masks the true reasoning and analysis behind the opinions). Professor Pether notes that the non-publication of opinions makes them “difficult to find” and diminishes or destroys the opinion’s precedential value. *Id.* at 1437. And, most jurisdictions ban or severely limit them for citation purposes. *Id.*

16. *El Encanto, Inc. v. La Tortilla Factory, Inc.*, 201 F. App’x 773 (Fed. Cir. 2006); *Stoller*, 199 F. App’x 954; *Hart*, 184 F. App’x 972; *Miguel Torres, S.A.*, 176 F. App’x 124.

17. 476 F.2d 1357 (C.C.P.A. 1973).

18. *El Encanto, Inc.*, 201 F. App’x at 774; *Stoller*, 199 F. App’x at 958; *Hart*, 184 F. App’x at 973; *Miguel Torres, S.A.*, 176 F. App’x at 126.

19. 457 F.3d 1269 (Fed. Cir. 2006).

19. *Id.*; see also *In re Pennington Seed, Inc.*, 466 F.3d 1053 (Fed. Cir. 2006).

21. 7 U.S.C. § 2567 (2000).

22. 457 F.3d at 1274; 15 U.S.C. § 1125(a) (2000).

23. 457 F.3d at 1272.

known as “Coker 9663.”<sup>24</sup> Coker 9663 is certified and protected by the PVPA.<sup>25</sup> Companies selling certified PVPA seeds including Coker 9663 must use “approved packaging.”<sup>26</sup> Syngenta also owns the trademark “COKER.”<sup>27</sup> Delta Cotton (“Delta”) is a grain elevator operator in Arkansas.<sup>28</sup> Delta acts as a middleman for grain sales of local farmers by testing, grading, and storing grain.<sup>29</sup> In addition, Delta purchases entire crops of wheat from local farmers, finds buyers for the grain, and takes a commission on such sales.<sup>30</sup> All the wheat is stored in one large bin and Delta sells a mix of the wheat as animal feed in fifty pound bags labeled “Delta Co-Op Feed.”<sup>31</sup>

Allegedly, Delta sold bags labeled “feed wheat” that contained Coker 9663.<sup>32</sup> In 2001, Syngenta’s law firm hired a man who bought three bags of this feed. An agronomist tested the feed for Coker 9663 and found that they contained ninety percent Coker 9663.<sup>33</sup> Syngenta filed suit against Delta in 2002 for infringement of the PVPA and the Lanham Act seeking permanent injunctive relief, treble damages, disgorgement of profits, and costs.<sup>34</sup> A jury rendered a verdict in Syngenta’s favor.<sup>35</sup> The district court entered damages of \$67,500 for PVPA infringement, \$67,500 for Lanham Act infringement, and interest.<sup>36</sup> The court also granted permanent injunction and costs, denying Delta’s motions for a new trial, judgment notwithstanding the verdict and remitter.<sup>37</sup> Delta appealed.<sup>38</sup>

The jury found that Delta violated 15 U.S.C. § 1125(a) based on a “reverse palming off” or “reverse passing off” theory.<sup>39</sup> Reverse passing off occurs when a company offers a trademarked good for sale under another designation, thus miscommunicating the good’s source of origin to consumers.<sup>40</sup>

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24. *Id.*

25. *Id.*

26. *Id.*

27. *Id.*

28. *Id.*

29. *Id.*

30. *Id.*

31. *Id.*

32. *Id.*

33. *Id.*

34. *Id.* at 1272-73.

35. *Id.* at 1273.

36. *Id.*

37. *Id.*

38. *Id.*

39. *Id.* at 1277.

40. *Id.* (citing *Dastar v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 n.1 (2003)).

The court first reviewed its own standard of review for the denial of a motion for judgment as a matter of law and stated that in Lanham Act cases, the proper standard of review is dictated by “the relevant regional circuit—here, the Eighth.”<sup>41</sup> In this case, the two circuits, Eighth and Federal, had similar precedent—reviewing this case *de novo* since the district court denied the motion for judgment as a matter of law after a verdict from a jury.<sup>42</sup> Since the Eighth Circuit only reviews issues raised in pre-verdict motions, the issues for the Federal Circuit were limited to: “(1) whether the jury’s verdicts of infringement under the PVPA and confusion or injury under the Lanham Act were supported by evidence sufficient to sustain the verdicts, and (2) whether the district court correctly applied section 2567 of the PVPA.”<sup>43</sup> The second issue is not one that we will discuss in depth in this summary as it is unrelated to trademark law.

The first issue directly relates to the issue of Lanham Act infringement, the reverse palming off claim violated here under § 1125(a) of the Lanham Act. In order to recover on a reverse palming off theory under the Lanham Act, a plaintiff must prove four elements: “(1) that the work at issue originated with the plaintiff; (2) that origin of the work was falsely designated by the defendant; (3) that the false designation origin was likely to cause consumer confusion; and (4) that the plaintiff was harmed by the defendant’s false designation of origin.”<sup>44</sup>

Delta argued first that Syngenta failed to satisfy the first element of the test because it presented no evidence that Delta knew that the seeds it purchased from local farmers to sell as animal feed contained Coker 9663.<sup>45</sup> Delta attacked the second element of the test because Syngenta’s claim included “no evidence of ‘false designation’ of the seeds, because the feed bags in question lacked ‘any designation (false or otherwise) regarding the origin of the seeds,’ and because there was no evidence that ‘the bags of feed sold to Mr. Robnett were intended for planting.’”<sup>46</sup> Delta’s third argument was that there was no consumer confusion or likelihood of such because there was no evidence that Delta made any attempt to portray itself as the grain’s

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41. *Id.* at 1273 (citing *Thompson v. Haynes*, 305 F.3d 1369, 1374 (Fed. Cir. 2002)).

42. *Id.*

43. *Id.* at 1274.

44. *Id.* at 1277 (citing *Lipton v. Nature Co.*, 71 F.3d 464, 473 (2d Cir. 1995)).

45. *Id.*

46. *Id.*

producer.<sup>47</sup> Delta's final argument was that there was no actual harm to Syngenta "by the allegedly false designation."<sup>48</sup>

The court dismissed Delta's first two arguments by holding there is no scienter requirement for Lanham Act infringement, thus making the placing of the words "Delta Co-op Feed" on the bags containing Coker 9663 "sufficient to constitute false designation."<sup>49</sup> Turning to the injury itself, the court noted that "the gravamen of the injury" in a reverse passing off case is the loss of advertising value in its name and the lack of business goodwill derived from the public having knowledge of the product's "true source."<sup>50</sup>

In support of the jury verdict on the Lanham Act claim, the trial court stated that a reasonable jury could have concluded that the injury was the harm caused by the false designation of the seed in Delta's bags.<sup>51</sup> The trial court upheld the verdict in claiming that Syngenta was harmed by the deprivation of advertising value in its name and the lack of benefit in the public having no knowledge of "the true source of the . . . product."<sup>52</sup>

The Federal Circuit disagreed with the trial court's conclusions, finding insufficient evidence to conclude that Delta's actions had somehow injured Syngenta's reputation.<sup>53</sup> Since Syngenta's name appeared nowhere on the bags of seed labeled "Delta Co-op Feed," Syngenta sustained no reputational injury.<sup>54</sup> The Delta customers were none the wiser to have bought Syngenta's trademarked product and had thus, as the court said, "drawn no conclusions about the merits or quality of that product."<sup>55</sup> Finally, the court found that since those were the only harms considered by the jury, the court could not conclude that the verdict was supported by sufficient evidence of lost advertising value, lost good will, or any other similar injury.<sup>56</sup>

The court also opened the door for another possible outcome in this case or a similar one. The evidence for the purpose of the resold seed, which was for some reason unavailable or incomplete in the trial court record, could have been "highly relevant to Syngenta's

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47. *Id.*

48. *Id.* at 1277-78.

49. *Id.* at 1278.

50. *Id.* (citing *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 785 (2d Cir. 1994)).

51. *Id.*

52. *Id.*

53. *Id.*

54. *Id.*

55. *Id.*

56. *Id.*

Lanham Act claim.”<sup>57</sup> The court cited two reasons for such relevancy: (1) much of Syngenta’s alleged harm is based upon the assumption that the seed, once resold, will be disseminated and thus deprive Syngenta of its market share; and (2) “whether a claim for reverse passing off is even cognizable when the rebranded product is used for a different purpose than, and does not compete with, the trademarked product.”<sup>58</sup> The lack of evidence as to these reasons forced the court’s hand in this case, mandating reversal of the trial court’s denial of Delta’s motion for judgment as a matter of law on both the PVPA and the Lanham Act claims.<sup>59</sup>

## 2. Trademark damages

In *Go Medical Industries Pty., Ltd. v. Inmed Corp.*,<sup>60</sup> the Federal Circuit affirmed the district court’s “broad latitude” to adjust a jury’s damages award for trademark infringement.<sup>61</sup>

Dr. Alexander O’Neil invented a catheter that reduced the likelihood of urinary tract infections.<sup>62</sup> In 1985, he obtained U.S. Patent No. 4,652,259 (the “‘259 patent”) for the catheter.<sup>63</sup> Go Medical Industries, Pty., Ltd. (“Go Med”), an Australian company founded by O’Neil in 1982, manufactures and markets catheters covered by the ‘259 patent.<sup>64</sup> In 1988, Go Med entered into an agreement with Medical Marketing Group (“MMG”) granting it the exclusive right to distribute the catheters in the United States.<sup>65</sup> Though MMG initially purchased catheters from Go Med, it later manufactured the catheters itself and sold them as “MMG/O’Neil” catheters.<sup>66</sup> MMG obtained a trademark registration for the “MMG/O’Neil” trademark for catheters in 1993.<sup>67</sup>

At MMG’s urging, Go Med sued C.R. Bard for patent infringement in 1992.<sup>68</sup> The district court granted summary judgment to C.R. Bard and held that the ‘259 patent was unenforceable based on inequitable conduct and for being invalid as anticipated.<sup>69</sup> On these

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57. *Id.* at 1279.

