

# The Intersection of Government Policy and the Lanham Act

## The Increased Relevancy of Trademarks in Governmental Programs

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Presented to Government  
Intellectual Property Lawyers  
Association March 22, 2004

# Introduction

- Traditional use of trademarks largely limited to commercial enterprises
  - Clear delineation between Government and contractor roles
  - Strong belief that Government names are not trade names needing protection
  - Government did not have a need for protection
- Times have changed

# Agenda

- Overview of trademarks generally
- Government infringement of trademarks
- Government uses for trademarks to accomplish agency missions
- Suggestions on accounting for trademarks

# Overview of Trademarks Generally

- Purpose and theory
- Types of uses
- Interstate commerce as applies to non-commercial goods and services
- Likelihood of confusion and infringement

# Purpose and Theory

- Trademark laws generally are consumer protection agents
  - In contrast to patents, copyrights, trade secrets
    - Important to keep in mind when evaluating
  - For Governmental purposes, prevents false association
    - Public should be able to rely on names associated with Government agency
- General elements of federal protection
  - Service or product
  - Is it being used
  - Is use in interstate commerce

# Use In Commerce

- Scope is broad
  - All commerce which can be regulated by Congress
    - Interstate sales, transportation
    - Intrastate if affects interstate
  - Federal facilities would seem to fall in commerce that Congress regulates
    - Federal Government uses are regulated
  - Services between agencies, programs in agency likely uses in commerce
    - 15 USC 1122(a) allows Lanham Act suit between Government entities
    - Congress can regulate at entity level such that each regulated entity is arguably for others in commerce

# Potential Uses In Scope

- Products provided by Government
  - *Preferred Risk Mutual Insurance, Co. v. United States*
    - FEMA offered product under name of PREFERRED RISK found to be infringing
- Facilities owned by the Government
- Internal programs
  - Internal training, benefit plan administration, repair, accident investigations, business management, research, IT services, leasing
- Want to ensure no knock off products/public confusion
  - Want to preserve association with agency

# Potential Uses In Scope (cont.)

- It is recognized that Governmental seals can be protected under Lanham Act
  - *University of North Carolina v. Helpingstine*, 11 USPQ2d 1506 (M. D. N. C. 1989)
    - University sued t-shirt shop from making unauthorized t-shirts
    - University had not enforced rights, but later began licensing
    - Court held
      - Public universities had right to protect name
      - Past failure to prosecute not abandonment
    - Problem: likelihood of confusion
      - Need evidence whether public believes school sponsored
- Shows that Governmental agencies can protect name even without producing/selling product

# Potential Uses In Scope (Cont.)

- Products built to Government specifications
  - Owner of trademark need not be producer so long as public associates product/service with owner
  - Used extensively in private sector
    - Example: Nike does not make shoes, purchases shoes built to spec and sells under name
    - Example: OEM manufacturing of products
    - Example: Outsourcing

# Potential Uses In Scope (Cont.)

- Products built to Government specifications (cont.)
- Key to analysis is who controls quality
  - If no right to inspect, no ownership
- Government offers multiple products in commerce perceived to be Government even if are built by contractor
  - Military platforms
  - Space shuttle
- Associated program products
  - Websites, literature, pens, educational products

# Ownership: Control of Design and Inspection

- In non-commercial items
  - Government gives specifications, and contractor builds to specification
    - Reason is liability: Government contractor defense provides immunity from product defect suits if contractor can show Government made design choices
      - *Boyle v. United Technologies Corp.*, 487 U.S. 500 (1988)
  - This makes Government possible owner
    - Problem for contractor in establishing ownership
    - contesting mark ownership compromises tort immunity by admitting control for the purposes of trademark ownership

# Failure to Assert Ownership

- If Government program mark “owned” by partner/contractor
  - Causes confusion in public
  - Embarrassing
  - Allows public to be confused as to sponsorship
- *In Re Los Angeles Police Revolver and Athletic Club Inc.*, 69 USPQ2d 1630 (TTAB 2003)
  - Club was selling products with TO PROTECT AND SERVE
    - LA Police have used TO PROTECT AND SERVE as slogan
  - Examining Attorney Rejected as showing false association with LAPD And since club is not owner

# Result

- Club owned TO PROTECT AND SERVE In relation to clothing
  - Club was able to show that LAPD disclaimed that it sold goods with TO PROTECT AND SERVE
    - LAPD website actually said did not sell goods
    - Not mentioned is slogan appearing on Police Apparel
    - No evidence of ownership by LAPD
  - Was Evidence of close association with LAPD
    - Evidence (uncontested) that LAPD was closely associated such that association is not false

# Potential Solution to Problem

- No standard FAR clause
  - FAR case 1998-018
  - Explicitly tabled since automatically conferred ownership without regard for who controls quality, based on patent rights, data rights presumptions
- Do need explicit contract language
  - Sui generis for each contract
- Important to know who is controlling quality and design for each contract
  - Not a problem for commercial items
  - More difficult in non-commercial items, teaming arrangements

# Potential Solution to Problem (Cont.)

- Service Marks
  - Program office/agency has service mark for supplying or servicing product in commerce
    - FMS sales
    - Facility usage
    - Quality/standard control such as SSO
    - Distribution to other agencies or entities within agencies
      - E.g., purchase product for use in other portion of agency
  - Contractor owns mark for product
    - Contractor owns product in association with name
- However address, cannot ignore because ....

