

United States Court of Appeals For the First Circuit

Nos. 07-2078
07-2246

BOSTON DUCK TOURS, LP,
Plaintiff-Appellee, Cross-Appellant,

v.

SUPER DUCK TOURS, LLC,
Defendant-Appellant, Cross-Appellee.

APPEALS FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

[Hon. Nathaniel M. Gorton, U.S. District Judge]

Before

Lipez and Howard, Circuit Judges,
and DiClerico, Jr., Senior District Judge.*

Robert R. Pierce, with whom Christopher D. Engebretson and
Pierce & Mandell, P.C. were on brief, for plaintiff, appellee.

Victor H. Polk, Jr., with whom Ralph C. Martin, II, Joshua M. Dalton,
Lawrence T. Stanley, Jr., and Bingham McCutchen LLP, were
on brief for defendant, appellant.

June 18, 2008

* Of the District of New Hampshire, sitting by designation.

LIPEZ, Circuit Judge. In this trademark infringement dispute, defendant-appellant Super Duck Tours ("Super Duck") appeals a preliminary injunction granted in favor of plaintiff-appellee Boston Duck Tours ("Boston Duck"). Asserting that the phrase "duck tour" and the image of a duck splashing in water are generic, and therefore that there is no likelihood of confusion between Boston Duck's marks and Super Duck's marks, appellant requests that we dissolve the injunction requiring the alteration of its trade name and logo. Appellee has also cross-appealed the order of the district court, arguing that the court committed clear error by not enjoining Super Duck from using the term "duck" in its trade name.

After carefully reviewing the record in this dispute, we conclude that the district court committed clear error by finding the phrase "duck tour" nongeneric, and thereby according it too much weight in its likelihood of confusion analysis. Consequently, the court erred in issuing a preliminary injunction, which prevented Super Duck from using the phrase "duck tour" in its own trade name. The district court also clearly erred in finding a likelihood of confusion between Super Duck's and Boston Duck's design marks. Therefore, the court also should not have issued an injunction preventing Super Duck from using its design mark. We dismiss Boston Duck's cross-appeal as moot given our resolution of the other issues.

I.

A. Duck Tours

We recite the background facts here, adding additional information throughout the analysis where appropriate. 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 idea to market such tours to the public was hatched by Melvin Flath shortly after World War II. He purchased DUKWs (pronounced "ducks"), amphibious army vehicles used in the war to function as both trucks and boats, and fitted them with bus seats. His company, based in Wisconsin Dells, Wisconsin, became the first purveyor of such tours in the country.

Recently, these 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 names as a way of describing their services. They also use various logos featuring a cartoon duck and water to advertise and represent their businesses.

B. The Parties

Since 1994, Boston Duck has offered sightseeing tours of the Boston area and Charles River, largely with genuine renovated DUKWs from World War II. Andy Wilson, the founder of Boston Duck, started the company after a visit to Memphis, Tennessee in 1992,

where he experienced his first tour. The vehicles, which are painted with a rainbow of colors and marked with the Boston Duck logo,¹ take customers to a number of Boston landmarks, including Charles Street, the State House, the North End, Quincy Market, and Newbury Street. Boston Duck has received national and international press coverage as well as numerous awards for its tours. The tours were featured in the World Series Parade after the Boston Red Sox won the World Series in 2004 and after the Patriots' 2002, 2004, and 2005 Super Bowl wins. In 2006 alone, over 585,000 customers enjoyed a tour operated by Boston Duck.

Begun in 2001, Super Duck is also in the business of providing sightseeing tours by land and water. Rather than using renovated DUKWs, Super Duck uses custom-made amphibious vehicles called Hydra-Terras containing several features that make the vessels virtually unsinkable. Because of the Hydra-Terras' features, which make them "larger and more modern" than the original DUKW vehicles, Super Duck decided to adopt the trade name SUPER DUCK TOURS in 2001. The name and the company's super-hero theme seek to portray services that are "bigger and newer"; the company essentially combined the word "super" with the description of the service offered, "duck tours." The "super" theme was also reflected in the company's advertisements and website, which

¹ See Appendix for an image of the logo. A detailed description of the logo is provided in Section V, infra.

contain a parody of Superman ("It's a bus. It's a boat. It's a Super Duck!") as well as its logo, which consists of a white cartoon duck with an orange bill, muscular arms, and a cape.

