

## TRADEMARK PRESUMPTION RULES REFINED BY THE NINTH CIRCUIT

By Christopher T. Micheletti\*

In *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778 (9<sup>th</sup> Cir. 2002), the Ninth Circuit recently addressed the strength or evidentiary value of the presumption to which registered, contestable trademarks are entitled under the Lanham Act. The Ninth Circuit ruled that such a registration is not sufficient, by itself, to defeat summary judgment where the defendant comes forward with proof of facts, not in genuine dispute, which show that the mark is not valid. Through its ruling and analysis, the Ninth Circuit more closely aligned itself with at least one other circuit which has held that the presumption serves only to shift the burden of production of evidence of invalidity to the defendant.

The Lanham Act §33(a), 15 U.S.C. §1115(a), provides that “[a]ny registration . . . owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark . . .” Section 1115(a) applies to “contestable” registrations, which in general, are marks that have not yet been in continuous use for five years after the date of registration. After five years of continuous use, “contestable” registrations attain “incontestable” status under 15 U.S.C. §1065, and, in general, constitute “conclusive evidence of the validity of the registered mark . . .” (15 U.S.C. §1115(b)) (emphasis added). In *Tie Tech*, the court addressed the evidentiary strength or value of “contestable” marks under section 1115(a) at a key stage in most trademark cases, *i.e.*, in the context a summary judgment motion.

In *Vuitton et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 775 (9<sup>th</sup> Cir. 1981), the Ninth Circuit explained that a registration “shifts the burden of proof from the plaintiff . . . to the defendant, who must introduce sufficient evidence to rebut the presumption of plaintiff’s right to such protected use.” In the Ninth Circuit, the presumption of validity of a registered mark may

be overcome by a preponderance of the evidence, and the burden of such proof is on the party asserting invalidity. *Vuitton*, 644 F.2d at 775-76.

In *Tie Tech, Inc. v. Kinedyne Corp.*, the plaintiff is a manufacturer and marketer of “wheelchair securement systems” for private and public vehicles. 296 F.3d at 781. One of its products, the SAFECUT “web-cutter,” is an oval-shaped device with an elongated prong of plastic that guides webbing towards a recessed cutting-blade. The device is used in emergencies to facilitate the quick release of individuals from their securement systems. In 1998, the U.S. Patent and Trademark Office registered the SAFECUT device configuration as a trademark on its primary register. *Id.*

Kinedyne is a competitor of Tie Tech’s. In 1999 it re-designed its own web-cutter and began selling one which, according to the Ninth Circuit, is virtually indistinguishable from the SAFECUT design, except for the color, the manufacturer’s name, and the absence of certain finger indentations in the handle. *Id.*

Tie Tech sued Kinedyne for, among other things, infringement of its registered trademark under the Lanham Act, 15 U.S.C. §1114. Kinedyne moved for summary judgment on the grounds that the design mark was “functional”, and therefore invalid. The district court agreed, and granted summary judgment. *Id.* at 782. On appeal, Tie Tech argued that its trademark registration alone should have been sufficient to create a material issue of fact on the issue of trademark validity.

In its analysis, the Ninth Circuit noted that “as ‘prima facie evidence of validity,’ the registration certificate is simply evidence that ‘in the judgment of the law, is sufficient to establish a given fact, or the group or chain of facts constituting the party’s claim, and which *if not rebutted or contradicted*, will remain sufficient.” *Id.* (quoting BLACK’S LAW DICTIONARY 1190

(6th ed. 1990)) (emphasis in orig.). The court thereafter articulated the following general rule: “[T]he plaintiff in an infringement action with a registered mark is given the prima facie or presumptive advantage on the issue of validity, thus shifting the burden of production to the defendant to prove otherwise—in our case, to provide evidence of functionality . . . . Once the presumption of validity is overcome, however, the mark’s registration is merely evidence ‘of registration,’ nothing more. This approach can be characterized as rebutting the prima facie case or ‘piercing the presumption.’” *Id.* at 783. The court then noted that while on summary judgment “all inferences from the facts must be drawn most favorably to the nonmoving party,” and while “functionality is generally viewed as an intensely factual issue,” where a “defendant can demonstrate through law, undisputed facts, or a combination thereof that the mark is invalid, the evidentiary bubble bursts and the plaintiff cannot survive summary judgment.” *Id.* at 783; citations omitted. The court also expressed concern with the possibility that under Tie Tech’s theory on appeal, “a defendant could never prevail at the summary judgment stage on an invalidity defense because the registration itself would always raise a material issue of fact.” *Id.* at 783-84.

The “piercing the presumption” rule recited by the *Tie Tech* court resembles the Seventh Circuit’s “bursting presumption” standard, articulated by that court as follows: “Plaintiff argues that it has produced enough evidence to show that there is a genuine issue of fact. Plaintiff refers to its trademark registration. Defendant, has, however, introduced enough evidence of the genericness of the term ‘liquid controls’ to ‘burst’ the presumption created by section 1115(a). Thus plaintiff cannot rely on that presumption to defeat the motion for summary judgment. The presumption really serves only to shift the burden of production to the defendant.” *Liquid Control Corp. v. Liquid Control Corp.*, 802 F.2d 934, 938 (7<sup>th</sup> Cir. 1986). Thus, in the Seventh

Circuit, “[t]he presumption of validity that federal registration confers . . . evaporates as soon as evidence of invalidity is presented. . . . Its only function is to incite such evidence, and when the function has been performed the presumption drops out of the case.” *Door Systems, Inc. v. Pro-Line Door Systems, Inc.*, 83 F.3d 169, 172 (7<sup>th</sup> Cir. 1996) (citations omitted).

