

## Copyright and Trademark Case Review: The Slants, The Sims and SCAR Rifles

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### **Supreme Court Agrees to Review Bar on Registration of Disparaging Marks, Denies Washington Redskins' Petition to Join Proceedings**

**Supreme Court Agrees to Review Bar on Registration of Disparaging Marks, Denies Washington Redskins' Petition to Join Proceedings** *Lee v. Tam*, No. 15-1293 (Sept. 29, 2016); *Pro-Football, Inc. v. Blackhorse*, No. 15-1311 (Oct. 3, 2016)

The Supreme Court granted the USPTO's petition for certiorari on appeal from the Federal Circuit's en banc decision holding that Section 2(a) of the Lanham Act—which bars registration of marks “which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute”—is facially unconstitutional under the First Amendment. *In re Tam*, No. 2014-1203 (Fed. Cir. Dec. 22, 2015). In a divided opinion, the Federal Circuit had vacated a TTAB ruling that upheld the PTO's refusal to register the rock band name THE SLANTS as a trademark on the ground that the mark is disparaging to persons of Asian descent in violation of Section 2(a). After granting certiorari in *Lee v. Tam*, the Supreme Court denied without comment an extraordinary petition for certiorari before judgment from the Washington Redskins, whose case challenging Section 2(a) is currently pending before the Fourth Circuit as *Pro-Football, Inc. v. Blackhorse*, No. 1:14-cv-01043, and who sought to join the proceedings before the Court. The question presented for review in *Lee v. Tam* is “whether the disparagement provision in 15 U.S.C. 1052(a) is facially invalid under the Free Speech Clause of the First Amendment.”

### **Copyright Opinions**

#### **Ninth Circuit Affirms Summary Judgment for Defendant Based on Access Prong: *Loomis v. Cornish*, No. 13-57093 (9th Cir. Sept. 2, 2016)**

*Clifton, J.* In a copyright dispute alleging that the defendants' song “Domino” infringed the plaintiff's song “Bright Red Chords,” the Ninth Circuit affirmed the district court's grant of summary judgment for the defendants, holding that the plaintiff had not raised a triable issue of the defendants' access to “Bright Red Chords” so as to support a finding of copying. With respect to the plaintiff's access-through-intermediaries theory, the court held there was no admissible evidence of a nexus between the specific “work unit” that created “Domino” and any of the plaintiff's proposed intermediaries,

including an Artists & Repertoire representative at defendant Universal Music Group who had requested a copy of “Bright Red Chords.” The Ninth Circuit further rejected the plaintiff’s widespread-dissemination arguments; the fact that the “Domino” songwriters spent 10 days in a town whose local market was “saturated” with “Bright Red Chords” did not raise a triable issue of access, as there was no evidence that the songwriters participated in the local music scene. The court acknowledged that the plaintiff’s case told a story that, if substantiated with admissible evidence, might have survived summary judgment.

**3-D USB Drive Based on 2-D Computer Game Icon Not Unoriginal as a Matter of Law: *Direct Technologies, LLC v. Electronic Arts, Inc.*, Nos. 14-56266, 14-56745 (9th Cir. Sept. 6, 2016)**

*Gould, J.* In a case involving alleged copyright infringement of a 3-D USB drive prototype modeled after the “PlumbBob” icon from the computer game *The Sims*, the Ninth Circuit reversed the district court’s holding on summary judgment that the USB drive was not copyrightable as a derivative work because it was insufficiently original when compared to the 2-D icon. Where the plaintiff asserted that it designed the USB drive to have a “futuristic cut away look . . . at a unique angle” for aesthetic reasons, the Ninth Circuit held there were genuine issues of material fact regarding both (a) whether that design feature was “truly ‘artistic’” rather than functional and (b) whether that feature rendered the drive sufficiently original to merit copyright protection. The Ninth Circuit further reversed the district court’s alternative holding that the plaintiff was not a joint author of the claimed derivative work, holding there was a triable issue as to whether the plaintiff “was sufficiently in control of its artistic contribution to qualify as a joint author in the . . . prototype” and whether the plaintiff’s contributions to the drive design contributed to the “audience appeal” of the drive. However, the Ninth Circuit affirmed the district court’s grant of summary judgment on the plaintiff’s California state law claim of trade secret misappropriation, holding that the plaintiff had failed to present evidence that there was any economic value in the secrecy of its design.

