

## THE LANHAM ACT – 15 U.S.C. § 1051, et seq.: A PRIMER FOR GENERAL PRACTITIONERS

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The topics covered will include:

- History and coverage of the Lanham Act
- What a trademark is, and why we register them
- Establishing causes of action under the Lanham Act
- Ohio’s mini-Lanham Act: the Deceptive Trade Practices Act

### (1) What is the Lanham Act?

- a. The Federal Trademark Act (15 U.S.C. §§ 1051 – 1141)
- b. Intended to apply to false or misleading marks as understood by ordinary consumers
- c. Zone of Interests covered by Lanham Act, according to J. Scalia (§ 1127)<sup>1</sup>
  - i. “The intent of this chapter is [1] to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; [2] to protect registered marks used in such commerce from interference by State, or territorial legislation; [3] to protect persons engaged in such commerce against unfair competition; [4] to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and [5] to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.”
- d. Remedial statute
  - i. Prior to Lanham Act (1946), courts allowed “unfair competition” claims, which included false representation and trademark infringement
- e. Protects both registered and unregistered marks
  - i. No statute of limitations
- f. Federal district courts have original jurisdiction of any civil action related to trademarks<sup>2</sup>

### (2) What is a trademark or service mark?

- a. “Trademark” means:
  - i. any word (script), name, symbol, device, or combination thereof;
    1. can also apply to sounds, colors, smells
  - ii. used by a person to identify the goods of that person from those of others;
  - iii. and to indicate the source of the goods.<sup>3</sup>
- b. “Service mark” means:
  - i. Same thing as “trademark,” but identifies the source of services<sup>4</sup>

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<sup>1</sup> *Lexmark Intern., Inc. v. Static Control Components, Inc.*, 134 S.Ct. 1377, 1386-1391, 188 L.Ed.2d 392 (2014)

<sup>2</sup> 15 U.S.C. § 1127; 28 U.S.C. § 1338(a) precludes state courts from having jurisdiction over claims relating to patents, plant variety protection, and copyrights.

<sup>3</sup> 15 U.S.C. § 1127; R.C. 1329.54(A).

<sup>4</sup> See *Dranoff-Perstein Assocs. v. Sklar*, 967 F.2d 852, 855 (3d Cir. 1992).

- ii. In Ohio, it specifically includes titles, character names, and other distinctive features of radio or television programs.<sup>5</sup>
  - c. Embodies the goodwill and reputation of the business
  - d. IP: Patent (invention) vs. Copyright (original artistic work) vs. trademark (brand)
  - e. Top Brands of 2015 **[Exhibit A]**
  
- (3) Who does the Lanham Act cover?
  - a. Anyone who enters a good or service into interstate commerce<sup>6</sup>
    - i. Same meaning as the Commerce Clause<sup>7</sup> – even trivial entries in interstate commerce fall under the Lanham Act<sup>8</sup>
  - b. Protected class – commercial entities that use marks, not consumers or those who are communicating ideas or expressing points of view<sup>9</sup>
    - i. Must have commercial/pecuniary injury from trademark registration and priority of use of mark<sup>10</sup>
  
- (4) How does a business select and register a legally enforceable mark?
  - a. Search the USPTO database, OH Secretary database, and internet for similar marks
  - b. Choosing and evaluating strength of mark
    - i. Distinctiveness classified as either:<sup>11</sup>
      1. **Generic/Common Descriptive** – e.g., chair, car (no protection, not distinctive)<sup>12</sup>
      2. **[Merely] Descriptive** – describes qualities/characteristics of a good or service<sup>13</sup>, e.g. personal names or adjectives like best, superior, or preferred<sup>14</sup> (protected if it acquires distinction through secondary meaning<sup>15</sup>)
      3. **Suggestive** – e.g., True Grip® gloves, CitiBank® (automatic)<sup>16</sup> – describes ingredient or characteristic of goods/services requiring observer/listener to use imagination and perception to determine the nature of the goods<sup>17</sup>

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<sup>5</sup> R.C. 1329.54(B).

<sup>6</sup> *Telxon Corp. v. Symbol Technologies, Inc.*, 961 F.Supp. 1113, 1122 (N.D. Ohio 1996).

<sup>7</sup> Baldwin's Oh. Prac. Tort L. § 39:92 (2d ed.)

<sup>8</sup> *F.A.R. Food, Inc. v. R.Fresh, LLC*, 7th Dist. Mahoning No. 06 MA 149, 2007-Ohio-2758.

<sup>9</sup> *Serbin v. Ziebart Intern. Corp., Inc.*, 11 F.3d 1163 (3d Cir. 1993); *HER, Inc. v. RE/MAX First Choice, LLC*, 468 F.Supp.2d 964 (S.D. Ohio 2007).

<sup>10</sup> See *Kelly v. Duprees MJA, LLC*, No. 08-6046, 2012 WL 1019473, at \*4 (D.N.J. Mar. 23, 2012); *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1091 (Fed.Cir.1984).

<sup>11</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992); *Jet, Inc. v. Sewage Aeration Sys.* (6th Cir. 1999), 165 F.3d 419, 422; *Miller Brewing Co. v. Heileman*, 561 F.2d 75, 79 (7th Cir. 1977), certiorari denied (1978), 434 U.S. 1025.

<sup>12</sup> *Tumblebus, Inc. v. Cranmer* (6th Cir. 2005), 399 F.3d 754, 761.

<sup>13</sup> *Park 'n Fly v. Dollar Park & Fly* (1984), 469 U.S. 189, 194.

