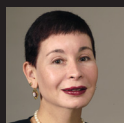


Letter From the Editor



With summer just around the corner, we are delighted to present you with the newest issue of *Kattwalk*. Inside, we feature a conversation with our friend and client, Jarrod Weber, Brand president at Authentic Brands Group LLC. We have also included insight into the recent Priorities Report and an update on a continuously hot topic, “When Your Trademark is a False Advertisement.”

We hope you enjoy this issue, and we look forward to seeing you at our upcoming industry events.

Karen Artz Ash

In This Issue

When Your Trademark is a False Advertisement

Through the Lens: Q&A With Jarrod Weber

Karen Artz Ash Named to Managing Intellectual Property's Top 250 Women in IP

The TTAB Addresses Issue Preclusion and Ex Parte Appeals

“Success in Style” a Tour de Force

When Your Trademark is a False Advertisement

by **Michael R. Justus**

This article follows up on my 2015 Law360 article “[Your Trademark Could Be A False Advertisement](#)” regarding false advertising challenges to brand names and trademarks. The original version detailed the various forums and different legal tests for such challenges, and provided case law examples. This article builds on the original and jumps straight into discussion of recent legal trends in this area.

False advertising issues continue to plague brand names and trademarks in a variety of forums and contexts. Trademarks, trade names, product names, slogans, and even certification marks regularly face false advertising challenges, which allege, for example, that a mark deceives consumers regarding the nature or characteristics of the product. The following legal trends are instructive for trademark and advertising counsel.

“Selfie Certification” Marks

The [Federal Trade Commission](#) frequently takes action against deceptive certification marks “awarded” by an advertiser (or its affiliates) to itself — cleverly dubbed “selfie certifications” or “selfie seals.” In fact, the FTC’s Business Blog named this issue one of ten “consumer protection topics of note from 2017.”¹ For example, the FTC challenged two trampoline companies’ use of seals stating “Trampoline of the Year Award” granted by a purportedly independent group called Trampoline Safety of America.² The problem? The trampoline companies were allegedly behind that purported third-party safety group, and “awarded” this seal to themselves. Other recent examples include FTC challenges to [Benjamin Moore](#)’s “Green Promise” logo,³ Moonlight Slumber’s “Green Safety Shield,”⁴ NextGen Nutritionals’ “Certified Ethical Site” seal,⁵ and Bollman Hat Company’s “American Made Matters” seal.⁶

In addition to potentially violating advertising laws, “selfie certifications” also cannot obtain protection as registered certification marks under the Lanham Act, which prohibits self-certification by the owner of a certification mark.⁷

The takeaway: Stick to use of seals, awards and certification marks lawfully received from independent third parties under objective criteria.



Product Names Allegedly Conveying Health Claims

Federal courts, the Trademark Trial and Appeal Board and the National Advertising Division of the Council of [Better Business Bureaus](#) each recently addressed whether product names convey false or misleading health claims. Examples include:

- "Diet Coke" — Putative consumer class action filed in California federal court alleging that the "Diet Coke" mark deceived consumers into believing that the product would assist in weight loss. The court dismissed the case, holding that "reasonable consumers would understand that Diet Coke merely deletes the calories usually present in regular Coke, and that the caloric reduction will lead to weight loss only as part of an overall sensible diet and exercise regimen dependent on individual metabolism."⁸ The plaintiff filed a notice of appeal to the Ninth Circuit on March 2, 2018.
- "Diet Dr. Pepper" — The same lead plaintiff as in the Diet Coke case above filed a similar putative class action against [Dr. Pepper Snapple Group](#) alleging that the "Diet Dr. Pepper" mark deceives consumers regarding weight loss benefits. On March 30, 2018, the court likewise dismissed this case on similar grounds, but with leave to amend the complaint.⁹
- "Plazma" — In May 2017, the TTAB affirmed refusals of the marks "Plazma" and "Plazma Reactive Pump" for dietary and nutritional supplements on deceptiveness grounds because the products did not actually contain "plasma protein" — a known ingredient in nutritional supplements with supposed health and training benefits.¹⁰
- "Fungi-Nail" — The NAD recommended that the advertiser discontinue use of the trade name and product name "Fungi-Nail Toe & Foot" because it conveys the unsubstantiated claim that the product effectively treats toenail fungus. The advertiser refused to comply with the NAD's recommendation, and on Jan. 9, 2018, the NAD referred the matter to the FTC and the [U.S. Food and Drug Administration](#) for further review.¹¹

