



September 2018



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The September 2018 issue of Sterne Kessler's MarkIt to Market® newsletter discusses the use of trademark symbols as part of a brand's protection strategy, the use of trade dress to protect product design elements, and the new gTLD Sunrise Periods.

Sterne Kessler's [Trademark & Brand Protection](#) practice is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact [Monica Riva Talley](#) or [Tracy-Gene G. Durkin](#).

**Editor & Author:**



**Monica Riva Talley**  
Director  
[mtalley@sternekessler.com](mailto:mtalley@sternekessler.com)

**Authors:**



**Dana Justus**



**Ivy Estoesta**



**Lauriel Dalier**  
Associate

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Associate  
[djustus@sternekessler.com](mailto:djustus@sternekessler.com)

Associate  
[iestoest@sternekessler.com](mailto:iestoest@sternekessler.com)

[ldalier@sternekessler.com](mailto:ldalier@sternekessler.com)

## **™ Ma®ks the Spot: Best Practices for Trademark Symbols and Marking**

By: [Dana Justus](#)

Although small in stature, trademark symbols (™ and ®) are an important component of any brand's trademark protection strategy – but making sure that the correct symbol goes in the right place can be confusing at times.

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## **When the Other Shoe Drops – Keep Calm and (Trade) Dress Up**

By: [Ivy Estoesta](#) and [Lauriel Dalier](#)

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As first reported in our December 2013 newsletter, the first new generic top-level domains (gTLDs, the group of letters after the "dot" in a domain name) have launched their "Sunrise" registration periods. Please contact us or see our December 2013 [newsletter](#) for information as to what the Sunrise Period is, and how to become eligible to register a domain name under one of the new gTLDs during this period.

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**Contact**



**Monica Riva Talley**

Director

[mtalley@sternekessler.com](mailto:mtalley@sternekessler.com)



**Tracy-Gene G. Durkin**

Director

[tdurkin@sternekessler.com](mailto:tdurkin@sternekessler.com)

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## **™ Ma®ks the Spot: Best Practices for Trademark Symbols and Marking**

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Although small in stature, trademark symbols (™ and ®) are an important component of any brand's trademark protection strategy – but making sure that the correct symbol goes in the right place can be confusing at times.

**To start, which one should you use?** The rule in the U.S. and in most other countries is that the ™ symbol (“trademark”) may be used in connection with marks that are not yet the subject of a federal trademark registration – either because an application is pending, or because the company is choosing to only claim common-law rights without seeking registration. However, rules vary by country; use of the ™ symbol in certain jurisdictions may be viewed as claiming that a mark is registered, so check both the trademark status and local requirements before going to press.

In the U.S., there is no legal requirement to use the ™ symbol in connection with unregistered trademarks, but doing so puts third parties on notice that the company is claiming trademark rights in that word, phrase, and/or design. The “SM” symbol can also be used in a similar manner as ™ in the case of the provision of services, rather than goods.

The ® registration symbol, on the other hand, may *only* be used in connection with federally registered trademarks – trademarks that are the subject of pending federal applications; state applications/registrations and common-law marks may not be denoted with the ® symbol.

**So, are brand owners required to use these trademark symbols?** In the case of the ® symbol for registered marks, Section 29 of the federal Trademark Act explicitly states that a trademark registrant must give “notice” of a registration by using the proper symbol or notifying language in order to recover profits or money damages in an infringement suit.

Accordingly, failing to use the ® symbol in connection with a registered mark may have negative financial consequences in a future litigation.

Although failure to properly notice registered trademarks is not an affirmative defense for infringers, it will (perhaps significantly) limit the remedies to which the trademark owner is entitled. If the trademark is not properly marked, the registrant's statutory damages are limited to those that arose *after* the defendant received actual notification of the infringement charge.

**But where is the best place for these symbols?** The statute requires the ® symbol or notice statement to be “with the mark,” but does not place any other requirements on the marking's location. Ideally, we recommend placing the ® registration symbol next to the registered mark in question – e.g., Trademark®. And although the ™ symbol is not subject to the same technical requirements from a damages perspective, the best practice is to also use this designation in close proximity to the claimed trademark, to sufficiently link the symbol with the mark.

