

Allowing Third-Party Use of Marks Without Risking Abandonment

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I. Introduction

Trademark law does not grant the absolute right to exclude, as copyright and patent laws do, but rather only gives the trademark owner the right to prevent a likelihood of confusion and, in some cases, dilution. Therefore, the law freely allows the use of your trademark, in its trademark sense, by others as long as there is no likelihood of confusion.

We identify some commonly-occurring fact patterns as "defenses" – like nominative fair use¹ and parody.² However, fundamentally these "defenses" do not excuse infringement, but rather are an acknowledgment that in these particular fact patterns there is no likelihood of confusion. Therefore, a trademark owner has no ability, and therefore no duty, to enforce these noninfringing uses.³ At the other end of the spectrum, a trademark owner who does not enforce its rights where there is a likelihood of confusion is at risk of weakening the distinctiveness of its mark⁴ or losing its mark altogether.⁵

Trademark owners, perhaps on the urging of their counsel, often take an aggressive view of enforcement and try to stop any use that has a whiff of trademark

1 See "Nominative or referential use" *infra*.

2 See "First Amendment and Parody" *infra*.

3 *Playboy Enterprises, Inc. v. Chuckleberry Pub., Inc.*, 486 F. Supp. 414, 422-23 (S.D.N.Y. 1980) ("The owner of a mark is not required to police every conceivably related use thereby needlessly reducing non-competing commercial activity and encouraging litigation in order to protect a definable area of primary importance.")

4 *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 259 (5th Cir. 1980), "If the owner of KODAK should permit its use by others on washing powders, shoes, candy bars, or cosmetics, or if The Coca-Cola Company should permit COCA-COLA or COKE to be used for rain coats, cigarette lighters, golf balls, or jewelry not of its manufacture, it would not take long for even these giants in the trademark world to be reduced to pigmy size.")

5 See, e.g. "Genericide" *infra*. For more background on balancing under- and over-enforcement, see 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 31:101 (4th ed. 2013).

infringement.⁶ But with the growth and adoption of social media, marketing departments are advised that they need to "engage" the consumer base and let their customers advocate for and endorse the company.⁷ Further, social media have given customers a platform for publicizing what they perceive to be over-enforcement of rights, which can create a publicity nightmare for the company.⁸ This means that the aggressive enforcement standards that we have been quick to apply in the past may not be appropriate for the new world of social media.

But, in order to be able to step away from a maximal enforcement position, we have to better understand the risks of reduced enforcement and more carefully balance the risk against the advantage of having customers as brand ambassadors on social media. This article and presentation will attempt to do that.

Below are the various legal doctrines that are relevant to the topic we will be discussing in the session.

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- 6 See, e.g., Kotaku, *Candy Crush Makers Say They Are Going After Copycats, Not Banner Saga*, Jan. 22, 2014, <http://kotaku.com/candy-crush-makers-say-theyre-going-after-copycats-no-1506469218> (reporting that owner of trademark said "We do not have any concerns that [the opposed mark] *Banner Saga* is trying to build on our brand or content. However, like any prudent company, we need to take all appropriate steps to protect our IP, both now and in the future.").
- 7 The Guardian, *How To Use Social Media to Understand and Engage Your Customers*, (Mar. 13, 2013), <http://www.theguardian.com/media-network/media-network-blog/2013/mar/13/social-media-customer-engagement>; Social Media Today, *What These 3 Top Brands Can Teach You About Customer Engagement*, <http://socialmediatoday.com/sofie-de-beule/2095746/why-these-3-top-brands-could-teach-you-thing-or-two-about-customer-engagement> (Jan. 14, 2014) ("Marketers can influence what people say about a brand but no longer own the conversation entirely. Social media enabled companies to engage with customers and gave consumers a louder voice than ever before.").
- 8 See, e.g., Jess Bidgood, *Chicken Chain Says Stop, but T-Shirt Maker Balks*, NY TIMES, Dec. 4, 2011, <http://www.nytimes.com/2011/12/05/us/eat-more-kale-t-shirts-challenged-by-chick-fil-a.html> (recounting how maker of "Eat More Kale" T-shirts used social media to complain about opposition to registration of his trademark by Chik-fil-A based on confusion with its "Eat mor chikin" slogan); Wilson Ring, *State of Vermont Supporting 'Eat More Kale' Artist in Chick-Fil-A Battle*, HUFFINGTON POST, Dec. 5, 2011, http://www.huffingtonpost.com/2011/12/05/vermont-eat-more-kale_n_1129885.html (recounting how the governor of the state of Vermont was supporting the T-shirt maker).

