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George & Co., LLC v. Imagination Entertainment Ltd.

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GEORGE & CO., LLC V. IMAGINATION ENTERTAINMENT LTD.

The primary purpose of trademark law is to protect marks that consumers use to recognize sources of products.¹ A trademark that indicates a source can be a “word, name, symbol, or device.”² “[A] trademark not only ‘protects the goodwill represented by particular marks,’ but also allows ‘consumers readily to recognize products and their source,’ preventing ‘consumer confusion between products and between sources of products.’”³ Under the Lanham Act,⁴ one of the principal ways of protecting trademark rights is through an infringement action.⁵

In the 2009 trademark infringement case *George & Co., LLC v. Imagination Entertainment Ltd.*,⁶ the United States Court of Appeals for the Fourth Circuit upheld a summary judgment order of no infringement in favor of the defendant.⁷ Specifically, the court analyzed and further developed two broad topics in trademark law: likelihood of confusion⁸ and obtaining and maintaining trademark rights.⁹

At issue in this case was a rudimentary dice game.¹⁰ The game requires at least three players, chips, and three specially made dice with each side marked with an “L,” “C,” “R,” or dot.¹¹ Each player begins with three chips.¹² After rolling the dice,¹³ the roller gives one chip to the player on his left for each “L” rolled, gives one chip to the player on his right for each “R” rolled, and places one in the center pile for each “C” rolled.¹⁴ Dots do not require the movement of chips.¹⁵ The players in the game take turns rolling, and the number of chips in the center pile continues to grow throughout the game.¹⁶ When only one player still holds chips, the game ends and that player wins.¹⁷

The plaintiff-appellant George & Company, LLC (George) and the defendant-appellee Imagination Entertainment Ltd. (Imagination) each marketed and sold equivalent versions of this game.¹⁸ For purposes of summary judgment, the court accepted George’s assertion that it sold the game from 1983 to 1991

1. *George & Co., LLC v. Imagination Entm’t Ltd.*, 575 F.3d 383, 392–93 (4th Cir. 2009) (citing *OBX–Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334, 339 (4th Cir. 2009)).

2. *Id.* at 392 (citing 15 U.S.C. § 1127 (2006)).

3. *Id.* at 392–93 (quoting *OBX–Stock, Inc.*, 558 F.3d at 339).

4. 15 U.S.C. §§ 1051–1141n (2006).

5. *See id.* § 1114(1).

6. 575 F.3d 383 (4th Cir. 2009).

7. *Id.* at 389.

8. *See id.* at 392–400.

9. *See id.* at 400–04.

10. *Id.* at 389.

11. *Id.*

12. *Id.*

13. If a player has at least three chips, he rolls all three dice. *Id.* Otherwise, he will roll as many dice as he has chips. *Id.*

14. *Id.*

15. *Id.*

16. *Id.*

17. *Id.* at 389–90.

18. *Id.* at 389.

under the names “LCR” and “LEFT CENTER RIGHT,” but it noted that the evidence supporting this assertion was weak.¹⁹ Beginning in 1992, George sold the game “exclusively under the LCR name,” for which it owned a federally registered trademark.²⁰ The packaging for the product was predominately white and contained various features, including a graphic of three rolling “L,” “C,” and “R” dice (the Rolling Dice Design)²¹ designated with a “™”; the tagline “‘Left, Center or Right—Don’t Lose Your Chips’ (the Tagline)”; a design with the same three dice and arrows with the words “Left,” “Center,” and “Right” indicating the movement of chips (the Arrows Design); and smaller versions of the Rolling Dice Design alongside informative statements.²² Imagination first marketed its version of the game under the name “LeFT CeNTeR RIGHT” (LEFT CENTER RIGHT) in 2006 and first sold it in 2007.²³ After the U.S. Patent and Trademark Office (USPTO) twice rejected the proposed LEFT CENTER RIGHT mark for placement on the Principal Register for being merely descriptive with no secondary meaning, Imagination succeeded in having it placed on the Supplemental Register.²⁴ The packaging for this version was predominately red and contained the LEFT CENTER RIGHT name, the words “The Addictive Dice Game,” Imagination’s name, and other information.²⁵

