

An APP STORE by Any Other Name Would Still Smell Like Apples

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In a recent decision in a high-profile case, Amazon fought off Apple's initial attempt to block Amazon from using "APP STORE" for its online shopping site for Android applications. Beyond the spectacle of two technology giants going toe-to-toe over a word and half, the decision is a great introduction to some basic trademark concepts. Most notably, it shows the importance of trademark registration, lays out the elements of proof necessary for trademark infringement, discusses the types of evidence needed for those elements, gets into some of the major types of trademarks and warns of the additional challenges posed by preliminary injunctions. Best of all, it treads the fine line between trademarks and the public domain of everyday language.

How to Prove Trademark Infringement

To prove trademark infringement, you have to prove two things: first, that you own a protectable mark; and, second, that there is a "likelihood of confusion" between your mark and the mark you want to stop. (You also sometimes have to prove "seniority," that is, you used it first in the relevant market—but that didn't come up in the *Apple v. Amazon* decision.)

Sounds simple, but it isn't. That second factor—"likelihood of confusion"—is very fact-intensive (and we'll go into it in more detail below). The first factor is usually not so difficult because usually sophisticated parties like Apple have gone to the trouble of registering their marks with the United States Patent and Trademark Office ("USPTO"). There are many advantages to

registering your marks. One of the nicest is that your mark is presumed to be protectable. The other side can try to puncture that presumption, but, in theory, at least, you don't need to bring forth any further evidence of protectability beyond a certified copy of the U.S. trademark registration.

The Importance of Federal Registration

Only Apple didn't have a U.S. trademark registration. To be sure, Apple had applied for one for APP STORE, but the USPTO doesn't just hand out registrations to anyone who asks. The USPTO's examiners must first satisfy themselves that the mark might be protectable, and this might involve some back and forth between the USPTO and your lawyers. Some marks don't make it out of this stage—or do so but in a weakened form. Apple's application did survive this stage, but it got mired in the next stage (and may not ultimately survive).

The next stage is triggered when the USPTO publishes the trademark application in the wonderfully named Trademark Official Gazette. The idea is to give notice to the world that you are seeking U.S. registration for your mark, and—this is the important part—to give others an opportunity to intervene in the registration process. And intervene they do. They intervene because of another big advantage that registration confers: nationwide coverage. Without registration, your use of the mark is limited to the geographic extent of your customer base. Thus, two companies can use the same mark for the same goods, so long as



they are far enough away from each other. But the owner of a U.S. trademark registration can move into new geographic markets and sweep away other users of the same mark, even if the other users had been using the mark for some time.*

** Provided (1) that you really are the first to use the mark in the United States for those particular goods or services, (2) you filed your application before the others' use of the mark, and (3) you didn't lie on your application about (1) and (2). If the first isn't true, a more senior user can make its own application to register the same mark and undercut your registration. If the first is true but the second isn't, the other users are "frozen" into (and can keep you out of) their limited geographic markets as they existed when you filed your application, but you get the rest of the country. To this day, there is a BURGER KING restaurant in Mattoon, Illinois that is unrelated to the national chain. Neither can do anything about the other's use of BURGER KING. If the third isn't true, your registration is "void ab initio," which is legalese for "naked," and you've got bigger problems.*

Microsoft wasn't going to let Apple have the exclusive right throughout the United States to use APP STORE to describe an online site for sale of computer applications. One need not speculate very long to guess why: Microsoft has its own smart-phone operating system, and it probably wants to call its online application-sales presence an APP STORE, too. These sorts of interventions (called "oppositions") are like stripped-down lawsuits. They move rather faster than regular lawsuits and don't cost as much, but they still take

time and cost a fair amount of money. By the time Apple found out about Amazon's plans to open its own APP STORE, Apple still hadn't resolved its dispute with Microsoft.

Thus, Apple sued Amazon without one of the most important weapons in its arsenal: a U.S. trademark registration. This meant that Apple had to prove that APP STORE was a protectable mark, and that's not so easy.

How to Get a Preliminary Injunction

There's more. Apple didn't want to stop Amazon from using APP STORE in a couple of years—which is how long it'd take for the lawsuit to run its course (to say nothing of appeals). Apple needed to stop Amazon right

now, before Amazon made good on its plans to use APP STORE. Otherwise, Apple's own use of APP STORE would suffer two years or so of confusing use by Amazon, and even if Amazon could be made to stop then, the public confusion probably wouldn't go away. The APP STORE mark might be completely ruined. This meant that Apple needed to ask the court for a "preliminary injunction," which is an order that prohibits the complained-of action pending a full trial on the issue. The idea is that some actions will cause so much harm to the plaintiff that, if they're allowed to continue, there'd be no point in having a trial—the harm would be done and couldn't be undone. (In an extreme case, the plaintiff might be driven out of business before justice could be done.)

Courts are reluctant to grant preliminary injunctions. Yes, they are sometimes necessary,

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but they risk unnecessarily interfering with the defendant's business. Many business initiatives have only a small window in which they can be effective, and if a preliminary injunction delays the initiative, the whole thing might have to be shelved. Thus, it is sometimes said that cases are won or lost at this stage, despite the temporary "place-holder" nature of preliminary injunctions. (Preliminary injunctions are not rare for being difficult. They're particularly common in copyright and trademark cases, less so in patent cases.)