Super Duck opened its business in Portland, Maine in 2001 and operated exclusively there until 2003, when the company ceased its operations in Maine and, seeking a larger New England market, started planning operations in Boston. Unable to obtain the necessary approvals and Hackney licenses to begin operations on its own, Super Duck purchased New England Tours in 2006 and thereafter obtained the necessary permits and licenses to conduct its tours. In late 2006 and 2007, Super Duck took steps to begin its Boston operation, including launching its website, advertising its services in local publications, and making substantial capital and resource investments in its operations. In May 2007, Super Duck entered into an agreement with Discover Boston, an independent company that offers trolley tours, whereby Discover Boston agreed to sell tickets for Super Duck tours in exchange for a sales commission. Super Duck introduced its tour operations the same month; the tours avoid the Back Bay area, a focus of Boston Duck's tours, instead concentrating on the Boston waterfront area.

C. The Trademarks

Boston Duck owns several state and federal trademark registrations for the composite² word mark BOSTON DUCK TOURS and a composite design mark consisting of the company's name and logo in connection with its sightseeing tour services. For both of these marks, Boston Duck's federal registrations on the Principal Register³ are subject to disclaimers for the terms "duck" and "tours," meaning that it does not possess exclusive rights to use either term separate and apart from its full, registered mark. See, e.g., Dena Corp. v. Belvedere Int'l, Inc., 950 F.2d 1555, 1560 (Fed. Cir. 1991). Boston Duck also owns two federal trademark registrations, one for the composite word mark BOSTON DUCK TOURS and the second for its composite design mark, in connection with "clothing, namely, sweatshirts, T-shirts, golf shirts, sweaters, visors, and hats."⁴ Boston Duck claims a first-use date of 1993

² A "composite mark" is a mark that consists of several separate elements. If a mark contains components that "are so merged together that they cannot be regarded as separate elements . . . , the mark is a single unitary mark." 4 Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 19:66 (4th ed. 2008).

³ There are a number of procedural and substantive legal benefits that come with registration of a mark on the Principal Register. See 3 McCarthy, supra, § 19:9. For example, "registration on the Principal Register is prima facie evidence of the validity of the registered mark, of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark." Id.

⁴ In connection with its applications for apparel, Boston Duck was required to disclaim the term "Boston," but not "duck" or

for three of its four registrations; the fourth, the word mark in connection with apparel, claims a first-use date of 1995. Super Duck does not dispute that Boston Duck maintains trademark priority rights in the Boston area with respect to its composite marks.

Super Duck maintains one federal registration for the word mark SUPER DUCK TOURS on the Supplemental Register,⁵ in connection with its tour services. Super Duck filed for the mark in 2001 on the Principal Register, but its application was rejected by the United States Patent and Trademark Office (the "PTO"), which ruled that the phrase was merely descriptive, and therefore not entitled to protection unless Super Duck could establish secondary meaning. As a result, Super Duck agreed to register the mark on the Supplemental Register, and further, to disclaim exclusive use of the phrase "duck tours." The mark has been registered since July 2003, and Super Duck claims a first-use date of 2001.

D. Procedural History

On July 2, 2007, Boston Duck filed a complaint against Super Duck Tours, alleging federal trademark infringement in violation of Section 32(1) of the Lanham Act, codified at 15 U.S.C.

"tours."

⁵ A mark may be registered on the Supplemental Register if it is inherently non-distinctive (such as a descriptive phrase), and is "capable of achieving trademark status through the acquisition of secondary meaning and distinctiveness." 2 McCarthy, *supra*, § 12:1. A generic term cannot be registered on either the Principal or Supplemental Registers. *Id.*

§ 1114, federal and state unfair competition, tortious interference with prospective business relationships, and a flock of other state and federal claims. In connection with these claims, Boston Duck asked the court for a temporary restraining order and preliminary injunction to prevent Super Duck from using its trademark or logo, or any other mark confusingly similar to Boston Duck's mark BOSTON DUCK TOURS, in connection with its services. Further, it sought to enjoin Super Duck from interfering with Boston Duck's relations with prospective customers.

After receiving affidavits and exhibits from both parties, the district court held a non-testimonial hearing on the motion for a preliminary injunction on July 11. Two days later, the court entered its judgment, granting Boston Duck's motion in part and denying it in part. Specifically, the court found the term "duck tours" to be nongeneric for amphibious sightseeing tours in the Boston area, and therefore capable of trademark protection. The court used the eight-part likelihood of confusion test established in Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 487 (1st Cir. 1981) (the "Pignons factors" or "Pignons analysis"),⁶ and concluded that Boston Duck had

⁶ In Pignons, the court stated that when determining whether a likelihood of confusion exists, a court should examine the following factors: "the similarity of the marks; the similarity of the goods; the relationship between the parties' channels of trade; the relationship between the parties' advertising; the classes of prospective purchasers; evidence of actual confusion; the defendant's intent in adopting its mark; and the strength of the

established a likelihood of success on the merits of its trademark infringement claim. Accordingly, the court enjoined Super Duck from "using the term 'duck tours' or a cartoon duck as a trademark . . . in association with its sightseeing tour service in the greater Boston area." Further, it enjoined Super Duck from using the term "duck" in a two-word or three-word trademark in conjunction with either "Boston" or "tours."

