

# TRADEMARK LAW

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SPRING 2014

Loyola Law School

Professor Justin Hughes

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## Take Home Examination

### Introduction

This is a twenty-four (24) hour, take-home examination. You have 24 hours from the time you access this examination to submit the answers online. You are to access this exam via TWEN download and to upload this finished exam (again to TWEN) within the 24 hour period.

### *Conditions and your professional commitments*

Once you have received this examination, you may not discuss it with anyone prior to the end of the examination period. Nor may you discuss the examination at ANY time with any student in the class who has not taken it. You may NOT collaborate on the exam.

Professor Hughes permits you to use any and all inanimate resources. The only limitations on outside resources are those established by the law school for take home examinations.

By turning in your answers you certify that you did not gain advance knowledge of the contents of the examination, that the answers are entirely your own work, and that you complied with all relevant Loyola Law School rules. Violations of any of these requirements will lead to discipline by the Academic Standing Committee.

The Examination consists of two parts. Part I is a set of true/false questions. Part II consists of an essay problem with an 2,000 word limit. Professor Hughes takes on no obligation to read beyond the essay's word limit. **The illustrations appear at the end of this document.**

### GOOD LUCK

*Happy summer to all, congratulations to graduates, and thanks for a fun class.*

## I. TRUE/FALSE QUESTIONS

(30 points)

This part of the exam is worth 30 points. Each answer is worth 2 points. There are 17 questions, so in the same spirit as the LSAT and other standardized tests, you can get two wrong and still get a maximum score (30 points) on this section.

Since this exam is being administered online, please provide your answers to this section as a single column series, numbered 1 to 17, with “T” or “F” beside each number. Make sure these T/F answers are on a separate page from the essay.

If you are concerned about a question being unclear, you may write a note at the end, but only do so if you believe that there is a fundamental ambiguity in the question.

## SOME GENERAL QUESTIONS

01. The proper test for likelihood of confusion is whether confusion is likely when a consumer, who is familiar with one party's mark, is presented with the other party's goods or services alone; consumers' reactions in a side-by-side comparison of the products is generally not a proper test for likelihood of confusion.
02. *Two Pesos v. Taco Cabana* establishes that product packaging trade dress cannot be inherently distinctive under trademark law.
03. A “fanciful” mark is one which brings the characteristics or qualities of the trademarked product or service immediately to mind.
04. In *Toyota Motor Sales v. Tabari* the court concluded that use of a trademark in an internet domain name is most likely to suggest sponsorship or endorsement when the domain name is simply the trademark and a top level domain (i.e. <Bentley.com> or

<ibm.net>) and less likely when the domain name “includes characters in addition to those making up the mark.”

05. Post-sale confusion is when a larger entity adopts the pre-existing trademark of a smaller, less powerful entity and thereby causes confusion as to the source of the smaller, less powerful entity’s goods or services.

### HAVE A BREAK

KIT KAT is a chocolate-covered wafer candy bar created by the British confectionary Rowntree’s in the 1930s and now marketed globally by Nestle (the current owner of Rowntree’s) except in the United States, where Hershey has a 1970 license pre-dating the Nestle acquisition of Rowntree’s. Hershey has marketed KIT KAT in the United States continuously since the mid-1970s.

As described by Wikipedia, “[e]ach bar consists of fingers composed of three layers of wafer, covered in an outer layer of chocolate. Each finger can be snapped from the bar separately.” Pictures of the classic KIT KAT bar are shown in Exhibit A.

The overall KIT KAT bar design was covered by a U.S. design patent, #1,224,794, which has now expired. Both Nestle and Hershey’s use the slogan “Have a Break, Have a Kit Kat” – videos using the slogan typically show someone breaking off “fingers” from the bar, then breaking the wafer fingers. Assume that Nestle and Hershey jointly manage all intellectual property rights for the Kit Kat bar in the U.S.; that Nestle/Hershey has applied for trademark registration for the KIT KAT bar shape; and that the trademark application has been opposed by the Mars Company on grounds of functionality.

