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Trademark Law Trends To Follow In 2021

By **Matthew DeAntonio** (January 3, 2021, 12:02 PM EST)

2020 was a busy year for trademark litigation, with three U.S. Supreme Court decisions and several high-profile lower court cases involving trademark law. But many folks are understandably eager to put 2020 in the rearview mirror. So too does this article focus on the future, with the following examination of key trademark litigation trends to watch for in 2021.



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Fallout From Fossil: Influx of Profits Awards?

The Supreme Court's recent decision in *Romag Fasteners Inc. v. Fossil Group Inc.*^[1] held that an infringer's willfulness, while an important consideration, is not an absolute requirement for an award of profits for false advertising. A review of trial courts' efforts to apply *Romag* shows that in the coming years, litigants can expect more robust litigation over the profits issue and, ultimately, more frequent awards of an infringer's profits.

Prior to *Romag*, at least six circuits required a showing of willful infringement before allowing disgorgement of profits in false advertising cases. Once the infringer was deemed innocent, the profits case was closed regardless of other equitable considerations. Under *Romag*, however, willfulness is only part of the picture; courts must also take into account factors like whether the infringer was unjustly enriched, the need for deterrence, the adequacy of other remedies, laches, and unclean hands.

In a post-*Romag* world, lack of willfulness is no longer a golden ticket for infringers to avoid profits awards. Profits claims previously shuttered for lack of willfulness will now require heavy litigation — and thus more discovery, evidence and briefing — over the other equitable factors. By way of example, in *Monster Energy Company v. Integrated Supply Network*, a pre-*Romag* jury concluded the infringer did not act willfully, thus foreclosing a profits award. Post-*Romag*, the U.S. Court of Appeals for the Ninth Circuit remanded the case for a full consideration of disgorgement under all relevant equitable factors.^[2]

It would be natural to expect that after *Romag*, courts would award profits with more frequency. Indeed, the U.S. District Court for the Northern District of Georgia recently disgorged an infringer's profits despite an appellate finding that there was insufficient evidence of willfulness.^[3] But this expectation should be tempered by two realities.

First, willfulness is still an important factor in the equitable analysis, and lack of willfulness (while not dispositive) should go a long way in persuading courts not to award profits. Even post-*Romag*, most cases involving disgorgement of profits will involve willful infringers.^[4]

Second, the specter of profits awards will increase the trial risk for accused infringers. Indeed, the U.S. District Court for the Southern District of California, relying on *Romag*'s holding that willfulness is not required for disgorgement, recently compelled an accused infringer to produce its financial records relevant to the plaintiff's profits claim.^[5] In the face of this risk, more accused infringers could choose to settle their claims rather than risk expensive disgorgement awards.

Booking.com = Litigation.com?

In *U.S. Patent and Trademark Office v. Booking.com BV*,^[6] the Supreme Court held a generic term ("Booking"), if used as part of a website address (Booking.com), could receive trademark protection upon a showing of secondary meaning. Predictably, this case led to a deluge of trademark applications for "[generic].com" website names, such as wine.com,^[7] cruises.com,^[8] sneakers.com.^[9] The litigation possibilities are plentiful.

First, the USPTO is certain to reject some of these trademark applications on the grounds that the applicant failed to show secondary meaning, or that the term, even with the addition of ".com" or ".net," is still generic.^[10] The USPTO's examination guide sets forth genericness factors that seemingly give examiners a roadmap for finding the website name is generic, even if Booking.com forecloses the previous per se rule that adding ".com" cannot save a mark from genericness.^[11]

Following this guidance, trademark examiners have deemed both wine.com and sneakers.com as generic (with no decision yet reached on cruises.com). Some trademark applicants will undoubtedly challenge these refusals in court. For those applicants, Booking.com will provide inspiration: in that case, the applicant's successful challenge of the USPTO's refusal of registration is precisely how the case ended up at the Supreme Court.

Second, with or without a registration, trademark lawyers should expect an increase in lawsuits alleging infringement of a "[generic].com" website name. After all, these trademark applicants are seeking trademark protection for a reason — they want the exclusionary rights that come with registration or under the common law.

It is a separate question, of course, whether these infringement suits will be successful. In arguing to the Supreme Court, Booking.com's counsel assuaged the justices' concern over monopolization of generic words on the internet by acknowledging that owners of descriptive website names would have a harder time showing likelihood of confusion.^[12] However, buttressed by the Supreme Court's decision that website names are sometimes protectible, trademark plaintiffs are likely to take on this challenge in hopes of gaining a commercial advantage by stopping use of similar website names.

Continued Impact of COVID-19

COVID-19 has created an increased demand for a variety of medical and consumer products, which creates perverse incentives for trademark counterfeiting. With demand expected to remain high through at least the spring of 2021, counterfeiting claims and legislation will take center stage.

Already, mask manufacturer 3M Co. has filed more than 20 lawsuits alleging trademark counterfeiting of its personal protective equipment products.^[13] In one case in the U.S. District Court for the Central District of California,^[14] 3M quickly persuaded the defendant to enter into a consent permanent injunction to stop the infringing conduct. In one case in the U.S. District Court for the Southern District of New York,^[15] 3M quickly obtained a preliminary injunction. So long as the pandemic continues to fuel a ripe market for counterfeiting, these trademark counterfeiting claims are likely to continue into the new year.

