

TRADEMARK INFRINGEMENT HINGES ON THE ELEMENT OF CONFUSION

CHARBUCKS CANNOT BE CONFUSED WITH STARBUCKS

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INTRODUCTION

Sometimes I am asked by a client if he can trademark a name and prevent everyone in the world from using it. I tell him, "No." Invariably, the next question asked is usually an incredulous "Then what good is a trademark?"

A trademark or service mark is valuable because it protects a business name from being used by competitors who wish to ride the goodwill and business reputation coattails of the trademark holder, and who wish to take advantage of confusion in the marketplace to make money from unwitting consumers who believe that they are buying a product from the original (and potentially superior) mark holder. In short, a trademark is valuable because it prevents others from hijacking a business' revenue stream by the employment of confusing means.

Recently, the issue of business name protection came up in a New York Federal District Court when Starbucks Corporation sued for an injunction against a New York coffee company selling a product named, "Charbucks." (See *Starbucks Corp., v. Wolfe's Borough Coffee, Inc.*, (S.D.N.Y. September 2004).

Starbucks Coffee Corporation has grown in the last 30 years to be a company with revenues of almost \$3 Billion. It has taken out 56 trademarks to protect its name in the United States and registered another 100 trademarks in foreign countries. The company has thousands of stores in the U.S. selling "Starbucks" coffee. The defendant in the case had annual gross revenues of less than \$200,000 and sold roasted coffee beans in grocery stores in New York City under the name of "Black Bear – Charbucks Blend." The small time defendant argued that the name "Charbucks" was descriptive of the dark roasted aspects of the coffee, and was not intended to infringe on the good will and reputation of Starbucks coffee.

In that case, the court restated the standard of proof in a trademark infringement action by holding that the Plaintiff must show "consumer confusion."

A likelihood of confusion exists if "an `ordinarily prudent purchaser' in the marketplace is likely to be confused as to the origin or sponsorship of the goods. Plaintiff must show that `numerous ordinary prudent purchasers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of defendant's mark. The mere possibility of confusion is not enough; "consumer confusion must be probable.

Based on the *Starbuck* court's assessment of the ordinarily prudent New York consumer, which the court found to be both sophisticated and discriminating, Starbucks's request for injunction against Black Bear was denied because it was determined that New Yorkers were not likely to be confused as to the "source" of the dark roasted coffee beans.

9TH CIRCUIT CASES

On February 12, 2002, the Ninth Circuit Court of Appeals ruled against a small veterinarian from Boise, Idaho, who sued the national business, Petsmart, Inc., for an injunction based on trademark infringement. Dr. Cohn, a veterinarian, had registered a trademark with the state of the phrase, "***Where pets are family.***" This was a description of his veterinary practice operating as Critter Clinic. Almost a year later, Petsmart, a giant Delaware corporation, registered the exact same phrase with the United States Patent and Trademark Office.

The parties litigated the matter in federal court on the basis of diversity jurisdiction using both federal and state trademark law. The Appellate Court's ruling reaffirms how difficult it is to prove that a trademark violation has occurred, even when an identical trademark is being used by two parties which sell related goods and which operate in the same geographical market.

Pursuant to Idaho Code § 48-518, the Federal Court stated that Dr. Cohn was required to prove decisively that Petsmart's use of the phrase "Where Pets are Family" created a likelihood of confusion between its business and the veterinary practice. The Appellate court used the eight factors set forth by the California District Court in *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979), to scrutinize the potential for confusion:

1. Strength of the mark
2. Proximity or relatedness of the goods or services
3. Similarity of the marks
4. Evidence of actual confusion
5. Marketing channels
6. Degree of purchaser care
7. Intent
8. Likelihood of expansion

Dr. Cohn was able to show by clear and convincing evidence that two elements of the *Sleekcraft* criteria: (1) that Critter Clinic and Petsmart sell related goods and services, and (2) Petsmart's extensive advertising gives it the ability to overwhelm any public recognition and goodwill that Critter Clinic had developed in the mark. In proving these two criteria, Cohn established that Petsmart's extensive media advertising, as compared with his limited yellow page advertising, saturated the market with the slogan and thereby had the potential to confuse consumers. However, Cohn could not substantially prove

what the court deemed the more pressing elements of the *Sleekcraft* criteria: **that consumers were actually confused by the similar use of the marks.**

Other factors were also considered by the *Petsmart* court in its final decision. The court determined that because both parties use different means of advertising - Petsmart used television ads and other prominent media advertising whereas Critter Clinic primarily used the yellow pages – the possibility of confusion was further diminished. Furthermore, the court found that reasonably attentive pet owners tend to make informed decisions about their choice for a veterinarian, and were therefore more likely to comprehend the apparent distinction between Petsmart, a business selling pet food and products, versus Dr. Cohn’s veterinary practice called “Critter Clinic.”

CONCLUSION

The cases set forth above confirm the long standing fundamental requirement of proving “confusion” between the holders of competing marks in order to win a case for trademark infringement.

In the universe of trademark protection, the strength of a particular mark will weigh heavily in finding a likelihood of confusion. See *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F. 2d 1280, 1291 (9th Cir. 1992). Stronger marks will receive greater protection than weaker ones because a strong mark is ‘inherently distinctive,’ and therefore it is more likely that consumers will be confused by another’s use of the same or similar mark. See *Entrepreneur Media*, 279 F.3d at 1141. In addition to conceptual strength, courts may consider a mark’s commercial strength. See *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000). The strongest marks receiving the maximum trademark protection are “arbitrary” or “fanciful.” Marks that are weaker but still deserving of moderate protection are “suggestive” or “descriptive,” with suggestive marks considered stronger. The weakest marks, entitled to virtually no trademark protection are generic.

The information provided herein is not intended as legal advice and should not be acted upon. If you have additional questions about this subject matter or would like to consult with an attorney about this or related subject matters, please call Jennifer J. Hagan or James Hagan at The Hagan Law Firm (650) 322-8498.

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