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## **1st Circ. Ruling Clarifies Limits Of 'Actual Confusion'**

Law360, New York (September 05, 2008) -- Likelihood of confusion has long been the lodestar of trademark infringement analysis. Among the evidence considered in such an analysis, so-called "actual confusion" evidence is routinely seen as the best evidence of a likelihood of confusion,[1] such evidence having been deemed "highly probative, if not conclusive, of a likelihood of confusion." [2]

However, in *Boston Duck Tours LP v. Super Duck Tours LLC*, 531 F.3d 1, 87 U.S.P.Q.2d 1385 (1st Cir. June 18, 2008), the First Circuit articulated important limits regarding evidence of actual confusion in a trademark infringement analysis, particularly when the alleged instances of confusion may be the result of confusion (a) between the generic elements of the parties' respective marks as opposed to non-generic elements or (b) the confusion inherent when a second player enters a market that had previously been serviced by a single player.

In a holding that has broad potential ramifications, the First Circuit has made clear that merely showing confused consumers is not enough, or even necessarily relevant. Rather, for such evidence to matter, a plaintiff must show that it is "the type of confusion that warrants trademark protection." [3]

In *Super Duck Tours*, the First Circuit, in reversing a preliminary injunction order against Super Duck in which Super Duck was precluded from, inter alia, using the phrase "duck tours" in its name, explained that neither confusion resulting from generic elements of a mark or confusion resulting from a new player entering the market is the result of any protectable interest, and therefore, is not evidence of likelihood of confusion to support a Lanham Act claim.

### *Practical Impact*

The decision confirms that not all confusion is trademark confusion protectable under the Lanham Act. Trademark holders seeking to run to court at the first sign of confusion, with purported evidence of actual confusion in hand, should be cognizant of the fact that they must show that the alleged confusion is the result of actual confusion between defendants' marks and protectable elements of plaintiffs' marks.

This may be particularly difficult where the trademark holder's mark is highly descriptive or where the trademark holder was an exclusive provider of its goods or services before a new player entered the market.

### *Factual Background And Claims*

Both Boston Duck and Super Duck are in the business of offering sightseeing tours via land and water in Boston, using amphibious vehicles commonly referred to as "ducks." The concept for amphibious tours was hatched by Melvin Flath shortly after World War II, when he purchased a DUKW (pronounced "duck"), an amphibious army vehicle used in the war to function as both a truck and boat. He fitted his surplus "duck" with bus seats and started his company, Wisconsin Dells Duck Tours, becoming the first purveyor of such tours in the country.

Mr. Flath's "duck tours" concept was picked up around the country, and amphibious tours have surfaced in many cities in the United States and abroad, including San Francisco, Philadelphia, Seattle, Chicago and London. Many of the companies that offer these tours use the phrase "duck tour" in their trade name and otherwise refer to themselves commonly as "duck tours."

Since 1994, Boston Duck has offered sightseeing tours of the Boston area and Charles River, largely using renovated DUKWs from World War II. Since splashing onto the scene in 1994, Boston Duck has received national and international press coverage as well as awards for its tours.

Indeed, Boston Duck was featured in parades after the Boston Red Sox won the World Series in 2004 and 2007, after the New England Patriots won the Super Bowl in 2002, 2004 and 2005, and after the Boston Celtics won the NBA Championship in 2008.

Super Duck began operations in Portland, Maine, in 2001. Rather than using renovated DUKWs, Super Duck uses custom-made amphibious vehicles called "Hydra-Terras," which contain several features that make the vessels virtually unsinkable.

Because of the Hydra-Terra's features, which make it "larger and more modern" than the renovated DUKW vehicles used by Boston Duck and several other duck-tour operators, Super Duck decided to adopt the trade name SUPER DUCK TOURS.

In 2003, Super Duck ceased its operations in Maine in hopes of establishing its business in a larger New England market, namely Boston. After successfully obtaining the required permits in late 2006 and 2007, Super Duck took steps to begin its Boston operation. Super Duck began offering tours in Boston in the spring of 2007.

On July 2, 2007, Boston Duck filed a complaint against Super Duck, alleging, inter alia, federal trademark infringement in violation of the Lanham Act, 15 U.S.C. § 1114. In connection with this claim, Boston Duck asked the court for, inter alia, a preliminary injunction to prevent Super Duck from using its trademark, or any other mark confusingly similar to Boston Duck's mark BOSTON DUCK TOURS, in connection with its services.

In support of its preliminary injunction motion, Boston Duck relied extensively upon its purported evidence of actual confusion. Specifically, in the seven weeks from May 21, 2007, when Super Duck began offering tours, until the date of the preliminary injunction hearing, Boston Duck alleged that Super Duck's use of its name confused at least 60 people.