The takeaway: Product names may convey advertising claims, and should be evaluated as such by counsel — keeping in mind that advertisers may be held responsible for all reasonable interpretations of claims, even if such interpretations are not intended.¹² Counsel should pay special attention to marks that potentially convey health claims, such as weight-loss and disease claims, which can be lightning rods for legal issues and may be subject to heightened substantiation requirements.¹³

Slogans as Advertising Claims

Slogans or "taglines" naturally attract advertising legal challenges because, by their very nature, they typically make or imply some claim about the company or its products. But does such "claim" rise to the level of an advertising claim subject to advertising laws (as opposed to nonactionable puffery),¹⁴ and if so, is it

false or misleading under such laws? Several recent court cases addressed those questions, including:

- "Australian For Beer" — A putative consumer class action was filed in New York federal court against [MillerCoors](#) in 2015 alleging that the slogan "Australian for beer" used for Foster's beer deceived consumers into wrongly believing that the beer was brewed in Australia. The court dismissed the case with leave to amend, holding that consumers could not be deceived because the product labels clearly disclosed the brewing locations in Georgia and Texas.¹⁵ The plaintiff voluntarily dismissed the complaint in June 2017.
- "Built Ford Tough" — A putative consumer class action was filed in New York federal court alleging that [Ford Motor Company's "Built Ford Tough"](#) slogan affirmatively misrepresented the durability and quality of Ford F-150 trucks, because plaintiff allegedly experienced issues with the door latches on his truck. In July 2017, the court dismissed the claim, holding that the slogan was nonactionable puffery.¹⁶
- "Fresh. Local. Quality." — A trade secret misappropriation and false advertising case was filed in Utah federal court by [Bimbo Bakeries](#) against a competitor, alleging in relevant part that the "local" portion of competitor's slogan "Fresh. Local. Quality." deceived consumers in markets (including Utah) where the bread was actually baked out-of-state. In March 2018, the court entered judgment on a jury verdict in favor of Bimbo Bakeries on the advertising claim, finding that the competitor's false advertising of the bread as "local" was willful, and awarding over \$8 million in profits.¹⁷

The takeaway: Perhaps the most obvious false advertising risk in the trademark family, slogans will continue to attract scrutiny under advertising laws. Importantly, slogans do not automatically constitute nonactionable puffery merely because they are catchy. Counsel responsible for legal clearance of slogans should undertake advertising claim and substantiation review (in addition to trademark clearance).

No Brand or Brand Owner Spared

As shown above, even high-profile and established trademarks (e.g., "Diet Coke," "Built Ford Tough") may fall victim to false advertising challenges. Additional recent examples of high-profile challenges include:

- "Tito's Handmade Vodka" — A putative consumer class action was filed in New York federal court in 2015 alleging that the "Tito's Handmade Vodka" mark is deceptive because the vodka is not made by hand but rather through a mechanized process. The court rejected plaintiff's bid for class certification in September 2017, which typically prompts settlement discussions. The case settled at mediation in March 2018 on undisclosed terms.¹⁸
- Subway "Footlong" — Putative consumer class actions were filed across the U.S. (combined in Wisconsin federal

court in 2013) alleging that Subway’s “Footlong” sandwiches did not actually measure to 12 inches in length.¹⁹ The district court approved a settlement providing for \$525,000 in fees to class counsel and incentive awards to named plaintiffs, along with a four-year injunction requiring Subway to implement safeguards to ensure that its sandwiches measured 12 inches long. On appeal from a class member objecting to the settlement, the Seventh Circuit reversed, stating that the settlement was “no better than a racket” and that the case “should have been dismissed out of hand.”²⁰ On remand in 2017, according to court records, the plaintiffs voluntarily dismissed their claims shortly after service of a Rule 11 motion from Subway’s counsel, perhaps based on the appellate court’s strong criticism of the claims.

