

Letter From the Editor



Here in New York City, it seems that winter is eternal. But with spring around the corner and the latest fall collections fresh in our minds, we look forward to what's in store for the fashion world as 2014 continues to unfold. On this end, we've worked with our design team to develop a number of new pieces that we hope you'll enjoy. Our "Through the Lens" feature will highlight different players in the global fashion scene, and we've started by interviewing Rolando Santana, a talented designer whose stock is on the rise. Be sure also to read through for additional insights from Katten's own Sherry L. Jetter—a veteran lawyer who has worked at both Donna Karan New York and Polo Ralph Lauren—as she explains what drew her to the intersection of fashion and law. We're thrilled to keep extending our global reach in 2014, and hope you'll join us as we introduce new fashion industry-related initiatives here at Katten, including invitation-only roundtables and panel discussions. After all, Madison Avenue is our home—and it's what we live and breathe every day.

Karen Artz Ash

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Trademark Infringed? No Preliminary Injunction Unless Irreparable Harm Proved

by Karen Artz Ash and Bret J. Danow

In deciding motions for preliminary injunction in a trademark infringement case, courts have traditionally held that irreparable harm to a trademark owner was presumed once a finding was made that a defendant's use of the mark at issue is likely to cause confusion. The US Court of Appeals for the Ninth Circuit, however, in the case *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, recently broke away from past precedent and took a different approach to the standard for granting injunctive relief in a trademark infringement matter.

Herb Reed Enterprises involved the use of the mark The Platters as the name of a musical group. The US District Court for the District of Nevada had granted plaintiff a preliminary injunction against defendant's use of the mark, holding that plaintiff had satisfied the requirements for obtaining injunctive relief—namely, that plaintiff had established a likelihood of success on the merits and that it was likely to suffer irreparable harm in the absence of preliminary relief. The court of appeals accepted that plaintiff had established a likelihood of success on the merits but disagreed with the district court that the record supported a determination on the likelihood of irreparable harm.

Citing a recent US Supreme Court ruling in a patent infringement case, the court of appeals held that irreparable harm to a plaintiff trademark owner could not be presumed simply because the plaintiff was likely to succeed on the merits of its trademark infringement claim.

Such a presumption, according to the court of appeals, had the practical effect of combining the likelihood of success and the irreparable harm factors. The court expressed its view that such combination was improper.



The court of appeals then focused on the issue of whether there was evidence of a likelihood of irreparable harm separate and apart from evidence of a likelihood of success. In doing so, the court of appeals ruled that the district court's analysis of the issue of irreparable harm was "cursory and conclusory, rather than being ground in any evidence."

Specifically, the court of appeals held that a strong case of trademark infringement did not automatically mean that plaintiff was irreparably harmed or that money damages would be inadequate. While plaintiff may be able to establish the likelihood of irreparable harm, there was no evidence in the record to do so.

The court of appeals did indicate in a footnote that given the character and objectives of the preliminary proceeding, the district court could have relied on evidence that may not have otherwise been admissible in issuing the preliminary injunction. However, even with that ability, the facts did not support a finding that plaintiff was likely to suffer irreparable harm. Therefore, the ruling is somewhat case-specific in that the unspecified facts that the court of appeals would have found sufficient were not present.

It remains to be seen what amount of evidence of irreparable harm will need to be demonstrated by a trademark owner in order to obtain injunctive relief in the Ninth Circuit. The ruling does, at a minimum, seem to make the standards more difficult for plaintiffs to meet in the Ninth Circuit. Similarly, only time will tell whether appeals courts in other circuits will adopt the same standard as the Ninth Circuit did in *Herb Reed Enterprises*.

Trademark owners seeking injunctive relief should, in any event, be prepared that other courts will require that they present evidence sufficient to demonstrate a likelihood that they would suffer irreparable harm rather than automatically presuming such harm.

Want to Reserve a Trademark? Be Prepared to Prove You Will Use It

by Karen Artz Ash and Bret J. Danow

US trademark law allows for the filing of a trademark application based on a *bona fide* intention to use the mark on or in connection with the specified goods or services listed in the application. The filing of an intent-to-use-based application provides a significant benefit to a trademark owner as it allows the owner to obtain a priority date as of the date of filing while it develops its business under such mark. This can protect the owner from the subsequent adoption of a confusingly similar mark by a third party during the time period between when the owner has filed its application and when it has put the mark into use. The ability to file an application on an intent-to-use basis can, therefore, be crucial to the development of a brand owner's business.

The filing of an intent-to-use-based application requires that the applicant have "a *bona fide* intention, under circumstances showing the good faith of such person to use the subject trademark in commerce."