58. *Id.*

59. *Id.*

60. 471 F.3d 1264 (Fed. Cir. 2006).

61. *Id.* at 1274.

62. *Id.* at 1267.

63. *Id.*

64. *Id.* at 1267-68.

65. *Id.* at 1268.

66. *Id.*

67. *Id.*

68. *Id.*

69. *Id.*

patent issues, the Federal Circuit reversed and remanded for further proceedings.<sup>70</sup>

Prior to the Federal Circuit's reversal, MMG informed Go Med that it no longer believed they had a contract given the district court's invalidity finding.<sup>71</sup> In response, Go Med terminated the agreement and demanded that MMG cease using the "O'Neil" trademark.<sup>72</sup> MMG refused and continued to sell "MMG/O'Neil" catheters even after it sold its assets to Inmed International Corporation ("Rüsch").<sup>73</sup> In 2003, Rüsch changed the name of its catheters to "Rüsch/MMG."<sup>74</sup>

Go Med subsequently sued MMG and Rüsch for, among other things, trademark infringement.<sup>75</sup> The district court denied summary judgment on the trademark claims, finding a triable issue of fact as to "whether 'O'Neil' had acquired secondary meaning, whether the agreement between the parties included an implied trademark license, and whether the 'O'Neil' mark was abandoned due to naked licensing."<sup>76</sup> The district court found that factual disputes existed even though it considered MMG and Rüsch's admission of a likelihood of confusion between "O'Neil" and "MMG/O'Neil" in their trademark infringement counterclaims to be a judicial admission on that issue.<sup>77</sup>

At trial, the jury found in favor of Go Med on the trademark infringement claims.<sup>78</sup> On the claim against MMG, the jury awarded \$350,838 as a reasonable royalty, \$3,873,236 for unjust enrichment, and \$19,000,000 in punitive damages.<sup>79</sup> As to the trademark infringement claims against Rüsch, the jury awarded Go Med \$2,672,419 as a reasonable royalty and \$32,265,634 for unjust enrichment.<sup>80</sup> MMG and Rüsch both challenged the awards with Rule 50(b) motions for judgment as a matter of law.<sup>81</sup>

The district court granted MMG's Rule 50(b) motion in-part and granted Rüsch's motion in its entirety.<sup>82</sup> Regarding damages for trademark infringement, the district court characterized the jury's royalty award as recovery based on profits rather than actual

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70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.*

74. *Id.*

75. *Id.*

76. *Id.* at 1269.

77. *Id.*

78. *Id.*

79. *Id.*

80. *Id.*

81. *Id.*

82. *Id.*

damages—and therefore subject to reduction—because it was based on a speculative royalty rate.<sup>83</sup> Rejecting Go Med’s argument that the jury awarded lost profits under common law, the district court also exercised its discretion under the Lanham Act and set aside the jury’s award of lost profits.<sup>84</sup> Go Med appealed.<sup>85</sup>

The Federal Circuit affirmed the district court’s damages reduction.<sup>86</sup> First, the Federal Circuit noted that 15 U.S.C. § 1117 provides for the award of profits, damages and costs, and attorneys’ fees in trademark infringement cases.<sup>87</sup> The court stressed that any such award is “subject to the principles of equity”<sup>88</sup> and that § 1117 empowered the district court to reduce an award based on profits if excessive.<sup>89</sup> The court noted that the jury’s royalty award “was not based on substantial evidence of actual damages” and that Go Med’s expert had “merely considered MMG’s excess earnings and attributed three percent to the trademark.”<sup>90</sup> The court agreed with the district court’s assessment that it seemed as if Go Med’s expert “arbitrarily pulled [the three percent figure] out of the air.”<sup>91</sup> The district court’s determination, according to the Federal Circuit, was supported by the evidence that the success of MMG’s catheters was more likely attributable to its marketing, the superiority of the product and its eligibility for the medicare reimbursement rather than the “O’Neil” mark.<sup>92</sup>

The Federal Circuit summarily affirmed the district court’s decision to set aside the jury’s award of profits and punitive damages.<sup>93</sup>

### *B. Appeals from the Board*

#### *1. Trade dress*

In 2000, the U.S. Supreme Court decided that trade dress marks would henceforth be divided into two categories: product configuration and product packaging.<sup>94</sup> The significance of this

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83. *Id.* at 1270.

84. *Id.*

85. *Id.*

86. *Id.* at 1268.

87. *Id.* at 1273-74.

88. *Id.* (emphasis omitted).

89. *Id.* at 1274.

90. *Id.*

91. *Id.*

92. *Id.*

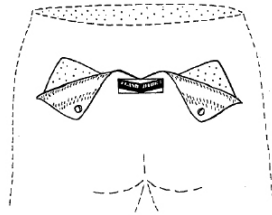
93. *Id.*

94. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210-11 (2000).

categorization is that trade dress deemed to be product configuration must have acquired distinctiveness to be registrable, whereas trade dress deemed to be product packaging is automatically registrable.<sup>95</sup> The Supreme Court left the method for distinguishing between product configuration and product packaging to the lower courts. Until 2006, the Federal Circuit had not had an opportunity to offer its guidance on this legally significant distinction.

In *In re Slokevage*,<sup>96</sup> the Federal Circuit ruled that Joanne Slokevage's trade dress for clothing was unregistrable because it was a product configuration and, as such, not inherently distinctive.<sup>97</sup> The court affirmed the Board's decision sustaining the refusal of the examining attorney to register the mark.<sup>98</sup>

Slokevage filed an application to register the mark on the Principal Register.<sup>99</sup> The mark consisted of "a label with the words 'FLASH DARE!' in a V-shaped background, and cut-out areas located on each side of the label."<sup>100</sup> The configuration is set forth below:



The cut-out areas, which were intended to be located on the rear of pants, overalls, shorts, culottes, dresses and skirts, consisted of a hole in the garment and a fabric flap attached to it with a closure device.<sup>101</sup> Prior to attempting to register the trade dress, Slokevage applied for and received protection for various aspects of the "configuration," including a trademark registration for the word mark "FLASH DARE," a trademark registration for the design mark for the cut out design (registered on the Supplemental Register) and even a design patent for the cut out design.<sup>102</sup>

The trademark examining attorney refused registration of the proposed mark because "it constituted a clothing configuration that

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95. *Id.*

96. 441 F.3d 957 (Fed. Cir. 2006).

97. *Id.* at 958.

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.*

102. *Id.*

is not inherently distinctive.”<sup>103</sup> And though the trademark examiner gave Slokevage an opportunity to present evidence of acquired distinctiveness or to disclaim the design element of the configuration, she refused and argued that the trade dress was inherently distinctive.<sup>104</sup> The examiner finalized the refusal to register the mark, finding that the clothing configuration constituted product design/configuration (as opposed to product packaging).<sup>105</sup> Based on the Supreme Court’s holding in *Wal-Mart*,<sup>106</sup> the examiner concluded that the product design could not be inherently distinctive.<sup>107</sup> Additionally, the examiner noted that Slokevage could not avoid the disclaimer requirement because her configuration was not unitary.<sup>108</sup> Her reference to the trade dress as a “cut-away flap design” in her application supported the examiner’s determination that the configuration constituted product design.<sup>109</sup>

Slokevage appealed.<sup>110</sup> The Board adopted the examiner’s finding that the cut-out areas constituted product design and accordingly, pursuant to *Wal-Mart*,<sup>111</sup> Slokevage could not register the configuration absent proof of acquired distinctiveness.<sup>112</sup> The Board then concluded that the trade dress configuration was not unitary because previously, Slokevage registered the portions of the trade dress separately.<sup>113</sup> The Board offered to set aside its decision, in accordance with 37 C.F.R. § 2.142(g), if Slokevage “disclaimed the unregistrable holes and flaps portion of the configuration.”<sup>114</sup> Slokevage declined, instead requesting reconsideration of the Board’s decision.<sup>115</sup> The Board denied Slokevage’s request and she appealed the decision to the Federal Circuit.<sup>116</sup>

The Federal Circuit began its analysis by noting that it applied a “limited standard of review to Board decisions, reviewing legal determinations *de novo* and factual findings for substantial evidence.”<sup>117</sup> In so doing, the court addressed a preliminary issue of

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103. *Id.*

104. *Id.*

105. *Id.*

106. 529 U.S. 205, 210-11 (2000).

107. *In re Slokevage*, 441 F.3d at 959.

108. *Id.*

109. *Id.*

110. *Id.*

111. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210-11 (2000).