- **McDonald’s “Extra Value Meals”** — A putative consumer class action was removed to Illinois federal court alleging that McDonald’s “Extra Value Meals” product name deceived consumers into wrongly believing that the cost of such meals was less than the aggregate cost of their individual components purchased a la carte. The court dismissed the complaint in April 2018, holding that the point-of-purchase menu boards at McDonald’s restaurants provided consumers with “a straightforward, price-to-price comparison” that “would unequivocally dispel any misleading inference that could be drawn from the name ‘Extra Value Meal.’”²¹ In other words, consumers could not be deceived because they could do the math.

The takeaway: No brand or brand owner is safe. In fact, the more prominent the brand, the more attention it may receive from the plaintiffs bar, regulators and others. And while less-meritorious claims may be quickly dealt with, even settling or winning the case at an early stage carries significant costs (monetary, distraction, publicity, or otherwise). So even for established brand owners, it pays to anticipate these issues as discussed further below.

Best Practices

Counsel should educate clients regarding the risks posed by trademarks under false advertising laws, both to highlight the potential need for advertising clearance for new marks, and to help prevent surprise from unexpected challenges to established marks. As with clearance of other types of advertising claims, counsel should work with the business to analyze marks for any express or reasonably implied claims, and determine whether such claims are substantiated under applicable legal standards. Keep in mind that puffery can be counsel’s best friend.

It may also be wise to review existing and potential insurance policies for coverage of advertising and intellectual property claims. Coverage disputes frequently turn on the meaning of defined terms within the policy such as “advertising injury.”²²

And, taking the offensive, brand owners may find it useful to also view competitors’ trademarks through the false advertising lens.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

¹ See, e.g., <https://www.ftc.gov/news-events/blogs/business-blog/2017/12/2017-consumer-protection-year-review>.

² See <https://www.ftc.gov/news-events/blogs/business-blog/2017/05/ftc-bounces-claims-independent-trampoline-review-sites>.

³ See <https://www.ftc.gov/news-events/blogs/business-blog/2017/07/paint-settlements-suggest-caution-broad-brush-voc-safety>.

⁴ See <https://www.ftc.gov/news-events/blogs/business-blog/2017/09/ftc-says-company-didnt-have-support-organic-mattress-claims>.

⁵ See <https://www.ftc.gov/news-events/blogs/business-blog/2017/11/next-gens-ad-claims-isnt-it-ironic>.

⁶ See <https://www.ftc.gov/news-events/blogs/business-blog/2018/01/making-made-usa-claims-hang-your-hat-accuracy>.

⁷ 15 U.S.C. § 1064 (providing for cancellation of certification mark registration where the owner “engages in the production or marketing of any goods or services to which the certification mark is applied”).

⁸ *Becerra v. The Coca-Cola Company*, No. 3:17-cv-05916 (N.D. Cal. Feb. 27, 2018).

⁹ *Becerra v. Dr. Pepper Snapple Group Inc.*, 3:17-cv-05921 (N.D. Cal. March 30, 2018).

¹⁰ *In re Monsterops LLC*, Serial Nos. 86295483 and 86295490 (May 15, 2017) [non-precedential].

¹¹ *Kramer Laboratories, Inc. (The Original Fungi-Nail Toe & Foot Brand)*, NAD Case Report No. 6141 (Dec. 19, 2017); see <http://www.asrcreviews.org/nad-refers-advertising-for-fungi-nail-products-to-ftc-for-further-review-after-company-declines-to-comply-with-nad-recommendations/>.

¹² See, e.g., FTC Policy Statement on Deception, available at https://www.ftc.gov/system/files/documents/public_statements/410531/831014deceptionst_mt.pdf.

¹³ See, e.g., <https://www.ftc.gov/news-events/blogs/business-blog/2015/12/5-principles-help-keep-your-health-claims-healthy>.

