

SIP AND
CIRCLE

» FOURTH ANNUAL «



OVERVIEW

In 2022, trademark practitioners may find themselves faced with new challenges, whether due to new examiners with higher standards of scrutiny or due to new technology that creates “digital goods.” During our fourth annual Sip and Circle® Roundtable, we will discuss an overview of the following topics:

1. Common grounds for a refusal from the United States Patent and Trademark Office (USPTO) and World Intellectual Property Organization (WIPO)
2. Lack of distinctiveness in the EU and China
3. Non-fungible tokens
4. Recent trademark cases in the news

(1) Common Types of Refusals from the USPTO

The USPTO examines every application to register a trademark for compliance with federal laws and rules. If a USPTO Examining Attorney finds an issue with a trademark application, he/she will issue an “Office Action”. Office Actions come in two types:

- **Substantive.** In a substantive Office Action, the Examiner Attorney will specify one or more reasons for the refusal.
- **Administrative.** Administrative Office Actions generally seek clarification about the application, including for example, requesting more information about the products or services in the application, an updated specimen, or revisions to a description of the proposed trademark itself.

Common reasons for a substantive refusal to register a trademark:

1. Likelihood of Confusion – Section 2(d) of the Trademark Act, 15 U.S.C. §1052(d)

The most common reason for refusing to register a trademark is a “likelihood of confusion” between a proposed trademark and a trademark that has already been registered (or which is the subject of a pending, previously-filed application). The USPTO determines that a likelihood of confusion exists when:

- The two trademarks are similar in design, the words in the marks are similar in appearance, sound, or connotation, or the marks create an overall similar “commercial impression”, and
- The goods or services of the parties are so related that consumers could mistakenly believe that they come from the same source.¹

Likelihood of confusion can be found even if the two trademarks are not identical, and even if they are not in the same “class” of goods or services designated by the USPTO (although they need to be “related” or at least similar). Also, proof of actual confusion is not necessary to reject the registration, only that the two trademarks are similar enough to cause a “likelihood” of confusion as to the source of the goods or services.

¹ TMEP § 1207.

DISCUSSION

2. Merely Descriptive and Deceptively Misdescriptive – Section 2(e) of the Trademark Act, 15 U.S.C. §1052(e)

“Merely descriptive” trademarks identify a quality, purpose, function, characteristic, ingredient, or use of the goods or services. For a mark to be found merely descriptive, it must identify one or more significant functions, attributes or properties of the underlying good or service. Registration of a merely descriptive trademark will be refused unless one can show that the public sees the trademark as distinctive (i.e., it has acquired “secondary meaning”).

A “deceptively misdescriptive” trademark (1) includes a term that is descriptive (and not merely suggestive) of a significant quality, purpose, function, characteristic, ingredient, or use of the good or service, and (2) the descriptive term could plausibly be present in the goods or services associated with the mark; however, the described term is not, in fact, present in the associated goods or services (i.e. it misrepresents those elements). If the Examining Attorney feels that a consumer is likely to believe this “misrepresentation,” trademark registration may be refused, although a deceptively misdescriptive trademark is still eligible for registration if it acquires secondary meaning.

In contrast, wholly “deceptive” trademarks are never registerable. Deceptive trademarks are the same as deceptively misdescriptive trademarks except for this one element: proof that the misrepresentation is likely to affect a consumer’s decision to purchase the relevant goods or services. This is consistent with the objective of trademark laws to protect consumers from deception and confusion.

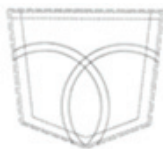
DISCUSSION

3. Ornamentation – Sections 1, 2, and 45 of the Trademark Act, 15 U.S.C. §§1051, 1052, and 1127

The Trademark Office will generally refuse registration of an application if the provided specimen shows that the use of the mark is merely decorative or ornamental and therefore fails to clearly identify the source of the associated goods and distinguish them from the goods of others.