<sup>14</sup> *DeGidio v. West Group Corp.*, 355 F.3d 506, 510 (6th Cir. 2004); *Yocono's Restaurant, Inc. v. Yocono*, 100 Ohio App.3d 11, 18 (9th Dist. 1994).

<sup>15</sup> 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 13:2 (4th ed. 2004).

<sup>16</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992); *Tumblebus, Inc. v. Cranmer* (6th Cir. 2005), 399 F.3d 754, 761.

<sup>17</sup> *DeGidio v. West Group Corp.*, 355 F.3d 506, 510 (6th Cir. 2004).

4. **Arbitrary** – e.g., Apple®, BlackBerry® (automatic) – actual words unrelated to goods/services offered
5. **Fanciful** – e.g., Exxon®, Microsoft® (automatic) – invented words
- ii. Establishing secondary meaning<sup>18</sup>
  1. Required to prove “the primary significance of the term in the minds of the consuming public is not the product but the producer”<sup>19</sup>
  2. “The public has [to have] come to recognize the personal name as a symbol that identifies and distinguishes the goods or services of only one seller.”<sup>20</sup>
- iii. Factors to determine secondary meaning<sup>21</sup>:
  1. Amount and manner of advertising;
  2. Volume of sales;
  3. Exclusivity, length and manner of use;
  4. Direct consumer testimony;
  5. Consumer surveys;
  6. Established place in the market; and
  7. Proof of intentional copying.
- iv. 6-factor test for distinguishing between descriptive and suggestive marks<sup>22</sup>
  1. Imagination required by consumer to ascertain quality, ingredients, or characteristics about the mark (from the vantage point of who is buying the product/service)
  2. Extent to which mark conveys characteristic, function, quality or ingredient of product/service
  3. Likelihood that other sellers would use term in connection with selling similar goods/services
  4. Whether sellers are already using same term
  5. Mark also conjures up a separate connotation
  6. Whether the mark as a symbol of origin, or just another form of advertising
- v. Whether a mark is inherently distinctive<sup>23</sup> or has acquired distinction (i.e., secondary meaning) is a question of fact,<sup>24</sup> unless determined on summary judgment grounds<sup>25</sup>
- vi. Strength can wither over time
  1. “escalator,” “zipper,” and “yo-yo” were once inherently distinctive

<sup>18</sup> *Homeowners Group v. Home Marketing Specialists*, 931 F.2d 1100, 1105 (6<sup>th</sup> Cir. 1991).

<sup>19</sup> *Pizzazz Pizza & Restaurant v. Taco Bell Corp.* (N.D. Ohio 1986), 642 F.Supp. 88, 92.

<sup>20</sup> 1 McCarthy on Trademarks and Unfair Competition (3 Ed. 1994) 13-5, Section 13.02[1].

<sup>21</sup> *Yocono*, 100 Ohio App.3d at 18; *DeGidio*, 355 F.3d at 513.

<sup>22</sup> *DeGidio v. West Group Corp.*, 355 F.3d 506, 510-11 (6<sup>th</sup> Cir. 2004); citing 2 MCCARTHY § 11:71.

<sup>23</sup> “Inherent distinctiveness” means the mark almost automatically tells a customer that it refers to a brand and immediately signals a brand or a product source. *Qualitex Co. v. Jacobson*, 514 U.S. 159 (1995).

<sup>24</sup> *Pebble Beach Co. v. Tour 181 Ltd.*, 155 F.3d 526, 537 (5<sup>th</sup> Cir. 1998).

<sup>25</sup> *DeGidio v. West Group Corp.*, 355 F.3d 506, 511 (6<sup>th</sup> Cir. 2004).

- c. Ownership through continuous use in commerce – packaging material, receipts; or bona fide intention to use mark<sup>26</sup>
  - i. Establishing priority in mark<sup>27</sup>
    - 1. Prior “use in commerce” of a mark is defined as “the bona fide use of a mark in the ordinary course of trade.”<sup>28</sup>
    - 2. Prior use must be sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark.<sup>29</sup>
    - 3. No need to disclose senior user in trademark application unless such rights are “clearly established” = court decree, settlement agreement, or by trademark registration<sup>30</sup>
      - a. Not even state registrations uncovered through a trademark search rise to the level of a “clearly established” right<sup>31</sup>
  - ii. “Use” is measured by “market penetration” test<sup>32</sup> - geographic scope of common law protection:
    - 1. the volume of sales of the trademarked product;
    - 2. the growth trends (both positive and negative) in the area;
    - 3. the number of persons actually purchasing the product in relation to the potential number of customers; and
    - 4. the amount of product advertising in the area.
  - iii. Be careful to assert claim on behalf of real party in interest
    - 1. Corporate shareholder that fails to claim an injury independent of the corporation cannot individually seek relief; only the corporation is the real party in interest.<sup>33</sup>
    - 2. Subject to 12(b)(6) dismissal
- d. Registration – 15 U.S.C. § 1051
  - i. Outlines requirements for registering marks with the USPTO
  - ii. Process overseen by the Trademark Trial and Appeal Board (TTAB)
    - 1. Only rules on right to register mark, not the right to use it
  - iii. No language to suggest that it independently confers a civil cause of action<sup>34</sup>
- e. Marks refused registration – 15 U.S.C. § 1052
  - i. No flags, living people, and those likely to cause confusion or are merely descriptive
  - ii. Trademarks that “may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.”<sup>35</sup>

<sup>26</sup> *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 292 (3d Cir. 1991).

<sup>27</sup> See *Scott Paper Co. v. Scott’s Liquid Gold, Inc.*, 589 F.2d 1225, 1231 (3d Cir. 1978)

<sup>28</sup> 15 U.S.C. § 1127.

