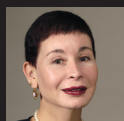


Letter From the Editor



We hope everyone is enjoying the summer months! We are seeing great new trends this summer and, of course, there are a number of legal issues to consider as we head into the fall. Our latest issue discusses new US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) decisions that will undoubtedly affect all, not just in the world of fashion. Also, we are ecstatic about our feature article, highlighting my friend and colleague, Colette Stanford, Vice President and Associate General Counsel at our long time client, Aéropostale. Colette spoke with us about her career, the fashion industry and what inspires her. We hope you enjoy this issue and have some time to relax and enjoy the weather before the end of summer, and we look forward to seeing you soon at the upcoming industry events.

Karen Artz Ash

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TTAB Clarifies Allegation Time Period for Dilution Claims

by Karen Artz Ash and Bret J. Danow

Recently, in *Omega SA v Alpha Phi Omega*, the US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) issued a precedential decision which provided clarification concerning at what point in time a plaintiff must establish fame of its mark in order to support a claim of dilution by blurring in a TTAB proceeding. The case is significant because it may affect the ability of a prospective plaintiff to succeed on a claim of dilution by blurring in an opposition or cancellation proceeding.

In *Omega SA*, the plaintiff pleaded ownership of several registrations consisting of the term Omega in support of an opposition against two use-based trademark applications filed by Alpha Phi Omega for marks which included either the word Omega or the Omega letter of the Greek alphabet, one covering jewelry and one covering apparel. Omega SA asserted two bases for its opposition, namely, a likelihood of confusion and likelihood of dilution by blurring.

In responding to a motion for summary judgment filed by the applicant, Omega SA contended that it was required only to establish that its mark became famous prior to the filing date of the applicant's application. However, since the application was based on use of the mark, the TTAB determined that plaintiff was required to establish that its mark was famous prior to the date of first use by the applicant (rather than the filing date). The TTAB noted, however, that in those circumstances where an applicant is unable to establish a date of first use for the applied-for marks, then an opposer need only demonstrate that fame existed prior to the filing date of the application.





The TTAB further clarified that a plaintiff asserting a claim of dilution by blurring must “establish that its mark became famous prior to any established, continuing use of the defendant’s involved mark as a trademark or trade name, and not merely prior to use in association with the specific identified goods or services set forth in a defendant’s subject application or registration.”



The TTAB noted that, unlike in other sections of the Lanham Act, applicable language of the Trademark Dilution Revision Act of 2006 does not limit use of a mark to any specific goods or services such that, for purposes of a dilution claim, the focus should be on any use of the mark at issue.

The result was that, for purposes of defending against a claim of dilution, the applicant could rely on its historical use of the applied-for mark in connection with goods or services other than those identified in the application. In the case at hand, the effect of the decision was to require Omega SA to claim fame more than 80 years earlier, all but extinguishing the opposer’s ability to sustain such a claim. Since the opposer had failed to state in its initial pleadings the date on which it alleged its mark became famous, the TTAB gave the opposer 20 days to properly plead dilution, albeit with the difficult evidentiary task of proving fame before the applicant’s early first-use date.



Cautions on Related Party Uses of Marks

by **Karen Artz Ash** and **Bret J. Danow**

In April 2016, the US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) issued a precedential decision in *Noble House Home Furnishings, LLC v Floorco Enterprises, LLC*. This decision is a good reminder about the advisability of memorializing a grant of rights in situations where a company registers a mark in the name of one entity and then exploits the mark through a related entity.

In *Noble House*, Noble House Home Furnishings, LLC had filed a petition to cancel Floorco Enterprises LLC's trademark registration for the mark Noble House on the grounds of abandonment (among other things). Under US trademark law, non-use of a mark for three consecutive years constitutes a prima facie showing of abandonment and Noble House Home alleged that Floorco had abandoned the mark because Floorco's parent entity, Furnco International Corporation was the party actually using the Noble House mark (rather than Floorco).

In its defense, Floorco pointed to Section 5 of the Trademark Act which provides "that a mark may be used legitimately by related companies, and, if such companies are controlled as to the nature and quality of the goods on which the mark is used by the related companies, such use inures to the benefit of the applicant-owner."

The term "related company" is defined as any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with the mark is used.

