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Finnegan's monthly review of essential decisions, key developments, evolving trends in trademark law, and more.

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Civil Cases

***Coach, Inc. v. Gata Corp.,* 98 USPQ2d 1911 (D.N.H. 2011)**

by Michael R. Justus

ABSTRACT

The District of New Hampshire denied defendant flea-market operators' motion to dismiss plaintiff's contributory-trademark-dilution claim arising out of defendants' operation of a flea market in which counterfeit merchandise was sold by third-party vendors, finding that contributory trademark dilution is a valid cause of action. The court held that although the contributory-dilution cause of action is not well established, the limited jurisprudence on the subject makes clear that such a cause of action exists.

CASE SUMMARY

FACTS

Plaintiff Coach, Inc. ("Coach") manufactures and sells high-end purses, handbags, and other luxury goods. Coach brought suit against defendant Gata Corp. and its owner Martin Taylor (collectively "Gata") based on Gata's operation of a flea market in Derry, New Hampshire, where counterfeit Coach merchandise was allegedly sold by third-party vendors. Coach brought a number of claims against Gata, including contributory trademark infringement, contributory trademark dilution/tarnishment, and contributory and vicarious copyright infringement. Gata filed a motion to dismiss Coach's vicarious copyright infringement and contributory-trademark-dilution claims. With respect to the contributory-dilution claim, Gata based its motion to dismiss on the premise that such a cause of action does not exist.

ANALYSIS

To determine whether Coach had stated a valid claim for contributory trademark dilution, the court considered the opinion of a leading commentator and analyzed relevant decisions by other courts. The court first noted that Professor McCarthy approved the concept of contributory-dilution claims in his prominent trademark treatise. The court then analyzed three cases from other courts that had addressed the validity of contributory-dilution claims: *Kegan v. Apple Computer, Inc.*, 72 USPQ2d 1053 (N.D. Ill. 1996); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980 (9th Cir. 1999); and *Tiffany (NJ), Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008).

In *Kegan*, the plaintiff sued Apple for various trademark and unfair-competition claims arising out of use by Apple and third-party software developers of various GUIDE-formative marks for computer software.

The court denied—without discussion—Apple’s motion for summary judgment on Kegan’s contributory-dilution claim because “genuine issues of material fact exist as to whether Apple’s encouragement of other software developers to create software in the GUIDE family constitutes contributory dilution.” *Kegan*, 72 USPQ at 1062.

In *Lockheed*, the Ninth Circuit affirmed a district court’s refusal to grant leave to the plaintiff to amend its complaint to add a contributory-dilution claim. The court noted that “no appellate court or statute has yet established the [contributory-dilution] cause of action.” *Lockheed*, 194 F.3d at 986. The court did not, however, hold that no such cause of action exists. Instead, it affirmed the trial court’s decision because the plaintiff could not assert the factual allegations necessary to establish a claim of contributory dilution under the “encouraging others to dilute” standard introduced by *Kegan*. Specifically, the *Lockheed* court held that *Kegan* imported the “contributory” standard from the Supreme Court’s decision in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982). According to the *Lockheed* court, *Inwood* requires that the defendant engage in direct control or monitoring of third-party conduct for a finding of contributory liability. On the facts before the court in *Lockheed*, the defendant did not have the requisite level of control over third-party conduct such that it could be held contributorily liable. *Lockheed*, 194 F.3d at 986. Accordingly, the *Lockheed* court held that the trial court correctly denied the plaintiff’s motion for leave to amend its complaint to add a contributory-dilution claim on grounds of futility.

Finally, in *eBay*, the Southern District of New York, without any analysis, assumed that contributory dilution is a valid cause of action, but concluded that plaintiff Tiffany’s contributory-dilution claim would fail for the same reason that its contributory-infringement claim failed. *eBay*, 576 F. Supp. 2d at 526. Specifically, citing *Lockheed* and *Inwood*, the *eBay* court held that Tiffany had failed to demonstrate that eBay knowingly encouraged others to dilute Tiffany’s trademarks. On appeal, the Second Circuit did not address Tiffany’s contributory-dilution claim. *Tiffany (NJ), Inc. v. eBay, Inc.*, 600 F.3d 93 (2d Cir. 2010).

