

2020 IP Law Year in Review: Trademarks

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EXECUTIVE SUMMARY

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2020 was a year like no other, so you'd be forgiven if the year's biggest headlines in trademark law didn't quite catch your attention. In 2020, the US Supreme Court shaped trademark jurisprudence through a trio of notable decisions. A pandemic and shelter-in-place orders pushed more consumers to virtual marketplaces, forcing brand owners, and the courts, to take a renewed look at counterfeiting and online enforcement. The United States Patent and Trademark Office (USPTO) has continued its strict registrability and failure-to-function assessments, and new legislation, rules and fees were directed at cracking down on fraudulent trademark applications and clearing dead weight from the USPTO register to make room for new and growing brands. A COVID-19 stimulus package just so happened to establish the standard for obtaining injunctive relief in litigation under the Lanham Act. And the year saw industry-specific developments with the potential for broader application in the field. This report provides a summary of 2020's notable moments in trademark law with insights and outlooks for brand owners and practitioners moving into the year ahead.

SCOTUS ON TRADEMARKS

OVERVIEW

Trademark law was a popular topic at the Supreme Court in 2020. The Court issued three important decisions on topics affecting trademark infringement litigation and the registrability of certain marks.

GENERIC.COM TERMS ARE NOT INELIGIBLE FOR REGISTRATION

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In June 2020, the Supreme Court issued its decision in the much-anticipated case addressing the registrability of so-called "generic.com terms" (a generic word followed by a generic top-level domain, such as .com). [US Patent and Trademark Office et al. v. Booking.com BV, 591 US \(2020\)](#). Rejecting a *per se* rule that generic.com terms are necessarily generic, and therefore

incapable of serving as a trademark and ineligible for registration, the Supreme Court (in an 8-1 vote) held that the proper test turns on consumer perception: “Because ‘Booking.com’ is not a generic name to consumers, it is not generic.”

Following the *Booking.com* decision, the USPTO issued [Examination Guide No. 3-20](#) to provide additional information regarding the examination and registrability of generic.com terms. Applicants seeking to register these marks should be prepared to present a significant amount of evidence demonstrating that consumers recognize the mark as a source identifier. The USPTO advised that reliance on five years’ use or a prior registration alone was unlikely to be sufficient. As the Supreme Court warned, “given the nature of these terms, the available evidence will likely support a conclusion that they are, at least, highly descriptive, and thus consumers would be less likely to believe that they indicate source in any party. Thus, for generic.com terms, applicants will generally have a greater evidentiary burden to establish that the proposed mark has acquired distinctiveness.”

Nearly 10 years after Booking.com first applied to register its BOOKING.COM marks, the USPTO finally registered three of its applications on January 5, 2021. While this case cleared a path to registration for other generic.com terms, the Supreme Court and USPTO have made it clear that it is not necessarily an easy one.

YOU TOO CAN BE LUCKY IN DEFENSE

Ewa Wojciechowska

The Supreme Court took trademarks to the mat in yet another case, *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 590 US ___ (2020). In *Lucky Brand*, the Court wrestled with the issue of whether the doctrine of *res judicata* absolutely bars parties from asserting a defense that they could have raised in a prior suit. As it turns out, it does not.

With Lucky Brand’s trademark registrations for “Lucky Brand” and Marcel’s for “Get Lucky,” the two had a long history of litigation pertaining to their respective uses of the word “Lucky” in connection with apparel, including disputes filed in 2001, 2005 and 2011.

In the 2011 dispute between the parties, Lucky Brand filed a motion to dismiss, arguing that Marcel’s claims of trademark infringement had been released pursuant to a 2003 settlement agreement. The district court sided with Lucky Brand, but the US Court of Appeals for the Second Circuit vacated and remanded, holding that the doctrine of “defense preclusion” prevented Lucky Brand from raising the claims release defense. The Supreme Court disagreed.