During that period of time, Boston Duck Tours collected entries in customer comment log books and other evidence suggesting that at least 33 guests arrived at the Boston Duck departure point with Super Duck tickets. Boston Duck also submitted evidence of numerous calls from customers expressing confusion between the two companies, including their tour times and departure locations.

After receiving affidavits and exhibits from both parties, the District Court held a non-testimonial hearing on July 11, 2007. Two days after the hearing, on July 13, 2007, the District Court entered its judgment, granting in part Boston Duck's motion.

Specifically, the court found the term "duck tours" to be non-generic for amphibious sightseeing tours in the Boston area, and therefore capable of trademark protection. The District Court used the likelihood of confusion analysis as articulated by the First Circuit in *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482 (1st Cir. 1981) and concluded that Boston Duck established a likelihood of success on the merits of its trademark infringement claim.

Accordingly, the District Court enjoined Super Duck from "using the term 'duck tours' ... in association with its sightseeing service in the greater Boston area."

Further, the court enjoined Super Duck from using the term "duck" in a two-word or three-word trademark in conjunction with either "Boston" or "tours."

Super Duck appealed the District Court's judgment. Specifically, Super Duck challenged the preliminary injunction, arguing in part that the court erred by not holding that the phrase "duck tours" is generic for the services both companies provide.

Super Duck further claimed that because of this error, the court gave undue weight to the term "duck tours" when comparing the parties' respective marks, and thereby improperly found a likelihood of confusion between the marks BOSTON DUCK TOURS and SUPER DUCK TOURS.

#### *The First Circuit Concludes That The Phrase "Duck Tours" Is Generic*

After providing a thorough primer on general trademark law principles, the First Circuit analyzed Super Duck's several challenges to the district court's conclusions. The First Circuit acknowledged that if the District Court's conclusion on the genericness question of "duck tours" was clearly erroneous, then the District Court's analysis of several other Pignons factors was necessarily also flawed. As such, the First Circuit first turned to the question of whether the phrase "duck tours" is generic.

Noting that "[a] generic term is one whose 'primary significance ... to the relevant public' is as an identifier of the nature of a good, rather than its source,"[4] the First Circuit found that the District Court overlooked relevant evidence as to the public's use and perception of the subject phrase.

Specifically, the District Court erred by relying exclusively on only one dictionary definition of "duck" and only focusing on the separate terms "duck" and "tours" individually, not the entire phrase together, to reach the conclusion that "duck tours" is non-generic.

The District Court failed to consider uses of the phrase by the media and other third parties, within the industry generally, and by Boston Duck itself — all of which are types of evidence typically considered integral to the genericness question.

The First Circuit concluded that all of the evidence, especially the widespread use of "duck" and "duck tours" by companies in the industry, indicates that "no other 'commonly used' and effective 'alternative[s]' denote the sightseeing services both parties offer." [5]

Indeed, the First Circuit found that taking the evidence together indicates that when consumers hear the term "duck tours," they associate it primarily with a product rather than a source. As such, the First Circuit concluded that the District Court committed clear error by finding that the phrase "duck tours" is non-generic.

After concluding that the phrase "duck tours" is generic, the First Circuit analyzed the weight it should give Boston Duck's evidence of actual confusion.

#### *Evidence Of Actual Confusion Of Little Probative Value*

While the parties did not dispute that a certain amount of consumer confusion existed, the real question before the Court was not whether any confusion existed, but rather, whether the confusion cited by Boston Duck was protectable under the Lanham Act. Having found the phrase "duck tours" non-generic, the District Court gave considerable weight to Boston Duck's evidence of actual confusion.

Prior to the Super Duck Tours decision, there was no significant case law drawing the distinction between non-protectable confusion and protectable confusion under the Lanham Act, particularly where the confusion arises when a new player enters a market.

One such case that tackled that issue, however, was *Maine Ave. Seafood Inc. v. The Crab House Inc.*, 1998 U.S. Dist. LEXIS 23144 (D. Md. Mar. 30, 1998). There, a well-established restaurant, the Bethesda Crab House, challenged a newcomer's use of the mark "THE CRAB HOUSE" for a competing restaurant.

When The Crab House opened its restaurant down the street from the Bethesda Crab House, confusion ensued, including job applicants for positions at The Crab House restaurant contacting Bethesda Crab House, taxi drivers responding to the wrong establishment, misdirected food deliveries, and confusion among people making reservations or placing carry-out orders.