In May 2007, George filed suit in the United States District Court for the Eastern District of Virginia, claiming that under the Lanham Act Imagination had infringed its trademark rights in both LCR and LEFT CENTER RIGHT.²⁶ The district court granted summary judgment for Imagination on both counts after finding that there was no likelihood of confusion between Imagination’s use of LEFT CENTER RIGHT and George’s use of LCR and that “George had no federal trademark rights in LEFT CENTER RIGHT.”²⁷ The Fourth Circuit affirmed.²⁸

The Fourth Circuit first reviewed George’s claim that Imagination infringed its rights in LCR.²⁹ For a trademark infringement suit to be successful, the plaintiff must demonstrate ownership of a valid and protectable mark and show that the defendant created a likelihood of confusion when using a “reproduction,

19. *Id.* at 390 & n.2.

20. *Id.* at 390. George never applied for registration of LEFT CENTER RIGHT. *Id.*

21. *Id.* George also held a federally registered trademark in this design. *See id.*

22. *Id.* at 390–91. After filing suit, George introduced new packaging that was blue in color and contained an “®” designating the Rolling Dice Design and a “™” after the Arrow Design. *Id.* at 391.

23. *Id.* at 391.

24. *Id.* at 391–92.

25. *Id.* at 392.

26. *Id.*

27. *Id.*

28. *Id.* at 404.

29. *Id.* at 392.

counterfeit, copy, or colorable imitation' of that mark."³⁰ The parties agreed that George held a valid mark in LCR, so the court needed to consider only the second element.³¹ The Fourth Circuit applied a nine-factor likelihood of confusion test, noting that it is only a guide and that all factors are not equal.³² The nine factors are as follows:

(1) the strength or distinctiveness of the plaintiff's mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public.³³

The court agreed with the district court and found that only the third, fourth, and fifth factors favored George.³⁴ This was a consequence of the two versions of the game being "nearly identical" and the parties competing in common markets.³⁵ The eighth and ninth factors were not relevant to the analysis and therefore did not favor a party.³⁶ Courts use the eighth factor, which focuses on the quality of the product, when cheaper versions or "knockoffs" are at issue and do not apply it to comparatively or higher priced goods, as was the case here.³⁷ Courts apply the ninth factor—"the sophistication of the consuming public"—only when the consumer market is a subset of the public and not the entire public at-large, as was the case here.³⁸

The remaining, and more important, factors—one, two, six, and seven—favored Imagination.³⁹ The Fourth Circuit provided a very thorough analysis for the first factor regarding the strength of George's mark. The court broke the analysis into two parts: "conceptual strength and commercial strength."⁴⁰ In

30. *Id.* at 393 (quoting 15 U.S.C. § 1114(1)(a) (2006); *CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 267 (4th Cir. 2006); *Petro Stopping Ctrs., L.P. v. James River Petrol., Inc.*, 130 F.3d 88, 91 (4th Cir. 1997)).

31. *Id.*

32. *Id.* (citing *Anheuser-Busch, Inc. v. L. & L. Wings, Inc.*, 962 F.2d 316, 320 (4th Cir. 1992)).

33. *Id.* The Fourth Circuit adopted factors one through seven in *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984). It adopted factors eight and nine in *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 463–64 (4th Cir. 1996) (citing *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 127 (4th Cir. 1990)).

34. *George & Co., LLC*, 575 F.3d at 393, 397.

35. *See id.* at 397.

36. *Id.* at 399–400.

37. *Id.* at 399 (citing *Sara Lee Corp.*, 81 F.3d at 467).

38. *Id.* at 400 (citing *Sara Lee Corp.*, 81 F.3d at 467).

39. *See id.* at 393–99.

40. *See id.* at 393 (citing *CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 267 (4th Cir. 2006)).

analyzing conceptual strength, the court considered which “one of four categories of distinctiveness” was appropriate for the LCR mark: generic, descriptive, suggestive, or arbitrary or fanciful.⁴¹ For each category, the court also provided background explanations and examples.⁴² The court noted that George was able to register LCR with the USPTO without showing secondary meaning.⁴³ Because secondary meaning is required to register merely descriptive marks, the failure to show secondary meaning resulted in a presumption that the mark was at least suggestive.⁴⁴ While the Fourth Circuit may have doubted this administrative determination, the court recognized its obligation to defer to the USPTO.⁴⁵ Furthermore, Imagination failed to challenge this presumption in district court.⁴⁶ Regarding the measure of commercial strength, the Fourth Circuit applied the six-factor *Perini* test for secondary meaning.⁴⁷ The court concluded that no secondary meaning was associated with LCR because current or future customers would not necessarily make a connection between LCR and George.⁴⁸ Although the mark fit into the suggestive category for conceptual strength, the weak commercial strength resulted in an overall finding of a weak mark.⁴⁹

