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Unfixed design not ripe for declaratory judgment, says Fifth Circuit **United States – McDermott Will & Emery LLP**

In *Vantage Trailers Inc v Beall Corp* (Case 08-20139, May 8 2009), the US Court of Appeals for the Fifth Circuit has affirmed the district court's dismissal of the case for lack of subject matter jurisdiction on the grounds that the declaratory judgment plaintiff did not have a substantially fixed and definite product design when it filed the action.

Beall Corp manufactures and sells an aluminum bottom dump trailer, the 'Beall Bullet', which is protected by a trademark registration. In 2006 Vantage Trailers Inc began design of its own trailer. Beall sent a letter to Vantage stating that if the latter were to place any trailers into service that violated Beall's trademark, it would pursue legal action.

Vantage filed suit seeking a declaratory judgment that:

- Beall's trademark was invalid; and
- "the design, manufacture, sale and use of [Vantage's] aluminum bottom dump trailer [did] not infringe any valid intellectual property right" of Beall's.

Following discovery, Beall filed a successful motion to dismiss the declaratory judgment claim for lack of subject matter jurisdiction. Vantage appealed.

On appeal, Vantage argued that a variety of its activities, all centred around its design and attempted sale of an aluminum bottom dump trailer, demonstrated the immediacy and reality of the controversy between itself and Beall. Vantage worked with an engineer on product development, began construction of a new manufacturing facility, purchased specialized equipment, built a sub-frame and offered to sell its new model trailers. The question, according to the court, was whether the product design was sufficiently fixed at the time of filing to allow evaluation of trademark infringement.

The Fifth Circuit turned to a Federal Circuit's decision in a patent case, *Sierra Applied Sciences Inc v Advanced Energy Industries Inc*, for guidance. The court found that as in *Sierra Applied Sciences*, although the declaratory judgment plaintiff had begun development of a potentially infringing device at the time of suit, there was no immediate and real controversy. In *Sierra Applied Sciences*, the Federal Circuit had held that "[b]ecause the design was fluid on the date the complaint was filed, it was impossible to determine - on that date - whether any eventual design[...] would infringe [the] patents".

The Fifth Circuit concluded that even though the present dispute involved a trademark:

"the distinction between patents and trademarks weakens, rather than strengthens, Vantage's argument for justiciability. Typically, the functional elements of design will long precede the cosmetic. The compromises and alterations necessary to accomplish a product's purpose often dictate its appearance."

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