

Letter From the Editor



Happy New Year from all of us at Katten! 2015 should shape up to be an interesting year as courts and organizations alike struggle with new issues in the fashion world. We've got some exciting items in our first 2015 issue, from articles on trademark viability to a spotlight on our growing office in Shanghai and what we've been seeing in Asia. Be sure to join us on Wednesday, February 11 at our offices on Madison Avenue for an exciting discussion of "Fashion Licensing and Brand Protection." We've lined up a lively panel with several contributing authors from the book, *Fashion Law: A Guide for Designers, Fashion Executives, and Attorneys* (Fairchild Books, 2nd Edition). Enjoy and we hope to see you soon!

Karen Artz Ash

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"Google It": The Search Engine's Trademark May Be a Verb, But It's Not Generic

by Karen Artz Ash and Bret J. Danow

Google defeated a claim that its GOOGLE trademark was generic, in *Elliot v. Google Inc.*, a recent case from the United States District Court for the District of Arizona.

In 2012, Google filed a Uniform Domain Name Dispute Resolution Policy (UDRP) Complaint against the owner of several hundred domain names that included the word "google." The UDRP's Administrative Panel ruled in favor of Google and ordered that the domain names be transferred to Google.

The domain name owner responded by suing Google in the Arizona district court, seeking cancellation of two of Google's US Trademark Registrations covering search engines.

The domain name owner argued that "google" has become a generic term and is therefore not a protectable trademark. Google filed a motion for summary judgment to dismiss the domain name owner's claims.

A generic term is one that identifies a general category of goods or services, while a trademark identifies the specific source of those goods or services. A trademark may become generic if the public ceases to associate the mark with a particular source of a good or service, but instead believes the term to refer to a general category of goods or services. Examples of trademarks that have become generic terms include "aspirin," "escalator" and "videotape."

In *Elliot v. Google*, the domain name owner tried to establish that the GOOGLE trademark had become a generic term for search engines. However, the domain name owner did not argue that the majority of the public understands the term "google" to refer to search engines in general. Instead, it based its genericness argument on the public's use of the term "google" as a verb,

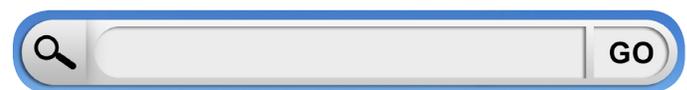


contending that “verbs, as a matter of law, are incapable of distinguishing one service from another, and can only refer to a category of services.” The domain name owner offered media and survey evidence to support its genericness claim, but focused mostly on the public’s use of the term “google” as a verb. As a result, the court found that the evidence failed to create a genuine dispute about whether “the primary significance of the word ‘google’ to a majority of the public who utilize Internet search engines is a designation of the Google search engine.”

The court rejected the domain name owner’s genericness argument, holding that the use of a trademark as a verb does not, alone, prevent it from identifying a product or its source.

The court found the domain name owner’s reliance on verb usage as a basis for genericness “misplaced”; even if a majority of the public uses “google” as a verb to refer to the act of searching on the Internet, such usage does not make the term generic because the public still uses “GOOGLE” as a trademark to refer to Google’s search engine. Accordingly, the court granted Google’s motion for summary judgment and ruled that the GOOGLE mark is not generic. In reaching its decision, the court also noted specific steps taken by Google to prevent its GOOGLE mark from becoming generic, including using the mark to identify the Google search engine in national advertising campaigns, establishing standards for third-party use of the mark, and engaging in a pattern of enforcement measures.

The court’s decision highlights the risk that a trademark may become generic and reminds brand owners of steps they can take to prevent generic use of their marks. Brand owners can monitor both authorized and unauthorized uses of their trademarks to ensure their marks continue to function as source identifiers.



goo·gle *verb, often capitalized*

goo·gled | goo·gling

: to use the Google search engine to obtain information about (as a person) on the World Wide Web

<<http://www.merriam-webster.com/dictionary/google>>

You Say “Tom’ah’to,” I Say “Tom’ay’to”: Determining the Correct Pronunciation of Uniquely Coined Trademarks

by **Karen Artz Ash** and **Bret J. Danow**

The US Court of Appeals for the Federal Circuit recently found that consumer pronunciation of a uniquely coined trademark (one that is not a recognized word) is relevant in determining whether consumers are likely to confuse that trademark with another mark.

