

2016 U.S. “FASHION LAW” COURT DOCKET HIGHLIGHTS (Excludes pending TTAB and other PTO matters)

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A number of ground-breaking decisions by United States Courts of Appeals affecting the intellectual property / fashion law landscape were issued in 2016, including one that has been granted certiorari by the Supreme Court and two that were seeking such review at the time of the preparation of these materials. Another reviewed here has just now reached the briefing stage in the appellate process and originated, in a notable departure for a case of relatively broad significance as far as trademark law goes, in the International Trade Commission.

Star Athletica, LLC v. Varsity Brands, 799 F.3d 468 (6th Cir. 2015)

Area of Law: Copyright
Key Issue: Functionality

The appeal from the Sixth Circuit’s ruling in this core fashion-law case, which is based on the extent of protection available to clothing configurations under the Copyright Act – see below, in the discussion about the Converse “Chuck Taylor” case, for a treatment of design under trademark law – was argued before the Supreme Court in October of 2016.

As the Sixth Circuit put it:

Are cheerleading uniforms truly cheerleading uniforms without the stripes, chevrons, zigzags, and color blocks? That is the question that strikes at the heart of

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It should be noted that the author of these materials represents Belmora, the de facto defendant in *Belmora LLC v. Bayer Consumer Care AG and Bayer Healthcare LLC*, one of the cases discussed here, including in connection with Belmora’s certiorari petition seeking review of the decision of the Fourth. (Another member of the panel giving this presentation, John Welch, represented Belmora in its successful District Court efforts to have the case dismissed under Fed. R. Civ. P. 12(b)(6).) On the other hand, before taking on that representation the blog post that is the basis for this comment had already been published. For that reason it does not seem inappropriate to include these remarks here, but of course this educational treatment should not be and is not intended as a statement of Belmora or its principal, who is also a party in the litigation.

this appeal. Plaintiffs-Appellants Varsity Brands, Inc., Varsity Spirit Corporation, and Varsity Spirit Fashions & Supplies, Inc. (collectively “Varsity”) have registered copyrights for multiple graphic designs that appear on the cheerleading uniforms and warm-ups they sell. Defendant-Appellee Star Athletica, LLC, also sells cheerleading gear bearing graphic designs that, according to Varsity, are substantially similar to the designs for which Varsity has valid copyrights. Star asserts that Varsity’s copyrights are invalid because the designs at issue are unprotectable “design[s] of . . . useful article[s].” 17 U.S.C. § 101 (2012). The district court concluded that a cheerleading uniform is not a cheerleading uniform without stripes, chevrons, zigzags, and colorblocks, and therefore Varsity’s copyrights are invalid. Varsity now appeals, and we take up the question that has confounded courts and scholars: When can the “pictorial, graphic, or sculptural features” that are incorporated into “the design of a useful article” “be identified separately from, and [be] capable of existing independently of the utilitarian aspects of the article[?]”

Thus, the issues. Are the cheerleader uniforms maybe not **entirely** functional? Are they original, and more protectable than most clothing (read: dress) designs – which, as we know, are almost never protectable as dress designs under copyright law (or otherwise)? The central question is whether a cheerleader outfit is a “useful article” as elucidated in *Mazer v. Stein*, 347 U.S. 201 (1954), in which the Supreme Court held that a statuette that was intended for use, and was used, as the base for a table lamp was more statuette than table lamp and thus not exempt from protection as a “useful article” (that is, a dumb old lamp). Following *Mazer*, virtually nothing in the nature of fashion design, other than “two-dimensional” fabric patterns, has been protected under copyright. Analyzing the quirky institution of the cheerleader uniform, the Sixth Circuit wrote a very long opinion that considered just about theory out there about functionality in copyright – an



evasive concept, to be sure. Ultimately most observers agreed that an electrified statuette would have been more illuminating, but the holding of the Court of Appeals was that the district court erred in concluding that Varsity's designs were not copyrightable. The court vacated the trial court's judgment in favor of Star, entered partial judgment for Varsity on the sole issue of whether Varsity's designs are copyrightable pictorial, graphic, or sculptural works and remanded the business back to the district court for those good old "further proceedings." Those, however, will abide the Supreme Court's review.