Examples of ornamental use of a mark:

- **A quote prominently displayed across the front of a t-shirt.** Most purchasers would perceive the quote as decoration and would not link it to the manufacturer, especially since the source of clothing is traditionally displayed on the garment tag.
- **A logo on the front of a hat.** The logo may represent an organization (e.g., a sports team) as opposed to the manufacturer of the hat.
- **Stitching designs on the back pocket of a pair of jeans.** Purchasers are accustomed to seeing embellishments on jean pockets but may not think this stitching design identifies the manufacturer of the jeans. That said, some manufacturers have successfully registered stitching designs, such as the following owned by Jordache Enterprises, Inc.:



U.S. Reg. No. 5622219 for *men’s, women’s, and children’s jeans* in Class 25 (Section 2(f) claim).



U.S. Reg. No. 3185126 for *men’s, women’s, and children’s jeans* in Class 25 (Supplemental Register).

- **A decorative pattern on tableware or silverware.** A consumer may likely see this design in the metal as decorative and not immediately consider it as a source identifier.
- **The phrase “Have a Nice Day” or a basic smiley face logo.** Commonplace expressions and symbols that are featured on products like to-go food containers are normally not perceived as identifying the source of goods.²

However, a small and discrete design or phrase located on the pocket or breast portion of a garment (for example, a small design of an animal) may create the commercial impression of a trademark, whereas a larger depiction of the same wording/design prominently displayed across the front of a garment may be more likely to be seen as a purely decorative or ornamental feature of the goods. Ultimately the size, location, prominence and overall significance of the mark as applied to the goods are all factors used to determine whether the mark functions as a trademark to identify the source of the associated goods or is merely ornamental.

Per the USPTO website³, there are five possible options for overcoming an ornamental refusal, including:

- Submit a verified substitute specimen that demonstrates proper, non-ornamental use of the mark in commerce for the goods – available to applicants filing under a Section 1(a) “use in commerce” basis.
- Amend the application from the Principal Register to the Supplemental Register – available to most applicants. The mark will not receive all the same legal advantages as marks on the Principal Register, but it will be protected against conflicting marks in later-filed USPTO applications.
- Submit evidence that the mark has acquired distinctiveness under Section 2(f) – available to any applicant who has received an ornamental refusal for any reason. Long-term use in commerce, advertising and sales figures, dealer and consumer statements, examples of print or digital ads placed over time, unsolicited media attention, and/or other evidence can be used to show that consumers directly associate the mark with the source of the associated goods.
- Submit evidence of use of the mark on goods or in connection with services other than those listed in the application in order to establish a secondary source for the applicant’s goods – available to any applicant who has received an ornamental refusal for any reason.
- Amend the filing basis to “intent to use” under Section 1(b) – available to most applicants, provided that the applicant has not submitted a Statement of Use. A proper specimen may then be submitted later on in the application process.

DISCUSSION

Common reasons for an administrative refusal to register a trademark:

1. Identification of Goods and/or Services is Indefinite/Vague

According to the Trademark Manual of Examining Procedure, the identification of goods and/or services should state the generic or commonplace terms of such goods or services, should be as complete and specific as possible, and should avoid indefinite words and phrases. For instance, the following wording has previously been deemed “indefinite” or “vague” by the USPTO:

- “including”
- “such as”
- “and similar goods”
- “and related goods”
- “and the like”
- “like services”
- “products”
- “concepts”
- “etc.”
- “e.g.”⁴

² TMEP § 1202.03

³ USPTO, United States Patent and Trademark Office, “Ornamental” Refusal and How to Overcome this Refusal, <https://www.uspto.gov/trademarks/laws/ornamental-refusal-and-how-overcome-refusal#overcome> (last visited Feb. 23, 2022).

⁴ TMEP § 1402.03(a)

Even in an explanatory clause following definite goods or services, the inclusion of such wording will almost certainly provoke a refusal.

Generally Unacceptable	Generally Acceptable	Rationale
“clothing, namely, socks, shorts, and t-shirts made of cotton, etc.”	“clothing, namely, socks, shorts, and t-shirts”	The wording “etc.” is ambiguous and could refer to the material of the clothing or additional types of clothing items.
“accessories” or “accessories therefor”	Acceptable when referencing toy accessories in Class 28 and following a definite identification (i.e., “toy vehicles and accessories therefor”)	The goods that fall within the wording “accessories therefor” will also be classified in the same class (if not, the identification will be refused).
“clothing, headwear, and footwear, namely, jeans”	“clothing, namely jeans, headwear, and footwear”	The term “namely” must directly follow the item that it serves to subsequently describe in further detail.
“parts”	“replacement parts therefor” or “structural parts therefor” when following a definite identification (e.g., “clocks and parts therefor”)	The replacement parts will also be classified in the same class as the main good (if not, the identification will be refused).

