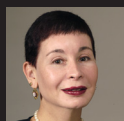


Letter From the Editor



Happy summer! We are seeing some great new styles this summer here on Madison Avenue, and of course, there are a number of hot legal issues to consider as we head into the fall. Our latest issue discusses the applicability of false origin claims, the use of trademarks in commerce, and domain name usage under the UDRP, and it highlights a few different areas of our firm with whom our fashion clients are partnering. Hopefully you have some time to relax and enjoy the weather before the end of summer, and we hope to see you soon at some of the upcoming industry events!

Karen Artz Ash

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When Advertising Is Not Enough: Merely Offering a Service Does Not Constitute Use of a Trademark in Commerce

by Karen Artz Ash and Bret J. Danow

The US Court of Appeals for the Federal Circuit recently addressed whether an applicant has "used a trademark in commerce" if the applicant offered a service, but did not actually provide that service, under the mark.

In *Couture v. Playdom, Inc.*, David Couture filed a use-based US trademark application for the mark PLAYDOM covering writing and production services in 2008. Couture submitted with his application a page from his website to demonstrate current use of his mark. Although Couture did not actually provide any services under the PLAYDOM mark until 2010, nearly two years after he filed the application, Couture's website nonetheless satisfied the US Patent and Trademark Office's (USPTO) requirements for demonstrating use of the applied-for mark. As a result, in 2009, the USPTO issued Couture a certificate of registration for the PLAYDOM mark.

In February 2009, Playdom, Inc. filed a trademark application for the identical mark PLAYDOM, but it was refused by the USPTO based upon a likelihood of confusion with Couture's registration. Playdom filed a petition to cancel Couture's registration with the Trademark Trial and Appeal Board (TTAB), arguing that Couture's registration was void because Couture was not actually using the mark when he filed the underlying application.

The TTAB ruled in favor of Playdom and granted its petition to cancel Couture's registration. The TTAB held that Couture had not sufficiently used the PLAYDOM mark in commerce as of his application's filing date because Couture "merely posted a website advertising his readiness, willingness and ability to render...services," but had not actually rendered such services.

Couture also sought to retroactively amend his application to be based on his intent-to-use, rather than use. The TTAB refused to amend the application, finding that only an application, and not a registration, can be amended to be based on an intent-to-use instead of use. Couture then appealed the TTAB's decision to the Federal Circuit.



Under the Trademark Act, a mark covering services is “used in commerce” only when (1) it is used or displayed in the sale or advertising of services, and (2) the services are actually rendered.

The Federal Circuit held that “without question, advertising or publicizing a service that the applicant intends to perform in the future will not support a registration.”

Even though the USPTO accepted Couture’s website as demonstrating use of the mark, the court found that under the statute, advertising “must relate to an existing service which has already been offered to the public.” The court upheld the TTAB’s refusal to amend Couture’s application to be based on an intent-to-use and thus, affirmed the TTAB’s ruling to cancel Couture’s registration.

Had Couture originally filed his application based on an intent-to-use, his priority rights to the mark would have dated back to the date when he filed his application (although he would not have obtained a registration until after he began offering his services). Instead, because his “use” was insufficient, Couture was left without a registration to the PLAYDOM mark, and Playdom ultimately obtained senior rights to the mark. This decision reminds applicants to make sure they are actually rendering services under an applied-for-mark as of the date they are claiming first use of such mark.



When Bad Faith Opportunities Knock: Expanding What Behaviors May Warrant Transfer of a Domain Name

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

The World Intellectual Property Organization (WIPO), which oversees certain domain name registration disputes, recently issued a decision that may expand the types of bad faith behaviors that warrant the transfer of a domain name.

Certain domain name registration disputes are governed by the Uniform Dispute Resolution Policy (UDRP), which allows brand owners to compel the transfer of third-party domain names that are identical or confusingly similar to their trademark. Under the UDRP, a brand owner must satisfy a three-prong test to compel the transfer of a domain name. The third prong of the test requires that the domain name at issue was registered and is being used in bad faith.

Historically, WIPO Administrative Panels have interpreted this prong as requiring the registrant to have acted in bad faith when the domain name was registered, and to have continued acting in bad faith until the date the UDRP complaint was filed.

In *Milly LLC v. Domain Admins, Mrs. Jello, LLC*, the registrant registered the domain name www.milly.com before the complainant acquired rights in the trademark MILLY. Once the complainant obtained trademark rights in the MILLY mark, it offered to purchase the domain name from the registrant, but the registrant rejected the offer. Thereafter, the registrant's domain name began resolving to a website that posted sponsored links to the complainant's website and its competitors' websites, among others. In response, the complainant filed a UDRP complaint seeking to compel the transfer of the domain name.

The WIPO Administrative Panel found that the complainant did not have to prove that the domain name was registered in bad faith to satisfy the third prong of the UDRP test. Even though the registrant registered the domain name before the complainant acquired its trademark rights, the registrant's later attempts to take advantage of the complainant's goodwill in its mark evidenced "opportunistic bad faith" sufficient to satisfy the third prong of the UDRP test.