Star Athletica, the defendant, argues that there's no analog to the statuette in a clothing ensemble because the design features on the cheerleader uniform, or any garment, are meaningless without the garment as a backdrop, unlike a statuette which is still a sculpted work even if the lamp of which it is a part is turned off. Varsity Brands, on the other hand, argues that the court should consider these design features as "two dimensional" and thus protectable in the same way as sewing patterns or fabric designs. The Sixth Circuit ruled that because Varsity's designs were "more like fabric design than dress design" and were subject matter amenable to copyright.

By most lights, for all the verbiage, the ruling didn't necessarily clarify all that much, except perhaps to suggest that there may be some life in copyright protection for fashion designs, or more life than had previously been thought. On the other hand, there are special issues involving copyright protection for **costumes**, as opposed to fashion designs for "real" clothing, which in theory could render any outcome in this case very narrow. While copyright is bad for real clothes, oddly enough, it is often good for costumes – raising another question, which is whether cheerleading outfits are "costumes" or just real clothes you wear when you're leading cheers.

In any event, the briefing in the Supreme Court includes a submission by the U.S. Copyright Office, which argues that the U.S. Copyright Office routinely registers graphic designs

used on clothing and that Star Athletica’s proposed bright line prohibiting copyright protection of any clothing is untenable; and another one by a passel of fashion designers, including Jack McCollough and Lazaro Hernandez, founders and creative directors of Proenza Schouler; Narciso Rodriguez; Maria Cornejo, creative director, and Marysia Woroniecka, founder and president, of Zero + Maria Cornejo; Jeffrey Banks; Barry Kieselstein-Cord; Melissa Joy Manning; Keanan Duffy, and Nathalie Doucet, founder of Arts of Fashion Foundation, who unsurprisingly urged the court that the outfits were indeed protectable and that policy reasons for protection of fashion designs justify extending copyright “far beyond high-priced luxury couture” to a wide variety of garments up and down the price-point, style and demographic scales.

International Information Systems Security Certification Consortium Inc. v. Security University LLC, 14-3456-cv (2d Cir. May 18, 2016)

Area of Law: Trademark
Key Issue: Nominative fair use



Nominative fair use – the “unauthorized” use of a trademark as a trademark specifically to invoke the trademark, as opposed to its “non-trademark” use to describe the alleged infringer’s goods or services use – is of significance to fashion law mostly as it relates to the sale and description of fashion items, including knockoffs. It was relied on favorably in *Tiffany (NJ), Inc. v. eBay, Inc.*, 2010 WL 3733894 (S.D.N.Y. Sept. 10, 2010); *Tiffany (NJ), Inc., v. eBay, Inc.*, 600 F.3d 93 (2d Cir. 2010), in which the Court . But now nominative fair use has made the big time in the Second Circuit in *International Information Systems Security Certification Consortium Inc. v. Security University LLC* (“Security University”).

The opinion is an important one for a couple of reasons, of which the extended treatment of nominative fair use is certainly the more important one.

The case involves a dispute between Security University LLC, a small security company, called and a certifying organization called the International Information Systems Security Certification Consortium Inc. And the question is whether the latter outfit’s “Certified Information Systems Security Professional” certification mark in advertising its services. In particular, the defendant was going around calling one of its trainers a “Master” of this particular techie domain, and just wouldn’t stop:

ISC2 objects to some of 1 SU’s advertisements, run between 2010 and 2012, which, ISC2 argues, misleadingly suggested that SU’s instructor, Clement Dupuis, had attained some higher level of certification as a “Master CISSP” or “CISSP Master.”

...

SU began using the term “Master” 1 in May 2010. On June 9, 2010, ISC2’s counsel wrote to Schneider asking that she cease using the phrase “Master CISSP” in SU’s advertisements. On June 13, 2010, Schneider emailed Marc Thompson, an employee of a third party entity that oversees seminars on ISC2’s behalf, stating that “SU will continue to use the word Master. Master Clement Dupuis is a Male Teacher [and] thus he is a Master according to the dictionary.”

