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'Top 10 Trademark Rulings of 2019', Law360

Top 10 Trademark Rulings of 2019

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Christina Davidson Trimmer
S. Alex Long, Jr.

MEDIA CONTACT

Wendy M. Byrne
wbyrne@shumaker.com

By Bill Donahue

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Law360 (December 19, 2019, 10:01 AM EST) — From Amazon to "Woodstock" weed to offensive words at the U.S. Supreme Court, it was a busy year in the world of trademark law. As 2019 comes to a close, here are the 10 biggest rulings you need to remember, plus seven more you should know that didn't make the cut.

10. Williams-Sonoma v. Amazon

A California federal judge's May ruling refused to throw out a lawsuit from Williams-Sonoma claiming Amazon is tricking web shoppers into thinking secondhand merchandise is fully authorized.

The decision allowed the case to move forward, and the proceedings will be closely watched for their impact on how and when brands can stop the country's largest web retailer from offering their goods.

Williams-Sonoma, which doesn't sell its homewares on Amazon, sued last year over the use of its name on merchandise sold on the site by third parties. Amazon quickly argued it was shielded by the first-sale doctrine, which allows for the legal resale of legitimate goods in nonconfusing ways.

Although she labeled the argument a tough decision, U.S. Magistrate Judge Elizabeth D. Laporte ruled that Williams-Sonoma had presented enough to avoid early dismissal.

"It is a close call, but on balance the allegations raise the plausible inference that Amazon is not merely reselling Williams-Sonoma products, but is instead cultivating the incorrect impression that these sales on Amazon.com are authorized by Williams-Sonoma and that a reasonably prudent consumer is likely to be confused," the judge wrote.

The judge said that "no case law" exists that precisely addresses the questions presented by the dispute.

The case is Williams-Sonoma Inc. v. Amazon.com Inc., case number 3:18-cv-07548, in the U.S. District Court for the Northern District of California.

Read the full decision HERE.

9. SportFuel v. PepsiCo

The Seventh Circuit's decision in August found that PepsiCo Inc. didn't infringe the trademarks of a company called SportFuel Inc. by using the simple term "sports fuel" in a slogan for Gatorade.

The appeals court affirmed a ruling that Gatorade's use of the slogan "Gatorade The Sports Fuel Company" was protected fair use, saying the beverage giant had used the term descriptively and without any intent to associate with the Chicago-based nutrition and wellness company.

Among other arguments, the Seventh Circuit colorfully rejected the idea that Gatorade had used the term distinctively because "Sports Fuel" is incongruous with the company's core consumers.

"Just as the pervasive use of yoga pants and other activewear as casual clothing does not change the athletic characteristics of those products, the fact that Gatorade sells more sports drinks to average joes who limit their rigorous exercise to lawn-mowing does not change the athletic characteristics of Gatorade's products," the panel wrote.

The case is SportFuel Inc. v. PepsiCo Inc. et al., case number 18-3010, in the U.S. Court of Appeals for the Seventh Circuit.

Read the full decision HERE.

8. Stone Brewing Co. v. Molson Coors

A federal judge's March ruling denied a preliminary injunction, sought by craft brewer Stone Brewing Co., that would have forced Molson Coors subsidiary MillerCoors to immediately pull Keystone Light packaging that emphasizes the word "Stone."

Ruling on a colorful clash of beermakers filed a year earlier, the judge noted Stone might have a "moderately strong" shot at eventually winning the lawsuit, but said an immediate court order wasn't necessary because the new packaging wasn't causing permanent damage.

"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."

The new packaging at issue, launched in 2017, still says "Keystone," but the word is sometimes split in half and "Stone" is emphasized. "Stone" or "Stones" are longtime informal nicknames for the low-priced lager.

Stone has argued that consumers seeking its craft beers might instead get "Keystone's watered-down imitation of beer in its place."

The case is headed toward a trial next year.

The case is Stone Brewing Co. LLC v. Molson Coors Brewing Co. et al., case number 3:18-cv-00331, in the U.S. District Court for the Southern District of California.

Read the full decision HERE.

7. Applied Underwriters v. Lichtenegger

The Ninth Circuit's January decision said that — thanks to the doctrine of nominative fair use — a financial services firm cannot sue a news website over a webcast that criticized the company.

The appeals court rejected a lawsuit filed by a Berkshire Hathaway unit called Applied Underwriters Inc. claiming its trademarks were being infringed by a webcast called "Applied Underwriters' EquityComp Program: Like it, Leave it, or Let it be?"

Affirming a lower court, the Ninth Circuit ruled that the news site, Workers' Comp Executive, had no choice but to use the trademarks to identify the company that the webcast was criticizing

"Defendants needed to communicate that they critiqued the EquityComp program, and so using the mark in the title and description of the program accomplished this goal," the panel said.

The case is Applied Underwriters Inc. v. Larry Lichtenegger et al., case number 17-16815, in the U.S. Court of Appeals for the Ninth Circuit.

Read the full decision HERE.

6. Woodstock Ventures v. Woodstock Roots

A New York federal judge's July decision found that the company that owns the rights to the Woodstock music festival is allowed to use the name to sell cannabis products.