It is unclear whether other Administrative Panels will follow the *Milly* interpretation of this prong of the UDRP test. In addition, the *Milly* decision may have only limited applicability, since the registrant did not file an answer to the complaint, thus leaving uncontested the allegations surrounding the bad faith use and registration of the domain name. Still, the *Milly* decision is important because it may provide trademark owners with greater flexibility in protecting their brands on the Internet.

Entrepreneurial Ventures

OUR CLIENTS

Katten has a long and distinguished history of advising entrepreneurs. In fact, we began representing some of our most successful and significant clients when they were young, entrepreneurial businesses. Our Entrepreneurial Ventures team counsels innovative, high-growth companies and their investors through all stages of the corporate life cycle—from initial organization and funding through follow-on financing rounds, transformational merger and acquisition transactions, and liquidity events. We are particularly focused on technology-driven businesses, and we are experienced in the health care, financial services, sports and entertainment industries.

OUR SERVICES

Katten helps entrepreneurs launch transformational companies and supports them as they grow. Our Entrepreneurial Ventures team assists emerging businesses across the spectrum of their legal needs, advising on the best form of business entity for the enterprise, governance and management, and all types of business transactions and operational issues. Innovative technology businesses turn to us to address the challenges they face in seeking funding, protecting intellectual property, recruiting and retaining talented employees, and developing sales channels.

We create efficiencies through the use of high-quality precedent documents for initial funding rounds, protecting confidentiality and ownership rights, and implementing employment and compensation agreements. Our attorneys structure transactions focused on providing flexibility when determining a proper exit strategy, including initial public offerings, refinancings, and taxable and tax-free sales.

For more information, click [here](#).



Floyd Mandell Quoted in Article on New Spike Lee Trademark Claim

Floyd Mandell, national co-chair of Katten's Intellectual Property department and co-head of the Trademarks and Trademark Litigation practice, was quoted in an article on a new trademark claim against director Spike Lee regarding the title of his upcoming film, *Chiraq*. An organization called the Sovereign Nation of Chiraqi has reportedly contacted Spike Lee complaining that the film cannot be called *Chiraq* because the name is too closely related to their organization name. Floyd has been involved in several high-profile cases involving titles of movies or television shows and was contacted by the editor of *World Intellectual Property Review* for his thoughts. Floyd noted that the organization had a challenging case under the First Amendment of the US Constitution, as "the constitutional interest in freedom of expression must be balanced against any interest in protecting the claimed mark" and that "even without a First Amendment defense applying, proving the likelihood that the public would be confused would be another major hurdle." ("[Spike Lee Struck With Trademark Claim](#)," June 5, 2015)

Katten Trademark Attorneys Distinguished by *The Legal 500 United States 2015*



Katten partners [Karen Artz Ash](#) and [Floyd Mandell](#) were recognized in the Intellectual Property – Trademarks: Litigation category as part of *The Legal 500 United States 2015* guide.

One Claim Fits All: The Applicability of False Origin Claims to Goods and Services

by [Karen Artz Ash](#) and [Bret J. Danow](#)

The US Court of Appeals for the Seventh Circuit recently held that false origin claims extend to both goods and services. In *M. Arthur Gensler Jr. & Associates Inc. v. Strabala*, Jay Marshall Strabala was a former employee of Gensler, an architectural firm, who left to start his own competing firm. On the website for his new firm, Strabala advertised that he had designed several projects for which Gensler is the architect of record.

Gensler sued Strabala, claiming that Strabala's statements were a form of reverse passing off and constituted a false claim of original in violation of Section 43(a) of the Trademark Act. The district court found that Section 43(a) limits false designation of origin claims to goods only, and does not apply to services. Because Strabala did not state that he built or sold the structures at issue, the court found that Gensler had no basis for a Section 43(a) action, and dismissed Gensler's claims. Gensler appealed the decision to the US Court of Appeals for the Seventh Circuit.

The Seventh Circuit held that the district court incorrectly limited the false designation of origin claims to goods, and that such claims could apply to services. The Seventh Circuit noted that Section 43(a) provides a civil cause of action against any party who,

"on or in connection with any goods or services...uses in commerce...any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person."

Gensler argued that it had an actionable false designation of origin claim under Section 43(a) because "Strabala made a 'false or misleading representation of fact' (his role in designing the [buildings at issue]) that was 'likely to...deceive as to the connection[] or association of such person [Strabala] with another person [Gensler]' and to deceive clients about the 'origin of the design.'" While the Seventh Circuit doubted whether Gensler would be able to sustain its claim based on the facts of the case, it nonetheless ruled that Gensler's legal theory was tenable, vacated the district court's judgment and remanded the proceedings to the district court for further review.

This decision provides a new basis upon which potential plaintiffs can make claims for infringement under a theory of false designation for services. It may also serve as a cautionary tale for any person or entity who seeks to claim that they participated in the development of a project.

