**TRADEMARKS/TRADE DRESS FALL 2009/KRIEGER**

* A Trademark is a device used by a merchant to identify its good or services and to distinguish them from those of others.

EX: COCA-COLA, PEPSI-COLA, PLAYBOY, NY YANKEES, MR. PEANUT

* Trademarks can be any identifying symbol, most have one or two words. Those words may be written in a particular format using special fonts or in a particular color scheme, but usually, a merchant is entitled to claim exclusive protection for the words regardless of the format they are written in.
* Trademark protection fosters competition and maintains the quality of competition by securing to the producer the benefits of his/her good reputation
* A Trademark can also be a picture, symbol, sound (ex: NBC chime), logo, or scent. It can also be a combination of a word and symbol, etc. (a “composite” mark)
* Trade Dress- in recent years, firms have sought, and obtained, trademark protection for the overall shape and design of the packaging in which their product is sold, or trade dress, and often for the shape and design of the product itself, and also for the architecture and décor of the building (Taco Cabana) where their services are provided.

EX:

1. Hershey kiss
2. Mr. Peanut
   * + **Trade Dress is protected because it is either:**
3. **Inherently distinctive; or**
4. **Has acquired secondary meaning**
   * + - * **FUNCTIONALITY is the key factor with trade dress**

(ex: Tour 18 golf courses designs were functional and not protectable)

* + - * + If trade dress is functional, it is not registerable
* Like other forms of intellectual property, trademarks can be licensed, or sold outright to other parties, but there are certain technical requirements with such transactions
* If a party desires to obtain trademark protection outside the United States if must apply for that protection in each nation where it plans to do business. There is no single application method to obtain trademark protection in multiple nations.
* Trademarks are governed by the Savings Clause in the Constitution, federal laws like the LANHAM ACT, and state laws (little Lanham Acts), the common law that states usually follows is the Restatement of Unfair Competition. The anti-dilution statute in the Lanham Act evolved from state law.
* Rights to trademark protection can be created by USE, so you do not have to register the trademark to have enforceable rights. However, there are certain benefits associated with registering the mark that should be considered (can go to federal court without diversity, and can get treble damages)
* Types of Trademarks:

1. Trademark on product (trade dress)
2. Service mark
3. Certification mark (EX: PG-13)
4. Collective mark (ex: fraternity/sorority)

* It is important to avoid a generic name because you can lose your protection. Some trademarks that have lost protection due to being generic are:

1. Aspirin
2. Yo-yo
3. Escalator
4. Cellophane
5. **LANHAM ACT**

* Section 2 – bars to registration
* Section 1127 – definitions
* Section 1051- application for federal registration
* Section 1052 – trade dress
* Section 1064(3) – can cancel the mark if it is generic; Primary Significance Test
* Section 1115 – Incontestability and defenses to
* Section 13—standing
* Section 33—Infringement defenses
* Section 1125(c)—Dilution by blurring and tarnishment.
* Section 1055 – Must have some control over licensee
* Section 2(d) – factors for confusing names

1. **UNFAIR COMPETITION**

* Section 43 and 43A (15 U.S.C. 1125A) – federal unfair competition statute, protects unregistered marks
* Unfair competition is a BROAD tort
* The general principle is that effective competition is important to the public
* Unfair competition involves “passing off” and “palming off” which connote a degree of deliberate fraud or trickery. Here, parties pass off their goods as those of another party.
* An ***intent to deceive* or *bad faith*** must be present
* Unfair competition encompasses all forms of illegitimate business practices
* Restatement sections 766, 766A, 766B
* KRIEGER- just show business methods violated the code conduct for normal business practices
* Trademark infringement is one type of unfair competition
* *Schoolmasters case*- people have a right to enter market and compete
* *Tuttle v. Buck*- here a banker opened a barber shop just to put another barber out of practice. The plaintiff is really alleging defamation in this case. The central inquiry was whether the defendant intended to terminate the business after putting the barber out of business.
* *Price v. Sorrell*- plaintiff must show *prima facie* case
* *Echo Travel v. Travel Associates*- involved Wisconsin common law of unfair competition. Echo sued the defendant alleging they had attempted to “pass off” its vacation tour services as those of Echo by distributing and using a promotional poster which was substantially identical to a poster used by Echo. The issue was whether Echo’s posters had acquired secondary meaning. Evidence was presented.

Direct evidence— consumer testimony and surveys.

Circumstantial evidence—exclusivity, length, and manner of use; amount spent in advertising; amount of sales and number of customers; established place in the market; proof of intentional copying.

The court did not admit the affidavits because it was not the relevant consumers because they did not intend to purchase the product within a certain time period. The court held that Echo hadn’t proved a **NEXUS** between the sales and the posters. Secondary meaning in this case had not been acquired.

2 prongs of unfair competition:

1. Validity of mark in question
   * + Shown by inherent distinctiveness or secondary meaning
2. Infringement
3. **ACQUIRING TRADEMARK RIGHTS**

* There is a dual federal/state system whereby parties can obtain trademark rights
* Trademarks are for the benefit of consumers in that they provide certainty and predictability, but protect the commercial class
* Ways to acquire rights:

1. Through USE at common law
2. Registering at federal level
3. Registering at state level

WHICH COURT SYSTEM APPLIES?

1. Federal Court – registered marks per section 1114. Also, unregistered marks can get to federal court if:
2. False designation origin under section 1125(a);
3. Federal question claim coupled with a state claim (unfair competition, etc.), 28 U.S.C. 1367
4. Can sue in state court under Lanham Act and remove to federal court because of diversity
   * *Int’l Order Joes Daughters v. Lindeburg*- there is no federal common law with trademarks
5. State Court – unregistered marks.
6. **Obtaining Trademark Rights at Common Law Through Use**

* At common law, a firm cannot receive legal protection for a mark until it begins to associate the desired mark with its own particular brand of goods or services—in other words, it must begin the process of building goodwill and educating the public about what the mark is going to represent. In the usual case, this means that the mark must “travel with the goods” into the marketplace so as to begin the process of familiarizing the public about what the mark stands for.
* ™ is the sign for a mark with common law protection or one registered on the state level
* The first party to “properly” use the mark will usually be deemed the owner
* Look at section 1127 under definitions in Lanham Act to see how “use” is defined
* Restatement 3d section 18 – a designation is “used” as a trademark…when the designation is displayed or otherwise made known to prospective purchasers in the ordinary course of business in a manner that associates the designation with the goods, services, or business or the user…
  + The restatement does NOT require that a mark be physically attached to the goods or to their containers before the user of the mark can claim a protectable common law right in the designation.
* *ZaZu Designs v. Loreal*- only active use allows consumers to associate a mark with particular goods and notifies other firms that the mark is so associated.