II. Theories for Legal Claims

A) *Infringement*

Section 32

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114.

Section 43(a)

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a).

B) Dilution

Section 43(c)

(c) Dilution by blurring; dilution by tarnishment

(1) Injunctive relief

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) Definitions

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner....

(B) For purposes of paragraph (1), "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark....

(C) For purposes of paragraph (1), "dilution by tarnishment" is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

15 U.S.C. § 1125(c).

But there is no dilution if the third party's use of the mark is referential:⁹

We hold that nominative uses, by definition, do not dilute the trademarks. ...

Dilution works its harm not by causing confusion in consumers' minds regarding the source of a good or service, but by creating an association in consumers' minds between a mark and a different good or service. ... Uses that do not create an improper association between a mark and a new product but merely identify the trademark holder's products should be excepted from the reach of the anti-dilution statute. Such uses cause no harm. The anti-dilution statute recognizes this principle and specifically excepts users of a trademark who compare their product in "commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark."¹⁰

III. Permitted Uses Against Which There Is No Obligation to Enforce

The following section describes uses that are sometimes thought of as defense but, more correctly, are commonly-occurring fact patterns where there is not a likelihood of confusion.¹¹

9 See "Nominative or referential use," *infra*.

10 *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 805-06 (9th Cir. 2002), *accord*, *Allied Interstate LLC v. Kimmel & Silverman P.C.*, 12 CIV. 4204 LTS SN, 2013 WL 4245987 (S.D.N.Y. Aug. 12, 2013); *Bijur Lubricating Corp. v. Devco Corp.*, 332 F. Supp. 2d 722, 734 (D.N.J. 2004) ("By describing its parts as replacements for Bijur parts, Devco does not weaken the distinctive link between Bijur and Bijur's goods, which is the sine qua non of dilution by blurring.").

11 *See, e.g., Yankee Pub. Inc. v. News Am. Pub. Inc.*, 809 F. Supp. 267, 273 (S.D.N.Y. 1992) ("I conclude that New York 's use of its caricature or takeoff on the Almanac's Cover Design is clearly recognizable as a joke and for that reason causes no significant likelihood of confusion concerning its source."); 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 31:153 (4th ed. 2013) ("parody" is a way of arguing that there will be no trademark infringement because there will be no likelihood of confusion."); *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1182-83 (9th Cir. 2010) ("[N]ominative fair use 'replaces' *Sleekcraft* as the proper test for likely consumer confusion whenever defendant asserts to have referred to the trademarked good itself. ... A finding of nominative fair use is a finding that the plaintiff has failed to show a likelihood of confusion as to sponsorship or endorsement. And, as the Supreme Court has unambiguously instructed, the Lanham Act always places the 'burden of proving likelihood of confusion ... on the party charging infringement.'" Internal citations omitted).

A) Nominative or referential use

A "nominative fair use" is use of another's trademark to refer to the other party's own goods or services, e.g., "compatible with Windows" or "we repair Audi automobiles."¹² The Courts of Appeals for the Third and Ninth Circuit have described tests to determine whether a use is a "nominative fair use":

Under the nominative fair use test adopted by the Court of Appeals for the Ninth Circuit, a defendant must prove: (1) that the product or service in question is one not readily identifiable without use of the trademark; (2) that only so much of the mark or marks is used as is reasonably necessary to identify the product or service; and (3) that the user did nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder. *New Kids on the Block*, 971 F.2d at 308. ...