112. *Id.*

113. *Id.*

114. *Id.*

115. *Id.*

116. *Id.*

117. *Id.* (citing *In re Pacer Tech.*, 338 F.3d 1348, 1349 (Fed. Cir. 2003)).

first impression: is the determination of whether trade dress constitutes product design a question of law (as Slokevage proposed) or a question of fact (as the government contended)?<sup>118</sup> Because the determination involves consumer perception, the court concluded that it is a question of fact “akin to [a determination of] whether a trademark is inherently distinctive or whether a mark is descriptive, which are questions of fact.”<sup>119</sup> Accordingly, the court concluded that it would review both the Board’s finding on product design and whether the mark is unitary—both questions of fact—for substantial evidence.<sup>120</sup>

On the substantive issue of whether her trade dress constituted product design, Slokevage attempted to distinguish (and hem in) the Supreme Court’s *Wal-Mart* decision, which also involved clothing design.<sup>121</sup> She contended that her trade dress could not be product design because it did not alter the entire product, only a portion of it, and was, therefore, more akin to a product label.<sup>122</sup> The Federal Circuit rejected these arguments, noting that the “holes and flaps portion are part of the design of the clothing—the cut-out area is not merely a design placed on top of the garment, but is a design incorporated into the garment itself.”<sup>123</sup> Relying on the examples provided in *Wal-Mart* of trade dress that constituted product design, the Federal Circuit determined that product design “can consist of design features incorporated into a product” and that product design does not have to implicate the entire product.<sup>124</sup>

The court also found instructive the analysis in *Wal-Mart* for why product configuration cannot be inherently distinctive. Applying the Supreme Court’s reasoning from *Wal-Mart*, the Federal Circuit reasoned that:

unlike a trademark whose “predominant function” remains source identification, product design often serves other functions, such as rendering the “product itself more useful or more appealing.” The design at issue here can serve such utilitarian and aesthetic functions. For example, consumers may purchase Slokevage’s clothing for the utilitarian purpose of wearing a garment or

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118. *Id.*

119. *Id.* (citing *Hoover Co. v. Royal Appliance Mfg. Co.*, 238 F.3d 1357, 1359 (Fed. Cir. 2001)).

120. *Id.*

121. *Id.* *Wal-Mart Store, Inc. v. Samara Bros., Inc.* involved “a line of spring/summer one-piece seersucker [children’s] outfits decorated with appliqués of hearts, flowers, fruits, and the like.” 529 U.S. 205, 207 (2000).

122. *In re Slokevage*, 441 F.3d 957 (Fed. Cir. 2006).

123. *Id.*

124. *Id.*

because they find the appearance of the garment particularly desirable. Consistent with the Supreme Court's analysis in *Wal-Mart*, in such cases when the purchase implicates a utilitarian or aesthetic purpose, rather than a source-identifying function, it is appropriate to require proof of acquired distinctiveness.<sup>125</sup>

Specifically, the court noted that Slokevage's design could serve both aesthetic and utilitarian functions and that it was, therefore, "appropriate to require proof of acquired distinctiveness."<sup>126</sup> Moreover, the court noted that even if the case were close, *Wal-Mart* mandated that courts act cautiously and categorize ambiguous trade dress as product design.<sup>127</sup>

Turning to the issue of whether the mark was unitary, Slokevage argued that the elements of her design were inseparable and, therefore, unitary.<sup>128</sup> Thus, the examining attorney erred by requiring her to disclaim the unregistrable holes and flaps portion of the configuration.<sup>129</sup> The Federal Circuit determined that substantial evidence supported the Board's determination that the mark is not unitary.<sup>130</sup> It opined that "[t]he display of elements in the drawing of the trade dress, the applicant's earlier registration of the words 'FLASH DARE!', and the applicant's design patent on the cut-out area" belied Slokevage's assertion that the trade dress was unitary.<sup>131</sup> The court concluded that, while it is possible to combine the elements as to be inseparable, Slokevage's trade dress was not unitary as shown by the separate locations of the words and design elements and the separate registration of the elements.<sup>132</sup> The Federal Circuit thus affirmed the Board's decision in all respects.<sup>133</sup>

## 2. *Genericness*

In *In re Pennington Seed, Inc.*,<sup>134</sup> the second seed name case this year, the Federal Circuit affirmed the Board's refusal to register the term "Rebel" as a trademark for grass seed.<sup>135</sup> The court held that the Board properly concluded that the applied-for mark was a generic designation and, accordingly, was not entitled to registration.<sup>136</sup>

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125. *Id.* (citation omitted).

126. *Id.*

127. *Id.*

128. *Id.* at 962-63.

129. *Id.* at 963.

130. *Id.*

131. *Id.*

132. *Id.* The Federal Circuit has since denied re-hearing en banc.

133. *Id.*

134. 466 F.3d 1053 (Fed. Cir. 2006).

135. *Id.* at 1054-55.

136. *Id.* at 1055.

KRB Seed Company, LLC (“KRB”) applied to register the word “Rebel” as a trademark for grass seed in 2001.<sup>137</sup> Prior to filing its application, KRB designated “Rebel” as the varietal name for the grass seed that was protected by a plant variety protection certificate (the “variety certificate”).<sup>138</sup> The trademark examining attorney refused registration pursuant to 15 U.S.C. §§ 1051, 1052 and 1127 based on the long-held principle that a varietal name is deemed a generic term and thus incapable of the requisite distinctiveness.<sup>139</sup> KRB appealed to the Board which, at the trademark examining attorney’s request, remanded to address KRB’s claim of acquired distinctiveness pursuant to 15 U.S.C. § 1052(f).<sup>140</sup> The trademark examining attorney refused registration under § 1052(f), and finalized his refusal to register “Rebel” as a trademark for grass seed.<sup>141</sup> KRB appealed to the Board that affirmed the examining attorney’s decision.<sup>142</sup>

The Board agreed that the evidence established that “Rebel” is a varietal name for a type of grass seed.<sup>143</sup> Additionally, relying on *Dixie Rose Nursery v. Coe*,<sup>144</sup> the Board re-affirmed the long-standing principle treating varietal names as generic and, therefore, not subject to trademark protection.<sup>145</sup> The Board cited additional support for its decision in the Trademark Manual of Examining Procedure (the “Trademark Manual”), which instructs examining attorneys to refuse registration of varietal names, and the International Convention for the Protection of New Varieties of Plants (“Convention”), which provides that a name for a new plant variety must be designated and that the designation is its generic name.<sup>146</sup> Finally, the Board rejected KRB’s reliance on *Traffix Devices, Inc. v. Marketing Displays, Inc.*<sup>147</sup> to argue that a claimed feature of an expired patent could still function as a trademark because KRB had to give a name for a plant variety.<sup>148</sup> KRB’s application for a plant variety certificate was a clear indication that the varietal name is

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137. *Id.*

138. *Id.*

139. *Id.*

140. *Id.*

141. *Id.*

142. *Id.*

143. *Id.*

144. 131 F.2d 466 (D.C. Cir. 1942).

145. 466 F.3d at 1055.

146. *Id.*

147. 532 U.S. 23 (2001).

148. 466 F.3d at 1055.

generic.<sup>149</sup> KRB appealed the Board's decision to the Federal Circuit.<sup>150</sup>

The Federal Circuit began its analysis by noting that whether a term is a generic name for a good is a question of fact, which the court reviews for substantial evidence.<sup>151</sup> On appeal, KRB first argued that the Board misconstrued *Dixie Rose Nursery v. Coe*<sup>152</sup> to stand for the proposition that a blanket refusal to register a varietal name is appropriate because such varietal names are generic.<sup>153</sup> As an initial matter, the Federal Circuit determined that substantial evidence supported the examining attorney's determination, affirmed by the Board, that "Rebel" was a varietal name and, therefore, generic.<sup>154</sup> In support of this determination, the court cited information from the Germplasm Resources Information Network website, information from the Convention database, and information from the Department of Agriculture—all of which listed "Rebel" as the varietal name for a particular type of grass seed.<sup>155</sup>

Next, the court determined that the Board correctly decided that the varietal name "Rebel" is generic and thus not entitled to trademark protection.<sup>156</sup> The court found the D.C. Circuit's reasoning in *Dixie Rose*<sup>157</sup> instructive.<sup>158</sup> *Dixie Rose* involved a varietal name for a rose.<sup>159</sup> The D.C. Circuit concluded that since the varietal name was "known throughout the trade, and listed in applicant's catalog by that name,"<sup>160</sup> the words had evolved from being originally arbitrary to describing a plant of a particular sort—not from a particular nursery or distributor.<sup>161</sup> The Federal Circuit adopted this interpretation and determined that varietal names indicate a particular variety of plant, rather than the source of the plant, and, as such, are generic and cannot be trademarked.<sup>162</sup> The court went on to reassert the well-established principle "that an applicant cannot acquire trademark protection for the generic name of a product."<sup>163</sup>

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149. *Id.*

150. *Id.* at 1056.

151. *Id.*

152. 131 F.2d 466 (D.C. Cir. 1942).

153. 466 F.3d at 1056.

154. *Id.* at 1058.

155. *Id.*

156. *Id.* at 1056-57.

157. 131 F.2d 466 (D.C. Cir. 1942).

158. 466 F.3d at 1057.

159. *Id.*

160. *Id.* (quoting *Dixie Rose*, 131 F.2d at 446).

161. *Id.*

162. *Id.*

163. *Id.* (citing *Goodyear's Rubber Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598, 602 (1888)).

