

LOIS SPORTSWEAR, U.S.A., INC
v.
LEVI STRAUSS & COMPANY

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

799 F.2d 867 (1986)

TIMBERS, Circuit Judge.

Lois Sportswear, U.S.A., Inc. and Textiles Y Confecciones Europeas, S.A. (collectively "appellants") appeal from a summary judgment entered September 30, 1985 in the Southern District of New York, Robert W. Sweet, District Judge, enjoining appellants from using a back pocket stitching pattern similar to the trademark jean back pocket stitching pattern of Levi Strauss & Company ("appellee") on appellants' jeans. The question presented by this appeal is whether summary judgment for the trademark owner is appropriate on claims of trademark infringement and unfair competition when the trademark owner has shown that a rival jeans manufacturer is using the trademark owner's registered back pocket stitching pattern trademark on its competing jeans, and the undisputed evidence shows that the trademark is intimately associated with the trademark owner's products in the minds of jeans consumers. We answer this question in the affirmative and affirm the judgment of the district court.

I.

We summarize only those facts believed necessary to an understanding of the issues raised on appeal.

Appellee is a world famous clothing manufacturer. One of its most popular products is a line of casual pants known as Levi Jeans. Appellee began manufacturing its denim jeans in the 1850s. Each pair of jeans contains numerous identifying features. One such feature is a distinct back pocket stitching pattern. This pattern consists of two intersecting arcs which roughly bisect both pockets of appellee's jeans. Appellee has an incontestable federal trademark in this stitching pattern. See [15 U.S.C. § 1065 \(1982\)](#). Appellee has used this pattern on all its jeans continuously since 1873. In many ways the back pocket stitching pattern has become the embodiment of Levi Jeans in the minds of jeans buyers. The record is replete with undisputed examples of the intimate association between the stitching pattern and appellee's products in the buying public's mind. Not only has appellee spent considerable sums on promoting the stitching pattern, but various competitors have run nation-wide advertisement campaigns touting the advantages of their jeans' back pockets over appellee's. In addition, one of the largest chains of jeans retailers, the Gap Stores, has run numerous advertisements featuring pictures of appellee's back pocket stitching pattern as the entire visual portion of the ad. The record also contains numerous examples of the public's phenomenal reaction to the stitching pattern and the jeans it epitomizes. These

examples range from national magazine cover stories to high school yearbook dedications.

Appellant Lois Sportswear, U.S.A., Inc. ("Lois") imports into the United States jeans manufactured in Spain by Textiles Y Confecciones Europeas, S.A. ("Textiles"). The instant litigation was commenced because appellants' jeans bear a back pocket stitching pattern substantially similar to appellee's trademark stitching pattern. On appeal appellants do not challenge the district court's conclusion that the two stitching patterns are substantially similar. Nor could they; the two patterns are virtually identical when viewed from any appreciable distance. In fact, the results from a survey based on showing consumers videotapes of the back pockets of various jeans, including appellants', indicate that 44% of those interviewed mistook appellants' jeans for appellee's jeans. Appellants instead rely on their use of various labels, some permanent and some temporary, to distinguish their jeans and defeat appellee's trademark infringement and unfair competition claims.

* * *

The evidence is undisputed that appellants and appellee manufacture and sell a similar product. While stratifying the jeans market with various styles and grades seems to be the current rage, there can be no dispute that the parties before us compete to sell their jeans to the public. The record does indicate that appellants have attempted to target their "designer" jeans at a decidedly upscale market segment. There also was evidence, however, that appellants' jeans were selling at deep discount in cut-rate clothing outlets. Moreover, there was substantial evidence which indicated that appellee's jeans, although originally marketed as work pants, had achieved a certain elan among the fashion conscious. The evidence suggests that appellee's jeans have achieved fad popularity in all sectors of the jeans market. Finally, appellee produced affidavits stating that it was planning to enter the designer jeans market.