As background to the July 2014 decision (*StonCor Group, Inc. v Specialty Coatings, Inc.*), StonCor Group, Inc. owned a federal trademark registration for the mark STONSHIELD. When its competitor Specialty Coatings, Inc. filed a US Trademark Application for the mark ARMORSTONE, StonCor opposed the mark in the US Patent and Trademark Office’s Trademark Trial and Appeal Board (TTAB), seeking to prevent its registration based on, among other things, a likelihood of confusion between the ARMORSTONE mark and its STONSHIELD mark.

The TTAB dismissed StonCor’s opposition, finding no likelihood of confusion between the two marks.

In particular, the TTAB found that the two marks did not sound confusingly similar based on its own pronunciation of the STONSHIELD mark, noting that “according to the spelling of [the STONSHIELD] mark, the letter ‘o’ is pronounced as a short vowel sound as opposed to the long vowel sound.” Although StonCor’s counsel testified that the prefix in STONSHIELD is pronounced “stone,” and not “ston,” the TTAB gave little weight to this evidence because the mark was not spelled in a manner consistent with that pronunciation. The TTAB ruled that because the prefix of StonCor’s mark is pronounced “ston,” and the suffix in Specialty Coatings’ marks is pronounced “stone,” the marks sounded substantially different and no likelihood of confusion existed. StonCor appealed this decision to the Federal Circuit.

The Federal Circuit ruled that the TTAB erred when comparing the sound of the STONSHIELD and ARMORSTONE marks. According to the Federal Circuit, the TTAB should have given more weight to StonCor’s evidence that consumers pronounce the prefix in STONSHIELD as “stone,” and not “ston.” The Federal Circuit held that “there is no correct pronunciation of a trademark that is not a recognized word.” As a result, the TTAB should not have supplied its own pronunciation of StonCor’s mark while ignoring evidence of consumer pronunciation of the mark. Nonetheless, the Federal Circuit found that the TTAB’s error in its analysis was harmless, and

Around Horn

International

OUR CLIENTS

Katten’s International practice attorneys represent clients in both domestic and foreign legal matters. We advise owners, developers and investors in the acquisition, operation, restructuring and disposition of all types of properties in US and international markets. We counsel clients throughout the world, including Europe, Japan, China, Mexico, Canada and Brazil, and represent a number of Israeli companies in securities class actions and other matters. We advise global companies and funds in inbound US transactions, along with a number of the world’s premier hedge funds and money managers, major investment and commercial banks, leading firms and insurance companies, and several international exchanges.

OUR SERVICES

With a well-established presence in London, we are able to offer integrated legal advice to serve the needs of clients undertaking transatlantic business. We serve as advocates for clients engaged in international litigation and arbitration proceedings, including those conducted by the International Chamber of Commerce (ICC), the London Court of International Arbitration (LCIA) and the Stockholm Arbitration Institute (SCC).

Katten has an active China practice focused on advising both Chinese companies doing business in the United States and Western companies with business interests in China. Clients benefit from our knowledge of Chinese local law and practices, our language and communication skills, and our relationships with central, regional and local governments and businesses in China.

With a broad background in foreign transactions and contentious matters and established networks of international attorneys, Katten’s International practice can address any need for overseas counsel.

For more information, click [here](#).



Partner Floyd Mandell Named One of the Top "50 Intellectual Property Trailblazers & Pioneers" by "The National Law Journal"

Floyd Mandell, national co-head of Katten's Intellectual Property practice and co-head of the Trademarks and Trademark Litigation practice, has been named to *The National Law Journal's* first-ever "50 Intellectual Property Trailblazers & Pioneers" list. Click [here](#) for more details.



Katten Attorneys Receive High Marks from "World Trademark Review 1000"

World Trademark Review 1000 – The World's Leading Trademark Professionals (WTR 1000) praised Katten for its work in the trademark field in its annual recognition of leading law firms and individual practitioners offering high-level advice on trademark-related issues.

WTR 1000 lauded the firm for providing "world-class" protection of brand identity nationally as well as singling out the **Chicago, New York and Washington, DC** offices and six Katten partners, including **Kristin Achterhof, Karen Artz Ash, Roger Furey, Floyd Mandell, Peter Riebling** and **Brian Winterfeldt**.

Notably, Karen Artz Ash was called "the top fashion lawyer in the country," drawing on her industry knowledge to achieve a string of successes on the anti-counterfeiting and transactional fronts.