KRB also argued that a *per se* rule against issuing trademark protection for varietal names is against public policy.<sup>164</sup> The Federal Circuit disagreed, maintaining that the ban on registering varietal names is sound public policy because “those in trade ‘need to call it by the name that it is known or otherwise consumers will not know what they are buying.’”<sup>165</sup>

KRB further argued that the Convention does not apply because KRB’s variety certificate was issued before the Convention’s effective date.<sup>166</sup> However, the Federal Circuit rejected this argument, finding that while the Convention was not controlling, the policy of refusing registration of varietal names was consistent with the Convention’s requirements and supported the examining attorney’s refusal to register “Rebel” as a trademark.<sup>167</sup>

Next, KRB argued that the Lanham Act, 15 U.S.C. § 1064(3), and the Federal Circuit’s decision in *In re Montrochet*<sup>168</sup> provide support for the proposition that a mark cannot be generic solely because it has also been used as a name for a product.<sup>169</sup> The Federal Circuit first dispensed with KRB’s argument regarding the Lanham Act by noting that section 1064(3) only pertains to cancellation of registered marks and is inapplicable to an instance where the mark was not registered.<sup>170</sup> Similarly, the court deemed its decision in *In re Montrochet* unavailing because the mark in that instance had already been registered and had become generic.<sup>171</sup>

Finally, KRB argued that the Supreme Court’s decision in *TrafFix Devices*<sup>172</sup> prohibited a *per se* rule against trademark protection.<sup>173</sup> However, the Federal Circuit found *TrafFix* inapplicable, noting that the case concerned “whether a claimed feature of an expired patent could acquire trade dress protection.”<sup>174</sup> Accordingly, the court concluded that the *TrafFix* decision “did not provide a relevant analogy to this case” and was unavailing to KRB.<sup>175</sup>

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164. *Id.* at 1056.

165. *Id.* at 1059 (quoting *In re KRB Seed*, 76 U.S.P.Q.2d (BNA) 1156, 1160 (2005)).

166. *Id.* at 1056.

167. *Id.* at 1059.

168. 878 F.2d 375 (Fed. Cir. 1989).

169. 466 F.3d at 1059-60.

170. *Id.* at 1060.

171. *Id.*

172. 532 U.S. 23 (2001).

173. 466 F.3d at 1060.

174. *Id.*

175. *Id.*

Accordingly, the Federal Circuit held that plant varietal names, like “Rebel,” are generic and substantial evidence supported the Board’s decision.<sup>176</sup>

### 3. Likelihood of confusion

Of the five cases analyzing the likelihood of confusion factors, only one decision, *M2 Software, Inc. v. MS Communications, Inc.*,<sup>177</sup> was designated as precedential. In *M2 Software*, the Federal Circuit affirmed the Board’s finding that two companies marketing software with similar marks in different industries likely would not cause confusion.<sup>178</sup> M2 Software had appealed the Board’s decision dismissing M2 Software’s opposition to M2 Communication’s registration of the mark “M2 COMMUNICATIONS” for interactive multimedia CD-ROMs containing information related to various healthcare fields, including pharmaceutical and medical industries.<sup>179</sup> The Board found that though the two marks were “very similar,” they were not identical because of the use in conjunction with “Communications” and “Software.”<sup>180</sup> The Board found that the parties have different markets<sup>181</sup> since M2 Software is involved in the music and entertainment industries exclusively, and M2 Communications is involved in the medical, pharmaceutical, and biotechnology industries exclusively.<sup>182</sup> The Board found further that even though both companies used CD-ROMs to communicate with their markets, they were still separate and distinct markets and “notwithstanding similarities in media platform, are different goods.”<sup>183</sup> The Board found that any such overlap of consumers is *de minimus* at most.<sup>184</sup>

In addition to the two companies operating in wholly unrelated industries, the Board considered the lack of overlap in consumers and the absence of other factors suggesting a likelihood of confusion.<sup>185</sup> Thus, the Board concluded that there is no likelihood of confusion and dismissed M2 Software’s opposition.<sup>186</sup>

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176. *Id.*

177. 450 F.3d 1378 (Fed. Cir. 2006).

178. *Id.* at 1380.

179. *Id.*

180. *Id.*

181. *Id.* at 1381.

182. *Id.* at 1380.

183. *Id.* at 1380-81.

184. *Id.* at 1381.

185. *Id.*

186. *Id.*

The court went through the likelihood of confusion analysis by analyzing the *DuPont* factors.<sup>187</sup> The court reviewed the Board's findings of fact under the substantial evidence standard and any legal conclusions of the Board *de novo*.<sup>188</sup> Bearing this in mind, the court, under its own precedent, considered only relevant factors and the record.<sup>189</sup>

The court first examined findings of the Board and, specifically, the weight the Board afforded to the unrelated nature of the goods in question and the different channels of both trade and purchasers.<sup>190</sup> The court found there was substantial evidence to support the finding that the goods were not related by considering, as per prior precedent in *Bose Corp. v. QSC Audio Products*,<sup>191</sup> the applicant's goods as set forth in their applications for registration of the marks.<sup>192</sup> The court looked at M2 Software's argument that the Board "erred in declining to read the scope of its registration more broadly."<sup>193</sup> But the court disagreed: "Such a reading would require us to improperly ignore scope limiting language within the clause it cites, i.e., language plainly limiting its registration to goods in the music and entertainment fields."<sup>194</sup>

M2 Software's contention that the goods were similar failed to persuade the court as well.<sup>195</sup> M2 Software argued that since both companies use CD-ROMS they are similar and likely to confuse consumers.<sup>196</sup> The court easily disposed of this argument by pointing to the fact that the application and registration of the mark make clear that the relevant goods are not CD-ROMs generally, but CD-ROMs produced for a particular field.<sup>197</sup> Thus, M2 Software's line of reasoning failed.<sup>198</sup> Next, the court moved its analysis to the channels of trade and purchasers of the products.<sup>199</sup> The court agreed with the Board's findings, supported by substantial evidence, that the parties'

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187. *Id.* at 1381-85; 476 F.2d 1357 (C.C.P.A. 1973).

188. 450 F.3d at 1382.

189. *Id.*

190. *Id.*

191. 293 F.3d 1367, 1376 (Fed. Cir. 2002) (citing *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973)).

192. 450 F.3d at 1382.

193. *Id.*

194. *Id.*

195. *Id.* at 1383.

196. *Id.*

197. *Id.*

198. *Id.*

199. *Id.*

channels of trade and purchase are different with at most a *de minimus* overlap.<sup>200</sup>

Subsequently, even considering evidence contrary to the Board's final finding but included in its assessment, the court concluded that the "M2" portion of the marks were both identical and the disclaimed terms failed to "create any significant difference in meaning or commercial impression."<sup>201</sup> Thus, the court agreed that the Board properly weighed this factor in M2 Software's favor.<sup>202</sup> The court concluded that the Board did not err in finding that the marks were not identical when considered as a whole.<sup>203</sup>

Lastly, the court considered the fanciful nature of the "M2" mark.<sup>204</sup> While the court agreed that the mark is fanciful, that factor was outweighed by the previous factors in M2 Communication's favor listed above and did not affect the Board's finding that no likelihood of confusion exists.<sup>205</sup>

### *C. Appeals from the International Trade Commission*

In *Bourdeau Bros., Inc. v. International Trade Commission*,<sup>206</sup> the Federal Circuit reaffirmed that the determination of material differences, which supports the Lanham Act's section 1337 ban on the importation of "gray market" goods, is a low threshold.<sup>207</sup> Gray market goods are "products that [are] 'produced by the owner of the U.S. trademark or with its consent, but not authorized for sale in the United States.'"<sup>208</sup>

Deere sells two models of harvesters in North America and Europe: the 5000 series and the 6000 series.<sup>209</sup> Each series further divides into those sold in North America and those sold in Europe.<sup>210</sup> While being sold under the same model numbers, the North American and European versions are manufactured with certain differences, including differences in labeling and safety features.<sup>211</sup>

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200. *Id.*

201. *Id.* at 1384.

202. *Id.*

203. *Id.* The U.S. Supreme Court denied certiorari in this case. 127 S. Ct. 836, 166 L.Ed.2d 666 (2006), reh'g denied, 127 S. Ct. 1363, No. 06-515, 2007, WL 506879 (Feb. 20, 2007)

204. *Id.*

205. *Id.*

206. 444 F.3d 1317 (Fed. Cir. 2006).

207. *Id.* at 1321.

208. 444 F.3d at 1320 (quoting *Gamut Trading Co. v. U.S. Int'l Trade Comm'n*, 200 F.3d 775, 777 (Fed. Cir. 1999)).

209. *Id.* at 1321.

210. *Id.*

211. *Id.*

Appellants, a group of corporations, were involved in the importing and selling of the European version Deere harvesters in North America.<sup>212</sup> They appealed the decision of the International Trade Commission (“ITC”) that affirmed the decision of the Administrative Law Judge that since the European version of the Deere harvesters were materially different from the North American versions, appellants violated section 1337 of the Lanham Act by importing and selling the models in North America.<sup>213</sup>

The court explained the rationale behind preventing gray market goods from coming into the U.S. market by quoting its previous opinion in *Gamut*: “To the extent that foreign goods bearing a trademark have different characteristics than those trademarked goods authorized for sale in the United States, the public is likely to become confused or deceived as to which characteristics are properly associated with the trademark, thereby possibly eroding the goodwill of the trademark holder in the United States.”<sup>214</sup>

The basic question in this and other gray market cases, therefore, is whether the foreign and domestic products are different, and if so, whether those differences are material.<sup>215</sup> The statute does not distinguish between foreign and domestically manufactured goods, nor does gray market law concern itself with whether the trademark owner controlled the manufacture of the product or whether use of the trademark in another country was authorized.<sup>216</sup> Rather, the statute makes unlawful “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that infringe a valid and enforceable United States trademark registered under the Trademark Act of 1946.”<sup>217</sup> Thus, gray market law is concerned with whether or not “the trademark owner has control over the specific characteristics associated with the trademark in the United States.”<sup>218</sup>

On the question of material difference, the Federal Circuit affirmed the ITC.<sup>219</sup> The court noted that the threshold for such a determination is quite low.<sup>220</sup> There must only be a showing that

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212. *Id.*

213. *Id.* at 1320.

