

### **Apple Stew**

Apple Inc.'s January 16<sup>th</sup> Notice of Opposition to New York City's trademark application for the GreenNYC apple-shaped logo is currently attracting harsh criticism and stirring much debate.



The opposed trademark is intended for New York City's new campaign to raise environmental awareness, and it is starting to appear on everything from hybrid gasoline-electric taxicabs to recyclable grocery bags.

Apple points out in its opposition that it has extensively used and advertised the

Apple logo since at least 1977, and that today Apple is one of the best-known and most valuable brands in the world. On a local level, since 2002 Apple has opened three retail stores in Manhattan which are quickly becoming popular tourist attractions. Due to the allegedly similar appearance and commercial impressions of the two marks, the similarity of goods and services, the likelihood of confusion and risk of dilution of the Apple logo's distinctiveness, Apple believes it will be damaged by the issuance of the applicant's trademark.

No doubt this is not the last dispute that will arise in the Go-Green craze. The word "green" appeared in 2400 trademark applications in 2007, doubling the number of its appearances in 2006 and becoming the most popular word in all 2007 applications.

### **Catalogs as Specimens of Use**

In a recent non-precedential decision the TTAB once again ruled against the use of catalogs as an acceptable specimen of use in connection with goods. The ruling of *In re U.S. Tsubaki, Inc.* distinguished prior decisions in which use of catalogs as specimens of use had been allowed, stating that, since the specimen included "no sales form, no pricing information, no offers to accept orders, and no special instructions for placing orders anywhere on the specimen", it did not qualify as a point of sale display.

The specimen submitted by the applicant, Tsubaki, was a page from a catalog, containing a photograph of the goods (roller chains and power transmission components), the trademark, and the applicant's phone number and domain name. The sticking point was whether or not the specimen included the information a consumer would need to order the goods, thereby removing it from the realm of mere advertisement, into the acceptable format of "point of sale displays." In addition to the requirement that a catalog

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### **After the Land Rushes, a Deluge**

At its recent Board meeting, the Internet Corporation for Assigned Names and Numbers (ICANN) approved the creation of additional gTLDs (generic top-level domains), potentially allowing anyone who meets the requirements to operate a gTLD.

The number of TLDs has previously been limited to 21 gTLDs, such as .com, .org, .net, .gov, .asia, along with approximately

250 different ccTLDs (country-code top-level domains). The new proposal will allow any public or private organization to register any string of letters as a gTLD.

This expansion has the potential for allowing companies to register their brands as gTLDs, such as .msn for Microsoft, or .mac for Apple. It is also likely that a number of cities will operate gTLDs, such as .berlin, .paris,

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### **J&J Cross with Red Cross**

A New York federal judge recently ruled in *Johnson & Johnson v. The American National Red Cross*, 07 Civ. 7061 that the American Red Cross did not violate federal law or international treaties when it licensed four companies in 2005 to manufacture and sell products bearing its Red Cross logo.

In 2007, Johnson and Johnson ("J&J") sued the American Red Cross ("ARC"), claiming that its licensing agreements with Target, Wal-Mart, Walgreens, and CVS all of whom also sell Johnson & Johnson products constituted both a criminal offense and a violation of the Geneva Conventions. J&J also claimed that licensing the Red Cross trademark to retailers with whom it already conducts business constituted tortious interference with its contractual relations. Defendants then filed a counterclaim, alleging that J&J's use of the mark is a criminal violation of the same statute that J&J accused ARC of violating.

In a May 15<sup>th</sup> decision, Judge Rakoff ruled on summary judgment motions filed by J&J, ARC and its licensees as codefendants. The decision held that use of the Red Cross logo neither violated federal statute criminalizing fraudulent use of the mark nor ARC's 1910 amended congressional charter. Judge Rakoff also ruled that while the Geneva Conventions discourage commercial use of the mark, claiming that it lessens the spiritual significance of the emblem and its connotation with relief aid, such use is not banned in the treaties. Judge Rakoff also dismissed defendants' counterclaim, as J&J is one of several corporations whose use of the Red Cross logo predates ARC's federal charter, and J&J's use of the Red Cross logo is not substantially different today. The one issue remaining for trial is whether ARC's contracts with the four retailers constituted tortious interference.

### **Catalogs as Specimens of Use**

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contain a photograph of the goods and display the mark near the goods, it must also include "an offer to accept orders or instructions on how to place an order." TMEP§904.03(h) (5<sup>th</sup> ed. 2007).

The applicant argued that the specimen did include a contact number that was used by customers to place orders. Furthermore, in quoting a 2007 TTAB decision the applicant argued that its goods are not the type that would make an order form suitable. *In re Valenite Inc.*, 83 USPQ2d 1345 (TTAB 2007). Rather, consumers knew it was necessary to place orders over the phone where technical assistance can be provided to ensure the correct selection, so detailed ordering instructions were unnecessary. The board rejected this argument.

