

Triple Trouble: Unauthorized Trademark Use among Organizations with Nearly Identical Name

Article By:

Timothy M. Dunker

The US Court of Appeals for the District of Columbia Circuit affirmed a district court ruling that the use of nearly identical marks by a military order, a related foundation and a funding organization was likely to cause confusion. *Military Order of the Purple Heart Service Foundation, Inc. v. Military Order of the Purple Heart of the United States of America, Inc.*, Case No. 19-7167 (DC Cir. Mar. 16, 2021) (non-precedential).

This case involved a dispute among three entities: the Military Order of the Purple Heart of the United States of America, Inc. (Order); the Military Order of the Purple Heart Service Foundation, Inc. (Foundation); and the Military Order of the Purple Heart Service Foundation Holdings, LLC (Holdings). The Order provides charitable services to veterans, and the Foundation funds the Order's operations. Holdings is owned by the Foundation and licensed the Order to use Holdings' "Purple Heart" word mark in connection with charitable fundraising for specific approved projects. The funding agreement between the parties was made in 2016, and the use of the trademark was agreed to in 2017. Following a warning from the Foundation in 2018 that the Order's funding might be reduced for 2019 because of financial problems, the Order began fundraising on its own, at times purposely diverting funds away from the Foundation while using the "Purple Heart" mark without Holdings' permission.

The Foundation and Holdings sued the Order for breach of the 2016 funding agreement, breach of the 2017 licensing agreement, and trademark infringement. The Order filed its own suit for breach of the funding agreement. The cases were consolidated and the district court ruled that the Order's use of the mark without permission violated the licensing agreement and two provisions of the Lanham Act. The Order appealed.

The DC Circuit agreed that the Order's use of Holdings' mark was in plain violation of the parties' 2017 agreement. The agreement stated that the Order could use the mark "only in connection with charitable fundraising for specific projects that are approved by [Holdings] and are consistent with [the Order's] mission statement." Thus, the Order's fundraising advertisements using the mark without permission were inconsistent with the agreement.

The DC Circuit also found that the Order's use of the "Purple Heart" mark was likely to cause confusion. Not only are the names of these entities nearly identical, but the Order's national

commander admitted at trial that the public frequently confuses the Order and the Foundation. Citing its 1982 *Foxtrap* precedent, the Court concluded that consumer confusion is likely where the marks in issue are identical and the record contains evidence that the businesses are sufficiently related so as to be connected in the mind of the relevant public.

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