

- I. The Competitive Market System and the Right to Compete
 - a. The Right to Enter Markets and Compete Fairly
 - i. You have a right to enter a market and to compete fairly in that market
 - ii. You do not have a right to enter a market for the sole purpose of driving your rival out of business (competing unfairly)
 - b. Interference with Contractual Relationships
 - i. Intentional Inducement of Breach of Contract
 - 1. Actual breach
 - 2. Failure to perform the contract
 - 3. Termination of the contract
 - 4. As a result of intentional and improper interference
 - ii. Interference with Prospective Contractual Relation: Competitors can pick off deals for themselves as long as they do not use improper means to do so.
 - iii. Evidence of Improper Behaviour
 - 1. Nature of the conduct
 - 2. Motive
 - 3. Interests of party interfered with
 - 4. Interests sought to be advanced by interferer
 - 5. Social interests in protecting freedom of interferer and the contractual interests involved
 - 6. Proximity/remoteness of the conduct to the interference
 - 7. Relations between parties
- II. Acquiring Trademark Rights
 - a. Introduction
 - i. Types of trademark protection
 - 1. Common law
 - 2. State
 - 3. Federal
 - ii. Types of trademark
 - 1. Service mark: identifies origin of services
 - 2. Trade mark: identifies origin of goods
 - iii. Types of indicators
 - 1. TM/SM: No legal significance, although does indicate presence of trademark claim
 - 2. ®: Federal trademark registered
 - b. Jurisdiction: Unless a federal trademark claim is brought, or there is evidence of interstate use, the suit will be considered under either state law or state common law of trademarks.
 - c. Common Law Rights
 - i. Common law trademarks require
 - 1. Appropriation (functioning as a trademark)
 - 2. (Public) use in trade
 - ii. Advertising alone is insufficient to show use
 - iii. What is a reasonable use depends on the facts of the case
 - 1. A big company making a small number of sales may not have enough to show use
 - 2. But a small company with the same number of sales may be okay
 - d. Federal Trademark Rights
 - i. What is required
 - 1. Intent-to-use (ITU application); requires bona fide intent to use
 - 2. Use in interstate commerce
 - ii. What is granted
 - 1. Constructive notice of use
 - 2. Ability to identify mark with ®
 - 3. Priority for international trademark registration
 - 4. Ability to block importation of goods with the mark
 - 5. Exclusive right to use mark in commerce

- iii. Two types of federal registers
 - 1. Principal Register
 - a. For distinctive marks or marks that have secondary meaning only
 - b. Can record marks with Customs so they will seize goods with the marks
 - c. Additional presumptions
 - i. Ownership
 - ii. Validity
 - iii. Nationwide first rights
 - d. Mark becomes incontestable after five years
 - e. Severe penalties for counterfeiters
 - 2. Supplemental Register
 - a. For descriptive marks, surnames, geographical marks (without secondary meaning)
 - b. Always susceptible to cancellation
 - iv. Incontestability
 - 1. What does incontestable status protect against?
 - a. Claims for priority
 - b. Claims for likelihood of confusion
 - c. Claims of descriptiveness
 - 2. What does incontestable status not protect against?
 - a. Generic term
 - b. Functionality
 - c. Abandonment (presumption of abandonment after 3 years of non-use)
 - d. Fraud on the office
 - 3. Policy of incontestability: want to quiet title to marks
- III. Problem Trademarks
 - a. Policy behind trademarks
 - i. Protect the public from confusion
 - ii. Allow public to make choices among products
 - iii. Protect the goodwill of the business associated with the mark
 - b. Trademarks that can't be registered
 - i. Immoral, scandalous, or deceptive matter
 - ii. The flag or coat of arms of the U.S., a state, or a foreign country
 - iii. Name, portrait, or signature of a living person without his consent
 - iv. Marks resembling marks on the register
 - v. Merely descriptive or deceptively mis-descriptive
 - vi. Primarily geographically descriptive
 - vii. Primarily geographically mis-descriptive
 - viii. Primarily a surname
 - ix. Functional
 - c. Levels of Marks/Terms
 - i. Fanciful: Have no meaning outside the mark
 - ii. Arbitrary: Common term used in an arbitrary manner (e.g. Apple computers)
 - iii. Suggestive: Suggest a quality, feature, or characteristic of goods
 - 1. A mark is suggestive if it requires thought, imagination, or perception to determine the goods/services from the mark
 - iv. Descriptive: Describes a nature of the product
 - 1. Least protection available
 - 2. Requires secondary meaning for protection
 - 3. Laudatory marks may be protected, but require a high degree of secondary meaning
 - v. Generic term: No protection
 - 1. Describes mark to fair degree of accuracy
 - 2. Use is so common as to no longer refer to the manufacturer of the product