# Potential Alternative To Ownership

- As an alternative: certification marks (E.g., ENERGY STAR) if not certain are owner
- Certification marks are certifications that product meets standard
  - Opposite of trademark in that cannot be originator
  - Consistent with contractor statements that produce goods/services to Government performance specifications
  - Consistent with CICA

# Government Infringement Of Trademarks

- Historical background
  - No recourse
- Waiver of immunity
  - Injunction
- Scenarios of infringement
  - As affects procurement
  - As affects Government operations

# Historically, Immune

- In general, the Government must consent To be sued
  - Must be explicit
- Other statutes failed
  - FTCA not usable
  - APA not usable
- Due to *Preferred Risk*, Congress passed Trademark Amendments Act of 1999
  - You have FEMA to thank

# Post TAA 15 U.S.C. § 1122(a)

- Whose immunity waived:
  - The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States
- Where
  - in Federal or State court
- From whom
  - by any person, including any Governmental or non-governmental entity
- For what
  - for any violation under this chapter
    - infringement, dilution

# 15 U.S.C. § 1122(c): Remedies

- “Such remedies include:
  - injunctive relief under [15 U.S.C. § 1116],
  - actual damages, profits, costs and attorney’s fees under [15 U.S.C. §1117],
  - destruction of infringing articles under [15 U.S.C. § 1118],
  - the remedies provided for under [15 U.S.C. §§ 1114, 1119, 1120, 1124, and 1125], and
  - for any other remedies provided under this chapter.”
- Unique since injunctive relief not readily available outside of trade secrets, and not available in all District Courts

# Very Tempting For Contractors To Use To Circumvent CICA

- CICA requires full and open competition
  - Limited exceptions including only one available source
  - By definition, trademark comes from only one source
  - Injunctive relief affects:
    - Responsiveness: other bid cannot bid since will not be responsive since cannot provide good
    - Responsibility: bidder cannot technically perform if enjoined or damages too large to allow continued production

# Scenario 1: Government Use

- Occurs when Government purchases or offers infringing product or service
- *Preferred Risk*
  - Preferred Risk Mutual Insurance Company (PRMIC) accused FEMA of infringing a long-standing private trademark in regards to its policies
    - PRMIC sells insurance policies under name “Preferred Risk Group,” “Preferred Risk,” and “Preferred Risk Mutual
    - FEMA provides flood insurance to businesses and dwellings using name “Preferred Risk”
  - Was evidence of confusion

# Scenario 1: Government Use (Cont.)

- In today's environment, FEMA enjoined
  - Was evidence of actual confusion
  - Was evidence of prior use
- Affects any offering of services from Government to public
- Affects any offering of services between Government agencies
- Likely affects any offering of services within Government
  - Federal entities can be regulated by commerce and thus use “in commerce” for the purposes of Lanham Act

# Scenario 2: Government Distribution

- Occurs when Government Redistributes infringing product or service
  - Likely be contributory infringement
    - GSA schedule purchases
- What happens if Lindows loses in *Microsoft Corp. v. Lindows.com, Inc*
  - Lindows.com sells Linux OS under name “Lindows”
  - Microsoft Claims Is Confusingly Similar To “Windows”
    - If Microsoft prevails, Microsoft Can order copies of Lindows OS Destroyed and existing orders recalled

# Scenario 2: Government Distribution (Cont.)

- Government liability is in distribution, use
  - In commerce means can be governed by Congress
- Direct infringer by distribution to and use by Government employees
- As Contributory infringer
  - By redistributing between agencies
  - Might be imputed knowledge from USPTO registrations
    - Or from this presentation
- Liability for Forced Recall
  - Must remove Lindows from servers, computers.....

# Scenario 3: Government Reconstruction

- Occurs when reconstructed product still has name of owner
- *Karl Storz Endoscopy-America, Inc. v. Surgical Technologies, Inc*
  - Karl Storz sells instrument with name attached to core part
  - Surgical Technologies would reconstruct instrument with labeled core part
  - Surgical Technologies enjoined since was complete reconstruction and was evidence of confusion due to label

# Scenario 3: Government Reconstruction (cont.)

- Need to show is confusion by public in origination of reconstructed product
- Significant if is complete reconstruction (I.E., All new parts)
- Government liability where trying to extend lifetime of product and advertise under CICA
  - One entity runs contract for use by second entity
  - If original contractor can show end user confusion over original products quality due to reconstruction