214. *Id.* at 1320 (quoting *Gamut Trading Co. v. U.S. Int’l Trade Comm’n*, 200 F.3d 775, 779 (Fed. Cir. 1999)).

215. *Id.* at 1321.

216. *Id.* at 1322.

217. *Id.* at 1323 (quoting 19 U.S.C. § 1337(a)(1)(c)).

218. *Id.*

219. *Id.*

220. *Id.*

consumers would find significant differences between the products authorized for sale in the United States and the unauthorized products.<sup>221</sup> Thus, the court agreed with the Administrative Law Judge's determination that the differences between the harvesters were significant and held that the judge's finding was supported by substantial evidence.<sup>222</sup>

Evidence of sales of European models sold at authorized dealers in the United States complicated this case.<sup>223</sup> The court held that the unauthorized importation and sale in the United States of the Deere harvesters produced solely for sale abroad violates section 1337 only if the imported good is "materially different from all or substantially all" of the goods bearing the same mark that are authorized for sale in the United States.<sup>224</sup> Thus, Deere bore the additional burden of proving that all or substantially all of the Deere harvester sales in North America were of the North American version and not the European version.<sup>225</sup> The court found that Deere did not meet its burden.<sup>226</sup> The court imputed knowledge of these sales of European models at authorized dealers to Deere and remanded the case for further argument on this issue.<sup>227</sup> The court noted that on remand, Deere could meet its burden by showing, by a preponderance of the evidence, that the sales of the European harvesters in the United States were so minute that substantially all of Deere's sales in the United States were of the North American version harvester.<sup>228</sup>

## II. PROCEDURAL ISSUES

### A. Appeals from the Trademark Trial and Appeals Board

#### 1. *Res judicata*

In *Sharp Kabushiki Kaisha v. Thinksharp, Inc.*,<sup>229</sup> the Federal Circuit had the opportunity to address a procedural issue—the application of the doctrine of *res judicata*. In *Sharp*, the Federal Circuit affirmed the Board's decision that an applicant's choice to contest only the opposition to its word mark was not barred, via the doctrine of *res*

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221. *Id.*

222. *Id.* at 1324.

223. *Id.* at 1325.

224. *Id.* at 1323.

225. *Id.* at 1325.

226. *Id.* at 1326-27.

227. *Id.* at 1327.

228. *Id.*

229. 448 F.3d 1368 (Fed. Cir. 2006).

*judicata*, by a default judgment entered against it in opposition to its related application for a word-and-design mark.<sup>230</sup> The Federal Circuit held that the applicant, ThinkSharp, Inc. (“ThinkSharp”) “was not required to litigate both oppositions in order to preserve the right to litigate one.”<sup>231</sup>

ThinkSharp first filed an application to register the word mark THINKSHARP and later filed an application for the mark THINKSHARP-and-design.<sup>232</sup> Both marks were intended for use with educational goods and services, specifically, in the areas of problem solving and critical thinking.<sup>233</sup> After publication, Sharp Kabushiki Kaisha (“Sharp”) filed an opposition to the word mark application for THINKSHARP.<sup>234</sup> Subsequently, Sharp filed an opposition to ThinkSharp’s word-and-design registration.<sup>235</sup> In both of its oppositions, Sharp asserted that THINKSHARP was confusingly similar to and dilutive of its family of trademarks incorporating the word SHARP.<sup>236</sup>

ThinkSharp contested only Sharp’s opposition to the application for the word mark THINKSHARP.<sup>237</sup> It did not answer the word-and-design mark opposition.<sup>238</sup> Accordingly, the Board entered a default judgment for Sharp, sustaining the opposition to the word-and-design mark.<sup>239</sup> Subsequently, after the Board proceedings were completed in the word mark case, but in advance of the Board’s ruling, Sharp asserted that the doctrine of *res judicata* operated to preclude ThinkSharp from contesting the word mark opposition based on its default judgment in the word-and-design mark matter.<sup>240</sup>

The Board disagreed.<sup>241</sup> It held that “the applicant was entitled to choose to pursue one registration and abandon the other, even after oppositions had been filed” and that an applicant is “not required to defend against multiple oppositions in order to preserve its right to defend against one of them.”<sup>242</sup> In so holding, the Board concluded

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230. *Id.* at 1372.

231. *Id.* at 1372-73.

232. The first application was filed on February 26, 1999 and the second application was filed on June 4, 1999. *Id.* at 1369.

233. *Id.*

234. *Id.*

235. *Id.*

236. *Id.*

237. *Id.*

238. *Id.*

239. *Id.*

240. *Id.*

241. *Id.* at 1370.

242. *Id.* The Board initially rejected Sharp’s argument on the basis that it had failed to provide ThinkSharp with notice of its intent to rely on the default judgment and that it did not raise this issue until the close of the evidentiary period. *Id.* On

that the default judgment entered against ThinkSharp on the word-and-design mark did not preclude it from defending its application to register the word mark.<sup>243</sup> On the substantive issue of confusion, the Board found that there was no likelihood of confusion between SHARP and THINKSHARP.<sup>244</sup>

Sharp appealed only the Board's *res judicata* determination to the Federal Circuit.<sup>245</sup> The Federal Circuit began its analysis of the issue by noting that the determination of whether a claim is barred by *res judicata* is a matter of law subject to plenary review.<sup>246</sup> For *res judicata* to apply, the court stated that the merits of Sharp's opposition to ThinkSharp's word-and-design mark must have been "litigated and decided."<sup>247</sup> On this issue, Sharp argued that the legal effect of the default judgment was that the Board ruled in its favor on the merits of its pleadings in the word-and-design mark opposition, and "that Sharp's uncontested allegations therein must now be taken as undisputed fact."<sup>248</sup> ThinkSharp asserted in response that "the marks [were] not the same, that the merits were not decided, that allegations in pleadings are not proven facts, that precedent is contrary to Sharp's position, and that the Board correctly applied the rules and procedures of trademark practice."<sup>249</sup>

The Board, and ultimately the Federal Circuit, distinguished the precedent cited by Sharp. Unlike the plaintiffs in *Miller Brewing Co. v. Coy International Corp.*,<sup>250</sup> ThinkSharp did not adopt a second mark and file separate applications specifically to evade a prior judgment.<sup>251</sup> Further, the Federal Circuit found it highly relevant that the word-and-design mark judgment was entered solely on default, not on the merits of Sharp's allegations.<sup>252</sup> After noting that "precedent weighs heavily against denying litigants a day in court unless there is a clear and persuasive basis for that denial," the court stressed that the two marks were different, there had been no consideration of the merits, and "*res judicata* would deny ThinkSharp its day in court without a

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reconsideration, and after Sharp brought to the Board's attention a notice letter to ThinkSharp that was a part of the record, the Board nonetheless upheld its determination that *res judicata* did not determine the issue raised in Sharp's opposition to the word mark application. *Id.*

243. *Id.*

244. *Id.*

245. *Id.*

246. *Id.*

247. *Id.*

248. *Id.* at 1371.

249. *Id.*

250. 230 U.S.P.Q. 675, 678 (TTAB 1986).

251. 448 F.3d at 1371.

252. *Id.*

‘clear and persuasive basis for that denial.’”<sup>253</sup> Finally, the Federal Circuit noted that although “the purpose of *res judicata* is salutary, for it prevents [litigants] from being required to relitigate the same issue against the same party in a separate action,” this purpose was not served in the instant case.<sup>254</sup> The court reasoned that where, as here, a trademark owner is not seeking to evade a prior adverse judgment on the merits, precedent and sound administrative policy support “the Board’s reasoning that a trademark owner is entitled to choose which opposition to defend.”<sup>255</sup> The Federal Circuit thus affirmed the Board’s decision.<sup>256</sup>

### III. UNPUBLISHED OPINIONS

As mentioned above, four of the five decisions in which the Federal Circuit analyzed the likelihood of confusion factors were unpublished and were designated by the Court as non-precedential pursuant to Federal Circuit Rule 47.6. Local Rule 47.6(b) provided that “[a]n opinion or order which is designated as not to be cited as precedent is one unanimously determined by the panel issuing it as not adding significantly to the body of law. Any opinion or order so designated must not be employed or cited as precedent.” The Federal Circuit has strictly enforced this rule in the past, at one point even issuing a stern warning that it would sanction counsel for violating this rule.<sup>257</sup> In so doing, the Court reasoned: “Violations of . . . Rule 47.6 which prohibits the citation of nonprecedential opinions . . . are all too frequent. In addition to imposing an unfair burden on opposing parties, violations of our rules also burden the court. The court must consider a large number of appeals each year. It can only conduct its work fairly and efficiently if counsel cooperate by abiding by the pertinent rules.”

