

# 2014 TRADEMARK LAW DECISIONS OF THE FEDERAL CIRCUIT

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## INTRODUCTION

The U.S. Court of Appeals for the Federal Circuit issued thirteen trademark decisions in 2014, six of which are precedential,<sup>1</sup> while the other seven are nonprecedential.<sup>2</sup> Eight of the thirteen decisions involved primarily substantive issues,<sup>3</sup> while the remaining five involved mostly procedural issues.<sup>4</sup> All except one of the decisions involved appeals from the Trademark Trial and Appeal Board (TTAB) of the U.S. Patent and Trademark Office (PTO).<sup>5</sup> The remaining decision was based on an appeal from a U.S. district court.<sup>6</sup> Six of the TTAB appeals were based on opposition proceedings,<sup>7</sup> three were based on cancellation proceedings,<sup>8</sup> and three were ex parte appeals of registration refusals.<sup>9</sup>

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1. *In re St. Helena Hosp.*, 774 F.3d 747 (Fed. Cir. 2014); *StonCor Grp., Inc. v. Specialty Coatings, Inc.*, 759 F.3d 1327 (Fed. Cir. 2014); *In re Nordic Naturals, Inc.*, 755 F.3d 1340 (Fed. Cir. 2014); *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270 (Fed. Cir. 2014), *cert. denied*, 135 S. Ct. 1401 (2015); *In re Geller*, 751 F.3d 1355 (Fed. Cir. 2014), *cert. denied*, *Geller v. Patent & Trademark Office*, 135 S. Ct. 944 (2015); *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317 (Fed. Cir. 2014).

2. *In re Franciscan Vineyards, Inc.*, 593 F. App'x 997 (Fed. Cir. 2014); *Longshore v. Retail Royalty Co.*, 589 F. App'x 963 (Fed. Cir. 2014); *Cutino v. Nightlife Media, Inc.*, 575 F. App'x 888 (Fed. Cir. 2014) (per curiam); *S. Snow Mfg. Co. v. Snowizard Holdings, Inc.*, 567 F. App'x 945 (Fed. Cir. 2014); *Cigar King, LLC v. Corporacion Habanos, S.A.*, 560 F. App'x 999 (Fed. Cir. 2014); *M.Z. Berger & Co. v. Swatch AG*, 559 F. App'x 1009 (Fed. Cir. 2014); *Gutier v. Hugo Boss Trade Mark Mgmt. GmbH & Co. KG*, 555 F. App'x 947 (Fed. Cir. 2014).

3. *In re St. Helena Hosp.*, 774 F.3d 747; *In re Franciscan Vineyards, Inc.*, 593 F. App'x 997; *Longshore*, 589 F. App'x 963; *StonCor*, 759 F.3d 1327; *S. Snow Mfg. Co.*, 567 F. App'x 945; *In re Nordic Naturals, Inc.*, 755 F.3d 1340; *In re Geller*, 751 F.3d 1355; *Stone Lion*, 746 F.3d 1317.

4. *Cutino*, 575 F. App'x 888; *Empresa Cubana Del Tabaco*, 753 F.3d 1270; *Cigar King, LLC*, 560 F. App'x 999; *M.Z. Berger & Co.*, 559 F. App'x 1009; *Gutier*, 555 F. App'x 947.

5. *In re St. Helena Hosp.*, 774 F.3d 747; *In re Franciscan Vineyards, Inc.*, 593 F. App'x 997; *Longshore*, 589 F. App'x 963; *Cutino*, 575 F. App'x 888; *StonCor*, 759 F.3d 1327; *In re Nordic Naturals, Inc.*, 755 F.3d 1340; *Empresa Cubana Del Tabaco*, 753 F.3d 1270; *Cigar King, LLC*, 560 F. App'x 999; *In re Geller*, 751 F.3d 1355; *Stone Lion*, 746 F.3d 1317; *M.Z. Berger & Co.*, 559 F. App'x 1009; *Gutier*, 555 F. App'x 947.

6. *S. Snow Mfg. Co.*, 567 F. App'x 945.

7. *In re Franciscan Vineyards, Inc.*, 593 F. App'x 997, 998; *Longshore*, 589 F. App'x 963, 964; *Cutino*, 575 F. App'x at 888; *StonCor*, 759 F.3d at 1329; *Stone Lion*, 746 F.3d at 1319; *M.Z. Berger & Co.*, 559 F. App'x at 1009–10.

8. *Empresa Cubana Del Tabaco*, 753 F.3d at 1271; *Cigar King, LLC*, 560 F. App'x at 999; *Gutier*, 555 F. App'x at 947.

9. *In re St. Helena Hosp.*, 774 F.3d at 749; *In re Nordic Naturals, Inc.*, 755 F.3d at 1341; *In re Geller*, 751 F.3d at 1356.

The Federal Circuit affirmed the lower tribunal in eight of the thirteen decisions.<sup>10</sup> It reversed the TTAB in three cases,<sup>11</sup> one of which involved substantive trademark issues.<sup>12</sup> It dismissed the appeal in one case as moot,<sup>13</sup> and it dismissed a cross-appeal in another case as improper.<sup>14</sup> The Federal Circuit considered one matter of first impression, namely, whether a claim for fraud under section 38 of the Lanham Act may only be asserted on the basis of a registered trademark.<sup>15</sup> Finally, the Federal Circuit issued another six summary affirmances in appeals from TTAB proceedings without opinions.<sup>16</sup>

This Article discusses each of the Federal Circuit's thirteen trademark opinions in 2014. The discussions are grouped by the cases' primary issue. The first part of this Article will discuss opinions that dealt with substantive trademark issues, while the second part will examine opinions that were primarily focused on procedural issues.

## I. SUBSTANTIVE TRADEMARK ISSUES

### A. Likelihood of Confusion

#### 1. Stone Lion Capital Partners, L.P. v. Lion Capital, LLP

In *Stone Lion Capital Partners, L.P. v. Lion Capital, LLP*,<sup>17</sup> the Federal Circuit affirmed the TTAB's decision to refuse registration of the mark STONE LION CAPITAL by Stone Lion Capital Partners, L.P. ("Stone Lion") on the ground that it created a likelihood of

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10. *In re Franciscan Vineyards, Inc.*, 593 F. App'x 997, 998; *Longshore*, 589 F. App'x 963, 964; *StonCor*, 759 F.3d at 1329; *S. Snow Mfg. Co.*, 567 F. App'x at 948; *In re Nordic Naturals, Inc.*, 755 F.3d at 1342; *In re Geller*, 751 F.3d at 1357; *Stone Lion*, 746 F.3d at 1319; *Gutier*, 555 F. App'x at 947.

11. *In re St. Helena Hosp.*, 774 F.3d at 749; *Cutino*, 575 F. App'x at 888; *Empresa Cubana Del Tabaco*, 753 F.3d at 1271.

12. *In re St. Helena Hosp.*, 774 F.3d 747.

13. *Cigar King, LLC*, 560 F. App'x at 999.

14. *M.Z. Berger & Co. v. Swatch AG*, 559 F. App'x 1009, 1009–10 (Fed. Cir. 2014).

15. *S. Snow Mfg. Co.*, 567 F. App'x at 958.

16. *Nettadoz Enters. v. Cintron Beverage Grp., LLC*, 577 F. App'x 1005, 1006 (Fed. Cir. 2014) (per curiam); *Terry v. Newman*, 556 F. App'x 964, 965 (Fed. Cir. 2014) (per curiam); *Chesapeake Marine Tours, Inc. v. Alcatraz Media, Inc.*, 565 F. App'x 900, 900 (Fed. Cir. 2014) (per curiam); *C. & J. Clark Int'l Ltd. v. Unity Clothing Inc.*, 561 F. App'x 921, 921 (Fed. Cir. 2014) (per curiam); *In re Doctors Making Housecalls, LLC*, 557 F. App'x 1000, 1000 (Fed. Cir. 2014) (per curiam); *Costantine v. C.F.M. Distrib. Co.*, 553 F. App'x 1005, 1005 (Fed. Cir. 2014) (per curiam).

17. 746 F.3d 1317 (Fed. Cir. 2014).

confusion with two prior registrations for the marks LION CAPITAL and LION owned by Lion Capital, LLP (“Lion Capital”).<sup>18</sup>

Stone Lion, an investment management company, sought registration of the mark STONE LION CAPITAL based on an intent to use the mark for “financial services, namely investment advisory services, management of investment funds, and fund investment services.”<sup>19</sup> Lion Capital opposed the application, alleging a likelihood of confusion under section 2(d) of the Lanham Act<sup>20</sup> with its prior registration for the mark LION CAPITAL covering “equity capital investment and venture capital services” and its prior registration for the mark LION covering “financial and investment planning and research, investment management services, and capital investment consultation.”<sup>21</sup>

In evaluating Lion Capital’s claim, the TTAB applied the traditional likelihood-of-confusion factors<sup>22</sup> set forth in *In re E.I.*

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18. *Id.* at 1318–19.

19. *Id.* at 1319.

20. See 15 U.S.C. § 1052(d) (2012) (providing that a trademark shall not be refused registration unless it consists of a mark that is “likely . . . to cause confusion, or to cause mistake, or to deceive” with an existing registered mark or an existing mark or name used in the United States).

21. *Stone Lion*, 746 F.3d at 1319 (internal quotation marks omitted).

22. The TTAB should consider, among others, the following factors in determining whether a likelihood of confusion exists:

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression.
- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- (3) The similarity or dissimilarity of established, likely-to-continue trade channels.
- (4) The conditions under which and buyers to whom sales are made, i.e. “impulse” vs. careful, sophisticated purchasing.
- (5) The fame of the prior mark (sales, advertising, length of use).
- (6) The number and nature of similar marks in use on similar goods.
- (7) The nature and extent of any actual confusion.
- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
- (9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark).
- (10) The market interface between applicant and the owner of a prior mark. . . .
- (11) The extent to which applicant has a right to exclude others from use of its mark on its goods.
- (12) The extent of potential confusion, i.e., whether *de minimis* or substantial.
- (13) Any other established facts probative of the effect of use.

*DuPont DeNemours & Co.*<sup>23</sup> The TTAB found that *DuPont* factors one through four weighed in favor of a likelihood of confusion.<sup>24</sup> As to the first factor, the similarity of the marks, the TTAB found that the STONE LION CAPITAL mark incorporated the entirety of Lion Capital's marks, and that the term LION was "the dominant part of both parties' marks."<sup>25</sup> It further held that the term "STONE" in the applicant's mark was insufficient to distinguish the marks,<sup>26</sup> rendering them "similar in sight, sound, meaning, and overall commercial impression."<sup>27</sup> With regard to the second factor, the similarity of services, the TTAB found that at least some of the services identified in Stone Lion's application were "legally identical" to those covered by Lion Capital's registrations.<sup>28</sup>

The TTAB found that the third *DuPont* factor, the similarity of trade channels, weighed strongly in support of a likelihood of confusion because some of the parties' recited services were "legally identical," leading the TTAB to presume that "the services travel[ed] [through] the same channels of trade and [were] sold to the same class of purchasers."<sup>29</sup>

The fourth *DuPont* factor also supported a finding of a likelihood of confusion. While the TTAB recognized that the parties targeted sophisticated investors, the TTAB was required to consider the services as set forth in the parties' registrations and application, which did not limit the services to any particular class of purchaser.<sup>30</sup>

The TTAB found the remaining *DuPont* factors on which the parties presented evidence—namely, the strength of Lion Capital's

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*Id.* at 1319–20 (alteration in original) (quoting *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973)).

23. 476 F.2d 1357 (C.C.P.A. 1973).

24. *Stone Lion*, 746 F.3d at 1320.

25. *Id.* (internal quotation marks omitted).