In support of its appeal, Tie Tech relied on *America Online, Inc. v. AT&T Corp.*, 243 F.3d 812, 818 (4th Cir. 2001), in which America Online, Inc. (“AOL”) sued AT & T Corporation (“AT&T”) alleging AT&T’s infringement of AOL’s claimed Internet service mark “Buddy List”, among other marks. AT&T moved for summary judgment, which the district court granted on the grounds that the mark was generic. 243 F.3d at 814. The Fourth Circuit vacated the district court’s order finding ‘Buddy List’ generic, stating that “[t]he prima facie evidence provided by the certificate of registration was in this case sufficient to establish a question of material fact that could not be resolved on summary judgment.” *Id.* at 818. The Fourth Circuit noted that the district court “was required to receive the certification of registration for “Buddy List” as prima facie evidence of the validity of the mark—and, in this case, as prima facie evidence that it was suggestive.” The court emphasized that while the presumption may be neutralized by contradictory or rebuttal evidence, such proof “does not eliminate from the case the evidence itself that gave rise to the presumption.” *Id.* The court additionally noted that “through the certificate of registration, the Commissioner introduces his opinion that the application of the registrant was sufficient to demonstrate a valid mark.” *Id.*

The Fourth Circuit also noted, however, the district court’s “observation that the record contained *other* evidence ‘that BUDDY LIST[] has been treated in a suggestive manner,’ and the [district] court itself recognized that this other evidence ‘tend[ed] to create a factual dispute.’” *Id.* at 818; emphasis in orig. Although the district court found that “the evidence of genericness

was ‘overwhelming,’” and “that a reasonable jury could only conclude that ‘Buddy List’ was generic,” the Fourth Circuit disagreed, reasoning that the district court erroneously “weigh[ed] the evidence,” and thereby failed to “view the evidence in the light most favorable to the nonmoving party.” *Id.* at 818.

Since the *America Online* case, the Fourth Circuit has reiterated that “[t]he prima facie evidence provided by the certificate of registration is generally sufficient to establish a question of material fact that cannot be resolved on summary judgment” (*U.S. Search, LLC v. US Search.com Inc.*, \_\_\_ F.3d \_\_\_, 2002 WL 1880250 \*3 (4<sup>th</sup> Cir. Aug. 16, 2002)), and that a registration can be “powerful evidence” of facts supporting a mark’s validity (*RFE Industries, Inc. v. SPM Corp.*, 105 F.3d 923, 926 (4<sup>th</sup> Cir. 1997), *cert. denied*, 521 U.S. 1120 (1997)).

Therefore, in contrast to the Seventh Circuit and the Ninth Circuit, the Fourth Circuit appears to accord trademark registrations independent evidentiary value—even in the face of evidence that might “pierce” or “burst” the presumption—and does not treat it as proof which “evaporates” upon rebuttal. Indeed, as the *Tie Tech* court noted, Professor McCarthy has opined that the Fourth Circuit’s view of the presumption is “decidedly different” from that of the Seventh Circuit. See McCarthy, J.T., *McCarthy On Trademarks*, §12:60 at 12-139 (4<sup>th</sup> ed 2001).

In *Tie Tech*, the Ninth Circuit endeavored to distinguish the record before it from the evidentiary record present in *America Online* by emphasizing that the court there “further determined that summary judgment was inappropriate because the record contained other material evidence regarding the mark’s validity beyond the certificate of registration.” 296 F.3d at 784. According to the Ninth Circuit, the only other evidence upon which Tie Tech relied was “the same evidence offered by Kinedyne or . . . evidence that Kinedyne does not dispute,” which made the functionality issue “ultimately one of law.” *Id.* at 784.

The Ninth Circuit held that the record failed to show a genuine issue for trial on functionality. Notably, the court did not discuss the evidentiary value of the trademark registration in its functionality analysis, and on the record before it, accorded the registration no independent evidentiary value, and no evidentiary role beyond shifting the burden of production to the defendant.

In light of the above, trademark practitioners who are involved in litigation seeking to protect trademarks with “contestable” registrations, should evaluate how the Circuit in which the case is pending has treated the presumption or prima facie evidence of validity under 15 U.S.C. §1115(a). Trademark practitioners prosecuting claims should be careful not to overestimate the value of the registration of the mark at issue, and care must be taken to present additional evidence, as appropriate, of nonfunctionality, inherent or acquired distinctiveness, or other proof of the mark’s validity. Conversely, practitioners defending trademark infringement claims involving product configuration marks, seemingly generic marks , or any contestable registered marks of apparent dubious validity, should not underestimate their ability to obtain summary judgment on the grounds of invalidity, notwithstanding the contestable registration of the mark at issue.

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