In short, the uncontested facts show that appellants' jeans exhibit a back pocket stitching pattern substantially similar to appellee's incontestable registered trademark back pocket stitching pattern. The record also makes plain that the stitching pattern is closely associated with appellee's jeans, and that appellants' use of the stitching pattern on arguably competing jeans at least presents the possibility that consumers will be confused as to the source of appellants' jeans or the relationship between appellants and appellee.

On September 30, 1985 the district court granted appellee's motion for summary judgment. The court held that, while appellants' labeling and trade dress prevented most possible consumer confusion as to source at the point of sale, appellants' use of a stitching pattern substantially similar to appellee's trademark stitching pattern was likely to cause confusion as to source when the jeans were observed in the post-sale context. The court also held that there was a likelihood that consumers mistakenly might assume that there was some sort of connection between appellee and appellants due to the similar stitching patterns. The court enjoined appellants from selling jeans bearing the similar stitching pattern.

With these facts in mind, we turn to the relevant law of trademark infringement and unfair

competition in our Court.

II.

Appellants' arguments, for the most part, focus only on the likelihood that consumers will buy appellants' jeans thinking they are appellee's jeans due to the similar stitching patterns. Appellants point to their labeling as conclusive proof that no such confusion is likely. We agree with the district court, however, that the two principle areas of confusion raised by appellants' use of appellee's stitching pattern are: (1) the likelihood that jeans consumers will be confused as to the relationship between appellants and appellee; and (2) the likelihood that consumers will be confused as to the source of appellants' jeans when the jeans are observed in the post-sale context. We hold that the Lanham Act, [15 U.S.C. §§ 1051-1127 \(1982\)](#), as interpreted by our Court, was meant to prevent such likely confusion.

As a threshold matter, in the past we have found it useful to decide how much protection a particular trademark is to be given by first determining what type of trademark is at issue. In [Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 \(2nd Cir. 1976\)](#), Judge Friendly set forth what has become the governing law of trademark classification:

"Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful."

Superimposed on this framework is the rule that registered trademarks are presumed to be distinctive and should be afforded the utmost protection. [Vibrant Sales, Inc. v. New Body Boutique, Inc., 652 F.2d 299, 304 \(2nd Cir. 1981\)](#); [McGregor-Doniger, Inc. v. Drizzle, Inc., 599 F.2d 1126, 1132 \(2nd Cir. 1979\)](#).

It is clear under this framework that appellee's back pocket stitching pattern deserves the highest degree of protection. First, the mark is registered and incontestable. This, of course, entitles the mark to significant protection. Second, the mark, being a fanciful pattern of interconnected arcs, is within Judge Friendly's fourth category and is entitled to the most protection the Lanham Act can provide. In deciding the likelihood of confusion issues, therefore, appellee's mark is entitled to a liberal application of the law.

Turning to the principal issues under the Lanham Act, in either a claim of trademark infringement under § 32 or a claim of unfair competition under § 43, a prima facie case is made out by showing the use of one's trademark by another in a way that is likely to confuse consumers as to the source of the product In deciding the issue of likelihood of confusion in the instant case, the district court relied on the multifactor balancing test set forth by Judge Friendly in [Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492, 495 \(2nd Cir.\)](#), cert. denied, [368 U.S. 820, 82 S. Ct. 36, 7 L. Ed. 2d 25, 131 U.S.P.Q. \(BNA\) 499 \(1961\)](#). We agree wholeheartedly that Judge Friendly characteristically has provided the controlling law. . . . The Polaroid factors serve as a useful guide through a difficult quagmire. Each case, however, presents its own peculiar circumstances. In the instant case it also is critical first to determine just what type of actionable confusion as to source is

presented. Appellants place great reliance on their labeling as a means of preventing any confusion. While such labeling may prevent appellants' use of appellee's stitching pattern from confusing consumers at the point of sale into believing that appellee manufactured and marketed appellants' jeans, the labeling does nothing to alleviate other forms of likely confusion that are equally actionable.