Accordingly, Floorco argued that because Furnco exercised control over the nature and quality of the goods and services sold by its wholly-owned subsidiary, Floorco, the use by Furnco inured to the benefit of Floorco such that the mark could not be deemed to be abandoned.

The TTAB, however, held that because Furnco controls Floorco, rather than the other way around, Furnco does not meet the definition of a "related party" (absent other criteria) and the use of the Noble House mark by Furnco does not inure to the benefit of Floorco. This finding resulted in a decision that the mark had not been used by Floorco for three consecutive years and was, therefore, abandoned.

The TTAB confirmed that "in most situations, the inherent nature of the parent's overall control over the affairs of a subsidiary will be sufficient to presume that the parent is adequately exercising control over the nature and quality of goods and services sold by the subsidiary under a mark owned by the parent." However, in the case at hand, the opposite relationship was present since the controlling parent was not the registered owner of the trademark.

The TTAB's decision indicates that a different outcome would have been likely had Floorco and Furnco had in place a license agreement memorializing Floorco's grant of rights to Furnco to use the Noble House trademark. Indeed, the TTAB stated that if there is any doubt on the issue of quality control, it "can be made clear by a proper trademark license agreement between parent and subsidiaries." Accordingly, the decision serves to underscore the importance of documenting licensing arrangements, even between parties under common control.

TTAB Refuses Co-Existence Agreement

by **Karen Artz Ash** and **Bret J. Danow**

US courts have long held that consent agreements should be given "great weight" by the US Patent and Trademark Office (USPTO) when determining whether there is a likelihood of confusion between an applied-for mark and an existing registration. Indeed, the USPTO's Trademark Manual of Examining Procedure (TMEP) specifically states that the USPTO "should not substitute its judgment concerning likelihood of confusion for the judgment of the real parties in interest without good reason, that is, unless the other relevant factors clearly dictate a finding of a likelihood of confusion." Recently, however, in *In re Bay State Brewing Company, Inc.*, the USPTO's Trademark Trial and Appeal Board (TTAB) issued a precedential decision in which it decided to affirm a likelihood of confusion refusal, notwithstanding the fact that the parties at issue had entered into a consent agreement.

The applicant, Bay State Brewing Company, had filed an intent-to-use-based trademark application for the mark Time Traveler Blonde in standard characters with "blonde" disclaimed and covering beer. The USPTO had refused registration, claiming a likelihood of confusion

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Through
the Lens



Colette Stanford

Vice President and Associate General Counsel
at Aéropostale

----- (devotion) -----

Can you tell us about your background? Have you always been interested in fashion?

I consider myself a reformed shopaholic. I have always had an interest in fashion, but I did not necessarily start out wanting to work in the fashion industry. I went to Fiorello H. LaGuardia High School of Music & Art and Performing Arts in New York as an instrumental music major. While my classmates were looking to become stars, I was more drawn to the business side of the arts. When I decided to go to law school, my plan was to eventually work in business and legal affairs at an entertainment company. Luckily for me, the firm that I worked with right out of law school had a lot of clients in the entertainment industry. This was at a time when many celebrities were launching clothing lines. We were doing business deals for these clients, so I got the chance to work on apparel licensing deals for some of these celebrity clothing lines. The firm also had many apparel and accessory manufacturers as clients. They were constantly adding licensing programs (fashion brands, characters, sports) to their portfolios and developing their own house brands as well. As a result, I had the opportunity to work on fashion from the brand owner's side as well as the licensee's/manufacture's side. Through this work, I was able to move in-house to Tommy Hilfiger U.S.A. and eventually to Aéropostale.

----- (vision) -----

What do you think are the greatest challenges facing the fashion industry today?

The greatest challenge is developing an effective brand protection strategy. It is no longer enough to obtain IP registrations in a single market. Especially when launching a new brand, you have to find ways to protect the brand throughout the distribution chain while being mindful of costs. The budget allotted for brand protection really dictates how much you are able to do. Brands, of course, have to undertake these efforts to keep up with counterfeiters, who always seem to be a step ahead. Counterfeiters also are very determined. Even if you



successfully close down one operation, another one opens. Depending on the market, this could be a chain operation or someone selling your brand at a local flea market.