An Examining Attorney may require additional information as to the nature or field of the particular good or service and may request more information and/or make suggestions using his/her own indefinite language or parentheses or brackets (e.g., “consulting in the field of [indicate field, i.e., information technology in Class 42, advertising in Class 41, etc.]”). Typically, parentheses and/or brackets should be omitted from a description of goods or services unless they serve to explain or translate the wording that immediately follows and they do not affect the overall clarity of the description (i.e., “SAAS (software as a service)”)⁵.

2. Goods and/or Services are Misclassified

Another common refusal associated with identifications is that the goods or services are incorrectly classified. Depending on the nature of the good or the field of the service, the same good or service may ultimately belong in separate classes. See below for common examples:

Cleaning preparations	<ul style="list-style-type: none"> ▪ Cleaning preparations for cleaning surfaces in Class 3 ▪ Nasal cleaning preparations for personal sanitary purposes in Class 3 ▪ Nasal cleaning preparations for medical purposes in Class 5
Financial services	<ul style="list-style-type: none"> ▪ Financial records management in Class 35 ▪ Preparing financial reports for others for business purposes in Class 35 ▪ Providing financial information in Class 36 ▪ Financial consultancy in Class 36

⁵ TMPEP § 1402.12

Software	<ul style="list-style-type: none"> ▪ Downloadable software for games in Class 9 ▪ Entertainment services, namely, providing online, temporary use of non-downloadable video games in Class 41 ▪ Providing temporary use of non-downloadable software for playing games in Class 42
Providing a website	<ul style="list-style-type: none"> ▪ Providing a website featuring non-downloadable videos, publications, and blogs in the field of ice hockey in Class 41 ▪ Providing a website featuring non-downloadable information and commentary in the field of ice hockey in Class 44

DISCUSSION

3. Specimen Fails to Properly Show Use of the Mark in Connection with the Goods and/or Services

A specimen must be an acceptable display of the mark used in connection with the goods or services in commerce. Typically, the best specimen for goods will be a digital image showing the mark directly on the product itself. If that is not possible (i.e., the good is salt or liquid), the next best specimen will be a photograph of the mark on the product packaging. A web page may also be sufficient if it contains the mark, a description or photograph of the goods, and a mechanism by which the consumer may actually purchase the good from the website (e.g., an “Add to Cart”, “Buy” or other similar button). If the product is not packaged in the traditional sense (i.e., the good is gasoline), a photograph of the mark on the method of transport (e.g., a delivery vehicle) or a point-of-sale display will likely suffice.

For services, the best specimens are advertisements that show the mark in close proximity to a description of the services being offered. Website screen captures, marketing materials, and other advertisements are all acceptable if they show the mark being used to promote the services listed in the application.

Common refusals associated with improper specimen include:

- Mark in specimen does not match mark in application drawing
 - It is unclear/illegible.
 - It does not show the entire trademark.
 - It does not show the exact trademark in the drawing, but rather a variation thereof.
- Specimen does not show trademark use with the specific goods or services in the application
 - e.g., application identifies t-shirts as the goods, but the specimen shows the trademark with custom t-shirt printing services.
- Specimen does not show applicant’s own use of the trademark
 - It is a press release sent exclusively to news media or a printed article resulting from such a release.
 - Note, however, that publicly available press releases, such as on the applicant’s website, are acceptable to show use for services, but not goods.

- Specimen is not in actual use in commerce
 - It is a printer’s proof or artist’s rendering.
 - It is a digitally created or altered image or mock-up.
 - It is merely material used only to conduct applicant’s daily business of selling goods (e.g., packing slips, business stationery, order forms, waybills, and bills of lading).
 - It is only a drawing or depiction of the trademark.
 - It is a webpage that does not include the URL and date accessed/printed.
 - It shows that the goods have not yet been sold or transported (e.g., pre-sale orders for goods not yet available).
- Specimen is not an appropriate type for the goods or services
 - Specimen for goods is a webpage or product catalog/brochure with insufficient ordering or purchasing information.
 - Specimen for downloadable software is a webpage with no means to download or purchase the software.