Reflecting on the *Kegan*, *Lockheed*, and *eBay* decisions, the *Coach* court held:

So, what the contributory dilution jurisprudence shows is one claim that survived summary judgment, [*Kegan*], one claim that went to the factfinder, [*eBay*], and *no* appellate decisions rejecting the existence of such a cause of action Because the cause of action does, in fact, exist, defendants are not entitled to dismissal of [plaintiff’s contributory-dilution claim] based on the argument they have advanced.

Finding that Coach also sufficiently stated a claim for vicarious copyright infringement, the court denied Gata’s motion to dismiss.

CONCLUSION

This case provides further support for the validity of the relatively untested “contributory trademark dilution” cause of action. Although no clear test for proving a contributory-dilution claim has emerged beyond the vague “encouragement” standard established by the Northern District of Illinois in *Kegan*, courts continue to acknowledge the existence of such a claim. Interested parties should keep an eye out for a fully developed ruling on the merits.

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Civil Cases

***Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.,*
2011 U.S. App. LEXIS 10882 (1st Cir. May 27, 2011)**

by Naresh Kilaru

ABSTRACT

In response to defendant's threat to file suit, plaintiff brought a declaratory judgment action regarding its right to use and register the mark MDTV, which it had been using for healthcare information services for over a decade. Defendant counterclaimed for trademark infringement, unfair competition, and cybersquatting based on its prior use of the MDTV mark for television programs, and moved for a preliminary injunction. The district court granted defendant's motion for preliminary injunction after finding that defendant was likely to succeed on the merits of its trademark-infringement claim and that there was a presumption of irreparable harm. The First Circuit vacated the preliminary injunction and remanded, holding that the district court erred as a matter of law in presuming the existence of irreparable harm, given the defendant's decade-long delay in taking action against the plaintiff's use of the mark.

CASE SUMMARY

FACTS

This case involves a dispute over the priority of use of the MDTV mark. Defendant MDTV Medical News Now, Inc. ("Defendant") has been producing a nationally televised medical news program under the mark MDTV since 1998. Defendant's medical news program had a wide viewership base and was not directed to a certain population. Plaintiff Voice of the Arab World, Inc. ("Plaintiff") was a nonprofit corporation dedicated to providing healthcare information to Arab-Americans and began using the mark MDTV for its services in 1999. Initially, and for sometime thereafter, Plaintiff's services were specifically targeted to Arab-Americans. Defendant first sent Plaintiff a cease-and-desist letter in January 2000, demanding that Plaintiff select an alternative mark. Plaintiff refused to stop using the mark and applied to register the MDTV mark later that year. Defendant took no further action until September 2001, when it offered to pay Plaintiff for a banner advertisement or landing page on Plaintiff's website at www.mdtv.com that would direct Internet users to Defendant's website. The parties, however, were unable to reach an agreement regarding this advertisement. Defendant made another attempt at settlement in August 2002 by proposing a coexistence agreement, but that agreement was also never finalized. In 2005, the parties reached a verbal agreement under which Defendant promised to pay Plaintiff a monthly fee for Plaintiff to host a banner advertisement on Plaintiff's website that would refer interested users to Defendant's website. A year later, however, Defendant requested that Plaintiff discontinue the banner ad and that it

be relieved of further payments due to low traffic resulting from the banner ad to Defendant's website.