WHAT CONSTITUTES A VALID FIRST USE?

* *Blue Bell v. Farah*- both parties hit upon the same mark for men’s clothing “TIME OUT”. On July 3rd, Farah shipped 12 pairs of its new TIME OUT slacks to its own regional sales manager. Two days later Blue Bell took several pairs of another line of its own slacks, with a different cut and style from those that it eventually intended to market under the TIME OUT mark, added new TIME OUT labels to them and shipped some of these double-labeled slacks to retail stores. The court held that neither of these actions created protectable trademark rights under Texas state law. Rather, it found that Farah was the first user based on sales it subsequently made in September. The court disregarded Farah’s July 3rd shipment because internal sales or transfers are NOT a type of use that can form the basis for a valid claim of trademark rights. The court also held that Blue Bell’s July 5th shipment didn’t confer any trademark rights because it is required that labels or designs be affixed to the merchandise actually intended to bear the mark. This is a “TOKEN USE” and does not qualify. **Token uses can gain trademark protection where there is an accompanying intent to engage in commercial use in the future.**

**RULE: in order to be a valid first use, the shipment of good must be a shipment in commerce (not an internal shipment), and it must bear the label with the mark that is intended to be used.**

* *ZaZu v. Loreal*- competing claims to Zazu mark for hair products. Plaintiff was a single salon in Chicago, and even though the salon was the first to use the mark, the court held that its sales were insufficient to establish priority over Loreal. This illustrates that the courts try to resolve trademark issues not just in the calendar sense, but on the basis of the “equities involved”

**ii. Obtaining Federal Trademark Rights Through Federal Registration**

* Federal protection is based on the “registration” system
* There are 2 types of registration:

1. Principal register
   * Registration provides constructive notice to those who might later adopt the mark
   * Registration is prima facie evidence of a right to use
   * Owner of mark has right to *ex parte* seizure of goods bearing a counterfeit mark
   * Owner has right to treble damages and attorneys’ fees against the intentional user of a counterfeit mark, in the absence of extenuating circumstances
   * Criminal penalties for use of counterfeit marks
   * Owner may have Customs exclude imports bearing infringing marks; and
   * Registrant may apply to have the mark declared “**INCONTESTABLE**” after five years on the principal register
     + *Park ‘N Fly*- if use the trademark for 5 years, and not contested in suit, can file affidavit with PTO after 5 years and get incontestable status (your mark can’t get rebutted) but is conclusive subject to being able to overcome the defenses in 1115 of Lanham Act.

**RULE:** incontestability can’t be challenged for descriptiveness. When a mark is incontestable, it is limited to the 9 defenses listed in 1115.

* + If you get an injunction and on the principal register, can seize products

1. Supplemental register
   * For weaker marks, can convert weaker marks to the principal register once secondary meaning has been acquired, use in commerce for 5 years
   * Both registers give priority rights in registering in foreign countries
   * Both registers provide protection under 39(b) against state restrictions on the use of the mark

* **®** is the symbol for a federally registered mark
* Registration is entirely optional
* Under 1052(e)(5) you can’t register trade dress if it is FUNCTIONAL
* Federal registration has numerous benefits, one is that it confers trademark rights in all parts of the United States, even those regions where it might not have made any sales or advertising. Another benefit is that a federal registration is prima facie evidence of a right to use.
* There are 2 bases for registering a mark:

1. “USE-BASED” APPLICATION
2. “INTENT-TO-USE (ITU) APPLICATION
   * Must comply with the requirements in 1051(b)
   * Filing an ITU provides **constructive notice** of use to other parties
     + *Commodore v. CBM*- must have bona fide intent to use mark if file an ITU
   * Don’t file an ITU on a mark that is too descriptive to acquire secondary meaning.
3. **PROBLEM TRAEMARKS**

* **See section 1052 which defines what will be denied registration**

3 Areas of trademarks:

1. Provide truthful information
   * These are NOT problem trademarks
2. Provide false information
   * Includes generics
3. Offensive marks
   * Immoral marks

* Much depends on the DESCRIPTIVENESS of the mark.

1. **CLASSES/CATEGORIES OF TERMS FOR MARKS**

* There are 4 different categories of trademarks, the test for whether they are protected vary among the categories

1. **GENERIC- (Are NOT distinctive)**
   * NOT protected by Lanham Act
   * Doesn’t describe where the good or service came from
   * *Abercrombie v. Hunting World*-court held the “safari” mark to be generic
   * Section 1064(3) – can cancel the mark if it is generic
   * *Kellog v. National Buscuit, Canfield v. Honickman*
     + PRIMARY SIGNIFICANCE TEST: **TO AVOID GENERIC CHARACTERIZATION, A FIRM MUST SHOW THAT “THE PRIMARY SIGNIFICANCE OF THE TERM IN THE MINDS OF THE PUBLIC IS NOT THE PRODUCT BUT THE PRODUCER.** The test for determining whether a term is generic. Must show the mark’s primary significance in the eyes of the relevant public, not what the purchaser motivation is. Must identify a product and indicate its source.
     + STD: A generic term is one that refers to the genus of which the particular product is a species. Simply put, a genus is a broad product class and a species is a single brand within the class. If a producer introduces a product that differs from an established product class in a particular characteristic, and uses a common descriptive term of that characteristic as the name of the product, then the product should be considered its own genus. Whether the term that identifies the product is generic then depends on the competitors’ need to use it. If no commonly used alternative effectively communicates the same functional information, the term that denotes the product is generic.
       - Determining the bounds of the product category can be difficult
     + In *Canfield*, the court held the diet chocolate fudge soda was its own genus, but was really *de facto secondary meaning* because they were the ONLY manufacturer making this type of soda.

RULE: if a producer introduces as product that differs from an established product class in a particular characteristic, and uses a common descriptive term of that characteristic as the name of the product, then the product should be considered its own genus. Whether the term that identifies the product is generic then depends on the competitors’ need to use it.

* + *Otokoyama v. Wine Japan*- if a translated word in a mark is generic, the other language is generic as well.

