The Katten
Kattwalk
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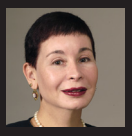
Letter From the Editor



Among the most important contributors to success for anyone involved with fashion are color and the timing of opportunity. These are critical not only for designers, but also for fashion industry attorneys. In this issue we analyze timing, with respect to registration of intent-to-use trademark applications (page 1), and color, in our study of enforceable trademark rights in colors (page 2).

I am also pleased and honored to share with you that *The Katten Kattwalk* recently came in first place in the "Promotional and Collateral Materials – Newsletter/Alert" category in the Legal Marketing Association's (LMA's) Your Honor Awards. The LMA is the legal marketing industry's leading association. It seems that our readership enjoys staying at the forefront of fashion law—so we'll keep on delivering the content we think resonates with you. And please, keep your ideas coming!

Enjoy the summer.

Karen Artz Ash

In This Issue

The Early Bird Gets the Trademark: Don't Delay Filing Intent-to-Use Applications

by Karen Artz Ash and Bret J. Danow

A recent US Patent and Trademark Office Trademark Trial and Appeal Board (TTAB) decision serves as an important reminder that it is rarely too early for a new business to protect a trademark it plans on adopting.

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In some cases, waiting even just a few days to file a trademark application may leave the door open for another brand to establish prior trademark rights.

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In the case at issue, a US intent-to-use trademark application for the mark BLAST BLOW DRY BAR was initially refused for registration by the US Patent and Trademark Office because another entity had filed a use-based application for the same mark covering the same services just two days earlier. A US intent-to-use trademark application allows an entity to reserve rights to a trademark before it actually starts using the mark, provided that the applicant has a *bona fide* intent to use the mark. Once the applicant begins using the trademark, it gets the benefit of its earlier filing date (instead of its actual use date) for purpose of establishing priority over other entities seeking to use or register the same or a confusingly similar mark.

On December 10, 2011, a Minnesota entity called "Blown Away," d/b/a Blast Blow Dry Bar, filed its US intent-to-use trademark application for the mark BLAST BLOW DRY BAR, covering hair salon services. However, a Texas entity called Blast Blow Dry Bar had filed a use-based US trademark application on December 8, 2011 for the mark BLAST BLOW DRY BAR, covering hair salon services. Although the Texas entity had only provided its hair salon services to four customers and had done so free of charge, the TTAB ruled that such limited use was sufficient actual "use in commerce" to establish the Texas entity's prior rights to the mark. As a result, the Minnesota entity's mark—filed only two days later—was refused registration.

This decision is a cautionary tale against delaying the decision to reserve rights to a trademark by filing a US intent-to-use trademark application. Had the Minnesota entity filed its trademark application for the mark BLAST BLOW DRY BAR only a few days earlier, when it first decided to adopt the mark, form a company, or secure a lease for its salon—all of which happened before the Texas entity filed its application—the Minnesota entity would have had priority filing rights and thereby been in a substantially stronger position.

Color Wars: Narrowing Color Claims in Trademark Rights

by Karen Artz Ash and Bret J. Danow

The fashion world has been abuzz about footwear designer Christian Louboutin's claim to own exclusive rights to the color red for the soles of footwear.

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But battles over claims of rights in particular colors did not end with the resolution of the Louboutin case and have extended beyond the fashion industry.

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The issue of ownership of colors as trademarks recently reared its head in a US Patent and Trademark Office (USPTO) Trademark Trial and Appeal Board (TTAB) decision involving medical cables. Covidien LP filed a trademark application for a mark consisting of the color pink for medical cables. The USPTO initially refused registration of the application based upon a likelihood of confusion with a registered trademark owned by Masimo Corporation for the color red for very similar products. Covidien then petitioned the TTAB to limit Masimo's trademark registration to the particular shade of red being used by Masimo (Pantone PMS 185) to prevent any likelihood of confusion between Masimo's color mark and its own. Masimo moved to dismiss Covidien's petition.

The US Trademark Act states that the TTAB may "restrict or rectify . . . the registration of a registered mark" if the description of the mark in the registration is "ambiguous or overly broad" and the proposed restriction will avoid a likelihood of confusion. Because Covidien's petition to limit Masimo's trademark registration satisfied these requirements, the TTAB denied Masimo's motion to dismiss.