<sup>29</sup> *Blue Bell, Inc. v. Farah Mfg. Co., Inc.*, 508 F.2d 1260, 1266 (5th Cir. 1975).

<sup>30</sup> See *Rosso & Mastracco, Inc. v. Giant Food, Inc.*, 720 F.2d 1263, 1266 (Fed.Cir.1983).

<sup>31</sup> *Id.* at 668-673

<sup>32</sup> *Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1398-99 (3d Cir.1985)

<sup>33</sup> *McRae v. Smith*, 159 Fed.Appx. 336 (3d Cir. 2005).

<sup>34</sup> See *Burnscraft Mfg. Corp. v. Nat’l Const. Rentals, Inc.*, 2014 WL 1386300, \*5 (S.D. Tex. Apr. 9, 2014); *Windsurfing Intern. Inc. v. AMF Inc.*, 828 F.2d 755, 759 (Fed. Cir. 1987).

<sup>35</sup> 15 U.S.C. § 1052(a); *Pro-Football, Inc. v. Blackhorse*, 2015 WL 4096277 (E.D. Va. 2015).

- (5) Why registering the mark with the USPTO is a good idea
- a. Why bother?
    - i. Use of ® instead of just <sup>TM/SM</sup> → constructive notice of registration
      1. Nationwide notice vs. geographic limitations
      2. Recovery of damages and profits without proving actual notice<sup>36</sup>
    - ii. Prima facie evidence of mark's validity, registration, ownership, and exclusive right to use<sup>37</sup>
    - iii. Right to bring Lanham Act claim and, conversely, ownership of a valid registration acts as complete defense to a Lanham Act claim<sup>38</sup>
    - iv. Can record registration with US Customs & Border Protection
    - v. Entitled to substantial deference<sup>39</sup>
    - vi. Use registration as basis for application in foreign country
    - vii. Incontestable if not challenged within 5 years of registration<sup>40</sup>
      1. An incontestable mark cannot be attacked on the basis that the mark is merely descriptive<sup>41</sup>
      2. Can only be attacked if:
        - a. genericized; abandoned; obtained fraudulently;
        - b. the mark includes matter prohibited by § 1054 or § 1052; or
        - c. the owner uses the mark to misrepresent its source.<sup>42</sup>
  - b. Service marks are registered in the same manner, and have the same effect, as a trademark<sup>43</sup>
  - c. Federal registration of a mark does not eliminate the prior nonregistered, common law rights of others.<sup>44</sup>
    - i. USPTO governs right to register, not right to use.
- (6) Common causes of action cited under the Lanham Act
- a. Section 1064 – cancel registration of certain marks with the USPTO<sup>45</sup>
    - i. Neither 1051 nor 1064 is a COA; applies to petitions to the TTAB<sup>46</sup>
  - b. Section 1119 – cancel mark in court for reason under 1064<sup>47</sup>
  - c. Section 1120 – civil liability for harm caused by false/fraudulent registration of mark
  - d. Section 1114 – civil liability from infringement of mark
  - e. Section 1125(a) – false designation of origin, descriptions, and dilution forbidden
  - f. Section 1125(d) – Anticybersquatting Consumer Protection Act (ACPA)

<sup>36</sup> 15 U.S.C. § 1111.

<sup>37</sup> 15 U.S.C. § 1115(a); 15 U.S.C. § 1057(b).

<sup>38</sup> 15 U.S.C. § 1125.

<sup>39</sup> *Chevron USA, Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 844 (1984).

<sup>40</sup> 15 U.S.C. § 1065

<sup>41</sup> *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985).

<sup>42</sup> 15 U.S.C. § 1064; See J. McCarthy, *Trademarks and Unfair Competition*, § 20:15 (2d ed. 1984).

<sup>43</sup> 15 U.S.C. § 1053.

<sup>44</sup> *Allard Enters., Inc. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 572 (6th Cir. 2001)(finding that the federal registration of the junior user freezes the geographic scope of the senior user's territory).

<sup>45</sup> *Windsurfing Intn'l, Inc.*, 828 F.2d at 758.

<sup>46</sup> *Windsurfing Int'l Inc. v. AMF, Inc.*, 828 F.2d 755, 758 (Fed. Cir. 1987); 5 McCarthy on Trademarks and Unfair Competition § 30:110 (4<sup>th</sup> Ed.); *Joint Stock Society v. UDV North Am., Inc.*, 53 F.Supp.2d 692, 712 (D.Del. 1999); citing *Ditri v. Coldwell Banker Residential Affiliates, Inc.*, 954 F.2d 869, 873-74 (3d Cir. 1992).

<sup>47</sup> See *Ditri v. Coldwell Banker Residential Affiliates, Inc.*, 954 F.2d 869, 873 (3d Cir. 1992).