“He is a Master according to the dictionary.” This was the point, as we have learned, at which it should have been clear that if this case were to be litigated, someone’s story was really, really going to stink up the place. And, indeed, this was evidently the point at which the Second Circuit found it necessary not, as some other courts do, to upend the law and even its own precedent to do justice, but address a longstanding question of whether and how nominative fair use would be applied in the Second Circuit. In the process it also fixed up a fairly problematic lower-court decision.

One thing that did **not** happen was anything particularly flashy or earth-shattering. In enunciating yet another “multi-part test” for nominative fair use, the Circuit did so with close reference to other circuits’ precedent. Thus the court rejected the approach of the Third Circuit,

which treats nominative fair use as an affirmative defense whereby if a defendant can show that its use of a trademark constitutes nominative fair use, the case is done, and there's no reason to engage in a likelihood of confusion analysis. See, *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 1 425 F.3d 211 (3d Cir. 2005)). The Second Circuit justifies its refusal to adopt this approach in what some might find familiar language (you'll see what I mean), explaining that it won't go where Congress wouldn't go:

The Third Circuit's basis for treating nominative fair use as an affirmative defense is that the Supreme Court has treated classic, or descriptive, fair use as an affirmative defense. But in treating descriptive fair use as an affirmative defense, the Supreme Court [in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118-20 (2004)] was interpreting a provision of the Lanham Act which provided that claims of infringement are subject to various defenses, including . . . [descriptive fair use]. That is, under the Supreme Court's interpretation, the Lanham Act explicitly provides that descriptive fair use is an affirmative defense. And nominative fair use cannot fall within § 1115(b)(4)'s language, as nominative fair use is not the use of a name, term, or device otherwise than as a mark which is descriptive of and used merely to describe the goods or services of the alleged infringer. Nominative use involves using the mark at issue as a mark to specifically invoke the mark-holder's mark, rather than its use, other than as a mark, to describe the alleged infringer's goods or services. If Congress had wanted nominative fair use to constitute an additional affirmative defense, it would have provided as such. We therefore hold that nominative fair use is not an affirmative defense to an infringement claim.

Security University at 36-37 (emphasis added; citations and internal quotes omitted). The familiar part is the locution, "If Congress had wanted, of course" – kind-of-sort-of the same strict interpretation of the Lanham Act's language the Second Circuit employed in *ITC Ltd. v. Punchgini, Inc.*, 482 F. 3d 135 (2d Cir. 2007) (ITC, benefiting a defendant; in *Security University*, benefiting a plaintiff) (which formulation was utilized but kind-of-sort-of turned right on its head by the Fourth Circuit in *Belmora LLC v. Bayer Consumer Care AG and Bayer Healthcare LLC*, Appeal No. 15-2335 (March 23, 2016) (addressed separately in these materials) to mean more or less the exact opposite of what it seems to say.

Again, though, that's where the similarities end. Indeed, far from a quick, dramatic stroke, the Second Circuit wouldn't even go as far as the Ninth Circuit, which switches out its usual likelihood of confusion analysis to a different one to be employed when nominative fair use has been shown. Instead, the Second Circuit created its own hybrid (see pages 38-39):

Because we believe that the nominative fair use factors will be helpful to a district court's analysis, we hold that, in nominative use cases, district courts are to consider the Ninth Circuit and Third Circuit's nominative fair use factors, in addition to the *Polaroid* [*Corp. v. Polarad Electronics, Corp.*, 287 F.2d 492 (2d Cir. 1961)] factors. When considering a likelihood of confusion in nominative fair use cases, in addition to discussing each of the *Polaroid* factors, courts are to consider: (1) whether the use of the plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service, that is, whether the product or service is not readily identifiable without use of the mark; (2) whether the defendant uses only so much of the plaintiff's mark as is necessary to identify the product or service; and (3) whether the defendant did anything that would, in conjunction with the mark, suggest sponsorship or endorsement by the plaintiff holder, that is, whether the defendant's conduct or language reflects the true or accurate relationship between plaintiff's and defendant's products or services.