Refusing to issue a preliminary injunction against Woodstock Ventures LC, the judge said using the name of the famous 1969 festival on marijuana products is not likely to infringe the trademark rights of a smaller entity called Woodstock Roots LLC.

Earlier, Woodstock Roots had successfully secured a trademark registration for "smoker's articles." But in the process, it had sworn to the U.S. Patent and Trademark Office that those "articles" would not be used to smoke marijuana.

"[Woodstock Ventures'] products all involve the use of recreational marijuana, while [Woodstock Roots has] expressly disavowed the notion that their products are intended for use with recreational marijuana," U.S. District Judge Paul G. Gardephe wrote. "Accordingly, even if the parties' products are marketed through the same or similar trade channels, this fact does not suggest a likelihood of confusion."

The case is Woodstock Ventures LC et al. v. Woodstock Roots LLC et al., case number 1:18-cv-01840, in the U.S. District Court for the Southern District of New York.

Read the full decision HERE.

5. Variety Stores v. Walmart

The March verdict by a federal jury left Walmart facing $95 million in damages for infringing a smaller chain's "Backyard" brand with a line of "Backyard Grill" products — an unusually steep sum for a trademark case.

The verdict went in favor of Variety Stores Inc., which had sued Walmart in 2014 for selling the Backyard Grill brand. The small company, which operates 300 Roses and Maxway discount stores, has used the name since

1993.

The damages verdict came six months after the same jurors found Walmart had willfully infringed the trademark — the second such verdict in a long-running case that has already been up the appellate ladder twice.

The $95 million figure is an unusually large sum for the realm of trademark law, where damages are often difficult to prove and injunctions are a more common remedy than eye-popping dollar figures.

The case is currently pending before the Fourth Circuit.

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.

Read the full verdict HERE.

4. Booking.com v. Iancu

The Fourth Circuit's February ruling meant that Booking.com could potentially register its name as a trademark, rejecting USPTO arguments that the name was generic and setting the stage for a trip to the Supreme Court.

Affirming a novel ruling by a district court, the appeals court ruled that the addition of ".com" could transform an otherwise generic term like "booking" into something that consumers might recognize as a trademark.

"When '.com' is combined with [another term], even a generic [other term], the resulting composite may be non-generic where evidence demonstrates that the mark's primary significance to the public as a whole is the source, not the product," the appeals court wrote.

The USPTO later appealed the case to the Supreme Court, arguing that the ruling could have "serious and immediate anticompetitive effects." In November, the justices agreed to hear the case.

The case is Booking.com BV v. Iancu, case number 17-2458, at the U.S. Court of Appeals for the Fourth Circuit.

Read the full decision HERE.

3. Peter v. NantKwest

The Supreme Court's December decision struck down an unusual U.S. Patent and Trademark Office policy that saw the agency automatically demand repayment of its attorney's fees, ending a long and often-criticized effort by the agency.

Ruling unanimously, the justices rejected the agency's recent reinterpretation of decades-old language in the Patent Act and Lanham Act that says patent and trademark applicants must pay "all expenses" incurred by USPTO in defending so-called de novo appeals.

USPTO had argued that the provision covered attorney's fees, but Justice Sonia Sotomayor said that the agency's approach — which said such fees must be paid regardless of who won the case — would violate the so-called American Rule that everyone must typically pay their own lawyers.

"The [American Rule] presumption against fee shifting not only applies, but is particularly important because [the Patent Act] permits an unsuccessful government agency to recover its expenses from a prevailing party," Justice Sotomayor wrote. "Reading [the statute] to award attorney's fees in that circumstance would be a radical departure from longstanding fee-shifting principles adhered to in a wide range of contexts."

The case is Peter v. NantKwest, case number 18-801, in the U.S. Supreme Court.

Read the full decision HERE.

2. Mission Product v. Tempnology

The Supreme Court's May ruling said companies that go bankrupt cannot use the process to unilaterally revoke a trademark license — a complex but important issue that had split circuit courts.

Bankruptcy law gives debtors the right to terminate, or "reject," most contracts to free themselves of expensive obligations, but lower courts couldn't decide whether that right included existing agreements to let someone else use a trademark.

Clearing up a situation that had been called "the most significant unresolved legal issue in trademark licensing," the justices said it did not.

"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."

The case is Mission Product Holdings Inc. v. Tempnology LLC, case number 17-1657, before the Supreme Court of the United States.

Read the full decision HERE.

1. Iancu v. Brunetti

A sequel to a higher-profile decision two years earlier, the U.S. Supreme Court's June ruling held that the Lanham Act's prohibition on the registration of "immoral or scandalous" material violated the First Amendment.

Echoing the earlier decision — which struck down a similar ban on racist trademarks — the justices said the "scandalous" material ban was an unconstitutional form of discrimination against particular viewpoints, something that is almost never allowed under the First Amendment.

"We hold that this provision infringes the First Amendment for the same reason," Justice Kagan wrote for a six-justice majority, referring to the earlier decision. "It too disfavors certain ideas."

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.

The USPTO had urged the high court to rule that the "scandalous" material ban was a less egregious restriction that remained neutral on viewpoints, but Justice Kagan and 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."

The case is Iancu v. Brunetti, case number 18-302, in the U.S. Supreme Court.

Read the full decision HERE.

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