Under the second factor, the Fourth Circuit affirmed the district court’s finding that LCR and LEFT CENTER RIGHT are dissimilar because they did not look or sound alike.⁵⁰ While George argued that LCR was an abbreviation for LEFT CENTER RIGHT, the court found that, even if true, the packaging of the two versions was different enough for the products to be dissimilar.⁵¹ Additionally, the court noted that the source names were on the packaging and that a side-by-side comparison suggested different marks.⁵²

The sixth factor—predatory intent—can sometimes be a “major” factor because an intent to confuse the public can be strong evidence of likelihood of confusion.⁵³ The Fourth Circuit found that LEFT CENTER RIGHT was a

41. *Id.* at 393–94 (citing *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984)).

42. *See id.* at 394.

43. *See id.* at 395.

44. *Id.*

45. *See id.* (citing *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 934 (4th Cir. 1995)).

46. *Id.*

47. *Id.* The *Perini* factors comprise of the following: “(1) the plaintiff’s advertising expenditures; (2) consumer studies linking the mark to a source; (3) the plaintiff’s record of sales success; (4) unsolicited media coverage of the plaintiff’s business; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the plaintiff’s use of the mark.” *Id.* (citing *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 125 (4th Cir. 1990)).

48. *Id.* at 396.

49. *Id.*

50. *Id.*

51. *Id.*

52. *Id.* at 397.

53. *Id.* (citing *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1535 (4th Cir. 1984)).

description of the game and that Imagination did not adopt it for the purpose of causing confusion with LCR.⁵⁴ Of particular interest to the court was the fact that a “™” followed only the Rolling Dice Design on George’s package; similarly, on the package, George placed a notification that only LCR was a trademark of George.⁵⁵ Nothing on the package suggested George was claiming trademark rights in LEFT CENTER RIGHT.⁵⁶ In general, the court saw Imagination’s use of LEFT CENTER RIGHT as “an intent to compete” and “not an intent to infringe.”⁵⁷ Also worthy of mention, the court found that Imagination’s failure to conduct a trademark search or retain counsel was irrelevant because awareness of a competitor’s goods is different from intent to confuse the consuming public.⁵⁸

Finally, the court considered the most important factor—actual confusion.⁵⁹ Here, there was no survey evidence of actual confusion.⁶⁰ Instead, at trial, George presented testimony of only four individual instances of actual confusion.⁶¹ These involved toy store owners and managers who believed George had authorized, by license, the LEFT CENTER RIGHT version of the game as well as consumers who believed George was the marketer and seller of LEFT CENTER RIGHT.⁶² Both the district court and the Fourth Circuit found this testimony to be “*de minimis* evidence of actual confusion.”⁶³ George sold approximately 500,000 LCR games each year; the court found that four instances of confusion out of 500,000 games sold was *de minimis* and determined this factor to strongly favor Imagination.⁶⁴

The Fourth Circuit noted that while some factors favored George and some factors favored Imagination, actual confusion—the most important—greatly helped Imagination’s case.⁶⁵ The court noted:

This factor, along with the weakness of the LCR mark, the lack of similarity between the two marks, and the lack of predatory intent, leads to the inescapable conclusion that there is no likelihood of confusion as

54. *Id.*

55. *Id.*

56. *Id.*

57. *Id.*

58. *Id.* at 398 (quoting *Luigino’s, Inc. v. Stouffer Corp.*, 170 F.3d 827, 831 (8th Cir. 1999)).

59. *Id.*

60. *See id.* at 398–99.

61. *Id.*

62. *Id.*

63. *Id.* at 399.

64. *Id.* (citing *Petro Stopping Ctrs., L.P. v. James River Petrol., Inc.*, 130 F.3d 88, 95 (4th Cir. 1997)).