The reasons for counterfeiting also are widespread. We have had cases of individuals buying garments then ironing on decals with our logo. They would have been better off just buying our authentic product, so it is hard to figure out their motivation. The Internet also makes this a global issue. It is very challenging to police these various channels on a global scale in a cost effective manner. Many parties need to be involved—the government, your manufacturers, distributors, resellers, even your customers. Working in-house, I see first-hand how much time, effort and money is invested into building a brand. Brand owners have no choice but to come up with a strategy to protect their brands. Otherwise that money and effort will have been in vain. At the same time, the effort that goes into brand protection can be time consuming, costly and, with determined counterfeiters, can seem like it's in vain too.

-----[responsiveness]-----

What is most important to you in the in-house/outside counsel relationship?

Working with outside counsel who I trust and who are responsive is really important. If I miss anything about working at a law firm, it is having other attorneys around to talk about the latest updates in the law, work together through a client issue or someone to just bounce ideas off of. For me, a good outside counsel relationship becomes an extension of law firm colleagues that I no longer have in my work environment. In order for that relationship to work for me, outside counsel has to be trustworthy. I need to feel comfortable sharing information, having candid conversations about the business and the personalities at my company. Outside counsel who are only subject matter experts, but have not proven trustworthy (e.g., poor communication style, uninformed/disinterest in my company's business) are attorneys I only use if absolutely necessary. But outside counsel who I trust are my regular "go-to" counsel and those relationships have helped me thrive in-house.

Responsiveness is also key—both in timeliness and really hearing what I need. As in-house counsel, I'm often asked to be responsive on critical issues on very short notice. If it takes outside counsel days to get to back to me, that does not help my company and it certainly does not help my relationship

with that outside counsel. Also, listening to what I need is crucial. I have to be responsive to my client's needs. If outside counsel goes off on a tangent from the issue I need addressed, again, that is not helpful to my company or to me. Unfortunately I have experienced working with outside counsel who are not trustworthy or responsive, so I know the difference.

-----[insight]-----

What advice would you give to yourself at the start of your career, knowing what you know now?

I would definitely tell myself to make an effort to develop relationships. I started out with the mindset that working hard is the key to achieving my career goals. So that's what I did, and along the way I managed to develop some great relationships. But they just happened by circumstance. I have learned that it is important to make an effort to build relationships and not just rely on circumstance. It is not about networking, which sounds really forced and can be intimidating. It is about getting to know people and building on the connections that you have. I have seen and experienced the advantages of having people speak up for you—not just your work—but you as a person. As a result, I am working on doing a better job of keeping in touch and taking the opportunity to develop new relationships.

-----[experience]-----

What is one highlight from your tenure at Aéropostale?

I really enjoyed working on the creation of Aéropostale's children's brand P.S. from Aéropostale. This was the first time that I got to participate in the complete development of an apparel brand from the ground up. While I had experience working on IP legal clearance issues for brand development, the legal department's role in the launch of P.S. went well beyond what I anticipated. I was a member of the cross-functional team working on the brand launch. Just about every area of the business was involved in the development of P.S.—design, production, merchandising, planning, construction, storeline, marketing, ecommerce and finance. Being on this cross-functional team helped me to really understand how our business worked and I built stronger relationships with the business teams. P.S. also was launched when new regulatory laws for children's products were introduced by the Consumer Product

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Safety Commission (CPSC) and certain states. This added regulatory compliance issues that we had to deal with. Like many children's brands, we were really challenged to come up with policies and practices to ensure that we complied because these new laws/regulations added much more stringent, and sometimes competing, requirements. I learned a lot working with the cross-functional team as the P.S. products, store concept and marketing were developed in this new and growing regulatory environment. By the time the P.S. from Aéropostale brand was launched a year later, I was really proud of the quality of the products and the store experience that was created. I was even more proud that our design, production and marketing teams understood the heightened regulatory requirements and concerns for P.S. products.

----- (motivation) -----

What keeps you focused and motivated?

I really like practicing in-house and being part of the business. While I'm still "the lawyer," I get to be involved

in so many aspects of the business, going beyond just giving legal advice. Also, I love seeing my work in the real world. When I worked at Tommy Hilfiger, I would see the billboard that I negotiated the agreement for when I drove to work. Likewise, when I see someone wearing an Aéropostale graphic t-shirt, I like knowing that I cleared the design.

----- (inspiration) -----

Who has inspired you in your life?