Effective December 1, 2006, however, this rule was superseded by Local Rule 32.1. This rule, which reflects what is now embodied in Federal Rule of Appellate Procedure 32.1, prohibits the court from restricting the citation of opinions or orders that it has designated as “unpublished” or “non-precedential.” Thus, Local Rule 32.1 provides, in relevant part:

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253. *Id.* at 1372 (quoting *Kearns v. Gen. Motors Corp.*, 94 F.3d 1553, 1557 (Fed. Cir. 1996)).

254. *Id.* (citing *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 (1979)).

255. *Id.*

256. *Id.*

257. In re violation of Rule 28(c), 388 F.3d 1383 (Misc. No. 774) (Fed. Cir. Nov. 5, 2004).

(b) *Nonprecedential Opinion or Order.* An opinion or order which is designated as non-precedential is one determined by the panel issuing it as not adding significantly to the body of law.

(c) *Parties' Citation of Nonprecedential Dispositions.* Parties are not prohibited or restricted from citing nonprecedential dispositions issued after January 1, 2007. This rule does not preclude assertion of claim preclusion, issue preclusion, judicial estoppel, law of the case, and the like based on a nonprecedential disposition issued before that date.

This language reflects that in FRAP 32.1.<sup>258</sup> Though the Federal Circuit local rules now permit the citing of unpublished, nonprecedential opinions, it will not give its own non-precedential opinions the effect of binding precedent.<sup>259</sup> Nor will the court consider binding the nonprecedential opinions of other courts, unless the rules of that court so require.<sup>260</sup> Local Rule 32.1(e) now allows, within sixty days after any nonprecedential opinion or order is issued, any person to request, with accompanying reasons, that the opinion or order to be reissued as precedential. If the request is granted, the court will revise the opinion or order to reflect its precedential status.

Although four of the five likelihood of confusion decisions issued by the Federal Circuit in 2006 were designated as non-precedential, it appears that, in 2007, fewer decisions will be so designated or, if they are, such designations may be timely challenged and, even if maintained, the decisions may nevertheless be cited.

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255. FRAP 32.1 provides as follows:

(a) *Citation Permitted.* A court may not prohibit or restrict the citation of federal judicial opinions, orders, judgments, or other written dispositions that have been:

(i) designated as “unpublished,” “not for publication,” “non-precedential,” “not precedent,” or the like; and

(ii) issued on or after January 1, 2007.

(b) *Copies Required.* If a party cites a federal judicial opinion, order, judgment, or other written disposition that is not available in a publicly accessible electronic database, the party must file and serve a copy of that opinion, order, judgment, or disposition with the brief or other paper in which it is cited.

256. Local Rule 32.1(d) provides: “*Court’s Consideration of Nonprecedential Dispositions.* The court may refer to a nonprecedential disposition in an opinion or order and may look to a nonprecedential disposition for guidance or persuasive reasoning, but will not give one of its own nonprecedential dispositions the effect of binding precedent. The Court will not consider nonprecedential dispositions of another court as binding precedent of that court unless the rules of that court so provide.”

257. *Id.*

*A. Likelihood of Confusion**1. Hart v. New York Yankees Partnership*

In *Hart v. New York Yankees Partnership*,<sup>261</sup> the Federal Circuit affirmed the Board's decision to sustain the New York Yankees Partnership's and Staten Island Minor League Holdings, L.L.C.'s (collectively "Yankees") opposition to Leon Hart's application to register the mark BABY BOMBERS for children's clothing and athletic wear based on priority of the use of the mark and likelihood of confusion.<sup>262</sup>

Hart filed an intent-to-use application with the Trademark Office to register the mark BABY BOMBERS for clothing and athletic wear.<sup>263</sup> The Yankees opposed Hart's mark "on the basis of their use of the common law mark BABY BOMBERS."<sup>264</sup> Citing *Hoover Co. v. Royal Appliance Mfg. Co.*,<sup>265</sup> the court noted that in order to establish their ground of opposition under section 2(d) of the Lanham Act the Yankees had to show that they had "priority of use in the mark and that Hart's mark, when used on the goods set forth in the application, would create a likelihood of confusion with the Yankees' mark."<sup>266</sup> The court further noted that because the Yankees' mark was unregistered, the Yankees had an additional burden of showing that their mark was distinctive in order to establish priority.<sup>267</sup>

Initially, the Federal Circuit noted that it would review the Board's factual findings concerning priority and distinctiveness for substantial evidence.<sup>268</sup> After reviewing the record, the court determined that the Yankees' mark was distinctive "rather than merely descriptive of the qualities or characteristics of goods or services" and noted that "Hart has alleged no specific error in the Board's analysis."<sup>269</sup> Additionally, the court concluded that Hart's priority date was July 23, 2001, the date he filed the intent-to-use application, and further endorsed the Board's finding that the Yankees had used the term BABY BOMBERS in promotional materials to refer to their minor league affiliate since its inception in 1999, several years prior to

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261. 184 F. App'x 972 (Fed. Cir. 2006) (per curiam).

262. *Id.* at 974.

263. *Id.* at 973.

264. *Id.*

265. 238 F.3d 1357 (Fed. Cir. 2001).

266. *Hart*, 184 F. App'x at 973.

267. *Id.* (citing *Towers v. Advent Software, Inc.*, 913 F.2d 942, 945 (Fed. Cir. 1990)).

268. *Id.*

269. *Id.* at 974.

Hart's priority date.<sup>270</sup> Accordingly, the Federal Circuit concluded that the "Board's finding that the Yankees have priority in the BABY BOMBERS mark is supported by substantial evidence."<sup>271</sup>

The Federal Circuit then addressed the likelihood of confusion issue, noting that it is a question of law that the court reviews without deference.<sup>272</sup> The Federal Circuit concluded that the Board properly weighed the *DuPont* factors in determining the existence of "likelihood of confusion," specifically, the similarity of the marks and whether Hart's goods and the Yankees' services were related.<sup>273</sup> The court affirmed the Board's conclusion that, when used in association with entertainment services involving baseball games, the mark BABY BOMBERS for clothing and athletic wear would be confusingly similar to the Yankees' mark.<sup>274</sup> The Board concluded, and the Federal Circuit ultimately agreed, that the marks were identical in appearance and sound and that the meaning and commercial impression of BABY BOMBERS would be identical in that it would suggest an association with the Yankees.<sup>275</sup> Regarding the similarity of the goods and services, the court stated that "Hart's athletic clothing goods were sufficiently related to the Yankees' baseball exhibition services that consumers would likely believe Hart's products were approved or licensed by the Yankees."<sup>276</sup> The Federal Circuit, therefore, affirmed the Board's decision in all respects.<sup>277</sup>

## 2. Miguel Torres, S.A. v. Bodegas Muga, S.A.

In *Miguel Torres, S.A. v. Bodegas Muga, S.A.*,<sup>278</sup> the Federal Circuit affirmed the Board's dismissal of Miguel Torres, S.A.'s ("Torres") opposition to Bodegas Muga, S.A.'s ("Muga") application to register the word-and-design mark TORRE MUGA on the Principle Register.<sup>279</sup> The court held that the Board had properly considered the relevant factors from *In re E.I. DuPont de Nemours & Co.*<sup>280</sup> and that "[t]he factors favoring Muga are sufficient, when balanced against the factors favoring Torres, to support the conclusion that Muga's

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270. *Id.* at 973.

271. *Id.* at 974.

272. *Id.* at 973.

273. *Id.* at 973-74.

274. *Id.* at 974.

275. *Id.*

276. *Id.*

277. *Id.*

278. 176 F. App'x 124 (Fed. Cir. 2006) (per curiam).

279. *Id.* at 125-26.

280. 476 F.2d 1357 (C.C.P.A. 1973).

mark is unlikely to cause confusion as to the source of the goods to which it is affixed.”<sup>281</sup>

Muga, a Spanish winery, has sold wine in the United States under the TORRE MUGA mark since 1997.<sup>282</sup> Muga registered its house mark MUGA for wines in 1995 and sells wine under this mark.<sup>283</sup> Torres is also a Spanish winery and has been selling wine in the United States under the TORRES mark since 1964.<sup>284</sup> Torres registered the word mark TORRES in 1970 and the word-and-design mark TORRES in 1986, both for brandy and wine, and it also owned the word marks MIGUEL TORRES and LAS TORRES for wines.<sup>285</sup> On March 27, 1998, Muga filed an intent-to-use application to register the word-and-design mark TORRE MUGA for wines.<sup>286</sup> On December 8, 1998, Torres filed an opposition, alleging that the similarity between the mark Muga sought to register and its own marks would “create a likelihood of confusion as to the origin of Muga’s goods.”<sup>287</sup>

In addressing the likelihood of confusion question, the Board only applied the first eight *DuPont* factors, reasoning that the other five were not relevant in this case.<sup>288</sup> The Board concluded that the second, third, and fourth factors<sup>289</sup> favored sustaining Torres’ opposition, and specifically found that the goods of both parties were identical (both parties having described their goods as “wine” in their registration applications), “the trade channels were similar, and the purchasers . . . were relatively unsophisticated.”<sup>290</sup> However, the Board also found that the first, fifth, sixth, seventh, and eighth *DuPont* factors<sup>291</sup> favored dismissing Torres’ opposition.<sup>292</sup> After balancing the factors, the Board dismissed Torres’ opposition,

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281. 176 F. App’x at 129.

282. *Id.* at 125.

283. *Id.*

284. *Id.*

285. *Id.*

286. *Id.* at 125-26.