1. **DESCRIPTIVE-(May become distinctive over time)**
   * Describes where the product came from
   * Sup. Ct.-when used to describe a product, they do not inherently identify a particular source and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected. This acquired distinctiveness is usually through secondary meaning.
   * Conveys immediate idea of ingredients, qualities or character of goods
   * Only protectable if can show secondary meaning
     + *Sec. Center v. 1st Nat’l Sec. Center*-court held the mark “1st Nat’l” was descriptive and not suggestive because they failed to show imaginativeness or likelihood of confusion.
   * EX: Dial-a-Mattress
   * Minor alterations or misspellings do not change a mark’s status as descriptive

Deceptively Misdescriptive

* + 2(e) of Lanham Act – must acquire secondary meaning to be protectable
  + Must first mis-describe, and also be believably false
  + *In Re Berman Bros. Harlam furniture*- wanted to register “furniture maker" and the company was a furniture retailer. The court held that the terms were deceptively misdescriptive, so the ITU was denied. Should have waited 5 years then filed an application because then they would have acquired secondary meaning already.

Deceptive

* + NOT protectable under 2(a) of Lanham Act, goes to materiality of attributes of product, and consumers would be mad if they knew the truth

EX: Silkease for blouses that do not contain silk

* + *In Re Budge Manufacturing*- wanted to register “Lovee Lamb” for auto seat covers and the covers had NO lamb in them. Court held it to be deceptive and unprotectable.

**STD:**

1. **Is the term misdescriptive of character, quality, function, composition, or use of goods?**
2. **If so, are purchasers likely to believe misdescription really describes the goods?**
3. **If so, is the misdescription likely to affect their decision to purchase?**

Geographic Names

* + Under both the Lanham Act and the common law, a geographically descriptive term is not protected as a valid trademark until it has achieved secondary meaning
  + *American Waltham Watch Co. v. United States Watch Co.*- the word “Waltham” on a watch made in Waltham, Massachusetts, and consumers will likely think the good came from that place as that place had a reputation for making good watches, so the term is geographically descriptive and requires proof of secondary meaning.
  + Includes names of cities, states, counties, subdivisions, etc. and mountains, rivers, etc.
  + If no reasonable consumer would think the good came from a particular place, the mark is considered arbitrary and no proof of secondary meaning is required.
    - EX: DUTCH BOY for paint, no reasonable consumer would think the goods came from Holland, so arbitrary
  + Under amended 1993 NAFTA provisions, **PRIMARILY GEOGRAPHICALLY DECEPTIVELY MISDESCRIPTIVE TERMS ARE INELIGIBLE FOR PROTECTION.**

**NOTE:** *In re Wadd*- you can register marks that are geographically deceptively misdescriptive if the mark was used before the 1993 NAFTA amendments

TEST:

1. Mark has as its primary significance a generally known geographical place; and

2. Mark identifies products that purchasers are likely to believe mistakenly are connected with that location.

- *In re Nantucket*-wanted to register “Nantucket” for men’s shirts. Even though the shirts did not originate in Nantucket, there is no known market for men’s shirts there, so it would not be deceptive to the public.

**RULE:** if goods not come from a place, but the public won’t associate the goods with that place, it is not deceptive and protectable.

* + *Bronco Wine*- can’t label wine with Rutherford vineyard mark unless the wine originated from the Rutherford origin. This was a violation under the BATF regulations, and the court held that the BATF regulations trumped trademark law.

Surnames/Personal Names

* + Only protectable by showing secondary meaning under 2(e)
  + A word is a surname if that is its primary significance to the public
  + Does not matter if the proposed trademark is the name of anyone actually affiliated with the business in question
  + *In Re Hutchinson Technology*- court reverses and remands board’s decision to deny registration. Here, was also another term, not just a surname. The court noted that an individual has a great interest in using his name in his business, but at the same time, there is much litigation by second users who have the same name that later want to register marks. The court must BALANCE THE INTERESTS. Junior users may still be able to continue using the name.
  + *Taylor Wine Co. v. Bully Hill Vineyards*- Taylor Wine was an established wine company with a good reputation, and owned several federally registered marks. Grandson Walter S. Taylor owns and operates defendant wine company, and had mark “Walter S. Taylor”. The court entered an absolute injunction against Walter Taylor from using mark, but the Second Circuit modified it, that he may use his signature on an advertisement on Bully Hill label, but only with disclaimer that not affiliate with Taylor Wine Company. Defendant ignored order and kept using under mark. He was held in contempt and the court entered an absolute injunction.
  + EX: Kraft cheese, McDonalds

CONFUSING NAMES

* + Not registerable if confusing because there is already a mark in use. Court looks at 2(d) factors to see if confusing. Can be previously used mark, previously registered mark
  + *In re DuPont Nemours Co.*- wanted to register “rally” for auto cleaner. Horizon had mark “rally” for household detergent. The two parties came to an agreement to use the marks in separate markets. Court held there would not be confusion. Court looked at 13 elements under 2(d ) to see whether the name was confusing:

1. Similarity or dissimilarity as to marks appearances, sound, connotation, and commercial impression;
2. Similarity or dissimilarity and nature of goods/services as described in application or registration or in connection with a prior mark is in use;
3. Similarity or dissimilarity of established, likely-to-continue trade channels
4. Conditions under which and buyers to whom sales are to be made (impulse v. sophisticated shopping)
5. Fame of the prior mark
6. Number and nature of similar marks in use on similar goods
7. Nature and extent of any actual confusion
8. Length of time during and conditions under which there has been concurrent use without evidence of actual confusion
9. Variety of goods on which a mark is or is not used
10. Market interface between applicant and the owner of a prior mark

A: mere consent to register

B: agreement provisions designed to preclude confusion

C: assignment of mark, application, registration and good will of the related business

D: laches and estoppels attributable to owner of prior mark and indicative of lack of confusion

1. Extent to which applicant has right to exclude others from use of its mark on its goods
2. Extent of potential confusion (de minimus or substantial)
3. Any other established fact probative of the effect of use (CATCHALL)

IMMORAL NAMES

* + Immoral or offensive marks are not protectable. This is because of a Congressional desire to avoid any implication that the government endorses trademarks that are offensive to significant segments of society
  + *Harjo v. Pro-Football Inc.* - Plaintiff tried to cancel registration on “Redskins” mark for football team because derogatory in nature toward Indians. Defendants argued there was strong secondary meaning associated with the mark. The case was dismissed on the ground of laches. The lower court held that the mark was derogatory in nature. Split in circuit courts as to whether laches applies to cancellation proceedings. **LACHES** is a defense for prejudicial delay. The defendant must prove the plaintiff had ample knowledge of defendant’s actions, procrastinated in bringing suit, and defendant has changed its position in the meantime.
  + Sexual Innuendo is NOT immoral