The statute does not allow an applicant to merely reserve a mark but, instead, requires that the applicant have a genuine intention to use the mark in the ordinary course of trade. Therefore, courts have held that a party can oppose a trademark application by proving that the applicant did not actually intend to use the mark in commerce or by proving that the circumstances at the time of filing did not demonstrate that intent. Recently, such an approach was successfully used by PRL USA Holdings (the owner of the well-known Polo mark) as the grounds for opposing a trademark application filed by a third party for the stylized Irish Polo Club USA and design mark.

This case was unique in that the applicant indicated during discovery that no documents existed regarding his plans to use the mark because he did not have any business plans yet. Although the Trademark Trial and Appeal Board (TTAB) acknowledged that the question of intent is a factual one that is not typically suited for disposition on summary judgment, it granted PRL's motion for summary judgment. The TTAB held that the entry of summary judgment was warranted because there was no documentary evidence of the applicant's *bona fide* intent to use the mark at the time he filed his trademark application. Because the TTAB ruled in PRL's favor on the *bona fide* intent issue, it did not have to rule on the issue of whether or not there was a likelihood of confusion.

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The case provides an important lesson both to companies embarking on new product lines and to companies seeking to oppose trademark applications.

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For prospective brand owners, the case demonstrates that a party cannot just file an application for a mark that it likes in an attempt to merely reserve rights in such mark with the plan to begin developing a business identified by the mark at some unspecified future date. When filing for a new mark, an applicant would be wise to keep a record to evidence its intentions to use the mark through either a written business plan or documentation of promotional activities, market research or discussions with prospective business partners. For potential opposers, the decision highlights an available means to attack an application and demonstrates that an application may be vulnerable in an opposition proceeding even if a likelihood of confusion cannot be proven.

Katten

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Around **the** Horn

Customs and International Trade

OUR CLIENTS

Katten's **Customs and International Trade** attorneys represent clients importing or exporting raw materials, parts or finished products. From agriculture, textiles and mass merchandise to telecommunications and production equipment, we represent clients in any industry. By keeping abreast of current developments in trade laws, regulations and guidelines, Katten's Customs and International Trade attorneys are reliable partners in a quick-moving and ever-changing playing field.

OUR SERVICES

In this era of increased trade enforcement, the burdens of understanding and complying with the rules established by more than a dozen federal agencies have grown exponentially. These agencies are stepping up their efforts to ensure that all goods imported into or exported from the United States are in compliance with all US laws and regulations. Our Customs and International Trade team takes a multi-disciplinary approach to the issues that importers and exporters face in today's regulatory and global business environment.

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



Through
the Lens



rolando santana

(insight)

Tell us about your inspiration and plans for Rolando Santana in 2014.

There is an abundance of inspiration for the collections this year. However, what really is inspiring me in 2014 is the growth of my company. The launch of our newest brand, ROLO & ALE, and the expansion of my namesake RTW collection, rolando santana.

(acumen)

Since creating your brand in 2009, what have you learned about the legal industry as it relates to new designers?

The most important thing for me was learning about intellectual property and protecting my name. Since the beginning of my company, I was very flattered to be approached by different companies who were interested in helping me. But the more time I spent looking into the different possibilities, the more I learned that I could not make any decisions without proper legal counsel. I think I was enamored by the attention the brand was getting, without really knowing anything about protecting what I created.

(vision)

What have you found to be the most surprising aspect of starting your own collection?

The amount of work and research you have to do. As a designer, I always dreamed about seeing my collection sold in some of the most important stores in the country, but it was surprising to learn what it takes to get into these stores. I need to understand the customer I am designing for and what would attract a retailer to my collection. Design, pricing, production, distribution, marketing, importing, social media—there is an endless list of important factors, and one must be aware of all these elements to run a business.

(innovation)

How do you stay up to date on the latest legal issues facing the fashion industry?

By running my own company and reading about the growth of other companies, I realize the legal side is as important as designing itself. Growth comes from hard work and the right legal advice to make sure you understand fashion law and that your future and hard work is protected.



-----[enterprise]-----

How will recent legislation regarding child models affect your business and others in New York?

When we cast models for our shows, we think about our customer, first and foremost. Although fashion strives for beauty and eternal youth, our approach is to have our clients relate to a beautiful healthy woman who is not underage.

-----[collaboration]-----

What is your recipe for a successful collaboration, as we've seen with brands such as Zoya, OPTX and Manolo Blahnik?

Having similar views and open communication is key for a successful collaboration. Everyone needs to be on the same page, moving towards the same goal. Also, we partner with brands that we know our clients will appreciate and understand the connection to – not just any brand that does not mean anything to us. Collaborations take a lot of work behind the scenes to be properly executed, but they are wonderful exposure to new markets.

-----[ambition]-----

What types of brands would you enjoy collaborating with?