No, this is not simple stuff – there is a great deal of law, fact and mixed-law fact business to unpack in each of these three “prongs.” And there's more:

When assessing the second nominative fair use factor, courts are to consider whether the alleged infringer “step[ped] over the line into a likelihood of confusion by using the senior user's mark too prominently or too often, in terms of size, emphasis, or repetition.” [A page of citations and parentheticals.]

Additionally, when considering the third nominative fair use factor, courts must not, as the district court did here, consider only source confusion, but rather must consider confusion regarding affiliation, sponsorship, or endorsement by the mark holder. . . .

Which brings us in a roundabout way to another important holding here, which is that it was evidently necessary to remind even a district court judge of something that even lesser persons could forget from time to time, which is that in 1962 Congress amended the Lanham Act, striking language requiring confusion, mistake or deception of “purchasers as to the source of origin of such goods and services” in 1962. And, supercharging the law for maximum revenue generation,

in 1989 it revised Section 43(a) to protect against likelihood of confusion not only as to source, but as to “affiliation, connection, sponsorship, association, or approval.”

That’s good as far as it goes, and the court goes on at length about this in the opinion. And that’s one thing that’s a bit odd here. Well, one of two things. The court in fact spends a lot of time, for some reason, explaining all about enforcement of certification marks under 15 U.S.C. § 1054, ending with the commonplace that “[c]ertification marks are generally treated the same as trademarks for purposes of trademark law,” quoting *Levy v. Kosher Overseers Ass’n of Am., Inc.*, 104 F.3d 38, 39 (2d Cir. 1997). And, as I said, the panel then goes on to set the district court right on the point about origin versus affiliation, sponsorship, etc. But of course, even if the Lanham Act had not been amended in 1962 and again in 1989, ... well, certification marks aren’t about origin at all! Look how they’re defined in 15 U.S.C. § 1127:

The term “certification mark” means any word, name, symbol, or device, or any combination thereof –

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter,

to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

Nothing to do with origin, by definition. The opinion acknowledges this in footnote 3 on page 19, which says, yeah, “Indeed, considering only source confusion would make little sense in the context of certification marks, as certification marks are generally not used to designate source at all.”

“Little sense” indeed. Doing so was plain error by the trial court. Interesting, and mainly academic, question, though: The sentence just quoted should have been all the discussion

necessary about the difference between certification marks and trademarks. So why does the decision go on for four pages about all the different kinds of confusion that aren't source confusion? Was the judge just reluctant to cut out a set-piece essay that looks a lot like a law review note after all that work by a clerk?

The second noteworthy minor point here is that SU began using the term "Master" 1 in May 2010. On June 9, 2010, ISC2's counsel wrote to Schneider asking that she cease using the phrase "Master CISSP" in SU's advertisements. On June 13, 2010, Schneider emailed Marc Thompson, an employee of a third party entity that oversees seminars on ISC2's behalf, stating that "SU will continue to use the word Master. Master Clement Dupuis is a Male Teacher [and] thus he is a Master according to the dictionary."

Formulations such as this usually set off a district judge's "baloney alarm," such as when, responding to the 2009 complaint filed in the Southern District by the Trader Joe's supermarket alleging that a competing store called "Trader John" just might have been an infringement, the defendant's principal told a reporter, "My name is John and I am a trader so I don't know what their problem is." (The judge, unsurprisingly, wasn't buying and the case quickly settled – for the defendant, the hard way.) Maybe that alarm went off here too, but the court nonetheless concluded there was no legal remedy for the scam. And maybe, ultimately, there isn't – the Second Circuit, after all, didn't rule that there is one; only that the claims were erroneously dismissed under Rule 12(b)(6) and should be reinstated and the case remanded for further proceedings.