# Government Uses For Trademarks To Accomplish Agency Missions

- Types of products for which trademarks may be appropriate
  - Government owned
    - FEMA's preferred risk
    - Government facilities used by others
      - Labs
      - Benefits programs
      - Software
  - Government sponsored, contractor built
    - Potential conflict with Government contractor defense

# Government Uses For Trademarks To Accomplish Agency Missions (Cont.)

- Types of services for which service marks may be appropriate
  - Government services
    - Distribution to public (educational)
    - Distribution within Government
      - Program offices
    - Setting standard
      - ENERGYSTAR has service mark (Reg. No. 1999485) and certification mark (Reg. No. 2074946)
  - Government coordination of contractor supplied product

# Government Uses For Trademarks To Accomplish Agency Missions (Cont.)

- Types of programs for which certification marks may be appropriate
  - Government establishes performance guidelines to be met
    - Defining industry standard
    - Defining what product is suitable for purpose
      - Brand name or equivalent types
      - Non-sole source of product using performance specifications
    - Setting standard
      - ENERGYSTAR has service mark and certification mark
  - Government coordination of contractor supplied product

# Suggestions On Accounting For Trademarks

- Audit existing programs to determine names associated with Government
  - Prevent confusion by public
  - Prevent intergovernmental confusion
- Get in early to prevent later problems
  - Do search up front
- Reviewing existing names and proposed names for conflicts
  - No immunity

# Suggestions On Accounting For Trademarks (cont.)

- Obtain Government marks
  - If providing detailed specification (build to plan)
    - OEM-like arrangement, use trademark
    - Repair to Government procedures, use service mark
    - Consistent with Government contractor defense
  - If providing performance specification
    - More service mark oriented since original plan is held by contractor, with information assistance provided by Government
  - If providing minimum performance requirements for industry compliance
    - Likely candidate for certification mark since mark is not determining ownership

# Suggestions On Accounting For Trademarks (cont.)

- Obtain Government marks (Cont.)
  - Get creative
    - Mix and Match
      - Look at combination service mark, certification mark, trade mark etc...
    - Consider side items (clothing, patches and insignia, give-a-ways, software, internet protection)
  - Consider international mark using Madrid protocol
    - Single application, global protection
    - National protection
      - PCT like problems once enter national registration phase

# Suggestions On Accounting For Trademarks (cont.)

- File oppositions
  - Prevent problems before they start
  - Consent to use agreements between parties
    - Can contact prior to opposition period to obtain
- Protect name on internet
  - Important to prevent public confusion
- Generally easier if is registration
  - Can use unregistered marks

# Suggestions On Accounting For Trademarks (cont.)

- *NASA v. Ko Suk Ju*, Claim FA0204000110865 (Nat.Arb. For. June 18, 2002)
  - Respondent attempted to register nasa.biz
  - NASA countered with showing of common law rights to NASA dating to 1958
    - Cited statutes, various NASA programs
    - Respondent did not reply
      - Presumption that no legitimate use
    - Held that NASA use was internationally famous and that Respondent was on notice of NASA and that was an attempt to cause confusion
  - Based on unregistered mark of NASA, Respondent order to assign name to NASA

# Suggestions On Accounting For Trademarks (cont.)

- Reviewing contracts for trademark/service mark issues
  - Make sure is requirement for quality
  - Find mechanisms for enforcement
    - Set offs
    - Data rights, patent rights type penalties
    - CDA penalties
  - Mandatory Arbitration clauses (possible)
- Will need to generate own clauses as no one clause fits all situations
  - Good example source: Findlaw: Corporate Counsel Center: <http://contracts.corporate.findlaw.com/index.html>

# Suggestions On Accounting For Trademarks (cont.)

- Issues to be resolved:
  - Compensation: no direct mechanism for receiving royalties
    - Might try non-traditional contracts to obtain
      - CRADA, Other Transactions, TIAs
    - Compensation can be in the form of competition, prestige
  - Sponsorship
    - Trademark/Service Mark means own technology
    - Licensed mark means Government associated/approved
      - Cannot license like patent
  - Enforcement
    - How do you get infringer who is not a contracting party?
  - Who can sign for mark?

# Summary

- Government can no longer afford to ignore power of trademarks
  - Power to enjoin
  - Power to cause confusion
- Need to better integrate IP services to account for power and utility of marks in accomplishing mission

# Where to Get More Information

- General trademark background
  - TMEP (<http://www.uspto.gov/web/offices/tac/tmep/>)
  - Gilson, Trademark Protection and Practice (Mathew Bender)
  - McCarthy on Trademarks (West)
  - Search Trademarks Owned By Other Agencies At TESS (Has Point of Contacts)
- Infringement Resources
  - Kirkpatrick, Likelihood of Confusion in Trademark Law (PLI)
  - Like Toddlers in Big Surf: Can the Government Control the Effects of Federal Trademark Liability?, 33 Pub. Cont. L.J. 209 (Fall 2003)