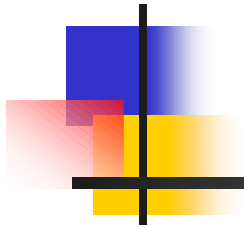


RECENT CASES IN U. S. TRADEMARK LAW



Presented before the Japan IP Practice Committee at the
AIPLA 2005 Spring Tokyo Meeting by:

George W. Lewis

JACOBSON HOLMAN PLLC

WASHINGTON, D.C.



**NOMINATIVE FAIR USE; INITIAL
INTEREST CONFUSION;
FEDERAL ANTI-DILUTION**

**BIJUR LUBRICATING CORPORATION,
Plaintiff/Counter Defendant, v. DEVCO
CORPORATION, WILLIAM E. DURNAN, JR.,
Defendants/Counter Plaintiffs.**

**UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF NEW JERSEY**

332 F. Supp. 2d 722

August 26, 2004, Decided



FACTS OF THE CASE

Plaintiff, Bijur manufactures lubricating systems and replacement parts for those systems. Defendant Devco parts and components for its own lubricating systems and or the lubricating systems of others, including the lubricating systems of Plaintiff, Bijur. Defendant Devco uses the name "Bijur" in the website's "metatag" so that internet searches run through various search engines using the keywords "Bijur," "bijur," or "bijur.com" would return results that include a Devco web page under the title "bijur replacement lubrication parts by Devco." Customers who clicked on the Devco result would be taken to a web page at <http://www.devcocorp.com/bijur.html> with the words "Bijur Replacement Parts" displayed near the top.



PLAINTIFF'S CLAIM

Plaintiff Bijur claimed that the Defendant Devco's use of the BIJU marks on its website and in the website's "metatag" was misleading; that such use resulted in INITIAL INTEREST CONFUSION; and that such use constitutes Dilution.



LEGAL STANDARD (Initial Interest Confusion)

Initial interest confusion occurs when a competitor lures potential customers away from a producer by initially passing off its goods as those of the producer's, even if confusion as to the source of the goods is dispelled by the time any sales are consummated. Under certain circumstances, initial interest confusion can be created by the misleading use of metatags.



LEGAL STANDARD (Nominative Fair Use)

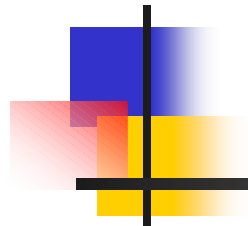
A three-factor test determines whether the use of a mark is a nominative use: (1) the product or service in question must be one not readily identifiable without use of the trademark; (2) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.



HOLDING OF THE COURT

Using a competitor's **trademarks** on a Web site and in metatags to advertise the sale of replacement parts for the competitor's lubricating system does not create a likelihood of confusion under the Lanham Act. The court found no evidence the defendant intended to confuse the public or do anything other than inform the public concerning its replacement parts in using the competitor's **trademarks**. A commercial rival is permitted to use the original manufacturer's name truthfully to describe a replacement part. Here, the Defendant is entitled to inform potential customers that its non-Bijur-manufactured parts replace Bijur parts. The court also held that the defendant's use of the competitor's **trademarks** was a "nominative fair use" and thus exempt from The Federal Trademark Dilution Act.

TRADE DRESS INFRINGEMENT



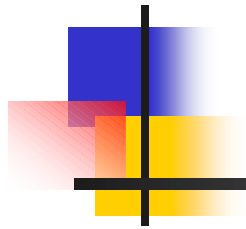
**HI LIMITED PARTNERSHIP and HOOTERS OF AMERICA, INC., Plaintiffs,
-vs- WINGHOUSE OF FLORIDA, INC.; WINGHOUSE OF KISSIMMEE,
L.L.C.; KER, INC.; WINGHOUSE OF ORLANDO, INC.; WINGHOUSE IX,
L.L.C.; WINGHOUSE XI, L.L.C.; and WINGHOUSE XII, L.L.C., Defendants.**

**KER, INC., Counterclaimant, -vs- HI LIMITED PARTNERSHIP, and
HOOTERS OF AMERICA, INC., Counterclaim Defendants**

**UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF
FLORIDA, ORLANDO DIVISION**

347 F. Supp. 2d 1256; 2004

FACTS OF THE CASE



Plaintiff Hooters and defendant Winghouse operate sports bar and grills. These sports bars and grills were known in the industry as “BREASTAURANTS” because the attempt to attract a young male audience the dress and conduct of their female employees -- typically waitresses, hostess and bar tenders. Hooters restaurants were distinguished primarily their female employees known as "Hooters Girls" who wear very tight orange shorts and white tank tops. The girls at Winghouse wear black tank top and black running shorts.

The Trade Dress





PLAINTIFFS CLAIM

Plaintiffs alleged that defendants were liable for trade dress infringement and dilution in contravention of the Lanham Act, *15 U.S.C.S. § 1125(a)*.