26. *Id.* (internal quotation marks omitted); see *Lion Capital LLP v. Stone Lion Capital Partners*, No. 91191681, 2013 WL 2329834, at \*8 (T.T.A.B. Jan. 18, 2013) ("Although the word 'STONE' appears first in applicant's mark and contributes to the mark's commercial impression, it is an adjective modifying the noun 'LION,' which we view as the dominant part of both parties' marks. We find in this case that the addition of the word 'STONE' is not sufficient to distinguish the marks in the context of the parties' services, and we find them to be similar in sight, sound, meaning, and overall commercial impression."), *aff'd*, 746 F.3d 1317 (Fed. Cir. 2014).

27. *Stone Lion*, 746 F.3d at 1320.

28. *Id.* (internal quotation marks omitted).

29. *Id.* (first and third alteration in original) (internal quotation marks omitted).

30. *Id.*

marks<sup>31</sup> and the nature of similar third-party marks<sup>32</sup>—to be neutral.<sup>33</sup> Weighing the relevant factors, the TTAB held that Lion Capital established a likelihood of confusion and refused registration of Stone Lion’s mark.<sup>34</sup>

On appeal to the Federal Circuit, Stone Lion first argued that the TTAB failed to assess the overall commercial impression created by the STONE LION CAPITAL mark as a whole and instead improperly dissected the mark and gave undue weight to the shared term LION.<sup>35</sup> The Federal Circuit, however, disagreed with Stone Lion and found that the TTAB had properly assessed the similarities between the marks by giving greater weight to the dominant term “LION” in both parties’ marks and by according less weight to the term “STONE” in the applicant’s mark.<sup>36</sup> The Federal Circuit also rejected Stone Lion’s argument that its mark sounded different and conveyed a different meaning than Lion Capital’s “LION” mark.<sup>37</sup> Finally, the Federal Circuit found that the TTAB did not err in giving little weight to the fact that Lion Capital had made arguments during the prosecution of its own application to register the LION CAPITAL mark to distinguish it from a prior third-party registration for the mark ROARING LION.<sup>38</sup>

The Federal Circuit also agreed with the TTAB’s findings on the third *DuPont* factor regarding the similarity of trade channels.<sup>39</sup> Stone Lion argued that the TTAB failed to consider the differences between the types of people within the organizations to which the parties target their services and that it disregarded evidence that the

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31. The TTAB found that Stone Lion failed to demonstrate “that its marks [were] well-known in the financial services field.” *Id.* (internal quotation marks omitted).

32. Stone Lion submitted Internet printouts showing third-party investment entities using “LION” in their name. The TTAB gave little weight to this evidence, however, holding that “such third-party evidence . . . generally has minimal probative value where, as here, it is not accompanied by any evidence of consumer awareness.” *Id.* (internal quotation marks omitted). The TTAB found that “there was not a crowded field of LION-formative marks” to diminish the strength of Stone Lion’s pleaded marks. *Id.* at 1320–21.

33. *Id.* at 1320.

34. *Id.* at 1321.

35. *Id.* at 1321–22.

36. *Id.* at 1322.

37. *Id.*

38. *Id.* The Federal Circuit explained that “[a] party’s prior arguments may be considered as ‘illuminative of shade and tone in the total picture,’ but do not alter the Board’s obligation to reach its own conclusion on the record.” *Id.* (quoting *Interstate Brands Corp. v. Celestial Seasonings, Inc.*, 576 F.2d 926, 929 (C.C.P.A. 1978)).

39. *Id.* at 1322–23.

parties' actual investors did not overlap.<sup>40</sup> The Federal Circuit found that it was proper for the TTAB "to focus on the application and registrations rather than on real-world conditions, because 'the question of registrability of an applicant's mark must be decided on the basis of the identification of goods set forth in the application.'"<sup>41</sup> Thus, "[a]n application with 'no restriction on trade channels' cannot be 'narrowed by testimony that the applicant's use is, in fact, restricted to a particular class of purchasers.'"<sup>42</sup>

Regarding the fourth *DuPont* factor, Stone Lion argued that the TTAB erred in considering the sophistication of the parties' customers, i.e., sophisticated, high-wealth investors with whom the parties must already have preexisting relationships due to federal securities regulations.<sup>43</sup> However, the Federal Circuit refused to disregard the broad scope of services recited in Stone Lion's application, which was not limited to such consumers but, rather, was expansive enough to encompass "ordinary consumers seeking to invest in services with no minimum investment requirement."<sup>44</sup>

The Federal Circuit concluded that the TTAB properly evaluated the *DuPont* factors in reaching its conclusion that Stone Lion's application created a likelihood of confusion and affirmed the decision to refuse registration of the STONE LION CAPITAL mark.<sup>45</sup>

## 2. StonCor Group, Inc. v. Specialty Coatings, Inc.

In *StonCor Group, Inc. v. Specialty Coatings, Inc.*,<sup>46</sup> the Federal Circuit affirmed the TTAB's dismissal of StonCor Group Inc.'s ("StonCor") opposition against an application by Specialty Coatings, Inc. ("Specialty") to register the mark ARMORSTONE based on a likelihood of confusion with StonCor's prior STONSHIELD mark and on the grounds that Specialty's mark is merely descriptive.<sup>47</sup>

StonCor sells epoxy coatings used on concrete floors and owns a registration for the mark STONSHIELD for "floors and flooring systems comprised of epoxy resins . . . for use in industrial and

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40. *Id.* at 1323.

41. *Id.* (quoting *Octocom Sys., Inc. v. Houston Computer Servs. Inc.*, 918 F.2d 937, 942 (Fed. Cir. 1990)).

42. *Id.* (quoting *Octocom Sys., Inc.*, 918 F.2d at 943).

43. *Id.* at 1323–24.

44. *Id.* at 1324–25.

45. *Id.* at 1325–26.

46. 759 F.3d 1327 (Fed. Cir. 2014).

47. *Id.* at 1329.

institutional applications.”<sup>48</sup> Its competitor, Specialty, filed an application for the mark ARMORSTONE for use in connection with “[e]poxy coating for use on concrete industrial floors.”<sup>49</sup> StonCor opposed Specialty’s application alleging, among other things, that its mark created a likelihood of confusion with StonCor’s prior registered mark and that the ARMORSTONE mark was merely descriptive of Specialty’s goods and was thus not entitled to registration absent secondary meaning, which Specialty had not shown.<sup>50</sup>

The TTAB considered evidence the parties submitted on ten of the *DuPont* factors and found that Specialty’s mark did not create a likelihood of confusion, primarily because the marks “[we]re too distinct in sound, appearance, and commercial impression.”<sup>51</sup> The TTAB found that the first factor, the similarity of the marks, weighed against a finding of likelihood of confusion.<sup>52</sup> Specifically, the TTAB concluded that the “STON” portion of the STONSHIELD mark would be pronounced with a short “o” sound, while the “STONE” portion of the ARMORSTONE mark would be pronounced with a long “o” sound, resulting in the marks being dissimilar in pronunciation.<sup>53</sup> The TTAB found other meaningful differences between the marks, including that the components “STON” and “STONE” were spelled differently and appeared at different places within the parties’ marks and that the parties’ marks each contained a different number of syllables.<sup>54</sup> The TTAB found the sixth *DuPont* factor, the number and nature of similar marks used on similar goods, to be neutral because neither party submitted evidence of the number of third-party marks that were similar to StonCor’s STONSHIELD mark.<sup>55</sup> The TTAB also considered StonCor’s claim that the ARMORSTONE mark is merely descriptive and found that StonCor failed to provide sufficient evidence that the mark conveys

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48. *Id.* (alteration in original).

49. *Id.* at 1329–30 (alteration in original) (internal quotation marks omitted).

50. *Id.* at 1330; *see* 15 U.S.C. § 1052(e)(1), (f) (2012) (prohibiting registration of a mark on the principal register that is merely descriptive when used in connection with the applicant’s goods, unless the mark has become distinctive of the applicant’s goods in commerce).

51. *StonCor*, 759 F.3d at 1330.

52. *Id.*

53. *Id.*

54. *Id.*

55. *Id.* The Federal Circuit only analyzed *DuPont* factors one and six, which were the only two factors that StonCor challenged on appeal. *Id.*



information regarding a significant quality, characteristic, function, or feature of the applied-for services.<sup>56</sup>

On appeal, the Federal Circuit agreed with StonCor that the TTAB erred in creating its own rule that the “o” in the STONSHIELD mark would be pronounced with a short “o” sound.<sup>57</sup> Evidence in the record, including that StonCor’s employees and sales force pronounce the mark with a long “o” (as in “stone”), demonstrated that consumers would pronounce the mark as “stone.”<sup>58</sup> Specialty submitted no evidence to the contrary.<sup>59</sup> The Federal Circuit clarified that “[w]here a trademark is not a recognized word and the weight of the evidence suggests that potential consumers would pronounce the mark in a particular way, it is error for the Board to ignore this evidence entirely and supply its own pronunciation.”<sup>60</sup>

Nevertheless, the Federal Circuit held that the TTAB’s error regarding the pronunciation of StonCor’s mark was harmless. The court found that the TTAB’s remaining findings that the parties’ marks are dissimilar<sup>61</sup> were all supported by substantial evidence and sufficient to find that the first *DuPont* factor weighs against a likelihood of confusion.<sup>62</sup>

As for the sixth *DuPont* factor, the Federal Circuit rejected StonCor’s arguments that the TTAB erred in discounting its evidence that third parties use the term “armor stone” for similar products.<sup>63</sup> The Federal Circuit explained that this *DuPont* factor considers the impact that third-party marks have on the mark of the *opposer*, not the mark of the *applicant*.<sup>64</sup> StonCor provided no credible explanation for how the alleged evidence of third-party uses of “armor stone” supported a finding of likelihood of confusion in this case.<sup>65</sup>

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56. *Id.* at 1330–31.

57. *Id.* at 1331–32.

58. *Id.* at 1331.

59. *Id.*

60. *Id.* at 1332 (holding that “STON” is not a recognized word in the English language).

61. The TTAB also found that the marks were different due to: (1) the different spellings of “STON” and “STONE,” (2) the different placement of those terms within the parties’ marks, (3) the different number of syllables in each of the parties’ complete marks, and (4) the different overall commercial impressions conveyed by the marks in their entirety. *Id.*

62. *Id.*

63. *Id.*

64. Evidence of similar third-party marks may be relevant to the strength or weakness of the mark of the opposing party, which is probative on the issue of likelihood of confusion. *Id.*

65. *Id.*

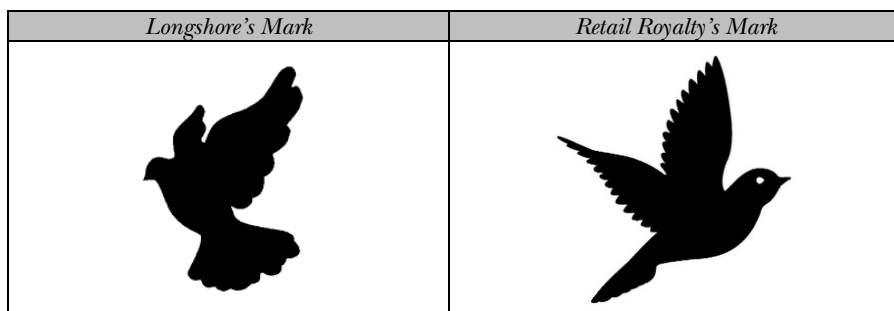
Turning to StonCor’s descriptiveness claim, the Federal Circuit agreed with the TTAB’s conclusion that there was no evidence in the record to show that Specialty’s mark was merely descriptive.<sup>66</sup> The TTAB held that the fact that Specialty’s advertising materials showed that it used the term “stone” in a descriptive manner did not render its mark merely descriptive as a whole.<sup>67</sup>

The Federal Circuit found that the TTAB’s findings on both the issues of likelihood of confusion and descriptiveness were supported by substantial evidence, and affirmed the dismissal of StonCor’s opposition.<sup>68</sup>

### 3. Longshore v. Retail Royalty Co.

In *Longshore v. Retail Royalty Co.*,<sup>69</sup> the Federal Circuit affirmed the TTAB’s decision to refuse registration of Michael Longshore’s (“Longshore”) mark on the basis that it created a likelihood of confusion with Retail Royalty Company’s (“Retail Royalty”) previously registered mark.<sup>70</sup>

Longshore sought registration of a mark depicting a flying bird on an intent-to-use basis.<sup>71</sup> Retail Royalty opposed the application based on a likelihood of confusion with its registered mark depicting a flying bird under section 2(d) of the Lanham Act.<sup>72</sup> Both marks are shown below.