- g. Plaintiff has the burden of proof to establish Lanham Act claim<sup>48</sup>
- (7) Cancellation of mark pursuant to 15 U.S.C. § 1119
- a. In any action involving a registered mark the court may:
    - i. determine the right to registration;
    - ii. order the cancelation of registrations, in whole or in part;
    - iii. restore canceled registrations; and
    - iv. otherwise rectify the register.
  - b. Power to cancel registration “involving a registered mark” means:
    - i. Right to use mark
    - ii. Right to maintain its registration<sup>49</sup>
  - c. Must show a real and rational basis for plaintiff’s belief that plaintiff would be damaged by the registration sought to be cancelled, stemming from an actual commercial or pecuniary interest.<sup>50</sup>
    - i. Actual commercial/pecuniary interest = lost business, lost market share, sales decline, or damage to reputation as a result of the false registration
  - d. § 1119 does **NOT** alone confer jurisdiction
    - i. Merely defines available remedies<sup>51</sup>
    - ii. must be coupled with a challenge to the validity of or interference with a registered mark<sup>52</sup>
  - e. Trademark Board continues to serve as primary vehicle for cancellation.<sup>53</sup>
- (8) Covering the elements of Section 38 / 15 U.S.C. § 1120 claim (fraudulent registration)
- a. Section 38 of the Lanham Act provides that:
    - i. Any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby *for any damages sustained in consequence thereof*.
  - b. Elements
    - i. Plaintiff was using mark when Defendant applied to have it registered;
    - ii. Plaintiff had legal rights superior to Defendant's rights (i.e., 1<sup>st</sup> use);
    - iii. Defendant *knew* that Plaintiff had superior rights to the mark; and
    - iv. Defendant, in failing to disclose these facts to the PTO, *intended* to procure a registration to which Defendant was not entitled.<sup>54</sup>
  - b. Standing to bring 1120 claim
    - i. actual or pecuniary interest in the mark and belief of injury after the false or fraudulent registration of the mark;
    - ii. that such injuries were caused by the registration; and
    - iii. redressability of the injury by a favorable court order<sup>55</sup>

<sup>48</sup> *F.A.R. Food, Inc. v. R.Fresh, LLC*, 7th Dist. Mahoning No. 06 MA 149, 2007-Ohio-2758.

<sup>49</sup> *Windsurfing Intern. Inc.*, 828 F.2d at 759; *International Order of Job’s Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1090 (Fed. Cir. 1984).

<sup>50</sup> *Kelly v. Estate of Arnone ex rel. Ahern*, 2009 WL 2392108, \*5 (D.N.J. Aug. 3, 2009).

<sup>51</sup> *Toytrackerz LLC v. Koehler*, 2011 WL 3702970, \*5 (D. Kan. Mar. 25, 2011).

<sup>52</sup> *Airs Aromatics, LLC v. Opinion Victoria’s Secret Stores Brand Mgmt., Inc.*, 744 F.3d 595, 599 (9<sup>th</sup> Cir. 2014); *Nike, Inc. v. Already, LLC*, 663 F.3d 89, 98 (2d Cir. 2011).

<sup>53</sup> *Airs Aromatics, LLC v. Opinion Victoria’s Secret Stores Brand Mgmt., Inc.*, 744 F.3d 595, 599 (9<sup>th</sup> Cir. 2014)

<sup>54</sup> *Scooter Store, Inc. v. SpinLife.com, LLC*, 777 F.Supp.2d 1102, 1110 (S.D.OH. 2011).

<sup>55</sup> *Nat’l Collegiate Athletic Ass’n v. Gov. of N.J.*, 730 F.3d 208, 218 (3d. Cir. 2013).

- c. Concurrent use of same mark when application was made
  - i. Must attempt to commercially exploit the mark – business competitors
  - ii. Ownership of mark not required<sup>56</sup> – “any person injured” by the false or fraudulent registration can bring a civil action for damages
    - 1. But corporate shareholder must allege injury independent of the corporation to bring suit on his/her own behalf.<sup>57</sup> That is, unless the corporation can’t bring suit on its own behalf.<sup>58</sup>
- d. Importance of “*damages sustained in consequence thereof*”<sup>59</sup>
  - i. False or fraudulent statements in registration application alone is not sufficient<sup>60</sup>
    - a. Meaning you must claim: lost business, lost profits, lost market share, damage to reputation, or some other injury<sup>61</sup>
    - b. Plaintiff must be engaged in a trade or business wherein it could suffer damage to goodwill<sup>62</sup> - must attempt to commercially exploit the mark that results in some concrete loss
  - ii. Injury must be a direct and proximate result of the false registration.<sup>63</sup>
    - a. Is loss tied to breach of contract as opposed to fraudulent registration (i.e. *could the claim exist independently* of the registration application)?<sup>64</sup>
  - iii. Damages incurred before fraudulent registration (i.e., preregistration damages) are not cognizable<sup>65</sup>
  - iv. Generalized or speculative damages are not enough; must be clearly articulated<sup>66</sup>
  - v. Liability not limited to use of mark
    - a. For example, after fraudulently obtaining trademark for a folding chair, defendant claimed trademark infringement and allegedly told U.S. Customs to seize chairs shipped by Plaintiff to one of its customers. Because of the seizure, the customer cancelled the order and refused payment. Plaintiff alleged recoverable injury under § 1120.<sup>67</sup>
  - vi. Attorney’s fees and punitive damages are rarely awarded since costs and fees are expressly provided for elsewhere (§ 1117).<sup>68</sup>

<sup>56</sup> See *City of Philadelphia v. EMI Earthmate, Inc.*, 2004 WL 2250981, \*2 (E.D.Pa. October 5, 2004).

<sup>57</sup> *Zinn v. Seruga*, 2006 WL 2135811, \*3 (D.N.J. July 28, 2006); *Kauffman v. Dreyfus Fund, Inc.*, 434 F.2d 727, 732 (3d Cir. 1970).

<sup>58</sup> *Thorn v. Reliance Van Co.*, 736 F.2d 929, 933 (3d Cir. 1984); See *Serbin v. Ziebart Intern. Corp.*, 11 F.3d 1163 (3d Cir. 1993).

<sup>59</sup> *Virginia Polytechnic Inst. & State Univ. v. Hokie Real Estate, Inc.*, 813 F.Supp.2d 745, 755 (W.D.Va. 2011).

<sup>60</sup> *Landstrom v. Thorpe*, 189 F.2d 46, 50 (8th Cir.1951).