06. Because the KIT KAT bar’s “design has a function” it has *de jure* functionality.
07. Assuming no other candy bars have used a shape substantially similar to the KIT KAT bar, the USPTO is likely to find that the shape has acquired distinctiveness through secondary meaning.

08. Under both the majority and minority views in *In re Becton, Dickinson and Co.*, if the prior design patent covered exactly the same shape as the current KIT KAT bar, this will indicate that the bar's design is not *de jure* functional.
09. In a determination of functionality, the advertising campaigns for KIT KAT showing people breaking the bar into "fingers" will be irrelevant under the *Morton-Norwich* factors.
10. Based on his dissent in *In re Becton, Dickinson and Co.*, Judge Linn of the Federal Circuit would judge functionality on whether any single attribute of the KIT KAT bar served a function (like the 'fingers' for easy breaking), not the overall composite design of the KIT KAT bar.

#### BOSSA NOVA COOKIES

Swiss Delice is a medium-sized baking company that markets a variety of products in gourmet stores in the United States; although the company is based in Switzerland, they manufacture products in several countries. Swiss Delice has recently advised its distributors and gourmet stores that it will make its BRASILIA brand cookies available next fall – the package of the cookies is shown in **Exhibit B**. The cookies are described as "meringue biscuits with chocolate and hazelnut filling."

Assume Swiss Delice has filed an ITU application for BRASILIA at USPTO.

11. In a determination whether the term BRASILIA is primarily geographically descriptive or primarily geographically misdescriptive, the TTAB would first determine whether Brasilia (capital of Brazil) "is the name of a place generally known to the public."

12. If the TTAB concludes that the cookies sold under the BRASILIA label are baked in Zurich, this finding by itself will establish that BRASILIA is primarily geographically deceptively misdescriptive under *In re Budge*.
13. Under *In re Joint-Stock Company "Baik,"* if the TTAB concludes that the cookies sold under the BRASILIA label are baked in Brasilia, Brazil, then the term BRASILIA will still not be primarily geographically descriptive unless there is a further determination of a "goods/place association" in which the public "believe[s] that the goods or services for which the mark is sought to be registered originate in that place."

#### MORE GENERAL QUESTIONS . . .

14. A single color may be protectable as a trademark if it has acquired secondary meaning.
15. In a likelihood of confusion analysis, to determine the proximity or relatedness of goods depends, we look to the goods' similarity in use and function, whether the goods are complementary (pancake mix and maple syrup), and whether the goods are sold to the same class of purchasers.
16. Under the test set out in *Roger v. Grimaldi*, if the title of a literary or artistic work has artistic relevance to the underlying work, there will not be any violation of the Lanham Act, "unless the title explicitly misleads as to the source" of the work or its contents.
17. In *Dreamworks v. Dreamworks* (9<sup>th</sup> Cir. 1998), Judge Kozinski carefully went through each of the *Polaroid* factors in determining whether there was a likelihood of "reverse confusion."

FUNDAMENTAL AMBIGUITIES? Note them with your T-F answers!

## II. Essay Question

(1800-2000 words, 70 points)

You are a young associate in a law firm and working in the firm's intellectual property group, headed by Mona L. Jaconde. Ms. Jaconde was recently contacted by the senior Vice President of H.J. Heinz, Hariko Manjitu. Ms. Manjitu explained her situation to Ms. Jaconde in a long phone call; Ms. Jaconde took careful notes.

The two have agreed to meet tomorrow, but Ms. Jaconde is traveling today and cannot work on this problem. She needs a short memorandum from you – no more than 2000 words -- to prepare her for the meeting tomorrow with Manjitu.

Below is the situation as Jaconde explained it to you in a conference call.

