

The Top 10 Trademark Rulings Of 2016

By **Bill Donahue**

Law360, New York (December 20, 2016, 6:05 PM EST) -- From cannabis to Costco to Coca-Cola to Converse, 2016 was another year chock-full of exciting trademark rulings. To get you up to speed for the start of the new year, here are the top 10 trademark decisions from the year that was.

10. In re JuJu Joints

The Trademark Trial and Appeal Board's October ruling doubled down on the board's refusal to register cannabis-related trademarks, rejecting a novel argument that the hands-off approach used by federal prosecutors in pot-friendly states effectively made the drug "lawful" under the Lanham Act.

The ruling against a Washington company called JuJu Joints came a few months after the TTAB rejected another cannabis-related trademark even though the applicant never mentioned the drug in the application.

Taken together, the board's two precedential cannabis rulings in 2016 made one thing clear: Even as voters continue to authorize use of the drug in state after state, federal trademark registrations for marijuana aren't coming any time soon.

The case is In re JJ206, LLC, dba JuJu Joints, case numbers 86474701 and 86236122, before the Trademark Trial and Appeal Board.

9. Florida International University Board of Trustees v. Florida National University Inc.

The Eleventh Circuit's July ruling nixing Florida International University's trademark lawsuit against for-profit Florida National University was rooted in a simple idea: Prospective college students wouldn't accidentally spend tens of thousands of dollars and attend the wrong school because of a similar-sounding name.

The ruling is particularly notable because it came among several similar disputes. In November, a Texas federal judge went the other way, ordering the Houston College of Law to change its name over similarities to University of Houston Law Center. A few weeks later, American InterContinental University filed a preemptive lawsuit after it was threatened with trademark litigation by American University.

The case is Florida International University Board of Trustees v. Florida National University Inc., case

number 15-11509, in the U.S. Court of Appeals for the Eleventh Circuit.

8. Tiffany & Co. v. Costco Wholesale Corp.

A Manhattan jury's September and October verdicts — which came after a bench ruling last year that Costco infringed Tiffany's trademark rights by using the jeweler's name on diamond engagement rings — hit the big box chain with \$5.5 million in damages for unlawful profits and \$8.25 million in punitive damages.

The verdicts capped more than three years of often-bitter litigation — Costco has called the case a publicity stunt and Tiffany has called the retailer a counterfeiter — and paved the way for a Second Circuit appeal of the earlier liability ruling.

The case is *Tiffany & Co. v. Costco Wholesale Corp.*, case number 1:13-cv-01041, in the U.S. District Court for the Southern District of New York.

7. Variety Stores Inc. v. Wal-Mart Stores Inc.

A North Carolina federal judge's November ruling ordered Wal-Mart to pay a whopping \$32.5 million for selling a line of "Backyard BBQ" products that infringed the "Backyard" trademark rights of a small Southern discount chain, an unusually large sum for a trademark case.

The ruling for Variety Stores Inc., which operates 300 discount stores, didn't mince words, blasting Wal-Mart for making a "deliberate choice" to infringe the trademark rights of a smaller company despite repeated warnings from its attorneys.

The case is *Variety Stores Inc. v. Wal-Mart Stores Inc.*, case number 5:14-cv-00217, in the U.S. District Court for the Eastern District of North Carolina.

6. International Information Systems Security Certification Consortium Inc. v. Security University LLC

The Second Circuit's May decision was the court's first on trademark law's nominative fair use doctrine, offering a brand-new approach to a doctrine the Ninth Circuit created two decades earlier.

In the 1992 ruling laying out nominative fair use, the Ninth Circuit ruled that a company that needs to use another company's trademark — think of an auto body shop advertising that it repairs Volkswagens — can do so if it uses no more of it than necessary and does nothing to suggest sponsorship or endorsement.

In its ruling, the Second Circuit embraced the doctrine in principle, but rather than make it a stand-alone defense, decided to incorporate the doctrine into its broader, eight-factor "Polaroid" test for deciding likelihood of confusion.

The company that lost the case has already appealed it to the U.S. Supreme Court, arguing that it directly contrasts with the Ninth Circuit's approach and threatens to limit the doctrine's scope.

The case is *International Information Systems Security Certification Consortium Inc. v. Security University LLC*, case number 14-3456, in the U.S. Court of Appeals for the Second Circuit.