<sup>61</sup> *Sik Gaek, Inc. v. Yogi’s II, Inc.*, 2014 WL 4063403, \*5 (E.D.N.Y. Aug. 14, 2014).

<sup>62</sup> *Jackson v. Lynley Designs, Inc.*, 729 F.Supp. 498, 499 (E.D.La. 1990).

<sup>63</sup> See *Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867, 874 (10<sup>th</sup> Cir. 1995).

<sup>64</sup> *Sik Gaek, Inc. v. Yogi’s II, Inc.*, 2014 WL 4063403 (E.D.N.Y. Aug. 14, 2014).

<sup>65</sup> *S. Snow Mfg. Co. v. Snow Wizard Holdings, Inc.*, 567 F.App’x 945, 958 (Fed. Cir. 2014).

<sup>66</sup> 6 McCarthy on Trademarks and Unfair Competition § 31.85 (4<sup>th</sup> ed.).

<sup>67</sup> *Golden Golf Lighting, Inc. v. Greenwich Indus., L.P.*, 2010 WL 2523443 (N.D.Ill. June 18, 2010).

<sup>68</sup> *Sik Gaek, Inc. v. Yogi’s II, Inc.*, 2014 WL 4063403 (E.D.N.Y. Aug. 14, 2014).; *Ritz Hotel, Ltd. v. Shen Mfg. Co., Inc.*, No. 05-4730, 2009 WL 1119496, at \*2 (E.D. Pa. April 27, 2009) (noting that, despite the lack of Third Circuit

- e. Fraud allegations are required to be pled with particularity.<sup>69</sup>
  - f. Fraud can be raised as defense to infringement claim, but is disfavored and carries a heavy burden of proof.<sup>70</sup>
    - i. Alternatively allege unclean hands<sup>71</sup>
- (9) When to assert claims for § 1114 (infringement) and/or § 1125 (unfair competition)
- a. What the difference between a § 1114 claim and a § 1125 claim?
    - i. § 32 of the Lanham Act forbids the “use in commerce [of] any reproduction, counterfeit, copy, or colorable imitation of a registered mark ... which ... is likely to cause confusion.” 15 U.S.C. § 1114
    - ii. § 43(a) of the Act provides a cause of action against “[a] person who ... uses in commerce any [mark] ... or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact...” 15 U.S.C. § 1125(a)
    - iii. A trademark infringement claim requires that a defendant use the plaintiff’s mark; an unfair competition claim does not
  - b. Elements of infringement claim under Lanham Act<sup>72</sup>:
    - i. Ownership of legally protectable mark;
    - ii. Use of mark in commerce without the holder’s consent; and
    - iii. **Likelihood of consumer confusion** [most important]<sup>73</sup>.
  - c. Ownership of mark
    - i. Includes both right to use mark and right to prevent others from using the same or confusingly similar mark<sup>74</sup>
  - d. Use of mark in commerce vs. in connection with goods and services
    - i. Giveaway items –
    - ii. Paper marketing – business cards, flyers, newspaper ads, billboards, signage
    - iii. Electronic marketing – TV ads, website design/content, Google Adwords
    - iv. Number of people/sales from patronage
  - e. Likelihood of confusion
    - i. Ohio courts rely on Sixth Circuit case law in analyzing Lanham Act claims<sup>75</sup>
    - ii. 8 factor test by 6<sup>th</sup> Cir (*Frisch’s Factors*<sup>76</sup>):
      - 1. Strength of senior mark
        - a. Look to contestability of mark (registered for 5 years)
        - b. More distinctive = ↑ likelihood of confusion = ↑ protection<sup>77</sup>
        - c. Evidence of use in industry

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precedent, “every other circuit that has addressed the issue has denied that § 38 allows an award of litigation costs and attorneys’ fees as part of recoverable damages”).

<sup>69</sup> Fed. R. Civ. P. 9(b).

<sup>70</sup> See *Anheuser-Busch, Inc. v. Bavarian Brewing Co.*, 264 F.2d 88, 92 (6<sup>th</sup> Cir. 1959).

<sup>71</sup> *The Scooter Store, Inc. v. Spinlife.com, LLC*, 777 F.Supp.2d 1102, 1113 (S.D. Ohio 2011).

<sup>72</sup> *Abercrombie & Fitch v. Fashion Shops of Kentucky, Inc.* (S.D. Ohio 2005), 363 F.Supp.2d 952, 957.

<sup>73</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992); *Bird v. Parsons*, 289 F.3d 865, 877 (6<sup>th</sup> Cir. 2002); *Daddy’s Junky Music Stores, Inc. v. Big Daddy’s Family Music Center*, 109 F.3d 275, 280 (6<sup>th</sup> Cir. 1997); *Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111, 1123 (6<sup>th</sup> Cir. 1996).

<sup>74</sup> *Homeowners Grp., Inc. v. Home Mktg. Specialists, Inc.* (6<sup>th</sup> Cir. 1991), 931 F.2d 1100, 1106.

<sup>75</sup> See e.g., *Westfield Ins. Co. v. Factfinder Mktg. Research, Inc.*, 2006-Ohio-4380, ¶ 31 (1<sup>st</sup> Dist.); *E.I. du Pont de Nemours & Co. v. Cincinnati Printers Co., Inc.*, 2010-Ohio-1631, ¶ 14, n.4 (12<sup>th</sup> Dist.)

<sup>76</sup> *Frisch’s Rests., Inc. v. Elby’s Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6<sup>th</sup> Cir. 1982).

<sup>77</sup> *Frisch’s Restaurant, Inc. v. Shoney’s, Inc.*, 759 F.2d 1261, 1264 (6<sup>th</sup> Cir. 1985).