66. *Id.* at 1333.

67. *Id.*; see also *Stoncor Grp., Inc. v. Specialty Coatings, Inc.*, No. 91187787, 2012 WL 2588576, at \*9–10 (T.T.A.B. June 22, 2012) (explaining that StonCor’s argument regarding Specialty’s descriptive use of the term “stone” was based on a misunderstanding of the standard for descriptiveness in connection with a unitary mark), *aff’d*, 759 F.3d 1327 (Fed. Cir. 2014).

68. *Stoncor*, 759 F.3d at 1333.

69. 589 F. App’x 963 (Fed. Cir. 2014).

70. *Id.* at 964.

71. *Id.*

72. *Id.* at 965.

Longshore sought registration of his mark for

A-shirts; Athletic apparel, namely, shirts, pants, jackets, footwear, hats and caps, athletic uniforms; Dress shirts; Hooded sweat shirts; Knit shirts; Long-sleeved shirts; Night shirts; Opennecked shirts; Polo shirts; Shirts; Shirts for suits; Short-sleeved or long-sleeved t-shirts; Shortsleeved shirts; Sleep shirts; Sport shirts; Sports shirts with short sleeves; Sweat shirts; T-shirts; Turtle neck shirts; Wearable garments and clothing, namely, shirts, in Class 25.<sup>73</sup>

Retail Royalty's mark is registered for "[w]earing apparel, clothing, and clothing accessories, namely, bottoms, gym suits, tops, lingerie, pants, shirts, shorts, skirts, sleep wear, sweaters, swim wear, underwear, footwear, and headwear, in Class 25."<sup>74</sup> The mark is also registered in Class 25 for "[w]earing apparel, clothing, and clothing accessories, namely, beachwear, jackets, leg warmers, loungewear, robes, and scarves."<sup>75</sup>

Applying the *DuPont* factors, the TTAB looked at (1) the relevant channels of trade and classes of purchasers, (2) the strength of the registered mark, and (3) the similarity of the marks in terms of appearance and overall commercial impression. Because the application and registration listed a number of identical goods, the TTAB presumed that the goods "would have the same channels of trade and classes of purchasers."<sup>76</sup> The TTAB also found "that Retail Royalty's mark [wa]s arbitrary and inherently strong when used with clothing."<sup>77</sup> Lastly, because the two marks depict silhouettes of a flying bird, the TTAB found the marks to be "similar in terms of appearance and commercial impression."<sup>78</sup> Balancing these considerations, the TTAB found that Longshore's mark would likely cause confusion with Retail Royalty's mark and, therefore, refused to register Longshore's mark.<sup>79</sup>

Longshore appealed, arguing that the TTAB erred in (1) "characterizing both images as depicting doves" when in fact one was a bird of prey, (2) "determining that [the] marks would be used for goods with the same channels of trade and classes of purchasers," and

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73. *Id.* at 964.

74. *Id.* (alteration in original) (internal quotation marks omitted).

75. *Id.* (alteration in original) (internal quotation marks omitted).

76. *Id.* at 965.

77. *Id.*

78. *Id.* (internal quotation marks omitted).

79. *Id.*

(3) “failing to consider a third-party’s use of a bird silhouette design when assessing the strength of Retail Royalty’s mark.”<sup>80</sup>

With regard to Longshore’s first argument, the Federal Circuit held the TTAB’s characterization of both marks as doves was irrelevant.<sup>81</sup> Design marks that are incapable of being spoken, the court explained, must be evaluated primarily on the basis of their “visual similarity.”<sup>82</sup> The Federal Circuit held that the TTAB’s conclusion that the marks had a similar appearance and overall commercial impression was supported by substantial evidence.<sup>83</sup>

Longshore argued that his mark would be used for “inspirational wear,” which, on appeal, he described as “Universal Peacewear.”<sup>84</sup> By comparison, he argued, Retail Royalty’s mark was used only for women’s apparel. The Federal Circuit held, however, that because Longshore’s application “does not restrict the use of his mark to inspirational or peace-related clothing” and because Retail Royalty’s registration is not limited to women’s apparel, the “goods and services are presumed to travel in the same channels of trade to the same class of purchasers.”<sup>85</sup>

Lastly, the Federal Circuit noted that the TTAB did consider third-party use of the bird silhouette design depicted below:



The TTAB had given little weight to this third-party use, however, due to the lack of any evidence indicating the extent of the design’s usage or exposure to the public.<sup>86</sup> The Federal Circuit agreed, holding that the TTAB did not err in finding this use had limited

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80. *Id.* at 965–66.

81. *Id.* at 965.

82. *Id.* (citing *In re* ATV Network Ltd., 552 F.2d 925, 927 (C.C.P.A. 1977)).

83. *Id.* (internal quotation marks omitted).

84. *Id.* at 966 (internal quotation marks omitted).

85. *Id.*

86. *Id.*

probative value when there was no evidence showing the extent of its use or the public's awareness of its existence.<sup>87</sup>

The Federal Circuit affirmed the TTAB's decision to refuse registration of Longshore's mark.<sup>88</sup>

#### 4. *In re Franciscan Vineyards, Inc.*

In *In re Franciscan Vineyards, Inc.*,<sup>89</sup> the Federal Circuit affirmed the TTAB's decision dismissing Franciscan Vineyards, Inc.'s ("Franciscan") opposition to an application filed by Domaines Pinnacle, Inc. ("Domaines Pinnacle") to register the following mark in connection with "apple juices and apple-based non-alcoholic beverages".<sup>90</sup>



Franciscan opposed registration of Domaines Pinnacle's mark on the grounds that it would likely cause confusion under section 2(d) of the Lanham Act<sup>91</sup> with its previously registered marks PINNACLES for "wine" and PINNACLES RANCHES for "wines."<sup>92</sup>

The TTAB evaluated the opposition based on the following *DuPont* factors: (1) the similarity of the marks, (2) the similarity and nature of the goods, (3) the similarity of trade channels, (4) the similarity in classes of consumers, (5) the fame of the prior mark, (6) the number and nature of similar marks in use on similar goods, and (7) the market interface between the parties.<sup>93</sup>

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87. *Id.*

88. *Id.* at 967.

89. 593 F. App'x 997 (Fed. Cir. 2014).

90. *Id.* at \*1; *Franciscan Vineyards, Inc. v. Domaines Pinnacle, Inc.*, No. 91178682, 2013 WL 5820844 (T.T.A.B. Oct. 16, 2013), *aff'd*, *In re Franciscan Vineyards, Inc.*, No. 593 F. App'x 997 (Fed. Cir. 2014).

91. *See* 15 U.S.C. § 1052(d) (2012).

92. *In re Franciscan Vineyards, Inc.*, 593 F. App'x 997, 998 (internal quotation marks omitted).

93. *Id.*

With regard to the similarity of the marks, the TTAB found that the word “PINNACLE” was the dominant element of Domaines Pinnacle’s mark and that despite the differences in wording and the presence of the design element, the parties’ marks were similar in appearance, sound, connotation, and commercial impression.<sup>94</sup> The TTAB also found that the parties’ respective goods travel in the same channels of trade and will be encountered by the same classes of consumers.<sup>95</sup> These *DuPont* factors, the TTAB found, favored a finding of likelihood of confusion.<sup>96</sup>

With regard to the similarity and nature of the goods, the TTAB found the evidence insufficient to show that the parties’ goods were related for purposes of likelihood of confusion.<sup>97</sup> Franciscan presented evidence that the parties are competitors in Canada and that Franciscan’s parent company wholly owned three other Canadian companies that sold wines and ciders. This, the TTAB found, was insufficient to show relatedness of the goods and weighed against a likelihood of confusion.<sup>98</sup>

The TTAB found the remaining factors—namely, the fame of the mark, the number and nature of similar marks in use on similar goods, and the market interface between the marks—were neutral.<sup>99</sup> Balancing these factors, the TTAB found that the lack of evidence showing relatedness of the goods outweighed the other factors and, therefore, dismissed Franciscan’s opposition.<sup>100</sup>

On appeal, Franciscan argued that Franciscan’s wines and Domaines Pinnacle’s “apple juices and apple-based non-alcoholic beverages” were related goods” and that its mark was famous for likelihood-of-confusion purposes.<sup>101</sup> However, the Federal Circuit upheld the TTAB’s finding that Franciscan “failed to present evidence to show that the goods at issue were related.”<sup>102</sup> It, too, found that the evidence that the parties were competitors in Canada, and that Franciscan’s parent company wholly owned three other

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94. *Franciscan Vineyards, Inc.*, 2013 WL 5820844, at \*3.

95. *Id.* at \*6.

96. *Id.* at \*3–4, \*6.

97. *Id.* at \*7.

98. *Id.* at \*8.

99. *Id.* at \*4–5, \*8.

100. *Id.* at \*8–9.

101. *In re Franciscan Vineyards, Inc.*, 593 F. App’x 997, 999 (Fed. Cir. Dec. 9, 2014).

102. *Id.*

Canadian companies that sold wines and ciders, was insufficient to prove that the goods were related.<sup>103</sup>

The Federal Circuit further agreed that the TTAB's prior decision in *In re Jakob Demmer KG*,<sup>104</sup> which had affirmed a trademark examiner's refusal of a mark based on the relatedness of the goods "cider" and "wine," was not controlling.<sup>105</sup> The TTAB had applied a more permissive standard in *Jakob Demmer* due to the ex parte nature of that proceeding.<sup>106</sup> Here, due to the *inter partes* nature of the proceeding, the burden was on the opposer to introduce evidence of the relatedness of the goods.<sup>107</sup> Franciscan did not introduce sufficient evidence demonstrating the relatedness of the goods, and the Federal Circuit found that the TTAB did not err in refusing to adopt a general rule that cider and wine were per se related.<sup>108</sup>

The Federal Circuit did not find Franciscan's remaining arguments persuasive and upheld the TTAB's finding that there was no likelihood of confusion between the marks.<sup>109</sup>

##### 5. *In re St. Helena Hospital*

In *In re St. Helena Hospital*,<sup>110</sup> the Federal Circuit reversed the TTAB's refusal to register St. Helena Hospital's ("St. Helena") TAKETEN mark based on a likelihood of confusion with a prior registration for the mark TAKE 10! and remanded for further proceedings.<sup>111</sup>

St. Helena operates a ten-day residential health improvement program at its California facility under the mark TAKETEN.<sup>112</sup> It applied to register the mark with the PTO for "[h]ealth care services, namely, evaluating weight and lifestyle health and implementing weight and lifestyle health improvement plans in a hospital-based residential program."<sup>113</sup> The PTO examiner refused registration, citing a likelihood of confusion with a prior registration for the mark TAKE 10! covering "printed manuals, posters, stickers, activity cards and educational worksheets dealing with physical activity and physical

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103. *Id.*

104. 219 U.S.P.Q. 1199 (T.T.A.B. 1983).

