The TTAB in 2003: Fraud, Fame, and a Landmark Dilution Claim

PART I

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In the year 2003, the Trademark Trial and Appeal Board rendered some 600 decisions – in *ex parte* appeals from refusals to register and in *inter partes* opposition and cancellation proceedings – but it deemed only 21 of them citable.[1] The resultant ratio of 1 citable case per 30 or so decisions is slightly lower than in the past three years, despite urgings from the trademark bar that more TTAB decisions be designated as citable.

Perhaps the highlight of the TTAB year came in June in *NASDAQ Stock Market, Inc. v. Antartica, S.r.l.*, 69 USPQ2d 1718 (TTAB 2003), when the Board for the first time sustained a Section 43(c) dilution claim. Since its seminal decision in *Toro Co. v. ToroHead, Inc.*, 61 USPQ2d 1164 (TTAB 2001), which came two years after Congress made dilution an available ground for opposition and cancellation,[2] the Board has moved very slowly in developing its dilution jurisprudence. Thus the *NASDAQ* ruling is a welcome complement to the *Toro* decision.

In several cases, the Board chose not to consider a dilution claim after sustaining a likelihood of confusion claim, thus continuing to provide broad protection to "famous" marks under a Section 2(d) likelihood of confusion analysis. Heeding the CAFC's pronouncement that fame is a dominant *du Pont* factor, the Board has accorded dilution-like protection to such marks without applying the rigorous standards that *Toro* prescribed for dilution claims.

The issue of fraud garnered the Board's attention in several cases. In light of the high standard of proof required, the TTAB rarely finds fraud, but it did just that in three cases decided within a two-day span in May 2003. In two other cases it denied, because of inadequate proof, fraud claims involving the *bona fides* of intent-to-use applicants.

This paper does not attempt to categorize or discuss all of the decisions of the TTAB in 2003, but instead it reviews some of the more interesting issues that the Board considered during the year.

THE FIRST WINNING DILUTION CLAIM

In *NASDAQ v. Antartica*, the Board found the registered mark NASDAQ for securities trading services likely to be diluted by the mark NASDAQ & griffon[3] design for various clothing and sporting goods items.[4] Antartica's application was filed under Section 44 of the Lanham Act, and the mark had *not* been put into use.

The *NASDAQ* decision arrived just a few months after the Supreme Court decided *Moseley v. V Secret Catalogue, Inc.*, 65 USPQ2d 1801 (2003), resolving the split in the federal circuits as to whether the Federal Trademark Dilution Act requires a showing of actual dilution, or whether likelihood of dilution is sufficient. The Court ruled that one seeking relief in a civil action under the FTDA must prove *actual* dilution. Actual loss of sales or profits need not be shown, but a mere "likelihood of dilution" is insufficient.

In *Toro* the TTAB concluded in December 2001 that likelihood of dilution is the proper standard in TTAB proceedings – at least when the challenged mark has not yet been put into use. In *NASDAQ* the Board noted the *Moseley* ruling, but extended the holding of *Toro* to oppositions "alleging prospective dilution by a mark not yet in use and that is the subject of a Section 44 application" – i.e., the opposer may prevail upon a showing of likelihood of dilution.[5] *NASDAQ* at 1734.

The Board had "no difficulty" in finding the NASDAQ mark famous. First, the record showed that the NASDAQ mark had achieved fame prior to Applicant's priority filing date. Second, Opposer established fame under the more rigorous standard for dilution by providing the three types of evidence suggested by *Toro*: recognition of fame by the other party, intense media attention, and surveys.

Opposer Nasdaq's evidence on the issue of fame was staggering. It engaged in television, radio, and print advertising on a large scale throughout the 1990s. Its website received 7 million hits per day. Annual surveys commissioned by Opposer showed that investor awareness of the NASDAQ stock market rose from 20% in 1990 to more than 80% in 1999. Its stock tables have appeared in newspapers across the country, are reported on television, and are posted at numerous websites, and countless articles have been written about NASDAQ or its listed companies.

Antartica admitted that the NASDAQ mark had achieved some degree of fame, albeit only within the field of investing. Opposer proved through survey evidence that its widespread and frequent advertising resulted in recognition of NASDAQ by some three-quarters of investors. Moreover, dictionary references, magazine articles, and daily reports on opposer's stock market in print and broadcast media evidenced "very widespread recognition, beyond just investors."[6] *NASDAQ* at 1737.