5. Royal Crown Co. Inc. et al. v. The Coca-Cola Co.

The Trademark Trial and Appeal Board's May ruling gave Coca-Cola Co. a victory in its long-running effort to secure trademark control over "Zero," shooting down concerns from beverage rivals that the soda king was trying to monopolize a generic word.

The decision, coming 13 years after Coke first tried to register the name, rejected arguments from the Dr Pepper Snapple Group Inc. that "Zero" was a generic, unregistrable term for zero-calorie soft drinks. The board also said Coke had built enough "acquired distinctiveness" for the term "Zero" for it to function as a trademark.

Dr Pepper Snapple is currently appealing the ruling to the Federal Circuit, urging the court to rethink how the TTAB approaches issues of genericness and pressing the appeals court to keep the "widely used" term "free for use."

The case is Royal Crown Co. Inc. et al. v. The Coca-Cola Co., case number 91178927, before the Trademark Trial and Appeal Board.

4. SunEarth Inc. et al. v. Sun Earth Solar Power Co.

The Ninth Circuit's October ruling largely ended any lingering uncertainty over whether the U.S. Supreme Court's Octane Fitness ruling — which made it easier for prevailing patent litigants to win attorneys' fees — would apply equally to trademark law.

Courts had been gradually applying the Octane ruling to the Lanham Act, but a Ninth Circuit panel ruled in May that it was bound by the circuit's more restrictive pre-Octane standard, which only allows fee awards for "malicious, fraudulent, deliberate or willful" cases.

The October ruling, by the en banc court, overturned that standard, saying the court agreed with "the majority of our sister circuits" that Octane had "altered the analysis of fee applications under the Lanham Act."

The case is SunEarth Inc. et al. v. Sun Earth Solar Power Co. et al., case number 13-17622, in the U.S. Court of Appeals for the Ninth Circuit.

3. Trader Joe's Co. v. Michael Hallatt

The Ninth Circuit's August ruling against a knockoff Trader Joe's store in Vancouver said consumer confusion across the border could easily have enough effect on American commerce to justify extraterritorial application of the Lanham Act.

Citing the fact that "incidents of foodborne illness regularly make international news," the court said contaminated food sold at the Canadian "Pirate Joe's" could clearly hurt Trader Joe's reputation in the States.

The case is Trader Joe's Co. v. Michael Hallatt, case number 14-35035, in the U.S. Court of Appeals for the Ninth Circuit.

2. Belmora LLC v. Bayer Consumer Care AG

The Fourth Circuit's March decision expanded the global reach of U.S. trademark law with the holding that Bayer AG could sue a small drugmaker in U.S. court for using the foreign brand name Flanax despite the fact that the pharmaceutical giant had never used or registered the mark in the U.S.

Belmora LLC — sued by Bayer for using “Flanax,” its Mexican brand name for Aleve — said Bayer lacked legal standing to do so, but the Fourth Circuit was swayed by the drugmaker's arguments this would create a “loophole” that would allow for the “blatant deception of Mexican-American immigrants.” The court said there was no “unstated requirement” that a trademark must be used or registered to sue under the Lanham Act's broad unfair competition provision.

Belmora is currently petitioning for review by the U.S. Supreme Court, a bid that has received support from the International Trademark Association.

The case is Belmora LLC v. Bayer Consumer Care AG, case number 15-1335, in the U.S. Court of Appeals for the Fourth Circuit.

1. In the Matter of: Certain Footwear Products

The U.S. International Trade Commission's June ruling marked a big setback for Converse's aggressive campaign to protect its Chuck Taylor sneaker — and a major victory for rival shoe companies and retailers who said the company was trying to use trademark law to monopolize common sneaker designs.

The commission ruled that Converse lacked enforceable trade dress rights over the core design elements of its Chuck Taylor sneaker, saying later that it was swayed by more than 80 years of widespread use of similar designs by competitors.

Converse has appealed the ruling to the Federal Circuit, a proceeding that will likely lead to one of the top trademark rulings of 2017.

The case is In the Matter of: Certain Footwear Products, investigation number 337-TA-936, before the U.S. International Trade Commission.

--Editing by Mark Lebetkin and Kelly Duncan.