65. *Id.* at 400.

a matter of law between Imagination's use of LEFT CENTER RIGHT and George's use of LCR.⁶⁶

Additionally, the court pointed out that it was unaware of any case that survived summary judgment when each of these four factors weighed against the plaintiff.⁶⁷ While the Fourth Circuit did not explicitly hold that when all four factors favor a defendant there can never be a finding of likelihood of confusion, it appears the court will be reluctant to ever do otherwise.⁶⁸

After concluding there was no likelihood of confusion with LCR and therefore no infringement, the Fourth Circuit next considered George's claim that Imagination infringed George's rights in LEFT CENTER RIGHT.⁶⁹ While George argued that its rights in LEFT CENTER RIGHT originated from its use in the pre-1992 packaging, the district court ruled that George had abandoned the mark when it began exclusively using LCR.⁷⁰ The court reviewed the elements for abandonment: "(1) non-use by the legal owner; and (2) no intent to resume use in the reasonably foreseeable future by the legal owner."⁷¹ Additionally, three consecutive years of non-use creates a presumption of no intent to resume use.⁷² Although George ceased using the LEFT CENTER RIGHT mark on the packaging in 1992, it offered three arguments to explain why the mark had not been abandoned.⁷³

George first argued that the Tagline and Arrows Design, which each contained the words "Left," "Center," and "Right," was sufficient to meet the continuous use requirement.⁷⁴ However, the court rejected this argument because the Tagline and Arrows Design were not using LEFT CENTER RIGHT as marks.⁷⁵ To provide support for this decision, the court noted that a "TM" was not placed after either the Tagline or the Arrows Design on the packaging and that they were descriptive in that they informed consumers how they should play the game but were not indicative of the source of the game.⁷⁶ In summary, the court found that George used the Tagline and Arrows Design as "slogans or advertisements" but not marks.⁷⁷ While slogans are not necessarily barred from also being marks, these slogans were not serving "such a dual function."⁷⁸

66. *Id.*

67. *See id.*

68. *See id.*

69. *Id.*

70. *Id.* at 400-01.

71. *Id.* at 401 (citing *Emergency One, Inc. v. Am. FireEagle, Ltd.*, 228 F.3d 531, 535 (4th Cir. 2000)).

72. *Id.* (citing *Emergency One*, 228 F.3d at 536).

73. *Id.*

74. *Id.*

75. *Id.*

76. *Id.*

77. *Id.*

78. *Id.* (citing *MicroStrategy Inc. v. Motorola, Inc.*, 245 F.3d 335, 343 (4th Cir. 2001)).

The second argument George made supporting continued use of the mark was that “LCR is an abbreviation of LEFT CENTER RIGHT” and therefore the original mark was still in use.⁷⁹ First, the court pointed out that for such an argument to be successful, George would need the right to “tack” its use of LEFT CENTER RIGHT from 1983 to 1991 to its exclusive use of LCR beginning in 1992.⁸⁰ Tacking is allowed in only very narrow circumstances where “the previously used mark is ‘the legal equivalent of the mark in question or indistinguishable therefrom’ such that consumers ‘consider both as the same mark.’”⁸¹ The fact that two marks may be “confusingly similar” is not sufficient in itself.⁸² Here, the court determined that “LCR and LEFT CENTER RIGHT [were] not confusingly similar” because they did not look or sound alike.⁸³ When refusing George the right to tack, the court cited two cases where tacking was denied.⁸⁴ In one case, the court did not allow tacking because a change in capitalization created sufficient differences;⁸⁵ in another, the court disallowed tacking because of the shortening of a longer phrase.⁸⁶

George made one last attempt to demonstrate continued use of the LEFT CENTER RIGHT mark by arguing that employees of George had verbally used it since 1983 in marketing and through interactions with customers.⁸⁷ It appears that the Fourth Circuit had never heard such an argument before, and it could find no case law supporting this idea of obtaining or maintaining trademark rights solely through verbal use.⁸⁸ The court appeared very wary of accepting this proposition: “Embracing such a verbal use doctrine would open the door to all varieties of claims where a party took no steps to use a mark on packaging to identify it as the source of the goods to potential customers.”⁸⁹ In explicitly rejecting this proposal, the court found support in a 2001 Fourth Circuit case.⁹⁰ The court cited *MicroStrategy Inc. v. Motorola, Inc.*⁹¹ for the propositions that marks should be “readily apparent and recognizable without extended analysis or research”⁹² and that the public should not have to “browse through a group of words, or scan an entire page in order to decide that a particular word, separated

79. *Id.* at 402.