**And do you have to use the symbol with every use of a trademark?** When it comes to multiple mentions of a trademark – registered or unregistered – on a website page, brochure, packaging, display, or other material, we recommend marking the first and most prominent use of the mark (for example, the first use in a website page header).

Every situation is different, so when in doubt we recommend consulting with trademark counsel as to the appropriate use of trademark symbols for your brands.

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By: [Ivy Estoesta](#) and [Lauriel Dalier](#)

Design patents are often the go-to option for protecting the visual features, or design, of a product. But design patent protection is not always available, such as after the product has been on sale, offered for sale, or otherwise known to the public. As part of any design protection strategy, particularly when design protection is no longer available, consideration should also be given to whether the design of a product may constitute protectable trade dress.

As illustrated by the three-year-long match between adidas and Skechers, which involved adidas's trade dress rights for the Stan Smith shoe, even unregistered trade dress rights can serve as a valuable enforcement tool against copycats. In the case against Skechers,<sup>[1]</sup> the Ninth Circuit affirmed the district court's grant of a preliminary injunction enjoining Skechers from selling shoes that infringed adidas's trade dress.

The Stan Smith trade dress is “a classic tennis shoe profile with a sleek white leather upper, three rows of perforations in the pattern of the adidas three-stripe logo, defined stitching enclosing the perforations, a raised mustache-shaped colored heel patch, and a flat tonal white rubber outsole.” The Ninth Circuit affirmed the district court's determination that the trade dress had acquired distinctiveness, and that adidas was likely to succeed on its infringement claim against the Skechers Onix shoe because the similarities between it and the Stan Smith trade dress are unmistakable. Both feature a white leather upper, a raised green mustache-shaped heel patch, angled stripes with perforations, the same defined stitching pattern around the perforations, and a flat white rubber outsole. Minor differences, including the use of Skechers's logo on the accused product, do not negate the overall impression of similarity between the two.

**The Stan Smith Trade Dress**



**The Skechers "Onix"**



Source

For brand owners wishing to establish trade dress rights in the design of a product, *adidas v. Skechers* provides several points worth considering.

**First, accurately identify the trade dress elements.** Consider which elements of the product design—for example, shape, size, color, surface treatment and/or ornamentation, material—either alone or combined, make the product design unique relative to other similar products. The asserted Stan Smith trade dress was defined as being comprised of the combination of shape (“a classic tennis shoe profile”), color (“white”), material (“sleek leather upper” and “flat rubber outsole”), surface treatment (“three rows of perforations in the pattern of the adidas three-stripe logo” and “defined stitching enclosing the perforations”), and surface ornamentation (“a raised mustache-shaped colored heel patch”).

Ideally, many—if not all—these elements are purely aesthetic, not functional. Being able to verbalize these elements very clearly can help with the registration process, which requires a description of the specific elements being claimed and a matching drawing illustrating the same.

**Second, as with all trademarks, the trade dress design must be nonfunctional.** In other words, the design, as a whole, must not affect the usefulness of the product. Evidence of nonfunctionality can include the availability of alternative designs, or the existence of a design patent for the product design. Conversely, advertising touting the product design’s functional advantages, or a utility patent—even one that is expired—which claims the aspects of the product design or touts the functionality of the design can be evidence of functionality. Thus, advertising and utility patents should be drafted carefully, to avoid characterizing a product design as functional (e.g., “ergonomic”).

This does not mean that a product’s *overall* design is ineligible for trade dress protection if some of its *individual* elements are functional. With respect to the Stan Smith trade dress, the district court acknowledged that some of the design’s individual elements, like the rows of perforation and the white color of the upper and outsole, might be functional, but rejected Skechers’s “divide and conquer” approach to analyzing functionality. According to the court, the Stan Smith design as a whole—that is, the overall visual impression created by the combination and arrangement of its individual elements—is nonfunctional; the Stan Smith design’s particular set of features as a whole do not make the shoe work better or cost less than other similar sneakers in the current marketplace.

