

News & Types: Commercial, Competition & Trade Update

Trademark Infringement Suit That Should Not Have Been

3/17/2016

Practices: Commercial, Competition & Trade, Intellectual Property & Technology, Litigation

Often trademark infringement suits result from the unanticipated intersection of two apparently unrelated products or services. Sometimes the alleged infringing product is kept out of the area that it seeks to enter. As an example, see our [Risk Management Update of November 26, 2013](#). In that case, the Cracker Barrel restaurants were prevented from selling their food products in grocery stores because of the likelihood of confusion with Kraft's longstanding Cracker Barrel cheese brand. (*Kraft Foods Group Brands LLC v. Cracker Barrel Old Country Store, Inc. et. al.*, 7th Circuit Court of Appeals, No. 13-2559, November 14, 2013) The risk of dilution to the Kraft Cracker Barrel trademark for cheese was too high to permit Cracker Barrel restaurants to sell their food products (even non-cheese food products) in grocery stores under the Cracker Barrel name. But Cracker Barrel could continue to sell its Cracker Barrel food products in Cracker Barrel restaurants.

But sometimes the risk of confusion is so remote that the case is not worth bringing. This was the situation in *Hugunin v. Land O' Lakes, Inc.* (7th Circuit Court of Appeals, No. 15-2815, March 1, 2016). Judge Posner wrote both the Cracker Barrel and Land O' Lakes opinions.

In 1997, James Hugunin started his business of selling fishing tackle under the Land O' Lakes brand in northeastern Wisconsin. It was moderately successful, reaching \$30,000 in sales in 2012. In 2012, the U.S. Patent and Trademark Office registered LAND O LAKES as the trademark of Mr. Hugunin's fishing tackle business.

Minnesota is also the headquarters of a large agricultural cooperative called Land O' Lakes that sells butter and dairy products throughout the United States. In 2012, Land O' Lakes, the dairy company, sold more than \$4 billion in products.

The two Land O' Lakes enterprises noticed each other. In the U.S. PTO, the dairy company started proceedings to oppose Hugunin's use of the trademark. Judge Posner was "puzzled" by this action. But he was equally puzzled by Hugunin's infringement suit against the dairy company.

How did these two businesses intersect? As it happened, in 1997, the same year Hugunin started selling fishing tackle under the Land O' Lakes name, the dairy company became the official dairy sponsor of a sport-fishing tournament called the Wal-Mart FLW Tour. As a result, the dairy company began advertising its dairy products in fishing magazines.

At the outset, Judge Posner noted that the dairy company does not make any fishing related products. Its only intersection with Hugunin's business was the advertisements in fishing magazines.

Huginin claimed that he could not find investors because of concern about his continued use of the trademark. Apparently his suit against the dairy company was a preemptive strike to establish his rights to the mark.

Judge Posner looked at ways the two marks could be confusing and found that there was no evidence of confusion and, further, there was no likelihood of confusion. He discussed the theories under trademark dilution that might have been, but were not, applicable.

One of these is "blurring." Blurring occurs when a consumer has to think harder to distinguish between two products or services of the same name. His example was a high-end restaurant called Tiffany, using the same name as the high-end jeweler. "Consumers will have to think harder – incur as it were a higher imagination cost – to recognize the name as the name of the store."

Another theory under trademark dilution is "tarnishment." The example given by Judge Posner is a striptease joint using the name "Tiffany." Certainly most consumers would not think the high-end jeweler had any connection with the striptease joint. "But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word "Tiffany" their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint."

Neither "blurring" or "tarnishment" applied to this case. Judge Posner did not believe the Land O' Lakes dairy company would be hurt by the Land O' Lakes seller of fishing tackle nor would Huginin be hurt by sales of dairy products under the same name. The products are much too different. Nor did Judge Posner believe that a dissatisfied user of the fishing tackle would take it out on the dairy company.

Concluded Judge Posner, "So in this unusual case two firms sued each other though neither had been, is, or is likely to be harmed in the slightest by the other. The suit was rightly dismissed."