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Article III: Cases & Controversies - Teaching the Already v. Nike Case

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Article III: Cases & Controversies
Teaching the Already v. Nike case
Constitution & Business
Cases & Controversies

Constitution & Business
ARTICLE III: CASES & CONTROVERSIES

READ ARTICLE III

PAY SPECIAL ATTENTION TO SECTION II
JURISDICTION

PERSONAL JURISDICTION

OVER DEFENDANT

WHERE EVENT HAPPENED OR WHERE D RESIDES

JUST STEP 1 | ALSO NEED SMJ

SUBJECT MATTER JURISDICTION

FEDERAL V. STATE COURTS

FEDERAL ISSUE & DIVERSITY OF CITIZENSHIP

STANDING, RIPENESS, MOOTNESS
STANDING

#1 P SUFFERED INJURY IN FACT

#2 CASUAL RELATIONSHIP BETWEEN INJURY & CHALLENGED CONDUCT

#3 LIKELIHOOD THAT INJURY WILL BE REDRESSED BY A FAVORABLE DECISION
MOOTNESS

REGULAR MOOTNESS TEST:
#1 NO REASONABLE EXPECTATION THAT CONDUCT WILL RECUR; AND
#2 EFFECTS OF ALLEGED VIOLATION COMPLETELY & IRREVOCABLY ERADICATED

VOLUNTARY CESSATION DOCTRINE --- ONE PARTY PROMISES TO STOP:
ABSOLUTELY CLEAR THAT CONDUCT NOT REASONABLY LIKELY TO RECUR

BURDEN ON PARTY ARGUING MOOTNESS
ARTICLE III: THE JUDICIAL BRANCH

“THE JUDICIAL POWER
SHALL EXTEND TO ALL CASES . . .
ARISING UNDER THIS CONSTITUTION,
THE LAWS OF THE UNITED STATES,
AND TREATIES MADE, OR WHICH SHALL
BE MADE,
UNDER THEIR AUTHORITY . . .”
28 U.S.C. § 1331: FEDERAL QUESTION

"THE DISTRICT COURTS SHALL HAVE ORIGINAL JURISDICTION OF ALL CIVIL ACTIONS ARISING UNDER THE CONSTITUTION, LAWS, OR TREATIES OF THE UNITED STATES."

"IN ANY CIVIL ACTION . . .
THE DISTRICT COURTS SHALL HAVE
SUPPLEMENTAL JURISDICTION OVER
ALL OTHER CLAIMS
THAT ARE SO RELATED TO CLAIMS
IN THE ACTION THAT . . .
THEY FORM PART OF THE SAME
CASE OR CONTROVERSY UNDER
ARTICLE III . . ."

“IN ANY ACTION INVOLVING A REGISTERED MARK THE COURT MAY
(1) DETERMINE THE RIGHT TO REGISTRATION,
(2) ORDER THE CANCELATION OF REGISTRATIONS, IN WHOLE OR IN PART, (3) RESTORE CANCELED REGISTRATIONS, AND (4) OTHERWISE RECTIFY THE REGISTER WITH RESPECT TO THE REGISTRATIONS OF ANY PARTY TO THE ACTION.”
Just the Facts

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IMPORTANT DATES

**ALREADY**

“SWEET” SHOE LINE

DESIGN PATENT APPLICATION: AUGUST 20, 2007

GRANTED

**NIKE**

AIR FORCE 1

TRADEMARK APPLICATION: DECEMBER 1, 2006

GRANTED

NO DESIGN PATENT FILED
(1) Air Force 1s are famous (secondary meaning)

(2) Trade dress with secondary meaning gets trademark protection (Coke bottle & iPhone)

(3) PTO issued Nike a trademark

(4) 25 years later Nike learned that Already was its main infringer

(5) Nike wrote cease & desist letter to Already

(6) Already declined & provided no info as to why its shoes were not a threat to Nike

