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TOY HALL OF FAME NOMINEES

Strong National Museum of Play said last month that 12 nominees were being considered for 2009 induction into its National Toy Hall of Fame. This year's dozen contenders are: the ball, Big Wheel, Cabbage Patch Kids (pictured), Game of Life, Hot Wheels, Nintendo Game Boy, the paper airplane, playing cards, Rubik's Cube, sidewalk chalk, the toy tea set and Transformers. The two finalists will be announced at a ceremony at the Rochester, N.Y.-based museum on November 5.

TOY SALES DOWN THRU AUGUST

The NPD Group said that U.S. toy industry sales fell 3 percent during the 12 months ended August 2009 compared to the same point in 2008, and were off 2 percent year-to-date through the year's first eight months.

Despite the drop, the traditional toy industry's $21.5 billion haul for the August 2008 to August 2009 period outperformed other consumer product categories like apparel, consumer technology and video games, all of which were down 5 percent or more in sales for the first half of the year. The toy supercategory with the largest sales gain during the 12 month period was Building Sets, sales of which were up 21 percent.

NEW DEALS FOR HELLO KITTY

The middle of October saw Hello Kitty licensor Sanrio Global Products sign several new merchandising deals. Razor USA will begin offering a Hello Kitty scooter (pictured) this month in the ride-on maker's first ever licensing agreement, while The Upper Deck Co. plans to release a trading card game that includes collectible figures and stickers in March 2010.

CHARISMA BUYS ADORA

Doll and collectibles marketer Charisma Brands said last month that it had purchased high-end baby doll maker Adora for an undisclosed sum. The deal added Adora to a Charisma product portfolio that includes collectible doll brands Marie Osmond, Paradise Galleries, Kewpie and Penny Brite.

MATTEL SETTLES LEAD SUIT

Mattel and its Fisher-Price subsidiary last month settled a class action lawsuit brought against the toymakers for their 2006-2007 toy recalls over lead levels and other safety hazards, according to one of the law firms representing the class. The settlement could cost the toymakers upwards of $50 million, according to outside experts. The suit consolidated 22 lawsuits stemming from the recall of more 14 million toys.

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A Trademark Case's Slip Up

Wham-O fight's latest round

By Marc S. Cooperman

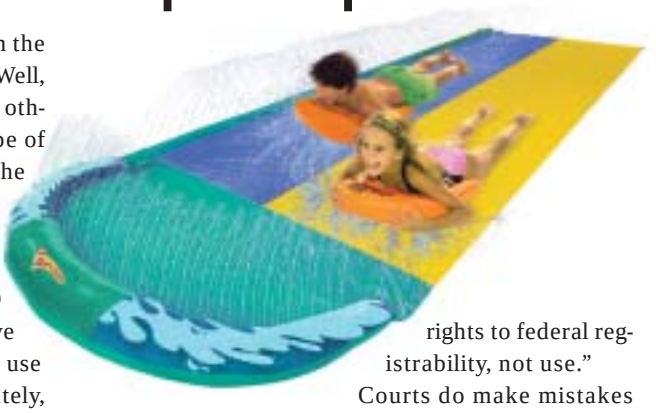
A number of childhood icons are under attack. The Frisbee, Slip 'n Slide and Hula Hoop trademarks owned by Wham-O are being challenged in the United States Patent and Trademark Office (PTO) by Manley Toys (also known as ToyQuest), the competing outdoor toymaker who has, along with related companies, battled Wham-O for several years in various court cases over these well-remembered trademarks.

Manley is asking the PTO to conclude that Wham-O's most famous marks are "generic." Wham-O recently responded by asking a federal court to intervene and decide the issue rather than leave it up to the PTO. Wham-O has been successful at this fight in the past, but this latest round has not gone as well, in part due to the company's own missteps.

Determining 'generic'

As talked about in a prior column, if a mark becomes generic, that means it primarily describes a class of products (such as "yo-yo," which used to be a trademark), rather than one specific company's product (such as the "Barbie" doll). By arguing that Wham-O's marks are generic, Manley hopes to cancel the federal registrations for those marks because a generic mark cannot be registered. Wham-O, of course, strenuously disagrees and believes its marks are not generic.

Seems like there is a significant dispute between the two companies that a court should decide, right? Well, in August, a federal court in California concluded otherwise, and determined this really wasn't the type of dispute that the court should hear. As a result, the court dismissed Wham-O's request that it decide whether Wham-O's marks are generic.



In ruling, the court placed a lot of weight on the argument that Manley had already asked the PTO to determine whether Wham-O had the exclusive right to use the marks, or if, instead, anyone could use the marks because they were generic. Unfortunately, this is one of those instances in which a court simply got it wrong. Here's why:

The PTO determines whether someone may *register* a trademark—a process in which a mark is examined to determine whether it meets certain criteria that warrant granting a certificate of registration, and the accompanying benefits (such as using ®, the registered trademark symbol). In contrast, the PTO does not determine whether a trademark may be *used*. Even without registration, a company may use a trademark on its products in the marketplace (think about all the unregistered trademark symbols [™] on products). Disputes about the use of trademarks *are* for the courts to decide. This is where the court in this case got it wrong. In other words, the PTO will not decide who can use marks, only *whether* marks may be registered. In fact, in its decisions, the PTO is fond of reminding parties that it decides "only rights to federal registrability, not use."

Courts do make mistakes from time to time; that's why there are appeals courts. What makes this case even more unusual, however, is that Wham-O got it wrong as well; it focused on trademark use too, mistakenly arguing that the PTO decision could ultimately "strip Wham-O of its common law right to use these Marks…" Instead, Wham-O should have focused on the benefits of registration it would lose if its trademark registrations were cancelled for its best-known products.

Make sure you don't make the same mistake. Remember, trademark registration and trademark use are not the same.

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