The Board then turned to the critical issue of whether use of the Applicant's mark is likely to cause dilution by blurring,[7] thereby lessening the capacity of the NASDAQ mark to identify Opposer's stock market services.

The Board found the marks at issue to be "identical in sound and virtually identical in the visual and connotative impressions they create." *NASDAQ* at 1729. Antartica contended that in its mark, NASDAQ is an acronym for the Italian phrase "Nuovi Articoli Sportivi Di Alta Qualita,"[8] meaning "new, high quality sporting goods." The Board, however, noted that nothing in the record showed use of that phrase by Antartica, and further that the mark in the involved application did not include that phrase. As to the griffon design, the Board viewed it as "highly stylized and as not possessed of any particular, unmistakable connotation." *NASDAQ* at 1728.

Turning to the issue of whether dilution would likely occur, the Board noted the Supreme Court's suggestion in *Moseley* that "blurring requires one viewing the newcomer's mark either to conclude that the famous mark is now associated with a new product or service or to associate the famous mark with its owner less strongly or exclusively." *NASDAQ* at 1737, citing *Moseley*, 65 USPQ2d at 1808. Applying the three-factor test of *Toro*, the Board had "no difficulty in concluding that dilution would occur, even in the absence of survey evidence regarding consumer perception."[9] The marks are essentially identical, Opposer's mark was famous prior to Antartica's filing date, and the general public would not be likely to associate NASDAQ with an entity other than opposer.

> Rather, they "would wonder why another party could use a mark that they thought would have identified a unique, singular, or particular source." *NASDAQ* at 1737, quoting *Toro*, 61 USPQ2d at 1184.

In contrast with the TORO mark, NASDAQ is a term that is not a common word but a unique mark. As a consequence,

> members of the public familiar with opposer's mark, when encountering it in connection with applicant's goods, would either conclude that it was opposer's mark being used on or in connection with these products or would have to reach a contrary conclusion only by associating the mark less strongly with opposer. Either result would be blurring and would lessen the capacity of opposer's mark to identify goods and service having their source in opposer. *NASDAQ* at 1737, citing *Moseley*, 65 USPQ2d 1808.

Toro and *NASDAQ* currently stand as the two landmark dilution decisions in TTAB jurisprudence, but the full contours of the dilution landscape have yet to be shaped. The Board has thus far not determined what standard – likelihood of dilution or actual dilution – will apply if the allegedly diluting mark is already *in use*. Likewise, whether niche market fame[10] and whether dilution by tarnishment are encompassed by the FTDA remain open questions.[11] Legislative action may clarify some of these issues in the not too distant future.

PLAYING THE FAME GAME

In the four years that Section 43(c) anti-dilution relief has been available in opposition and cancellation proceedings, the TTAB has proceeded cautiously and deliberately in developing its dilution jurisprudence. It has been careful in choosing just which dilution claims it will hear, displaying a readiness to decline consideration of a perhaps unattractive dilution claim when the claimant owns a "famous" mark and has already established Section 2(d) likelihood of confusion.[12]

For example, in *Gillette Canada Co. v. Kivy Corp.*, Opposition No. 116,804 (January 29, 2003) [not citable], the Board sustained a Section 2(d) opposition, finding the mark ORAL MAGIC for a "non-electric toothbrush" likely to cause confusion with the registered mark ORAL-B for toothbrushes and other dental products. The record evidence established the fame of the ORAL-B mark under the fifth *du Pont* factor and the Board readily found confusion likely. However, the Board declined to reach the merits of Gillette Canada's dilution claim "in the interest of judicial economy."[13] (slip op., p. 13).

And *in House of Blues Brands Corp. v. Sylvia Woods, Inc.*, Opposition 117,309 (June 24, 2003) [not citable], the Board sustained a Section 2(d) opposition to registration of the mark HOUSE OF SOUL for entertainment and restaurant services, finding the mark likely to cause confusion with the mark HOUSE OF BLUES used and registered for, *inter alia*, bar and nightclub services. Opposer established, for likelihood of confusion purposes, the fame of its mark HOUSE OF BLUES in connection with restaurant and musical entertainment services purposes. Opposer also pleaded a dilution claim under Section 43(c), but the Board declined to reach that claim in light of its Section 2(d) holding.

Because Section 43(c) claims are typically coupled with Section 2(d) claims, the Board's inclination to decline consideration of a dilution claim while sustaining a likelihood of confusion claim probably means that it will be a long time before the contours of the dilution landscape are completely shaped.