I have learned that there needs to be a reason and a mutual benefit for collaborations. As our business grows, there will be areas we would like to explore such as eyewear and accessories. But, again, it takes time to find a perfect match and create a successful venture.

-----[influence]-----

Who most influences your business and creative strategies?

We are in a creative field, and although we follow the DNA of our brand, the industry and global changes in tastes and preferences of our customers definitely influence our business. We like to know what people want, what they desire. We study the success of a particular collection and we learn from our mistakes in past seasons, and from this we continue to grow.

-----[inspiration]-----

Share a favorite quote, artist, book, blog or travel destination.

Quote: There is only one really good life and that is the life that you know you want and you make it yourself. – Diana Vreeland

Artist: Mark Rothko

Travel Destination: When time allows, I love to explore places I have never visited in my native Mexico.

www.rolandosantana.com



Katten partners **Karen Artz Ash** and **Kristin Achterhof** were listed in *Managing Intellectual Property's* inaugural "IP Stars – Top 250 Women in IP" list. Karen was included among the list's top 10 attorneys.

Karen was named to the list based on her prominence in the fashion and other industries, and as a result of overwhelming praise by clients and other top lawyers.

Kristin was recognized for her role in managing the extensive and valuable trademark portfolio of, and her in-house and outside counsel roles at, one of the world's largest telecommunications companies, and for her litigation victories on behalf of several companies throughout the past year.



Katten was recognized by *World Trademark Review's* "The World's Leading Trademark Professionals" in 2014 with a national bronze ranking as well as individual rankings in Illinois, New York and the DC Metro Area. Several Katten attorneys were also recognized for their work in the areas of enforcement and litigation and prosecution and strategy.

WTR 1000 on Katten's New York practice:

Multifaceted commercial arrangements and cross-border transactions are the forte of Katten's New York-based trademark attorneys. The team's broad coverage, cohesiveness and flexibility are among the main draws for its heavyweight clientele.





Strong House Marks—Good for Business and Expansive Opportunities

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

Fashion companies often use their distinctive house marks in conjunction with multiple secondary marks to serve as single source identifiers for their product lines. The house mark groups the multiple different product offerings under the solitary heading of a well-known brand.

The inclusion of the house mark could play a pivotal role in determining whether a likelihood of confusion exists between two otherwise similar marks.

There is no blanket rule that says that the use of a house mark, even a well-known one, necessarily obviates a likelihood of confusion because every case of trademark infringement requires a comparison of the marks at issue in their entirety. A junior user of a mark cannot overcome a likelihood of confusion by simply tacking on its house mark. Instead, the use of the house mark is but one factor considered by trademark tribunals and courts in making a likelihood of confusion analysis.

In June, the US District Court for the Southern District of New York addressed this issue in a trademark dispute between Kate Spade and Saturdays Surf. Saturdays Surf is the owner of a federal trademark registration for the mark Saturdays Surf NYC and claims common law rights in the unregistered mark Saturdays. After receiving an allegation of infringement from Saturdays Surf, Kate Spade commenced litigation seeking a declaratory judgment that its Kate Spade Saturday brand does not infringe any rights belonging to Saturdays Surf. Then, Saturdays Surf counterclaimed for trademark infringement.

The court conducted the standard likelihood of confusion analysis, weighing the various factors, and found that there was no infringement. In doing so, the court held that the “most persuasive difference” between the two marks was the inclusion of the Kate Spade house mark in the Kate Spade Saturday composite mark.

Specifically, the court held that “the use of this famous house mark significantly reduces the potential for confusion.”



The court even indicated that the inclusion of the house mark obviated Saturdays Surf's claims of reverse confusion (that the fame of the Kate Spade name would cause consumers to believe that Saturdays Surf is an infringer), holding that, in view of the fact that the Kate Spade name is "very much entrenched in the fashion marketplace as associated with women's products," it is unlikely that consumers would believe that Kate Spade "would license to or collaborate with a men's clothing company."

It is important to note that the fame of the Kate Spade house mark was not the only factor that the court relied on in rejecting Saturdays Surf's claim of infringement. The court appeared to give extra weight to the impact of the house brand in view of its finding that the term "Saturday" appeared to be diluted through extensive third-party use. Nonetheless, the case is instructive in that strong house marks can, in certain situations, be sufficient to distinguish between two otherwise similar marks.

Properly Assigning a Trademark Requires Many Legal Considerations

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

Last August, the US Patent and Trademark Office's (USPTO's) Trademark Trial and Appeal Board (TTAB) issued a precedential decision in *Central Garden & Pet Company v. Doskocil Manufacturing Company, Inc.* The TTAB cancelled a trademark registration for the mark Zilla because the assignment of the underlying application was improper. The decision highlights the need for parties to give special consideration to the manner in which the assignment of intent-to-use-based trademark applications are treated when structuring corporate transactions.