(7) So... Nike sued in July 2009
THE REST OF THE STORY

(1) ALREADY: CLOTHING DESIGN CANNOT BE TRADEMARK & TRADEMARKS ARE SYMBOLS USED
ON OR IN CONNECTION WITH GOODS

(2) THEREFORE . . . DESIGN FEATURES OF SHOES ARE INTEGRAL FEATURES OF GOODS AS OPPOSED TO SYMBOL

(3) ALREADY INFORMED NIKE THAT MAJOR STORES DID NOT CARRY ITS SHOES | NIKE DEEMED IT NOT A THREAT

(4) NIKE DEEMED IT WOULD BE TOO EXPENSIVE TO CONTINUE | COST/BENEFIT ANALYSIS

(5) SO . . . NIKE DELIVERED THE COVENANT
IMPORTANT LEGAL EVENTS

NIKE SUES

COLORABLE IMITATIONS

UNLAWFUL USE OF SYMBOL

UNFAIR COMPETITION & DILUTION UNDER NY LAW

FAMOUS MARK DILUTION

ALREADY COUNTERCLAIMS

DENIED ALLEGATIONS THAT SHOES INFRINGED

NIKE HAS NO VALID TRADEMARKS FOR SHOE

NIKE’S PATENT SHOULD BE CANCELLED

NIKE DELIVERS COVENANT

UNILATERAL COVENANT

PAST/CURRENT/FUTURE SHOES ARE SAFE

NIKE CLAIMED TRADEMARK

NOT WORTH TIME & $$ TO DEFEND IT
Arguments

★ Petitioner’s Arguments
★ Respondent’s Arguments

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CASE FOR/AGAINST MOOTNESS

PETITIONER

(1) NIKE MUST PROVE ALREADY WILL NEVER BE HURT BY NIKE’S FALSE CLAIM OF TRADEMARK OWNERSHIP
(2) AND ... NIKE MUST PROVE THAT PAST EFFECTS OF ITS ACTIONS ERADICATED
(3) NIKE’S FALSE TRADEMARK HURTS INVESTMENT, COMPETITION & NIKE STILL CLAIMS IT OWNS MARK
(4) CAN’T GET TRADEMARK FOR SHOE DESIGN
(5) SHOE DESIGN SHOULD BE IN PUBLIC DOMAIN
(6) COURTS NOW LIMITED IN HEARING IP CASES

RESPONDENT

(1) CASE IS MOOT
(2) ALREADY CANNOT PRODUCE FUTURE SHOE THAT MIGHT INFRINGE NIKE’S MARK
(3) ALREADY CANNOT SHOW THREAT OF INJURY
(4) MARKET PARTICIPANTS DON’T HAVE RIGHT TO CHALLENGE IP RIGHTS WITHOUT UNDERLYING CLAIM
FEDERALISM

ARTICLE I §8: ENUMERATED POWERS

ARTICLE VI: SUPREMACY CLAUSE

TENTH AMENDMENT

STATE TRADEMARK LAW

PEOPLE RETAIN POWER

UNELECTED CAUTIOUS REFEREE PRESUME CONSTITUTIONALITY

PATENT LAWS

PATENT & COPYRIGHT CLAUSE

COMMERCCE CLAUSE

TRADEMARK LAWS

ARTICLE I §8: ENUMERATED POWERS

ARTICLE VI: SUPREMACY CLAUSE

TENTH AMENDMENT

STATE TRADEMARK LAW

PEOPLE RETAIN POWER

UNELECTED CAUTIOUS REFEREE PRESUME CONSTITUTIONALITY
INTELLECTUAL PROPERTY: TRADEMARKS

TRADEMARKS

WORD | PHRASE | LOGO

IDENTIFIES SOURCE OF GOODS OR SERVICES

PROTECT BRANDS

AVOID CUSTOMER CONFUSION

TRADEMARKS

® | ™

FEDERAL LANHAM ACT

STATE COMMON LAW PROTECTION WHEN USED IN COMMERCE

LAWSUITS AVAILABLE TO MARK OWNERS

INFRINGEMENT

DILUTION

LOOK FOR FAMOUS

PROTECT BRANDS

IDENTIFIES SOURCE OF GOODS OR SERVICES

AVOID CUSTOMER CONFUSION

TRADEMARKS

® | ™
INTELLECTUAL PROPERTY: TRADE DRESS

TRADE DRESS

BUSINESS IMAGE OR APPEARANCE

SOUNDS, SCENTS, SHAPES, COLORS

I.E., RESTAURANT DESIGN & THEME

BOTTLE SHAPE FERRARI CAR

IS TRADE DRESS FUNCTIONAL?