1. **SUGGESTIVE- (Inherently Distinctive)**
   * Requires imagination and thought to conclude where the good or service came from
   * Protectable without having to show secondary meaning
   * EX: Fashion Knit, Rapid-Shave, “Bliss” for salon
2. **FANCIFUL/ARBITRARY- (Inherently Distinctive)**
   * Fanciful is an invented word just for the trademark (ex: Enron)
   * Arbitrary is the unfamiliar use of the word (ex: DUTCH BOY for paint)
   * Both are protectable without having to show secondary meaning

**SECONDARY MEANING:**

* 1. Show the amount of money put into advertising
  2. Show how long the good or service has been used in commerce
  3. Hire survey experts to conduct surveys
* *Echo*- Echo failed to provide a nexus between the defendants’ use of its posters and the sales that resulted. Failed to prove secondary meaning on the posters for its vacation services because there were only 25,000 posters and the amount of sales was limited to one year, and the testimony was from a group of consumers who were not in the relevant consumer class.
* “Secondary Meaning in the Making”- if a firm is in the process of promoting to acquire secondary meaning and other firm begins to use the mark, the firm can get an injunction.
* The examining attorney at the PTO is the one who determines whether a mark has acquired secondary meaning

APPLICATION PROCESS FOR REGISTRATION

* File application with PTO (Patent Trademark office) office. Examining attorney reviews the application. If they agree the mark is protectable, they file a notice for opposition, and if there is no opposition, the trademark is registered within 30 days. If there is opposition or the examining attorney does not agree that it is protectable, it goes to the TTAB (Trademark Trial and Appeal Board). If the TTAB disagrees that it is protectable, applicant can appeal to Circuit Court or D.C. Circuit.
* *In re Boston Beer Co.-* wanted to register “Best Beer in America”. Examiner at the PTO office said was generic. The court said the term was “descriptive” and a laudatory phrase (because “best beer”). Laudatory phrases are inherently descriptive and you must show secondary meaning. Same thing with color and sound. Not protectable here. Laudatory phrases usually are incapable of gaining distinctiveness as trademark.

**STANDING TO OPPOSE APPLICATION BEING GRANTED**

* *Ritchie v.* *Simpson*- OJ Simpson wanted to register “the juice”, OJ Simpson, and OJ for variety of products. Plaintiff filed opposition because marks were immoral and scandalous. The issue was whether the plaintiff had standing to oppose the registration.

Section 13 of the Lanham Act deals with standing. Opposer must have:

1. Real interest in the proceedings
   * Must be legitimate personal interest
   * Here, plaintiff said the marks would disparage his family values, and the court held he had a valid real interest
2. Reasonable basis for belief of damage
   * Belief must have reasonable basis in fact
3. Can possess trait implicated by mark
4. Surveys, petitions, affidavits
5. **TRADE DRESS**

* The trade dress of a product is the overall visual image that it presents to consumers.
* Both common law and the Lanham Act protect trade dress. Common law protects trade dress under the rubric of unfair competition and generally trademark infringement. Section **43A of the Lanham Act** addresses trade dress.
* Applicants may apply to the PTO to register trade dress on the principal register
* Can include smell, sound, color, shape/configuration, labeling/packaging
* Was expanded to include design – *Wal-Mart v. Samara*-
* Trade dress can also be found to be generic—*Sunrise Jewelry*
* As a general rule, the law protects trade dress, provided that it does, in fact, function to identify the goods or services in question, and provided that protection would not unduly burden competition.
* There are generally 2 categories of trade dress cases, ones that involve product packaging, and ones that involve product design/configuration

**STD**

* To be protectable under both the LA and common law, trade dress must be:

1. **NON-FUCTIONAL**
   * **Functionality** is threshold question (whether competitors need to use design/packaging to sell competing product?). If the shape, color, etc. is functional, it is not protectable. A feature that helps the product function better is “functional” (ex: more comfortable handle on a gallon of bleach).
     + *In re Morton-Norwich*- the standard for functionality is if it will hurt or injure competition if the trade dress protection is granted. The BOP is on the party asserting the trade dress. In this case, the party was trying to register the trade dress of a spray bottle.
     + *Traffix*- Supreme court said that existence of a prior utility patent for road sign is evidence of functionality. The burden is on the applicant to showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.
     + *Qualitex*- AESTHETIC FUNCTIONALITY is a bar to protection. Aesthetically functional features are ones that are purely ornamental but essential to effective competition. The plaintiffs put gold-green color on press pads got a trademark and sued defendants for trademark infringement. The Supreme Court held colors were protectable, so long as they are not functional. The court said the colors were inherently descriptive, so secondary meaning must be showed.
     + *Wallace*- Wallace was seeking injunction to enforce trade dress of basic elements of baroque style silverware with flowers on them, etc. The injunction was denied because the features were functional and necessary for the availability of alternatives. UTILITARIAN FEATURES are ones that are useful. Products can be a combination.
     + *Hartford House v. Hallmark*- a combination of features may be nonfunctional and thus protectable, even though the combination includes functional features. It is the functionality of all of the features combined that matters.
     + *Publications Int’l* – Judge Posner found each of the cookbooks features to be functional so the entire cookbook was functional.
2. **DISTINCTIVE**
   * To be protectable, must be DISINCTIVE. 2 types of distinctiveness are sufficient:
3. **Inherently distinctive dress** (no secondary meaning required)
   * + *Taco Cabana v. Two Peses*- court held the packaging/configuration of the taco cabana building was **inherently distinctive**, and no showing of secondary meaning was required.
4. **Acquired distinctiveness** (proof of secondary meaning required.
   * + *Wal-Mart v. Samara*- PRODUCT DESIGN is **NEVER** inherently distinctive, secondary meaning must be showed.

* **FEDERAL PRE-EMPTION OF STATE LAW TRADE DRESS PROTECTION**
  + *Sears, Roebuck &Co. v. Stiffel Co.* and *Comco Corp. v. Day-Brite Lighting*- both held that states could not preclude competitors from copying objects that were unprotected by the patent laws. In each case, the plaintiff claimed trade dress protection for a product configuration- in one instance for a pole lamp and in the other for a ceiling light fixture. In each case a defendant began copying and selling a product that duplicated plaintiff’s product. Plaintiffs asserted claims under Illinois state law for unfair competition. Although the Supreme Court acknowledged both trade dresses were non-functional and had secondary meaning, it held “a State cannot, under a law forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws.” Because the plaintiffs’ goods were not protected by patents, the court held the defendants had an absolute right to copy them, and that Illinois law to the contrary was pre-empted.
  + *Bonito Boats v. Thunder Craft Boats*- Florida statute prevented anyone from duplicating the design of a boat hull through a method known as “plug molding”—the most efficient and inexpensive way to duplicate a design. The Supreme Court held that the statute in question was pre-empted by the federal patent laws. Narrowed scope of Sears holding.