105. *In re Franciscan Vineyards, Inc.*, 593 F. App'x 997, 1000.

106. *Id.*

107. *Id.*

108. *Id.* at 999-1000.

109. *Id.* at 1000.

110. 774 F.3d 747 (Fed. Cir. 2014).

111. *Id.* at 749.

112. *Id.*

113. *Id.* (alteration in original) (internal quotation marks omitted).

fitness . . . .”<sup>114</sup> St. Helena appealed the refusal of its registration to the TTAB, which considered *DuPont* factors one through four and held that the balance of factors supported a finding of a likelihood of confusion, and, thus, affirmed the refusal of St. Helena’s mark.<sup>115</sup>

On appeal, the Federal Circuit first considered the TTAB’s ruling on the similarity of the marks in appearance, sound, meaning, and overall commercial impression.<sup>116</sup> The TTAB had concluded that the marks were “phonetically identical,” that the “word ‘ten’ and the numeral ‘10’” have the same meaning, and that, in context, both marks share the same connotation—namely, to take a break from work.<sup>117</sup> St. Helena argued that the TTAB erred because it disregarded three important differences between St. Helena’s TAKETEN mark and the cited TAKE 10! mark: (1) the spelling out of the word “ten” versus the numeral “10;” (2) the absence of a space between “TAKE” and “TEN;” and (3) the absence of an exclamation point in the TAKETEN mark.<sup>118</sup>

The Federal Circuit acknowledged that there were some differences in the appearance of the marks but found that nothing in the record supported St. Helena’s arguments that the differences were sufficient to distinguish them.<sup>119</sup> As to sound, the Federal Circuit rejected St. Helena’s argument that the exclamation point in the cited mark alters its pronunciation such that it would be uttered with emphasis while the TAKETEN mark would be spoken in a relaxed fashion.<sup>120</sup>

Turning to the connotation of the marks at issue, St. Helena had argued that the parties’ respective specimens of record showed that their marks actually conveyed different messages, with St. Helena’s TAKETEN connoting a ten-day health and fitness program and the cited TAKE 10! mark implying taking ten minutes out of one’s day.<sup>121</sup> The Federal Circuit acknowledged that the parties’ specimens might indeed have referred to different measures of time, i.e., days

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114. *Id.* (internal quotation marks omitted).

115. *Id.* at 749–50.

116. *Id.* at 750–51.

117. *Id.* at 750.

118. *Id.*

119. *Id.* at 750–51 (noting that the proper inquiry is not to do “a side-by-side comparison” but, rather, to consider the marks “in light of the fallibility of memory” (quoting *San Fernando Elec. Mfg. Co. v. JFD Elecs. Components Corp.*, 565 F.2d 683, 685 (C.C.P.A. 1977))).

120. *Id.* at 751.

121. *Id.*



and minutes.<sup>122</sup> However, neither of the parties' descriptions of goods specified a measure, or length of time, or otherwise clarified the meaning of the "TEN" and "10" portions of the marks.<sup>123</sup> Thus, the Federal Circuit held there was substantial evidence for the TTAB to find that the marks conveyed the same meaning—namely, to take a break.<sup>124</sup>

The Federal Circuit also agreed with the TTAB's conclusion that the marks conveyed the same commercial impression, thus rejecting St. Helena's contention that the exclamation point in the TAKE 10! mark made that mark "more of a shout or command as compared to the suggestion engendered by St. Helena's mark 'TAKETEN.'"<sup>125</sup>

The Federal Circuit next addressed the TTAB's findings on the similarities between the parties' goods and services. The TTAB had held that printed materials and health care services provided under similar marks are sufficiently related such that consumers would believe they come from the same source.<sup>126</sup> For support, it relied on "instances in which written materials were provided in connection with [health care] services similar to those of St. Helena" and found that the goods and services are complementary.<sup>127</sup>

The Federal Circuit held that there was a lack of substantial evidence to support this finding. It noted that most of the printed materials cited by the TTAB were not actually in the record, and that the printed materials made of record to support the relatedness of goods/services argument were distinguishable.<sup>128</sup> The Federal Circuit went on to clarify that "[i]n situations like the present, in which the relatedness of the goods and services is obscure or less evident, the PTO will need to show 'something more' than the mere fact that the

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122. *Id.*

123. *Id.*

124. *Id.*

125. *Id.* at 751–52.

126. *Id.* at 752.

127. *Id.*

128. One of the two materials considered by the Federal Circuit consisted of a newsletter for the Duke Diet & Fitness Center, which featured the Duke trademark but was not the same type of printed material covered by the cited registration. *Id.* Thus, it failed to show use of the same trademark in connection with both health care services and the relevant printed materials at issue. *Id.* The other material considered by the Federal Circuit was an exercise worksheet from Hilton Head Health, which did not bear the relevant trademark that was also allegedly used to identify that entity's health care services. *Id.*

goods and services are ‘used together.’”<sup>129</sup> This “something more” rule, previously applied to determine the relatedness of food products with restaurant services, was extended by the Federal Circuit to apply “whenever the relatedness of the goods and services is not evident, well-known or generally recognized.”<sup>130</sup> Because the PTO failed to show that the printed materials covered by the cited registration were generally considered related to St. Helena’s health care services, or that there was “something more” in the record to establish that relatedness, the TTAB’s conclusion on this factor was not supported by substantial evidence.<sup>131</sup>

On the channels-of-trade factor, St. Helena argued that the cited registrant’s goods were targeted to educators, who were not the same target customers as for its health care services.<sup>132</sup> The PTO argued, on the other hand, that the cited registration was not so limited and that the parties’ respective specimens showed that they both promoted their goods and services through similar channels—namely, the Internet.<sup>133</sup> The Federal Circuit found that both sides’ arguments lacked merit. It agreed with the PTO that while some of the goods in the cited registration were limited to use by educators, not all of the goods were so limited. It further found that the PTO’s conclusion about advertising via websites was unsupported, stating that “[a]dvertising on the Internet is ubiquitous and ‘proves little, if anything, about the likelihood that consumers will confuse similar marks used on such goods or services.’”<sup>134</sup>

As to the degree of consumer care, the TTAB had determined the factor was neutral.<sup>135</sup> Although conceding that St. Helena’s customers would exercise a high degree of care in purchasing its health care services, the TTAB found no evidence that consumers would exercise the same high level of care in analyzing printed materials received while participating in the health care services.<sup>136</sup> The Federal Circuit disagreed with the TTAB’s conclusion on this factor and held that there was no evidence “that the level of care

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129. *Id.* at 753–54 (quoting *Shen Mfg. Co. v. Ritz Hotel, Ltd.*, 393 F.3d 1238, 1244 (Fed. Cir. 2004)).

130. *Id.* at 754 (internal quotation marks omitted).

131. *Id.* (internal quotation marks omitted).

132. *Id.*

133. *Id.*

134. *Id.* (quoting *Kinbook, LLC v. Microsoft Corp.*, 866 F. Supp. 2d 453, 470–71 n.14 (E.D. Pa. 2012)).

135. *Id.* at 755.

136. *Id.*

exercised by consumers before entering a health-care program is any different from the level of care exercised once in the program.”<sup>137</sup>

The Federal Circuit reversed and remanded the TTAB’s decision, finding that substantial evidence did not support the refusal of St. Helena’s registration in view of the differences between the goods and services at issue and the high degree of care that would be exercised by consumers.<sup>138</sup>

### B. *Disparaging Mark*

In *In re Geller*,<sup>139</sup> the Federal Circuit affirmed the TTAB’s refusal to register the mark STOP THE ISLAMISATION OF AMERICA on the ground that the mark contains matter that may disparage American Muslims in violation of section 2(a) of the Lanham Act.<sup>140</sup>

Pamela Geller and Robert Spencer sought registration of the mark STOP THE ISLAMISATION OF AMERICA based on an intent to use the mark for “[p]roviding information regarding understanding and preventing terrorism.”<sup>141</sup> The PTO examiner refused to register the mark pursuant to the disparagement provisions of section 2(a) of the Lanham Act, and the applicants appealed the refusal to the TTAB.<sup>142</sup>

The TTAB first considered the meaning of the mark and found the term “Islamisation,” had two likely meanings: (1) a religious meaning and (2) a political meaning.<sup>143</sup> The religious meaning described “the conversion or conformance to Islam.”<sup>144</sup> The political meaning described “a sectarianization of a political society through efforts to ‘make [it] subject to Islamic law.’”<sup>145</sup>

The TTAB then concluded that the mark might be disparaging to American Muslims under both meanings of Islamisation. With respect to the religious meaning, it found the mark signaled that religious Islamisation is undesirable and must be stopped.<sup>146</sup> When considered in connection with the identified services, the mark

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137. *Id.*

138. *Id.*

139. 751 F.3d 1355 (Fed. Cir. 2014), *cert. denied*, Geller v. Patent & Trademark Office, 135 S. Ct. 944 (2015).

140. *Id.* at 1357; *see infra* text accompanying note 152 (quoting section 2(a) of the Lanham Act).

141. *In re Geller*, 751 F.3d at 1357 (alteration in original) (internal quotation marks omitted).

142. *Id.*

143. *Id.* (internal quotation marks omitted).

144. *Id.* (internal quotation marks omitted).

145. *Id.* (alteration in original) (internal quotation marks omitted).

146. *Id.*

directly associated Islam with terrorism.<sup>147</sup> With respect to the political meaning, the TTAB found the mark identified political Islamisation with terrorism even though not all political Islamisation mandates the use of violence or terrorism.<sup>148</sup> Thus, the TTAB held that both meanings of the mark might be disparaging to American Muslims.<sup>149</sup>

On appeal to the Federal Circuit, the appellants argued that there was no substantial evidence to support the TTAB's finding that the proposed mark STOP THE ISLAMISATION OF AMERICA might be disparaging and that the TTAB relied on arbitrary and anecdotal evidence in making its determination.<sup>150</sup> The Federal Circuit disagreed.<sup>151</sup>

Under section 2(a) of the Lanham Act, a mark may be refused registration if it "[c]onsists of or comprises . . . matter which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute . . ."<sup>152</sup> The Federal Circuit confirmed that the TTAB's test in *In re Lebanese Arak Corp.*<sup>153</sup> was the proper one to apply in analyzing a section 2(a) refusal for disparagement.<sup>154</sup> The test requires consideration of

(1) what is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and

(2) if that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.<sup>155</sup>

The Federal Circuit clarified that the determination of whether a mark may be disparaging "is a conclusion of law based upon underlying factual inquiries."<sup>156</sup> Thus, the TTAB's factual findings had to be reviewed for substantial evidence, and its ultimate conclusion as to the registrability of the had to be reviewed de novo.<sup>157</sup>

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147. *Id.*

148. *Id.* at 1357-58.

149. *Id.*

150. *Id.* at 1358.

151. *Id.* at 1362.

152. 15 U.S.C. § 1052(a) (2012).

153. 94 U.S.P.Q.2d 1215 (T.T.A.B. 2010).

154. *In re Geller*, 751 F.3d at 1358.

155. *Id.* (quoting *In re Lebanese Arak Corp.*, 94 U.S.P.Q.2d at 1217).

156. *Id.* (internal quotation marks omitted).

