

UGG, Is it Finally Over?

May 25, 2021 – The TMCA

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A long-running battle between Deckers Outdoor Corp., the makers of UGG boots, and Australian Leather PTY Ltd. may finally be over after a May 7 ruling by the United States Court of Appeals for the Federal Circuit. The battle began in 2016 in the Northern District of Illinois when Deckers sued Australian Leather for trademark infringement based on its sale of boots in the U.S. bearing Deckers' UGG trademark that looked quite similar to Deckers' UGG boots.

Australian Leather makes sheepskin boots in Australia that contain "ugg" in the name, which in Australia is a generic term for sheepskin. In the U.S., however, Deckers owns the trademark for UGG in connection with its popular sheepskin boots. When Australian Leather began selling its ugg boots in the U.S.—and it only sold **twelve** pairs—Deckers filed suit, seeking both an injunction and damages. In response, Australian Leather filed several counterclaims and claimed that ugg was not worthy of trademark protection in the U.S. because it was generic.

The parties battled over the generic issue (as well as others) in cross-motions for summary judgment filed in 2018. Australian Leather argued that ugg was a generic term in Australia and should be treated as one in the U.S., relying in large part on the "foreign

equivalents” doctrine to support its argument. Under the foreign equivalents doctrine, “one cannot obtain a trademark over a foreign generic word if the trademark designation ‘would prevent competitors from designating a product as what it is in the foreign language their customers know best.’” *Deckers Outdoor Corp. v. Australian Leather Pty. Ltd.*, 340 F. Supp. 3d 706, 709 (N.D. Ill. 2018) (quoting *Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266, 271 (2d Cir. 1999)).

In its summary judgment opinion, the district court rejected Australian Leather’s genericness defense, including its application of the foreign equivalents doctrine. Relying on expert testimony and survey results from Deckers, the court found that ugg was not generic in the U.S., even if it was in Australia. In particular, based on the fact that 98% of consumers interviewed in Deckers’ survey thought ugg was a brand, the court concluded that “no reasonable factfinder could conclude that ugg is or ever was a generic word for sheepskin boots in the U.S.” The court also declined to apply the foreign equivalents doctrine, finding that it was not a good fit where, as here, it involves a translation from “English to English”. In its summary judgment opinion, the court also rejected several other defenses lodged by Australian Leather, and set the parties on a course for trial.

After a four-day jury trial, the jury found that Australian Leather willfully infringed Deckers’ UGG trademark based on its sale in the U.S. of similar boots containing the ugg name and awarded Deckers \$450,000 in damages. After receiving the verdict, and a bench trial on separate issues, Australian Leather appealed to the Federal Circuit. Two of the three issues in Australian Leather’s appeal concerned genericness issues, including the application of the foreign equivalents doctrine: “[w]hether the District Court erred when it held that the trademark doctrine of foreign equivalents did not apply to generic words in a foreign country where the primary language is English.”

The Federal Circuit heard oral argument on Australian Leather’s appeal on May 5, 2021 and denied it in a short order two days later, on May 7, 2021, without supplying any reasoning. While we do not know whether Australian Leather will file a *cert* petition with the Supreme Court, we’ll be watching and let you know if and when it does. For now, at least, the battle seems to have ended.