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Federal Circuit Affirms that Likelihood of Confusion – not "Use in Commerce" – is the Hallmark of Trademark Infringement

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In *VersaTop Support Sys., LLC v. Ga. Expo, Inc.*, 2019 U.S. App. LEXIS 11404 (Fed. Cir. Apr. 19, 2019), the Federal Circuit turned its eye to the Trademark Statute and reaffirmed that the cornerstone of an infringement action under the Lanham Act – with or without "use in commerce" as that term is defined in Section 1127 (Section 45 of the Lanham Act) – is the likelihood of confusion.

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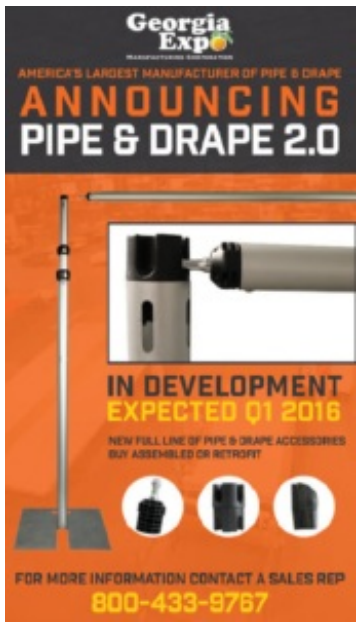
In *VersaTop*, the issue of whether an alleged infringer can escape trademark liability by asserting that it does not use an infringing mark "in commerce" came to a head at an October 2015 tradeshow for the drape and rod industry. The competing parties – Georgia Expo and Versa Top – both produce and sell modular rod and pole systems, typically assembled to form sectional drape-separated spaces. VersaTop's system uses patented ball and crown couplers that can be inserted into the ends of poles, with the ball coupler constructed to be inserted into one of several sockets formed in a crown coupler. Since 2011, VersaTop has sold its system with the federally registered trademarks PIPE & DRAPE 2.0™ and 2.0™.

According to the complaint filed in the United States District Court for the District of Oregon, Georgia Expo used and distributed advertising and brochures at the tradeshow that contained images of VersaTop's coupler and trademarks, including PIPE & DRAPE 2.0™ as depicted below:



VersaTop asserted claims for patent, copyright, and trademark violations. In the district court, the question of Georgia Expo's liability hinged on whether or not "use in commerce" as defined in Section 1127, was required for trademark infringement liability. In pertinent part, Section 1127 states that a mark is deemed "used in commerce" when "it is placed . . . on goods or their containers . . . and the goods are sold or transported in commerce." While it was undisputed that Georgia Expo's brochures included pictures and references to VersaTop's product and trademarks, the district court held that Georgia Expo did not infringe VersaTop's trademarks because it had not affixed the VersaTop trademarks to goods "sold or transported in commerce." Georgia Expo had merely used the trademarks in marketing materials. Because "neither Georgia Expo's brochure nor its October 2015 tradeshow activities meet the requirements for the applicable definition of 'use in commerce' under the Lanham Act," the district court

held that the statutory provision concerning likelihood of confusion was not applicable and there was no trademark violation. *VersaTop Support Sys., LLC v. Ga Expo, Inc.*, No. 3:15-cv-02030-JE, 2017 U.S. Dist. LEXIS 57427, 2017 WL 1364617 at *4-5 (D. Or. Feb. 16, 2017). Summary judgment was granted in favor of Georgia Expo.

On appeal, the Federal Circuit reversed, finding that the undisputed facts established a trademark violation. The Federal Circuit focused its analysis on the interplay and distinction between "use in commerce" in Section 1127 – drafted to define the types of "use" needed to qualify a mark for federal registration – and the broader "uses" of a mark that trigger infringement liability in the Trademark Statute. The Federal Court noted that the Ninth Circuit "has explained that the definition of 'use in commerce' in Section 1127 applies to the required use a plaintiff must make in order to have right in a mark . . . . Section 1127 is not, however, the legal standard for proving infringement." *VersaTop,* 2019 U.S. App. LEXIS 11404 at *12 (quoting *Hasbro, Inc. v. Sweetpea Entertainment, Inc.*, No. 13-3406, 2014 U.S. Dist. LEXIS 199557, 2014 WL 12586021 (C.D. Cal. Feb. 25, 2014)) (internal quotes and citations omitted).

Given that "[t]he core element of trademark infringement is the likelihood of confusion, i.e., whether the similarity of the marks is likely to confuse customers about the source of the products," the Federal Circuit took issue with the district court's refusal to engage in a likelihood of confusion analysis by employing the Ninth Circuit's *Sleekcraft* factors. *VersaTop,* 2019 U.S. App. LEXIS 11404 at *14 (citing *Brookfield Communications, Inc.*, 174 F.3d 1036, 1053 (9th Cir. 1999)). In the case at hand, consideration of the three most crucial *Sleekcraft* factors — the comparison of the marks, the similarity of the goods or services, and the identity of the marketing and advertising channels — revealed a clear-cut case of infringement. Georgia Expo admitted that it used VersaTop's marks in its advertising and brochures and that the parties were direct competitors in the drape and rod industry. The type of goods sold by both companies were identical, and it was undisputed that the parties operated in the same marketing channels. *Id.* at *15. Noting the case of *Nissan Motor Co. v. Nissan Computer Corp.,* 378 F.3d 1002, 1019 (9th Cir. 2004), where the court held that the trade mark owner was entitled to summary judgment on a claim of likelihood of confusion where the marks were identical, the goods were related, and the marketing channels overlapped, the Federal Circuit "concluded as a matter of law that likelihood of infringement is clear cut here," reversed the district court's judgment in favor of Georgia Expo, and entered judgment in favor of VersaTop, remanding the matter for further proceedings. *Id.* at *16 – 17 (quoting *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1075-76 (9th Cir. 2006)).

This case affirms that trademark infringement actions hinge on whether the similarity of marks is likely to create consumer confusion as to the source of products. The "use" of marks that may lead to consumer confusion and alleged infringement are not limited by the types of "use" a plaintiff must make in order to have rights in a mark for federal registration purposes. Accordingly, use of another's marks in advertising and marketing materials can certainly lead to potential trademark violations, as it did for Georgia Expo. This case also serves as a cautionary reminder that any advertising and marketing materials disseminated to consumers should be reviewed for potential litigation risks.