In support of its ruling, the board distinguished the *Valenite* ruling. In *Valenite*, the applicant also sought registration for a mark in connection with highly technical goods, "tools for power operated metal cutting machines." In that case, the board accepted a catalog page when the applicant was able to successfully show that its business was not one in which order forms were suitable by submitting a declaration attesting that the selection of the appropriate product would require significant technical assistance and consultation. Consequently, the combination of the technical information on the website and the customer service number were found to be a suitable invitation and to contain sufficient information to allow consumers to purchase the goods. In the present case, however, the Board found that there was no evidence that order forms were not appropriate or that customers "know that orders are placed over the phone." First, unlike in *Valenite*, there was no evidence about the manner in which relevant customers typically purchase

chains to support conclusory statements in the applicant's brief. Secondly, the specimen did not contain technical information or specification sheets, while the specimen in *Valenite* did contain such information. Third, the board found that the catalog page was more akin to a "fact sheet, catalog page, or brochure" rather than a point of sale display. This particular catalog page did not contain any pricing information and, in line with a prior decision *In re MediaShare Corp.*, the board found that the specimen did not constitute a point of sale display. 43 USPQ2d at 1306.

While not citable as precedent, this recent decision does explain USPTO examination standards for acceptable specimens and clarifies circumstances in which a catalog is considered acceptable proof of use.

### **Deluge**

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or .nyc. Although trademarks will not be automatically reserved, an objection-based mechanism for trademark owners to argue for protection will be considered. In addition to objections based on rights infringement or confusing similarity of the gTLD name, objections will likely also be available against a gTLD name based on moral judgments. Disputes will be resolved through a yet to be determined independent dispute resolution provider, or an auction for competing applications. Even non-contentious gTLD applications will have to pass through application, evaluation, delegation and approval phases.

It is anticipated that the final version of the implementation plan will be published in early 2009, with applications for new names being available in mid-2009. The cost for applying for a new gTLD has not been set, but is expected to range from \$100,000 to \$500,000. Any business or organization applying must also prove that it is capable of managing a gTLD or

can reach an agreement with a company that will.

Whether the expansion of gTLDs will have a positive or negative effect on the use of the internet is open to great debate. Previous expansion of the gTLD space to include such suffixes as .biz and .travel, has had limited success in drawing internet users away from the .com space. It remains to be seen if these new niche gTLDs will succeed in attracting direct internet traffic, or whether they will be primarily reachable through search engine listings. Corporations will need to strategically plan the extent of their offensive and defensive domain name acquisitions, and to continue policing their rights against infringing and cyber-squatting activity on the internet.

### **"Two Stripes and You're Out!" Says Adidas**

Two recent trademark infringement cases have attacked the legality of products sold at Payless ShoeSource ("Payless"), a shoe store known for selling name brand look-alikes at discount prices.

Adidas AG alleged in 2001 that Collective Brands, the owner of Payless, sold 272 different models of shoes that infringed Adidas's three-stripe logo. Adidas declared that the three-stripe logo was equivalent to the Adidas brand itself, and pointed out the popularity of the mark worldwide. While Payless never sold shoes bearing an exact replica of the three-stripe design, a jury found on May 5, 2008, that shoes with both two and four stripes infringed the Adidas mark, and that all but one of the 272 models to which Adidas objected infringed the company's trademark. The jury awarded Adidas \$305 million in actual and punitive damages and ordered Payless to disgorge profits of \$137 million. The jury awarded punitive damages upon finding that Collective Brands willfully infringed Adidas's

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**Stripes**

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trademark and recklessly disregarded its intellectual property rights. Collective Brands, claiming the award is excessive and unreasonable, has asked the judge to overrule or reduce the amount awarded.

K-Swiss, a California-based company that makes tennis shoes bearing a five-stripe design, announced on June 27, 2008, that it reached a \$30 million settlement agreement with Collective Brands following claims that Collective Brands is also selling shoes that infringe

the K-Swiss trademark. Collective Brands agreed not to sell or advertise confusingly-similar products, and it has until the end of the year to sell existing inventory.

Collective Brands is not the first company to mimic the three-stripe logo, although the sheer quantity of its similar models and its large profits from look-alike shoes make it an attractive target for Adidas.

In hopes that it will receive additional favorable rulings with respect to look-alike products, Adidas has recently

sued Walmart. It claims that Walmart's tennis shoes bearing two- and four-stripe designs amount to infringement of Adidas's trademark. Walmart is one of three dozen retailers Adidas has sued in infringement claims in the United States and Europe since 1999.

As the world's second largest sporting-goods maker, second only to Nike, Adidas is trying to protect what has become one of the most valuable and well-known trademarks worldwide.