1. **INFRINGEMENT, COUNTERFEITING, FALSE ADVERTISING, DILUTION**
2. **INFRINGEMENT**

3 Kinds of Infringement (*Ameritech*)

1. Palming off, passing off
2. Confusing of sponsorship
3. Reverse confusion of sponsorship
   * + Big company uses smaller company mark and people think smaller company is the infringer.
   * *Southern v How*- it is an infringement action when the purpose is to deceive
   * It reaches SPONSORSHIP AND SOURCE

**STD:** Likelihood of Confusion

* + *Quality Inns Int’l v. McDonalds*- Quality Inns announced they were going to open a chain of hotels called “MsSleep”. McDonalds sent a demand letter that they not use that name because that would infringe upon their trademark (“Mc” plus a generic word). McDonalds argues the mark is likely to confuse consumers, and that the defendant deliberately selected the name to profit off the goodwill and reputation of McDonalds. Both parties had surveys on the likelihood of confusion issue—Quality had mall intercept surveys, picture of egg McMuffin, yellow page stimulus, concluded low level of confusion. McDonalds had phone surveys that concluded likelihood of confusion. There was evidence that even some Quality employees reacted to this by saying “what will McDonalds think!?” The court held that this was infringement because there was a strong likelihood of confusion, and the defendants did this with the intention of benefiting off the established reputation of McDonalds. The court held this was infringement, unfair competition, and dilution.
    - Marks have to be similar (use sight, sound, meaning test)
    - FAME of the mark really does matter
  + *Conopoco*- there is no infringement unless use the same name, etc. If there is clear labeling, even if the trade dress is similar, there will not be likelihood of confusion.
  + *Boston Hockey*- defendant sold embroidered cloth patches depicting the trademarks of several professional hockey teams. NHL filed suit alleging trademark infringement. Trial court found there was no likelihood of confusion because “the usual purchaser”, a sports fan in his local sporting goods store, would not be likely to think defendant’s emblems were manufactured or had a connection with NHL. 5th Circuit reversed, holding the trial court had overlooked the fact that the Lanham Act reaches confusion as to sponsorship as well as the source. The knowledge of the buyer that the source and origin of the trademarks’ symbols were the plaintiffs is sufficient.

**RULE: Confusion can come from consumers believing one party is the SOURCE, or when a consumer mistakenly believes a party is a SPONSOR.**

* + *Int’l Order of Job’s Daughters*- plaintiff was a fraternal organization for women. Defendant was a jeweler that sold various items decorated with the plaintiff’s trademark. Despite the fact that plaintiff had licensed at least one jeweler to produce items bearing the symbol, the court refused to find the defendant liable for infringement. The court reasoned that consumers would not think the emblem displayed as the principal design element on a piece of jewelry signified either source or sponsorship. This court disagreed with the *Boston Hockey* decision, said it was too broad, and refused to grant a complete monopoly over the use of its marks.

**GEOGRAPHICALLY REMOTE USE**

* + General Rule: where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user.
    - *Dawn Donuts v. Harts*- plaintiff had been making and selling donut mix under the DAWN trademark since 1922. It franchised retailers who purchased the mix. In 1927 got a federal registration and renewed that registration in 1947. The defendant began doing business in Rochester, NY under the DAWN mark in 1951, without any knowledge of the plaintiff’s prior use or registration of the mark. The court noted that plaintiff had superior rights because once the trademark was registered, defendant had constructive notice of the rights. However, the court held that so long as both parties stayed confined to their separate markets, confusion would not be likely and they may both keep conducting business under the mark. However, if plaintiff ever expanded into Rochester, confusion would be likely and plaintiff would have superior rights.
    - *Circuit City v*. *CarMax*- The *Dawn* rule is outdated because so many parties use the internet and websites to conduct business, and virtually penetrate markets all over the world. When a party operates and conducts business via the internet, it is not necessary that the court see if a party has literally entered into a specific market.
    - *Burger King v*. *Florida, Inc.*- plaintiff began using mark BURGER KING for hamburger restaurants in 1953 in Florida. It expanded into other states and within four years had 38 restaurants. In 1957 defendant opened burger joint in Matoon, IL under the same name. Plaintiff BURGER KING got federal registration in 1961, opened an Illinois restaurant, discovered defendants joint, and litigation ensued. Section 33(b)(5) of LA provides a defense to infringement where the junior user had no prior knowledge of the registration, and was continuously using the mark prior to the other party’s filing of the registration application. Defendant got a state registration in 1959. The court held that the defendant couldn’t prove continuous use in all of Illinois so his claim to the entire state failed. Also the court noted that state registrations provide no constructive notice to other parties so the plaintiffs were unaware of the registration. The court affirmed the district court order permitting defendant to operate his business within the confine of that market (20 miles).
    - *Weiner King*- senior user began using Weiner King trademark for hot dog stand in mid-1960’s in Jersey. Junior user began using mark in 1970, and by 1975 had 100 restaurants. 1975 junior user got federal registration. Began restaurant in Jersey, found other party, senior user filed application for registration and cancellation of junior user’s registration. Even though section 2 of the Lanham Act provides a bar to registration if there is already a mark in use and it will confuse consumers, section 2(d) provides an exception for the PTO to invoke for concurrent use. The case was resolved by splitting up territories between the junior and senior users.

1. **COUNTERFEITING**

* A good that is identical or substantially indistinguishable
* If registered on principal register, can get ex parte order under section 1116. Must show all factors in statute.
* Prime example of trademark infringement
  + *Hard Rock Café v. Concession Services*- set standards for contributory and vicarious liability in counterfeit actions for tort damages.

Contributory- if manufacturer or distributor knew or had reason to know of infringement

Vicarious- the manufacturer or distributor has right and ability to supervise the infringing activity and also has a direct financial interest in such activities.