3. Does not depend on what language the term is in
 4. Terms associated with a region, cultural movements, or legends can be generic
 5. Some marks may be so highly descriptive that no protection will be afforded them
- d. Secondary Meaning / Acquired Distinctiveness: building up goodwill (consumer identification of the mark with you)
- i. Direct Evidence
 1. Customer surveys
 - a. May not have the desired effect
 - b. Judges don't like surveys
 - c. Opposing expert testimony may rip the survey methodology
 2. Direct consumer testimony
 - a. All the declarations have to be different
 - b. Have to come from consumers in the class of consumers who buy the product
 - ii. Circumstantial Evidence
 1. Length and exclusivity of use
 2. Amount and manner of advertising
 3. Amount of sales and number of customers
 4. Established place in the Market
 5. Proof of intentional copying
- e. Surnames
- i. Surnames are descriptive
 - ii. Marks should be treated as a whole, not split up into sub-parts
 - iii. Test for surnames
 1. Degree of rareness
 2. Whether anyone connected with the mark/application has the surname
 3. Whether the term has a recognized meaning other than as a surname (secondary meaning)
 4. The structure/pronunciation ("look and sound") of the surname
 - iv. Individuals should not be prevented from using their own names in commerce
- f. Geographically Descriptive Marks
- i. Geographically descriptive marks are descriptive and require secondary meaning
 - ii. A mark that refers to a common geographical term ("Independence Park") is not sufficiently geographically descriptive
 - iii. Registration should not be denied where the geographical meaning is obscure, minor, or remote
 - iv. Policy: Manufacturers shouldn't be prevented from identifying the location of their products, but don't want later companies trading in the goodwill of earlier companies
- g. Factually Inaccurate Marks
- i. Deceptive Marks
 1. Test
 - a. Is the term mis-descriptive of the character, quality, function, composition, or use of the goods
 - b. Are prospective purchasers likely to believe that the deception actually describes the goods
 - c. If so, is the deception likely to affect the decision to purchase
 2. Deceptive marks cannot be registered
 - ii. Deceptively Mis-descriptive
 1. Test
 - a. Is the mark mis-descriptive of a nature, characteristic, quality, function, composition, or use of the goods/services
 - b. If so, are prospective purchasers likely to believe that the mis-description actually describes the goods/services
 2. Deceptively mis-descriptive marks can be registered with a showing of secondary meaning

- iii. Geographically Deceptively Mis-descriptive
 - 1. Definition: Where the goods do not come from the place named and the public is likely to associate the goods with the place named
 - 2. Cannot be registered
 - 3. Wine products have more specific geographic regulations
 - h. Immoral, Scandalous or Deceptive Matter
 - i. Cannot be registered
 - ii. No intent required
 - iii. Is considered from the viewpoint of the referenced group
 - i. Likelihood of Confusion: is the public likely to be confused about the origin of the goods?
 - i. Important factors
 - 1. Marks: Similarly/dissimilarity of the marks (taken as a whole)
 - 2. Goods and services: Similarity/dissimilarity of the goods/services
 - 3. Trade channels: Similarity/dissimilarity of the trade channels
 - ii. Other factors
 - 1. Condition in which buyers will purchase the product (impulse vs. careful consideration)
 - 2. Renown
 - 3. Third party marks: number and nature of similar marks on similar goods
 - 4. Actual confusion
 - 5. Length of time of concurrent use without actual confusion
 - 6. Variety of goods in which the mark is/is not used
 - 7. Market interface between owners of the marks (consent; agreements designed to preclude confusion)
 - 8. Extent to which owner has a right to exclude others from use of the mark on their goods
 - 9. Extent of potential confusion
 - 10. Anything else
 - 11. Geographically remote users
- IV. Packaging and Configuration of Goods
 - a. Introduction: Two types of trade dress
 - i. Design and configuration: shape of the thing itself
 - ii. Packaging: what it comes in
 - b. Trade Dress and Distinctiveness
 - i. Requirements
 - 1. Distinctive
 - 2. Non-functional
 - ii. Two ways to show distinctiveness
 - 1. Inherent distinctiveness: intrinsic nature identifies the source
 - 2. Secondary meaning
 - iii. Colours can be trademarked (but may be found to be functional)
 - iv. Inherent distinctiveness and trade dress
 - 1. Packaging can be inherently distinctive
 - 2. Design cannot be inherently distinctive
 - c. Functionality
 - i. Types of Functionality
 - 1. Utilitarian
 - 2. Aesthetic (competitive need)
 - ii. Factors of Functionality
 - 1. Essential to use or purpose
 - 2. Affects quality or cost of the device
 - iii. Indicators of Functionality
 - 1. Existence of expired utility patent disclosing utilitarian nature of the design
 - 2. Number of other designs available
 - 3. Simple or cheap design/manufacture
 - iv. Functionality is a question of law