Although the TTAB's decision fell short of granting Covidien's request to limit Masimo's registration, it indicated that the TTAB would consider the request. The decision also demonstrates that trademark registrations for colors may be narrowed in certain circumstances where such a limitation would alleviate a likelihood of confusion. As a result, it may provide third parties seeking to use variations of a protected color with an additional means of challenging a registration for such color.

It's Good to Be Famous: TTAB Expands Protection for Famous Marks

by Karen Artz Ash and Bret J. Danow

Famous trademarks are set to enjoy an even broader range of protections than they have traditionally enjoyed thanks to a recent US Patent and Trademark Office Trademark Trial and Appeal Board (TTAB) decision. Specifically, the TTAB determined that a famous mark may bar the registration of other marks covering goods or services that are not similar to, or even competitive with, the goods or services offered under the famous mark.

D&D Beauty filed an application to register the mark SHAPE for a range of beauty-related services. Weider Publications, publisher of *Shape* magazine, opposed D&D's application claiming, among other things, that it would create confusion with Weider's own registration for the mark SHAPE for health and fitness magazines.

As the first step in its likelihood-of-confusion analysis, the TTAB asked whether Weider's SHAPE mark was famous. Fame is important because a famous mark is generally entitled to broader protection than a mark that is not famous. The TTAB found that Weider's SHAPE mark was famous for two primary reasons: (1) Weider had continuously used the SHAPE mark for more than 30 years, and (2) Weider's audience for its magazine across all platforms was large, at approximately six million people per month.

The TTAB found that because Weider's SHAPE mark was famous, it did not matter that D&D sought to register its SHAPE mark for a product that was not similar to, or even competitive with, the magazines sold under Weider's SHAPE mark.

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According to the TTAB, consumers may confuse a similar mark with a famous mark when the two trademarks cover goods or services that are merely "related in some manner" or marketed in a way that causes them to be encountered by the same consumers.

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Because Weider's famous SHAPE trademark covers health and fitness magazines, *Shape* magazine often featured beauty-related services (such as those listed in D&D's application). In fact, approximately 30 percent of the advertising in each issue of *Shape* covered beauty- and fashion-related products and services. In addition, Weider cross-promoted *Shape* with spa operators, and the magazine featured a significant amount of beauty-related content. Weider and D&D both marketed their products towards the same broad base of potential consumers: women within essentially the same age group. For these reasons, the TTAB decided that consumers could be confused and believe that D&D's SHAPE services were related to Weider's magazine, such that there was a likelihood of confusion between the two marks. As a result, the TTAB sustained Weider's opposition and refused D&D's trademark application.

While a broader scope of protection is good news for owners of famous brands, this TTAB decision should ring alarm bells for famous and not-so-famous brand owners alike. Anyone thinking of adopting a new trademark should consider whether that mark is famous in another product or service category before filing a trademark application.

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Around the Horn

Privacy and Data Security

OUR CLIENTS

Katten represents clients including advertisers, media companies, health care providers, financial services companies and technology service providers in connection with a broad range of privacy matters. We offer comprehensive advisory, litigation and regulatory representation and the full resources of the firm to support clients across the areas pertaining to privacy and data security.

OUR SERVICES

Katten's Privacy and Data Security group brings together a team of attorneys with diverse industry experience and substantial knowledge of the latest laws and practices regarding privacy and data protection. In addition, the firm is a corporate member of the International Association of Privacy Professionals (IAPP). We understand the potential areas of risk associated with the collection, use and disclosure of customer and employee information and work with clients to effectively resolve or prevent potential problems. Our practice encompasses the development of privacy protection practices, privacy and security law counseling and compliance, and the application of privacy laws to data use and information sharing.

For more information, click here.

Q&A With

Renata Mutis Black

(insight)

Tell us about your inspiration and plans for the lifestyle brand, Empowered By You.

