TRADEMARKS AND UNFAIR COMPETITION

Room 100A
Tues. 3:05-4:30
Thurs. 3:05-4:30

Lori Krafte
Spring 2013

FIRST WEEK'S ASSIGNMENTS:

Tuesday, January 22, 2013

- Handout (attached)
- Casebook, pp. 3-41

Thursday, January 24, 2013

- Casebook, pp. 45-68

LAW360

Portfolio Media. Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

MLB Star Wants Gold Glove Trademark Suit Struck Out

By **Scott Flaherty**

Law360, New York (January 08, 2013, 8:08 PM ET) -- Cincinnati Reds second baseman Brandon Phillips told a Missouri federal court Monday that a gold-colored baseball glove made for him by Wilson Sporting Goods Co. does not infringe Rawlings Sporting Goods Co. Inc.'s trademarks, urging the court to throw out Rawlings' claims.

Phillips — a three-time Gold Glove Award-winning infielder who is targeted with infringement allegations along with Wilson — said in a motion to dismiss that, while Rawlings may own trademarks in connection with its Gold Glove Award for Major League Baseball's best defensive fielders, those marks do not have any bearing on the use of metallic gold coloring on the webbing of his Wilson-made baseball glove.

"None of Rawlings' word trademarks cover use of the color 'metallic gold' on a baseball glove (or the
color use at all), and Rawlings has not pled facts in the complaint to indicate whether any or all
of the word marks do in fact cover the use of the color 'metallic gold,'" the motion said.

Rawlings — a baseball equipment company that sponsors the Gold Glove Award, which is given each year to the top fielders at each position in the MLB's National and American Leagues — added Phillips as a defendant to the suit in an amended complaint filed in early December. The suit was first lodged in July and initially named Wilson as the sole defendant.

In the amended complaint, Rawlings, which sells a line of "Gold Glove" brand baseball mitts, alleged that Wilson infringed its trademarks by making a glove for Phillips that featured gold-colored webbing and stitching.

The suit says that having a former Gold Glove Award winner, such as Phillips, flaunt a gold-colored glove could trick consumers into thinking that Wilson's gear was somehow connected to Rawlings and its trademarked award.

"Rawlings has extensively and continuously promoted and used the Gold Glove marks both in the United States and throughout the world, and those marks have become distinctive and well-known symbols," the amended complaint said. "Defendants' actions demonstrate an intentional, willful and malicious intent to trade on the goodwill associated with the Gold Glove marks."

Wilson previously filed its own motion to dismiss the Rawlings trademark suit, making an argument similar to the one contained in Monday's dismissal bid from Phillips.

"Rawlings' general averments relate solely to its word marks and its award," Wilson said in a Dec. 28 motion to dismiss. "Rawlings must plead more than just to state that Wilson harmed it by using the color gold on a glove."

Attorneys for the two sides did not immediately respond to requests for comment Tuesday.

Rawlings is represented by Michael R. Annis and Michael J. Tolles of Husch Blackwell LLP and Gary A. Pierson.

Wilson and Phillips are represented by Jeffery A. Key of Key & Associates Law Offices and J. Bennett Clark of Bryan Cave LLP.

The case is Rawlings Sporting Goods Co. Inc. v. Wilson Sporting Goods Co., case number 4:12-cv-01204, in the U.S. District Court for the Eastern District of Missouri.

--Additional reporting by Bill Donahue. Editing by Andrew Park.

LAW360

Portfolio Media. Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Fla. Makeup Co. Sues Kardashians Over Cosmetics Line Name

By **Nathan Hale**

Law360, New York (January 11, 2013, 3:27 PM ET) -- A Florida makeup artist hit the Kardashian sisters and Boldface Group Inc. with more than $10 million in trademark infringement counterclaims in Los Angeles federal court Wednesday, alleging they stole the name of her cosmetics line.