287. *Id.* at 126.

288. *Id.*

289. The second, third, and fourth *DuPont* factors are, respectively, the similarity of the goods, the similarity of established, likely-to-be-used trade channels, and the conditions of sale and sophistication of the buyers. *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973).

290. *Miguel Torres, S.A.*, 176 F. App’x at 126. Neither party disputed these factual findings on appeal. *Id.*

291. The first, fifth, sixth, seventh, and eighth factors are, respectively, the similarity of the marks, the fame of the prior mark, third-party use of similar marks on similar goods, any actual confusion, and the extent of concurrent use without evidence of actual confusion. *In re DuPont*, 476 F.2d at 1361.

292. *Miguel Torres, S.A.*, 176 F. App’x at 126.

concluding that there was no likelihood of confusion.<sup>293</sup> Torres appealed to the Federal Circuit.<sup>294</sup>

The Federal Circuit began by noting that it would review the Board's findings regarding each *DuPont* factor for substantial evidence, and would review the overall holding regarding likelihood of confusion *de novo*.<sup>295</sup> Turning to the first *DuPont* factor—similarity of the marks—Torres argued that the Board improperly considered the differences between the marks, specifically between the words “Torres” and “Torre,” and “should have understood that prospective purchasers will likely remember only the ‘focal point’ of the marks”—the “Torre” or “tower” element.<sup>296</sup> The Board, on the other hand, had found, and the Federal Circuit ultimately affirmed, that “prospective purchasers would be likely to understand Torres’ marks as referring to either the surname ‘Torres’ or the plural of towers, while they would understand Muga’s mark as referring to either the surname ‘Muga’ or ‘Muga tower.’”<sup>297</sup> The court noted that Torres did not satisfy its burden of proof, as the opposer, because it “provide[d] no evidence concerning which aspects of the marks consumers [we]re most likely to remember.”<sup>298</sup> The court also noted that used in the singular, the word “torre” “does not connote the surname Torres or the Torres winery, but simply the word ‘tower.’”<sup>299</sup> The court concluded that this distinction, coupled with the fact that Muga only used the word “torre” together with “Muga,” was sufficient to support the Board’s finding under the first *DuPont* factor that the marks were dissimilar.<sup>300</sup>

The court next considered the fifth *DuPont* factor—the fame of the prior mark.<sup>301</sup> Torres challenged the finding by the Board that despite “awards . . . from wine industry publications and newspaper articles praising the Torres winery,” Torres’ mark was not “unquestionably famous.”<sup>302</sup> The Federal Circuit endorsed the Board’s conclusion regarding Torres’ evidence of fame, noting that the types of awards upon which Torres relied were common in the industry and that Torres’ news recognition and awards were probative of consumer awareness but “fell far short of the showing usually

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293. *Id.*

294. *Id.*

295. *Id.*

296. *Id.* at 127.

297. *Id.*

298. *Id.*

299. *Id.*

300. *Id.*

301. *Id.* at 127-28.

302. *Id.* at 128.

required to prove that a mark has acquired fame and the broad protection that accompanies it.”<sup>303</sup>

Next, the court considered Torres’ challenge to the Board’s finding that the sixth *DuPont* factor—the use of similar marks on similar goods by third parties—favored Muga.<sup>304</sup> The Board had noted that in addition to Spanish, “torre” means “tower” in Italian and Portuguese, before turning to Muga’s extensive evidence that several wines in commercial use included the word “torre.”<sup>305</sup> Torres argued that this evidence was not probative in that Muga did not provide context (such as size of the customer base) for its examples of third party use and that mere existence of the registrations did not provide evidence of consumers’ awareness of the marks.<sup>306</sup> The Federal Circuit concluded that despite the lack of context, “the sheer number and geographical distribution of Muga’s examples” gave the evidence probative value.<sup>307</sup> Accordingly, the Federal Circuit agreed with the Board that the sixth *DuPont* factor favored Muga.<sup>308</sup>

The court then considered the seventh and eighth *DuPont* factors—“the nature and extent of any actual confusion,” and “[t]he length of time during and conditions under which there has been concurrent use without evidence of actual confusion.”<sup>309</sup> The court noted that Torres had not disputed that it produced no evidence of actual confusion, but rather simply offered “plausible explanations” for this lack of evidence.<sup>310</sup> The Federal Circuit concluded that the Board had “reasonably inferred that the lack of such evidence, under the circumstances, favored Muga.”<sup>311</sup>

Having upheld the Board’s findings regarding the *DuPont* factors, the Federal Circuit agreed with the Board’s conclusion that Muga’s

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303. *Id.*

304. *Id.*

305. *Id.* The evidence submitted by Muga consisted of:

- (1) menus from several restaurants in the United States listing such wines;
- (2) evidence showing that various retail locations in the United States and several online stores offered such wines; (3) an acknowledgment by one of Torres’ witnesses that he was aware of some of the other wines containing the word “torre”; (4) the *Wine Spectator’s Ultimate Guide to Buying Wines*, listing several such wines; and (5) four trademark registrations . . . for marks incorporating the word “torre” for wines.

*Id.* at 128-29.

306. *Id.* at 129.

307. *Id.*

308. *Id.*

309. *Id.* (quoting *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973)).

310. *Id.*

311. *Id.*

proposed mark was unlikely to cause confusion and affirmed the decision of the Board.<sup>312</sup>

### 3. *El Encanto, Inc. v. La Tortilla Factory, Inc.*

In *El Encanto, Inc. v. La Tortilla Factory, Inc.*,<sup>313</sup> the Federal Circuit affirmed the Board's dismissal of El Encanto Inc. d/b/a Bueno Foods' ("Bueno Foods") opposition to registration of the mark SOY BUENO by La Tortilla Factory, Inc. ("La Tortilla").<sup>314</sup> This decision turned on an evidentiary issue and serves as a warning to trademark practitioners to heed the evidentiary rules set forth in 37 C.F.R. § 2.122(d) relating to inter parties proceedings before the Board.<sup>315</sup>

At issue was an intent-to-use application La Tortilla had filed with the USPTO to register the mark SOY BUENO for tortillas.<sup>316</sup> Bueno Foods opposed the registration, asserting "that La Tortilla's proposed mark was confusingly similar to several of its marks for tortillas and other goods."<sup>317</sup> Among Bueno Foods' marks alleged to be confusingly similar were Reg. No. 1,538,311 for the word-and-design mark BUENO (shown below):



and Reg. No 2,374,448 for the word mark BUENO (collectively, "311 and 448 marks").<sup>318</sup> In support of its likelihood of confusion argument, Bueno Foods included copies of its pleaded registrations to the notice of opposition with respect to 37 C.F.R. § 2.122(d).<sup>319</sup>

La Tortilla objected to the admission of the photocopies, arguing that they were inadmissible "because they did not show the current status of, and Bueno Foods' title to, the registrations."<sup>320</sup> Agreeing with La Tortilla, the Board did not admit the photocopies into the

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312. *Id.*

313. 201 F. App'x 773 (Fed. Cir. 2006).

314. *Id.* at 773-74.

315. *Id.* at 774.

316. *Id.*

317. *Id.*

318. *Id.*

319. *Id.* 37 C.F.R. § 2.122(d) (2006) provides, in relevant part: "(1) A registration of the opposer or petitioner pleaded in an opposition or petition to cancel will be received in evidence and made part of the record if the opposition or petition is accompanied by two copies (originals or photocopies) of the registration prepared and issued by the Patent and Trademark Office showing both the current status of and current title to the registration."

320. *El Encanto*, 201 F. App'x at 774.

record.<sup>321</sup> Bueno Foods was unable to prove likelihood of confusion between La Tortilla's SOY BUENO mark and its own 311 and 448 marks absent this evidence, and consequently, the Board dismissed the opposition.<sup>322</sup> Bueno Foods' appealed.<sup>323</sup>

The Federal Circuit began by noting that the applicable standard of review for evidentiary rulings is the abuse of discretion standard.<sup>324</sup> Turning to the evidentiary issue, the court noted that 37 C.F.R. § 2.122(d) requires a party seeking to rely on its ownership of a federal registration in an opposition proceeding to "make the registration of record."<sup>325</sup> The party may do so by:

- (1) furnishing two copies of each registration prepared and issued by the USPTO showing both the current status of and current title to the registration;
- (2) appropriate identification and introduction of the registration during the taking of testimony; or
- (3) filing a notice of reliance on the registration during Opposer's testimony period.<sup>326</sup>

This is "sufficient to show that the registration is still subsisting, and that [the party] currently owns the registration."<sup>327</sup> Indeed, as the court noted, it generally does not consider registrations that the parties do not offer into evidence in accordance with 37 C.F.R. § 2.122(d).<sup>328</sup>

Bueno Foods conceded that it had not complied with the requirements of § 2.122(d).<sup>329</sup> Nevertheless, it argued that the Board should have still considered the registrations to be part of the record "because La Tortilla had 'fair notice' that both the 311 and 448 marks were current and owned by Bueno Foods."<sup>330</sup> Relying on *Tiffany & Co. v. Columbia Industries, Inc.*<sup>331</sup> for the proposition "that registrations may be entered into evidence by means other than those enumerated in 37 C.F.R. § 2.122(d)," Bueno Foods argued that La Tortilla demonstrated its knowledge of Bueno Foods' registrations by, among other things, "accepting Bueno Foods' responses during discovery regarding the status and title in the 311 and 448 marks and

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321. *Id.*

322. *Id.*

323. *Id.* at 773.