LEGAL STANDARD

To prevail on a claim of trade dress infringement, a plaintiff must prove: (1) its trade dress is inherently distinctive or has acquired secondary meaning, (2) its trade dress is primarily non-functional, and (3) the defendant's trade dress is confusingly similar

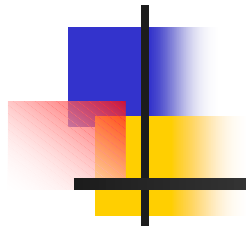


HOLDING OF THE COURT

According to the Court, the Hooters Girl's predominant function is to provide vicarious sexual recreation, to titillate, entice, and arouse male customers' fantasies. She is the very essence of Hooters' business.

The Hooters Girl is not entitled to trade dress protection because the evidence establishes that the Hooters Girl is primarily functional.

NAKED LICENSING



**HALO MANAGEMENT, LLC, Plaintiff, v.
INTERLAND, INC., Defendant.**

**UNITED STATES DISTRICT COURT FOR
THE NORTHERN DISTRICT OF
CALIFORNIA**

*2004 U.S. Dist. LEXIS 15563; 64 Fed. R. Evid.
Serv. (Callaghan) 1077*



FACTS OF THE CASE

The Plaintiff, HALO MANAGEMENT offers internet-related services including email, web-search functions, and web hosting. Defendant, INTERLAND also offers similar and overlapping Internet services. Defendant employs the web address "bluehalo.com" and displays the symbol "blueHALO" prominently throughout its marketing materials.

The Plaintiff had been previously involved in a dispute involving the same HALO mark and as part of a settlement, the Plaintiff granted the alleged infringer a "License, Consent to Use and Registration Agreement."



FACTS OF THE CASE continued

The license agreement includes no explicit or definite quality control terms or any objective, enforceable terms to guide the Licensee's use of the mark. Instead, the agreement requires the Licensee only to do three things: (1) to employ reasonable commercial efforts to maintain the positive business value of the HALO mark; (2) to limit the marks use to that "substantially as shown in the pending applications and with services substantially as recited; and (3) to cooperate with Plaintiff to mitigate the confusion or likelihood of confusion between the parties' respective marks. The licensing agreement did not even include and express contractual right in favor of the Plaintiff to inspect or to monitor to supervise the licensee's use of the "HALO



DEFENDANT'S CLAIM

Plaintiff abandoned its "HALO" trademark by entering into a "naked license."



LEGAL STANDARD

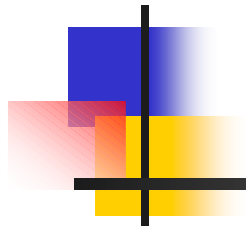
Failure to exercise adequate quality control constitutes abandonment of a mark--i.e. a purely involuntary forfeiture of trademark rights that does not demand evidence of any subjective intent to abandon the mark. Once a trademark holder enters a "naked license"--that is, once a holder abandons the trademark--the holder is estopped from asserting rights related to that mark.



HOLDING OF THE COURT

The **trademark** license gave the licensee the right to "worldwide use and registration" of the mark and imposed only the obligation that the licensee "employ reasonable commercial efforts" to maintain the mark's business value. The court noted that the **trademark** license did not contain any "explicit or definite quality control terms" nor were there any "objective, enforceable terms" that guided or limited the licensee's use of the mark. Furthermore, the court noted, the licensee did not reserve the right to terminate the license if the licensee breached its obligation to maintain the mark's "positive business value."

FAIR USE DEFENSE



*125 S. Ct. 542; 160 L. Ed. 2d 440, *;
2004 U.S. LEXIS 8170, **; 73 U.S.L.W. 4029*

**KP PERMANENT MAKE-UP, INC., PETITIONER v.
LASTING IMPRESSION I, INC., ET AL.**

No. 03-409

SUPREME COURT OF THE UNITED STATES

125 S. Ct. 542; 160 L. Ed. 2d 440; 2004 U.S. LEXIS 8170; 73 U.S.L.W.
4029; 18 Fla. L. Weekly Fed. S 28
October 5, 2004, Argued
December 8, 2004, Decided



THE FACTS

Defendant KP Permanent Make-Up and Plaintiff, Llasting use the term "micro color" for color pigments. KP's the term "micro" to describe its product prior to the first use of the term as a trademark by Llasting. Llasting registered the "Micro Color." And brought an trademark infringement suit against the Defendant.



DEFENDANT'S CLAIM

The Defendant asserted the affirmative defense of
FAIR USE.



PLAINTIFF'S CLAIM

The FAIR USE DEFENSE was not available where there was a likelihood of confusion.



LEGAL STANDARD

The defense of FAIR USE is available where the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, ... which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.



ISSUE BEFORE THE COURT

whether a party raising the statutory affirmative defense of fair use to a claim of trademark infringement, has a burden to negate any likelihood that the practice complained of will confuse consumers about the origin of the goods or services affected.



HOLDING OF THE COURT

The Defendant was not required to show that there would be no likelihood of confusion to assert the FAIR USE Defense. The Defense is available even where there may be a likelihood of confusion.