Managing Intellectual Property **IPSTARS**

Katten Attorneys Named "Managing Intellectual Property's IP Stars – Top 250 Women in IP"

Katten attorneys **Karen Artz Ash, Meredith Martin Addy** and **Kristin Achterhof** are listed in *Managing Intellectual Property's* inaugural "IP Stars – Top 250 Women in IP." Katten was one of only a few law firms with more than one lawyer selected for inclusion. Click [here](#) for more details.

affirmed the TTAB's ruling that there was no likelihood of confusion between the two marks.

The decision in *StonCor* suggests that while brand owners are often encouraged to adopt uniquely coined terms as trademarks, such marks may not always be pronounced as a trademark owner would assume. As a result, in general and especially in any proceeding that might consider the sound of such a trademark—such as an opposition or lawsuit for trademark infringement—brand owners should consider and be ready to provide evidence of how consumers may pronounce their mark.

One Definition Fits All: The Third Circuit Applies Patent Act's Parameters for Attorneys' Fee Shifting in Trademark Case

by **Karen Artz Ash** and **Bret J. Danow**

In September 2014, the US Court of Appeals for the Third Circuit became the first circuit court to apply parameters for attorneys' fee shifting in patent cases to claims under the Lanham Act.

In *Fair Wind Sailing, Inc. v. Dempster*, Fair Wind Sailing, Inc. sued Virgin Island Sailing School and its co-founder, alleging, among other things, trade dress infringement and unjust enrichment. The District Court of the Virgin Islands dismissed the case, finding that Fair Wind Sailing failed to properly state a claim for trade dress infringement or unjust enrichment. In addition, the District Court awarded Virgin Island Sailing School all of its attorneys' fees. Fair Wind Sailing appealed this decision to the Third Circuit Court of Appeals.

In reviewing the District Court's award of attorneys' fees, the Third Circuit applied the Supreme Court's recent decision in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, a case involving an award of attorneys' fees under the Patent Act.

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Under both the Patent Act and the Lanham Act, a court may award reasonable attorneys' fees to the prevailing party only in "exceptional" cases.

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Prior to *Octane Fitness*, a patent case was only deemed "exceptional" in limited circumstances where a district court either found "litigation-related misconduct of an independently sanctionable magnitude" or determined that the litigation was both "brought in subjective bad faith" and was "objectively baseless." In *Octane Fitness*, the Supreme Court expanded the definition of "exceptional" to include cases that "[stand] out from others with respect to the

substantive strength of a party's litigation position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." Under this expanded definition, a losing party's conduct does not need to include "bad faith, fraud, malice, [or] knowing infringement" for a case to be "exceptional" under the Patent Act. Instead, whether a case is "exceptional" under the Patent Act is within the discretion of the District Court, on a case-by-case basis.

Even though *Octane Fitness* was purely a patent case, the Supreme Court noted in *Octane Fitness* that the Lanham Act's requirement that courts only award attorneys' fees in "exceptional" cases is identical to the corresponding fee provision in the Patent Act. As a result, the Third Circuit concluded that the Supreme Court sent a "clear message" in *Octane Fitness* that the term "exceptional" should be defined in the same way in the fee provisions of the Lanham Act as it is in the Patent Act, and, therefore, applied to claims under the Lanham Act in the same way as it is applied to claims under the Patent Act.

The Third Circuit affirmed the District Court's dismissal of Fair Wind Sailing's trade dress infringement and unjust enrichment claims, but did not rule on the payment of attorneys' fees because the Supreme Court issued the *Octane Fitness* decision while the *Fair Wind Sailing* case was pending. The Third Circuit remanded the issue of attorneys' fees to the District Court for it to determine whether the *Fair Wind Sailing* case was "exceptional" under the Supreme Court's expanded definition.

While the Third Circuit is currently the only circuit to apply the *Octane Fitness* decision's definition of "exceptional" to Lanham Act claims, other circuits may follow. Therefore, trademark owners may be wise to consider the Third Circuit's ruling when deciding whether to initiate a lawsuit under the Lanham Act and in which forum to bring such a suit.

