

“Incontestable” Trademarks: Finding Chinks in the Armor

By: Jason R. Strobel, Esq.

Greenwich Industries has been making x-frame folding chairs for more than 80 years. In 1999, Greenwich applied for registration of one particular design as a trademark, and a trademark registration issued in 2004 to the mark below:



The registration is described as “a configuration of a folding chair containing an X-frame profile, a flat channel marked on each side by rolled edges around the perimeter of the chair, two cross bars with a flat channel and rolled edges at the back bottom of the chair, one cross bar with a flat channel and rolled edges on the front bottom, and a back support, the outer sides of which slat inward.”

After a Greenwich employee left the company and joined Specialized Seating in 2001, Specialized began selling a folding chair that, to an untrained eye, looked like Greenwich’s trademarked chair. That similarity of design resulted in Specialized seeking a declaratory judgment that its design did not violate Greenwich’s trademark rights.

As Greenwich had been using its trademark in commerce for more than five years, its registration had obtained “uncontestable” status. As indicated by the Seventh Circuit, “the principal effect of incontestable status is to relieve the trademark proprietor of any need to show ‘secondary meaning’ – in other words, whether consumers associate a mark with a particular producer is not relevant when the mark is incontestable.” The word incontestable may be misleading, though, as an incontestable mark may be contested on many grounds, including functionality and fraud.¹ During a bench trial, Specialized asserted that Greenwich’s registration had been obtained fraudulently and that the mark was functional.

Ultimately, the district court ruled in Specialized’s favor, finding (1) that Greenwich had defrauded the Patent and Trademark Office by giving “misleadingly incomplete” answers to the trademark examining attorney’s questions and (2) that both Greenwich’s overall design and each feature of its design were functional. Both findings were based largely on

“Incontestable” Trademarks: Finding Chinks in the Armor

the fact that Greenwich held four expired utility patents, which collectively covered all but one feature of the design submitted for the trademark, and that the one feature which was *not* covered by the patents was a functional improvement over the previous design.

On appeal, Greenwich contended that the district court judge’s findings were influenced by legal errors. In affirming the lower court’s decision, the Seventh Circuit cited the Supreme Court’s ruling in *TrafFix*, which stands for the proposition that the claims in an expired utility patent are presumptively functional. The court continued that, “since inventions covered by utility patents pass into public domain when the patent expires, it is inappropriate to use trademark law to afford extended protection to the patented invention.” The court concluded that the district court judge did not commit clear error by concluding that new design was a functional improvement over the previous design, as the chair “looks the way it does in order to be a better chair, not in order to be a better way of identifying who made it (the function of a trademark).”

With continued regard to functionality, the court stated that, “[s]ometimes the function of the functionality doctrine is to prevent firms from appropriating basic forms (such as a circle) that go into many designs,” while in other situations the doctrine is designed to “separate the spheres of patent and trademark law, and to ensure that the term of a patent is not extended beyond the period authorized by the legislature.” In response, Greenwich cited cases that hold that a product whose overall appearance is distinctive can be protected by a trademark (despite the fact that most of the product’s components are functional). The court was not persuaded, however, stating that what made the designs distinctive in those cases was a non-functional aspect of the designs.

Despite the fact that trademarks can achieve “incontestable” status, the reality is that “incontestable” marks may be successfully challenged, and defeated, for a variety of reasons. The Seventh Circuit’s recent affirmation of a district court’s ruling that Greenwich’s x-frame folding chair was invalid as functional is yet another reminder that “incontestable” doesn’t really mean “incontestable.”

Copyright 2010 Hahn Loeser & Parks LLP

Jason R. Strobel is an associate in the Akron office of Hahn Loeser & Parks LLP, as well as a Registered Patent Agent (re. no. 61,120) with more than five years of manufacturing experience related to steelmaking and health and hygiene products. Jason also has experience prosecuting mechanical and materials science patent applications, including interviewing inventors, drafting patent applications, and responding to Patent Office actions.

¹⁵ U.S.C. § 1115. Registration on principal register as evidence of exclusive right to use mark; defenses

(b) Incontestability; defenses

To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the

“Incontestable” Trademarks: Finding Chinks in the Armor

exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 of this title, or in the renewal application filed under the provisions of section 1059 of this title if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title, and shall be subject to the following defenses or defects:

- (1) That the registration or the incontestable right to use the mark was obtained fraudulently; or
- (2) That the mark has been abandoned by the registrant; or
- (3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or
- (5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to
 - (A) the date of constructive use of the mark established pursuant to section 1057 (c) of this title,
 - (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or
 - (C) publication of the registered mark under subsection (c) of section 1062 of this title: Provided, however, That this defense or defect shall apply only for the area in which such continuous prior use is proved; or
- (6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: Provided, however, That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or
- (7) That the mark has been or is being used to violate the antitrust laws of the United States; or
- (8) That the mark is functional; or
- (9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.