2. Relatedness of the goods or services
  - a. Assignment within “tripartite system.”<sup>78</sup>
    - i. Direct competition = confusion likely if marks are sufficiently similar
    - ii. Somewhat related but not competitors = depends on remaining factors
    - iii. Unrelated products/services = confusion highly unlikely
  - b. Do the products/services provide the same consumer benefit?
3. Similarity of the marks
  - a. Courts assess if Defendant’s mark would be confusing to the public if presented by itself – not side-by-side comparison<sup>79</sup>
  - b. 1-800-HOLIDAY vs. 1-800-405-4329<sup>80</sup> – all about use
  - c. Given considerable weight<sup>81</sup>
4. Evidence of actual confusion
  - a. While this is the best evidence of likelihood of confusion, its absence makes no difference<sup>82</sup>
5. Marketing channels used
  - a. Compare predominant customers of goods/services,<sup>83</sup> and
  - b. Compare marketing approaches used<sup>84</sup>
6. Degree of purchaser care
  - a. Courts assess:
    - i. the general impression of the ordinary purchaser,
    - ii. buying under the normally prevalent conditions of the market, and
    - iii. giving the attention such purchasers usually give in buying that class of goods.<sup>85</sup>
7. Intent of infringing party in selecting mark
  - a. Need evidence of benefit derived from using the mark or intention to divert business away from plaintiff
  - b. Critical factor that can alone be sufficient to find a confusing similarity between the marks<sup>86</sup>
8. Likelihood of expansion of product lines

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<sup>78</sup> *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 798 (6<sup>th</sup> Cir. 2004).

<sup>79</sup> *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186-87 (6<sup>th</sup> Cir. 1988).

<sup>80</sup> *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619 (6<sup>th</sup> Cir. 1996).

<sup>81</sup> *Daddy’s Junky Music Stores v. Big Daddy’s Family Music Center*, 109 F.3d 275, 283 (6<sup>th</sup> Cir. 1997).

<sup>82</sup> *Audi AG v. D’Amato*, 469 F.3d 534, 543 (6<sup>th</sup> Cir. 2006).

<sup>83</sup> *Daddy’s Junky Music Stores*, 109 F.3d at 285; see *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1110 (6<sup>th</sup> Cir. 1991).

<sup>84</sup> See *Id.*; see also *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1188 (6<sup>th</sup> Cir. 1988); *Little Caesar Enterprises, Inc. v. Pizza Caesar, Inc.*, 834 F.2d 568, 572 (6<sup>th</sup> Cir. 1987).

<sup>85</sup> *Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 72 (2d Cir. 1994).

<sup>86</sup> *Elby’s Big Boy*, 670 F.2d at 648.

- iii. Ultimate question: whether consumers are likely to believe that the products/services offered by the parties are affiliated in some way<sup>87</sup> – NOT dependent on number of factors proven<sup>88</sup>
- iv. Does TTAB decision create issue preclusion in later infringement case?
  - 1. Issue preclusion applies where issues in TTAB case and district court case are identical and other collateral estoppel rules are followed<sup>89</sup>
  - 2. Rarely applies because ordinary elements won't be met
- v. When making a Lanham Act claim based on deceptive or ambiguous advertising, evidence of actual deception must be submitted<sup>90</sup>
  - 1. Exception: when statements are literally false<sup>91</sup>
- vi. Internet liability
  - 1. purchasing Google Adwords of another's mark<sup>92</sup>
  - 2. improper use of metadata<sup>93</sup>
- f. False advertising
  - i. 1125 also imposes liability for false or misleading advertising of another's goods/services
  - ii. Elements<sup>94</sup>
    - 1. Defendant made false or misleading statement of fact in advertising;
    - 2. Statement deceived or could deceive much of the audience;
    - 3. Statement likely influenced the purchasing decision;
    - 4. Statement entered into interstate commerce;
    - 5. Plaintiff was or is likely to be injured as a result.
- g. Famous mark owners can seek dilution claim – 15 U.S.C. § 1125(c)
  - i. Elements:<sup>95</sup>
    - 1. Famous mark;
    - 2. Defendant made commercial use of mark in commerce;
    - 3. Defendant's use began after the mark became famous; and
    - 4. Defendant's use dilutes the quality of the mark by reducing the mark's ability to identify and distinguish goods and services.
  - ii. Plaintiff need not show that it competes with Defendant or that customers are likely to be confused.<sup>96</sup>
- h. 1125(d) – The Anticybersquatting Consumer Protection Act (ACPA) Claim
  - i. Prohibits “cybersquatting”
    - 1. When a person other than the TM holder registers the domain name of a well-known TM and then attempts to profit by either ransoming

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<sup>87</sup> *Daddy's Junky Music Stores*, 109 F.3d at 280.

<sup>88</sup> *PACCAR Inc. v. TeleScan Technologies, LLC* (6th Cir.2003), 319 F.3d 243, 249-250.

<sup>89</sup> *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293 (2015).

<sup>90</sup> *Herman Miller, Inc. v. Palazzetti Imports and Exports, Inc.*, 270 F.3d 298, 323 (6th Cir. 2001).

<sup>91</sup> *American Council of Certified Podiatric Physicians and Surgeons v. American Bd. of Podiatric Surgery, Inc.*, 185 F.3d 606, 614 (6th Cir. 1999).

<sup>92</sup> *Scooter Store, Inc. v. SpinLife.com, LLC* (S.D. Ohio 2011), No. 2:10-cv-18, 2011 WL 6415516, citing *T.D.I. Intern, Inc. v. Golf Preservations, Inc.* (E.D. Ky. 2008), No. 6:07-313-DCR, 2008 WL 294531.

