

March 26, 2021

GLOBAL NETWORK OF NATIONAL IP PRACTITIONER ASSOCIATIONS

2023 SUMMIT – ISTANBUL





Supreme Court Decisions Affect Trademark Law

- 1. Generic.com marks**
- 2. Extraterritoriality of the Lanham Act**
- 3. Trademark Protection verses First Amendment Rights**

U.S. SUPREME COURT

U.S. PATENT AND TRADEMARK OFFICE v. BOOKING.COM B.V.

Issue:

Can a GENERIC.COM mark be eligible for registration?

U.S. SUPREME COURT

U.S. PATENT AND TRADEMARK OFFICE v. BOOKING.COM B.V.

➤ **Booking.com**

- Applied to register “Booking.com” as a word mark and as three stylized logos for “online hotel reservation services.”
- USPTO: refused registration on the ground that BOOKING.COM is generic for the applied-for services.
- TTAB: affirmed the refusals

USPTO’s RULE:

When a generic term is combined with a generic Internet-domain-name suffix like “.com,” the resulting combination is always generic, regardless of consumer perception

U.S. SUPREME COURT

U.S. PATENT AND TRADEMARK OFFICE v. BOOKING.COM B.V.

- Appeal to the Eastern District of Virginia
 - Booking.com submitted new evidence, including a survey indicating that 74.8% of consumers recognized BOOKING.COM as a brand rather than a generic service.
 - Held: although “Booking” was a generic term for the identified services, “Booking.com” as a whole was nevertheless a descriptive mark. Further, Booking.com had met its burden of demonstrating that the mark had acquired secondary meaning and was therefore protectable for hotel reservation services
- U.S. Court of Appeals for the Fourth Circuit affirmed

U.S. SUPREME COURT

U.S. PATENT AND TRADEMARK OFFICE v. BOOKING.COM B.V.

➤ **Supreme Court - affirmed**

- Rejected the USPTO's proposed rule that when a generic term is combined with a generic Internet-domain-name suffix like ".com," the resulting combination is always generic, regardless of consumer perception.
- Justice Ginsburg: the USPTO's proposed rule entirely disregards consumer perception, which is the bedrock principle of the Lanham Act.
- Whether a "generic.com" term is generic depends on whether consumers perceive that term as the name of a class of goods or services.
- Because the surveys showed that consumers do not perceive the term "Booking.com" to signify generic online hotel-reservation services, the term is not generic and may be eligible for federal trademark registration.

U.S. SUPREME COURT

U.S. PATENT AND TRADEMARK OFFICE v. BOOKING.COM B.V.

➤ **Effect on Trademark Law**

- By rejecting the PTO's proposed per se rule, the majority opinion opens the door to new trademark registrations for other terms styled "generic.com" or "generic.[any gTLD]"
- Applicants should be prepared to submit evidence to show that consumers do not recognize the applied-for term as generic.
- To achieve registration on the principal register, applicants will need to show that the mark has "acquired distinctiveness" through use in the marketplace.
- Applicants must still show that they are using the applied-for mark as a trademark to identify the source of goods and services and not merely as a domain name.

U.S. SUPREME COURT

U.S. PATENT AND TRADEMARK OFFICE v. BOOKING.COM B.V.

➤ **Critical Business Takeaways**

- Booking.com has opened the door for the registration of domain names with generic terms;
- Online businesses operating in the United States with a generic domain name should consider registering for trademark protection;
- Now is the time to assess your branding and marketing strategy;
- If a business wants to use a “generic.com” term, ensure they use a unique font, logo, stylization or combination of colors on their website that is sufficiently distinct from other marks;
- Consider undertaking a consumer survey and submitting it with the application to register your proposed generic term;
- Make sure you gather strong evidence to support of your trademark application or domain name registration. Such evidence might include purchaser testimony, nation-wide consumer surveys, listings and dictionaries, trade journals, newspaper articles, awards and recognition, invoices, advertisement and promotional material, ledger accounts, social media presence and other publications.