First, a distinct possibility raised by appellants' use of appellee's immediately identifiable stitching pattern is that consumers will be confused into believing that appellee either somehow is associated with appellants or has consented to appellants' use of its trademark. In [Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.](#), 604 F.2d 200, 205 (2nd Cir. 1979), we held that "the public's belief that the mark's owner sponsored or otherwise approved of the use of the trademark satisfies the confusion requirement." Likewise, in [Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons](#), 523 F.2d 1331, 1342 (2nd Cir. 1975), we held that "the harm to [the trademark owner], rather, is the likelihood that a consumer, hearing the [similar sounding] name and thinking it had some connection with [the trademark owner] would consider [the product] on that basis. The [similar sounding] name therefore would attract potential customers based on the reputation built up by [the trademark owner] in this country for many years." In *Steinway*, we held that the Lanham Act was designed to prevent a competitor from such a boot-strapping of a trademark owner's goodwill by the use of a substantially similar mark. *Id.*; see also [Dallas Cowboys Cheerleaders, supra](#), 604 F.2d at 205, quoting [James Burrough Ltd. v. Sign of the Beefeater, Inc.](#), 540 F.2d 266, 274 (7th Cir. 1976) ("the trademark laws are designed not only to prevent consumer confusion but also to protect 'the synonymous right of a trademark owner to control his product's reputation.'"). Therefore, the Polaroid factors must be applied in the instant case with an eye to how they bear on the likelihood that appellants' use of appellee's trademark stitching pattern will confuse consumers into thinking that appellee is somehow associated with appellants or has consented to their use of the stitching pattern regardless of labeling.

Second, it is equally clear that post-sale confusion as to source is actionable under the Lanham Act. In [Steinway, supra](#), 523 F.2d at 1342, we stated that "we decline to hold, however, that actual or potential confusion at the time of purchase necessarily must be demonstrated to establish trademark infringement" (emphasis in original). While *Steinway* dealt with pre-purchase confusion, in [Syntex Laboratories, Inc. v. Norwich Pharmacal Co.](#), 437 F.2d 566 (2nd Cir. 1971), we held that the 1962 amendment to § 32 made clear that post-sale confusion was actionable. *Id.* at 568. In the instant case, this post-sale confusion would involve consumers seeing appellant's jeans outside of the retail store, perhaps being worn by a passer-by. The confusion the Act seeks to prevent in this context is that a consumer seeing the familiar stitching pattern will associate the jeans with appellee and that association will influence his buying decisions. [Steinway, supra](#), 523 F.2d at 1342. Clearly, in this post-sale context appellants' labels, most of which having been long since discarded, will be of no help.

* * *

Turning to an application of the Polaroid test , . .

The first factor -- the strength of the mark -- weighs heavily in appellee's favor. We have defined the strength of a mark as "its tendency to identify the goods sold under the mark as emanating from a particular source". [McGregor-Doniger, supra, 599 F.2d at 1131](#). As discussed above, appellee's back pocket stitching pattern is a fanciful registered trademark with a very strong secondary meaning. Virtually all jeans consumers associate the stitching pattern with appellee's products. We agree with the [**20] district court that the evidence indicates as a matter of law that appellee's stitching pattern is a very strong mark. This factor is crucial to the likelihood of confusion analysis since appellee's intimate association with the trademark makes it much more likely that consumers will assume wrongly that appellee is somehow associated with appellants' jeans or has authorized the use of its mark, or, in the post-sale context, that appellee has manufactured the jeans.