NO . . . IS TRADE DRESS DISTINCTIVE?

LIKELIHOOD OF CONFUSION?

INFRINGEMENT

DILUTION

LOOK FOR FAMOUS MARK
IS NIKE’S MARK VALID?

TRADE DRESS

- COKE BOTTLE
- SHAPE/DESIGN OF IPHONE
- CLOTHING DESIGN

TRADE DRESS WITH SECONDARY MEANING THAT DIRECTLY ASSOCIATES THE SHOE WITH NIKE IN THE MINDS OF THE PUBLIC

ENTITLED TO TRADEMARK PROTECTION
IMPORTANCE OF ORAL ARGUMENT

COUNSEL FOR ALREADY

DISCUSSION OF THE “REAL WORLD” TO JUSTICE BREYER

STRUGGLED TO EXPLAIN WHY ALREADY COULD NOT PRODUCE NEW PRODUCTS

DID THIS ARGUMENT HAVE AN EFFECT ON THE OPINION?
Already v. Nike

Petitioner’s Brief
Respondent’s Brief
Oral Argument
Lower Court Opinions
Supreme Court Opinion

Constitution & Business
PROCEDEURE: UP THE CHAIN

FEDERAL DISTRICT COURT

NIKE'S CLAIMS:
ALREADY COULD NOT SHOW FUTURE INJURY

ALREADY'S COUNTERCLAIMS

ATTORNEY FEES

NO ACTUAL CONTROVERSY | DISMISSED WITH PREJUDICE

DISMISSED | ALREADY SHOULD GO TO PTO

DENIED | NIKE SHOWED NO BAD FAITH

IMPROBABILITY OF FUTURE INFRINGEMENT | NO GEAR TO SHOW

PATENT CANCELLATION CANNOT HAPPEN WITHOUT UNDERLYING CASE

2ND CIRCUIT COURT OF APPEALS

AFFIRMED
PROCEDURE: THE ISSUE

DOES COVENANT NOT TO ENFORCE TRADEMARK AGAINST COMPETITOR’S EXISTING PRODUCTS AND ANY FUTURE COLORABLE IMITATIONS MOOT COMPETITOR’S ACTION TO HAVE MARK INVALIDED?

YES
THE OPINION

NIKE WINS | CASE IS MOOT BECAUSE OF COVENANT

CONCUR | THIS TACTIC SHOULD BE SCRUTINIZED CAREFULLY BY COURTS
THE OPINION

NIKE WINS

PARTY ASKING FOR VOLUNTARY CESSATION BEARS BURDEN

COVENANT WAS BROAD AND COVERED ALL OF ALREADY’S PAST, CURRENT & FUTURE SHOES THAT ARE COLORABLE IMITATIONS OF CURRENT SHOES

CASE IS MOOT | ALREADY CANNOT PRODUCE ANY PRODUCTS THAT WOULD CAUSE NIKE TO SUE AGAIN
PUBLIC POLICY: THE MERITS

PROS

CONS
(1) DID NIKE ACT LEGALLY HERE? ETHICALLY?
   A. GREATEST GOOD FOR THE GREATEST #?
   B. DO YOU WANT TO WORK IN SUCH A WORLD?
   C. DID NIKE STRAY FROM THE GOLDEN MEAN OF ANY VIRTUES?

(2) SHOULD THE OTHER SIDE HAVE TO APPROVE A COVENANT NOT TO SUE OR CAN IT JUST BE UNILATERALLY SUBMITTED TO THE COURT?

(3) HOW DID NIKE COME UP WITH THIS PLAN?

(4) DO YOU THINK NIKE’S MARK WAS VULNERABLE? DOES THE FACT THAT IT WAS APPROVED BY THE GOV’T MATTER? WHY WOULD THE PTO APPROVE SOMETHING THAT SEEMS TO HAVE BEEN PATENT-WORTHY?
(5) Who should bear the burden to show that the infringing conduct will not recur under the voluntary cessation doctrine?

(6) Why didn’t already produce something that it was going to market (especially on appeal/oral argument)?

(7) Why doesn’t already make athletic shoes anymore?

(8) What is judicial notice? Does the concept of judicial notice worry you?

(9) Was this an IP case?

(10) Why didn’t already just go to the PTO to invalidate Nike’s mark?