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL v. HETRONIC INTERNATIONAL, INC.

Issue:

Does U.S. trademark law under the Lanham Act extend to foreign sales by foreign entities to foreign customers?

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL v. HETRONIC INTERNATIONAL, INC.

- **Hetronic** – U.S. Company
 - Sells radio remote controls used for heavy-duty construction equipment
- **Abitron** – German/Austrian Companies
 - International Distributor/Licensee
 - Began making its own products using the HETRONIC trademark



Hetronic NOVA



Abitron NOVA



Hetronic ERGO



Abitron ERGO

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL v. HETRONIC INTERNATIONAL, INC.

- Oklahoma District Court and European Court of Justice held that Hetronic owned the HETRONIC trademark

- Jury trial in Oklahoma
 - **\$96 million** in damages awarded despite the fact that only 3% of Arbitron's sales ended up in the US
 - **world wide injunction** prohibiting use of Hetronic trademarks and trade dress

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL v. HETRONIC INTERNATIONAL, INC.

10th Circuit Court of Appeals: affirmed District Court decision

- **TEST:** to determine if the Lanham Act applied to Abitron's foreign conduct
 - (1) if Defendant is a U.S. citizen; the Lanham Act applies
 - (2) if Defendant is not a U.S. citizen
 - does the conduct have a **substantial** effect on U.S. commerce; and
 - would there be a conflict with trademark rights under relevant foreign law

- Abitron's activity had a substantial effect
 - Millions of Euros of infringing product found their way into the U.S.
 - Abitron's sales efforts caused confusion among U.S. consumers
 - Diversion of foreign sales

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL v. HETRONIC INTERNATIONAL, INC.

U.S. Supreme Court: vacated and remanded 10th Circuit decision

- To evaluate extraterritoriality of the Lanham Act, the Court applied a two-step framework.
 1. Does the statute give a clear, affirmative indication that it applies extraterritorially?
 - Court: The Lanham Act does not
 2. Does the “focus” of the statute trigger a “domestic application” of the statute.
 - Justice Alito: The key is the conduct relevant to the statute’s focus
 - Court: Any domestic application of the Lanham Act turns on whether infringing conduct occurred in the United States.

U.S. SUPREME COURT

ABITRON AUSTRIA GMBH ET AL V. HETRONIC INTERNATIONAL, INC.

➤ Effect on Trademark Law

- Bottom line – the Lanham Act does not generally cover conduct outside the U.S.
- It will be more difficult for American brand owners to protect their rights internationally
- There is uncertainty regarding the scope of “use in commerce”
 - Justice Alito – foreign defendant is liable only if it directly sells products in or into the US
 - Justice Jackson – foreign defendant is liable based on what happened with the infringing product
 - Justice Sotomayor – foreign defendant is liable if its conduct created consumer confusion in the United States

U.S. SUPREME COURT *ABITRON AUSTRIA GMBH ET AL v. HETRONIC INTERNATIONAL, INC.*

➤ Critical Business Takeaways

- U.S. companies taking issue with foreign companies using their trademarks abroad will more likely have to resort to the local courts of the jurisdiction where the activity is taking place;
- Now is the time to assess your trademark protection strategy;
- Consider proactively registering trademarks internationally;

U.S. SUPREME COURT

JACK DANIEL'S PROPERTIES, INC. v VIP PRODUCTS LLC

Issue:

Burden of proof

U.S. SUPREME COURT

JACK DANIEL'S PROPERTIES, INC. v VIP PRODUCTS LLC

➤ VIP Products

- Selling a dog toy that parodies the shape and look of the Jack Daniel's bottle
 - "Jack Daniel's" becomes "Bad Spaniels"
 - "Old No. 7 Brand Tennessee Sour Mash Whiskey" becomes "The Old No. 2 On Your Tennessee Carpet"
- Filed for a declaratory judgment of non-infringement after receiving a cease and desist letter
- Argued that because the toy was an "expressive" work, Jack Daniel's infringement claim failed under the *Rogers* test and its parodic use was protected use under the Lanham Act



