

These 10 Decisions Remade The Trademark Landscape

By **Bill Donahue**

Law360 (July 17, 2020, 7:21 PM EDT) -- The U.S. Supreme Court churned out a slew of trademark and copyright decisions this term, but the most important rulings of the last decade were more often issued by lower courts. Here, Law360 ranks the blockbuster decisions, at the high court and beyond, that shaped trademark law into what it is today.

10. Twentieth Century Fox v. Empire Distribution

The Ninth Circuit's 2017 ruling re-affirmed, and perhaps expanded, the idea that the First Amendment protects the mostly unfettered use of trademarks in expressive works.

Citing free speech concerns, courts have made it nearly impossible to sue over the use of trademarks in creative works, like books and movies. Under a doctrine known as the Rogers test, courts will dismiss such cases unless an accuser can prove its trademark is completely irrelevant to the work, or that the author is using it to explicitly mislead consumers.

The Ninth Circuit's ruling, on a lawsuit filed by a real-life "Empire" record label over Fox's music-centric drama of the same name, applied the Rogers test not only to the television show but also to real-life merchandise and promotions — a holding that some critics said had possibly expanded the doctrine too far.

"In other words, the Rogers doctrine was extended to commercial speech necessary to promote the expressive work itself," said Jane Wald, the chair of the trademark practice at Irell & Manella LLP. "This is a dramatic extension of the ever-expanding doctrine. What is the outer limit on promotional efforts?"

Read the full opinion **HERE**.

9. Gucci v. Li

The Second Circuit's 2014 ruling weighed in on when American courts can — and when they can't — pry into foreign banks that are holding money that was allegedly earned via counterfeiting.

Ruling against Gucci, the appeals court said U.S. courts lacked the necessary general jurisdiction to force the Bank of China to comply with discovery demands, but left the door open for brand owners to argue that courts can do so by invoking specific personal jurisdiction.

The next year, a Manhattan federal judge did exactly that, creating a route for brand owners to pursue that kind of money.

"Counterfeiting is an ever-growing threat to both trademark owners and consumers," said Howard S. Hogan, a partner at Gibson Dunn & Crutcher LLP and one of the attorneys who represented Gucci in the case. "The powers endorsed by the Second Circuit in Gucci are critical to addressing the problem of counterfeiting."

Read the full opinion [HERE](#).

8. Multi Time Machine v. Amazon.com

The Ninth Circuit's 2015 ruling sharply limited "initial interest confusion" — a doctrine that allows for a finding of trademark infringement even if a consumer's confusion is dispelled by the time they buy a product.

The idea behind the doctrine is that there's real value in grabbing a consumer's attention by wrongfully using a trademark, but critics say it grants overbroad rights where real deception is ultimately unlikely.

Multi Time Machine sued Amazon for displaying other companies' watches when consumers searched for MTM's expensive military-style timepieces, but the court ruled that it would be "unreasonable to suppose that the reasonably prudent consumer accustomed to shopping online would be confused."

According to Mark McKenna, a professor at Notre Dame Law School, the ruling is emblematic of a line of cases that hemmed in the use of the doctrine in the digital world.

"Those cases refuse to accept as evidence of initial interest confusion the mere fact of searching using a keyword," McKenna said. "They instead emphasize the context of the ads that appear after the search and determine confusion based on those results."

Read the full opinion [HERE](#).

7. Louis Vuitton v. Akanoc Solutions

The Ninth Circuit's 2011 ruling made clear that online service providers cannot simply turn a blind eye if a website is being used to sell infringing goods.

Siding with Louis Vuitton against a company that hosted websites used to sell fake goods, the appeals court said a brand owner doesn't need to prove such companies intended to assist in the counterfeiting — only that they kept a site running after being put on constructive notice.

The ruling, and those that came after that applied it, gave brand owners more power to shut down the online sale of infringing goods, particularly those coming from untraceable international sources.