From the point of view of the claimant, it is apparent that the owner of a "famous" mark may not need to plead and prove a Section 43(c) dilution claim – with its rigorous evidentiary requirements and its "truly famous" standard – in order to obtain broad protection for its mark. A Section 2(d) likelihood of confusion claim may suffice.

More than ten years ago, the CAFC declared in *Kenner Parker Toys Inc. v. Rose Art Indus. Inc.*, 22 USPQ2d 1453 (Fed Cir. 1992), *cert. den.*, 113 S.Ct. 181 (1992), that fame is a dominant *du Pont* factor. Just how dominant the fame factor may be is illustrated by *Recot, Inc. v. M.C. Becton*, 54 USPQ2d 1894 (Fed. Cir. 2000). In *Recot*, the CAFC reversed a Board decision finding no likelihood of confusion between the mark FRITO LAY for snack foods and FIDO LAY for edible dog treats. The appellate court remanded the case to the TTAB with directions to give "full weight" to the fame of Opposer's mark, reiterating that fame plays "a dominant role in the process of balancing the *du Pont* factors," and confirming that "famous marks thus enjoy a wide latitude of protection." 54 USPQ2d at 1897.

On remand (56 USPQ2d 1859 (TTAB 2000)), the TTAB sustained the opposition with apparent reluctance, ruling that the dissimilarity of the parties' goods was not sufficient to outweigh the evidentiary elements favoring Opposer: the fame of the FRITO LAY mark, the similarity of the two marks, and the nature of the goods as impulse-purchase items.

Two years later, in *Bose Corp. v. QSC Audio Prods., Inc.*, 63 USPQ2d 1303 (Fed. Cir. 2002), the CAFC again cast a disapproving eye on the TTAB's treatment of the *du Pont* fame factor. It reversed the TTAB's dismissal of Bose's opposition to registration of the mark POWERWAVE for amplifiers and power amplifiers. The Board had held the mark not confusingly similar to Bose's registered marks WAVE and ACOUSTIC WAVE for various audio products, including loudspeaker systems and music systems that include an amplifier. The appellate court ruled that the Board erred in several respects in its analysis of likelihood of confusion – in failing to accord fame to the Bose marks and in concluding that the goods of the parties were not related for purposes of the *du Pont* analysis. The CAFC observed that in *Recot*, the goods in question were "completely unrelated" in kind, yet likelihood of confusion was found:

> Thus, even if the goods in question are different from, and thus not related to, one another in kind, the same goods can be related in the mind of the consuming public as to the origin of the goods. It is this sense of relatedness that matters in the likelihood of confusion context. 63 USPQ2d at 1310 [quoting *Recot*, 54 USPQ2d at 1898].

A recent example of the broad protection accorded famous marks is found in *Nike, Inc. v. Pleasures of the Table, Inc.*, Opposition No. 115,293 (July 10, 2003) [not citable], in which the Board sustained a Section 2(d) opposition to registration of the mark shown here[14] ("bar and restaurant extraordinaire" disclaimed) for food preparation, distribution, and serving, and for restaurant, cocktail lounge, and catering services, finding the mark likely to cause confusion with various NIKE marks registered for footwear, clothing, and other products, and for retail store services. The Board concluded that restaurant services are a "logical expansion" of Nike's business, since Nike operates a food service at its conference centers as well as restaurants near its "NIKE World Campus" in Oregon (albeit not under the NIKE name). Nike did not make a Section 43(c) dilution claim.

The *Nike* decision demonstrates that the TTAB has gotten the CAFC's message loud and clear: protect famous marks! The *Nike* panel, after quoting the passage from *Bose* (via *Recot*) set forth immediately above, observed that

> [I]t is clear, with respect to the goods and services of the parties in this case, that applicant's identified services are different in kind from, but related in the minds of consumers to, opposer's identified goods or its retail store services. (slip op., p. 12).

To support its observation regarding relatedness "in the minds of consumers," the Board cited the record evidence that Opposer operates a food service at its conference centers, concluding that this service "is a logical expansion of opposer's business, certainly of its events and convention center services, into obvious collateral services." *Id.* at 14. The Board noted in passing that "there is no evidence indicating specifically when opposer began offering its restaurant services or when, or if, it began using the mark NIKE in connection with its restaurant and conference food center services." *Id.* at 8.