That is still a long way from proving that anyone was **harmed** by the rather bizarre aggrandizement of "Master Clement Dupuis" here. In the case of a certification mark, there is perhaps an argument to be made that the owner of such a mark is entitled to close control over the manner in which that mark is "modified." Remember that plaintiff's argument is that this use

“misleadingly suggested that SU’s instructor, Clement Dupuis, had attained some higher level of certification as a ‘Master CISSP’ or ‘CISSP Master,’” – which would presumably cheapen the value of “generic” CISSP-certified trainers, who would be presumed to be cadets or midshipmen. Presumably.

And, on the other hand... as silly as the “male teacher” and “dictionary” riposte was... It is possible, after all, that the answer here is that the defendant was trying to get across that Clement Dupuis is The Man at giving this training. And who, really, knows the back story between Clement Dupuis and the International Information Systems Security Certification Consortium Inc.? Maybe, in fact, the district judge knows, and – as happens only about 90% of the time – the appellate opinion tells us nothing about that story at all?

Either way, the takeaway is that whether bad cases or so-so cases or perfectly fabulous cases, it’s cases that “make the law,” and the law in the Second Circuit is that nominative fair use is a thing. It’s not an affirmative defense, but it gives judges a bunch of extra, and eminently reasonable prongs (or elements, or factors, or whatever they call them now) that live alongside *Polaroid* if nominative fair use gets into the case and has any legs.

Security University has filed a petition for certiorari, and the International Trademark Association filed a brief in support of the petition on the ground that the Supreme Court should intervene to harmonize the extensive circuit split on the questions of whether nominative fair use exists and what its parameters are.

Belmora LLC v. Bayer Consumer Care AG and Bayer Healthcare LLC, 819 F.3d 697 (4th Cir. 2016)

Area of Law: Trademark

Key Issues: Territoriality; Standing; False Advertising; Consumer Protection

Can the Lanham Act support a claim for unfair advertising brought by a competitor that does not use the trademark in question in the United States, premised on the “reputation” of that

mark – not “goodwill,” because no United States trademark use is claimed – based on overseas use?

What if the defendant holds a registration for that mark and the court acknowledges that the defendant is the mark’s “owner”?

The main issue here is whether there is a territorial limitation on standing to bring a claim



under the Lanham Act. This has in the past arisen most famously in connection with the doctrine of famous marks, otherwise well known as the doctrine of well-known marks, whose relevance to fashion law should be obvious and will be of great interest to foreign fashion purveyors and licensors. For reference, we find the Second Circuit

manning the battlements of judicial non-activism, rejecting the doctrine and reversing the TTAB in 2007’s *ITC Limited v. Punchgini, Inc.*, 482 F.3d 135 (2nd Cir. 2007), explaining as follows:

[T]he “famous mark” doctrine is . . . a . . . “legal concept under which a trademark or service mark is protected within a nation if it is well known in that nation even though the mark is not actually used or registered in that nation,” 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 29.2, at 29-164 (4th ed. 2002). Thus, the famous marks doctrine might more aptly be described as the famous foreign marks doctrine. . . .

In applying this principle to this case, however, we identify a significant concern: nowhere in the three cited rulings does the Trademark Board state that its recognition of the famous marks doctrine derives from any provision of the Lanham Act or other federal law. Indeed, the federal basis for the Trademark Board’s recognition of the famous marks doctrine is never expressly stated. Its reliance on *Vaudable* [*v. Montmartre, Inc.*, 20 Misc. 2d 757, 193 N.Y.S.2d 332 (N.Y. Sup. Ct. 1959)], suggests that recognition derives from state common law. . . .

We are mindful that Congress has not hesitated to amend the Lanham Act to effect its intent with respect to trademark protection, having done so almost thirty times since the statute took effect in 1947. See 1 McCarthy, *supra*, §§ 5:5-11, at 5-13-22.27. In light of these legislative efforts, the absence of any statutory provision expressly incorporating the famous marks doctrine or [international treaty] Articles 6b is and 16(2) is all the more significant. Before we construe the Lanham Act to

include such a significant departure from the principle of territoriality [requiring U.S. use of a mark], we will wait for Congress to express its intent more clearly.

In other words, if Congress wanted federal law to enforce foreign trademark rights, it would have said so.

(This last phrase should seem familiar to anyone reading these case commentaries serially).