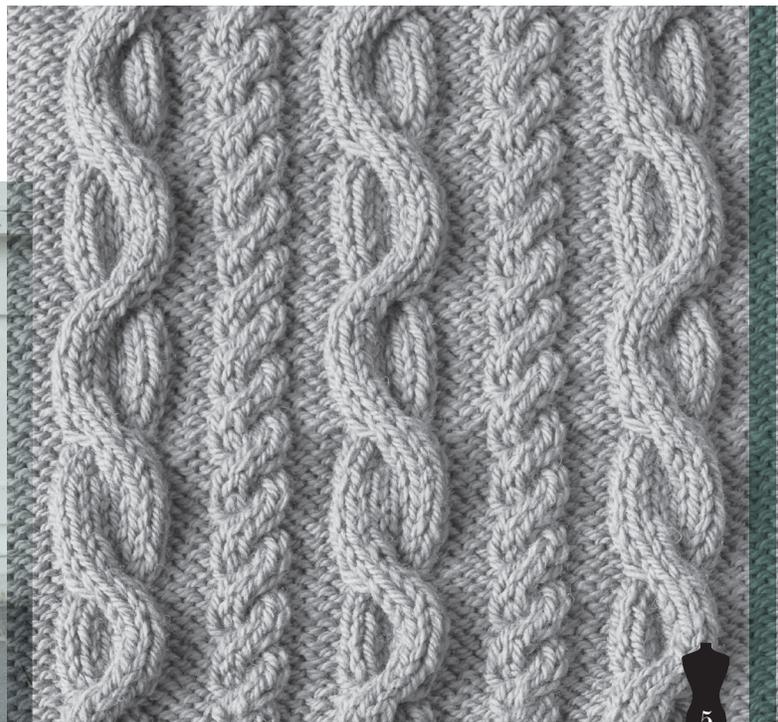


Katten Wins 2014 International Trademark Association Volunteer Service Award for Pro Bono Services

Katten was recognized with the 2014 Volunteer Service Award for Pro Bono Services by the International Trademark Association (INTA) for the work the firm's Internet practice (part of Katten's overall Intellectual Property practice) has done for organizations including The Trevor Project, United Cerebral Palsy, dotHIV and others. Only one pro bono award is granted to a law firm by INTA each year, and it was presented to Katten in November at the 2014 INTA Leadership Meeting in Phoenix.

INTA's Pro Bono Legal Services Award, part of the organization's Volunteer Awards, is given to member organizations that have demonstrated a significant development or expansion of programs for providing trademark and related intellectual property pro bono services during the previous year.

For more information, click [here](#).





Spotlight on Feng Xue

Head of China Practice
Katten Muchin Rosenman LLP
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Feng Xue is head of Katten's China practice and chief representative and managing partner of the firm's Shanghai office.

What industries do you typically represent, and how do they compare to the fashion industry in terms of international legal considerations?

The focus of my practice has been representing companies in the manufacturing sector, which bear much similarity to the fashion industry as far as China is concerned—both are labor-intensive and brand sensitive, and both address the consumer market and China's new middle class.

What are some recent developments that could affect US fashion or retail companies in China?

With the dramatically increased buying power of the Chinese middle class over the last few years, there is a growing appetite for foreign fashion clothing. There are lots of counterfeits and knock-offs in China. Fake shops have popped up everywhere. As the legal system is still evolving, foreign fashion and retail companies are having big problems in dealing with counterfeiting. Also, labor costs have increased significantly in China so manufacturing clothing in China is becoming more costly. Many are moving factories to Vietnam.

What are the biggest issues facing your clients and what are the related legal implications?

IPR protections in China are a big concern. Clients need to put in place a good IP strategy when entering into the Chinese market and ensure all IPRs are registered.



Join Us for Fashion Licensing and Brand Protection

Wednesday, February 11 **Katten Muchin Rosenman LLP**
6:00–8:00 p.m. **575 Madison Avenue**
Panel Discussion **11th Floor**
8:00–9:00 p.m. **New York**
Cocktail Reception

Join Katten for a dialogue with industry professionals and influential figures in the fashion world. We will kick off with some introductory comments and questions to provide valuable insight on some of today's current issues in brand strategies and licensing. Bring your questions for this interactive exchange and roundtable discussion, which will be followed by a cocktail reception.

Commentators:

Guillermo Jimenez (Moderator)
Professor of International Trade and Fashion Law
Fashion Institute of Technology

Barbara Kolsun
General Counsel
Stuart Weitzman, LLC

From Katten Muchin Rosenman LLP:

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Sherry L. Jetter
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Jan Tamulewicz
Partner, Intellectual Property Department

REGISTER HERE or visit www.kattenlaw.com/fashion-law-panel

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Katten is a full-service law firm with one of the most comprehensive fashion law practices in the nation. We provide innovative advice on the legal and business issues faced by national and international manufacturers, designers, marketers, licensors, licensees and retailers of fashion items including a full range of apparel, footwear, jewelry, cosmetics and luxury goods.

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