Lee Tillett, who holds a trademark on the name Kroma for her line of cosmetics, said Boldface's use of the name Khroma for a line of cosmetics endorsed by the celebrity sisters Kim, Kourtney and Khloe Kardashian has caused confusion among consumers and damaged her business. Her claims come in response to a suit filed in November by Boldface seeking a declaratory judgment allowing it use the Khroma name, despite Tillett's trademark.

"Boldface's use of the word Khroma is destroying the brand identity and value of the Kroma mark for Tillet," the makeup artist said in her suit. "Boldface's worldwide product launch media blitz and the high profile of the Kardashian sisters, has caused Kroma's consumers and distributors to mistakenly believe that Tillett's Kroma cosmetics line is associated with the Kardashian sisters."

Tillett seeks a dismissal of Boldface's suit, an injunction against the defendants use of the Khroma name, disgorgement of profits and monetary relief for lost profits, corrective advertising and legal costs as well as treble damages for trademark infringement under the Lanham Act.

In a statement sent to Law360, Nicole Ostoya, CEO of Boldface licensing and branding, said: "Boldface has gone through the appropriate legal channels in obtaining the rights to use the name Khroma Beauty by Kourtney, Kim and Khloe in the color category with the United States Patent and Trademark Office, making all proper legal filings."

In September 2012, the USPTO rejected Boldface's trademark applications for the names Kardashian Khroma and Khroma Beauty by Kourtney, Kim and Khloe on the basis of likely confusion with Tillett's Kroma brand name, which she trademarked in 2010 and said she has used since 2004.

Two years before the creation of Boldface and Khroma, Tillett said, she and Kim Kardashian's representatives discussed a product placement deal for her Kroma cosmetics on a reality television show called "The SPINdustry" that Kardashian was producing, as well as the use of the Kroma line in conjunction with public appearances by Kardashian.

No deal was ever reached, and in her counterclaim, Tillett said the use of the Khroma name was Kim Kardashian's idea.

Boldface paid the Kardashian sisters $1 million in nonrefundable, upfront royalties and issued them 10 million shares of company stock warrants currently valued at $1.8 million to $3.6 million in conjunction with the fall 2012 launch of the Khroma brand, according to Tillett's suit. The company has promised the Kardashians upward to $5 million in royalties in their licensing agreement to endorse the cosmetics products.

The dispute started when Tillett's company, By Lee Tillett Inc., sent Boldface a cease and desist letter in June 2012 when it learned of the company's intention to use the Khroma name and its application for trademark registration of the name. The two sides exchanged several responses in the subsequent months but were unable to settle the matter.

"They had every opportunity to choose a different name, but decided not to," Tillett's attorney Elliot Brandt Gipson of Fayer Gipson LLP said. "Our client has worked hard to create, grow and protect its Kroma cosmetics brand and simply wants its intellectual property rights to be respected."

Boldface also is facing a separate trademark infringement suit in the same court from the California cosmetics company Chroma Makeup Studio LLC.

By Lee Tillett Inc. is represented by Gregory Alan Fayer and Elliot Brandt Gipson of Fayer Gipson LLP and by Lauren Heatwole McCorvie.

Boldface Group Inc. is represented by Nina D. Boyajian, Susan L. Heller, Wendy M. Mantell of Greenberg Traurig LLP and by Jennifer K. Craft and Andrew D. Sedlock of Gordon Silver.

Representation for the Kardashians was not immediately available.

The case is Boldface Licensing Branding v. By Lee Tillett Inc., case No. 2:12-cv-10269, in the U.S. District Court for Central California.

--Editing by Chris Yates.

LAW360

Portfolio Media. Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Fendi Counterfeiter On The Hook For $12M Or More

By **Richard Vanderford**

Law360, New York (January 04, 2013, 8:23 PM ET) -- A seller of counterfeit Fendi Adele SRL-branded bags must pay at least $12.3 million in damages and interest to the luxury goods maker, and perhaps more, the Second Circuit said Friday, finding that the trademark infringement was willful.

A panel of judges said Ashley Reed Trading Inc. had ignored red flags that purported Fendi bags it purchased were fakes, shooting down the family-owned importer's appeal.