DISCUSSION

(2) Lack of Distinctiveness

In the U.S., marks can either be inherently distinctive, or achieve acquired distinctiveness, also known as secondary meaning. The purpose and significance of secondary meaning may be described as follows:

A term which is descriptive . . . may, through usage by one producer with reference to his product, acquire a special significance so that to the consuming public the word has come to mean that the product is produced by that particular manufacturer. This is what is known as secondary meaning. The crux of the secondary meaning doctrine is that the mark comes to identify not only the goods but the source of those goods. To establish secondary meaning, it must be shown that the *primary* significance of the term in the minds of the consuming public is not the product but the producer. This may be an anonymous producer, since consumers often buy goods without knowing the personal identity or actual name of the manufacturer. *Ralston Purina Co. v. Thomas J. Lipton, Inc.*, 341 F. Supp. 129, 133, 173 U.S.P.Q. 820, 823 (S.D.N.Y. 1972).

The USPTO affords several mechanisms by which acquired distinctiveness or secondary meaning of a mark may be shown in order to obtain protection on the Principal Register. Moreover, even if acquired distinctiveness cannot be proven, the USPTO still offers at least some protection via the Supplemental Register to marks that may be capable of acquiring distinctiveness over time. Unfortunately, however, this lower level of protection is not available in territories such as the European Union or China. In fact, the intellectual property offices of the European Union and China seem to adopt and enforce a relatively higher standard for proving the distinctiveness of a mark.

- **European Union:** Under Article 7(3) of the European Union Trademark Regulations, a mark that otherwise lacks distinctiveness may be registered if it has “become distinctive in relation to the goods or services for which registration is requested as a consequence of the use which has been made of it.” Article 7(3) EUTMR. Under Chapter 14, Section 7 of the European Union Intellectual Property Office (EUIPO) Guidelines, the applicant must “prove the acquisition of distinctive character through use in the part of the EU in which the contested mark was devoid of any distinctive character.” Chapter 14, Section 8 then goes on to list the following factors, inter alia, that may be taken into account when considering acquired distinctiveness:
 - The market share held by the mark with regard to the relevant goods or services;
 - how intensive, geographically widespread and long-standing use of the mark has been;

- the amount invested by the undertaking in promoting the mark for the relevant goods or services;
 - the proportion of the relevant public who, because of the mark, identifies the goods or services as originating from a particular undertaking.
- **China:** Similar to the EUIPO, China’s National Intellectual Property Administration (CNIPA) released its own revised Guidelines for Trademark Examination and Trial on November 22, 2021, effective January 1, 2022. The Guidelines, which are somewhat analogous to the USPTO’s Trademark Manual of Examining Procedure, cite Article 11 of the Trademark Law of the People’s Republic of China, stating that non-distinctive marks may be registered “only after [they have] acquired distinctive features in practical use and become distinguishable.” Title II, Section VII of the Guidelines indicates that the CNIPA will consider the following factors when examining a trademark with potential non-distinctiveness issues:
 - The awareness of the relevant public;
 - the situation of the applicant’s actual use of such trademarks; and
 - other elements in the acquisition of distinctive features of such trademarks through use.
 - Examples of evidence that may help to show acquired distinctiveness include:
 - Sales brochures
 - Catalogues
 - Price lists
 - Invoices
 - Annual reports
 - Turnover figures
 - Advertising investment figures and reports
 - Advertisements (press cuttings, billboard posters, TV adverts, copies of digital ads), together with evidence of their intensity and reach
 - Customer and/or market surveys
 - Agreements with authorized distributors, retailers, or sale representatives
 - Unsolicited media attention
 - Affidavits

DISCUSSION

(3) Non-Fungible Tokens (NFTs)

Blockchain technology has recently burst onto the scene taking the digital, financial, and IP worlds by storm. A blockchain is a database that stores encrypted blocks of data of any kind and authenticates an asset as a genuine and original entity. Via popular blockchain platforms such as Coinbase, BitMEX, and IBM, digital assets can be distributed without the risk of being copied and come with a digital “certificate” of authenticity, proving that they are genuine. Moreover, due to the decentralized and encrypted nature of the process, the history of such asset transfers cannot be altered, thereby building trust and authenticity in the asset without the need for a third-party authenticator.

