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'Top 7 Trademark Rulings Of 2019: A Midyear Review,' Law360

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Top 7 Trademark Rulings Of 2019: A Midyear Review

By Bill Donahue

Law360 (June 27, 2019, 12:52 PM EDT) — From Keystone Light to "covfefe" to a U.S. Supreme Court ruling on "scandalous" words, the first six months of 2019 have been chock-full of trademark rulings. As we head into the back half of the year, here are the seven big decisions you need to know.

7. Stone Brewing Co. LLC v. Molson Coors Brewing Co. et al.

A federal judge's March ruling shot down a request from craft brewer Stone Brewing Co. for an injunction that would have forced MillerCoors to pull new Keystone Light packaging from the shelves, saying it was too drastic a remedy. The judge said Stone had a "moderately strong" shot at eventually winning the lawsuit, which claims that the new packaging's emphasis on the "stone" portion of the word infringes the smaller brewer's trademark rights. But he also said MillerCoors' new Keystone packaging wasn't causing the kind of permanent damage necessary for such a drastic order. "Stone is hard-pressed to demonstrate it would suffer any harm absent a preliminary injunction," U.S. District Judge Roger T. Benitez wrote. "On the other hand, Miller does allege that it would be harmed by the court's granting of a preliminary injunction against it because, for example, it would have to change the cans and packaging of the challenged 'Keystone Light' product that it has been using for well over a year," Benitez wrote.

6. In re: Gillard

Issued two years after President Donald Trump's bizarre use of "covfefe" went viral on social media, the Trademark Trial and Appeal Board's January ruling said an Illinois man couldn't register the "enigmatic" term as a trademark. Citing a "whirlwind" reaction that pushed "covfefe" to be "the #1 trending hashtag in the world," the board ruled that the "mystery word," which the president tweeted out in May 2017, was a common term that didn't serve the source-designating function of a trademark. "The word is in the nature of a verbal Rorschach test, in which users and observers of the word can project onto it any meaning they wish, and, as a result, it has been used ubiquitously in ... several nontrademark senses," Judge Christopher Larkin wrote for the board. "The more commonly a phrase is used, the less likely that the public will use it to

identify only one source and the less likely that it will be recognized by purchasers as a trademark," Larkin wrote. The decision was the latest to reject a trademark registration for a zeitgeisty term. Opportunistic applicants often quickly flood the trademark office with such filings, but such requests are almost always rejected for failing to function as trademarks.

5. Spangler Candy Co. v. Tootsie Roll Industries LLC

The March ruling by a California federal judge granted the maker of Dum Dums lollipops a preliminary injunction barring rival Tootsie from selling its competing mini lollies in look-alike red bags. The judge said Spangler would likely win its lawsuit claiming Tootsie Roll Industries violated the Lanham Act by switching to "deceptively and confusingly similar" new bags for its Charms Mini Pops. Though he ruled the Dum Dum trade dress "weak" and said no consumers had actually been confused, the judge leaned particularly heavily on evidence that Tootsie intentionally chose the new design to mimic the existing Dum Dums bags. "Without market research and with full knowledge of the appearance of the Dum Dums bag, Tootsie chose a package with elements that were nearly identical," U.S. District Judge Jeffrey J. Helmick wrote. "Tootsie specifically recognized the similarity between the [packages'] color scheme, had multiple other options, and chose to proceed with the similar design anyway." Read the full ruling [HERE](#).

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

The January ruling by a Manhattan federal judge cleared the way — finally — for Costco to appeal to the Second Circuit from a ruling that the company infringed Tiffany's trademarks by using the word "Tiffany" on signage for diamond rings. Ruling on motions that had been pending for more than a year, U.S. District Judge Laura Taylor Swain rejected various requests from Costco that she alter the outcome or order a new trial. She also tacked on nearly \$6 million more in legal bills, raising Costco's fine to nearly \$27 million. Tiffany sued Costco in early 2013, claiming the big-box chain was misleading consumers by putting "Tiffany" on retail signage for diamond rings. Costco said it had merely used it as shorthand for "Tiffany setting," a supposedly generic term for a style of ring pioneered by the jeweler's founder. In 2015, Judge Swain sided with Tiffany's argument; in 2017, jurors hit Costco with the big damages award. After nearly six years of litigation, the January ruling cleared the way for Costco to appeal the case to the Second Circuit. Among other things, the retailer will likely argue that Judge Swain improperly found the company liable of counterfeiting — a more serious charge usually reserved for outright fakes. Briefing kicked off in April, and Tiffany's main brief is due next month. Read the full ruling [HERE](#).

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

The March verdict by a federal jury left Walmart facing an extraordinarily large \$95 million damages bill for willfully infringing a smaller Southern discount chain's "Backyard" trademark with a line of "Backyard Grill" products. Variety Stores Inc., which operates more than 300 Roses and Maxway discount stores, sued Walmart in 2014 for selling the Backyard Grill brand. The company claimed Roses had been using the Backyard name for garden and barbecue equipment since 1993. In October, following a three-day liability trial, jurors found Walmart had willfully infringed the trademark; in March, those same jurors awarded Variety the \$95 million damages total. That was an unusually large sum for a trademark lawsuit, where preliminary injunctions are a more common remedy than eye-popping damages. The verdict set the stage for an appeal to the Fourth Circuit, which already once overturned a lower court ruling against Walmart earlier in the litigation. Read the full verdict [HERE](#).

2. Mission Product Holdings Inc. v. Tempnology LLC

The U.S. Supreme Court's May ruling settled a long-standing circuit split by ruling that defunct brand owners

cannot use bankruptcy law to unilaterally revoke a trademark license. Clearing up a situation that had been called "the most significant unresolved legal issue in trademark licensing," the justices ruled that a bankrupt company's decision to "reject" an existing contract does not revoke a trademark licensee's right to continue using that mark. Bankruptcy law gives debtors the right to terminate most contracts to free themselves of obligations, but specifically exempts copyright and patent licenses from that mechanism. Thanks to key omissions in the law, circuit courts had split over trademark licenses should also be exempted. "The question is whether the debtor-licensor's rejection of that contract deprives the licensee of its rights to use the trademark. We hold it does not," Justice Elena Kagan wrote. "A rejection breaches a contract but does not rescind it. And that means all the rights that would ordinarily survive a contract breach, including those conveyed here, remain in place."

1. Andrei Iancu v. Erik Brunetti

Two years after the justices struck down a ban on racist trademark registrations, the U.S. Supreme Court's June ruling struck down the Lanham Act's similar prohibition on the registration of "immoral or scandalous" material for the same reason, ruling that the provision violated the First Amendment. Relying heavily on the earlier ruling, the justices said the ban was an unconstitutional form of discrimination against particular viewpoints, something that's almost never allowed under the First Amendment. The ruling went in favor of a man named Erik Brunetti, who wanted to register the phonetically profane name of his apparel brand, "Fuct," as a trademark. "We hold that this provision infringes the First Amendment for the same reason," Justice Kagan wrote for a six-justice majority. "It too disfavors certain ideas." USPTO had urged the high court to rule that the "scandalous" ban was a less egregious restriction that remained neutral on viewpoints, but the majority didn't buy it. "The statute, on its face, distinguishes between two opposed sets of ideas: those aligned with conventional moral standards and those hostile to them; those inducing societal nods of approval and those provoking offense and condemnation," Justice Kagan wrote. "The statute favors the former, and disfavors the latter." —Editing by Katherine Rautenberg.

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