¹⁴ Puffery refers to obviously exaggerated claims that reasonable consumers would not take seriously, e.g., “America’s Favorite Pasta.” *American Italian Pasta Co. v. New World Pasta Co.*, 371 F.3d 387 (8th Cir. 2004). But context matters. Puffery can be transformed into an actionable claim by the overall context of the ad. See, e.g., *Pizza Hut, Inc. v. Papa John’s Int’l Inc.*, 227 F.3d 489 (5th Cir. 2000) (“Better Ingredients Better Pizza” slogan was puffery in isolation, but was transformed into actionable claim in context of advertisements touting freshness and superiority of ingredients).

¹⁵ *Nelson v. MillerCoors, LLC*, No. 15-cv-7082, 2017 WL 1403343 (E.D.N.Y. March 31, 2017).

¹⁶ *Kommer v. Ford Motor Co.*, No. 1:17-cv-00296 (N.D.N.Y. July 28, 2017).

¹⁷ *Bimbo Bakeries USA, Inc. v. Sycamore*, No. 13-cv-00749, 2018 WL 1578115 (D. Utah March 29, 2018).

¹⁸ *Singleton v. Fifth Generation, Inc.*, No. 5:15-cv-00474 (N.D.N.Y.).

¹⁹ *In Re: Subway Footlong Sandwich Marketing and Sales Practices Litigation*, No. 2:13-md-02439 (E.D. Wisc.).

²⁰ *In Re: Subway Footlong Sandwich Marketing and Sales Practices Litigation*, No. 16-1652 (7th Cir. Aug. 25, 2017).

²¹ *Killeen v. McDonald’s Corp.*, 2018 WL 1695366, No. 17 CV 874 (N.D. Ill. Apr. 6, 2018).

²² See, e.g., *Vitamin Health, Inc. v. Hartford Casualty Insurance Co.*, No. 15-10071 (E.D.Mich. May 9, 2016) (granting summary judgment to insurer and holding that “advertising injury” covered by the policy included claims relating to slander, libel, or disparagement, but not the false advertising claims at issue).





Through
the Lens



Jarrod Weber

President, Brand
Authentic Brands Group LLC

-----[passion]-----

Tell us about your background

After practicing corporate and intellectual property law at Katten for eight years, I joined the multi-billion dollar brand management company Authentic Brands Group in 2014. I began as vice president of Men's Fashion Brands, and in May of this year, I was named president of Brand, overseeing the entirety of the brand portfolio. Some of our more iconic and world-renowned brands include Marilyn Monroe, Elvis Presley, Muhammad Ali, Shaquille O'Neal, Michael Jackson (managed brand), Juicy Couture, and Jones of New York.

-----[inspiration]-----

What's the most rewarding aspect of your work?

The most rewarding aspect of my work is that I arrive every day to new and exciting challenges. I enjoy that each day is different and look forward to coming to the office every morning. I also have the opportunity to work collaboratively with all areas of the organization to achieve our goals.

-----[challenge]-----

What's the most unexpected challenge in your role?

With over 700 partners, I am kept constantly busy fielding questions and concerns, providing the most effective solutions possible and working to build our brands, developing products and marketing to create a "want."

-----[vision]-----

What's the biggest opportunity for change in your industry?

This is an industry that reinvests itself every six months. This creates a fast-paced environment, with a workforce and management that needs to embrace change and develop new





products that the consumer may not necessarily need, but we then shape a brand environment that fosters their desire for it.

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

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

I believe training the next generation provides us with our greatest challenge, as well as the need to self-regulate. We are currently seeing too much product in the marketplace, with too much sameness and too many choices. We need to create more differentiation.

-----[innovation]-----

How does the interplay between collaboration and creativity shape your industry?

Our industry has a business side and a creative side. While the focus has to be on earnings, the two must work together to respect the need for products that inspire and create an

action to purchase. At the same time, business is business—and that business is earning a return for our shareholders.

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

How do you see your field changing in the future? And how are you preparing to meet the evolving needs of the field?

We are a global economy with a global footprint. It is important that we understand each of the world markets—recognizing that although many of our products speak a universal language, there are differences in the way we approach our partners, our suppliers and our consumers in each of these markets.

As I see it, the formula for success will be recognizing the scope of the business, staying current, and constantly learning, traveling and communicating to ensure that we are at the forefront of technology to help us in this endeavor. Of course, always being open to change will remain key to progress.

