

## Could Offensive Trademarks Find Refuge in Common Law?

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The 177-page tome the Trademark Trial and Appeal Board (TTAB) just issued in *Blackhorse v. Pro-Football Inc.* is remarkable for its length and its subject matter, cancellation of the controversial REDSKINS mark as disparaging to Native Americans, though this isn't the first time the TTAB has crossed that controversial threshold.

The decision underscores a little known fundamental of U.S. trademark law: Rights primarily are based on use of a mark, not registration. You don't need a registration to enforce rights in a mark. The decision doesn't mean that Pro-Football, which owns and operates the Washington Redskins NFL team, is required to change the team name or that it can no longer prevent others from making commercial use of the name.

The TTAB makes this distinction clear at the beginning of the decision: "This decision concerns only the statutory right to *registration* under Section 2(a). We lack statutory authority to issue rulings concerning the right to *use* trademarks."

Owning a federal trademark registration has its benefits, such as nationwide constructive notice of rights, and prima facie and ultimately, in many cases, conclusive evidence of exclusive rights to use the mark for the identified goods or services. Registration also allows the owner to record with U.S. Customs and Border Protection to garner that agency's assistance in seizing and potentially destroying counterfeits (obviously a big issue for the NFL). But even if a registration is cancelled, the underlying common law rights continue in the geography where the mark is used and known.

To determine whether an owner has common law rights in a mark, courts not only require actual and continuous use of the mark, but also look to factors such as widespread distribution and the public's association with the mark. An owner of common law rights can still sue for infringement in state or federal

court and obtain both injunctive relief and monetary damages in appropriate cases. Without federal registration, an owner still has other avenues, albeit slightly more limited and definitely more costly, to enforce its rights in a mark.

While disparagement is a bar to federal registration of a mark (the TTAB may cancel a trademark registration that "may disparage... persons, living or dead ... or bring them into contempt or disrepute"), the key underlying question here is whether disparagement is a valid basis under the common law for invalidating trademark rights. If so, Pro-Football may soon find that it cannot enforce the REDSKINS mark *at all*.

The traditional spectrum of distinctiveness, by which we determine whether a mark is sufficiently distinctive to be protected as a mark, only covers four categories — generic, descriptive, suggestive and arbitrary/fanciful — not disparagement. California's relevant law, presumably substantially codifying the common law, tracks the federal law on disparagement: California's Business and Professions Code Section 14205(b) makes clear that disparaging marks are excluded from state registration, but the code also defers to the common law in Section 14259: "nothing... shall adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time within common law." Can one acquire common law rights *in good faith* in a disparaging "mark"? This is an open question, as the legislative history of the Lanham Act and case law shed no light on this issue.

Beyond the question of whether disparagement might invalidate Pro-Football's ability to enforce its common law trademark rights is yet another interesting question: What is the precedential value, if any, of the TTAB decision in subsequent common law enforcement efforts by Pro-Football? In *B&B Hardware Inc. v. Hargis Indus. Inc.*, 569 F.3d 383 (8th Cir. 2009), the 8th U.S. Circuit Court of Appeals held

that the TTAB's decision that there was a likelihood of confusion between two marks was not binding and had no precedential role in the subsequent infringement action because the TTAB's likelihood of confusion test differed from that of the courts; while the TTAB heavily emphasized the appearance and sound of the two marks for registration purposes, the courts focus on marketplace realities in assessing likelihood of confusion as the test for infringement.

B&B Hardware's petition for certiorari is pending; at the Supreme Court's request for input, the solicitor general recently filed an *amicus*, advocating that the court grant the petition. If the Supreme Court decides the case, it is unlikely to rule that TTAB decisions are binding on courts in subsequent litigation. It is even more unlikely that a finding that a TTAB decision is binding would apply retrospectively to *Blackhorse*, particularly because subsequent infringement litigation would not be between the same parties as the TTAB matter.

There also is the question whether laches might apply in the REDSKINS case: The six cancelled registrations initially registered between 1967 and 1990, and the relevant time period for assessing disparagement is at the time of registration. A previous challenge to these registrations ultimately failed when the Court of Appeals upheld the lower court's determination that laches applied to that challenger's claim.

Interestingly, the laches issue may take on a different complexion this time around: In *Petrella v. Metro-Goldwyn-Mayer Inc.*, 134 S. Ct. 1962 (2014), a copyright case, the Supreme Court just held that laches cannot apply if a claim is brought within the applicable statute of limitations, which, in *Petrella*, was three years. Reasoning that laches "is essentially gap-filling, not legislation-overriding," the court cut back application of the equitable doctrine, but offered that laches may still apply in "extraordinary circumstances... the consequences of a delay in commencing suit may be of sufficient magnitude to warrant, at the very outset of the litigation, curtailment of the relief equitably awardable." Along the same vein, in *Blackhorse*, the TTAB held the NFL could not raise laches because "there exists a broader public interest than that of individual

petitioners in preventing respondent from receiving the benefits of registration because respondent's marks may have disparaged a substantial composite of Native Americans at the time." If the courts similarly consider the public's interest, and if *Petrella* signals an intellectual property-wide development on the laches front, laches may not play well as an affirmative defense for Pro-Football in subsequent actions.

Speaking of which, a Native American rights group announced Wednesday its intention to file a lawsuit against the Cleveland Indians for \$9 billion in damages for using that name. The issues raised in *Blackhorse* will remain in the headlines, and in the courts, for some time to come.

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