

United States - Plaintiff in Trademark Suit has Registrations Cancelled Based on Functionality

In *Fuji Kogyo Co., Ltd. v. Pacific Bay International, Inc.* No. 05-5854 (6th Cir. Aug. 23, 2006), the Sixth Circuit Court of Appeals (“Sixth Circuit”) reviewed a district court’s dismissal of a trademark infringement action. The district court cancelled three of Plaintiff’s registered trademarks on the basis of functionality, thus holding the trademarks to be unprotectable. The Sixth Circuit affirmed.

Fuji, a Japanese maker of fishing line guides, sued American distributors of competing goods for trademark infringement. The plaintiff sought to enjoin its competitors from selling the infringing fishing-line guides, asserting that the defendants infringed its registered and unregistered trademarks.

Fuji owned three trademark registrations, four utility patents (the drawing from one is pictured) and seven design patents related to these fishing-line guides. Initially it protected its product design through utility and design patents. As these patents began to expire, Fuji obtained trademark protection for its product designs.

The district court dismissed the trademark infringement claims and cancelled the registrations on the basis that the product configurations were functional and, thus, not protectable. The court of appeals cited its previous holding that “functionality [in a trademark case] is a factual determination reviewed only for clear error.” Relying on a “clearly erroneous” standard of review, the Sixth Circuit affirmed the district court’s decision.

In assessing the district court’s determination of functionality, the Sixth Circuit noted that design patents provide presumptive evidence of non-functionality. Significantly, it sided with the district court’s findings that there was evidence to rebut the presumption of functionality. Applying its standard of review, the appellate court held that the lower court’s “weighing of the evidence [was] plausible” and its determination was not clearly erroneous. Therefore, the Sixth Circuit affirmed the district court’s decision.

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