Karen Artz Ash Named to *Managing Intellectual Property's* Top 250 Women in IP

Katten's national Intellectual Property co-chair **Karen Artz Ash** was recognized by *Managing Intellectual Property* as one of this year's Top 250 Women in IP. This honor recognizes women practitioners in private practice around the world, who have performed exceptionally for their clients and firms in the past year. This is the third time Karen has been recognized for this significant award.

The TTAB Addresses Issue Preclusion and *Ex Parte* Appeals

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

The US Supreme Court's ruling in *B&B Hardware, Inc. vs. Hargis Industries, Inc.* provided that courts were obligated to give preclusive effect to decisions made by the US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) if the ordinary elements of issue preclusion are met. However, as discussed in the TTAB's recent decision in *In re FCA US LLC*, the reverse is not always required.

FCA US LLC (FCA) filed a trademark application for the mark MOAB. The PTO examiner refused to register this application based on a likelihood of confusion with a trademark registration for the mark MOAB INDUSTRIES owned by an entity called Moab Industries, LLC. FCA then filed a petition to cancel the MOAB INDUSTRIES mark and Moab Industries brought a suit against FCA in the district court alleging trade mark infringement, among other things.

•

FCA counterclaimed, seeking a declaratory judgment that its MOAB mark did not infringe the rights of Moab Industries and sought an order cancelling the MOAB INUDSTRIES registration. The district court dismissed the claims of Moab Industries, finding that there was no likelihood of confusion between the marks, denying the claim for declaratory judgment as moot, and dismissing FCA's claims for cancellation of the registration of Moab Industries.

•

Once the litigation was dismissed, FCA filed an *ex parte* appeal of the PTO's refusal to register the MOAB mark with the TTAB.

In the *ex parte* appeal, FCA argued, based on the Supreme Court's ruling in *B&B Hardware*, that since the district court decided an issue that overlaps with part of the TTAB's analysis, the TTAB should give preclusive effect to the court's judgment, therefore compelling a finding that there was no likelihood of confusion between the marks and a reversal of the refusal to register.

However, the TTAB held that the *B&B Hardware* decision required that the TTAB give preclusive effect to a court's judgment only in a subsequent TTAB proceeding involving the same parties and the same issues that had been before the court, but not in a subsequent *ex parte* proceeding.

The fact that the litigation may have involved the same marks was not sufficient for issue preclusion. Rather, issue preclusion requires that the party charged “has a full and fair opportunity to litigate its claims in the prior action.”

Therefore, since the owner of the cited registration did not represent the PTO in the district court litigation and since the PTO was not a party to the district court decision, the PTO cannot be bound by its outcome.

Citing the Supreme Court's ruling in *B&B Hardware*, the TTAB noted that the trademark registration process is

a separate proceeding from a trademark infringement litigation that is intended to decide different rights. Stating that the issues raised in the litigation and the issues raised in the appeal “are different, at least in part, and require, to some extent, different analyses that could result in different determinations,” the TTAB found that issue preclusion did not apply and proceeded with its own likelihood of confusion analysis. In doing so, the TTAB found that, notwithstanding the conclusion reached by the district court, there was a likelihood of confusion between the marks and affirmed the refusal to register the MOAB mark.

This case serves as a reminder that just because a court finds no likelihood of confusion between an applicant's mark and a registered mark does not mean that such registered mark will not serve as a bar to the availability of the applied-for mark for registration, as the analysis applied in an *ex parte* appeal is different from the analysis applied in a trademark infringement litigation.



Success In Style

How can today's law students best dress for interviews, the office and social events, while incorporating their own style? A panel of seven law and fashion professionals, led by Katten national Intellectual Property department co-chair and New York Law School adjunct professor of IP Licensing in the fashion industry Karen Artz Ash, discussed basic tips and more at the "Success In Style" panel presented by First Generation Professionals at the New York Law School faculty commons on April 12.

The evening was an outstanding success, as the next generation of lawyers had the opportunity to meet and be mentored by this industry-leading group of panelists.



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Moderator
Partner
Katten Muchin Rosenman LLP



Colette Stanford
Associate General Counsel
Aeropostale, Inc.



Jesse Weber
Host
Law and Crime Network



Mindy Novack
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