\* \* \* \* \*

Walk down the frozen food section of almost any U.S. supermarket and you will find SMART ONES products. SMART ONES is a division of the H.J. Heinz Company. According to the Heinz website, SMART ONES “pairs great taste with calorie-correct, nutritionally balanced meals and offers a delicious array from which to choose—including entrées, bowls, desserts and breakfast foods.” <http://www.heinz.com/our-food/products/smartones.aspx>. SMART ONES is generally regarded as one of the three dominant brands in the healthy frozen food sector along with HEALTHY CHOICES and LEAN CUISINE. Different SMART ONES products are shown in Exhibit C.

Although produced by H.J. Heinz, SMART ONES has an exclusive license from Weight Watchers to use the WEIGHT WATCHERS trademark on all packaging. SMART ONES packaging also typically includes information on the “points” the food product has in the Weight Watchers point system. <http://www.buzzle.com/articles/weight-watchers-point-system-chart.html>

At the same time, SMART ONES is far from the only prepared food products in America using “smart” in their name. Just some examples are “Smart Flour” (<http://www.smartflourfoods.com/>), the Smart

Cookie Company (<http://www.smartcookiecompany.com/>), and “Smart Slice” from Domino’s (<http://schoolunch.dominos.com/Biz-Public-EN/Biz+Footer/School+Lunch/index.html>).

There is also SMART SNACKS, the problem that concerns Ms. Manjitu. As far as H.J. Heinz knows, the SMART SNACK products have been marketed nationwide since 2005. Until now, SMART SNACK products have been long shelf-life snack products stored, displayed, and sold without refrigeration. Some samples of these products are shown in Exhibit D.

But now SMART SNACKS has announced a massive expansion into healthy frozen foods, planning to offer health-conscious ice cream treats; frozen stuffed pitas, tacos, and quesadillas; frozen pizzas; and small frozen entrees for light snacking. Manjitu also believes that SMART SNACKS has applied for a USPTO trademark registration covering all these types of prepared foods. Assume that SMART SNACKS has no prior USPTO trademark registrations.

SMART SNACK is also planning a substantial, overall promotional campaign to mark its entry into the frozen food market. Apparently, the company is still considering different slogans for the ad campaign. There are rumors that this campaign may use one or both of the following:

*“Your choice among snack foods should always be a smart one.”*

*“Are you a snacker? Be a smart one – eat SMART SNACKS.”*

According to industry sources, SMART SNACKS will enter the frozen food sector by initially having its new products manufactured by Stouffer’s (the company behind SMART ONES competitor “Lean Cuisines”). A former Stouffer’s employee revealed to Ms. Manjitu a recent email from Stouffer’s CEO, Auguste Stroganoff, to SMART SNACK CEO Joel Bourginon. (Do not worry about how Manjitu received this email – that’s a problem for your trade secrecy and industrial espionage colleague.) The Stroganoff/Bourginon email said the following in its body:

\* \* \*

Dear Joel,

*I am personally ecstatic that we're helping you launch SMART SNACKS in frozen foods. It's been too long that Weight Watchers' have been the only "smart" ones in the frozen food aisle. I look forward to the day when consumers will open their freezer at home and see as many boxes of Smart Snacks as Smart Ones! I urge you to put meaningful advertising efforts into a strong debut for these products.*

Yours,

Auguste

\* \* \*

Ms. Jaconde wants a short memo from you (again, no more than 2,000 words) discussing whether and how H.J. Heinz can prevent the SMART SNACKS trademark from invading the frozen food section. Your memo should discuss all possible claims both at the USPTO and in court. Of course, your memo should discuss all factors for relevant tests as well as what additional information would help in formulating a strategy for Heinz.

END OF WRITTEN EXAMINATION – EXHIBITS FOLLOW



EXHIBITS

EXHIBIT A – KIT KAT bar



Candy Warehouse

EXHIBIT B - BRASILIA cookies



EXHIBIT C - Sample SMART ONES products



EXHIBIT D - Sample SMART SNACKS products/ page 1





### END OF EXHIBITS ###