<sup>93</sup> *Tdata Inc. v. Aircraft Technical Publishers* (S.D. Ohio 2006), 411 F.Supp.2d 901, 907.

<sup>94</sup> *United Indus. Corp. v. Clorox Co.*, 140 F.3d 1175, 1180 (8th Cir. 1998).

<sup>95</sup> *Audi AG v. D'Amato*, 381 F.Supp.2d 644, 664 (E.D. Michigan 2005).

<sup>96</sup> *Audi AG v. D'Amato*, 381 F.Supp.2d 644, 664 (E.D. Michigan 2005).

the domain name or by using the domain name to direct business from the TM holder to the domain name holder.<sup>97</sup>

- ii. Elements<sup>98</sup>:
  1. A valid trademark entitled to protection;
  2. Mark is distinctive or famous;
  3. Defendant's domain name is identical or confusingly similar to, or in the case of famous marks, dilutive of, the owner's mark;
    - a. Court will directly compare the mark to the offending domain name rather than the content of/context in the website<sup>99</sup>
  4. Defendant used, registered, or trafficked in the domain name
  5. With a bad faith intent to profit.
- iii. Must have a bad faith intent to profit from the domain name that contains the mark<sup>100</sup>
  1. Factor analysis<sup>101</sup>:
    - a. Defendant's IP right in the domain name;
    - b. the extent to which the domain name consists of Defendant's legal name or the name he/she is commonly known;
    - c. Defendant's prior use of the domain name in connection with the bona fide offering of any goods or services;
    - d. Defendant's bona fide noncommercial or fair use of the mark in a site accessible under the domain name (hard to argue when Defendant is a direct business competitor<sup>102</sup>);
    - e. Defendant's intent to divert consumers from Plaintiff's website to one accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
    - f. Defendant's offer to transfer, sell, or otherwise assign the domain name to Plaintiff or any third party for financial gain;
    - g. Defendant's use of material and misleading false contact information when applying for registration of the domain name;
    - h. Defendant's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names; and
    - i. The extent to which the mark incorporated in the person's domain name registration is distinctive and famous.

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<sup>97</sup> *DaimlerChrysler v. The Net, Inc.*, 388 F.3d 201 203 (6<sup>th</sup> Cir. 2004).

<sup>98</sup> *Ford Motor Co. v. Catalanotte*, 342 F.3d 543, 546 (6<sup>th</sup> Cir. 2003).

<sup>99</sup> *HER, Inc. v. RE/MAX First Choice, LLC*, 468 F.Supp.2d 964, 973 (S.D. Ohio 2007).

<sup>100</sup> 15 U.S.C. 1125(d)(1)(A).

<sup>101</sup> 15 U.S.C. § 1125(d)(1)(B)(i).

<sup>102</sup> *HER, Inc. v. RE/MAX First Choice, LLC*, 468 F.Supp.2d 964, 974 (S.D. Ohio 2007).

2. Bad faith tends to be presumed where the senior user's mark is famous and the junior user is aware of its fame<sup>103</sup>
3. "comments, criticism, parody, and news reporting," that is not commercially misleading is protected by the First Amendment<sup>104</sup>
  - a. While people can criticize marks over the internet, they do not have a 1<sup>st</sup> Amendment right to use marks to confuse users into believing the mark owner endorses the message.

(10) Remedies under Lanham Act – 15 U.S.C. § 1117 (Section 35)

- a. Recover lost profits (defendant's sales), damages, and costs<sup>105</sup>
  - i. If recovery of profits is inadequate/excessive, the court has discretion to award some other amount based on circumstances of case
  - ii. Discretion to impose treble damages, mandatory in counterfeit cases (15 U.S.C. § 1114(1)(a))
  - iii. Attorney's fees in "exceptional" cases
  - iv. Ohio – recover damages if acts have been committed with knowledge that the mark is intended to cause confusion/deception/mistake.<sup>106</sup>
- b. Plaintiff may elect to recover statutory damages under 15 U.S.C. § 1117(c) and (d), possibly without having to prove actual damages<sup>107</sup>
  - i. \$1,000 to \$200,000 per counterfeit mark per type of good/service sold, offered for sale, or distributed, as the court considers just<sup>108</sup>
    1. Up to \$2,000,000 for willful use of counterfeit mark per type
  - ii. \$1,000 to \$100,000 per domain name, as court considers just<sup>109</sup>
- c. Injunctive relief
  - i. Irreparable injury presumed where likelihood of confusion is established<sup>110</sup>
  - ii. No irreparable harm needed in SM infringement/unfair competition cases<sup>111</sup>
  - iii. Harm caused to 3<sup>rd</sup> parties
  - iv. Serve the public interest:
    1. Enjoining use of mark advances fundamental purposes of mark protection
      - a. Preventing consumer confusion/deception
      - b. Protecting property interest of holder's interest in mark<sup>112</sup>
    2. Other considerations
      - a. Prevent further mark infringement, maintain status quo<sup>113</sup>
      - b. promote intellectual property that is continuously used
      - c. protect marks properly registered<sup>114</sup>

<sup>103</sup> *Victoria's Secret Stores v. Artco Equipment Co., Inc.*, 194 F.Supp.2d 704, 722 (S.D. Ohio 2002).

<sup>104</sup> *HER, Inc. v. RE/MAX First Choice, LLC*, 468 F.Supp.2d 964, 967 (S.D. Ohio 2007).

<sup>105</sup> 15 U.S.C. § 1117.

<sup>106</sup> R.C. 1329.65.

<sup>107</sup> See *Chanel v. Veronique Idea Corp.*, 795 F.Supp.2d. (S.D.N.Y. 2011).