In August 2009, Plaintiff revised its website by listing a wider scope of services it intended to offer and providing links to certain medical entities. Notably, it also deleted any references that limited the website's target audience to Arab-Americans. Defendant immediately sent a second cease-and-desist letter threatening to file an action for trademark infringement and cybersquatting. In September 2009, Plaintiff filed an action seeking declaratory judgment that it had a right to use and register the MDTV mark and that its activities did not infringe Defendant's rights or constitute cybersquatting. Defendant brought counterclaims for trademark infringement and cybersquatting, and moved for a preliminary injunction.

The district court granted Defendant's motion for preliminary injunction, finding that Defendant was likely to succeed on the merits of its trademark-infringement claim and that there was a presumption of irreparable harm. Plaintiff appealed, arguing, among other things, that (1) presuming irreparable harm in trademark-infringement cases upon a showing of likelihood of success is inconsistent with the Supreme Court's opinion in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006); and (2) even if irreparable harm may be presumed in certain instances, such presumption should not apply under the facts of this case, given Defendant's excessive delay in seeking injunctive relief.

ANALYSIS

The First Circuit vacated the district court's judgment. As an initial matter, it confirmed that the traditional equitable principles discussed by the Supreme Court in *eBay*, a patent-infringement case, apply to the determination of preliminary injunctive relief in trademark-infringement cases. However, the court held it was unnecessary to decide whether *presuming* irreparable harm upon a showing of likelihood of success is consistent with those equitable principles because, even assuming such a presumption is still good law, it was error to apply the presumption here, given Defendant's ten-year delay in seeking injunctive relief.

The district court recognized that had it not been for the changes to Plaintiff's website in August 2009, it would have rejected Defendant's claim of irreparable harm, given that Defendant knew of and acquiesced to Plaintiff's use of the MDTV mark for nearly ten years. In the district court's view, the changes to Plaintiff's website in 2009 "changed the calculus" and revived the presumption of irreparable harm. The First Circuit disagreed for two reasons. First, it found that the changes to Plaintiff's website were not "sufficiently qualitatively different" so as to justify a renewed presumption of irreparable harm. Second, even after discovering the website changes and sending a second demand letter to Plaintiff on August 15, 2009, Defendant continued to delay in taking action and did not move for preliminary injunctive relief until over three months later on November 25, 2009—and did so only after Plaintiff first sued for declaratory judgment. The court found that such "leisurely pace and lack of urgency" undercut any presumption of irreparable harm.

Because it was error for the district court to presume irreparable harm under the particular facts of the case, the First Circuit vacated the district court's judgment and remanded for further proceedings. Defendant subsequently filed a petition for rehearing, which was denied on June 21, 2011.

CONCLUSION

This decision shows the continued uncertainty in light of the Supreme Court's *eBay* decision regarding whether a presumption of irreparable harm arises in trademark-infringement cases upon a showing of a likelihood of success on the merits. Given the long-standing body of case law holding that such a presumption exists, it is not surprising that courts have been unwilling to squarely address whether *eBay*

is consistent with such a presumption. In addition to the First Circuit, at least two other courts of appeal have raised this issue but declined to answer it conclusively. Until the courts begin to provide a definitive answer, the standard for obtaining preliminary (and permanent) injunctive relief in trademark cases will be clouded with some degree of uncertainty.

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TTAB Cases

***Blackhorse v. Pro-Football, Inc.*, 98 USPQ2d 1633 (TTAB May 5, 2011)**

by Linda K. McLeod and Brian Westley*

ABSTRACT

The TTAB stated that it will take an active role in the pretrial management of cases that have the potential to become overly contentious or generate voluminous records. The TTAB exercised its authority under Trademark Rule 2.120(i)(2) to order the parties to attend a pretrial conference. At the conference, the TTAB issued detailed instructions on the conduct of the case, which it then summarized in this decision, including: refusing to entertain motions for summary judgment unless certain requirements were met, specifying the type and amount of evidence labeled confidential, and requiring a detailed table of testimony and evidence.