The second factor -- the degree of similarity of the marks -- also weighs in favor of appellee. As the district court correctly observed, the two stitching patterns are "essentially identical." Both patterns consist of two intersecting arcs placed in the exact same position on the back pockets of the jeans. The only difference -- the fact that appellants' arcs extend 3/4 inch further down the pocket at their intersection -- is imperceptible at any significant distance. In light of the fact that the stitching pattern is in no way dictated by function and an infinite number of patterns are possible, the similarity of the two patterns is striking. When this striking similarity is factored into the likelihood of confusion analysis, its great importance becomes clear. In view of the trademark's strength, this nearly identical reproduction of the stitching pattern no doubt is likely to cause consumers to believe that appellee somehow is associated with appellants or at least has consented to the use of its trademark. In the post-sale context, this striking similarity no doubt will cause consumers to transfer the goodwill they feel for appellee to appellants, at least initially. This misuse of goodwill is at the heart of unfair competition. Appellants' reliance on the effect of their labeling with respect to this factor underscores their misguided focus on only the most obvious form of consumer confusion. Appellants' labeling in no way dispels the likelihood that consumers will conclude that appellants' jeans are somehow connected to appellee by virtue of the nearly identical stitching patterns. See [Steinway, supra, 523 F.2d at 1342](#).

The third factor -- the proximity of the products -- also weighs in favor of appellee. Both products are jeans. Although appellants argue that their jeans are designer jeans and are sold to a different market segment than appellee's jeans, there is significant evidence in the record of an overlap of market segments. Moreover, even if the two jeans are in different segments of the jeans market, such a finding would not switch this factor to appellants' side of the scale. We are trying to determine if it is likely that consumers mistakenly will assume either that appellants' jeans somehow are associated with appellee or are made by appellee. The fact that appellants' jeans arguably are in a different market segment makes this type of confusion more likely. Certainly a consumer observing appellee's striking stitching pattern on appellants' designer jeans might assume that appellee had chosen to enter that market segment using a subsidiary corporation, or that appellee had allowed appellants' designers to use appellee's trademark as a means of reaping some profits from the designer jeans fad without a full commitment to that market segment. Likewise, in the post-sale context a consumer seeing appellants' jeans on a passer-by might think that the jeans were appellee's

long-awaited entry into the designer jeans market segment. Motivated by this mistaken notion -- appellee's goodwill -- the consumer might then buy appellants' jeans even after discovering his error. After all, the way the jeans look is a primary consideration to most designer jeans buyers. As Judge Learned Hand wrote almost sixty years ago, "unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful." [Yale Electric Corp. v. Robertson, 26 F.2d 972, 974 \(2nd Cir. 1928\)](#). Appellants' use of appellee's stitching pattern is anything but foreign.

The fourth factor -- bridging the gap -- is closely related to the proximity of the products and does not aid appellants' case. Under this factor, if the owner of a trademark can show that it intends to enter the market of the alleged infringer, that showing helps to establish a future likelihood of confusion as to source. We have held that the trademark laws are designed in part to protect "the senior user's interest in being able to enter a related field at some future time". [Scarves By Vera, Inc. v. Todo Imports Ltd., 544 F.2d 1167, 1172 \(2nd Cir. 1976\)](#). . .

The fifth factor -- actual confusion -- while not helping appellee, does not really hurt its case. Appellee's only evidence of actual confusion was a consumer survey which the district court discounted due to methodological defects in simulating the post-sale environment. Of course, it is black letter law that actual confusion need not be shown to prevail under the Lanham Act, since actual confusion is very difficult to prove and the Act requires only a likelihood of confusion as to source. E.g., [W. E. Bassett Co. v. Revlon, Inc., 435 F.2d 656, 662 \(2nd Cir. 1970\)](#). While the complete absence of actual confusion evidence after a significant period of competition may weigh in a defendant's favor, [McGregor-Doniger, supra, 599 F.2d at 1136](#), such an inference is unjustified in the instant case in view of the survey evidence, even with its methodological defects. . . .