U.S. SUPREME COURT

JACK DANIEL'S PROPERTIES, INC. v VIP PRODUCTS LLC

➤ **Rogers test**

- Formulated by the Second Circuit in *Rogers v. Grimaldi*
 - Ginger Rogers sued the studio of the film “Ginger and Fred” for trademark infringement
 - Second Circuit: ruled for defendant
 - “section 43(a) of the Lanham Act does not bar a minimally relevant use of a celebrity’s name in the title of an artistic work where the title does not explicitly denote authorship, sponsorship, or endorsement by the celebrity or explicitly mislead as to content.”
- Is the work at issue “*expressive*” – does the work “communicate ideas or express points of view”
 - Traditionally expressive works were books and movies
- If the work is expressive, plaintiff must show that defendant’s use of the trademark either (i) is not *artistically relevant* to the work, or (ii) is *explicitly misleading* to consumers as to the source or content of the work.
- *Mattel v. MCA Records* – use of the Barbie name in band’s song “Barbie Girl” was not as a source identifier.

U.S. SUPREME COURT

JACK DANIEL'S PROPERTIES, INC. v VIP PRODUCTS LLC

- **D. Arizona** – the dog toy infringed Jack Daniel's trademark and trade dress
 - VIP used the Jack Daniel's trademark to identify the source of VIP's products, not to parody, criticize, or comment on the Jack Daniel's brand
 - Where another's trademark is used for source identification, Rogers and fair use do not apply
- **Ninth Circuit** – Reversed
 - District Court committed clear error in finding infringement without first requiring Jack Daniels to satisfy the *Rogers* test
 - The dog toy is “expressive” because it “communicates a humorous message”
- **Remand** – jack Daniel's could not satisfy the *Rogers* test

U.S. SUPREME COURT

JACK DANIEL'S PROPERTIES, INC. v VIP PRODUCTS LLC

➤ ***Supreme Court – Vacated and Remanded***

- The *Rogers* test does not apply where an alleged infringer uses a trademark “as a mark” – that is, as a designation of source for the infringer’s own goods – even if the alleged infringer is also making an expressive comment (such as a humorous statement or parody).
- Because most trademark usage involves at least some expressive component — applying the *Rogers* test as expansively as the Ninth Circuit would severely limit the cases getting to the likelihood-of-confusion inquiry

U.S. SUPREME COURT

JACK DANIEL'S PROPERTIES, INC. v VIP PRODUCTS LLC

➤ **Effect on Trademark Law:**

- *Rogers* Test – While the Court did not take a position on whether the *Rogers* test has merit, it cast significant doubt on its viability and scope going forward
- Highly unlikely that the *Rogers*'s Test will apply to products because such products can almost always be described as “trading on the good will of the trademark owner” in some fashion,
- Even for more traditional expressive works like books, television shows and films, a partial purpose of source identification renders the *Rogers* test inapplicable may substantially reduce the likelihood that courts will turn to that test.
- Courts may be reluctant to engage at all on the *Rogers* issue until after there is discovery on whether a trademark is serving a source identification purpose in the eyes of the public, particularly in the context of consumer goods bearing another company's trademark

U.S. SUPREME COURT

JACK DANIEL'S PROPERTIES, INC. v VIP PRODUCTS LLC

➤ ***Critical Business Takeaways***

- The ruling gives brand holders more control over their trademarks.
- Trademark owners will now have an easier time preventing unauthorized uses of their marks on goods that parody or criticize their brand.
- Businesses must be careful not to use another brand's trademark in a way that may confuse consumers.

THANK YOU

Ron DiCerbo

McAndrews, Held & Malloy, Ltd.

rdicerbo@mcandrews-ip.com