80. *Id.*

81. *Id.* (quoting *Van Dyne–Crotty, Inc. v. Wear–Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991)).

82. *Id.* (quoting *Van Dyne–Crotty, Inc.*, 926 F.2d at 1159) (internal quotation marks omitted).

83. *Id.*

84. *Id.*

85. *Id.* (citing *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623–24 (6th Cir. 1998)).

86. *Id.* (citing *Van Dyne–Crotty, Inc.*, 926 F.2d at 1160).

87. *Id.* at 401.

88. *See id.* at 402.

89. *Id.*

90. *Id.* (citing *MicroStrategy Inc. v. Motorola, Inc.*, 245 F.3d 335, 341 (4th Cir. 2001)).

91. 245 F.3d 335 (4th Cir. 2001).

92. *George & Co., LLC*, 575 F.3d at 402 (quoting *MicroStrategy Inc.*, 245 F.3d at 342) (internal quotation marks omitted).

from its context, may or may not be intended, or may or may not serve to identify the product.”⁹³ Therefore, it would be unreasonable to expect the public to know what terms employees of a seller use verbally as a mark both internally and with customers.⁹⁴ Additionally, a federal statute requires that, in the case of goods, marks must be attached to the goods or their containers, displays, tags, or labels.⁹⁵

George made one last argument in hopes of convincing the court that it held rights in LEFT CENTER RIGHT. The public use doctrine allows for public use of an abbreviation or nickname of a mark to substitute for markholder use.⁹⁶ Here, George argued that the public had used LCR as well as LEFT CENTER RIGHT to refer exclusively to George’s product.⁹⁷ However, the court was quick to point out that the public use doctrine has a very limited scope and is usually reserved for abbreviations and nicknames coined by the public.⁹⁸ George was actually trying to use the doctrine in reverse by hoping to gain protection in an elongation of the LCR mark.⁹⁹ The court rejected this proposed expansion of the doctrine primarily for the reason that an elongation does not add distinctiveness to an owner’s mark like abbreviations and nicknames do.¹⁰⁰ The court’s secondary reasons for rejecting George’s public use doctrine argument were that George was using it as a “back-door means of obtaining trademark protection to a mark that is not even protectable” and that markholders can lose rights in marks obtained through the public use doctrine if they refuse to use them, as did George.¹⁰¹

The interesting facts of *George & Co., LLC v. Imagination Entertainment Ltd.* provided the Fourth Circuit with an opportunity to explain clearly the state of trademark law in the circuit. The wide range of issues explored in the opinion include likelihood of confusion and the nine-factor test, abandonment, secondary meaning, tacking, and the public use doctrine. Also, because of the unique facts, this case is a great example of trademark infringement in the context of packaging. Most importantly, however, the court took advantage of the opportunity to build upon existing case law. When applying the likelihood of confusion test, the court appears to have suggested that it may be enough for a finding of no likelihood of confusion as a matter of law when actual confusion, predatory intent, and similarity of marks are all absent and the plaintiff’s mark is

93. *Id.* (quoting *MicroStrategy Inc.*, 245 F.3d at 341) (internal quotation marks omitted).

94. *See id.* (citing *MicroStrategy Inc.*, 245 F.3d at 341–42).

95. *Id.* at 402–03 (citing 15 U.S.C. § 1127 (2006)).

96. *See id.* at 403 (citing *Nat’l Cable Television Ass’n, Inc. v. Am. Cinema Editors, Inc.*, 937 F.2d 1572, 1577 (Fed. Cir. 1991)).

97. *See id.*

98. *Id.* (citing Peter M. Brody, *What’s in a Nickname? Or, Can Public Use Create Private Rights?*, 95 TRADEMARK REP. 1123, 1158–62 (2005)).

99. *Id.* at 403–04.

100. *See id.*

101. *Id.* at 404.

weak.¹⁰² Building on *MicroStrategy*, the Fourth Circuit explicitly rejected the idea of obtaining or maintaining trademark rights solely through verbal use.¹⁰³ Finally, the court was extremely wary of allowing the public use doctrine to apply in reverse to the elongation of an existing mark.¹⁰⁴

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102. *See id.* at 400.

103. *See id.* at 402–03 (citing *MicroStrategy Inc.*, 245 F.3d at 341).

104. *See id.* at 403–04.

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