

World Trademark Review *Daily*

**University granted significant leverage for exploitation of letter combination
United States - McDermott Will & Emery LLP**

**Confusion
Cancellation
National procedures**

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In *The University of South Carolina v University of Southern California* (Case 09-1064, January 19 2010), the US Court of Appeals for the Federal Circuit has affirmed a decision of the Trademark Trial and Appeal Board (TTAB) refusing registration of the University of South Carolina's SC design mark and granting summary judgment in favour of the University of Southern California.

The University of South Carolina filed a trademark application for its SC logo for clothing goods such as hats, t-shirts and uniforms. The University of Southern California opposed the University of South Carolina's application, claiming a likelihood of confusion with its prior registrations for the SC block letter mark and its SC design mark. The University of South Carolina counterclaimed in an attempt to cancel the University of Southern California's block letter registration under Section 2(a) of the Lanham Act, claiming that the University of Southern California's SC mark suggested a false association with the state of South Carolina.

The TTAB refused registration of the University of South Carolina's mark due to a likelihood of confusion with the University of Southern California's registrations based on several *DuPont* factors. The TTAB determined that the marks were legally identical and would appear on the same classes of goods in the same channels of trade. It also found that consumers would exercise little care in making decisions to purchase such goods. The University of South Carolina challenged the TTAB's findings regarding the trade channels and the degree of care in making purchases, noting the absence of evidence of any actual confusion.

The US Court of Appeals for the Federal Circuit found that the goods covered by the University of Southern California's block letter registration in Classes 6, 18 and 24 of the Nice Classification (eg, key rings, tote bags and blankets) were sold through 'University-authorized' trade channels and, as such, the parties' marks would likely appear on similar goods in similar channels of trade. It thus held that confusion was likely.

The court also found no substantial evidence to support the fact that goods would be purchased by less sophisticated consumers such as "new or casual fans", but determined this to be harmless error. The court noted that the marks being legally identical and appearing on the same classes of goods in the same trade channels were factors which, on their own, would support a finding of likelihood of confusion. Additionally, the court agreed with the TTAB that without evidence showing that the marks commingled within retailers for a significant length of time, the fact that there was no evidence of actual confusion weighed only slightly in favour of the University of South Carolina. Thus, the court found a likelihood of confusion between the marks and refused registration of the University of South Carolina's SC mark.

While the TTAB had denied the University of South Carolina's cancellation counterclaim on the grounds that the university was not an agent of the state and had no standing to assert the Section 2(a) claim, the court held that the TTAB had taken an unreasonably limited view of standing and found that the university did have a direct commercial interest in the cancellation proceedings. However, the court still affirmed the grant of summary judgment, finding that the University of South Carolina had failed to demonstrate a genuine issue of material fact as to whether the University of Southern California's SC mark was "unmistakably associated" with, and "pointed uniquely" to, the state so as to create a false association. Rather, the court found that the University of Southern California had demonstrated that the SC initials refer to at least 16 other universities and colleges. Accordingly, the court affirmed summary judgment against the University of South Carolina.

While the court technically affirmed the University of Southern California's prior rights in the standard character SC mark only in connection with its various enumerated goods and services, this decision appears to provide the University of Southern California with grounds for future trademark infringement actions and/or dilution claims against any parties using the letters 'SC', simply by being the first to file an application for the same. In light of the 16 other colleges and universities using the 'SC' reference (as well as other non-academic entities), this decision appears to have granted the University of Southern California significant leverage in term of exploiting the 'SC' letter combination.

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