The Court explained that “defense preclusion” is a hybrid between issue preclusion (collateral estoppel), which precludes a party from litigating issues that were decided in prior cases and are necessary to the judgment at hand, and claim preclusion (*res judicata*), which precludes parties from raising issues that could have been raised and decided in a prior action, even if those issues were not actually litigated. The Court then stated that to be barred, a defense must satisfy the requirements of issue or claim preclusion. The Court decided that the 2005 and 2011 actions did not share a common nucleus of operative fact—they were based on different conduct and involved different marks (Lucky Brand using “Get Lucky” in 2005 and “Lucky” in 2011) and occurred at different times (Lucky Brand’s pre-2005 versus post-2005 conduct). The Court stressed the “at different times” aspect as particularly important in the trademarks context, because “the enforceability of a mark and likelihood of confusion between marks often turns on extrinsic facts [such as marketplace realities] that change over time.” *Id.* at 1596. Therefore, the Court held, Lucky Brand

was not barred from asserting the settlement agreement claim release defense.

PROFIT DISGORGEMENT FOR TRADEMARK INFRINGEMENT

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Lucky Brand was not the only 2020 case in which the Supreme Court weighed in on aspects of trademark litigation. In *Romag Fasteners, Inc v. Fossil, Inc.*, 590 US ____ (2020), the Court held that proof of willfulness is not required to disgorge profits resulting from trademark infringement. 140 S. Ct. 1492 (2020). This decision put to rest yet another messy circuit split.

COURTS ON COUNTERFEITS IN 2020

OVERVIEW

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Counterfeits received a closer look in 2020. This included the bipartisan SHOP SAFE Act introduced in Congress in March 2020, which aims to incentivize online platforms to adopt best practices regarding sellers of counterfeit products. Several courts addressed the issue as well, providing guidance around the metes and bounds of certain trademark infringement claims in the context of counterfeit goods.

FACTS AND FAKES

In *Tiffany and Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020), Tiffany accused Costco of trademark infringement and counterfeiting when it used the word “Tiffany” to advertise certain styles of diamond rings it offered for sale. The Second Circuit vacated a summary judgment grant in favor of Tiffany and held that because the “likelihood of confusion” determination at the center of counterfeiting and trademark infringement actions frequently requires the drawing of factual inferences, summary judgment is not always an appropriate resolution. Here, the court found there to be factual disputes around whether Costco’s use of the word “Tiffany” was merely descriptive of a particular ring setting, thereby supporting a fair use defense to infringement.

FACTS AND FAME

In *Blumenthal Distribg., Inc. v. Herman Miller, Inc.*, 811 Fed. Appx. 421 (9th Cir. 2020) (unpublished), Herman Miller accused Blumenthal (d/b/a “Office Star”) of selling unauthorized replicas of its Eames and Aeron chairs, and asserted claims of infringement and dilution of Herman Miller’s claimed registered and unregistered trade dress. In addition to providing guidance on utilitarian functionality and aesthetic functionality in assessing trade dress rights (and confirming Herman Miller’s rights in certain chair designs), the US Court of Appeals for the Ninth Circuit held that to bring a successful claim for dilution, its proponent must meet a high burden by demonstrating that the mark at issue is so famous that it is a “household name.” Herman Miller’s \$500,000 spent on annual advertising, even coupled with the chairs’ appearances in museums and on TV, did not rise to the “household name” standard of being “widely recognized by the general consuming public of the United States.”

COUNTERFEITS AND CONFUSION

The Ninth Circuit was not done with counterfeits when it decided the Blumenthal case. In *Arcona, Inc. v. Farmacy Beauty, LLC*, 976 F.3d 1074 (9th Cir. 2020), two skincare companies sparred over the use of the name “Eye Dew” in connection with their skincare products. The court found no counterfeiting by the defendant. With this decision, the Ninth Circuit for the first time confirmed that the Lanham Act requires a likelihood of confusion for the trademark holder to prevail on a counterfeiting claim. The court then explained that in a claim of counterfeiting—even with identical trademarks—there is no presumption of consumer confusion if the products themselves are not identical. Because the parties’ respective product packaging and branding was determined to be dissimilar, the court found that it was “implausible” that consumers would be confused as to which product belongs to which company.

