

UPDATE

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USC'S TROJANS HIT A HOME RUN IN A TRADEMARK BATTLE OVER "SC"



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In *University of South Carolina v. University of Southern California*, No. 2009-1064 (Fed. Cir. Jan. 19, 2010), the U.S. Court of Appeals for the Federal Circuit affirmed the Trademark Trial and Appeal Board's (TTAB) decision to not cancel an "SC" word mark registration owned by the University of Southern California (Southern Cal), and refusing to register another "SC" design mark owned by the University of South Carolina (South Carolina) in view of, among other things, Southern Cal's "SC" word mark.

Ultimately, the appealed dispute revolved around whether Southern Cal was entitled to keep its word mark registration for "SC" for goods such as t-shirts (along with all of the rights and benefits deriving from the registration) and, if so, whether South Carolina's "SC" design mark created a likelihood of consumer confusion under the various *DuPont* factors (which would bar registration if found).

South Carolina is a public university in Columbia, South Carolina while Southern Cal is a private university in Los Angeles. At the time South Carolina filed for its "SC" design mark (which was used in 1952 only and was being brought back as a "throwback") for goods such as t-shirts, Southern Cal already owned "SC" word and design mark registrations for identical or similar goods.

When evaluating South Carolina's "SC" design mark application, the United States Patent and Trademark Office did not see a likelihood of confusion with any of Southern Cal's registered "SC" marks.

However, Southern Cal saw things differently, and opposed South Carolina's design mark application. As a basis for opposition, Southern Cal alleged a likelihood of confusion with its word and design mark registrations as well as Southern Cal's [MORE](#)





South Carolina maintained that “the absence of evidence of actual confusion created ‘a strong inference that there is no likelihood of confusion.’”

common law rights to “SC,” and the TTAB found a likelihood of confusion after assessing various *DuPont* factors. South Carolina appealed the TTAB’s findings with regard to several of these factors.

Specifically, with regard to the third *DuPont* factor (similarity of trade channels), South Carolina tried to parse the meaning of Southern Cal’s use of the “SC” mark in “university authorized” trade channels, arguing that this limitation would preclude purchasers from encountering South Carolina’s and Southern Cal’s products in the same trade channels (e.g., stores). The Federal Circuit showed little tolerance for this strategy and quickly dismissed South Carolina’s arguments on this point.

actual confusion created ‘a strong inference that there is no likelihood of confusion.’” The Federal Circuit held that while merchandise from the two schools may have been sold at similar stores, the evidence did not show that merchandise from the two schools was sold at the same store location let alone nearby one another at a store location for a long enough time to provide an opportunity for actual confusion to have occurred.

In initially making this argument, South Carolina perhaps overestimated the weight given to a *lack* of evidence of actual confusion as opposed to evidence of actual confusion. While the Federal Circuit has clearly viewed evidence of actual confusion as creating a

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With regard to the fourth *DuPont* factor (sophistication of consumers), the Federal Circuit noted that this issue was not dispositive. While acknowledging that purchasers of goods bearing the marks may be well-informed about either of the two schools, this fact alone did not overcome the clear evidence against South Carolina with regard to the first and second *DuPont* factors. “Even if the TTAB had mistakenly ruled on these secondary issues,” the Federal Circuit opined, “this error would not require reversal of the Board’s decision on the likelihood of confusion.”

Finally, with regard to the eighth *DuPont* factor (actual confusion), South Carolina challenged the Board’s finding that evidence of the absence of actual confusion weighed only slightly in South Carolina’s favor. South Carolina maintained that “the absence of evidence of

strong inference for a likelihood of confusion, the Court’s stance on weight given to evidence of no actual confusion is much less clear.

Ultimately, then, the Federal Circuit upheld the TTAB’s finding of a likelihood of confusion. However, as an alternative, South Carolina also sought to cancel Southern Cal’s “SC” design and word mark registrations (if they were cancelled, they would no longer block South Carolina’s “SC” design mark from being registered, regardless of whether a likelihood of confusion existed).

Unfortunately for South Carolina, Southern Cal’s “SC” word mark had been registered since 1994 and was “incontestable,” which sharply limited South Carolina’s grounds for cancelling Southern Cal’s “SC” word mark. Undeterred, South Carolina sought [MORE](#) >

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cancellation based on the relatively uncommon grounds of Lanham Act Sections 2(a) and 2(b), alleging that Southern Cal's "SC" design mark registration was an official insignia of the State of South Carolina and/or created a deceptive suggestion of a connection to the State (these grounds of cancellation may be asserted at any time). However, the TTAB refused to consider these grounds, stating that only an agency of the State of South Carolina, not the university, had standing to rely on Sections 2(a) and 2(b).

South Carolina's sole victory on appeal related to this narrow standing issue. Specifically, the Federal Circuit concluded that the TTAB took an "unnecessarily limited view of standing," noting that South Carolina had demonstrated a "reasonable belief" that it would be damaged by Southern Cal's registration of the "SC" mark and that it had a personal stake in the outcome—this was sufficient to establish standing.

But after allowing South Carolina to bat, the Federal Circuit struck out its cancellation arguments, noting for example that "to prevail on a section 2(a) Lanham Act claim for cancellation..., a party must show that

the challenged mark is 'unmistakably associated' with another person or institution." Here, the Federal Circuit concluded that South Carolina had failed to make this showing, and in fact even contradicted it, because South Carolina had previously identified 16 other universities that used the initials "SC" as part of its effort to defeat Southern Cal's likelihood of confusion arguments.

South Carolina also sought to cancel Southern Cal's "SC" design mark on more conventional grounds. However, to do so, South Carolina had to establish "priority" of use (*i.e.*, that it used "SC" first and continued to use it), and South Carolina's sporadic on-and-off use of "SC" marks (for example, South Carolina only used a "C" on its baseball caps during the 1980s since "throwbacks" were not fashionable at the time) doomed this counterclaim—not to mention the TTAB declined to allow South Carolina to rely on the State of South Carolina's use of "SC" in order to establish priority of trademark rights (South Carolina did not appeal this dismissal).

This case highlights the need to secure the "high ground" afforded by a US trademark registration (or to prevent others from obtaining that high ground), even for seemingly established marks. Moreover, this case underscores the need to establish a long-term branding strategy involving legal assessments so that long-term trademark rights are not just pitched based on what's fashionable at the time. Had South Carolina been more proactive in these regards, it may have been able to establish trademark rights that were more than 100 years old, and would have been able to keep Southern Cal from dominating the "SC" mark and this case.

Along these lines, it is also worth noting that Southern Cal's "SC" word mark registration, which arguably was too broad to begin with, was left unchallenged for years and was only attacked by South Carolina in response to the opposition and after the best options for attack were already foreclosed (due to the registration becoming, for example, "incontestable"). Had South Carolina challenged Southern Cal's "SC" word mark registration earlier, the result may have been far different. ■



"SC" up to bat