157. *Id.*

With regard to the first prong of the disparagement test, the appellants argued that the TTAB ignored the overwhelming evidence that the *sole* likely meaning of “Islamisation” is its political meaning.<sup>158</sup> The Federal Circuit, however, held that the TTAB did not err in concluding that Islamisation has a likely religious meaning in addition to its political meaning.<sup>159</sup> The Federal Circuit found the TTAB’s reliance on dictionaries, essays posted on the appellants’ website under the mark STOP THE ISLAMISATION OF AMERICA, and readers’ comments posted on the appellants’ website supported such a finding.<sup>160</sup> It further upheld the TTAB’s finding that although additional evidence, such as congressional testimony, established the political meaning of Islamisation, the political meaning was not the sole meaning of the term.<sup>161</sup>

With regard to the second prong of the disparagement test, the appellants had argued that the TTAB’s evidence—namely, statements by Muslims noting their concern about anti-Muslim sentiment that automatically associates Islam with terrorism—had nothing to do with their mark.<sup>162</sup> The Federal Circuit disagreed and noted that this argument merely restated the appellants’ argument concerning the term’s meaning under the first prong.<sup>163</sup> In fact, the “[a]ppellants conceded at oral argument that their mark [was] disparaging under a religious meaning of Islamisation.”<sup>164</sup>

The Federal Circuit also agreed with the TTAB that the appellants’ mark might be disparaging in the context of its political meaning. Although the appellants challenged the TTAB’s finding that political Islamisation includes nonviolent activity, the Federal Circuit found nothing in the record to suggest that the political meaning of Islamisation requires violence or terrorism.<sup>165</sup> In fact, the appellants’ own evidence contradicted this contention. As a result, the Federal Circuit concluded that the TTAB properly found that associating peaceful political Islamisation with terrorism would be disparaging to a substantial composite of American Muslims.<sup>166</sup>

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158. *Id.* at 1358–59.

159. *Id.* at 1359.

160. *Id.* at 1359–60.

161. *Id.* at 1360.

162. *Id.* at 1361.

163. *Id.*

164. *Id.*

165. *Id.*

166. *Id.* at 1361–62.

The Federal Circuit affirmed the TTAB's refusal of the appellants' mark STOP THE ISLAMISATION OF AMERICA.<sup>167</sup> The appellants appealed the decision to the Supreme Court, which denied certiorari on January 12, 2015.<sup>168</sup>

### C. *Infringement*

In *Southern Snow Mfg. Co. v. SnoWizard Holdings, Inc.*<sup>169</sup>—a set of consolidated appeals from the U.S. District Court for the Eastern District of Louisiana involving claims brought by numerous manufacturers, distributors, and vendors of “snowball” products—the Federal Circuit affirmed the lower court's rulings on a number of trademark claims brought by various parties in the action.<sup>170</sup>

The case involved “snowball[s],” which the Federal Circuit explained are “confection[s] of ice shavings, flavored with various syrups and typically served in . . . cone-shaped paper cup[s].”<sup>171</sup> The lawsuit before the district court involved “members of every segment of the snowball industry from manufacturers of the icemakers and syrups to distributors to local snowball vendors.”<sup>172</sup>

Parties Southern Snow Manufacturing Co., Inc. (“Southern Snow”) and Simeon, Inc. (“Simeon”) had asserted rights in the mark SNOBALL against SnoWizard, Inc. (“SnoWizard”).<sup>173</sup> The jury found that Southern Snow and Simeon owned valid and enforceable rights in the SNOBALL trademark but that SnoWizard had not infringed the mark “and that the suit against SnoWizard was groundless, brought in bad faith, or brought for purposes of harassment.”<sup>174</sup> The district court sustained the jury's verdict.<sup>175</sup>

On appeal, Southern Snow and Simeon challenged, on two bases, the finding that their infringement claim was groundless. First, they argued that their claim could not be groundless because the jury upheld the validity of their trademark.<sup>176</sup> Second, they argued “that the finding of groundlessness [could not] be reconciled with a jury verdict that their related state unfair competition claim was not

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167. *Id.* at 1362.

168. *Geller v. Patent & Trademark Office*, 135 S. Ct. 944 (2015).

169. 567 F. App'x 945 (Fed. Cir. 2014).

170. This Article addresses only the trademark-related issues discussed in the decision.

171. *S. Snow Mfg. Co.*, 567 F. App'x at 948.

172. *Id.*

173. *Id.* at 954.

174. *Id.*

175. *Id.*

176. *Id.*

groundless.”<sup>177</sup> The Federal Circuit rejected the appellants’ first argument, recognizing that “it is entirely possible to have a valid trademark . . . and nevertheless file a lawsuit in bad faith or for purposes of harassment.”<sup>178</sup> It similarly rejected their second contention, noting that there may have been “better evidence” in the jury’s finding with respect to bad faith and the infringement claim than there was for the unfair competition claim.<sup>179</sup>

SnoWizard, meanwhile, had alleged claims of infringement of a number of its own trademarks against various other parties in the case.<sup>180</sup> At issue in the appeal was the district court’s finding on a motion for new trial or for judgment as a matter of law in which the court found that substantial evidence supported the verdicts of infringement of SnoWizard’s marks by Southern Snow, Snow Ingredients, Inc., and Parasol Flavors, LLC (“Parasol”).<sup>181</sup> The district court had found that these parties each used SnoWizard’s marks or a “colorable imitation” of the marks on identical goods.<sup>182</sup> These accused parties argued on appeal that their uses of their respective house brands on the accused products avoided a likelihood of confusion and that the district court did not find that SnoWizard had infringed the SNOBALL mark based on the same type of evidence.<sup>183</sup>

The Federal Circuit rejected these arguments, noting that the district court relied on evidence that fit squarely within the similarity-of-marks, similarity-of-goods, and intent factors in the likelihood-of-confusion analysis.<sup>184</sup> The court further found that the jury was free to find that the display of the parties’ house brands was insufficient to avoid a likelihood of confusion with SnoWizard’s marks.<sup>185</sup>

The Federal Circuit next addressed a claim of infringement of the mark ORCHID CREAM VANILLA asserted against SnoWizard by Plum Street Snoballs (“Plum Street”).<sup>186</sup> The jury found the mark to be valid, enforceable, and infringed, and awarded Plum Street damages in the form of lost profits.<sup>187</sup> The district court upheld the

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177. *Id.*

178. *Id.* (alteration in original) (internal quotation marks omitted).

179. *Id.* (internal quotation marks omitted).

180. *Id.*

181. *Id.* at 955.

182. *Id.* at 955–56 (internal quotation marks omitted).

183. *Id.* at 956.

184. *Id.*

185. *Id.*

186. *Id.*

187. *Id.*

jury's verdict.<sup>188</sup> On appeal, SnoWizard argued against the findings of validity and infringement and asserted a laches defense.<sup>189</sup>

Regarding the validity of the mark, SnoWizard asserted that Plum Street previously consented to a judgment that the alleged mark was generic for flavor concentrates and, thus, was not enforceable as a trademark.<sup>190</sup> The Federal Circuit disagreed, explaining that while the mark ORCHID CREAM VANILLA may be generic for flavor concentrates, SnoWizard did not argue that it is generic for snowballs themselves, which is how SnoWizard used the mark.<sup>191</sup> The Federal Circuit also affirmed the jury's finding of infringement of that mark by SnoWizard, citing evidence that SnoWizard copied the mark.<sup>192</sup> As to SnoWizard's laches defense, in which it argued that Plum Street's claim should be barred due to a thirteen-year delay in filing suit, the Federal Circuit rejected the argument that the equitable defense should have been submitted to the jury and noted that the district court was correct in rejecting it because SnoWizard failed to raise the issue in the final pretrial order.<sup>193</sup>

The Federal Circuit next addressed a question of first impression before it—whether a claim for fraud under section 38 of the Lanham Act<sup>194</sup> may only be asserted on the basis of a registered trademark.<sup>195</sup> As the appeals court explained, section 38 provides that

[a]ny person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.<sup>196</sup>

Southern Snow, Parasol, and Simeon brought claims against SnoWizard under section 38 based on fraudulent statements SnoWizard allegedly made while prosecuting a number of the trademarks it asserted in the lawsuit.<sup>197</sup> On SnoWizard's Federal Rule of Civil Procedure Rule 12(b)(6) motion, the district court dismissed

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188. *Id.*

189. *Id.*

190. *Id.* at 956–57.

191. *Id.* at 957.

192. *Id.*

193. *Id.*

194. See 15 U.S.C. § 1120 (2012) (providing that a person shall be liable for civil damages for procuring registration of a trademark via “a false or fraudulent declaration or representation” or “by any false means”).

195. *S. Snow Mfg. Co.*, 567 F. App'x at 957–58.

196. *Id.* at 957 (quoting 15 U.S.C. § 1120).

197. *Id.* at 958.



the section 38 claims against those SnoWizard marks that had been applied for but had not yet been registered at the time.<sup>198</sup> These appellants challenged that Rule 12(b)(6) dismissal, arguing that the Lanham Act does not require that the marks at issue actually be registered.<sup>199</sup> They argued further that they had been prejudiced by the misapplication of the statute because some of the marks at issue had subsequently matured to registration during the course of the litigation.<sup>200</sup>

The question of whether a section 38 claim can be asserted on the basis of a pending application (as opposed to a registration) was a question of first impression in both the Federal Circuit and the U.S. Court of Appeals for the Fifth Circuit<sup>201</sup> and had only been addressed at the appellate level by the U.S. Court of Appeals for the Seventh Circuit, which held that a section 38 claim may only be asserted when the mark at issue is registered.<sup>202</sup> The Seventh Circuit held that a party may only be “injured” under section 38 when a competitor’s mark is registered and used and not by mere application for the mark.<sup>203</sup> “Unless the PTO grants the application . . . the consequences of registration (as opposed to use) do not come to pass, and no damages are ‘sustained in consequence thereof.’”<sup>204</sup>

The Federal Circuit agreed with the Seventh Circuit’s treatment of the issue and concluded that Southern Snow, Parasol, and Simeon were not prejudiced when they were barred from asserting their section 38 claims against SnoWizard’s then-unregistered marks.<sup>205</sup> Because SnoWizard was able to assert infringement whether its marks were registered or not, there could be no consequence arising from the applications themselves, even if they had fraudulently been prosecuted before the PTO.<sup>206</sup> The Federal Circuit noted that the parties could have amended their pleadings or filed a new suit once

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198. *Id.*; see FED. R. CIV. P. 12(b)(6) (permitting a party to move to dismiss a civil action for “failure to start a claim upon which relief may be granted”).

199. *S. Snow Mfg. Co.*, 567 F. App’x at 958.

200. *Id.*

201. The district court from which the appeal was brought is located in the U.S. Court of Appeals for the Fifth Circuit. The Federal Circuit reviews decisions of a district court not unique to trademark law according to the law of the regional circuit from which the appeal is brought. *E.g.*, *Conopco, Inc. v. May Dep’t Stores Co.*, 46 F.3d 1556, 1563 (Fed. Cir. 1994).

202. *S. Snow Mfg. Co.*, 567 F. App’x at 958 (citing *Country Mut. Ins. Co. v. Am. Farm Bureau Fed’n*, 876 F.2d 599, 600–01 (7th Cir. 1989)).

203. *Country Mut. Ins. Co.*, 876 F.2d at 600–01.

204. *Id.*

205. *S. Snow Mfg. Co.*, 567 F. App’x at 958–59.