Because of this reluctance, courts place some stringent requirements on those seeking preliminary injunction. What is required varies from place to place, but generally speaking, you need to prove at least that you're likely to win at trial, and that you'll be irreparably harmed without a preliminary injunction. Thus, Apple not only had to win a kind of mini-trial on the merits, but they had only a matter of weeks, not years, to gather the evidence—and they had to gather more evidence than usual. And Apple couldn't just roll over a smaller opponent—Amazon was no push-over.

Amazonian Strategy

Amazon attacked Apple on two fronts. First, Amazon contended that Apple couldn't prove that it had a protectable mark in APP STORE. In fact, APP STORE wasn't a mark at all—it was just plain English words. Second, Amazon contended that no one was likely to be confused between Amazon's and Apple's APP STORE, mostly because there wasn't much to the mark and the applications Amazon wanted to sell wouldn't work on Apple products.

Of Marks Generic and Descriptive

Amazon just needed to win one of these arguments to stop Apple. At first glance, you might think the first argument had the better chance. After all, what kind of mark is APP STORE anyway? It's a commonly-used abbreviated form of application, plus the word store. Isn't that a bit like calling your vegetable stand the Veggie Store? And that's pretty much what Amazon argued. In legal terms, Amazon argued that APP STORE was "generic." A mark is "generic" if all it does it describe the class of goods or services being offered. This is an important concept. Without it, companies would, in a sense, slowly take over our language and common symbolism.

The "generic" defense is a "home-run" defense because not only do you win if you're successful, but you destroy the mark. The mark falls into the public domain: it's just words. Amazon's problem is that the defense almost never succeeds, perhaps for this very reason. In the world of home-run defenses, it's one of the longer balls. In the end, the court wasn't willing to go that far. Although app store sounds like a place where you sell "apps," Amazon couldn't show, at this early stage, at least, that the term had entered common parlance to mean "website where computer applications are sold (well, technically licensed)." With the question this close, the court was probably right to be conservative and reject Amazon's argument.

What APP STORE is, according to the court, is "descriptive." That's much better for Apple than "generic," to be sure, because it keeps the ball alive—but it still leaves Apple with a tough shot. Ideally, the court would have found the mark to be "suggestive" (like GREYHOUND for



buses, which suggests speed), “arbitrary” (like APPLE for computers), or “fanciful” (like KODAK for cameras—and pretty much anything else). Marks in those categories are automatically deemed protectable. Descriptive marks, on the other hand, force you to come up with some really hard proof—proof that consumers have already come to associate the mark with the goods or services being offered.

It can be done. Indeed, it has been done: for example, WINDOWS® for an operating system based on input panes that were generally known at the time as windows; or FROSTED MINI WHEATS®; or, to take a more relevant example, COMPUTERLAND®, for a store that sold computers. But it’s really hard. You can quickly imagine a number of challenges in proving, through admissible evidence (no hearsay!), what a large abstract group of consumers thinks about a particular mark.

As it turns out, Apple had this base fairly well covered, at this early stage, but not convincingly so. The way one would normally prove this is through consumer surveys, conducted and explained in court by an expert in such things. Apple seemed not to have had time for that (consumer surveys can’t be rushed), so they cobbled together some evidence, anchored by an expert analysis of the use of APP STORE in news stories. It was enough to make the court punt the issue. The judge ended up deciding that APP STORE was a potentially protectable mark and that she was just going to assume for the time being that APP STORE was protectable. Apple had

cleared one hurdle.

Confused? Not Likely!

The court turned its attention to Amazon’s second line of attack, that consumers were not likely to be confused by Amazon’s and Apple’s uses of APP STORE. At first glance, this appears to be a hard argument for Amazon to make. Apple’s and Amazon’s use exactly the same mark, for the same sort of goods, directed to the same sort of consumers, using the same marketing channel.

But Amazon made two clever arguments that undercut Apple’s two strongest points, and they carried the day. First, Amazon pointed out that the applications it wanted to sell in its APP STORE were for the Android operating system and couldn’t work with Apple’s phones. Someone looking for Apple’s APP STORE at Amazon’s APP STORE wouldn’t stay confused for long. In fact, it means that that “someone” wasn’t even the sort of customer Amazon wanted (and the customers Amazon wanted weren’t the ones Apple wanted)—so the target market was arguably different. The court didn’t completely buy this argument, but it bought enough of it to mute one of Apple’s best points.

Second, Amazon challenged the notion that the Internet is one giant marketing channel. Amazon argued that its own website constitutes its own marketing channel, and Apple’s another. Again, the court didn’t completely buy the argument, but it bought enough to negate another of Apple’s stronger points.

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In the end, the court was unwilling to let a weak mark stop Amazon from using the same mark without a strong showing of likelihood of confusion. Amazon did just enough to stop Apple, which had just too many obstacles to overcome. The case, however, isn't over. Indeed, technically, it's just beginning. Typically, cases like this settle at this point because the irreparable harm that the plaintiff was trying to prevent is now inevitable, and winning the case at the end won't help. Also, the court has sent a fairly strong signal that winning at the end is unlikely. But this may not be a typical case. Apple is big enough to sustain the irreparable harm, and at trial, it won't be under many of the burdens that hampered its efforts at the preliminary injunction stage. It should, for example, have a solid consumer survey, and it might even have a U.S. trademark registration in hand.

Thanks for reading!

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