"The district court correctly concluded that Ashley Reed's infringement was willful as a matter of law," the panel said in a summary order.

The ruling upholds a district court decision finding that the importer willfully sold counterfeit handbags and other goods from Fendi, an Italian fashion house whose creative side is run by Karl Lagerfeld, to U.S. discount luxury retailers like now-defunct Filene's Basement, Nordstrom's Rack and Saks Off Fifth.

The judges also ordered the trial court judge to consider increasing the damages, since he only held the importer liable for two years of counterfeit goods' sales even though the evidence suggested the counterfeiting could have gone on for five years, from 2001 to 2006. Fendi argued in a cross appeal it deserves an amount closer to $30 million.

Ashley Reed had asked the appeals court to chop the judgment against it, arguing that it had tried to acquire legitimate, so-called grey-market Fendi products. The importer lost on summary judgment, and argued it deserved a trial.

The judges, though, found that Fendi had warned the importer with legal threats, and that the evidence the court had was enough to rule against Ashley Reed without a full trial.

"Ashley Reed was clearly on notice that it might be infringing trademarks after Fendi's 2001 cease-and-desist letter and multiple lawsuits filed by other designers in 2000 and 2001," the panel said.

"Nevertheless, the record shows that Ashley Reed failed to adequately inquire about the authenticity and original sources of the goods they purchased," it said.

Tellingly, the company returned its merchandise to suppliers after Fendi sued rather than allow it to be inspected, and did not keep any records about the goods or their return, the district court said.

"Ashley Reed also failed to maintain records of their transactions with suppliers and other key financial documents and did not retain any documentation of its purported side-by-side comparisons of its goods with genuine Fendi merchandise," the court said.

Ashley Reed was sued, along with its owners James and Scott Ressler, in New York in 2006. After discovery, Fendi won summary judgment on Ashley Reed's liability for trademark counterfeiting. The trial court also barred Ashley Reed from buying or selling any Fendi items without Fendi's written permission.

Though the federal court found that Ashley Reed was liable for selling counterfeit Fendi merchandise going back to 2001, the district court found that the company was entitled to $10.5 million — three times the profits Ashley Reed earned from 2005 to 2006.

Fendi argued it deserves damages for the entire period of infringement, about $29.9 million.

"I think it is a shame that the court allowed a case of this nature to be decided on summary judgment," said David Schoen, an attorney for James Ressler. "I believe these defendants took all appropriate steps to ensure themselves that they were trading in legitimate Fendi goods, relying, among other things, on representations of authenticity from Fendi's own representatives."

Attorneys for the other parties did not immediately respond to requests for comment Friday.

Judges Robert A. Katzmann, Barrington D. Parker and Richard C. Wesley sat on the panel for the Second Circuit.

Fendi is represented by Victor Genecin of Squire Sanders.

Ashley Reed is represented by Gerard F. Dunne of Gerard F. Dunne PC. James Ressler is represented by David I. Schoen.

The case is Fendi Adele SRL et al. v. Ashley Reed Trading Inc. et al., case number 11-3025, in the U.S. Court of Appeals for the Second Circuit.

--Editing by Rebecca Flanagan.

Portfolio Media. Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Pinterest Spurs Online Sales — And Trademark Risks

Law360, New York (January 03, 2013, 1:05 PM ET) -- Launched in 2010 by Cold Brew Labs Inc., online scrapbooking site Pinterest has become one of the fastest-growing social media websites of all time. But with its business model based on user-shared images and virtual bulletin boards, Pinterest is also among the more risky sites where intellectual property rights are concerned. If case law on online trademark infringement is any indicator, Pinterest will undoubtedly be a source of trademark disputes in the near future.

As the company itself proclaims, Pinterest allows users to create topical, individual virtual bulletin boards on which they can "pin" images linked to third-party websites. Members use their boards to collect, bookmark and share information for projects, such as "Five Ideas for A Contemporary Kitchen," to display their own products for sale, e.g., jewelry or artwork, or to promote corporate brands.