So too said the Eastern District of Virginia in a decision published as *Belmora LLC. v. Bayer Consumer Care AG*, 84 F. Supp.3d 490, 115 U.S.P.Q.2d 1032 (E.D. Va. 201), which naturally cited *Punchgini* in dismissing Bayer's claim under the territoriality principle, i.e., on the ground that Bayer has no standing under the Lanham Act for anything Belmora does with its registered FLANAX trademark.

An appeal followed. Interestingly, among the amici curiae arguing in favor of adoption of the one-world-of-trademarks doctrine was the American Intellectual Property Law Association, whose brief argues against a "rigid" reading of the Lanham Act. Rather, it urges that this statute passed by the United States Congress be read in the light of the "international community's" understanding of things, to wit:

When a foreign mark is well known to U.S. consumers but is neither registered here nor used on products sold here, it falls within what the international community calls the well-known marks doctrine ("the Doctrine"), which seeks to prevent unfair competition with the well-known brand. . . . Harm to the U.S. reputation of a foreign brand is an appropriate basis for standing both in a cancellation proceeding under Section 14 and in a civil action under Section 43(a). . . . While a product may originate in one country, its reputation and goodwill may cross borders. If a mark has meaning to U.S. consumers, then the Lanham Act protects those consumers from being misled and deceived.

This last sentence from the AIPLA brief contains two notable points. One is that, as mentioned briefly above, the "famous marks doctrine" now goes under the name of "the well-known marks doctrine" because "famous marks" is, in trademark law, a term of art referring to the trademarks entitled under the Federal Trademark Dilution Act (15 U.S.C. § 1125(c)(2)(A)) to protection against dilution. Dilution is, of course, completely unrelated to territoriality.

Secondly, and more significant substantively, is that by the light of those who subscribe to the well-known marks doctrine or its equivalent, the disagreement here hinges not just on what the Second Circuit would charitably call a “generous” reading of the Lanham Act, but also on something different from imported foreign reputation. Specifically, the fame of that mark has to have **American relevance** – if not by virtue of use or, concomitantly, goodwill, then with respect to confusion or the capacity to mislead.

And indeed, on appeal The Fourth Circuit did not accept the proposition that, as the Second Circuit would have it, it was adding words to the Lanham Act, which nowhere authorizes the enforcement of foreign marks; or necessarily, even as the APLA would have it, that courts should be less “rigid” about reading the statute. To the contrary, the Court of Appeals took the position in *Belmora LLC v. Bayer Consumer Care AG and Bayer Healthcare LLC* No. 15-1335 (4th Cir. 2016) that **its** reading of the Lanham Act is the rigorous one, and that it is in fact following the teaching of *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014) requiring courts to adhere to statutory language, “apply[ing] traditional principles of statutory interpretation.” The Fourth Circuit reasoned as follows:

Under [Section 43(a)], the defendant must have “use[d] in commerce” the offending “word, term, name, [or] symbol,” but the plaintiff need only “believe[] that he or she is or is likely to be damaged by such act.”

It is important to emphasize that this is an unfair competition case, not a trademark infringement case. *Belmora* and the district court conflated the Lanham Act’s infringement provision in § 32 (which authorizes suit only “by the registrant,” and thereby requires the plaintiff to have used its own mark in commerce) with unfair competition claims pled in this case under § 43(a). Section 32 makes clear that Congress knew how to write a precondition of trademark possession and use into a Lanham Act cause of action when it chose to do so. It has not done so in § 43(a).

Having concluded that use in United States commerce, in the trademark sense, was not required to take advantage of United States trademark law, the Fourth Circuit then asked whether the

complaint states a cause of action for, as I described it above, relevance to consumers in the U.S.

For purposes of a motion to dismiss, the Court of Appeals held that the answer was “yes”:

The complaint alleges Belmora’s misleading association with BCC’s FLANAX has caused BCC customers to buy the Belmora FLANAX in the United States instead of purchasing BCC’s FLANAX in Mexico. For example, the complaint alleges that BCC invested heavily in promoting its FLANAX to Mexican citizens or Mexican Americans in border areas. Those consumers cross into the United States and may purchase Belmora FLANAX here before returning to Mexico. And Mexican-Americans may forego purchasing the FLANAX they know when they cross the border to visit Mexico because Belmora’s alleged deception led them to purchase the Belmora product in the United States.