"These rulings provide the leverage brand owners needed to demand that web hosting companies deactivate a website selling infringing goods," said Dyan Finguerra-DuCharme, a partner at Pryor Cashman LLP. "Another important impact of these rulings is that they provide a means to sue a defendant in the U.S. when the actual website operator is based overseas."

Read the full opinion [HERE](#).

6. **Matal v. Tam**

The U.S. Supreme Court's 2017 ruling on "disparaging" trademarks was a bigger news story than trademark ruling, implicating a billion-dollar sports franchise and weighty questions about free speech and racism, but offering little day-to-day impact for brand owners.

The ruling struck down a little-used provision of the federal Lanham Act that barred the registration of trademarks that "disparage" groups of people. The justices said a ban on such trademarks discriminates against certain unpopular viewpoints.

"It offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend," Justice Samuel Alito wrote.

The ruling drew headlines for its impact on Washington, D.C.'s NFL football team, which saw its registrations revoked in 2014 under the same rule. But it was directly a win for The Slants, an Oregon rock band founded by Asian-Americans who wanted to reclaim that slur for their name.

Three years later, with the football team now in the process of dropping its name amid a national reckoning with racism, the ruling has taken on new meaning.

"The decision can be seen as a reflection of a particular moment within the broader society, as previously marginalized groups have moved to reclaim disparaging terms as assertions of positive self-identities," said Claudia Ray, a partner at Kirkland & Ellis LLP. "It can be seen as part of a continuum leading to where we are now, as society reevaluates how it views, and treats, members of underrepresented groups."

Read the full opinion [HERE](#).

5. **Iancu v. Brunetti**

The U.S. Supreme Court's 2019 sequel to *Matal v. Tam* struck down a similar ban on the registration of profane or lewd trademarks on roughly the same grounds, but it also underscored the original and potentially set the stage for more constitutional challenges to the Lanham Act.

Directly applying the earlier ruling, the justices said the ban on "immoral or scandalous" material was an unconstitutional form of discrimination against viewpoint, something rarely allowed under the First Amendment.

The decision was about as cut-and-dried as it could have been, declining to delve much into practicalities or into the USPTO's purported interest in refusing to register offensive terms.

"The statute, on its face, distinguishes between two opposed sets of ideas: those aligned with conventional moral standards and those hostile to them; those inducing societal nods of approval and those provoking offense and condemnation," Justice Elena Kagan wrote. "The statute favors the former, and disfavors the latter."

Like the court's earlier ruling, the decision had more to do with the First Amendment than pure trademark law, but taken together, Tam and Brunetti have experts wondering if other provisions of the Lanham Act might soon face similar battles.

"The Supreme Court has opened up a pathway that some restrictions on registration might be unconstitutional," said Jeanne Fromer, a professor at New York University School of Law. "As a result, I expect there will be more constitutional challenges to trademark law going forward."

Read the full opinion [HERE](#).

4. Herb Reed v. Florida Entertainment

The Ninth Circuit's 2013 decision said that trademark owners cannot win an injunction without showing evidence of so-called irreparable harm, overturning a longstanding "presumption" and making it harder to win such crucial court orders.

Applying a 2006 patent ruling by the U.S. Supreme Court to the Lanham Act for the first time, the Ninth Circuit said that judges cannot presume that a brand owner will be injured simply because they will likely prove infringement.

Rather than a "cursory and conclusory" approach to showing such harm, the appeals court said plaintiffs must prove it separately from proving they will likely win a case — a tougher test than trademark owners used to face.

The ruling shifted how courts allow brand owners to wield one of their key weapons. Unlike patent cases that can lead to big damages awards, trademark cases often begin and end with battles over preliminary injunctions.

The decision also raised difficult questions. It's easy to say more evidence of harm is needed, but harder to figure out what exactly that means in the trademark context, where harm often flows from the very same consumer confusion used to establish infringement.