We will adjust the test to include a slightly different set of considerations:

1. Is the use of plaintiff's mark necessary to describe (1) plaintiff's product or service and (2) defendant's product or service?
2. Is only so much of the plaintiff's mark used as is necessary to describe plaintiff's products or services?
3. Does the defendant's conduct or language reflect the true and accurate relationship between plaintiff and defendant's products or services?¹³

The two tests developed in a defensive posture, that is, a user has been sued for infringement and claimed that its use is non-infringing. It therefore defines the boundary below which a defendant cannot fall in order to avoid suit, but it does not necessarily define what a trademark owner may permit without risk of loss of trademark rights.

¹² *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1150 (9th Cir. 2002) ("We distinguish two types of fair use: 'classic fair use,' in which 'the defendant has used the plaintiff's mark to describe the defendant's own product,' and 'nominative fair use,' in which the defendant has used the plaintiff's mark 'to describe the plaintiff's product' for the purpose of, for example, comparison to the defendant's product.").

¹³ *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 228 (3d Cir. 2005).

B) First Amendment and Parody

[T]he First Amendment confers a measure of protection for the unauthorized use of trademarks when that use is a part of the expression of a communicative message. ... [W]hen unauthorized use of another's mark is part of a communicative message and not a source identifier, the First Amendment is implicated in opposition to the trademark right. In recognition of this potential conflict, the Second Circuit has construed the Lanham Act narrowly when the unauthorized use of the trademark is for the purpose of a communicative message, rather than identification of product origin. Thus, where the unauthorized use of a trademark is for expressive purposes of comedy, parody, allusion, criticism, news reporting, and commentary, the law requires a balancing of the rights of the trademark owner against the interests of free speech.¹⁴

Parody is a subset of the type of speech protected by the First Amendment with a special characteristic: it must use enough of the lampooned mark in order to make the joke work:

A parody must convey two simultaneous-and contradictory-messages: that it is the original, but also that it is not the original and is instead a parody. To the extent that it does only the former but not the latter, it is not only a poor parody but also vulnerable under trademark law, since the customer will be confused.¹⁵

C) Resale

A third party may use another's trademark to resell authentic goods:

Beginning with *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 44 S.Ct. 350, 68 L.Ed. 731 (1924), courts have consistently held that, with certain well-defined exceptions, the right of a producer to control distribution of its trademarked product does not extend beyond the first sale of the product. Resale by the first purchaser of the original article under the producer's trademark is neither trademark infringement nor unfair competition.

The “first sale” rule provides a sensible and stable accommodation between strong and potentially conflicting forces. By guaranteeing

¹⁴ *Yankee Pub. Inc. v. News Am. Pub. Inc.*, 809 F. Supp. 267, 275-76 (S.D.N.Y. 1992) (internal citations omitted).

¹⁵ *Cliffs Notes, Inc. v. Bantam Doubleday Dell Pub. Grp., Inc.*, 886 F.2d 490, 494 (2d Cir. 1989).

that a product will be identified with its producer, it serves the legitimate purposes of trademark law—the producer gains the good will associated with the quality of its product, and the consumer gets exactly what the consumer bargains for, the genuine product of the particular producer. On the other hand, the "first sale" rule preserves an area for competition by limiting the producer's power to control the resale of its product. The "first sale" doctrine has proven to be a reliable and useful guide in an area in which a high volume of business-driven litigation must be expected.¹⁶

IV. Infringement Excused – Licensing

[I]n a license[,] the licensee is engaging in acts that would infringe the licensor's mark but for the permission granted in the license.¹⁷

Thus, any act of infringement becomes a lawful use if it is a licensed use. This tactic is frequently used to settle lawsuits.¹⁸

However, a license carries a significant responsibility with it: the trademark owner must control the quality of the goods and services with which the mark is used:

A trademarked product is not truly "genuine" unless it has been manufactured and distributed under quality controls established by the trademark owner. A trademark carries with it an implicit message that the owner of the mark is controlling the nature and quality of the goods or services sold under the mark. Without quality control, this message is false because without control of quality, the goods or services are not truly "genuine."¹⁹

16 *Sebastian Int'l, Inc. v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1074-75 (9th Cir. 1995) (footnotes omitted).