A March 2012 Experian report estimated that Pinterest received 104 million visits, making it third only to Facebook and Twitter in popularity. Online sharing service Shareaholic reported in January 2012 that Pinterest drives more traffic to websites than Google+, LinkedIn and YouTube combined.

Numerous consumer-facing and business-to-business companies are beginning to use Pinterest, posting not just product images, but also infographics, images linked to e-books, resource guides and white papers, and other educational content. Examples of major brands using Pinterest include General Electric's "Badass Machines" bulletin board, Intel's "Geek Chic," Oracle's "OpenWorld" and Adobe System's "Creative Workspaces." Corporate Pinterest users typically encourage users to repin content on their own Pinterest boards, and some may invite user-generated content.

With each increase in traffic, however, the possibility of infringing a third-party's intellectual property rights grows. One of the growing pains that all new social media sites have encountered is that consumers or companies sometimes engage in unauthorized use of trademarks, including celebrity names and imagery. In a case closely watched by many Facebook users, Hasbro eliminated the online word game Scrabulous, a Facebook application created by RJ Softwares, with allegations that the name infringed Hasbro's revered Scrabble trademark for the original word game, in Hasbro Inc. v. RJ Softwares, Civ. No. 2008-cv-06567 (S.D.N.Y. July 23, 2008).

In Nine West Development Corp. v. Does 1-10, No. 07-cv-7533 (S.D.N.Y. Aug. 24, 2007), Nine West successfully sued the creators of a Facebook account named NINEWESTSHOES that solicited the submission of photographs from young female models to participate in an alleged fashion photography shoot. In Oneok Inc. v. Twitter Inc., No. 4:09-cv-00597 (N.D. Okla. Sept. 15, 2009), Oneok prevailed in a dispute over use of the Oneok name and design mark in connection with a Twitter account. Similarly, in La Russa v. Twitter Inc., No. CV-09-2503 (N.D.C.A. June 5, 2009), the famous Major League Baseball manager Tony La Russa successfully sued Twitter after an imposter created a fake La Russa Twitter account and tweeted "Lost 2 out of 3, but we made it out of Chicago without one drunk driving incident or dead pitcher."

Many social media sites have developed methods for distinguishing official brand sites. For example, Facebook allows only authorized representatives to administer a Facebook page for a brand, entity (place or organization), or public figure. Twitter has an administrative process through which it certifies that it has verified the authenticity or identity of a Tweet account holder. Twitter claims that it proactively verifies accounts for certain "highly sought users in music, acting, fashion, government, politics, religion, journalism, media, advertising, business, and other key interest areas." Facebook and Twitter also facilitate the removal of accounts that infringe trademarks and celebrity rights of publicity.

Pinterest, like Facebook and Twitter, clearly states its policies concerning intellectual property rights and provides a method for reporting trademark infringement.. However, it does not have a method for indicating that an account bearing a brand name is the "official" account for that brand. Companies are left to their own approaches to indicating official ownership of their Pinterest pages. For example, McDonald's landing page states that it is "[t]he official Pinterest page of McDonald's Corporation."

Despite these initial efforts, Pinterest offers abundant opportunity for trademark infringement and the misappropriation of celebrity rights of publicity. For instance, a search for "McDonald's" on Pinterest does not uncover the official McDonald's site, but a plethora of pins, boards and people apparently unrelated to the company. To locate the official McDonald's Pinterest account, a user would need to use an external search engine. Of course, that does not necessarily mean that Pinterest is necessarily rife with trademark infringement. Many posts, both positive and negative, appear to be comments on McDonald's product offerings, health issues generally, and parodies of McDonald's images.

Congress has limited the applicability of trademark laws to commercial activities, under 15 U.S.C. § 1125(a). Accordingly, trademark infringement applies to marks used in the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistakes, or to deceive, under 15 U.S.C. § 1114(1).