"It has gone as far as any circuit in requiring proof of actual harm for a preliminary injunction in a trademark infringement case," said John G. Froemming, a partner at Jones Day, of the Ninth Circuit and the Herb Reed ruling. "If a plaintiff really needs a preliminary injunction and has a choice of forums, it should consider not applying in the Ninth."

Read the full opinion [HERE](#).

3. Louboutin v. Yves St. Laurent

The Second Circuit's 2012 ruling was the decade's blockbuster on trade dress and colors, affirming that single colors can serve as trademarks in the fashion industry.

Overturning a district court that had said an individual color could never serve as a trademark in the fashion business, the appeals court said Louboutin could claim exclusive rights to its iconic red-sole shoe.

The court rejected the idea that colors, when used on apparel and footwear, are "aesthetically

functional" — that they cannot be locked up under trademark law because competing companies need to use them.

But the Second Circuit was careful to say such trademarks will be narrow. Louboutin's trademark, the court ruled, only covered a red sole that contrasted with the color of the rest of the shoe — meaning the company couldn't use it to block YSL from putting red soles on a red pump.

"The Second Circuit decision was important to brand owners because it affirmed the protectability of single color marks in the fashion industry in a case of first impression," said Jennifer Lee Taylor, the head of the trademarks group at Morrison & Foerster LLP.

"The lasting legacy," Taylor said, "is that we are seeing more companies asserting single color trademarks, in the fashion industry and elsewhere, and aggressively filing infringement actions based upon these claims."

Read the full opinion [HERE](#).

2. B&B Hardware v. Hargis Industries

The full impact of the U.S. Supreme Court's 2015 ruling remains one of trademark law's difficult-to-answer questions.

There's no doubt that the high court's holding — that decisions by the Trademark Trial and Appeal Board can sometimes later be binding on a federal court weighing the same questions — was important to trademark litigants.

Trademark owners routinely litigate the same dispute in both venues, often filing cases in the TTAB and then moving to federal court when things get serious. If a decision by the board can foreclose arguments in court, brand owners may feel the need to treat TTAB cases like the real deal or skip them entirely.

"The result is that proceedings before the TTAB are now more expensive, more time consuming, and potentially less valuable than in the past," said David H. Bernstein, the head of the intellectual property group at Debevoise & Plimpton LLP.

But by its very nature, the full effect of a ruling like B&B might be happening in ways that cannot be seen.

"We may never know its true scope because its greatest impact may have been behavioral, and thus not visible in later decisions," said Ray, the Kirkland partner. "Parties and their counsel may be voting with their feet and going straight to federal court rather than taking their chances at the TTAB given the possibility of later preemption."

Read the full opinion [HERE](#).

1. Tiffany v. eBay

For better or for worse, the Second Circuit's 2010 ruling laid down the legal framework for how online marketplaces like eBay must police infringing goods on their platforms, creating a court-crafted version of notice-and-takedown for the trademark realm.

For the first time, the ruling said that sites should only face secondary liability if they're aware of specific instances of infringing goods and fail to take action. More generalized knowledge of infringement on their platform, the court said, was not enough.

"The Second Circuit allowed online commerce to operate without extraordinary burden on intermediaries to police their marketplace for counterfeit goods, while nonetheless remaining sensitive to the problems of counterfeit goods," said Fromer, the NYU professor.

The approach endorsed by the court echoes the Digital Millennium Copyright Act's system for policing online copyright infringement. A decade later, whether that approach still makes sense is up for some debate, and federal lawmakers are mulling a statutory update.

"Although some platforms have explored improved technology, others have not because the Tiffany standard essentially froze the law," said Megan K. Bannigan, a partner at Debevoise & Plimpton LLP.

"By focusing exclusively on specific knowledge rather than on what the platform should reasonably be able to anticipate through technology or some other source, Tiffany enshrined a standard that is no longer appropriate for the modern online world," Bannigan said.

Read the full opinion **[HERE](#)**.

--Editing by Kelly Duncan.