MORE ‘FAILURE TO FUNCTION’ REFUSALS IN 2020

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The trend at the Trademark Trial and Appeal Board (TTAB, the Board) affirming refusals for failure-to-function as a trademark continued in 2020. For example, the TTAB issued the following precedential decisions refusing registration of commonly used phrases:

- *In re Team Jesus LLC*, 2020 USPQ2d 11489 (TTAB 2020): The TTAB upheld a refusal to register “TEAM JESUS” for clothing and educational and entertainment services, citing evidence that “TEAM JESUS” is commonly used to express an affiliation with Christianity. The Board noted that even when used in a non-ornamental fashion (on a label, hangtag or shirt collar, for example), the ubiquitous phrase did not function as a trademark.
- *In re Lee Greenwood*, 2020 USPQ2d 11439 (TTAB 2020): Country music singer Lee Greenwood, well-known for his song “God Bless the USA,” was unsuccessful in his attempt to register “GOD BLESS THE USA” for use in connection with certain home goods. Finding it to be a commonly used phrase to express patriotism and American pride, the TTAB upheld the refusal, despite the applicant’s fame: “[E]ven if these consumers were familiar with the song and Applicant himself, they may not associate the household items identified in the involved application with Applicant or his song, when so many third parties offer household items bearing the same wording.”
- *In re Mayweather Promotions, LLC*, 2020 USPQ2d 11298 (TTAB 2020): The TTAB refused famous boxer Floyd Mayweather Jr.’s company’s application to register “PAST PRESENT FUTURE” for use in connection with “t-shirts.” Noting that the test centers on the perception of the relevant public, the TTAB cited numerous third-party uses of “PAST PRESENT FUTURE” to demonstrate that this phrase is not widely recognized as an indication of source: “Even if Applicant had provided evidence that a small subgroup of t-shirt consumers who are fans of Mr. Mayweather associate the phrase with him, Applicant fails to grapple with the evidence of third-party use of the phrase on t-shirts that does not appear to be linked with Mr. Mayweather, which suggests that the broader class of t-shirt consumers would perceive only the common meaning of the phrase.”

The TTAB also addressed multiple failure-to-function refusals for trademarks consisting solely of a generic top-level domain (gTLD). The Trademark Manual of Examining Procedure (TMEP) §

1215.02(d) prohibits registration of these marks, except in the rare case where the applicant demonstrates that the gTLD has source-indicating significance. Nonetheless, the TTAB issued two precedential opinions affirming the refusal to register a gTLD mark for use in connection with registry operator services:

- *In re Vox Populi Registry Ltd.*, 2020 USPQ2d 11289 (TTAB 2020): The registry operator for the .sucks gTLD attempted to register “.SUCKS” for use in connection with domain registration and registry services. Clarifying that a prior registration for the gTLD (with or without the “dot”) in connection with related goods/services would be relevant, but—contrary to the Examining Attorney’s contention— not dispositive on the issue of failure-to-function, the TTAB nonetheless affirmed the refusal to register, finding that the evidence of record demonstrated that consumers viewed “.SUCKS” as a gTLD rather than as a trademark. As the TTAB noted, “.SUCKS is more akin to Applicant’s product, not its brand. When a table maker sells tables, the word ‘table’ is simply the common descriptive name of the table maker’s product; it cannot be the table maker’s brand.”
- *In re AC Webconnecting Holding BV*, 2020 USPQ2d 11048 (TTAB 2020): In this case, the TTAB affirmed the refusal to register “.CAM” for use in connection with, *inter alia*, registry operator services on the Supplemental Register. Citing third-party evidence and evidence of Applicant’s own use of “.CAM,” the Board noted that the relevant consumers do not perceive the use of “.CAM” as a trademark: “There is no evidence that .CAM is perceived as anything other than a gTLD, and very little evidence that Applicant has used or promoted .CAM as a unique source identifier.”

The TTAB issued numerous precedential decisions this year affirming refusals to register for failure-to-function as a trademark. Moving forward, the Board is likely to continue in this vein, refusing registration where the evidence of record demonstrates that the relevant consumers do not recognize the applied-for mark as a trademark.

COLOR ME SURPRISED: MULTICOLOR MARKS CAN BE INHERENTLY DISTINCTIVE

Ewa Wojciechowska

In a break from precedent, the Federal Circuit has ruled that some color-based marks can be inherently distinctive, and thus a showing of acquired distinctiveness (secondary meaning) is not required for registration.