206. *Id.*

the marks at issue became registered.<sup>207</sup> It thus affirmed the district court's dismissal of the section 38 claims.<sup>208</sup>

#### D. Generic Mark

In *In re Nordic Naturals, Inc.*,<sup>209</sup> the Federal Circuit affirmed the TTAB's refusal to register the mark CHILDREN'S DHA for nutritional supplements on the ground that the applied-for mark was generic.<sup>210</sup>

Nordic Naturals, Inc. ("Nordic") applied to register the mark CHILDREN'S DHA for "nutritional supplements containing DHA."<sup>211</sup> DHA, the Federal Circuit explained, is "the abbreviation for docosahexaenoic acid, an omega-3 fatty acid that assists in brain development."<sup>212</sup> During the prosecution of its application, Nordic disclaimed the term "DHA" apart from the mark as a whole.<sup>213</sup> Nordic also clarified that its goods are designed for use by children.<sup>214</sup> After the PTO examiner refused registration of the mark as generic, Nordic appealed to the TTAB.<sup>215</sup>

The TTAB agreed with the examiner that the mark was generic, citing, among other things, third-party uses of the phrase "children's DHA" to describe products similar to those of Nordic.<sup>216</sup> It held, in the alternative, that the mark was merely descriptive and had not acquired secondary meaning.<sup>217</sup>

On appeal, the Federal Circuit began its analysis by restating the general rule that "[a] mark is generic if the relevant public primarily uses or understands the mark to refer to the category or class of goods in question."<sup>218</sup> Such a term cannot acquire secondary meaning and cannot be registered as a trademark.<sup>219</sup>

Nordic accepted the TTAB's findings that the relevant category of goods was nutritional supplements containing DHA and that the relevant public for the goods was parents or other adults seeking

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207. *Id.* at 959.

208. *Id.*

209. 755 F.3d 1340 (Fed. Cir. 2014).

210. *Id.* at 1341–42.

211. *Id.* at 1341 (internal quotation marks omitted).

212. *Id.*

213. *Id.* at 1342.

214. *Id.*

215. *Id.*

216. *Id.*

217. *Id.*

218. *Id.* (citing *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985)).

219. *Id.*

those goods for children. It contended, however, that the TTAB erred in concluding that the mark was generic.<sup>220</sup>

The evidence of record, the Federal Circuit explained, consisted of dictionary definitions of the words “child” and “DHA,” twelve third-party websites using the phrase “children’s DHA” for various DHA products intended for children, and online articles and excerpts from books about nutrition that used the phrase in a descriptive manner.<sup>221</sup>

Starting with the dictionary evidence, the Federal Circuit held that nothing in the definitions of “child” or “DHA” suggested that the term “children’s DHA” could have any source identifying function.<sup>222</sup> The definitions, the court explained, show that “children’s” describes a category of DHA rather than a brand of DHA.<sup>223</sup>

Further, the Federal Circuit found the evidence of third-party usage supported the finding.<sup>224</sup> For example, one website contained the language “no other *children’s DHA* supplement can match the ease and convenience of Animal Parade DHA.”<sup>225</sup> Another article stated that “[w]hen looking for a *children’s DHA* supplement, experts agree that quality and safety are the most important factors.”<sup>226</sup> The court concluded that these and several other uses in the record demonstrated that third parties use the phrase “‘children’s DHA’ to describe the category of DHA products for children.”<sup>227</sup>

Nordic also argued that while the phrase “children’s DHA supplement” might be used descriptively by others, CHILDREN’S DHA by itself is not used in such a manner.<sup>228</sup> It pointed to the fact that it was allegedly the first party to use that term and that it invested considerable money and time in marketing its goods under the mark.<sup>229</sup> It countered the PTO’s evidence of third-party descriptive use with its own evidence consisting of declarations from its retailers, its own advertising materials, and third parties’ use of the alleged mark to refer to Nordic’s products.<sup>230</sup> Nordic argued that the “mixture of usages”—referring both to Nordic’s own goods, and to

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220. *Id.* at 1343.

221. *Id.* (internal quotation marks omitted).

222. *Id.* at 1342 (internal quotation marks omitted).

223. *Id.*

224. *Id.*

225. *Id.* at 1343 (internal quotation marks omitted).

226. *Id.* (internal quotation marks omitted).

227. *Id.* at 1344 (internal quotation marks omitted).

228. *Id.*

229. *Id.*

230. *Id.*

the goods of others—could not amount to clear evidence of genericness, citing the Federal Circuit’s decision in *In re Merrill Lynch, Pierce, Fenner, & Smith, Inc.*<sup>231</sup> for support.<sup>232</sup>

The Federal Circuit rejected Nordic’s argument, distinguishing *In re Merrill Lynch*<sup>233</sup> on the ground that the instant record lacked third-party references recognizing Nordic as the source of the goods.<sup>234</sup> The court noted that even references that used “children’s DHA” to refer to Nordic’s goods also used the phrase in a generic manner.<sup>235</sup> It also found Nordic’s declarations from retailers were of limited value because retailers were not members of the relevant public for the goods and Nordic primarily prepared the declarations.<sup>236</sup> The Federal Circuit contrasted the declarations with the evidence submitted in *In re Merrill Lynch*, which had included unsolicited source-indicating references.<sup>237</sup>

Finding substantial evidence supported the TTAB’s conclusion that the phrase “children’s DHA” is generic, the Federal Circuit affirmed the refusal to register the mark and did not address the issue of acquired distinctiveness.<sup>238</sup>

## II. PROCEDURAL TRADEMARK ISSUES

### A. *Gutier v. Hugo Boss Trade Mark Management GmbH & Co. KG*

In *Gutier v. Hugo Boss Trade Mark Management GmbH & Co. KG*,<sup>239</sup> the Federal Circuit affirmed the TTAB’s cancellation of Micky Gutier’s (“Gutier”) registrations for the marks XY COSMETICS and XY SKINCARE after Gutier and appellee Hugo Boss Trade Mark Management GmbH & Co. KG (“Hugo Boss”) settled an infringement action following a summary judgment in favor of Hugo Boss.<sup>240</sup>

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231. 828 F.2d 1567 (Fed. Cir. 1987).

232. *In re Nordic Naturals, Inc.*, 755 F.3d at 1344 (quoting *In re Merrill Lynch*, 828 F.2d at 1571).

233. In *In re Merrill Lynch*, the Federal Circuit concluded that the TTAB did not prove the mark CASH MANAGEMENT ACCOUNT was generic where multiple third-party references in the record recognized Merrill Lynch as the source of the mark. 828 F.2d at 1371.

234. *In re Nordic Naturals, Inc.*, 755 F.3d at 1344.

235. *Id.*

236. *Id.*

237. *Id.* at 1344–45.

238. *Id.* at 1345.

239. 555 F. App’x 947 (Fed. Cir. 2014).

240. *Id.* at 947–48.

Gutier owned federal registrations for the marks XY COSMETICS and XY SKINCARE. He filed a trademark infringement action against Hugo Boss in the U.S. District Court for the District of Arizona based on Hugo Boss's use of the marks XY HUGO and XX HUGO for skin care products,<sup>241</sup> and Hugo Boss counterclaimed seeking cancellation of Gutier's registrations.<sup>242</sup> Ruling on Hugo Boss's motion for summary judgment, the district court found that Gutier lacked valid protectable rights in the marks at issue because he had not engaged in bona fide use of the marks in commerce.<sup>243</sup> The district court further found that Hugo Boss had priority of use of its marks.<sup>244</sup> It granted summary judgment for Hugo Boss and, among other things, ordered the cancellation of Gutier's XY COSMETICS and XY SKINCARE marks pursuant to section 37 of the Lanham Act.<sup>245</sup>

After the district court's judgment, the parties participated in a mediation conference and entered into a "Mediation Conference Memorandum" in which they agreed to mutually release all claims against one another and to stipulate to entry of a final judgment in favor of Hugo Boss consistent with the district court's summary judgment order.<sup>246</sup> No further judgment was entered by the district court, and the parties treated the summary judgment order as the district court's final judgment. Among other things, the memorandum permitted Gutier to continue to use but not to register his marks.<sup>247</sup>

The TTAB received a copy of the district court's judgment and the parties' memorandum and ordered Gutier's registrations cancelled pursuant to section 37.<sup>248</sup> Gutier appealed the resulting cancellation of his registrations.<sup>249</sup>

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241. XY Skin Care & Cosmetics, LLC v. Hugo Boss USA, Inc., No. CV-08-01467-PHX-ROS, 2009 WL 2382998, at \*1 (D. Ariz. Aug. 4, 2009).

242. *Gutier*, 555 F. App'x at 948.

243. *Id.*

244. *Id.*

245. *Id.*; see 15 U.S.C. § 1119 (2012) (constituting section 37 of the Lanham Act and providing that "[i]n any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action").

246. *Gutier*, 555 F. App'x at 948.

247. *Id.* at 949.

248. *Id.* Hugo Boss had filed cancellation actions with the TTAB during the pendency of the litigation, which the TTAB suspended in view of the district court proceedings. *Id.* at 948. Upon receipt of the district court's judgment, the TTAB dismissed Hugo Boss's separate cancellation action as moot. *Id.*

249. *Id.* at 948.

Gutier argued that the TTAB erred in cancelling his marks because he had filed his six-year declarations of use under section 8 of the Lanham Act<sup>250</sup> and affidavits of incontestability under section 15 of the Lanham Act.<sup>251</sup> The Federal Circuit rejected Gutier's argument, noting that the validity of the district court's judgment and order under section 37 is unaffected by the previous filings of the sections 8 and 15 affidavits.<sup>252</sup>

Gutier also argued that the TTAB's cancellation of his registrations contravened the terms of the parties' memorandum, which expressly permitted Gutier to continue using the marks at issue.<sup>253</sup> The Federal Circuit noted, with ease, that giving Gutier the right to continue to use his marks was in no way inconsistent with the parties' agreement that he not be permitted to continue owning registrations for the marks.<sup>254</sup> It noted further that the parties had agreed not to appeal or seek relief from the final judgment of the district court.<sup>255</sup>

The Federal Circuit declined to address other factual issues that Gutier raised on appeal, finding that they were merely attempts to re-litigate the district court's ruling.<sup>256</sup> Thus, the Federal Circuit affirmed the TTAB's order cancelling Gutier's marks.<sup>257</sup>

#### B. *M.Z. Berger & Co. v. Swatch AG*

In *M.Z. Berger & Co. v. Swatch AG*,<sup>258</sup> the Federal Circuit granted *M.Z. Berger & Co., Inc.*'s ("Berger") motion to dismiss a cross-appeal filed by Swatch AG ("Swatch") in connection with Berger's appeal of a refusal by the TTAB to register its IWATCH trademark after opposition by Swatch.<sup>259</sup>

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250. See 15 U.S.C. § 1058(a) (requiring that a declaration of use be filed by the sixth anniversary of a registration to avoid cancellation).

251. See *id.* § 1065 (setting forth the conditions and requirements to obtain incontestability, including that there not be any proceeding involving the validity of the trademark registration pending before the PTO or any court); see also *Gutier*, 555 F. App'x at 949 (listing Gutier's arguments on appeal to the Federal Circuit).

252. *Gutier*, 555 F. App'x at 949. The Federal Circuit also noted that Gutier could not have satisfied the statutory requirements of section 15. *Id.* When Gutier filed his section 15 affidavits, the legal proceedings involving his right to maintain his registrations had already been pending before the district court. *Id.*; see 15 U.S.C. § 1065.

253. *Gutier*, 555 F. App'x at 949.

254. *Id.*

255. *Id.*

256. *Id.* at 949–50.

257. *Id.* at 950.

258. 559 F. App'x 1009 (Fed. Cir. 2014).

259. *Id.* at 1010.