* + *U.S. v. Torkington*- the defendant was selling fake ROLEX watches. The court held that if it is a fake, and a member of the public would think it was real, and it would shed a bad light on the owner of the mark, that is enough for counterfeit.
  + *U.S. v. Giles*—counterfeit activity can result in criminal sanctions. The government must prove 4 elements:

1. Defendant trafficked or attempted to traffic in goods/services
2. Intentionally
3. Using a counterfeit mark
4. Defendant knew mark was a counterfeit
5. **DILUTION**

* Is designed to provide relief when the acts of an unauthorized third party water down, erode, or weaken the cachet and magnetism of a strong trademark.
* Under state and federal law, only strong marks are protected against dilution. The vast majority of marks are not normally strong enough.
* Dilution claims can involve either blurring or tarnishment claims:

BLURRING – blur association between 2 parties

TARNISH—tarnish reputation of a mark that people think it is

**STD:** likelihood of dilution/likelihood of confusion

* + *Mead Data Central v. Toyota*- the marks in question were “Lexis” and “Lexus”. The court found little likelihood of dilution because for the general public, most of whom didn’t know what Lexis was only attorneys did, Lexis has no distinctive quality that Lexus will dilute. There was no BLURRING here. Judge Sweet’s factors for blurring:

1. Similarity of marks
2. Similarity of the products covered by the marks
3. Sophistication of consumers
4. Predatory intent
5. Renown of the senior mark
6. Renown of the junior mark
   * *Ringling Bros. v. Utah Division of Travel Development*- the Ringling Bros. had the mark “greatest sHow on earth” and the defendant had “greatest show on earth.” The court held the standard was likelihood of confusion, not actual confusion. The court said there was three different ways the plaintiff could prove a dilution claim by actual harm:
7. Show actual loss of revenue and link loss to defendant use of mark
8. Using consumer surveys showing consumer harm
9. Relevant contextual factors such as the extent of the junior mark’s exposure the similarity of the marks, and the firmness of the senior mark’s hold
   * *I.P. Lund v. Kohler*- the anti-dilution statutes can protect TRADE DRESS as well, but must show secondary meaning with product configuration. Here, 2 faucets were at issue and the defendant made a cheaper faucet after having access to the plaintiff’s faucet. The court said that secondary meaning alone would not suffice to show that the plaintiff’s trade dress was famous.
   * *Nabisco*- both parties were engaged in the sale of cheddar cheese flavored snack crackers. The court acknowledged that the plaintiffs’ mark was famous. The court also acknowledged that the mark was distinctive, and enters preliminary injunction. Court looks at 10 factors:
10. Distinctiveness
11. Similarity of Marks
12. Proximity of the products and the likelihood of bridging the gap
13. Interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products.
14. Shared consumers and geographic limitations
15. Sophistication of consumers
16. Actual confusion
17. Adjectival or referential quality of the junior use
18. Harm to the junior user and delay by the senior user
19. Effect of senior’s prior laxity in protecting the mark
    * *Time Mirror Magazines v. Las Vegas Sports News LLC*—court held that niche fame is sufficient to allow a dilution plaintiff to go forward where the two parties market to overlapping populations of consumers, but presumably not otherwise. This is so long as the plaintiffs’ mark possessed a high degree of fame in its niche market. The court applied the factors in 1125(c), and the court held it was sufficient that five of the eight factors were met.
20. **FALSE ADVERTISING**

* **Section 1125A of LA**
* **Courts have generally said the elements of a false advertising claim are:**
  + - 1. **False statement of fact by defendant in a commercial advertisement about its own or another’s product**
      2. **The statement actually deceived or has the tendency to deceive a substantial segment of its audience**
      3. **The deception is material, in that it is likely to influence the purchasing decision**
      4. **The defendant caused its false statement to enter interstate commerce**
      5. **The plaintiff has been or is likely to be injured as a result of the false statement, either by direct diversion of sales from itself to defendant or by a lessening of the goodwill associated with its products**
  + *Coca-Cola v. Tropicana*- std. for preliminary injunction is:
    1. Prove likelihood of success on merits in case
    2. Sufficient seriousness of question going to the merits to make fair ground for litigation and balance hardships tipping decidedly in its favor
    3. Show irreparable harm

Here, Tropicana had false commercial and the court held that Coke had proved likelihood of success on merits and that a substantial number of consumers would be misled.

* + *Johnson & Johnson v. Carter-Wallace*—if a plaintiff is seeking injunctive relief and that is all, it need only demonstrate it is “**likely to be harmed”** and that the harm is “**likely to have been caused”** by the false advertising. Can be inferential loss, doesn’t have to be actual harm. Defendant had advertised link of their product Nair to plaintiff’s baby oil.
  + *Clorox v. Proctor & Gamble*—defendant detergent commercial says “whiter not possible” but indicated on the detergent box that bleach should be added to make whiter. Appellate court said Clorox had stated a claim.
  + *U.S. Healthcare v. Blue Cross*—distinguishes disparaging (meant to cast doubt on extent of other’s property) and defamation (intended to harm reputation and harm persona). Defamation does NOT require a showing of malice.

1. **FAIR USE, AFFIRMATIVE DEFENSES, REMEDIES**
2. **Resale of Genuine Goods**
   * *Prestonettes v Coty*—plaintiff brought suit to restrain unlawful use of trademark on toilet powders and perfumes. The defendant buys powder, makes a few changes, and sells in smaller bottles. The name of the plaintiff’s mark appeared on the label the defendant put on the product, where it indicated that defendant company was not associated with plaintiff. The court held that the defendant collaterally mentioning the plaintiff in the label was meant to tell the truth about the origin of the goods, not meant to deceive the public.

**RULE:** it is permissible for a party to purchase, change the composition of a product in exercising the rights of ownership, reselling it, and truthfully labeling that the marked powder was used in the process. This is truthful protected speech protected by the 1st amendment.

1. **Imported Goods**
   * *Kmart v. Cartier Inc.*- a gray market good was involved which is a foreign manufactured good bearing a U.S. mark that is imported without the consent of the owner of the mark and are not importable.

**RULE:** Goods are exempt from the import ban if:

1. Manufactured by the same person; or
2. By a person subject to common control
   * + *Lever Bros.*—eliminates the common control exception. In this case, Lever Bros. had Shield and Sunlight trademarks in U.S. for soap and detergent. A company owned by the same parent company in Great Britain sold products under the same marks, but the contents of the British products were different because they preferred their soap more lathery. U.S. customers that were buying the British products began complaining that it was different, so the company tried to invoke section 42 of LA to exclude but the Customs Service declined their request because the common control exception. The court held that this regulation was inconsistent with the Lanham Act because the product was physically different.
   * Now the TARIFF ACT, and CUSTOMS REGULATIONS prevent this importation
3. **Repaired/Second-hand Goods**
   * *Champion Spark-plugs v. Sanders*—Sanders sold, re-paired, re-furbished champion spark plugs but kept the word “champion” on the plugs. The court enjoined Sanders from selling champion plugs because he violated the full disclosure requirement.