In *In re Forney Industries, Inc.*, 955 F.3d 940 (Fed. Cir. 2020), a seller of accessories and tools for welding and machining appealed the TTAB’s refusal to register its multicolor packaging on grounds that color marks cannot be inherently distinctive. The court held that, depending, of course, on the individual character of the desired mark, color—specifically multiple colors—can be inherently distinctive when used on product packaging.

The USPTO may appeal this case to the Supreme Court, given its departure from precedent. For now, however, trademark applicants are able to seek multicolor mark registration without having to necessarily argue secondary meaning.

TRADEMARK LAW UPDATES – FEES, FRAUD AND INJUNCTION PRESUMPTIONS

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To be certain, 2020 was no run-of-the-mill year for trademark laws and regulations. Specifically, the USPTO shook up its TTAB fees, and Congress infused certainty into a presumption standard with the Trademark Modernization Act.

After almost three years' stagnation, decided in 2020 and effective January 2, 2021, the USPTO increased some of the TTAB fees and added a few new ones. The majority of the fee increases affects the filing of notices of opposition and extension requests for filing notices of opposition through Electronic System for Trademark Trials and Appeals (ESTTA). Additionally, the USPTO trademark and TTAB filings, which can be and are submitted on paper now, cost more than their electronic counterparts, and oral argument requests before the TTAB will add another \$500 to the bill. However, not all of the fee changes will hit the bottom line—the USPTO will begin issuing partial refunds for petitions to cancel in default judgments (available only if the cancellation involves solely an abandonment or nonuse claim, if the defendant did not appear, and if there were no filings in the proceeding other than the petition to cancel). To find out more about these recent fee changes, see our IP Update blog post available [here](#).

Congress ended a tumultuous 2020 by passing the Consolidated Appropriations Act of 2021 in the last week of December. Buried within the stimulus package was the Trademark Modernization Act of 2020, which amends 15 USC § 1116(a) to provide a rebuttable presumption of irreparable harm for claims arising under the Lanham Act. The presumption now applies in Lanham Act cases where plaintiff seeks a motion for a permanent injunction *or* upon a finding of a likelihood of success on the merits in the case of a motion for a preliminary injunction or temporary restraining order. This resolves a messy, post-*eBay** circuit split regarding whether a presumption of irreparable harm applies in trademark infringement disputes.

In addition to authorizing the USPTO to shorten time periods to respond to office actions, the Trademark Modernization Act codifies certain procedures aimed at reducing the number of potential fraudulent trademark filings, as well as clearing out overly broad, or old “deadwood” trademark registrations cluttering the register and blocking new applications. This includes codifying the existing letter of protest mechanism, as well as providing two *ex parte* challenges to existing registrations based on fraudulent allegations of use or failure to use a trademark in commerce.

* *eBay Inc. v. MercExchange, L.L.C.*, 547 US 388 (2006)

2020 INDUSTRY SPOTLIGHT: TRADEMARKS IN THE ALCOHOL BEVERAGE MARKET

OVERVIEW

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In 2020, the alcohol beverage industry was at the forefront of numerous decisions and developments in trademark law, including a dispute over the impact of humor on liability for trademark infringement (which recently was denied *cert* by the US Supreme Court), and several of the TTAB's precedential rulings for the year. With the continued growth of the ready-to-drink market, ongoing premiumization

and the expansion of traditional alcohol brands into not-so-traditional markets, trademark developments and disputes from 2020 are bound to impact trademark owners in and outside of the alcoholic beverage market into 2021 and beyond.

TRADEMARKS AND EXPRESSIVE WORKS

In *VIP Products LLC v. Jack Daniel's Properties, Inc.*, Case No. 18-16012 (9th Cir. Mar. 31, 2020) (Hurwitz, J.), the US Court of Appeals for the Ninth Circuit held that a dog toy meant to humorously evoke a bottle of Jack Daniel's whiskey was a protectable expressive work entitled to First Amendment protection and vacated the district court's finding of trademark infringement and reversed its finding on dilution by tarnishment. Because expressive works are not subject to the Lanham Act's likelihood of confusion test unless the plaintiff first satisfies at least one prong of the *Rogers-Grimaldi* test, the Ninth Circuit remanded the finding of infringement to determine whether Jack Daniel's can demonstrate that the use of its trademark (1) is not "artistically relevant" to the underlying work, or (2) "explicitly misleads consumers as to the source or content of the work."