The sixth factor -- the junior user's good faith in adopting the mark -- weighs in favor of appellants. The evidence before the district court, when viewed in a light favorable to appellants, indicates that appellants happened on the stitching pattern serendipitously. It must be remembered, however, that intentional copying is not a requirement under the Lanham Act. Also, intent is largely irrelevant in determining if consumers likely will be confused as to source. The history of advertising suggests that consumer reactions usually are unrelated to manufacturer intentions.

The seventh factor -- the quality of the respective goods -- does add some weight to appellants' position. Appellee has conceded that appellants' jeans are not of an inferior quality, arguably reducing appellee's interest in protecting its reputation from debasement. See [Dallas Cowboys Cheerleaders, supra, 604 F.2d at 205](#). It must be noted, however, that under the circumstances of this case the good quality of appellants' product actually may increase the likelihood of confusion as to source. Particularly in the post-sale context, consumers easily could assume that quality jeans bearing what is perceived as appellee's trademark stitching pattern to be a Levi's product. The fact that appellants have produced a quality copy suggests that the possibility of their profiting from appellee's goodwill is still likely.

The eighth and final factor -- the sophistication of relevant buyers -- does not, under the circumstances of this case, favor appellants. The district court found, and the parties do not dispute, that the typical buyer of "designer" jeans is sophisticated with respect to jeans buying. Appellants argue that this sophistication prevents these consumers from becoming confused by nearly identical back pocket stitching patterns. On the contrary, we believe that it is a sophisticated jeans consumer who is most likely to assume that the presence of appellee's trademark stitching pattern on appellants' jeans indicates some sort of association between the two manufacturers. Presumably it is these sophisticated jeans buyers who pay the most attention to back pocket stitching patterns and their "meanings". Cf. [Steinway, supra, 523 F.2d at 1341-42](#) (buyers of quality pianos, being sophisticated, are more likely mistakenly to associate piano manufacturers using similar trade names). Likewise, in the post-sale context, the sophisticated buyer is more likely to be affected by the sight of appellee's stitching pattern on appellants' jeans and, consequently, to transfer goodwill. . . .

Our review of the district court's application of the Polaroid factors convinces us that the court correctly concluded that consumers are likely to mistakenly associate appellants' jeans with appellee or will confuse the source of appellants' jeans when the jeans are observed in the post-sale context. This result is eminently reasonable in view of the undisputed evidence of the use by one jeans manufacturer of the trademark back pocket stitching pattern of another jeans manufacturer, coupled with the fact that the trademark stitching pattern is instantly associated with its owner and is important to consumers. There is simply too great a risk that appellants will profit from appellee's hard-earned goodwill to permit the use.

III.

The only remaining issue raised on appeal is whether summary judgment in favor of appellee was appropriate. Appellants argue that the court impermissibly resolved disputed fact questions in its likelihood of confusion analysis. While we agree that most trademark cases revolve around the fact question of likelihood of confusion as to source, as indicated above we find no dispute as to the material facts concerning the controlling likelihood of confusion issues. As the Supreme Court recently reminded us, "only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." [Liberty Lobby, supra, 54 U.S.L.W. at 4757](#). Appellee has produced overwhelming evidence and appellants have offered no proof to dispute the fact that appellee's stitching pattern is a strong, distinctive trademark with a profound secondary meaning. There are no genuine material issues of fact as to the proximity of the products, appellants' good faith, actual confusion, or the sophistication of typical buyers. The only issue the parties dispute is the application of these facts to the Polaroid test and likelihood of confusion analysis. This is a legal issue which was appropriate for the district court to resolve on summary judgment. When the issue of likelihood of confusion is viewed from the proper prospective, it is clear as a matter of law that appellee was entitled to an injunction barring the continued sale of appellants' infringing jeans.

MINER, Circuit Judge, dissenting [with respect to appropriateness of summary judgment].

MIT OpenCourseWare
<http://ocw.mit.edu>

15.628J / 6.903J Patents, Copyrights, and the Law of Intellectual Property
Spring 2013

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.