If restaurant and catering services are such a logical extension of Nike's business, why didn't Nike ever use its mark for those services? Perhaps it is because Nike considers itself a shoe company, not a food service company. And maybe that is exactly the way the consuming public thinks of Nike as well. The record was apparently devoid of evidence that any other person or entity sells footwear and offers food services under the same mark. One gets the feeling that the Board latched onto this "natural expansion" rationale in an attempt to provide some cover for the likelihood of confusion ruling that *Recot* and *Bose* seem to mandate. In any event, the result is a Board decision that is unconvincing in its reasoning and dubious in its result.

Now that a dilution remedy is available in TTAB oppositions and cancellations, is it still appropriate to give such broad protection to "famous" marks under Section 2(d)? Should the CAFC and the Board cut back on the scope of Section 2(d) protection and require that a trademark owner seeking broad protection for a "famous" mark run the Section 43(c) dilution gauntlet? The recent Board decision in *Wyeth v. Fempro, Inc.*, Opposition No. 91121800 (October 20, 2003) [not citable] provides an inkling that at least one Administrative Trademark Judge may have a concern with the scope of Section 2(d) protection. In *Wyeth*, a divided Board panel sustained a Section 2(d) opposition to registration of the mark FEMPRO & des. for "feminine hygienic products, namely, panty liners, sanitary napkins, tampons, absorbent pads," finding it likely to cause confusion with Wyeth's previously used mark PREMPRO for a hormone replacement pharmaceutical for use in treating the symptoms of menopause and in preventing osteoporosis. Applicant conceded the fame of the PREMPRO mark for Section 2(d) purposes in light of Wyeth's "extensive sales (recently over $700 million per year), advertising (around $75 million per year), and the tremendous success and growth of the PREMPRO product." The panel majority found the marks "more similar than dissimilar" and the goods "sufficiently similar" to support a finding of likelihood of confusion, "[g]iven the fame of Opposer's mark, and the long shadow it casts."

Dissenting Judge Rany L. Simms opined that confusion is not likely because of the "cumulative differences in the marks and the goods." He noted that Wyeth's goods are intended for older women, are prescribed by physicians after consultation, and are dispensed by pharmacists, whereas Fempro's products are sold over the counter to a different age group. Judge Simms contended that even though fame is a dominant *du Pont* factor, likelihood of confusion need not be found in every case involving a famous mark:

> ... while fame may play a dominant role, this does not mean that we must inevitably find confusion in all cases involving famous marks and, in so doing, disregard or give insufficient weight to the remaining relevant *du Pont* factors. (slip op., p. 31).

In any event, under the current state of the law the owner of a famous mark will surely not want to pin all its hopes on a Section 43(c) dilution claim. If Section 2(d) "fame" can be established – plainly a less burdensome task than meeting *Toro*'s "truly famous" requirement for anti-dilution relief – the owner may get the broad protection it desires, without the added expense of survey evidence and expert testimony that proof of a dilution claim will likely require. IPT

ENDNOTES

1. The Board's citable decisions, sooner or later, appear in the *United States Patent Quarterly*, as does an occasional uncitable decision. Final decisions are available in .pdf format at the TTAB website, but uncitable interlocutory decisions

usually appear only in slip form. The decisions discussed in this paper that are not citable are so identified.

2. Section 2 of the Trademark Amendments Act of 1999 (TAA), Pub. L. No. 106-43, 113 Stat. 218, amended Sections 13 and 14 of the Lanham Act to require the TTAB to consider dilution under the Federal Trademark Dilution Act (FTDA) as a ground for opposition and cancellation. The FTDA, 109 Stat. 985, is codified at Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

3. According to *Merriam-Webster's Collegiate Dictionary* (10th ed. 1997), a griffon is "a mythical animal typically having the head, forepart, and wings of an eagle and the body, hind legs, and tail of a lion." The word is alternatively spelled "griffin."

4. The Board also sustained Opposer's Section 2(d) likelihood of confusion claim, noting that Opposer "has clearly moved into collateral merchandising and into sponsorship of various sporting events." *NASDAQ* at 1733.

5. Unresolved is the question of what standard applies in an opposition against an application for a mark that is in use: does an actual dilution standard apply? What if the mark has been put into use, but only on a limited basis? Or imagine a civil action that includes a claim for dilution under Section 43(c) coupled with a Section 37 claim for cancellation of a registration for the diluting mark. Would the court apply an "actual dilution" standard to the claim for damages and/or injunctive relief under Section 43(c), but a "likelihood of dilution" standard to the cancellation claim under Section 37?