In September 2020, Jack Daniel's filed a petition for a writ of *certiorari* to the US Supreme Court, and Trademark owners may be a bit disappointed to see SCOTUS' recent refusal to take up the issues of whether a commercial product using humor is subject to the typical likelihood-of-confusion analysis under the Lanham Act, or must receive heightened First Amendment protection from infringement, and whether a commercial product's use of humor renders the product "noncommercial" so as to bar a claim of dilution by tarnishment. Brand owners in the alcohol beverage space and beyond have warned that the Ninth Circuit's ruling will enable infringers to invoke humor to skirt the Lanham Act.

LACHES AND ACQUIESCENCE IN TRADEMARK PROCEEDINGS

In August 2020, the Trademark Trial and Appeal Board issued its precedential decision in *The Brooklyn Brewery Corporation v. Brooklyn Brew Shop, LLC*, Case No. 20-2277 (Fed. Cir. Sept. 16, 2020)** touching on laches, acquiescence and inevitable confusion when it ruled that craft beer company Brooklyn Brewery unreasonably delayed in challenging registration of the name "Brooklyn Brew Shop" for home-brew beer kits after it was established that the two companies had collaborated and sold co-branded products long prior to the trademark dispute. In particular, the Board confirmed that (1) the defense of laches may be available in an opposition if the applicant owns a prior registration for substantially the same mark and goods, and (2) the defense of acquiescence requires some affirmative act by the trademark owner (such as plaintiff's representation that it would not assert its trademark rights against the use of "Brooklyn Brew Shop" for home-brew kits), and without identical marks and identical goods at issue, the Board was unwilling to find an inevitability of confusion.

** Brooklyn Brewery is in the process of appealing this decision.

MIX GEOGRAPHY, ALCOHOL AND TRADEMARKS RESPONSIBLY

Two precedential Board decisions in 2020 touched on issues of confusion and descriptiveness with respect to geographic indicators as alcohol brands.

- First, in *In re St. Julian Wine Company, Inc.*, 2020 USPQ2d 10595 (TTAB 2020), the Board affirmed a refusal of the mark REAL MICHIGAN (with a disclaimer of the term "MICHIGAN") for hard cider, finding it likely to cause confusion with the registered

geographic certification marks for MICHIGAN APPLES (& design). In contrast to a typical likelihood of confusion analysis where a geographic term may be considered descriptive or weak, a geographic certification mark, like MICHIGAN APPLES, is deemed distinctive because its purpose is to designate the geographic origin of goods and services.

- In *City of London Distillery, Ltd. v. Hayman Group Limited*, 2020 USPQ2d 11487 (TTAB 2020), Applicant Hayman Group Limited was able to eke out a Supplemental Registration for the trademark CITY OF LONDON (“London” disclaimed) for gin after the Board sustained a refusal to register the mark on the Principal Register on grounds that the mark is primarily geographically descriptive. Finding a “goods-place” association, the Board explained that purchasers will believe that Hayman Group’s gin originates from, or is otherwise associated with, London, England.

2021 OUTLOOK

[Sarah Bro](#)

Looking ahead, 2020’s legislation, rules and fees impacting the USPTO and the courts may add some clarity to trademark disputes in 2021, any may also inspire brand owners to examine their approaches to trademark portfolio management, watching and enforcement to maximize budgets, clear the way for brand expansion and more efficiently handle trademark disputes. In 2021, we also expect to see further developments in the fighting of counterfeits, the interplay of trademarks and expressive works and the application of failure to function refusals, especially as we continue to see trademark filings, disputes and market trends associated with an ongoing pandemic, political unrest and overdue social justice movements. Finally, in 2021, we expect to see brands remain at the forefront of representing positivity, innovation, unity and wellness, as we all work together to accelerate out of a challenging year.

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