Class 22: Abandonment; First Sale Doctrine & Gray Market Goods
Class Outline

• Trademark Abandonment
• The First Sale Doctrine
• Gray Market Goods
A mark shall be deemed to be ‘abandoned’…

(1) When its use has been discontinued with intent not to resume. Intent not to resume may be inferred from the circumstances. Nonuse for three consecutive years shall be prima facie abandonment.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark.
Crash Dummy Movie, LLC v. Mattel, Inc.

• 1991 – Tyco begins using “Crash Dummies” marks
• 1993 – Tyco obtains federal registration for the “Crash Dummies” marks & proceeds to sell both toys and licenses for a variety of related products.
• 1995 – Tyco & CDM enter into an option agreement under which CDM can produce a “Crash Dummies” movie, but the option is not exercised before expiring in 1996.
• 1997 – Tyco is acquired by Mattel, and assigns it the “Crash Dummies” marks
• 1998 – Mattel records the assignment with the PTO
• 2000 – PTO cancels Mattel’s “Crash Dummies” marks because Mattel fails to file a Section 8 dec of use or excused non-use
• 2003 – Mattel begins selling “Crash Dummies” toys
• 2003 – CDM files ITU application for “Crash Dummies”
Abandonment

• 3 consecutive years of non-use is prima facie evidence of abandonment (burden on challenger).

• The prima facie case may be rebutted by showing of intent to resume use (burden on TM owner).
First Sale Doctrine in Trademark

- Generally, trademark rights are exhausted after the first retail sale.
- In other words, resale by the first purchaser of the original (genuine) trademarked item is generally neither trademark infringement nor unfair competition.
First Sale Doctrine in Trademark

2 Exceptions:

• When a trademarked item has been repackaged, either without notice, or with inadequate notice.

• When a reseller sells a trademarked item that is materially different from those sold by the trademark owner.
“Material difference” in the first sale context =

“one that consumers consider relevant to a decision about whether to purchase a product.”
Is this a material difference?
Is this a material difference?
Champion Spark Plug v. Sanders
Repackaging

1) Must disclose that the product is repackaged
2) Must reveal repackager’s name
3) Must declare lack of affiliation with trademark owner
4) Must not give “undue prominence” to the trademark
From Champion Spark Plug -

Reseller of repaired or reconditioned goods can use original trademark so long as:

- goods and/or packaging are clearly marked to indicate that they are not new; and

- “repair” is not so extensive as to replace bulk of what was essential to the trademarked good.
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