**RULE:** Refurbished goods require full disclosure about the source, etc.

1. **Reference to Genuine Goods and Services**

Comparative Advertising:

* + *Smith v. Chanel*-the defendant copied the plaintiff’s perfume, an un-patented perfume, and advertised it as a duplicative. The court held there was nothing wrong with the defendant referring to the plaintiff in a truthful manner in the advertisements.

**RULE:** it is permissible to use another party’s trademark in a nominative way.

* + - The key is *truthful* advertising
  + *New Kids on the Block v. News America Publishing*- band had a trademark, among other things, on a “900” number where fans could call and leave messages, or listen to information about the band. Defendant had a “900” service where fans could call to register a vote about who was the sexiest member of the band. Court held this was nominative fair use. 3 part test:

1. Product or service must be not readily identifiable without use of the trademark
2. Only so much of the mark or marks may be used as is reasonably necessary to identify the product or service.
3. Good faith requirement. Can’t be used to confuse the public. Can’t suggest sponsorship or endorsement by trademark holder
   * *Playboy v. Wells*—former playmate had personal website that used the playboy trademark in four places. The court applied the *New Kids on the Block* test and concluded she had satisfied all three prongs of the test and that the complaint should be dismissed.

Use in Parody:

* + Lanham Act 1125(c)(3)(A)(ii) recognizes parodies
  + A reference or advertisement that provokes ridicule
  + With respect to dilution claims, most courts are inclined to find that the ridicule involved in a parody actual dispel the likelihood of any confusion.
  + *Anheuser-Busch v. L & L Wings*—defendant made a shirt advertising Myrtle Beach, which said “King of Beaches”, a parody of Budweiser “King of Beers”, the court held the parody dispelled the likelihood of confusion

**RULE:** the general rule is it is okay unless it goes beyond to cast doubt on the products.

* + *L.L. Bean v. Drake Publishers*—the plaintiff was well known vendor of camping equipment and outdoor clothing. The defendant was the publisher of porno magazine. One issue was “L.L. Beam Back-to-School-Sex-Campaign” Court ultimately held this was sexual innuendo and okay, there was no dilution issue here.
  + *Deer v*. *MTD Products*—defendant produced a television commercial that had an altered version of the deer logo in humorous ways. Court held this was not permissible and formed an actionable dilution claim.

**RULE:** where a trademark parody is being used for more explicitly commercial purposes, the 1st amendment concerns will recede and the defendant is liable.

* **Questions to ask:**

1. Nature of parody
2. Where the parody was shown and aired
3. Who did the parody and why
4. Was it actual copying?
5. Is there evidence of confusion?
6. **Descriptive Fair Use**
   * It is permissible for a party to use a protected mark or image to accurately describe its own goods and services.
   * *Sunmark v. Ocean Spray*—plaintiff sold candy under the mark SWEETARTS. The defendant began to advertise its goods (cranberry juice) as “sweet-tart”. The court held this was a fair use because plaintiffs’ mark was internally contradictory and not descriptive of its candy. The court found that the phrase was a legitimate description of defendant’s juice.
     + This applies to trade dress too!
7. **Affirmative Defenses**
   * With trademarks, laches, estoppels, and abandonment all apply
   * Civil Procedure Rule 12
   * LACHES
     + *Kellogg v. Exxon*- Kellogg used Tony the Tiger since 1952, and Exxon used the tiger since 1955. In 1970, the mark became incontestable. In the 1990’2 a suit was brought to try to enforce the mark. The court found this was an unreasonable delay. The laches elements are:
       1. Delay with knowledge
       2. Delay is unreasonable
       3. Delay prejudiced
   * ABANDONEMENT
     + *Silverman v. CBS*- failure to use mark on entertainment services for 21 years constituted abandonment despite mark owners lingering desire to resume use if social circumstances permit.
   * LICENSING
     + Does not convey ownership rights in the mark
     + EX: McDonalds—most McDonalds are not owned by the corporation, but rather by individuals with a license to use the famous mark.

2 REQUIREMENTS:

1. Valid assignment (mark *and* goodwill)
2. Trademark owner must supervise the licensee and insure that the licensee observes quality control standards
   * + *Sugar Busters v. Brennan*—Licensing and assignment of rights are permissible, so long as it is an assignment of the goodwill and use of the mark, and not an assignment in gross which means independently of the goodwill.
     + *First Interstate BanCorp v. Stenquist*—how much control is needed to maintain rights in license agreement so that rights are not abandoned? Standard is pretty lenient, some courts hold relying on a licensee’s own self-policing as to quality, and others find if the licensor has inspected the goods bearing the trademark, that is sufficient to defeat any claim of naked licensing (license without supervision). **Where a trademark owner engages in naked licensing it is inherently deceptive and constitutes abandonment of any rights to the mark by the owner.**
3. **Trademarks and Unfair Competition on the Internet**
4. **DOMAIN NAMES**
   * *Sporty’s Farm v. Sportsman’s Market*—a cybersquatter registers a domain name of well known marks by non-mark holders who then try to sell it back to the mark owner. Here Sporty’s violated 1125 by using Sportsman’s well known mark in its domain name.
   * *Panavision Int’l*—plaintiff is well known maker of motion picture equipment. Plaintiff tried to register domain name of mark and realize defendant already had registered domain name for site that showed pictures of a part of Illinois. The court held that the plaintiff had an actionable dilution claim because it is assumed a domain name indicates the entity that owns that website. Potential customers will be discouraged if they go to this domain name and find that it is not the site that they think it is.
   * *Ford Motor Co*. *v. Greatdomains.com*—in this case the court could not exercise *in rem* jurisdiction over the domain dispute because the Ford did not have sufficient minimum contacts to satisfy the due process clause.
   * *People For the Ethical Treatment of Animals v*. *Doughney*—in 1995 defendant got domain name peta.org. He told the registrar that PETA stood for People Eating Tasty Animals, a non-profit, even though no such non-profit exists. The defendant asserted it was a parody of PETA. PETA sued and court apply 2 part test:
5. Would it prevent users from getting to PETA site? YES
6. Would it be likely to cause confusion? YES, looking at the domain name itself here, there is no suggestion of a parody, so the confusion is not dispelled.
   * *MAHA*- complainant asserts defendant, who registered maha.com, has no real interest in having that domain name, and requested that the court transfer the domain name to it. The court found that the Respondent did have a legitimate interest in the domain name, but with ACRONYMS, must show secondary meaning, so must show you have used it separate and apart from the words they came from.
   * *Sallen v*. *Corinthians*—Anti-Cyber Squad Act trumps
7. **META-TAGS**
   * *Brookefield Communications v*. *West Coast Entertainment*—METATAGS (when search). Plaintiff marketed search database and service under MOVIEBUFF mark. In 1996 it tried to register the domain name moviebuff.com and it was already registered to defendant. Plaintiff also said Defendant was using its trademark in the meta-tags on its site and challenged it as trademark infringement. The court held this was infringement based on INITIAL INTEREST CONFUSION—where consumers who try to find Brookefield will be diverted to defendant’s database and some of them will hence end up using that service, and they are benefiting off the goodwill of Brookfield.