- v. Determine functionality based on the combination of features, not on individual features
 - d. Federal Pre-emption of State Law Trade Dress Protection
 - i. States cannot prohibit copying of that which federal law permits to be copied
 - ii. State laws protecting utilitarian aspects of a design are pre-empted by federal patent laws
- V. Infringement and Dilution
 - a. Infringement
 - i. Likelihood of Confusion (plus use in commerce for federal infringement)
 - b. Dilution
 - i. What is dilution
 - 1. Blurring of a product's identification
 - 2. Tarnishment of affirmative associations a mark has come to convey
 - ii. Federal dilution requires:
 - 1. A famous mark (fame is secondary meaning on steroids)
 - 2. Distinctiveness
 - 3. Commercial use beginning after the mark is famous
 - 4. Actual dilution
 - a. Loss of sales
 - b. Loss of market share
 - c. Identical marks
 - d. Survey evidence
 - iii. Federal dilution requires actual dilution
 - iv. Most state dilution permits likelihood of dilution
 - v. Dilution does not require any likelihood of confusion
 - vi. Policy: Unauthorized use of a trademark, even if not confusion, may still harm the mark by lessening its distinctiveness
 - vii. Fears of Dilution
 - 1. Trademarks are perpetual as long as they are used
 - 2. Exclusive right to use creates a monopoly
 - 3. Do not want to monopolize valuable words
- VI. Fair Use, Affirmative Defences, and Remedies
 - a. Policy: There are limits to which you can protect your mark.
 - b. Resale of Genuine Goods
 - i. Repackaged goods: People may repackage goods and identify the repackaged goods, truthfully, with the goods' trademarks
 - ii. Imported Goods:
 - 1. U.S. Customs will not seize foreign goods bearing marks on the primary register unless
 - a. Both foreign and U.S. marks are owned by the same entity
 - b. One of the companies is a subsidiary of the other or subject to common ownership/control
 - 2. Importation of goods that differ from U.S. goods with the same mark is prohibited absent a prominent label
 - iii. Repaired and Second-Hand Goods: People have a right to use a mark to identify goods even where those goods have been repaired or resold
 - c. Reference to Genuine Goods and Services
 - i. The Two Fair Uses
 - 1. Classic
 - a. Defendant uses plaintiff's mark to describe defendant's goods
 - 2. Nominative
 - a. Defendant uses plaintiff's mark to describe plaintiff's goods
 - b. Factors
 - i. Product in question is not readily identifiable without use of the mark
 - ii. Only enough of the mark was used as was reasonably necessary to identify the product