CASE SUMMARY

FACTS

This case involves a dispute between a group of Native Americans, including Amanda Blackhorse ("Petitioners"), and Pro-Football, Inc. ("Respondent") over registrations covering the REDSKINS marks. This case involves nearly identical facts and claims as the earlier case, *Harjo v. Pro-Football, Inc.*, 50 USPQ2d 1705 (TTAB 1999) (and later appeals). Petitioners in both cases are Native Americans who have challenged registrations covering the REDSKINS marks as disparaging under Section 2(a) of the Lanham Act. The TTAB noted that although this case was brought by different plaintiffs than in *Harjo*, the pleadings in this case are nearly identical to those from *Harjo*. The TTAB also noted that the *Harjo* case had been "extremely contentious" and generated voluminous amounts of evidence and objections.

ANALYSIS

In an effort to avoid a repeat of the prior litigation tactics, the TTAB took a proactive role in this case, exercising its authority to hold a pretrial conference under Trademark Rule 2.120(i)(2) and requiring the parties to attend a pretrial conference at the USPTO office in Alexandria, Virginia, with three administrative trademark judges and an interlocutory attorney. Rule 2.120(i)(2) provides that the TTAB may, upon its own initiative, request that parties meet with the TTAB before trial whenever it appears that questions or issues "have become so complex that their resolution by correspondence or telephone conference is not practical."

Hoping to manage the proceeding as efficiently as possible, the TTAB issued a number of instructions to the parties, including the following:

The TTAB made a preemptive declaration that it would not consider any further argument of an issue once that issue had been decided or preserved for appeal. The TTAB also stated that it could use its discretion and disregard an entire motion or brief that included reargument of previously decided issues.

The TTAB limited the parties' option for filing summary judgment motions because it views the case as "particularly unsuited for disposition by . . . summary judgment." The parties could only file summary judgment motions if they filed a stipulation stating that there are no genuine disputes as to any material facts, and permitting the TTAB to resolve any disputes about material facts. The TTAB required that the stipulation be approved by the TTAB before any summary judgment motions can be filed.

The TTAB instructed the parties to be circumspect in designating information as "confidential." It noted that there have been "far too many cases" in which evidence and testimony were improperly designated confidential. The TTAB stated that if Respondent designated more than a minimal amount of evidence as confidential and the evidence was more than twenty years old, the Respondent should expect an order to show cause why such a designation was warranted.

Anticipating a voluminous record in the case, the TTAB also required that the parties prepare and file tables summarizing their testimony and evidence, and provided specific guidance for the content of these tables. The TTAB instructed the parties to include in the tables the following information regarding each piece of evidence on which the parties rely: the source (e.g., petitioner's first notice of reliance); the TTABVUE entry number; the probative value of the particular facts or testimony; and the Bates number (s).

The TTAB also discouraged the parties from objecting to evidence that would not affect the outcome of the case or have a significant effect on their position or that of their adversary.

Finally, the TTAB assessed and struck all but two of Respondent's twelve affirmative defenses. The TTAB specifically precluded Respondent from introducing evidence exclusively associated with the stricken affirmative defenses and from rearguing those issues in any subsequent briefs.

Although the issues discussed at the pretrial conference in this case are limited to the particular facts and procedural circumstances of this case, the TTAB suggested that conducting pretrial conferences, and taking other steps to control cases, may become more common. It explained that it will be taking a more active role in the pretrial management of cases that the TTAB identifies as having the potential to become "overly contentious" or involve excessive records.

CONCLUSION

The TTAB's decision ordering the parties to attend a pretrial conference at the USPTO suggests that the TTAB's continued movement toward adopting pretrial management rules used by federal district courts. Moreover, it is clear that the TTAB intends to take a more active role in managing cases in the future.

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Unregistrable

Summer Solstice Sounds

by Robert D. Litowitz

Last summer, I put together a list of songs to give the curious and resourceful among you a soundtrack of new and off-the-beaten-track music for the long, hot months ahead. Let's make it a tradition. Here are some of my favorite tunes from the past year or so, and one vintage gem for good measure, all guaranteed to put a skip in your step or a smile on your face. (I've even included links, if you're inclined to sample the magic.)