To prove trademark infringement, a plaintiff must establish a likelihood of confusion between the source of the goods or services at issue based on the defendant's use of the mark at issue. Each U.S. circuit court has adopted its own test for trademark infringement, but all tests are more or less based on related criteria that include the following:

> (1) similarity of the parties' marks in appearance, sound, connotation, and impression;
> (2) similarity of the parties' goods or services provided under the marks;
> (3) strength or fame of plaintiff's mark;
> (4) the trade channels in which the parties' goods or services provided under the mark are marketed and sold;
> (5) the care exercised by the consumers in purchasing the parties' goods or services;
> (6) any actual confusion, as in Polaroid Corp. v. Polarad Elect. Corp., 287 F.2d 492, 495 (2d Cir. 1961); In re E. I. du Pont de Nemours and Co., 476 F.2d 1357, 1361 (CCPA 1973); and AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979).

In addition to being entitled to relief from trademark infringement, owners of famous brands can also protect their marks from dilution by blurring or tarnishment. Trademark dilution by blurring occurs when an association arises from the similarity between a famous mark and a lesser-known mark or trade name that impairs the distinctiveness of that famous one. Dilution by tarnishment occurs when such an association harms the reputation of the famous mark. However, 15 USC § 1125(c)(3) of the U.S. Trademark Act specifically excludes those engaging in noncommercial uses, fair uses, and news reporting and commentary from liability for dilution.

For the average user who is not trying to generate interest in their own business, pinning images is likely a traditional noncommercial use, even though viewing the images might drive a visitor to a commercial website. As mentioned above, Pinterest can drive significant traffic to websites on which products are sold. A Pinterest board title may itself be a positive (or a negative) comment on the product, e.g., "Cool Kitchen Appliances." The uncomfortable juxtaposition of traditional noncommercial uses and significant e-commerce resulting from noncommercial uses will no doubt create a conundrum for those trying to develop a trademark enforcement policy on Pinterest.

While individual consumers may successfully argue that their pins are for noncommercial purposes, companies establishing corporate Pinterest accounts to advertise their brands and products will have a difficult time convincing a court that their own use is noncommercial. Accordingly, as a general rule, corporate Pinterest users should pin not images containing other brands. One exception to this general rule is in the context of comparative advertising; however, companies should exercise caution. While the use of competitor's trademark in comparative advertising is permissible, it is so only to the extent that the use of the competitor's mark does not mislead people into presuming some kind of affiliation between the advertiser and the trademark holder, per 16 C.F.R. § 14.15.

In a similar vein, while the pinning of celebrity images abounds on Pinterest, corporate Pinterest users must be very careful regarding individuals' right of publicity. A person has the right to control the commercial use of his or her image, regardless of his or her status as a celebrity, although one's right of publicity is based on state law and thus varies state to state. As a general rule, to establish a right-of-publicity infringement claim, one only needs to show that (1) the defendant, without permission, has used some aspect of identity or persona in such a way that plaintiff is identifiable from defendant's use; and (2) that use is likely to cause damage to the commercial value of that persona. Before pinning images containing individuals, a company should ensure that it has obtained the permission of those individuals and that the permission is broad enough to cover all proposed uses of the individual's image.

The unauthorized use of a person's image or likeness outside of the scope of a license is likely to be found to be a misappropriation of that person's right of publicity. In No Doubt v. Activision Publishing Inc., 192 Cal.App. 4th 1018 (Cal. App. 2011), the court ruled that video game producer Activision had violated the rights of publicity of the popular music band No Doubt. Activision had a limited license for use of No Doubt's songs and character likenesses in a video game, Band Hero, with all usage subject to No Doubt's prior approval. No Doubt asserted that Activision had instead used the No Doubt intellectual property in a manner that was not approved, that the band never had the opportunity to approve and would not have approved had it been given the opportunity to review.