After having worked in the nonprofit world for about seven years, I realized that the only true sustainable way to fuel social impact was through a sustainable business model. I had worked in the field in India, creating a microfinance program for two years. Whilst living in India I developed a deep understanding of the respect sari-covered women hold for something as intimate as their lingerie. With this appreciation, I returned to the United States, where I saw the need for a societal paradigm shift—to reposition lingerie as a tool of empowerment, as opposed to one of seduction.

I furthered this vision by bringing together top luxury lingerie designers—such as Agent Provocateur, Carine Gilson and Atsuko Kudo—to show together on one runway to raise awareness of the empowerment of women, under a ladder symbol that symbolizes extending ladders to women to help them out of poverty and into business. These fashion shows generated more than 3.8 billion media impressions and served as the platform to launch the social enterprise lingerie line called Empowered By You in 2012 with the ethos "What Empowers You, Empowers Women Everywhere."

The lingerie is produced in Sri Lanka at a facility that has won UN awards for championing the UN's Women's Empowerment Principals. Twenty percent of all net profits generated from sales of the high-tech lingerie are donated to the Seven Bar Foundation. So basically my life has been a sequence of events that have led to this point, with the underlying thread of repurposing lingerie as tool of empowerment. I feel this is the best use of my life.

Some of my most thrilling plans for the brand are focused on creating meaningful collaborations. I am a strong believer that creativity is the combination of two unique forces that come together to make a significant impact. So, for example, this holiday season we are launching a collaboration with a well-known fashion brand where it puts the print on the panty and we provide an entry point to highlight "What Empowers [the brand], Empowers Women Everywhere." The brand will decide what part of the world the proceeds from the sale of the product will go to empower women. Through our collaboratively developed product, the consumer gets a sneak peak at what empowers a designer whilst their purchase of the unique item in turn empowers women everywhere via microfinance.

----------(vision)----------

What has been most challenging as a social entrepreneur?

I think anyone who has a clear vision of what the best use of their life is comes across immense obstacles. As a visionary, you are obsessed with creating something that does not exist. The world appreciates newness, but it takes risk for people to follow new ideas. There is safety in working with what already is big. I am a major believer that growth happens outside of your comfort zone. As an entrepreneur, you are constantly putting yourself out there. You have to fall down seven times and get up eight. Living your purpose in life is really the highest luxury, but it also comes at the highest cost. You end up sacrificing all your free time and you miss out on important times in life. You have to have unwavering self-belief until you finally make it. From a very young age I was laser focused on creating a business model that would drive consistent revenue to the empowerment of women, and I have lived my life on a trial-and-error path that has finally gotten me there. I would say that the most challenging thing as a social entrepreneur is learning that success is on the other side of failure.

----------(collaboration)----------

What types of brands would you enjoy collaborating with?

Our brand ethos is "What Empowers You, Empowers Women Everywhere." So a major part of the business model is to partner with like-minded designers and provide them with the entry point to share what empowers them, which will in turn empower women everywhere. I think the recipe for a synchronistic collaboration is when both parties share a similar vision, while each entity brings to the table unique attributes that the other does not have. When you bring together two entities that feel that their work is part of their purpose in life, magic happens.

----------(ambition)----------

How do you envision the future of fashion and microfinance as a social enterprise?

I believe that, day by day, consumers are getting more and more connected, more and more savvy, and more and more conscious about their choices, and that those choices matter. Naturally, consumers want to get the most out of their purchases. So when you are given the option to wear a "rockin'" garment and also know that you have taken part in impacting the world, those threads carry a deeper meaning. Right now this intersection between cause and commerce is a "nice to have," but I have no doubt that very soon it will become a "must have."

----------(influence)----------

Who most influences your business and philanthropic strategies?

I think it is important to look at business across all verticals for innovative tactics. For example, I am fascinated with the success of Uber [a smartphone application-powered car-sharing service], where bringing together two existing resources can fill such a huge gap in services. I also make sure to read *Women's Wear Daily*, *L2 Think Tank* and *The Business of Fashion* to keep an eye on the industry and its forward innovations. With this, I am able to look at our focused revenue channels and see where we can become the next innovator. This has allowed us to carve out some super-neat niches we are focusing on over the next year.

----------(inspiration)----------

Share a favorite quote, artist, book, blog or travel destination.