**Third, the design must be inherently distinctive, or have acquired distinctiveness.** Consumers must be able to view the design as a source indicator, rather than as the type of product itself. Evidence of acquired distinctiveness may include long-running exclusive

commercial use, considerable sales figures, established market position, considerable expenses related to promotion of the trade dress, and proof of intentional copying by others. A design patent on a design for a product can provide a period of exclusive use of the patented design, to establish such evidence of acquired distinctiveness.

With respect to the Stan Smith shoe design, the Ninth Circuit held that the district court had not clearly erred in concluding that the trade dress had acquired distinctiveness based on ample evidence in the record. For example, adidas has used the Stan Smith trade dress exclusively since the early 1970s—a particularly impressive feat when considering that the shoe design does not appear to have ever been protected by design patent. The evidence of record also showed that adidas expended considerable capital and human resources to promote the shoe, and that the Stan Smith trade dress has received significant unsolicited media coverage praising the trade dress for its iconic status. Additionally, Skechers’s use of metadata tags on its website that directed consumers searching for Stan Smith shoes to a Skechers website is proof of copying that strongly supports an inference that Skechers was aware of the acquired distinctiveness of the Stan Smith shoe.

**Fourth, apply for registration of the trade dress design with the U.S. Patent and Trademark Office (USPTO).** Notably, adidas owned neither a trademark application nor a registration for the Stan Smith shoe design when it filed suit against Skechers—or even before the Ninth Circuit issued its decision. *adidas v. Skechers* demonstrates that trade dress rights can be acquired without formal registration at the USPTO—but that task is not an easy one, as illustrated by the volume of evidence adidas put forth to satisfy its burden of demonstrating that the Stan Smith shoe design is nonfunctional and distinctive.

Not surprisingly, adidas recently applied to register the Stan Smith shoe design with the USPTO. [2] While the district court and Ninth Circuit have found adidas’s Stan Smith trade dress distinctive and nonfunctional, and thus that adidas has common law rights in the trade dress, the USPTO will likely require much of the same type and amount of evidence to show that the trade dress has acquired distinctiveness and is nonfunctional. Though the process of obtaining a registration can be cumbersome, adidas’s initiative suggests the value that a registration can provide protection against future copycats, such as presumption of validity and incontestable status of a design.

**Finally, there is no time bar for acquiring trade dress rights.** Unlike design patents, trade dress rights in a product may be acquired at any time after the sale or offer for sale of a product. adidas capitalized on the fact that it had exclusively used the Stan Smith shoe design for over 30 years. While this fact would weigh against obtaining a design patent, it clearly had the opposite effect with respect to adidas’s trade dress rights in the design: such longstanding commercial use provided substantial evidence in demonstrating that the Stan Smith shoe design had acquired distinctiveness, and was entitled to (unregistered) trade dress rights.

By keeping these points in mind, brand owners can better assess whether a product should be evaluated for eligibility for trade dress protection.

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[1] <http://cdn.ca9.uscourts.gov/datastore/opinions/2018/05/10/16-35204.pdf>

[2] U.S. Appl. No. 88/041,016, filed July 17, 2018



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As of September 28, 2018, ICANN lists new Sunrise periods as open for the following new gTLDs that may be of interest to our clients. A full list can be viewed at: <https://newgtlds.icann.org/en/program-status/sunrise-claims-periods>.

.luxe	.page	.sport
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ICANN maintains an up-to-date list of all open Sunrise periods [here](#). This list also provides the closing date of the Sunrise period. We will endeavor to provide information regarding new gTLD launches via this monthly newsletter, but please refer to the list on ICANN's website for the most up-to-date information – as the list of approved/launched domains can change daily.

Because new gTLD options will be coming on the market over the next year, brand owners should review the list of new gTLDs (a full list can be found [here](#)) to identify those that are of interest.

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