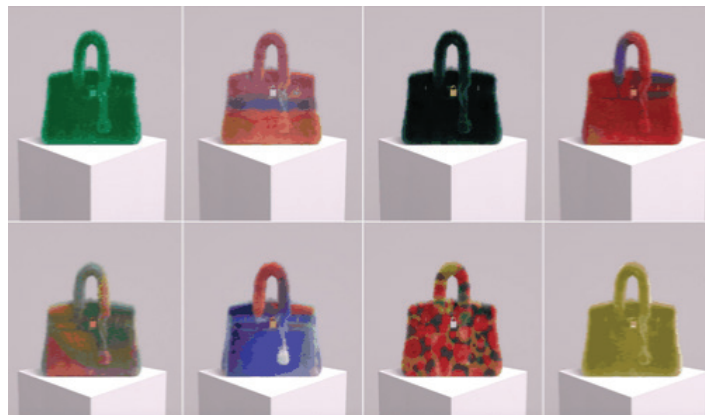
With cryptocurrency (e.g., bitcoin) as probably the most widely known type of digital asset used in blockchain transactions, non-fungible tokens (aka NFTs) are quickly gaining popularity.

Unlike fungible tokens that can be broken down or divided into smaller denominations and can be exchanged for assets of the same “species” (i.e., a bitcoin traded for a bitcoin of the same value will still equal a bitcoin of the same value), NFTs are uniquely created digital assets (e.g., animations, graphic designs, GIFs, audio files, memes and even tweets) that cannot be divided and that may not have the same value (i.e., there is usually not a one-for-one exchange of an NFT). Moreover, NFTs each contain a log of information specific to that NFT, including among other things, the creator and the price history. Thus, a NFT may be difficult to trade for something with the same distinctive characteristics and the same value.

Minting an NFT (listing an NFT for sale on a digital marketplace) is a way for artists and creators to secure their work and guarantee to buyers that they are purchasing an authentic asset. However, while an NFT may be confirmed as authentic, not all NFTs may come with the necessary licensing rights. Specifically, while many NFTs may be brand new, original art or and/or created by rightful copyright owners, there will be some NFTs that contain third-party intellectual property which could be problematic for future buyers. A non-copyright owner may own a validly acquired re-print of a copyrighted work or may just want to create a NFT-based on a piece of artwork that he/she likes. However, creating a piece of artwork based on a copyrighted work may only be non-infringing if it is subject to the fair use exception to copyright law or if the non-copyright owner has received a license from the copyright owner. Similarly, if the new NFT contains a third-party trademark, any unauthorized use of such intellectual property in a commercial atmosphere could be deemed infringement. Thus, unless the NFT purchase agreement includes an indemnification for intellectual property infringement or some type of license or consent to use the intellectual property, the parties may receive a challenge from the third-party owner in the future.

Example Litigation: *Hermès International v. Mason Rothschild*⁶

Hermès filed suit against Mason Rothschild on January 14, 2022, alleging, *inter alia*, trademark infringement and cybersquatting. According to the complaint, Rothschild allegedly created over 100 NFTs under the mark METABIRKINS that include depictions of Hermès’ famous Birkin bag. In addition to registering the domain name metabirkins.com, Rothschild minted and listed for sale his METABIRKINS NFTs on the marketplace Opensea.



One particular METABIRKINS NFT alone was auctioned and sold in May of 2021 for \$23,500 and then subsequently resold for \$47,000.

⁶ *Hermès Int'l v. Rothschild*, No. 22-cv-384 (AJN) (S.D.N.Y. Feb. 10, 2022).