Notably, although the opinion refers to both “Mexican citizens” and “Mexican Americans in border areas,” it treats them the same way. In short, the Fourth Circuit’s *Belmora* decision holds that in passing Section 43(a) of the Lanham Act, Congress intended to protect Mexican citizens from coming to the United States and buying merchandise bearing ersatz Mexican trademarks that have never been used in commerce in the United States before they return to Mexico, because these visitors, Congress concluded, bring their goodwill with them.

This position is not so unreasonable, standing on its own. Section 43(a) is, after all, a remedial statute, and as such is entitled to broad interpretation. If by choosing the name FLANAX for its product Belmora were indeed leveraging the goodwill of Mexico’s Flanax – which goodwill probably really, in some ethereal way not amenable to regular old proof of “trademark use” – does exist north of the border, in order to pull a fast one on Mexican visitors to the U.S. That “doesn’t seem right.”

The court applied the same reasoning to Bayer’s claim for cancellation of Belmora’s registration for FLANAX, based on the broad language in Section 14(3) of the Lanham Act which “creates a procedure for petitioning to cancel the federal registration of a mark that the owner has used to misrepresent the source of goods . . . by any person who believes that he is or will be damaged . . . by the registration of a mark . . .” “Any person,” is what it says, and here the statutory

language is exactly the same as in 43(a), authorizing an action by “any person.” (We don’t think of Section 14(3), the cancellation provision, as a remedial statute the way we do 43(a) – or at least, most of us don’t. Some parties, such as the plaintiffs in *Pro-Football, Inc. v. Blackhorse*, 112 F.Supp.3d 439 (E.D. Va. 2015) – i.e., the “Redskins” case – certainly do.)

So, is “any person” really “any person” – and if it is, how does “any person” translate to “any person who has any trademark from anywhere on earth”? Because that “any” is the one we really care about – “any trademark,” i.e., even a “trademark” that does not meet the definition of a “trademark” under U.S. law because it’s never been used in interstate commerce. The Fourth Circuit does not take such a position, and acknowledges as much by confessing, first of all, that it has in the past noted the incongruity of such a stance. “Admittedly,” writes the court, “some of our prior cases appear to have treated a plaintiff’s use of a mark in United States commerce as a prerequisite for a false association claim.” The court then cites four of its own prior decisions, but waves them away on the basis of its reading of *Lexmark*, the Supreme Court case, the court reminds us, that requires courts to read statutes the way the words in them say.

This position cries out for an analysis of the Fourth Circuit’s own statutory analysis here, for it notes that Section 32 “authorizes suit only ‘by the registrant,’ and concludes, “Section 32 makes clear that Congress knew how to write a precondition of trademark possession and use into a Lanham Act cause of action when it chose to do so.” But Section 32 refers only to **enforcement** actions brought in connection with registered trademarks. Axiomatically, these can **only be brought by the registrant**. Understood this way, it seems obvious that Congress was not “writing a precondition” into the law. It was merely using the most logical and economical term available to describe the only party eligible bring a lawsuit under Section 32: The registrant.

This demonstration, therefore, does not “make clear” that Congress” knows how to set a precondition” or, put differently, to establish eligibility or standing to bring a lawsuit. The statutory language merely reflects the context, logic and economy of that subsection of the statute.

In fact, while the “any person” language has, in the Section 14(3) context, been applied quite broadly, courts have mainly resisted applying it to expand the definition, not of a **person**, but of an allegedly infringed **trademark** in a 43(a) case where the “trademark” in question has never been used in interstate commerce. Perhaps recognizing the potential for mischief in opting to give in to that temptation, in a footnote the court urges that this is a special case (citations omitted):

A plaintiff who relies only on foreign commercial activity may face difficulty proving a cognizable false association injury under § 43(a). A few isolated consumers who confuse a mark with one seen abroad, based only on the presence of the mark on a product in this country and not other misleading conduct by the mark holder, would rarely seem to have a viable § 43(a) claim.