Despite this evidence of actual confusion, the court confirmed that "no amount of secondary meaning can transform a generic mark into a protected one," no matter how much evidence of confusion "reflect[ing] the existence of secondary meaning." [6]

Just as confusion as to non-protectable words or phrases is not actionable, confusion that results from de facto secondary meaning obtained in a generic term is also not actionable. Neither form of confusion is the result of any protectable interest and therefore is not evidence of any likelihood of confusion for a Lanham Act claim.

As such, the court gave little probative weight to Bethesda's evidence of actual confusion in conducting its analysis. While noting that "Bethesda Crab House" could constitute a protectable composite mark with a secondary meaning (i.e., as a geographic term combined with a generic term), the court nonetheless culled out the generic words common to both marks and focused its inquiry upon the confusing similarity of the non-generic portions. [7]

The court then concluded that there was no non-generic portion of defendant's mark that could possibly infringe any protectable interest in plaintiff's mark, and thus, there was an "absence of protectable confusion." [8]

Although the First Circuit did not cite *Maine Ave. Seafood*, the First Circuit applied similar reasoning and confirmed that "[a]lthough trademark law is designed to prevent consumer confusion between inherently distinctive marks or descriptive marks that have acquired secondary meaning, it is not intended to prevent confusion between two similar, generic marks, ... or relatedly, between marks when one mark has acquired a 'de facto secondary meaning' through its exclusive use of a generic term that causes customers to associate the term with that specific course." [9]

Given that Boston Duck had a monopoly on duck tours in Boston for more than a decade, a certain amount of temporary confusion therefore was to be expected when a new player entered the market, such as confusion as to tour times and departure locations.

Such confusion, however, is not protected where it results from de facto secondary meaning obtained in a generic term. Indeed, the First Circuit found that the confusion that Boston Duck cited could "easily be attributed to Boston Duck's status as the exclusive purveyor of amphibious tours in the Boston area for over a decade rather than the source-identifying attributes of the phrase 'duck tours.'" [10]

The First Circuit even went so far as to find that "[a]s a matter of law, the confusion was largely, if not exclusively, the product of Boston Duck's lack of competition in its early years and the use of a generic phrase to describe its product." [11]

As such, in view of the its finding that the phrase "duck tours" is generic, the First Circuit held that "the value of the evidence of actual confusion documented by Boston Duck is diminished substantially for the likelihood of confusion analysis ... [and] it is not the type of confusion that

warrants trademark protection." [12] The First Circuit treated the "evidence as largely irrelevant in reaching [its] overall determination." [13]

With the genericness finding and diminished weight to evidence of actual confusion in mind, the First Circuit analyzed the composite marks, giving less weight to the generic portion of the parties' respective composite marks.

The First Circuit concluded that the parties' composite marks were reasonably dissimilar and that the District Court's preliminary injunction order was clearly erroneous.

As the First Circuit articulated, "because of the lack of alternatives, 'duck tours' — the most common and accepted term to describe the services at issue — may not be appropriated for one party's exclusive use.

To grant Boston Duck the exclusive rights to use the phrase in the Boston area would be to erect a barrier of entry into the marketplace, thereby preventing other entities, such as Super Duck, from calling their product by its name. Super Duck, as well as other potential competitors, would be placed at a significant market disadvantage." [14]

The Super Duck Tours case is a significant decision for free and fair competition. Whatever goodwill Boston Duck generated in the generic terms "duck" or "duck tours" was merely the result of enjoying a de facto monopoly in Boston for many years.

Such goodwill, and the attendant confusion that may occur when a second player enters the market, may appear identical to protectable goodwill and actionable consumer confusion. However, it is vital to fair competition that solo use of generic terms not be permitted to transform into a de jure monopoly against a newcomer to the market.

The First Circuit's Super Duck Tours decision makes clear that a plaintiff needs to show protectable confusion for it to be relevant to a Lanham Act claim. In doing so, it clarifies the right to use generic terms in one's trade name and limits the value of evidence of actual confusion resulting from confusion caused by de facto secondary meaning in generic words or phrases.

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[1] See J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition (4th Ed, July 2007), § 23:13.

[2] *In re Majestic Distilling Co. Inc.*, 315 F.3d 1311, 1317 (Fed. Cir. 2003).

[3] *Super Duck Tours*, 87 U.S.P.Q.2d at 1401.

[4] *Id.* at 1395.

[5] *Id.* at 1397.

[6] *Maine Ave. Seafood, Inc.*, 1998 U.S. Dist. LEXIS 23144 at \*15.

[7] *Id.* at \*17

[8] *Id.*

[9] *Super Duck Tours*, 87 U.S.P.Q.2d at 1397-98.

[10] *Id.* at 1397.

[11] *Id.* at 1401.

[12] *Id.*

[13] *Id.*

[14] *Id.* at 1397.