17 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 18:38 (4th ed. 2013)

18 *See, e.g., Liberto v. D.F. Stauffer Biscuit Co., Inc.*, 441 F.3d 318, 322 (5th Cir. 2006) (describing grant of license in exchange for royalties to settle infringement claim where two companies had both registered, and were using, similar marks); *E. & J. Gallo Winery v. Gallo Cattle Co.*, CV-F-86-183 REC, 1989 WL 159628 (E.D. Cal. June 19, 1989) *aff'd*, 955 F.2d 1327, *opinion amended and superseded*, 967 F.2d 1280 (9th Cir. 1992) (holding that Gallo Winery's acquisition and license-back of the mark GALLO to the original owner of the mark for processed meats was a valid license).

19 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 18:38 (4th ed. 2013).

Failure to control the licensee risks abandonment of the mark through the doctrine of "naked licensing."²⁰

But query whether it's possible to create a license for the social media use that will pass muster. It is theoretically possible to have a licensee even where the licensee is unknown:

Trademark jurisprudence has never dealt with the concept of a public trademark license, *i.e.*, a license granted to anyone who complies with the conditions of the license and which does not require execution, meaning that the licensee may be unknown. It is beyond conception in currently-existing trademark law (or at least well outside of any legal discussion) that a licensee may be unknown. Therefore a public trademark license may provoke a challenge that it is a naked license.

However, in the author's opinion there is no fundamental problem with the public license concept. As noted, the concern of trademark law is to ensure that the goods are of consistent quality. If the conditions described in trademark guidelines are clear enough that a licensee complying with the terms necessarily creates a product that will be of adequate quality and meet consumer expectations, then the policy basis for the naked licensing doctrine is not implicated.²¹

V. Loss of Rights

A) *In general*

The risk of not prosecuting infringements is largely a weakening of the strength of the mark, nothing more and nothing less:

Chief Judge Nies recognized that when failure to prosecute is raised, the issue is usually not one of "abandonment." Only when all rights of protection are lost is there an abandonment. Typically,

²⁰ See "Naked Licensing" *infra*.

²¹ Pamela S. Chestek, *Who Owns the Open Source Project Name?*, 103 Trademark Rep. 1240, 1260 (2013), *citing Doeblers' Pennsylvania Hybrids, Inc. v. Doebler*, 442 F.3d 812, 823 (3d Cir. 2006) ("[L]icensing arrangements are permissible so long as the license agreement provides for adequate control by the licensor of the nature and quality of the goods or services."); *Arthur Murray, Inc. v. Horst*, 110 F. Supp. 678, 680 (D. Mass. 1953) (holding that the contract provisions that controlled licensee's method of operation were adequate to avoid a naked license).

the issue is not "abandonment," but possible loss of strength by widespread use of similar marks by competitors. As Chief Judge Nies accurately observed:

Without question, distinctiveness can be lost by failing to take action against infringers. If there are numerous products in the marketplace bearing the alleged mark, purchasers may learn to ignore the "mark" as a source identification. When that occurs, the conduct of the former owner, by failing to police its mark, can be said to have caused the mark to lose its significance as a mark. However, an owner is not required to act immediately against every possible infringing use to avoid a holding of abandonment.

Of course, if, through failure to prosecute, a mark continually loses "strength" and "distinctiveness," it will eventually hemorrhage so much that it dies as a mark. That would be "abandonment" through acts of omission. However, such a death by a thousand blows would probably result in the mark merely having a descriptive or generic significance to customers. Thus, we are brought back to the generic and descriptive line of cases. In such cases, the question is not really one of "abandonment," but of the generic or descriptive significance of the term to customers. In such cases, failure to prosecute is only a small part of the total enquiry.²²

In the context of third party use of a client's mark in social media, however, the use is of exactly the client's mark. This defines the parameters about how one will think about infringement. That is, the use is likely not going to be source confusion, but instead will be confusion of the affiliation or endorsement ilk, i.e., consumers believe that use of the mark indicates the third party is affiliated with or endorsed by the trademark owner, not that they make your product. Or, the use may be easily understood as a comment about the trademark owner by someone not affiliated with it. Or, it is ambiguously somewhere in between.