**RULE:** even though consumers figure out and go right to the correct product or service, initial confusion is sufficient trademark injury because they are misappropriating off the goodwill of the mark holder.

1. **KEYWORDS IN ADVERTISING**
   * *Playboy Enterprises v. Netscape*—Netscape keyed “playboy” and “playmate” to advertising for adult entertainment sites. The court held that there was no dilution or infringement because the defendant had not used the terms in commerce. Thus, it must be a similar good or service for initial interest confusion.
2. **INTERFERING WITH INTERNET COMMUNICATIONS**
   * *AOL v. LCGM*—the defendant sent porno spam to 92 million AOL customers, and the court found the defendant liable because false designation of origin, and dilution because of tarnishment.
3. **DAMAGES/REMEDIES**
4. INJUNCTIVE RELIEF
   * + To get injunction, plaintiff wouldn’t be made whole if trial on the merits
     + Can be permanent or temporary, preliminary
     + Likelihood of Confusion weighs
     + *Starter Corp. v Converse*—court may grant permanent injunctions if parties can show likelihood of confusion by preponderance of the evidence. Remanded because language of injunction is too broad.
     + *American Board f Psychiatry and Neurology v*. *Johnson-Powell*-preliminary injunction
5. MONETARY RELIEF
   * + *Web Printing Controls v. Oxy-Dry*—actual confusion is not required to obtain monetary damages
       1. Lost Profits
          - Must show BUT-FOR sale of infringing product, would’ve sold
          - 6 factor test:

Defendant intent to confuse deceive

If sales have been diverted

Adequacy of other remedies

Unreasonable delay by plaintiff in asserting rights

Public interest in making misconduct unprofitable

Whether case of palming, or passing off

* + - 1. Defendant profit recovery
         * Must argue about what is revenue vs. cost
         * *Bishop v. Equinox*—defendant profits were considered on appeal, the court noted it does matter how bad the defendant’s conduct was. To recover defendant’s profits, must show defendant acted willfully and in bad faith.
      2. Reasonable royalties
         * What would’ve been royalty between licensor and licensee at time of first infringement.
         * Comes up a lot with Professional Athletic teams.
         * Used when lost profits don’t exist, defendant fail to make profit, plaintiff has history of licensing, a windfall gain to the plaintiff is a concern
      3. Statutory damages
      4. Treble damages
         * MANDATORY in Counterfeit cases
      5. Attorneys fees
         * Amount depends on egregiousness of defendant’s acts
      6. Corrective advertisisng
         * *Big O Tire Dealers v. Goodyear*—the purpose is to undo confusion. Must find the relevant consumers that were exposed to the false advertising, then you have to advertise to them to correct, and issue a new “ad” campaign.

1. **RIGHT OF PUBLICITY**
   * This is an intellectual property right
   * It can be improper to take or use this right, or MISAPPROPRIATE

MISAPPROPRIATION

* + *Henley v. Dillards*—plaintiff is legend from Eagles band. The defendant ran a newspaper for t-shirts that have a picture that says “this is Don Henley” with a picture of the guy. Held for plaintiff. 3 elements for misappropriation:

1. Defendant appropriated plaintiff’s name or likeness for value, not in an incidental manner or for newsworthy purpose
2. Plaintiff can be identified from the publication
3. There was some advantage or benefit to the defendant
   * **Right of Survivorship**- heirs only have the same rights as the famous person had during their lifetime.
   * Cases are mixed as to whether politicians have right of publicity.
   * *Midler v. Ford*—ford ad campaign says “Yuppy” ad campaign, used songs and contacted Midler’s agent to see if she would sing on the commercial. She said no, but one of her back-up singers agreed to do the commercial. The court held that it is an actionable claim where a famous voice is intentionally imitated in order to sell the product because they have APPROPRIATED IT
   * *White v*. *Samsung*—here Samsung commercial with robots, and plaintiff thought it was a “White” robot, but the court held that the commercial did not suggest an actual white robot.
   * *Cardtoons v*. *MLB.*—plaintiff made cards making fun of players’ egos, salaries, and names. MLB send cease and desist letter because they have a license to use the player’s identities. The court held this was a violation because the plaintiff was unjustly enriched, and cards are entertainment and social commentary that deserve 1st amendment protection.
   * *Ahn v*. *Midway*—if you have images that have been fixed in a tangible medium, they are protected by copyright law.
   * *Brown v*. *Ames*—the actual recording is what is protected
4. **CONSUMER REMEDIES**
5. Federal Law Remedies
   * *Colligan v. Activities Club NY*—no cause of action under 43A for consumers, the purpose of the act is to protect the commercial class
6. State Law Remedies
   * *Reed v. King—*court held that seller of house was required to disclose to buyer facts about murders there 10 years prior because it materially affected the value of the sale and home.
7. Baby FTC statutes
   * *Pennington v. Singleton*—defendant who had made representations that a boat was “in perfect condition” and “like new” when the gear housing was still broken even though the defendant didn’t know, court held defendant violated statute.
   * *Sias v*. *Edge Communication*—class certification denial affirmed because the common issues of law did not predominate over other issues.

RULE: for class certification, common issues of law must predominate over individual issues.

* + *Morris v. Sears, Roebuck*—private parties can’t seek monetary damages in class actions.
  + *Green Financial v*. *Randolph*—arbitration clauses are valid. The agreement must also explicitly say whether class actions are allowed.
  + *Hill v*. *Gateway*- terms inside a box binds consumer
  + *Klocek v*. *Gateway*—contract had arbitration clause and purchaser only had 5 days from delivery to accept. The court held that keeping the computer for over 5 days does NOT constitute express consent to the terms.

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