<sup>108</sup> 15 U.S.C. § 1117(c)(1).

<sup>109</sup> 15 U.S.C. § 1117(d).

<sup>110</sup> *Too, Inc. v. TJX Companies, Inc.* (S.D. Ohio 2002), 229 F.Supp.2d 825, 838.

<sup>111</sup> See *Microsoft Corp. v. McGee* (S.D. Ohio 2007), 490 F.Supp.2d 874, 882.

<sup>112</sup> See e.g. *McGee*, 490 F.Supp.2d at 883.

<sup>113</sup> See *Worthington Foods, Inc. v. Kellogg Co.* (S.D. Ohio 1990), 732 F.Supp. 1417, 1463.

<sup>114</sup> See e.g. *McGee*, 490 F.Supp.2d at 883.

- d. Cease and desist letter
  - i. Willful infringement can trigger enhanced statutory damages if the defendant “had knowledge that its actions constitute an infringement.”<sup>115</sup>
  - ii. Continued infringement after notice of wrongdoing is probative evidence of willfulness, and the court can infer willfulness from the defendant’s unresponsive attitude to the plaintiff’s C&D notice

(11) Ohio’s Deceptive Trade Practices Act “ODTPA”(R.C. 4165.01 – 4165.04)

- a. Parallels 15 U.S.C. 1125(a) such that both statutes are similarly analyzed<sup>116</sup>
  - i. Courts are mindful of Supremacy Clause in avoiding any conflict<sup>117</sup>
- b. Designed to prohibit commercial conduct likely to confuse consumers as to the source or origin of goods and services<sup>118</sup>
- c. Specific acts deemed deceptive are found in R.C. 4165.02(A)<sup>119</sup>
- d. ODTPA codified common law<sup>120</sup>, but does not preclude a plaintiff from also asserting a common law claim such as trade infringement<sup>121</sup>
  - i. Central issue is likelihood of confusion regardless of claim pled

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<sup>115</sup> *Microsoft Corp. v. McGee*, 490 F.Supp.2d 874 (S.D. Ohio 2007).

<sup>116</sup> *Yunker v. Nationwide Mut. Ins. Co.*, 175 Ohio St. 1 (1963), Paragraph 1 of the syllabus; *McKinney v. Bayer Corp.*, 744 F.Supp.2d 733 (N.D. Ohio 2010); *Worthington Foods, Inc. v. Kellogg Co.*, 732 F.Supp 1417, 1431 (S.D. Ohio 1990).

<sup>117</sup> See e.g., *Chandler & Assoc., Inc. v. America’s Healthcare Alliance, Inc.*, 125 Ohio App.3d 572, 580, 709 N.E.2d 190 (8<sup>th</sup> Dist. 1997).

<sup>118</sup> *George P. Ballas Buick-GMC, Inc. v. Taylor Buick, Inc.*, 5 Ohio App.3d 71 (6<sup>th</sup> Dist. 1982).

<sup>119</sup> Actionable deceptive trade practices are listed in R.C. § 4165.02(A), which states:

(A) A person engages in a deceptive trade practice when, in the course of the person's business, vocation, or occupation, the person does any of the following:

- (1) Passes off goods or services as those of another;
  - (2) Causes likelihood of confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services;
  - (3) Causes likelihood of confusion or misunderstanding as to affiliation, connection, or association with, or certification by, another;
  - (4) uses deceptive representations or designations of geographic origin in connection with goods or services;
  - (5) lists a fictitious business name in a local telephone directory that is published on or after the effective date of this amendment ...;
  - (6) lists a fictitious business name in a directory assistance database on or after the effective date of this amendment ...;
  - (7) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;
  - (8) represents that goods are original or new if they are deteriorated, altered, reconditioned, reclaimed, used, or secondhand;
  - (9) represents that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;
  - (10) disparages the goods, services, or business of another by false representation of fact;
  - (11) advertises goods or services with intent not to sell them as advertised;
  - (12) makes false statements of fact concerning the reasons for, existence of, or amounts of price reductions;
- or
- (13) advertises goods or services with intent not to supply reasonably expectable public demand, unless the advertisement discloses a limitation of quantity.

<sup>120</sup> *Worthington Foods, Inc. v. Kellogg Co.* (S.D. Ohio 1990), 732 F.Supp. 1417, 1431.

<sup>121</sup> *Worthington Foods, Inc. v. Kellogg Co.* (S.D. Ohio 1990), 732 F.Supp. 1417, 1431.

- e. Restricted to preventing source confusion by regulating matters such as trade dress, labeling, and passing off goods/services as those of another
- f. Protects whoever first uses a mark in connection with the business, regardless of duration of use<sup>122</sup>
- g. A plaintiff does NOT have to prove monetary damage or loss profit in the civil action to be successful.<sup>123</sup>
- h. Textbook example of DTP violation<sup>124</sup>
- i. Potentially broader in scope than Lanham Act
  - i. jurisdictional split on whether Act provides relief to consumers<sup>125</sup>
    - 1. “Person” means an *individual*... or any other legal or commercial entity. R.C. 4165.01(D).

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<sup>122</sup> *Yunker v. Nationwide Mut. Ins. Co.* (1963), 175 Ohio St. 1, Paragraph 1 of the Syllabus.

<sup>123</sup> R.C. 4165.03(A)(1).

<sup>124</sup> See *Cesare v. Work* (9th Dist. 1987), 36 Ohio App.3d 26, 29-30.

<sup>125</sup> *Bower v. International Business Machines, Inc.*, 495 F.Supp.2d 837 (S.D. Ohio 2007);