**Common Law Trade Secret Misappropriation Claim Not Preempted by Copyright Act:**

***GlobeRanger Corp. v. Software AG United States of America, Inc.*, No. 15-10121 (5th Cir. Sept. 7, 2016)**

*Costa, J.* The Fifth Circuit upheld a \$15 million jury verdict finding that the defendant had misappropriated the plaintiff’s trade secrets. The defendant had appealed the judgment on several grounds, including that federal copyright law preempted the plaintiff’s common law trade secret misappropriation claim or, if preemption did not apply, the district court lacked subject matter jurisdiction because there was no federal cause of action. In a case of first impression, the Fifth Circuit held that because Texas trade secret law requires establishing an element additional to what is required to make a copyright violation—namely, that the defendant obtained the protected information “through a breach of a confidential relationship or . . . improper means”—the plaintiff’s common law trade secret misappropriation claim was not preempted by the Copyright Act under the extra-element test. The Fifth Circuit rejected the defendant’s alternative contention that the district court lacked subject matter jurisdiction, holding that the Copyright Act did preempt the plaintiff’s additional claim for conversion of intangible property and thus federal question jurisdiction existed at the time of removal, even though the plaintiff later voluntarily dismissed the conversion claim.

**Trademark Opinions**

**Injunction Provisions Vacated as Overbroad Based on Concession at Trial: *Diageo North America, Inc. v. Mexcor, Inc.*, No. 15-20630 (5th Cir. Sept. 2, 2016) (non-precedential)**

*Per curiam.* After a jury verdict finding infringement of Diageo's "purple bag" trade dress used in connection with its Crown Royal whisky, the district court entered a permanent injunction that, among other things, prohibited the defendant from using the word "crown" in combination with cloth bags for whisky. The defendant argued that the injunction was overbroad because Diageo effectively had conceded earlier in the litigation that the defendant's use of an unlabeled cloth bag as packaging was not infringing. The Fifth Circuit agreed, and directed the district court to revise its order so as not to "bar[] admittedly lawful activities." The Fifth Circuit declined to vacate the portion of the order that prohibited the defendant from "[u]sing any name or trade dress that is confusingly similar to or dilutes the Crown Royal trade dress," but "suggest[ed] the district court reconsider whether the provision is insufficiently specific." The Fifth Circuit otherwise affirmed the district court's denial of motions to amend the judgment and for judgment as a matter of law.

**Second Circuit Questions Its Deferential Review of District Court's Likelihood of Confusion Analysis on Summary Judgment: *Kelly-Brown v. Winfrey*, No. 15-697-cv (2d Cir. Sept. 16, 2016) (non-precedential)**

*Summary order.* In an unpublished opinion, the Second Circuit affirmed the district court's summary judgment for defendants in a dispute over Oprah Winfrey's use of the phrase "own your power"—a particular stylized form of which the plaintiffs had registered as a trademark. The Second Circuit declined to decide whether registration of the composite mark entitled the plaintiffs to a rebuttable presumption of inherent distinctiveness for the literal phrase alone. Assuming *arguendo* that the plaintiffs were entitled to a rebuttable presumption, the court held that the defendants had successfully rebutted the presumption with evidence demonstrating, as a matter of law, that the phrase is merely descriptive as applied to the plaintiffs' business of life coaching and motivational events, and that no reasonable jury could find the phrase had acquired secondary meaning. Having thus held that the literal element of the plaintiffs' mark was not entitled to protection, the Second Circuit held that the plaintiffs failed to present sufficient evidence to raise a triable issue of likelihood of confusion. Although the opinion contains no detailed analysis of the *Polaroid* likelihood-of-confusion factors, in a footnote the Second Circuit noted that its own precedent calling for "considerable deference" to a district court's factual findings under the *Polaroid* analysis does not obviously "comport[] with the general standard of review at summary judgment."

**Sales to Government Entity May Be "Sufficiently Public" to Establish Use in Commerce: *FN Herstal SA v. Clyde Armory Inc.*, No. 15-14040 (11th Cir. Sept. 27, 2016)**

*Coogler, J.* In a trademark dispute between two firearms companies, the Eleventh Circuit affirmed the district court's finding of trademark infringement following a bench trial. The plaintiff had won a heavily publicized US military contract competition for design and manufacture of a rifle dubbed the "SCAR," and shortly thereafter began extensive promotion of a "civilian version" of the SCAR rifle to law enforcement and civilians. The Eleventh Circuit upheld the district court's conclusion that the plaintiff's sales of SCAR-branded rifles to the US military alone were "sufficiently public" to establish use in commerce of the mark prior to the defendant's first sale of rifle stocks marked "SCAR-Stock." The court also affirmed the district court's alternative holding that the plaintiff's "open and notorious"

marketing efforts to law enforcement and civilians were sufficient to establish priority under the “analogous use” doctrine—even though the civilian version of the rifle was not available for actual purchase until after the defendant’s first sale. Based on evidence of extensive media attention and marketing efforts, the court further upheld the district court’s finding that the plaintiff’s SCAR mark had acquired secondary meaning prior to the defendant’s use of the mark. Finally, the Eleventh Circuit rejected the defendant’s “unlawful use” defense to infringement—based on the plaintiff’s alleged violation of regulations and statutes prohibiting unauthorized disclosure of information pertaining to military contracts and unauthorized use of certain military emblems—noting that it had never adopted the unlawful use doctrine and that, even if the doctrine were applicable, the plaintiff’s conduct was not a per se violation of the relevant regulation or was not so significant as to prevent it from acquiring trademark rights in the mark.

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