Berger had applied to register the mark IWATCH with the PTO based on an intent to use.<sup>260</sup> Swatch opposed the application based on a likelihood of confusion with its SWATCH mark and for lack of a bona fide intent to use the mark in commerce.<sup>261</sup> The TTAB sustained the opposition and refused registration of Berger's mark, finding that Berger lacked the necessary intent to use.<sup>262</sup> However, the TTAB dismissed Swatch's likelihood-of-confusion claim due to the substantial differences between the marks SWATCH and IWATCH.<sup>263</sup> Berger appealed the refusal of its registration, and Swatch cross-appealed the TTAB's decision dismissing its likelihood-of-confusion claim.<sup>264</sup>

The Federal Circuit noted that a party cannot appeal from a decision ruling in its favor, and clarified that this rule applies in trademark proceedings before the TTAB.<sup>265</sup> It further explained that Swatch was free to reargue the likelihood-of-confusion issue through its responsive brief as an appellee in Berger's appeal.<sup>266</sup> Accordingly, the Federal Circuit dismissed Swatch's cross appeal.<sup>267</sup>

### C. Cigar King, LLC v. Corporacion Habanos, S.A.

In *Cigar King, LLC v. Corporacion Habanos, S.A.*,<sup>268</sup> the Federal Circuit dismissed an appeal by Cigar King, LLC ("Cigar King") after the TTAB cancelled two of its trademark registrations, finding the appeal moot because Cigar King failed to file declarations of use as required under section 8 of the Lanham Act.<sup>269</sup>

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260. *Id.* at 1009.

261. *Id.*; Swatch AG (Swatch SA) (Swatch Ltd.) v. M.Z. Berger & Co., Inc., No. 91187092, 2013 W.L. 5655834, at \*1 (T.T.A.B. Sept. 30, 2013), *appeal dismissed in part*, 559 F. App'x 1009 (Fed. Cir. 2014).

262. *M.Z. Berger & Co.*, 559 F. App'x at 1009–10.

263. *Id.*; Swatch AG, 2013 WL 5655834, at \*7–8, \*15.

264. *M.Z. Berger & Co.*, 559 F. App'x at 1010.

265. *Id.* (citing 15 U.S.C. § 1071(a)(1) (2012)) (granting a right of appeal to parties who are dissatisfied with a decision of the TTAB).

266. *Id.*

267. *Id.*

268. 560 F. App'x 999 (Fed. Cir. 2014).

269. *See id.* at 1000–02 (determining that it was impossible for the court to overturn the TTAB's termination of Cigar King's trademark registrations because, in effect, Cigar King relinquished control over its trademarks by its failure to file a section 8 declaration); *see* 15 U.S.C. § 1058 (outlining the general requirements that a registrant file an affidavit stating that the registered mark is in use in commerce for the goods or services covered in the registration by no later than six months following the sixth anniversary of the registration).

Cigar King obtained federal registrations for the marks HAVANA SOUL and HABANA LEON for “cigars made with Cuban seed tobacco.”<sup>270</sup> Corporacion Habanos S.A. (“Habanos”) petitioned to cancel Cigar King’s registrations on the ground that the “marks [were] geographically deceptive and deceptively misdescriptive.”<sup>271</sup>

After a number of procedural missteps by Cigar King,<sup>272</sup> including its failure to comply with an order following a motion to compel discovery, the TTAB entered judgment for Habanos as a sanction against Cigar King for its “willful noncompliance” with TTAB orders and its “deliberate action to impair petitioner’s ability to present its case.”<sup>273</sup> Cigar King immediately filed an appeal of the TTAB’s order cancelling its registrations.<sup>274</sup> Subsequent to the notice of appeal, Cigar King failed to file affidavits of use under section 8 of the Lanham Act,<sup>275</sup> resulting in the PTO’s cancellation of both registrations at issue in the proceeding.<sup>276</sup>

In its appeal, Cigar King argued that Habanos lacked standing to seek cancellation of its marks because, as a Cuban national, it was legally foreclosed from selling goods in the United States and, thus, could not be damaged.<sup>277</sup> Habanos argued that the Federal Circuit

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270. *Cigar King, LLC*, 560 F. App’x at 1000 (internal quotation marks omitted).

271. *Id.* Section 2(a) of the Lanham Act prohibits registration of a mark that “[c]onsists of or comprises . . . deceptive . . . matter.” 15 U.S.C. § 1052(a). Further, section 2(e)(1) prohibits registration of a mark that is “deceptively misdescriptive” of the applied-for goods. *Id.* § 1052(e)(1). Finally, section 2(e)(3) prohibits registration of a mark that is “primarily geographically deceptively misdescriptive” of the goods. *Id.* § 1052(e)(3).

272. After initially failing to respond to the petition for cancellation, Cigar King successfully set aside the notice of default that the TTAB issued against it. *Cigar King, LLC*, 560 F. App’x at 1000.

273. *Id.* at 1001 (quoting *Corporacion Habanos, S.A. v. Cigar King, Ltd.*, No. 92053245, 2013 WL 6056505, at \*3 (T.T.A.B. June 12, 2013), *appeal dismissed*, 560 F. App’x 999 (Fed. Cir. 2014)).

274. *Id.*

275. Section 8 of the Lanham Act requires the registrant to file an affidavit stating that the mark is in use in commerce for the goods or services covered by the registration by no later than six months following the sixth anniversary of the registration. 15 U.S.C. § 1058(a)–(b). Failure to file the affidavit will cause the PTO to cancel the registration. *Id.* § 1058(a). Based on the February 12, 2007 registration date of its marks, Cigar King’s affidavits under section 8 were due by August 13, 2013, approximately two months after the appeal was filed. *Cigar King, LLC*, 560 F. App’x at 1000.

276. *Cigar King, LLC*, 560 F. App’x at 1001.

277. *Id.* The Federal Circuit noted that Cigar King never presented this argument before the TTAB because judgment was entered as a sanction before the proceeding reached the merits stage. *Id.*



need not address the standing issue because the appeal was rendered moot when Cigar King failed to file its section 8 affidavits and when the PTO consequently cancelled Cigar King's registrations.<sup>278</sup>

The Federal Circuit described the test for mootness as a determination of "whether the relief sought would, if granted, make a difference to the legal interests of the parties."<sup>279</sup> Because Cigar King's registrations were cancelled under section 8, which the appellant did not dispute, the registrations would remain cancelled even if the Federal Circuit agreed with Cigar King on the merits. Accordingly, the court found the appeal was moot.<sup>280</sup>

The Federal Circuit also considered whether the TTAB's underlying judgment should be vacated. It concluded that vacatur was not appropriate in this case, since Cigar King caused the mootness of the appeal by its own unilateral action of failing to file its affidavits of use.<sup>281</sup> The Federal Circuit dismissed the appeal as moot and declined to vacate the TTAB's judgment.<sup>282</sup>

#### D. *Empresa Cubana Del Tabaco v. General Cigar Co.*

In *Empresa Cubana Del Tabaco v. General Cigar Co.*,<sup>283</sup> a legal dispute that has spanned nearly two decades, the Federal Circuit found that the petitioner, Empresa Cubana Del Tabaco, doing business as Cubatabaco ("Cubatabaco"), had a statutory cause of action to seek cancellation of two trademark registrations owned by General Cigar Co., Inc. ("General Cigar").<sup>284</sup> General Cigar owned two U.S. registrations, issued in 1981 and 1995, for the COHIBA mark for cigars.<sup>285</sup> Cubatabaco—a Cuban entity—owns rights in the COHIBA mark in Cuba and sells its cigars throughout the world although not in the United States.<sup>286</sup> In 1997, Cubatabaco sought registration of its mark in the United States under section 44(e) of the Lanham Act.<sup>287</sup>

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278. *Id.*

279. *Id.* (quoting *Nasatka v. Delta Scientific Corp.*, 58 F.3d 1578, 1580 (Fed. Cir. 1995)).

280. *Id.*

281. *Id.* at 1002.

282. *Id.*

283. 753 F.3d 1270 (Fed. Cir. 2014), *cert. denied*, 135 S. Ct. 1401 (2015).

284. *Id.* at 1271.

285. *Id.* at 1271–72.

286. *Id.* at 1272.

287. See 15 U.S.C. § 1126(e) (2012) (allowing an applicant to rely on a foreign registration as a basis to register its mark in the United States without having actual use of the mark in U.S. commerce prior to registration). Cubatabaco based its

It did so pursuant to the general license provided under the Cuban Assets Control Regulations (CACR), which permit Cuban entities that are otherwise prohibited from engaging in transactions with the United States to conduct transactions related to the registration of trademarks before the PTO.<sup>288</sup>

The PTO refused registration of Cubatabaco's mark, citing General Cigar's two prior registrations for the COHIBA mark.<sup>289</sup> In response, Cubatabaco petitioned the PTO for cancellation of General Cigar's registrations and subsequently sued General Cigar for trademark infringement in the U.S. District Court for the Southern District of New York.<sup>290</sup> Cubatabaco sought an injunction against General Cigar's use of the COHIBA trademark in the United States and cancellation of its registrations before the PTO.<sup>291</sup> The TTAB suspended the cancellation proceeding pending the outcome of the district court litigation.<sup>292</sup>

The district court ultimately ruled that General Cigar had abandoned its trademark rights in the COHIBA mark during five years of non-use between 1987 and 1992 and ordered the cancellation of its 1981 registration on grounds of abandonment.<sup>293</sup> It found that Cubatabaco had acquired ownership of the COHIBA mark in the United States<sup>294</sup> between the time of General Cigar's abandonment of its 1981 registration and the filing date of its application that led to its 1995 registration.<sup>295</sup>

On appeal, the U.S. Court of Appeals for the Second Circuit reversed the finding of infringement and vacated the cancellation of General Cigar's registrations as well as any injunctive relief that the

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application on a Cuban registration for the same mark. *Empresa Cubana Del Tabaco*, 753 F.3d at 1272.

288. *Empresa Cubana Del Tabaco*, 753 F.3d at 1272.

289. *Id.*

290. *Id.*

291. *Id.* Cubatabaco had obtained a special license from the U.S. Treasury Department's Office of Foreign Assets Control, which permitted it to initiate legal proceedings before the U.S. courts with respect to the COHIBA trademark. *Id.*

292. *Id.*

293. *Id.*

294. The district court found that Cubatabaco acquired rights in the United States pursuant to the famous marks doctrine, which states that the party with a well-known mark has priority over its use. *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 468 (2d Cir. 2005). The COHIBA mark was sufficiently well known in the United States before General Cigar resumed use of the mark in 1992, so Cubatabaco was entitled to priority over use of the COHIBA mark. *Empresa Cubana Del Tabaco*, 753 F.3d at 1273; *Empresa Cubana del Tabaco*, 399 F.3d at 468.

295. *Empresa Cubana Del Tabaco*, 753 F.3d at 1271-73.

district court had granted.<sup>296</sup> It held that the district court could not grant the injunctive relief sought by Cubatabaco because such a remedy would involve a transfer of property prohibited under section 515.201 of the CACR<sup>297</sup> since Cubatabaco would acquire ownership of the mark.<sup>298</sup> The Second Circuit did not rule on the district court's finding that General Cigar had abandoned its 1981 registration for non-use and dismissed the issue as moot.<sup>299</sup>

General Cigar subsequently moved the district court to order the TTAB to dismiss Cubatabaco's petition for cancellation and to deny Cubatabaco's application for registration of the COHIBA mark.<sup>300</sup> While the district court denied General Cigar's motion as untimely,<sup>301</sup> it specified in dicta that the TTAB should decide any preclusive effect from the Second Circuit's decision. Thus, the district court did not explicitly decide whether the cancellation of General Cigar's registrations by the TTAB would constitute a prohibited transfer under the CACR.<sup>302</sup> On appeal, the Second Circuit affirmed the district court's denial of General Cigar's motion, finding that it was not an abuse of discretion for the district court to let the TTAB decide what preclusive effect its previous decision should be given.<sup>303</sup>

After the TTAB cancellation proceeding resumed, General Cigar moved for summary judgment on the grounds that Cubatabaco lacked standing to pursue the cancellation action and that its petition was barred by issue and claim preclusion.<sup>304</sup> The TTAB granted General Cigar's motion and dismissed Cubatabaco's petition, but expressly declined to reach the merits of the preclusion question in view of Cubatabaco's lack of standing.<sup>305</sup> Cubatabaco appealed the TTAB's grant of summary judgment to the Federal Circuit.