The application for the Zilla mark had been filed on an intent-to-use basis by an entity called All-Glass Aquarium Co., a wholly owned subsidiary of Pennington Seed, Inc., and assigned—prior to the filing of an allegation of use—to Central Garden & Pet Co., of which Pennington Seed, Inc. was a wholly owned subsidiary. A simple form of assignment document was recorded with the USPTO to memorialize the assignment but, notably, such document represented the entire agreement regarding the transfer of the application.

Based on its ownership of the Zilla mark, Central Garden initiated opposition and cancellation proceedings against trademark filings owned by Doskocil for the marks Dogzilla and Petzilla. In response, Doskocil made a counterclaim seeking cancellation of Central Garden's Zilla mark, claiming that the assignment of the application to Central Garden violated Section 10(a)(1) of the Trademark Act.

The provision at issue provides, in pertinent part, that a trademark application filed on an intent-to-use basis may not be assigned prior to the filing of an allegation of use, except where the assignee acquires at least that part of the applicant's business to which the mark pertains.

The TTAB found that Central Garden was not a successor to the assignor of the Zilla application and that the assignor continued to operate its business in the exact same manner after the transfer had been memorialized as it had beforehand. In doing so, the TTAB applied a very strict reading of the statute and determined that it was not appropriate to look at Congress's intention when enacting the statute. Despite the legislative history underlying the statute, which indicates that the provision was enacted to prohibit parties from trafficking in intent-to-use applications (something that there was no evidence of in the case at hand), and even though there was no evidence of bad intent on behalf of either Central Garden or All-Glass, the TTAB decided that the statute was clear and that the assignment of the Zilla mark constituted a violation of the statute. The fact that the parties were related did not, similarly, trump the language of the statute.

Although the statute does not explicitly state the consequence of a prohibited transfer, the TTAB held in *Central Garden* that an improper assignment of an intent-to-use-based application renders the application void and, therefore, the registration that issues for such application is subject to cancellation. Because the TTAB cancelled the registration based on the assignment issue, it did not need to evaluate the likelihood of confusion issue.

This case highlights the need to not simply group the assignment of an intent-to-use-based application with all other trademarks owned by an entity when structuring corporate transactions. If All-Glass and Central Garden had structured the assignment differently, the registration for the Zilla mark might not have been cancelled and the case could have been decided otherwise.

The case also highlights the importance of ensuring that a company's trademark registrations are not vulnerable to cancellation when commencing an opposition or cancellation proceeding against a third party. On the other hand, the cancellation of a registration based on an invalid assignment does not extinguish common law rights and, as such, does not, itself, invalidate the enforceability of a mark.





Spotlight on Sherry L. Jetter

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Fashion law inspiration . . . *I grew up between the worlds of the “rag trade” and the scales of justice. My grandfather was a dynamic litigator and renowned trusts and estates attorney with a passion for the law. My father, also an attorney, is an entrepreneur who started his own business manufacturing men’s and boys’ pajamas and robes and was the licensee for brands such as Oscar de la Renta, Botany 500, Disney and BVD. So I guess brands and briefs are in my blood, and I loved the dynamic of both.*

In-house counsel background . . . *It has been invaluable. I approach private practice with over 20 years of practical in-house experience. And, being in the fashion industry, I was challenged with embracing and imparting legal discipline in a world that is driven by creative forces. This is a difficult balance to achieve without burning the house down! Having sat behind the same desk, I understand what my clients deal with on a daily basis and can anticipate their needs. Most importantly, I understand how outside counsel can add value to an in-house legal department.*

Keeping up with trends . . . *To be a success, you need to speak the language of your clients. You need to understand the challenges that they face, the landscape in which they thrive, and partner with them to maintain a competitive edge. If you don’t keep up with the trends and are not on the pulse of the industry, you will be lost.*

Personal style . . . *On-trend, classic with an edge. I like being current but always have fabulous vintage pieces in my closet to blend in with the new. I always add a personal touch—whether it be an oversized watch, a great string of pearls, chunky stacked bracelets or a pinky ring. Oh, and I LOVE shoes. They set the tone for every outfit.*



Thoughts on clients’ current issues . . .

As we are all witnessing, the legal and financial implications of data security and cyber breaches can be enormous, sparking class action lawsuits, fines and penalties in the millions, and hearings on Capitol Hill—not to mention the public scrutiny of a company’s network security or point-of-sale protections. On top of that, the damage to a brand’s integrity can be devastating. Consumers want to trust and feel good about purchases, not paranoid about fraudulent charges or the compromise of their personal information. Brand and trademark owners strive daily, and really moment-by-moment in today’s world of social media and e-commerce, to connect with their customers and forge trust behind their names. All of this can be shattered in an instant, and it is an uphill battle to get consumer confidence back.

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