

“Zone of Expansion”: A Lesson in Federal Trademark Protection For Unlawful Products?

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Now we wait. The final brief was submitted this past week in connection with an interlocutory appeal to the Second Circuit of the district court’s denial of a preliminary injunction over use of the WOODSTOCK mark. Potentially at issue in the appeal is whether Plaintiffs or Defendants, or neither, has the superior right to use the WOODSTOCK mark in connection with the sale of cannabis and cannabis-related products.

Plaintiffs sued Defendants claiming that Defendants engaged in trademark infringement by selling recreational marijuana under the WOODSTOCK trademark. After filing suit, Plaintiffs entered into a licensing agreement with MM Enterprises, Inc. (“MedMen”)—one

of the nation's largest cannabis retailers—under which Plaintiffs granted MedMen certain rights to use the WOODSTOCK mark in connection with the sale of cannabis and cannabis-related products. Defendants then moved for a preliminary injunction seeking to enjoin Plaintiffs from using or licensing the WOODSTOCK marks in connection with the sale of cannabis and cannabis-related products.

Plaintiffs—the producers of the 1969 Woodstock music festival—have used the WOODSTOCK mark in association with concerts, motion pictures, television programs and merchandise. Plaintiffs own a variety of federally registered trademarks for the mark WOODSTOCK, which concern entertainment services, clothing, and other merchandise, such as posters. Plaintiffs claim that recreational marijuana falls within their “natural zone of expansion” and, as a result, Defendants are prohibited from using the mark in association with recreational marijuana.

Defendants contend they have “used the WOODSTOCK mark for more than thirty-five years for a variety of goods and services.” Defendants further contend they sought and obtained “federal registration of the WOODSTOCK mark for smokers’ articles and related goods and services,” including tobacco-free electronic cigarettes for medical purposes, vaporizer pipes, and cigarette rolling papers. Defendants claim that “cannabis and cannabis-related products are within a logical zone of expansion for Defendants as to Defendants’ WOODSTOCK marks and registration for smokers’ articles,” and as a result seek to enjoin the MedMen license.

After a three day evidentiary hearing, the district court denied Defendants’ request for a preliminary injunction, concluding Defendants failed to establish likelihood of success on the merits because, after analyzing each of the *Polaroid* factors, Defendants had not demonstrated a likelihood of confusion between smokers’ articles bearing Defendants’ WOODSTOCK marks and the use of the WOODSTOCK mark on adult-use marijuana and marijuana vaping devices. Specifically, the court concluded the similarity of the marks, the proximity in the marketplace, the bridging the gap and the bad faith *Polaroid* factors all weighed against granting a preliminary injunction for Defendants, and that there was no evidence offered regarding the actual confusion, the quality of products or the consumer sophistication *Polaroid* factors. The court did conclude that the strength of the mark weighed “only modestly” in Defendants’ favor because while the mark was conceptually strong it was commercially weak, but this was the only factor the court concluded weighed in Defendants’ favor. In short, only one of the eight *Polaroid* factors weighed slightly in Defendants’ favor, and the remaining seven factors either weighed against Defendants or were not considered because there was no evidence presented for it.

The appeal here is interesting because of the arguments and implications surrounding the fourth *Polaroid* factor—bridging the gap—which describes the senior user’s interest in preserving avenues of expansion and entering into related fields. Here, both parties claim to be the senior user, and both claim that using the WOODSTOCK marks in connection with the sale of marijuana and marijuana-related products fits within their respective “zone[s] of natural [or logical] expansion.” But the district court concluded it

could not consider Defendants' alleged intent to expand into the area of selling recreational marijuana because the sale of recreational marijuana is illegal under federal law.

The outcome of the “bridging the gap” *Polaroid* factor was not determinative at the district court level because of the other *Polaroid* factors, and likely will not be determinative on appeal. But what if the evidence for all of the other *Polaroid* factors—except bridging the gap—had established a high likelihood of consumer confusion here? Boiled to its essence, and despite creative arguments to the contrary, it appears both Plaintiffs and Defendants seek federal trademark protection so each can use (and prevent the other from using) the WOODSTOCK mark in connection with the sale of marijuana, which is a federally illegal product. While the Second Circuit will almost certainly follow the same approach the district court did in examining each of the *Polaroid* factors, it could theoretically simplify the issue by concluding that because the logical “zone of expansion” for which each party seeks federal trademark protection involves a product or service that is federally illegal, the courts will not get involved. The briefs are in, so we shall see.