To stay on the right side of any trademark infringement or right of publicity claims with regard to Pinterest, companies should adopt proactive policies:

1) Review the Content of Images

Even after the company has determined that it owns the copyright in a photograph, that photograph may contain images of people or third-party brands. If it does, third-party trademark or right of publicity rights may be invoked. Legal counsel should review the proposed use of the photographs to determine whether permission should be obtained.

2) Review the Underlying Websites

That an image is available to pin does not always mean that a brand would want the image on its board. Since all images on Pinterest link back to their source websites, brand owners should review source sites for relevance and quality. Does the brand want to be associated with the original website? This could be a public relations concern.

3) Create Internal Guidelines

A company starting a Pinterest page should develop a plan and guidelines before launch with the goal of taking advantage of Pinterest's benefits while limiting the risks. First, the company should appoint an employee to manage content associated with the company's Pinterest boards, and make sure that this person understands the legal risks of intellectual property infringement.

A company should also consider how it will respond to the pinning of products in ways that create consumer confusion or that somehow disparage the company or product, and integrate standard policies and responses into its broader brand protection policy. Finally, companies should educate the employees responsible for preparing and reviewing licenses and endorsement deals to ensure that their contracts reflect the company's Pinterest policy and anticipate potential unauthorized uses.

--By Scott J. Slavick and Andrew J. Avsec, Brinks Hofer Gilson & Lione

Scott Slavick is a shareholder and Andrew Avsec is an associate at Brinks Hofer in Chicago.

The opinions expressed are those of the authors 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.

Portfolio Media. Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Apple Looks To Squash Battery Maker's 'AppleJuice' Mark

By **Jonathan Randles**

Law360, New York (January 10, 2013, 4:52 PM ET) -- Apple Inc. has opposed an Oklahoma-based company's attempt to trademark the phrase AppleJuice for use on batteries, power adapters and cables, telling the U.S. Patent and Trademark Office last week that the mark would confuse consumers.

Apple filed a notice of opposition with the USPTO on Jan. 2, seeking to have the regulator reject BetterPower Inc.'s bid to trademark the phrase. The AppleJuice mark is so similar to Apple's that it will likely dilute the computer giant's iconic brand and cause consumers to wrongly associate AppleJuice's products with Apple's, the company claimed.

The immense popularity of the iPhone, iPad and iPod have helped the value of Apple's brand skyrocket in recent years. Forbes Magazine in October published an article ranking Apple as the world's most valuable brand, with an estimated value of $87.1 billion.

BetterPower's AppleJuice is "very similar" to Apple's marks in appearance, sound, connotation and overall commercial impression, Apple said. Consumers looking at batteries, power adapters, wires and cables bearing the AppleJuice mark are likely to assume that the goods are licensed by or associated with Apple, according to the complaint.

"Specifically, applicant's mark incorporates opposer's 'APPLE' word mark in its entirety, adding only the term 'JUICE,' a slang term for 'power' that is descriptive of the opposed goods and therefore insufficient to distinguish applicant's mark from opposer's marks," Apple said.

"Consumers encountering applicant's mark, particularly in connection with the opposed goods, are likely to associate the mark with opposer."

The complaint also includes surveys from market research firms Harris Interactive Inc. and Millward Brown Optimor, listing Apple's brand as one of the world's most valuable.

Apple claims use of the AppleJuice mark on BetterPower's products would violate the Lanaham Act.

BetterPower, headquartered in Oklahoma City, provides battery replacement services and power backup products. The company filed its application for AppleJuice mark April 16, and it was published in September, according to Apple's complaint.

Messages left Thursday afternoon for BetterPower and an attorney representing Apple were not immediately returned.

The company didn't immediately return a message left Thursday afternoon seeking comment.

An attorney representing Apple didn't immediately return a message seeking comment.

Apple is represented by Joseph Peterson and Alicia Grahn of Kilpatrick Townsend & Stockton LLP.

Counsel information for BetterPower was not immediately available.

The case is Apple Inc. v. BetterPower Inc., case number 91208683, in the U.S. Patent and Trademark Office Trial and Appeal Board.

--Editing by Kat Laskowski.