Applying “Something More” to Something Else: The Applicability of the “Something More” Standard for Determining the Relatedness of Goods and Services

by Karen Artz Ash and Bret J. Danow

The US Court of Appeals for the Federal Circuit recently addressed the applicability of the so-called “something more” standard for the relatedness of goods and services for purposes of finding a likelihood of confusion between two marks.

In *In re St. Helena Hospital*, St. Helena Hospital filed a US trademark application for the mark TAKETEN covering health care services. The US Patent and Trademark Office (USPTO) refused to register the mark based on a likelihood of confusion with a third-party registration for the mark TAKE 10! covering printed materials dealing with physical activity and physical fitness. St. Helena appealed the USPTO’s refusal to the Trademark Trial and Appeal Board (TTAB).

The TTAB affirmed the USPTO’s refusal, finding that consumers are likely to believe that health care services and printed materials on physical activity and physical fitness originate from the same source. The TTAB based its decision, in part, on examples of organizations that both provide health care services and distribute printed materials. The TTAB also recognized that the Federal Circuit has required a higher standard than mere similarity between goods and services when analyzing whether there exists a likelihood of confusion. For example, the Federal Circuit has noted that the fact that restaurants serve food and beverages is insufficient to render food and beverages related enough to restaurant services to find a likelihood of confusion. Instead, the Federal Circuit has held that a party must show “something more” than the fact that similar or even identical marks are used for food products and restaurant services to establish a likelihood of confusion. Despite the Federal Circuit’s use of the “something more” standard for certain goods and services, the TTAB decided that “[i]n this case, there is no ‘something more’ standard.” St. Helena appealed the TTAB’s decision to the US Court of Appeals for the Federal Circuit.

The Federal Circuit found a lack of substantial evidence that St. Helena’s health care services were “related” to the registrant’s printed goods. The court also found that substantial evidence did not support the TTAB’s decision that the cited printed materials bore the same mark or name as the health care facilities that distributed the materials. It noted that the TTAB’s evidence merely showed that printed materials are used “in connection” with various health care service programs; and that the mere fact that goods and services are “used together” does not, alone, show relatedness between such goods and services. The court concluded that to refuse a registration on the basis of relatedness, the USPTO must provide “a persuasive evidentiary showing” of relatedness between the goods and services at issue.

The Federal Circuit noted that when the types of goods and services in question are generally recognized as having a common source of origin—such as beer and brewpubs—the USPTO’s burden to establish relatedness is relatively low. In contrast, when the relatedness of the goods and services is “obscure or less evident,” as it was in this case, the USPTO must show “something more” than that the goods and services are “used together.”

The court determined that the TTAB failed to show that St. Helena’s services and printed materials were generally recognized as being related, and failed to show the existence of “something more” to establish sufficient relatedness between the goods and services. As a result, the court remanded the case for further proceedings to apply the “something more” standard.

While the Federal Circuit provided little clarification as to what exactly constitutes “something more” when determining the relatedness of goods and services, it did confirm the broad applicability of the standard to varying goods and services. At a minimum, this case demonstrates that the USPTO will need to provide additional evidence to support a claim that categories of goods and services are sufficiently “related” to find a likelihood of confusion.



Spotlight on

Katten's Advertising, Marketing and Promotions Team



Doron S. Goldstein

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What are some of the opportunities and potential pitfalls facing fashion companies in the advertising space?

In our increasingly social media-oriented world, trendsetters and influencers become more important than ever in a dynamic industry like fashion. Stars, fashion mavens and models shape the industry with the brands they wear, and so rights of publicity are an important consideration. As we have seen on a number of occasions recently, companies are getting in trouble for unauthorized images posted to social media of celebrities wearing or carrying their brands...so it's definitely something to keep on the radar screen.

How do new technologies impact the fashion industry?

Many fashion companies—as well as other industries—are struggling with how to integrate social media and mobile into the marketing mix in order to more effectively create engagement and manage the brand discussion. There are many social platforms to consider, each of which has its own norms, customs and behaviors, so that raises a number of opportunities and hurdles from both a legal and practical standpoint.

What are some legal trends to keep an eye on in the upcoming months?

The importance of using influencers and endorsers has always been a key component of driving new business in the fashion world, and the Federal Trade Commission has developed and updated a set of guidelines on how to use endorsements—whether from celebrities, bloggers or customers—which can be found [here](#). In essence, there are requirements stating that if an individual is compensated in any way for commenting on a brand, it must be disclosed (even if the endorser is not “famous”). This will continue to be something to keep your eyes on as it is a regular source of tension between the dynamic and marketing aims of social media conversation and the disclosure expectations of regulators.

Another consideration is the use of social media hashtags. Hashtags are used in social media channels to organize conversations around a theme, and are searchable to help users find areas of interest and participate in related conversations. However, hashtags are aren't protectable generally, so they can easily be co-opted by multiple sources (consider as an example the number of brands that may want to use something like #Summer2015 or #BackToSchool). Accordingly, it's very important to think creatively prior to rolling out any hashtag-linked initiative, so that your hashtag is unique to your program, and—despite my earlier comment that hashtags generally are not protectable—that you carefully consider whether or not to incorporate a reference that someone else may have an interest in protecting.

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