Looking towards the future of NFTs, the following should be considered:

- Protection of original copyrights or trademarks in an NFT
- Adding a watch on NFT marketplace platforms to brand enforcement programs
- License / consent agreements for NFTs that include third-party intellectual property
- Seeking trademark protection for the names of the NFT marketplaces

DISCUSSION

(4) Recent Trademark Cases in the News

- **UPDATE! Peloton Interactive Inc. v. Mad Dogg Athletics, Inc. – SPINNING⁷**

In February of 2021, Peloton sought to cancel Mad Dogg’s registration for the mark SPINNING, U.S. No. 1,780,650, for use in connection with *providing training and instruction to others by simulating an outdoor bicycle workout completed indoors on a stationery [sic] bicycle* in Class 41. On May 6, 2021, the proceedings were consolidated with various other pending cancellation matters for related SPIN-formative marks, and in December of 2021, the proceeding was suspended pending the outcome of Mad Dogg’s Motion to Compel Discovery and Peloton’s Reply Motion for a Protective Order.

- **Robinhood Markets Inc. defeats Ice Cube’s false endorsement claim⁸**
An ad in an online newsletter for the stock-trading mobile app used Ice Cube’s image and a paraphrase of his song lyrics (*right*):

The U.S. District Court for Northern District of California described the newsletter as having a “breezy, colloquial tone” and acknowledged that it also contained a reference to the Earth, Wind, & Fire song *September*. The Court then concluded that the image, when used to “illustrate an article about [stock] market corrections,” ultimately did not suggest any endorsement or relationship between Ice Cube and Robinhood. Interestingly, the court also noted its opinion that the newsletter was not actually an advertisement either.

➡ Why are tech stocks falling?

Monday, March 8, 2021 by Robinhood Stocks | Discussion



- **Marshall Mathers III (Eminem) v. Melissa More and Alan Hoffer – SLIM SHADY POLITICS⁹**

On February 12, 2021, Melissa More and Alan Hoffer filed a trademark application for the mark SLIM SHADY POLITICS for use in connection with *providing an internet website featuring news and information in the field of national and international politics* in Class 35. Based on his various registrations for the mark SLIM SHADY, Marshall Mathers (aka Eminem) filed his Notice of Opposition on November 15, 2021. The parties filed a consent motion on January 25, 2022 to suspend the proceedings in order to negotiate settlement. In the meantime, the website for the applicants is still active, and notably, the ® symbol is used in connection with the mark SLIM SHADY POLITICS.¹⁰



⁷ Peloton Interactive, Inc. v. Mad Dogg Athletics, Inc., Cancellation No. 92076463 (Feb. 16, 2021) [not precedential].

⁸ Jackson v. Robinhood Mkts, Inc., No. 3:21-cv-02304 (LB) (N.D. Cal. June 15, 2021).

⁹ Mathers v. Hoffer et al., Opposition No. 91272902 (Nov. 15, 2021) [not precedential].

¹⁰ Slim Shady Politics, *Welcome to Slim Shady Politics*, <https://slimshadypolitics.com/> (last accessed Feb. 23, 2022).

- **Nike, Inc. v. Just Succ It, LLC – JUST SUCC IT¹¹**

On January 18, 2022, Nike filed a 30-day Extension of Time to oppose the application, U.S. Serial No. 90/623,472, owned by Just Succ It, LLC for *online retail store services featuring clothings, novelty items, home décor, plants, and a wide variety of other goods* in Class 35. The applicant, a small business owner, took to social media to publicize the matter, and many have since expressed outrage over Nike’s potential pursuit of the opposition. Interestingly, Nike did not seek a second extension.

- **Lady A Entertainment LLC v. Anita White – LADY A**

Blues and jazz singer, Anita ‘Lady A’ White, complained that her stage name had been stolen by country band, Lady Antebellum, after the band changed its name to Lady A. When settlement negotiations fell through, the band sued White in July of 2020, resting largely on its U.S. trademark registrations, Nos. 4,292,685, 4,030,752, and 4,004,006 for the mark LADY A. Ultimately, the matter settled, and the parties filed joint motions to dismiss on January 31, 2022. The terms of the settlement are not public.

¹¹ *Nike, Inc. v. Just Succ It, LLC*, Opposition No. 90623472 (Jan. 18, 2022) [not precedential].