Quote: *"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."*

– Richard Buckminster Fuller

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www.sevenbarfoundation.org

Katten Wins First Place in the Legal Marketing Association's Your Honor Awards

The Katten Kattwalk was awarded first place by the Legal Marketing Association as part of the 2014 Your Honor Awards in the category of "Promotional and Collateral Materials – Newsletter/Alert." The Your Honor Awards is the longest-running annual national award program recognizing excellence in legal marketing.

Click here for more details.

Katten Partners Comment on Licensing Agreements in Law360

Karen Artz Ash and Jan Tamulewicz spoke with Law360 regarding potential pitfalls for retailers operating abroad. While a franchisee or licensing agreement is a good way for a retailer to enter a foreign market, it may want to take over foreign operations at a later date. Karen therefore recommends that such a licensing agreement with a third party include a reservation of rights for the brand holder along with finite terms on the duration of the agreement. Accordingly, she and Jan said they advise clients against signing agreements that include automatic renewal provisions.

Karen added that a licensing agreement should also include an option that would allow the brand holder to buy back any products at the expiration of the deal. If possible depending on the jurisdiction, the agreement should additionally include a provision that allows the retailer to step into the shoes of the licensee if it chooses, in order to take over any leases or other property at the termination of the deal.

Click here to read the article.

Over the Borderline: Protecting Foreign Marks in the United States

by Karen Artz Ash and Bret J. Danow

It is not uncommon for an owner of a well-known foreign trademark to find that an American company is attempting to take advantage of the mark by seeking a trademark registration for it in the United States. Until recently, such a foreign trademark owner had only limited recourse under the Paris Convention for the Protection of Industrial Property, which provides the owner of a famous foreign trademark with priority in the United States over a US registrant, but no basis for cancelling a US registration unless the owner of the foreign mark has used its trademark in the United States.

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In April 2014, however, the US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) issued a decision extending the ability of owners of famous foreign marks to enforce their rights in the United States.

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In *Bayer Consumer Care AG v. Belmora LLC*, the TTAB granted Bayer's petition to cancel Belmora's registration for the mark FLANAX, even though Bayer was not using—and had no intention to use—its FLANAX mark in the United States. Bayer's affiliate had been distributing a pain reliever in Mexico under the mark FLANAX since 1976, and it had since become the top-selling pain reliever in that country. Bayer did not use the FLANAX mark in the United States, but rather marketed that same pain reliever in the United States under the mark ALEVE.

Following Bayer's long-standing use of the FLANAX mark and the popularity of its FLANAX product in Mexico, Belmora obtained a US trademark registration for the mark FLANAX for its own pain reliever. Belmora sold and marketed its FLANAX product to the Hispanic community in the United States, initially in packaging that copied the logo and color scheme Bayer used for its FLANAX product in Mexico. Belmora also repeatedly invoked the reputation of Bayer's FLANAX mark when marketing its own product in the United States.

Before the TTAB, Belmora first attacked Bayer's right to seek cancellation of Belmora's mark because Bayer did not own a US registration for the FLANAX mark, had not used the FLANAX mark in the United States, and had no plans to use the mark in the United States. The TTAB rejected these arguments, stating that if Belmora "is using the FLANAX mark in the U.S. to misrepresent to U.S.

consumers the source of [Belmora]'s products as [Bayer]'s Mexican products, it is [Bayer] who loses the ability to control its reputation and thus suffers damages."

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Integral to the TTAB's analysis was its finding that, given the size of the Mexican population in the United States, the "reputation of the Mexican FLANAX mark does not stop at the Mexican border."

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Because Bayer alleged injuries to its reputation, the company had the right to pursue the cancellation of Belmora's registration.

The TTAB then turned to the merits of Bayer's cancellation claim, which alleged misrepresentation of source. In determining whether Belmora's FLANAX mark "misrepresent[ed] the source of the goods or services on or in connection with which the mark is used," the TTAB found that Belmora blatantly misused the FLANAX mark in a manner calculated to trade on the goodwill and reputation of Bayer. As a result, the TTAB ordered the cancellation of Belmora's registration for FLANAX.