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296. *Id.* at 1273.

297. *See* 31 C.F.R. § 515.201 (2014) (prohibiting certain transactions involving Cuba and Cuban nationals, including transfers of property between Cuba and Cuban nationals and persons subject to the jurisdiction of the United States).

298. *Empresa Cubana Del Tabaco*, 753 F.3d at 1273.

299. *Id.*

300. *Id.*

301. *Id.* The district court denied the motion as untimely because it was styled as a motion to amend a judgment—which, under Rule 59(e) of the Federal Rules of Civil Procedure, must be filed within ten days after entry of the judgment—and General Cigar missed the cut-off date for filing. *Empresa Cubana del Tabaco v. Culbro Corp.*, 478 F. Supp. 2d 513, 518 (S.D.N.Y. 2007), *aff'd*, 541 F.3d 476 (2d Cir. 2008).

302. *Empresa Cubana Del Tabaco*, 753 F.3d at 1273.

303. *Id.*

304. *Id.*

305. *Id.*

The Federal Circuit first addressed the issue of whether Cubatabaco had standing to seek cancellation of General Cigar's registrations. It held that because the PTO refused Cubatabaco's own application to register the COHIBA trademark by citing General Cigar's earlier registered marks, Cubatabaco had reasonable belief that it was being damaged by those registrations and, therefore, had a real interest in cancelling them.<sup>306</sup> Thus, Cubatabaco had a cause of action to seek cancellation under the Lanham Act.<sup>307</sup>

The Federal Circuit criticized the TTAB for having relied exclusively on the Second Circuit's decision to find a lack of standing.<sup>308</sup> It noted that the TTAB interpreted the Second Circuit's decision as prohibiting Cubatabaco from ever acquiring a property interest in the COHIBA mark under the CACR and, therefore, as denying Cubatabaco any legitimate commercial interest sufficient to confer standing.<sup>309</sup> However, the Federal Circuit explained that the Second Circuit did not address whether Cubatabaco could seek cancellation before the TTAB; instead, the Second Circuit decided only that the CACR prohibited the grant of injunctive relief.<sup>310</sup> Thus, the Federal Circuit determined that the Second Circuit's holding was irrelevant to the TTAB proceeding.<sup>311</sup> The court added that "[b]efore the Board, Cubatabaco enjoys affirmative authorization to seek cancellation emanating from the general license provided by the CACR" and quoted a letter from the Office of Foreign Assets Control to Cubatabaco's counsel, which stated that the provisions of the CACR "may be relied on . . . to petition to cancel a prior registration of a trademark where these actions relate to the protection of a trademark in which Cuba or a Cuban national general license has an interest."<sup>312</sup>

The Federal Circuit explained that a pending application that has been refused registration based on a likelihood of confusion with a prior registered mark is sufficient to establish that a petitioner seeking to cancel the prior registration "is the type of party Congress authorized under 15 U.S.C. § 1064."<sup>313</sup> The desire of a party to own a federal registration—with its "attendant statutory advantages"—is a

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306. *Id.* at 1274.

307. *Id.*

308. *Id.*

309. *Id.*

310. *Id.* at 1274–75.

311. *Id.* at 1275.

312. *Id.* (internal quotation marks omitted).

313. *Id.*

“legitimate commercial interest” that satisfies the threshold requirements to bring a cancellation action.<sup>314</sup> The Federal Circuit explained further that the Second Circuit’s holding was limited to finding that the district court could not enjoin General Cigar from using the COHIBA mark under the CACR’s prohibition against property transfers.<sup>315</sup> The Second Circuit did not address whether Cubatabaco could seek cancellation before the TTAB.<sup>316</sup>

The Federal Circuit then turned to the questions of issue and claim preclusion.<sup>317</sup> As to issue preclusion, the court identified the various issues raised in Cubatabaco’s petition and ruled that each was either not addressed by, or not necessary to, the Second Circuit’s final judgment, or was not identical to the issues addressed by the Second Circuit.<sup>318</sup> Further, regarding claim preclusion, the Federal Circuit held that the “array of differences in transactional facts between claims of infringement and cancellation” rendered issue preclusion inapplicable in the case.<sup>319</sup>

Finding that Cubatabaco had a cause of action to seek cancellation of General Cigar’s registrations before the TTAB and that neither issue nor claim preclusion barred its petition for cancellation, the Federal Circuit vacated the TTAB’s summary judgment decision and remanded the case for further proceedings.<sup>320</sup> General Cigar appealed the Federal Circuit’s decision to the Supreme Court, and the Court denied certiorari on February 23, 2015.<sup>321</sup>

#### E. *Cutino v. Nightlife Media, Inc.*

In *Cutino v. Nightlife Media, Inc.*,<sup>322</sup> the Federal Circuit overturned the TTAB’s dismissal of Michael Cutino’s (“Cutino”) opposition against Nightlife Media, Inc. (“Nightlife Media”), finding that the TTAB abused its discretion when it decided not to consider one of Cutino’s registered marks in the likelihood-of-confusion analysis.<sup>323</sup>

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314. *Id.* (internal quotation marks omitted).

315. *Id.*

316. *Id.*

317. *Id.* at 1276. The TTAB did not reach the preclusion question in its grant of summary judgment, but the Federal Circuit decided to address the issue given that the parties fully briefed it and that the TTAB and federal court proceedings had created an extensive record on the claim. *Id.*

318. *Id.* at 1276–78.

319. *Id.* at 1278 (internal quotation marks omitted).

320. *Id.*

321. 135 S. Ct. 1401 (2015).

322. 575 F. App’x 888 (Fed. Cir. 2014) (per curiam).

323. *Id.* at 891.

Nightlife Media applied to register the mark NIGHTLIFE TELEVISION for “Video-on-demand transmission services, Internet broadcasting services, Broadcasting services via mobile and handsets, Satellite television broadcasting, and Television broadcasting.”<sup>324</sup> Cutino opposed Nightlife Media’s application based on a likelihood of confusion with three of his prior registered marks and based on deceptiveness and false suggestion under section 2(a) of the Lanham Act.<sup>325</sup> Although counsel represented him when he filed his opposition, Cutino elected to proceed pro se before the TTAB and the Federal Circuit.<sup>326</sup>

Cutino owned registrations for the marks NEW YORK’S NIGHTLIFE, for a “Monthly Magazine Dealing Primarily with Things to Do and See and Places to Go in the State of New York”; LONG ISLAND’S NIGHTLIFE, for a “Monthly Magazine Dealing Primarily with Things to Do and Places to Go in the Long Island and Surrounding Areas and Also Featuring Other Articles of General Interest”; and NIGHTLIFE, for “magazines of general interest” and “television programming services.”<sup>327</sup> Together with his notice of opposition, Cutino submitted into the record photocopies of the registration and renewal certificates for his three registered marks as well as printouts from the PTO’s database showing the current status and title of two of his registrations, LONG ISLAND’S NIGHTLIFE and NEW YORK’S NIGHTLIFE.<sup>328</sup> He did not attach status and title printouts for his NIGHTLIFE registration.<sup>329</sup>

Cutino did not present testimony or introduce evidence during his testimony period.<sup>330</sup> He subsequently served an untimely pretrial disclosure statement, which was met with a motion to strike by the applicant, and attempted to submit evidence after the close of his testimony period.<sup>331</sup> The TTAB struck the disclosures and evidence from the record as untimely.<sup>332</sup>

The final record considered by the TTAB consisted of the parties’ pleadings, the file for the opposed application, Cutino’s registrations

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324. *Id.* at 889 (internal quotation marks omitted).

325. *Id.*; *see supra* text accompanying note 152 (quoting section 2(a) of the Lanham Act).

326. *Cutino*, 575 F. App’x at 889.

327. *Id.* at 888 (internal quotation marks omitted).

328. *Id.* at 889.

329. *Id.*

330. *Id.*

331. *Id.*

332. *Id.*

for the marks LONG ISLAND'S NIGHTLIFE and NEW YORK'S NIGHTLIFE, and a deposition of Nightlife Media's owner and founder.<sup>333</sup> The TTAB declined to consider Cutino's NIGHTLIFE mark because he failed to submit a status and title copy as required by the Trademark Rules.<sup>334</sup> Based on this record, the TTAB found that Cutino did not pursue, and consequently waived, his claims for deceptiveness and false suggestion under section 2(a) because the required elements of the claim were not established.<sup>335</sup>

Turning to the likelihood-of-confusion claim, the TTAB evaluated the *DuPont* factors and found that (1) the dissimilarities between Cutino's LONG ISLAND'S NIGHTLIFE and NEW YORK'S NIGHTLIFE marks and Nightlife Media's NIGHTLIFE TELEVISION mark outweighed the similarities, (2) the parties' respective goods and services were sufficiently distinct, (3) there was insufficient evidence to demonstrate that their goods and services traveled in the same channels of trade, and (4) the remaining factors were neutral.<sup>336</sup> Thus, the TTAB held that there was no likelihood of confusion and dismissed the opposition.<sup>337</sup>

On appeal, the Federal Circuit concluded that the TTAB had abused its discretion in disregarding Cutino's NIGHTLIFE registration.<sup>338</sup> It held that Nightlife Media's admissions that Cutino owned three marks, including the NIGHTLIFE mark, were sufficient to treat the NIGHTLIFE registration as part of the record.<sup>339</sup>

Although Nightlife Media purported in its answer to admit only that Cutino was the owner of the NIGHTLIFE mark, but not necessarily the owner of the corresponding pleaded registration for that mark, Nightlife Media's failure to deny Cutino's allegation in the notice of opposition that he owned the registration for NIGHTLIFE constituted an admission as to that registration.<sup>340</sup> The Federal Circuit further held that Nightlife Media's admission regarding ownership of the NIGHTLIFE registration (i.e., title) also established

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333. *Id.* at 890.

334. *Id.* at 889–90. Nightlife Media admitted in its answer that Cutino owns the NIGHTLIFE mark. *Id.* at 890. However, the TTAB held that Nightlife Media's admission does not provide any evidence regarding Cutino's actual use of the mark or what goods and services are offered under the mark and, thus, could not make Cutino's NIGHTLIFE mark part of the record for consideration. *Id.*

335. *Id.* at 890.

336. *Id.*

337. *Id.*

338. *Id.* at 891.

339. *Id.*

340. *Id.*

the registration's active status because "[o]ne technically does not own a registration that is not in force and effect."<sup>341</sup>

Thus, the Federal Circuit found that the TTAB had abused its discretion in refusing to consider Cutino's registration for the mark NIGHTLIFE and remanded the decision back to the TTAB to address the likelihood of confusion between Cutino's NIGHTLIFE mark and Nightlife Media's NIGHTLIFE TELEVISION mark.<sup>342</sup>

#### CONCLUSION

2014 was a relatively busy year for the Federal Circuit in terms of trademark decisions. While it may be argued that none of the opinions introduced major changes to trademark practice, several of them provided valuable lessons for practitioners, including, for example, *Cutino's* holding that an opposer's failure to submit a status and title copy of a pleaded registration may not be fatal to its consideration as evidence, and the determination in *Southern Snow* that a claim for fraud under section 38 of the Lanham Act may only be based on a registered trademark, and not on a pending application. The court's disagreement with the TTAB's conclusions in *St. Helena* may also be instructive in future proceedings because of its ruling that the PTO show "something more" than the mere fact that goods and/or services are used together when making the case that they are related for likelihood-of-confusion purposes.

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341. *Id.*

342. *Id.* at 891–92. Cutino did not appeal the TTAB's findings on likelihood of confusion with his other two marks, LONG ISLAND'S NIGHTLIFE and NEW YORK'S NIGHTLIFE. *Id.* at 891.