The story is different when a defendant, as alleged here, has – as a cornerstone of its business – intentionally passed off its goods in the United States as the same product commercially available in foreign markets in order to influence purchases by American consumers. Such an intentional deception can go a long way toward establishing likelihood of confusion. Thus “any person” becomes “any trademark” from “anywhere” but only under a new “cornerstone test.”

Belmora sought review of the decision *en banc*, which the Fourth Circuit summarily denied. It then filed a petition for certiorari, which is currently pending. INTA filed an amicus brief in support of Belmora as well, again urging that the Supreme Court resolve the newly-widened circuit split, while not taking any substantive position on the Fourth Circuit’s ruling.

Certain Footwear Products (Inv. No. 337-TA-936) / Converse, Inc. v. ITC

Area of Law: Trademark / Trade Dress

Key Issues: Functionality



This appeal, now pending in the Federal Circuit, has a very different procedural history from the others discussed here and from most important IP / fashion cases. In 2014, Converse filed a complaint with the International Trade Commission (while also filing 22 separate trademark infringement lawsuits against 31 manufacturers and retailers, most of whom have already settled) claiming trademark (trade dress) infringement and, in the ITC, seeking an order barring importation of knockoffs of its “iconic” Chuck Taylor sneakers, whose features include a distinctive outsole with a diamond-shaped pattern, a rubber toe cap.

A quick review on the law concerning trade dress protection: “A product’s trade dress encompasses the overall design and appearance that make the product identifiable to consumers.” *Nora Beverages, Inc. v. Perrier Grp. of Am., Inc.*, 269 F.3d 114, 118 (2d Cir. 2001). The purpose of trade dress protection is “to protect an owner of a dress in informing the public of the source of its products, without permitting the owner to exclude competition from functionally similar products.” *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 33 (2d Cir. 1995). Product packaging is the archetypal, long-recognized type of trade dress: “the appearance of labels, wrappers, boxes, envelopes, and other containers used in packaging a product as well as displays and other materials used in presenting the product to prospective purchasers.” Restatement (Third)

of Unfair Competition § 16 cmt. a (1995). It's what products get "dressed" in. The other kind of trade dress is product configuration – a product's protectable "birthday suit."

Unsurprisingly, that kind of ensemble is hard to protect. Under the rule of *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000), a product's "design" – i.e., the way the goods themselves look, compared to the look of their boxes or labels – can **never** be inherently distinctive. "Consumers are aware of the reality," wrote the court, "that, almost invariably, even the most unusual of product designs – such as a cocktail shaker shaped like a penguin – is intended not to identify the source, but to render the product itself more useful or more appealing." Thus, because consumers rarely equate a design feature with a single source, they do not consider it a trademark until it "acquires distinctiveness," i.e., secondary meaning.

Converse argued that various features of the Chuck Taylor sneaker were protectable as trade dress. And in June the ITC ruled that the diamond-patterned outsole was in fact protectable as a source-identifier and issued the appropriate order. On the other hand, ITC also ruled that other components of the Chuck Talor sneaker, such as its rubber toe band,



toe cap, and stripes aren't protectable. The question of whether Converse's decision to go this route, in light of the split-the-baby outcome, was brilliant strategy or something else is the subject of innumerable think-pieces in the fashion-law press and social media. On the one hand, it was never realistic for Converse to think that every feature of its Chuck Taylor sneaker would be deemed protectable, and by forcing a decision it is unlikely to ever get the genie back into the bottle on claims it might make regarding those features. On the other hand, the ITC's ruling is

something of a victory because at least one distinctive feature of the shoe has been recognized, at least by one tribunal, as having protectable secondary meaning.

Unsurprisingly, given the stakes, an appeal to the Federal Circuit – by Converse – followed in due course, as did motions to intervene by scores of shoe makers on the one side and manufacturers and retailers, mainly “fast fashion” retailers, on the other side.

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