324. *Id.* at 774.

325. *Id.*

326. *Id.* at 774-75 (citing 37 C.F.R. § 2.122(d)).

327. *Id.* at 774.

328. *Id.* at 775 (citing 37 C.F.R. § 2.123(l) (2006), which provides that "[e]vidence not obtained and filed in compliance with these sections will not be considered").

329. *Id.*

330. *Id.*

331. 455 F.2d 582 (C.C.P.A. 1972)

submitting those responses to the Board for the record.”<sup>332</sup> The Federal Circuit disagreed with Bueno Foods and distinguished *Tiffany & Co.* on the grounds that “La Tortilla did not admit Bueno Foods’ title to, or current status of, the pleaded registrations.”<sup>333</sup> Rather, La Tortilla had asserted in its answer to the opposition “that it was without knowledge or information sufficient to form a belief as to the truth of Bueno Foods’ allegations that it currently offers and sells goods and services under the 311 and 448 marks.”<sup>334</sup>

Quoting *Hewlett-Packard Co. v. Olympus Corp.*,<sup>335</sup> the Federal Circuit explained that La Tortilla’s responses in its answer were valid denials that put Bueno Foods “on notice that its claim was being challenged, thereby requiring [Bueno Foods] to prove its case.”<sup>336</sup> Despite this notice, Bueno Foods still failed to take any steps to make its registrations of record even though “it is incumbent upon the opposer to submit evidence in the requisite form to demonstrate its proprietary rights in, and the current status of, its pleaded marks.”<sup>337</sup> The court noted that the regulations provide “a simple, straightforward, and inexpensive” way of submitting such evidence.<sup>338</sup> Accordingly, because the Board was justified in enforcing its procedural rules, the Federal Circuit held that the Board did not abuse its discretion in dismissing Bueno Foods’ opposition, and it therefore affirmed the Board’s decision.<sup>339</sup>

#### 4. *Stoller v. Sutech U.S.A., Inc.*

In *Stoller v. Sutech U.S.A., Inc.*,<sup>340</sup> one of the rare cases in 2006 in which the Federal Circuit reversed (albeit in part) a determination by the Board, the court addressed several issues involving proof of ownership of federally registered marks, descriptiveness, and likelihood of confusion.<sup>341</sup> Leo Stoller filed an opposition to an application by Sutech U.S.A., Inc. (“Sutech”) to register the mark STEALTH for “machinery, namely, lawn mowers.”<sup>342</sup> The Board dismissed his opposition.<sup>343</sup> Stoller appealed to the Federal Circuit

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332. *El Encanto*, 201 F. App’x at 775.

333. *Id.*

334. *Id.*

335. 931 F.2d 1551, 1554 (Fed. Cir. 1991).

336. *El Encanto*, 201 F. App’x at 775.

337. *Id.* at 776.

338. *Id.*

339. *Id.*

340. 199 F. App’x 954 (Fed. Cir. 2006) (per curiam).

341. *Id.* at 956-59.

342. *Id.* at 956.

343. *Id.*

arguing that Sutech was not entitled to register the STEALTH mark.<sup>344</sup>

Stoller, proceeding *pro se*, raised a wide array of arguments in an attempt to reverse the Board's findings. First, Stoller argued that Sutech's trademark application was void because Sutech's parent corporation, and not Sutech itself, was the owner of the STEALTH mark.<sup>345</sup> Hence, Stoller contended, the application was void because it identified the wrong party as the applicant.<sup>346</sup> The Federal Circuit rejected this argument, noting that "between a parent and its subsidiary, ownership of a mark is 'largely a matter to be decided between the parties themselves.'"<sup>347</sup> In addition, the Federal Circuit endorsed the Board's finding that Sutech was the proper party to register the mark because it maintained the necessary "control of the nature and quality of the goods identified by the mark."<sup>348</sup>

Next, Stoller argued that the Board should deny Sutech's application because the mark was merely descriptive of Sutech's lawnmowers.<sup>349</sup> The Federal Circuit found this argument unavailing, noting that Stoller did not suggest that Sutech intended to evoke the dictionary meaning of the word "stealth."<sup>350</sup> Rather, Stoller had relied on testimony of Sutech's vice president that Sutech's lawnmowers resembled a Stealth bomber aircraft.<sup>351</sup> The Federal Circuit found this to be at best an "associative connotation," requiring a viewer to use her imagination to make the connection.<sup>352</sup> Accordingly, the Federal Circuit agreed with the Board's determination that the mark was not just descriptive.<sup>353</sup>

Stoller also made various arguments based on Sutech's use of the STEALTH mark before its application.<sup>354</sup> Specifically, Stoller argued that Sutech had only used the mark "Sutech Stealth," and not "stealth" on its own.<sup>355</sup> The Federal Circuit noted that because Sutech had filed an intent-to-use application, which does not rely on or

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344. *Id.*

345. *Id.*

346. *Id.*

347. *Id.* (quoting 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 16:37 (4th ed. 2006)).

348. *Id.*

349. *Id.*

350. *Id.*

351. *Id.*

352. *Id.* at 957.

353. *Id.*

354. *Id.*

355. *Id.*

require past use, Stoller's arguments regarding defective past use were entirely inapposite.<sup>356</sup>

Stoller next contended that Sutech's mark was unregistrable because it was functional.<sup>357</sup> The Federal Circuit noted that the bar on obtaining trademark protection for structural features was inapplicable to word marks.<sup>358</sup> Because Stoller's argument misinterprets the relevant law, the Federal Circuit rejected it.<sup>359</sup>

Finally, Stoller argued that Sutech was not entitled to register the STEALTH word mark due to likelihood of confusion, claiming that he owned twenty-six registered trademarks that incorporated the word "stealth."<sup>360</sup> As in *El Encanto, Inc. v. La Tortilla Factory, Inc.*,<sup>361</sup> discussed *supra*, this argument turned on Stoller's compliance with 37 C.F.R. § 2.122(d).<sup>362</sup> The Board determined that Stoller had "established in this record neither use of the pleaded marks nor ownership of any validly subsisting federal registrations," and so concluded that Stoller had "failed to show the requisite standing or priority of use on which to base his likelihood of confusion claim."<sup>363</sup> The Board noted that Stoller had submitted copies of his registration certificates but that "those copies [did] not indicate the current status or title of the registrations, as required by 37 C.F.R. § 2.122(d)."<sup>364</sup> Thus, the Board concluded that Stoller failed to prove that he used the "stealth" mark, or that he currently owned or registered the marks bearing that term.<sup>365</sup>

On appeal, however, Stoller additionally asserted that Sutech stipulated to his current ownership of registered marks in the notice of reliance that was entered into the record before the Board.<sup>366</sup> In the notice of reliance, Sutech stipulated to "[t]he true and correct copy of the list of attached STEALTH Federal Trademark Registrations which are owned by Leo Stoller and herein relied upon in support of the Opposer's Notice of Opposition."<sup>367</sup> This list included a reference to U.S. Reg. No. 2,024,889 for the mark "THE STEALTH" for lawn sprinklers.<sup>368</sup> The Federal Circuit noted that "on

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356. *Id.* at 957-58.

357. *Id.* at 958.

358. *Id.*

359. *Id.*

360. *Id.*

361. 201 F. App'x 773 (Fed. Cir. 2006).

362. *See supra* text accompanying notes 313-339.

363. *Stoller*, 199 F. App'x at 958.

364. *Id.*

365. *Id.*

366. *Id.*

367. *Id.*

368. *Id.* at 958-59.

its face the notice of reliance appears to indicate that Sutech conceded that Mr. Stoller owns the marks listed in the attachment to the notice of reliance.<sup>369</sup> The court thus held that:

[b]ecause the Board's opinion does not mention the notice of reliance or the stipulation contained in it, we cannot determine whether the Board overlooked that evidence or concluded for some reason that it does not satisfy the requirement that Mr. Stoller prove current ownership of the federally registered marks on which he bases his claim of likelihood of confusion.<sup>370</sup>

Accordingly, the Federal Circuit remanded to the Board, directing it "to consider whether Sutech stipulated to Mr. Stoller's rights in the 'stealth' marks referred to in [Stoller's] notice of opposition and whether this stipulation was sufficient to satisfy [Stoller's] burden to prove his current ownership of registered 'stealth' marks."<sup>371</sup> The court noted that if the Board found the stipulation sufficient, it would then have to address the merits of Stoller's likelihood of confusion claim.<sup>372</sup> As of the writing of this Article, no action has been taken by the Board upon remand.

#### CONCLUSION

The Federal Circuit's trademark decisions for the year 2006 produced some noteworthy precedent. Among the more important rulings was the Federal Circuit's adoption of a rule from the D.C. Circuit that plant varietal names are to be considered generic and unregistrable. Additionally, the court had an opportunity to offer its guidance on an important issue in trade dress law—how to distinguish product configuration from product packaging for the purposes of registrability. In its other decisions, the court reaffirmed principles it had previously set out in its case law and affirmed the decisions by the Board, the U.S. District Court and the ITC. As for its unpublished opinions, although three of the four dealt with the application of the *DuPont* likelihood of confusion factors—the most common issue in trademark law, and perhaps why the court chose not to publish these opinions—one of them pertained to an unregistered mark and another case involved the doctrine of foreign equivalents.

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369. *Id.* at 959.

370. *Id.*

371. *Id.*

372. *Id.*