Legislation to combat trademark counterfeiting stalled in the 116th Congress. Current law permits the U.S. Customs and Border Protection agency to seize imported products bearing infringing trademarks.^[16] To avoid seizure, foreign counterfeiters could obscure infringing trademarks or apply them after the goods have arrived in the United States. The Counterfeit Goods Seizure Act of 2019 would have allowed CBP to seize goods that infringe United States design patents, regardless of whether they bear an infringing trademark. Trademark practitioners should closely follow any similar legislation in the upcoming 117th Congress.

Impact of Increased TTAB Fees

For the first time in nearly three years, the USPTO adjusted its Trademark Trial and Appeal Board fees effective Jan. 2.^[17] The most significant change is a 50% increase — from \$400 to \$600 — in the per class filing fee for opposition notices and cancellation proceedings. This increase will be felt most significantly by filers who challenge trademark applications and registrations in multiple classes.

One possible impact of this fee increase is that opposers and cancellation petitioners may challenge applications and registration in only those classes that are in the most direct conflict, rather than

every class.

Supreme Court Outlook

Supreme Court watchers will closely follow two significant lower court cases in anticipation of possible grant of certiorari in 2021.

The first case is *Jack Daniel's Properties Inc. v. VIP Products LLC*,^[18] which presents interesting questions of whether the use of humor can save a defendant from liability for trademark infringement and dilution. In *Jack Daniels*, the defendant sold a pet chew toy, called *Bad Spaniels*, that bears a striking resemblance to a bottle of *Jack Daniels* whiskey.

The Ninth Circuit held the defendant's use of humor rendered its toy expressive, thus invoking a heightened First Amendment test. It further held the humor rendered the trademark use "noncommercial," thus insulating the defendant from liability for dilution.^[19] *Jack Daniels* petitioned for a writ of certiorari, arguing there was a circuit split on the issue and that the Ninth Circuit's decisions on both infringement and dilution were "egregiously wrong."^[20]

The second case is *Tiffany & Co. v. Costco Wholesale Corp.*, which presents unique questions involving fair use. In this case, the warehouse retailer *Costco* sold diamond engagement rings with a six-pronged setting, which they described as a "Tiffany" setting. The plaintiff, a jeweler that owned the "Tiffany" mark, won summary judgment on liability for willful trademark infringement and counterfeiting, and then won \$21 million in damages encompassing trebled profits, punitive damages, and prejudgment interest.

The U.S. Court of Appeals for the Second Circuit vacated those rulings, holding that there was a triable issue of fact as to whether the word, "Tiffany," was merely descriptive of the ring setting, and thus protected fair use.^[21] Of course, "Tiffany" is undisputedly a source identifier of the plaintiffs' jewelry retail business. *Costco* persuaded the Second Circuit that "Tiffany" can be both distinctive and descriptive.

The deadline for filing a petition for writ of certiorari has not yet passed, but this is a case to watch in 2021 — whether litigated at the Supreme Court or remanded back to the district court for a retrial on the merits.

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[1] *Romag Fasteners Inc. v. Fossil Group Inc.* , --- U.S. ---, 142 S.Ct. 1492 (2020).

[2] *Monster Energy Company v. Integrated Supply Network* , 821 F. App'x 730, 732 (9th Cir. 2020).

[3] *Playnation Play Sys., Inc. v. Vex Corp.* , No. 1:14-CV-1046-RWS, 2020 WL 6895302, at *2 (N.D. Ga. July 9, 2020).

[4] See, e.g., *Vitamins Online, Inc. v. HeartWise, Inc.* , No. 2:13-CV-00982-DAK, 2020 WL 6581050, at *22 (D. Utah Nov. 10, 2020).

[5] *Advantus, Corp. v. Sandpiper of California, Inc.* , No. 19CV1892-CAB (NLS), 2020 WL 6271028, at *4 (S.D. Cal. Oct. 26, 2020).

[6] *U.S. Patent and Trademark Office v. Booking.com* , 591 U.S. ---, 140 S.Ct. 2298 (2020).

[7] U.S. Trademark Application Serial No. 90,042,555 (filed July 8, 2020).

- [8] U.S. Trademark Application Serial No. 90,052,136 (filed July 14, 2020).
- [9] U.S. Trademark Application Serial No. 90,107,376 (filed Aug. 11, 2020).
- [10] For example, in October, the USPTO denied registration of "webinar.net" because it "appears to be generic."
- [11] <https://www.uspto.gov/sites/default/files/documents/TM-ExamGuide-3-20.pdf>.
- [12] Tr. 43:20–25.
- [13] <https://news.bloomberglaw.com/bloomberg-law-analysis/analysis-3m-displays-trademark-creativity-in-n95-gouging-bouts>.
- [14] Case No. 2:20-CV005409-MWF-JC (C.D. Cal.).
- [15] Case No. 1:20-CV002949-LAP (S.D.N.Y.).
- [16] 19 U.S.C. § 1595a(c)(2)(C).
- [17] <https://www.uspto.gov/trademark/laws-regulations/updated-trademark-ttab-fees-processes>.
- [18] S. Ct. Docket No. 20-365.
- [19] *VIP Prods. LLC v. Jack Daniel's Properties, Inc.*, 953 F.3d 1170 (9th Cir. 2020).
- [20] Cite to petition. https://www.supremecourt.gov/DocketPDF/20/20-365/154031/20200915141406899_Petition.pdf.
- [21] *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020).