²² 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 17:17 (4th ed. 2013).

B) Abandonment

Section 45

A mark shall be deemed to be 'abandoned' if either of the following occurs: ...

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark.

15 U.S.C. § 1127.

The above definition describes two distinct theories for the loss of rights, "genericide," where the trademark owner causes the mark to become the generic name for the goods or services, and "naked licensing," where a course of conduct of the trademark owner causes a mark to lose its significance as a mark.²³

(1) Genericide

Evidence considered in deciding whether a mark is generic include:

(1) dictionary definitions; (2) generic use of the term by competitors and other persons in the trade; (3) plaintiff's own generic use; (4) generic use in the media; and (5) consumer surveys.²⁴

Note, however, that only one of these categories is potentially actionable, which is the use by competitors and others in the trade. So one could bring a claim for trademark infringement against these entities, but in most cases there is no claim against those who use a word generically:

When the genericness of a mark comes into dispute in litigation, the alleged mark user cannot be blamed for "negligence" in not suing to

²³ In some circuits, the statutory basis for a naked license is Section 10 of the Lanham Act. *See, e.g., Ritchie v. Williams*, 395 F.3d 283, 290 (6th Cir. 2005); *Siegel v. Chicken Delight, Inc.*, 448 F.2d 43 (9th Cir. 1971); *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 367 (2d Cir. 1959);

²⁴ *Pilates, Inc. v. Current Concepts, Inc.*, 120 F. Supp. 2d 286, 297 (S.D.N.Y. 2000).

prevent non-trademark generic use in the media, for the law offers no basis on which to do so. ... The trademark owner is limited to a careful choice of language in its own advertising and promotion and perhaps educational advertising caveats such as were run for many years concerning XEROX. All that the mark owner can do is write polite letters to periodical editors requesting them not to use a word in a generic sense.²⁵

Query how likely it is that a court will find that a formerly distinctive mark has become generic without the trademark owner's own misuse. In cases where arbitrary marks became generic terms, the evidence almost always includes misuse by the trademark owner itself.²⁶

So while we worry about the risk of genericism, the risk is low if the trademark owner itself is careful about how it uses its own mark. Further, adversarial action is generally not available as a tool, unless the third party use is one that might be perceived by a consumer as source-identifying and confusing rather than generic.

25 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 12:28 (4th ed. 2013).

26 See e.g., *Am. Thermos Products Co. v. Aladdin Indus., Inc.*, 207 F. Supp. 9, 14 (D. Conn. 1962) ("The word 'thermos' became a part of the public domain because of the plaintiff's wide dissemination of the word 'thermos' used as a synonym for 'vacuum-insulated' and as an adjectival-noun, 'thermos', through its educational and advertising campaigns and because of the plaintiff's lack of reasonable diligence in asserting and protecting its trade-mark rights in the word 'Thermos' among the members of the unorganized public, exclusive of those in the trade, from 1907 to the date of this action.); *DuPont Cellophane Co. v. Waxed Products Co.*, 85 F.2d 75, 77 (2d Cir. 1936) ("Brandenberger used the word cellophane in a generic sense is evident from his United States patents Nos. 1,226,897 and 1,406,148. In the first he said: 'The invention relates to a label made of cellophane.'"); *Bayer Co. v. United Drug Co.*, 272 F. 505, 512 (S.D.N.Y. 1921) ("Nothing would have been easier [for Bayer] than to insist that the tablet makers should market the drug in small tin boxes bearing the plaintiff's name, or to take over the sale just as it did later. Instead of this, they allowed the manufacturing chemists to build up this part of the demand without regard to the trade-mark. Having made that bed, they must be content to lie in it.").