That's easy—my Mom, the late Pearl V. Stanford. She immigrated to the United States from Jamaica, by herself, at the age of 16. Her purpose was to further her education—which she did. She also managed to inspire a lot of people around her to pursue higher education as well. My Mom excelled in so many areas, she had executive presence, she was an exemplary role model of a professional working mother, a real people person, kind, fun and generous. The opportunities that she provided me are the reason why I am able to participate in this *Kattwalk* feature. All that I do is to make her, and my Dad, proud.



U.S., EU Launch “Privacy Shield” Data Transfer Framework - What This Means For Your Business

Last fall, the framework for personal data exchange between the European Union and the United States that had operated for many years—the so-called “Safe Harbor”—was struck down by the European courts. A new framework, the “Privacy Shield,” was adopted last week and here are the key takeaways.

For US companies, regardless of size, that have operations in, or who otherwise receive personal data from, EU countries, and do not have another framework in place (i.e., “binding corporate rules” or “model contract clauses”), with certain limited exceptions, the only way that they can legally receive or transfer personal data from the European Union is by complying with the Privacy Shield requirements.

Certification for the Privacy Shield begins on August 1, though some of the necessary changes can be made before then. Additionally, there is a nine-month grace period for compliance with the onward data transfer provisions to “downstream” parties for companies that certify within two months after the effective date of the Privacy Shield (failure to certify within that period means that, as part of certification, the onward transfer compliance will already need to be in place).

At a high level, in order to be able to certify for the Privacy Shield:

- most companies will need to revise their privacy policies to include the specific requirements of the Privacy Shield;
- likewise, most US companies will need to adjust some of their practices in order to comply;
- if there is HR (employees, contractors, etc.) data from EU citizens, there also are additional requirements that may involve updating internal policies and procedures; and
- companies will need to put in place specific contractual requirements for all vendors and other third parties to whom EU personal data is transferred.

If you have operations or customers in the EU, or if you receive or transfer personal data from the EU and have questions about the Privacy Shield, please let us know how we can assist you.



Doron S. Goldstein

co-head of the firm’s Privacy, Data and Cybersecurity practice



Megan Hardiman

co-head of the firm’s Privacy, Data and Cybersecurity practice



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with a registration for the mark Time Traveler, also in standard characters and covering beer, ale and lager. The applicant appealed the refusal, conceding that there is a likelihood of confusion between the marks but asserting that its mark should be registered because it had entered into a consent agreement with the owner of the cited Time Traveler registration.

The TTAB held that “there is no per se rule that a consent, whatever its terms, will always tip the balance to finding no likelihood of confusion, and it therefore follows that the content of each agreement must be examined.”

Looking at the consent agreement submitted by the applicant with an express acknowledgement of the great weight that such agreements are entitled, the TTAB found that the consent agreement was outweighed by the other relevant likelihood of confusion factors, namely, that the marks are virtually identical, as are the goods, purchasers and channels of trade, and that the products are typically subject to impulse purchases.

The TTAB’s decision appears to have been influenced by the fact that certain of the agreed upon limitations in the consent agreement, namely, with respect to geographic restrictions and labelling requirements, were not reflected in the trademark filings and, therefore, would not be reflected in any subsequently issued certificate of registration. For example, although the consent agreement contained geographical limitations on the applicant, the registrant was



not similarly confined, the result being that there would still be overlapping geographical areas in which the parties sold their respective products. Similarly, the undertaking with respect to the appearance of the mark on the bottle label was not consistent with the broad protection afforded a registration for a mark in standard characters.

Therefore, the TTAB ruled that the consent agreement submitted “does not comprise the type of agreement that is properly designed to avoid confusion and does not fully contemplate all reasonable circumstances in which the marks may be used by consumers calling for the goods.” This decision is instructional because it reminds applicants that they may not be able to overcome a likelihood of confusion refusal even if they have secured a consent to register from the owner of the cited mark, as the TTAB is not obligated to accept a consent agreement in all situations. The decision also suggests that it may be appropriate or advisable to add express limitations to an application if that is the basis upon which the consent is provided by another party.

For more information, contact: Karen Artz Ash
Partner and National Co-Chair | Intellectual Property Department | Katten Muchin Rosenman LLP
+1.212.940.8554 | karen.ash@kattenlaw.com | 575 Madison Avenue | New York, New York 10022

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