Although establishing trademark rights in the United States typically requires use of the mark in the country, the TTAB's decision in *Bayer* indicates that a foreign trademark owner may pursue an alternate basis for asserting US trademark rights, even if it does not use its mark in the United States.

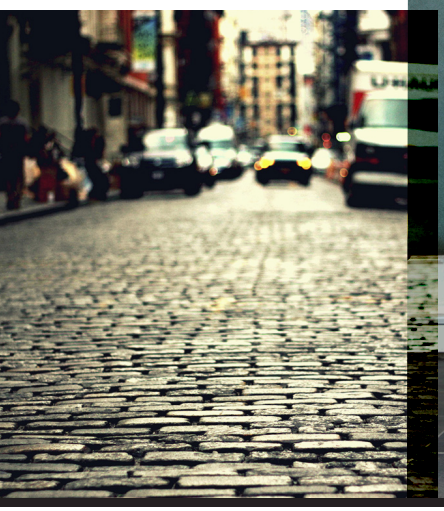
The threshold for demonstrating misrepresentation of source is fairly high, however, as it requires the foreign trademark owner to show that the US trademark owner took steps to deliberately pass off its goods as those of the foreign trademark owner.

Managing Intellectual Property IP STARS

2014 Managing Intellectual Property IP Handbook Recognizes Intellectual Property Attorneys and Practice

Katten partners Kristin Achterhof, Karen Artz Ash, Robert Breisblatt, Eric Cohen, Roger Furey, Floyd Mandell and Brian Winterfeldt have been named "IP Stars" in the 2014 edition of the *Managing Intellectual Property IP Handbook* (*IP Handbook*), the only publication of its kind to focus on the leading intellectual property agencies and law firms worldwide.

In addition, Katten is listed in the *IP Handbook* as a "Highly Recommended" firm for intellectual property in Illinois, and recognized as a leading firm nationally for trademark contentious and trademark prosecution. The *IP Handbook* states Katten is particularly known for "trade identity protection, pharmaceutical and medical device patent litigation and fashion law practice" and notes recent successes defending clients Kimberly-Clark in a trade dress infringement matter and Microsoft in a trademark infringement action.



Spotlight on Doron S. Goldstein

Co-Head, Privacy and Data Security
Co-Head, Advertising, Marketing and Promotions
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On dealing with cutting-edge social media and privacy issues in the fashion industry . . .

We are working in an area where the law is playing catch-up to business and operational realities. Because these issues are constantly and quickly evolving, an approach of taking no risks means sitting on the sidelines, which no business can afford to do. The challenge—and the value that our group is able to add—is explaining the current legal framework and providing practical advice and guidance on how to achieve the client's business objectives while minimizing the inherent risks. Our deep understanding of the fashion industry is key to our ability to do that.

On creating the right approach to data collection and privacy . . .

There's no one-size-fits-all answer. It is always a balancing act, which changes over time and depending on the types of media and technologies being used. Getting that balance right is particularly important in the fashion industry, because many people view their fashion choices as part of their individual identities. Good data collection and use offers brands a great opportunity to personalize customer experiences, increase brand loyalty, and gain valuable insights from their customers. The flipside is that if consumers feel that their trust in a brand has been undermined by how their data is being used or by a security breach—even if it wasn't the brand's fault—the sense of betrayal can cause lasting damage.

Doron's thoughts on being proactive on privacy and security issues . . .

The general view in the data security industry is that there are only two types of companies: those that know they have had a security breach, and those that have had a breach but just don't yet know it.

Particularly given the fashion industry's unique connection to consumers, it is important to stay ahead of the curve in keeping customers informed and to be proactive in dealing with privacy and data security concerns. This means being upfront with consumers about what data is being collected from them and how it is being used. It is also fundamentally important to have a fully developed data breach response process in place well in advance that clearly addresses business, technical and legal steps. Once a breach happens, things can snowball in a matter of days or even hours, and a clear action plan can be a life saver.

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Katten is a full-service law firm with one of the most comprehensive fashion law practices in the nation. We provide innovative advice on the legal and business issues faced by national and international manufacturers, designers, marketers, licensors, licensees and retailers of fashion items including a full range of apparel, footwear, jewelry, cosmetics and luxury goods.