(2) Naked Licensing

The other form of abandonment is a "naked license." The theory goes that a trademark owner has a duty to control quality,²⁷ and the failure to control the quality of a licensee's goods and services results in a "naked license":

One method by which a mark may be abandoned is through "naked licensing," which occurs "[w]hen a trademark owner fails to exercise reasonable control over the use of a mark by a licensee," such that "the presence of the mark on the licensee's goods or services misrepresents their connection with the trademark owner since the mark no longer identifies goods or services that are under the control of the owner of the mark" and the mark can no longer provide "a meaningful assurance of quality." Restatement (Third) of Unfair Competition § 33 cmt. b (1995).²⁸

But we shouldn't over-exaggerate the risk:

Where the owner of the mark has been reasonably diligent in protecting his rights, even though infringements exist, no intent to abandon will be inferred. A trademark owner is not required to act against every infringing use no matter how inconsequential at risk of losing rights in the mark. It is reasonable for the trademark owner to object only to those third-party uses which it believes would conflict with its mark while not objecting to other third-party uses.²⁹

And:

[U]ncontrolled licensing in some cases may be of such a limited nature that it has little impact of weakening the mark and thus does not result in a loss of all rights. 3 MCCARTHY § 18:48 (emphasis added, footnotes omitted).³⁰

Further, in some jurisdictions the defendant has a heightened proof standard:

"Abandonment of a trademark, being in the nature of a forfeiture, must be strictly

²⁷ See "Infringement Excused – Licensing" *supra*.

²⁸ *Tumblebus Inc. v. Cranmer*, 399 F.3d 754, 764 (6th Cir. 2005).

²⁹ 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 17:17 (4th ed. 2013) (quotation marks and footnotes omitted).

³⁰ *Patsy's Italian Rest., Inc. v. Banas*, 575 F. Supp. 2d 427, 452 (E.D.N.Y. 2008) *aff'd*, 658 F.3d 254 (2d Cir. 2011) (limiting abandonment to a specific geographic territory).

proved."³¹ "Most published lower court decisions that have reached this issue appear to have interpreted the 'strictly proven' standard to require 'clear and convincing' evidence of naked licensing."³²

C) Laches and Acquiescence

(1) In general

Failing to enforce against any given use may give an infringer you later approach the equitable defenses of laches or acquiescence. However, all your client will have lost is the ability stop this *particular* use; the defenses are personal and do not affect the trademark owner's rights overall:

Trademark law is unmistakably clear that "[a] laches or acquiescence defense does not divest the trademark owner of the right to use the mark but may deprive him or her of any remedy for infringing uses by others."³³

(2) Progressive Encroachment

The law provides that, if the character of the third party use changes, a trademark owner may choose to address an infringement later in time without negative consequence, under the theory of "progressive encroachment":

[U]nder the doctrine of progressive encroachment, the time of delay is to be measured not from when the plaintiff first learned of the potentially infringing mark, but from when such infringement

31 *Prudential Ins. Co. of Am. v. Gibraltar Fin. Corp. of California*, 694 F.2d 1150, 1156 (9th Cir. 1982); *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509, 514 (9th Cir. 2010) ("We have held that the proponent of a naked license theory of trademark abandonment must meet a 'stringent standard of proof.'"); *Doebler's Pennsylvania Hybrids, Inc. v. Doebler*, 442 F.3d 812, 822 (3d Cir. 2006) ("A party arguing for abandonment has a high burden of proof: in *United States Jaycees v. Philadelphia Jaycees*, we held that 'abandonment, being in the nature of a forfeiture, must be strictly proved.'"); *AB Electrolux v. Bermil Indus. Corp.*, 481 F. Supp. 2d 325, 333 (S.D.N.Y. 2007) ("[A]bandonment, being a forfeiture of a property interest, should be strictly proved.").

32 *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509, 515 (9th Cir. 2010).

33 *TMT N. Am., Inc. v. Magic Touch GmbH*, 124 F.3d 876, 885 (7th Cir. 1997) (brackets in original), quoting *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 1355–56 (E.D.N.Y.1994).

became actionable and provable. The doctrine of progressive encroachment makes sense. Otherwise, trademark holders would be hoisted upon the horns of an inequitable dilemma—sue immediately and lose because the alleged infringer is insufficiently competitive to create a likelihood of confusion, or wait and be dismissed for unreasonable delay.³⁴

³⁴ *Roederer v. J. Garcia Carrion, S.A.*, 569 F.3d 855, 859 (8th Cir. 2009) (internal citations omitted).