

# World Trademark Review Daily

Grant of summary judgment reversed in tank top tussle  
United States - McDermott Will & Emery LLP

Confusion

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In *Fortune Dynamic Inc v Victoria's Secret Stores Brand Management Inc* (Case 08-56291, August 19 2010), in a decision highlighting the fact-intensive nature of trademark disputes, the US Court of Appeals for the Ninth Circuit Court has reversed a grant of summary judgment, but acknowledged that it was "far from certain that consumers were likely to be confused" by the defendant's use of the word 'delicious'.

In 2007 *Victoria's Secret Stores Brand Management* ran a one-month promotional campaign for its new line of 'Beauty Rush' beauty products. As part of that promotion, Victoria's Secret gave away and sold pink tank tops with the word 'delicious' displayed across the chest in silver script to customers who purchased a Beauty Rush cosmetic product. The word 'yum' was written in much smaller lettering on the back of the tank top and the words 'beauty rush' were printed on the inside of the back of the tank top.



*Fortune Dynamic Inc*, the owner of an incontestable trademark registration for the mark DELICIOUS for footwear, sued Victoria's Secret for trademark infringement. Fortune, which had sold 12 million pairs of young women's shoes under the DELICIOUS mark since 1997, also moved for a preliminary injunction. The district court denied Fortune Dynamic's motion for preliminary injunction and granted Victoria's Secret's motion for summary judgment, concluding that the likelihood of confusion factors weighed in Victoria's Secret's favour. The court also determined that Fortune Dynamic's claims were "entirely barred" by Victoria's Secret's fair use defence. Through the proceedings, the district court excluded all of Fortune Dynamic's proffered expert evidence - including the results of a confusion survey and testimony from Fortune Dynamic's marketing and advertising expert. Fortune Dynamic appealed.

In reversing and remanding the case, the Ninth Circuit analysed the relevant likelihood of confusion factors and determined that a majority of the factors "could tip in either direction", such that the district court had erred in granting Victoria's Secret summary judgment. For example, considering the similarity of the marks, the Ninth Circuit gave weight to Victoria's Secret's argument that the similarity of the parties' DELICIOUS marks was undercut by the differences in the parties' retail channels. Because Victoria's Secret sells VICTORIA'S SECRET-branded merchandise only in its Victoria's Secret stores, while Fortune Dynamic sells its shoes in a variety of stores, the court agreed that it was unlikely that a knowledgeable customer would believe that Fortune Dynamic would be selling a tank top in a Victoria's Secret store. Nonetheless, the court determined that a jury could find that the similarity of marks factor weighed in Fortune Dynamic's favour because the evidence indicated the possibility of post-sale confusion. Notably, pop star Britney Spears had been photographed wearing the Victoria's Secret tank top in public, which indicated to the court that it was "at least plausible" that knowledgeable consumers could be confused as to the source of the tank top when it was viewed outside of a Victoria's Secret store.

On the issue of actual confusion, Fortune Dynamic's survey expert had conducted an online survey among 300 young women who were asked to compare pictures of Fortune Dynamic's DELICIOUS-branded shoes and Victoria's Secret's Delicious tank top and provide answers about the companies that produced them. The district court had refused to admit the survey results on the grounds that they improperly compared the products side-by-side, failed to replicate real-world conditions and were "highly suggestive". The Ninth Circuit held that the district court:

- had abused its discretion in excluding Fortune Dynamic's survey by failing to apply Ninth Circuit precedent permitting the introduction of survey evidence so long as it was conducted according to accepted principles and was relevant; and
- had incorrectly applied the principle set forth in *Levi Strauss & Co v Blue Bell* (632 F2d 817, 822 (1980)).

Acknowledging the alleged shortcomings of Fortune Dynamic's survey, including the fact that an internet survey fails to replicate real-world conditions, the Ninth Circuit concluded that such critiques went to the weight of the survey, not its admissibility. The survey should have been admitted because it was conducted in accordance with accepted principles and

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its results were relevant as to whether consumers were likely to be confused.

The Ninth Circuit also found that Victoria's Secret's fair use defence should be decided by a jury. To qualify for the classic fair use defence, one must use another's mark "otherwise than as a mark", "only to describe [its] goods or services" and "in good faith". The district court had found that fair use applied because it determined that Victoria's Secret did not use 'delicious' as a mark. The Ninth Circuit acknowledged that Victoria's Secret's fair use defence had some merit, but found that genuine issues of material fact remained as to whether Victoria's Secret used 'delicious' as a trademark or only to describe its goods, as well as whether Victoria's Secret acted in bad faith. The court noted that a reasonable jury could find that:

- 'delicious', as applied to Victoria's Secret's cosmetics, was not descriptive; and
- Victoria's Secret did not use sufficient precautionary measures to indicate that it was the source of the goods, as the word 'delicious' was displayed prominently by itself on the front of the tank top.

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