6. The Board pointed out that the portion of the general public "invested" in stocks through retirement funds, employee stock funds, etc., is a large percentage of the American public. *NASDAQ* at 1737, n. 32.

7. Although in *Toro*, the Board stated in dictum that the FTDA affords a remedy for both blurring and tarnishment (*Toro* at 1182), the Supreme Court's decision in *Moseley* strongly suggested that the FTDA does not embrace tarnishment; the Court contrasted state dilution statutes that expressly refer to both "injury to business reputation" and "dilution of the distinctive quality of a trade name or trademark," with the FTDA, which refers only to the latter. *Moseley* at 1807. In *NASDAQ,* the Board summarized the Supreme Court's observation in *Moseley* regarding tarnishment as follows: "state dilution statutes provide that tarnishment and blurring are actionable, while the FTDA arguably refers only to the latter." *NASDAQ* at 1737.

8. Antartica's assertion regarding the origin of its NASDAQ mark was subject to question: "the purported significance of NASDAQ appears concocted." *NASDAQ* at 1733. Prior to switching to the NASDAQ mark, Opposer had been using the mark NAFTA.

9. Citing *Moseley*, 65 USPQ2d at 1808: "It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can be reliably proven through circumstantial evidence – the obvious case is one where the junior and senior marks are identical." *NASDAQ* at 1737, n. 33.

10. The question of whether "niche market fame" is protected by Section 43(c) may not be of much practical importance given the broad protection accorded famous marks under 2(d), as discussed *infra*. If the allegedly diluting mark is used in the same field of trade as the famous mark (as required by *Toro* in its brief discussion of this subject, 66 USPQ2d at 1182), surely the Board would find likelihood of confusion.

11. For a more complete discussion of the current state of TTAB dilution jurisprudence, *see* John L. Welch, *Dilution at the TTAB: What to Prove and How to Prove It*, 17 ALLEN'S TRADEMARK DIGEST 7, 9-19 (January 2004).

12. Arguably, proper judicial procedure would have the Board decide the dilution issue as well as the likelihood of confusion issue, because if the decision on the Section 2(d) claim is reversed or vacated on appeal, the dilution claim may reemerge before the Board and may later reach the appellate court. Thus judicial efficiency suggests that the Board decide both issues so that the appellate court may review both in the same appeal.

13. Note that the "interest of judicial economy" did not deter the Board from sustaining Nasdaq's dilution claim, even though the Board also found likelihood of confusion.

14. Nike is the Greek goddess of victory, and the figure depicted in Applicant's mark is similar to a sculpture, "Nike of Samothrace," located in the Louvre Museum in Paris. (slip op. at 9).

Marger Johnson & McCollom's Jerry Marger Appointed to University of Akron School of Law's Intellectual Property Law Advisory Council

Jerry Marger, Senior Counsel with intellectual property law firm *Marger Johnson & McCollom*, has been appointed to the Intellectual Property Advisory Council of The University of Akron's School of Law. Marger joins a distinguished IP Advisory Council which includes, among others, the Chief Judge for the U.S. Court of Appeals for the Federal Circuit, a former Commissioner of Patents and Trademarks, a former Register of Copyrights, a former long-time Congressman, two noted trademark authors, and a National Inventor's Hall of Fame inductee.

Marger, a graduate of the University of Akron School of Law, was chosen for his distinguished 30-year career in intellectual property law, broad industry experience, and diverse background as both in-house and outside counsel. Marger will contribute to the Council's mission to continuously strengthen the University of Akron's IP law program, which soon will become one of an elite group that offers an IP LLM program – an advanced law degree specializing in intellectual property.

"We are delighted Jerry agreed to join our IP Advisory Council," says Jeffrey Samuels, director, The University of Akron, School of Law, Intellectual Property and Technology Center and former Assistant Commissioner of Patents and Trademarks. "He brings a wealth of experience and expertise which will help us move our program forward."

Marger co-founded Portland-based Marger Johnson & McCollom, now the top-ranking patent law firm headquartered in Oregon. In addition to more than 20 years in private law practice, Marger's intellectual property law background includes substantial experience in the IP law departments of Crown Zellerbach Corporation and the B.F. Goodrich Company, and in science and engineering at Diamond Shamrock Corp. and E.R. Squibb & Co.