1. *Anchor* — Alejandro Escovedo, from the album "Street Songs of Love"

A muscular, propulsive anthem reminiscent of Springsteen, but with a raw edge drawn from Alejandro's roots in the punk rock era. Alejandro consistently produces some of the finest music being made today. His appearances on the *Late Show with David Letterman* and *Austin City Limits* are almost as dynamic as his live shows. An artist to ignore at your peril. [Watch](#).

2. *Ready to Start* — Arcade Fire, from the album "The Suburbs"

This Canadian collective combines charismatic vocals, dynamic rhythms, and a cast of nearly a dozen other peripatetic musicians to mesmerize audiences in concert and on their acclaimed 2010 release, which topped many critics' "Best of" lists for 2010. [Watch](#).

3. *Pumped Up Kicks* — Foster the People, from the album "Torches"

This infectious tune may be the anthem of summer 2011. Don't be fooled by the bouncy cheer—it's a sinister tune masquerading as frivolous froth. Enjoy, but drink responsibly. [Watch](#).

4. *Blue Eyes* — Middle Brother, from the album "Middle Brother"

Middle Brother is an improbable "Super Group." Super in that each of its three members is a frontman in a group of his own: John J. McCauley III of [Deer Tick](#), Taylor Goldsmith of [Dawes](#), and Matt Vasquez of [Delta Spirit](#). Improbable in that few people reading this column will have heard of Dawes, Delta Spirit, or Deer Tick. But don't let their relative obscurity prevent you from sampling their easy, laid-back, rootsy sound. [Watch](#).

5. *Our Hearts Are Wrong* — Jessica Lea Mayfield, from the album "Tell Me"

This American singer-songwriter from Kent, Ohio, writes dark, sad songs with a plaintive, minimalist style. Jessica Lea provides hushed haunting sounds for humid summer nights. [Watch](#).

6. *Grown Ocean* — Fleet Foxes, from the album “Helplessness Blues”

Take Crosby, Stills, Nash and Young, turn back the clock 40 years, mix with contemporary alt/rock vibe, add a few long beards, and what you have are Fleet Foxes. The Foxes serve up the richest blend of vocals this side of déjà vu. [Watch](#).

7. Calgary — Bon Iver, from the album “Bon Iver”

And speaking of lush, high harmonies from someone with a beard, the new one from iconoclastic Justin Vernon, who goes by Bon Iver, is a gorgeous delight. Layers upon layers of textured harmonies wrapped around Vernon’s rugged falsetto will envelop you in a dream. [Watch](#).

8. *Jesus Fever 192* — Kurt Vile, from the album “Smoke Ring For My Halo”

Spin Magazine [says](#) it all: “The Philly singer-songwriter’s fourth record is his best yet — an 11-track blur of acoustic psych-folk and plugged-in drones that split the difference between . . . punk, gorgeous *Harvest*-era Neil Young balladry, and . . . zonked-out slacker rock.” [Watch](#).

9. *Bad Blood* — Ana Egge, from the forthcoming album “Bad Blood”

Finnegan favorite Ana Egge takes a new path with this new CD, produced by *Treme* star and hardcore troubadour [Steve Earle](#). With this diverse collection of rockers and ballads, Ana gives new life to the folk genre. [Listen](#).

10. *Bluebird* — Buffalo Springfield

Okay, so not exactly something new, but with all these young bands emulating CSN-era harmonies, it would be a sin of omission not to include one of the musical events of this or any other summer. The reunion—after 43 years—of Buffalo Springfield, the iconic ’60s band led by Neil Young, Stephen Stills, and Richey Furay. One of the first columns in this space talked about the origins of that band’s name—it was taken from the name of a steamroller. It’s only right that we end where we started, with the Springfield. Numerous videos, current and vintage, can be found on YouTube.

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