2. In personam jurisdiction: can seek damages
 3. In rem jurisdiction
 - a. Where obtained
 - i. Action is filed against the domain name
 - ii. Must be filed in judicial district where the registrar, registry, or registration authority is located
 - iii. Domain name violates a right of the mark's owner
 - iv. Court finds that owner
 1. Cannot obtain in personam jurisdiction in any judicial district over a person who could be a defendant
 2. Was unable through due diligence to find such a person
 - v. Domain name is located in a judicial district where
 1. the registrar, registry, or registration authority is located
 2. Documents sufficient to establish control and authority regarding the disposition of the registration/use are deposited with the court. Cannot be deposited in a jurisdiction without minimum contacts (*International Shoe*)
 - b. Remedies limited to forfeiture/cancellation of the domain name or transfer of the domain name.
 - c. Registrar/registry not liable for injunctive/monetary relief absent bad faith or reckless disregard (including wilful failure to comply with court order)
 4. Elements of bad faith
 - a. Trademark or other IP rights in the name
 - b. Extent to which domain name consists of the defendant's legal name or a name commonly used to identify the defendant
 - c. Prior use of the domain name in bona fide offering of goods/services
 - d. Bona fide non-commercial or fair use of the mark in a site accessible from the domain name
 - e. Intent to divert customers from the mark owner's website
 5. Safe harbour: where defendant has a good faith belief and reasonable grounds to believe that the use was fair or otherwise lawful
- b. Domain Name Dispute Resolution
 - i. Generally
 1. Failure to participate could result in default
 2. Not a technical arbitration under Administrative Procedure Act
 - ii. Elements
 1. Domain name identical or confusingly similar to a trademark/service name in which the complainant has rights
 2. Defendant has no rights or legitimate interests in respect of the domain name
 3. Domain name registered in bad faith
 - iii. Bad faith elements
 1. Defendant registered domain name primarily for purpose of selling it to complainant for profit
 2. Registered domain name in order to prevent mark owner from using the domain name (or a pattern of such conduct)
 3. Registered primarily for purpose of disrupting a competitor's business
 4. Attempted to attract Internet users for commercial gain by creating likelihood of confusion as to source, sponsorship, affiliation, or endorsement of web site or products available on web site
 - iv. Anyone who dislikes results can challenge it in a national court within 10 days of decision
 - v. Registrars/registries not liable if they have a policy in place

- c. Other Trademark/Unfair Competition Problems on the Internet
 - i. Initial interest confusion: no confusion as to source, but confusing to someone looking for the original mark; consumers may wind up staying at the confusing domain name's web site
 - ii. Interfering with Internet Communications: Spam
 - 1. Sending spam through ISP's server can be actionable under false designation of origin
 - 2. False designation of origin elements
 - a. Use of the plaintiff's designation
 - b. In interstate commerce
 - c. In connection with goods and services
 - d. Which designation is likely to cause confusion as to origin of the defendant's goods and services
 - e. Plaintiff is likely to be damaged by the acts
- VIII. Appropriation of Intangible Values Created by Another
- a. Right of Publicity
 - i. Elements
 - 1. Defendant appropriated plaintiff's name/likeness for the value associated with it (not an incidental manner or for newsworthy purpose)
 - 2. Plaintiff can be identified
 - 3. Some advantage or benefit to the defendant
 - ii. What can be protected
 - 1. Name or nickname
 - 2. Voice
 - 3. Picture
 - 4. Performing style
 - 5. Distinctive characteristics
 - iii. Use of likeness in parody may be protected speech
 - iv. Right of publicity will not be pre-empted by Copyright Act where the thing complained of is not subject to the copyright act
 - v. You can't use trademark law to extend a copyright
 - b. Misappropriation
 - i. Elements
 - 1. The plaintiff generates or collects information at some cost or expense
 - 2. Time-sensitive value of factual information
 - 3. Free-riding by defendants
 - 4. Defendant's use of the information is in direct competition with the plaintiff
 - 5. Threat to very existence of product/service offered by plaintiff
 - c. Pre-emption: An unfair competition claim will survive copyright pre-emption where there is an extra element not covered by copyright law
- IX. Competitor Remedies for False Advertising and Disparagement
- a. False advertising
 - i. Elements
 - 1. False statement of fact by defendant in defendant's ad about his product or plaintiff's product
 - 2. Statement actually deceived or had the tendency to deceive a statistically significant percentage of its audience
 - 3. Deception is material (likely to influence purchasing decision)
 - 4. Defendant caused ad to enter interstate commerce
 - 5. Plaintiff has been/likely to be injured as a result of the false statement
 - ii. Advertisement must be false on its face or ambiguous but likely to deceive customers
 - iii. Puffery is not actionable
 - iv. Monetary relief
 - 1. Profits lost by plaintiff on sales diverted to false advertiser
 - 2. Profits lost by plaintiff on sales made at reduced prices in response to false advertising

3. Cost of corrective advertising
 4. Quantifiable harm to plaintiff's goodwill
 5. Cannot simply be defendant's profits
- b. Disparagement
- i. Commercial Disparagement
 1. Disparaging statement of fact is untrue or disparaging statement of opinion is incorrect
 2. No privilege is attached (e.g. protected speech)
 3. Plaintiff suffered direct pecuniary loss as a result of the statement
 - ii. Commercial Speech (which is actionable)
 1. Is the speech an advertisement
 2. Does speech refer to a specific product or service
 3. Does speaker have economic motivation for speech
- X. Consumer Remedies for Deception and Other Unfair Trade Practices
- a. Federal Law Remedies
 - i. § 43 of the Lanham Act does not give consumers a private right of action.
 - b. State Law Remedies
 - i. Traditional Common Law and Statutory Remedies
 1. Buyers can bring an action against sellers for unfair dealings (failing to disclose a material fact that the buyer had a duty to disclose)
 - ii. State "Baby FTC" Statutes
 1. Consumers often have a private right of actions
 2. Various standards of proof required
 - a. Actual false statement
 - b. Mere omission
 - c. Knowledge of defect with silence
 - d. Actual knowledge of defect
 - e. Could/should have known
 - f. Would have been impossible to discover
 3. State statutes may not require
 - a. Intent
 - b. Scierter
 - c. Reasonable Reliance
 4. Class Actions
 - a. Prerequisites
 - i. Numerosity (class too large for joinder)
 - ii. Common questions of law and fact
 - iii. Claims/defences of named party are typical
 - iv. Representative parties fairly and adequately protect interests of the class
 - b. Problems of individual actions
 - i. Inconsistent adjudications
 - ii. Adjudications of one member dispositive of another member's claims
 - iii. Failure of opposing party to act on behalf of those similarly situated
 - iv. Common questions of law/fact predominate over other questions
 - c. Party seeking class has burden of proof
 - d. Some "baby FTC" statutes permit class actions, others do not
 - e. Arbitration
 - i. Arbitration is encouraged
 - ii. To resist arbitration where the contract has an arbitration clause, plaintiff must show
 1. Claims unsuitable for arbitration

2. Congress intended to preclude arbitration for the claims at issue

f. Contracts: When are the terms of a shrink-wrap license accepted and enforceable?

XI. Public Consumer Protection Activities

a. FTC Regulation of Deceptive Advertising and Other Unfair and Deceptive Practices: Unfairness

i. Elements

1. Substantial harm

2. Not outweighed by consumer/competitive benefits of the allegedly unfair practice

3. Consumers could not have reasonably avoided the harm

a. Anticipatory avoidance: consumers could anticipate the harm and take steps to avoid it

b. Mitigation: Consumers could mitigate the harm after the fact

ii. Proving unfair business practices requires intent; deception does not

iii. Non-deceptive breaches of contract are actionable

iv. Wide-scale unconscionable contracts are actionable

XII. Searching

a. Must run a trademark search prior to filing registration application

b. Failure to run a search is an indication of bad faith

c. Search federal registration, state marks, and common law (and Internet)

XIII. Prosecution

a. Procedure

i. File application

ii. Application examined within 6 months

iii. Examiner is attorney

iv. Examiner will issue rejection with reasoning

v. Applicant will have option to respond

vi. Final rejection?

vii. Appeal to the Board

b. No prosecution history estoppel

c. Use application should be only for goods the mark is actually being used on

d. Third party consent: Should not be naked consent; need explanation for no likelihood of confusion

e. Trademark Trial and Appeals Board

i. Decides only questions of registrability (right to obtain or maintain a trademark registration)

ii. TTAB's jurisdiction

1. Petitions for Cancellation (after a mark is registered)

2. Opposition Proceedings (while a mark is being registered)

3. Appeals from Examiner Rejections

4. Interferences

5. Concurrent Use