The court denied Boston Duck's preliminary injunction request on the tortious interference claim, finding that the tortious conduct alleged by Boston Duck was in fact committed by Discover Boston, an independent agency unrelated to Super Duck. Finally, pursuant to Fed. R. Civ. P. 65(c), the court required Boston Duck to post a bond in the amount of \$100,000 as security for any costs and damages that may be incurred or suffered by Super Duck should it be determined that the injunction was improvidently granted.

Both Boston Duck and Super Duck challenge on appeal aspects of the district court's judgment. Super Duck challenges the district court's preliminary injunction, arguing that the court erred by not holding that the phrase "duck tours" and the image of a cartoon duck are generic for the services both companies provide. Super Duck further claims that because of this error, the court gave undue weight to the term "duck tours" and the image of a

plaintiff's mark." 657 F.2d at 487.

cartoon duck when comparing the parties' respective marks, and thereby improperly found a likelihood of confusion between the marks BOSTON DUCK TOURS and SUPER DUCK TOURS as well as the parties' design marks. Boston Duck cross-appeals, arguing that the district court erred by not enjoining Super Duck from using the word "duck" or "ducks" in any part of its trademark in conjunction with its services.

II.

When deciding a motion for a preliminary injunction, a district court weighs several factors: "(1) the plaintiff's likelihood of success on the merits; (2) the potential for irreparable harm in the absence of an injunction; (3) whether issuing an injunction will burden the defendants less than denying an injunction would burden the plaintiffs; and (4) the effect, if any, on the public interest." United States v. Weikert, 504 F.3d 1, 5 (1st Cir. 2007). The first factor, the plaintiff's likelihood of success, is "the touchstone of the preliminary injunction inquiry." Philip Morris, Inc. v. Harshbarger, 159 F.3d 670, 674 (1st Cir. 1998). "[I]f the moving party cannot demonstrate that he is likely to succeed in his quest, the remaining factors become matters of idle curiosity." New Comm Wireless Servs., Inc. v. SprintCom, Inc., 287 F.3d 1, 9 (1st Cir. 2002).

On appeal, we review the grant of a preliminary injunction for abuse of discretion. Weikert, 504 F.3d at 6.

Within that framework, findings of fact are reviewed for clear error and issues of law are reviewed de novo. Wine and Spirits Retailers, Inc. v. Rhode Island, 418 F.3d 36, 46 (1st Cir. 2005). "[W]e will set aside a district court's ruling on a preliminary injunction motion only if the court clearly erred in assessing the facts, misapprehended the applicable legal principles, or otherwise is shown to have abused its discretion." Id.

III.

Before addressing the specific arguments raised on appeal, we set forth as essential background some basic principles of trademark law related to the use of generic terms as marks. Even though Super Duck has acknowledged that the mark BOSTON DUCK TOURS is entitled to trademark protection, thereby conceding the first element of Boston Duck's trademark infringement claim, see Borinquen Biscuit Corp. v. M.V. Trading Corp., 443 F.3d 112, 116 (1st Cir. 2006), we discuss these background trademark principles because they inform our genericism analysis of the phrase "duck tours."

Although trademarks are not explicitly authorized by the United States Constitution,⁷ our federal legal system offers

⁷ By contrast, the Constitution gives Congress the express authority to establish laws governing patents and copyrights. U.S. Const. art. I, § 8; see also 13B Charles Alan Wright, Arthur R. Miller & Edward H. Cooper, Federal Practice and Procedure § 3582 (2d ed. 1984) ("The Constitution gives the Congress express power to enact patent and copyright laws, while the Congress must rely on its general power to regulate interstate and foreign commerce in

statutory protection for entities that adopt and use trademarks to advertise and market their goods and services.⁸ See generally 15 U.S.C. §§ 1051-1129 (the Lanham Act). This protection is justified by the substantial benefits that trademarks offer for both consumers and businesses. Serving to distinguish and identify goods, as well as their sources, trademarks concisely impart information to consumers, reducing their search costs and allowing them to make decisions that more closely coincide with their preferences. See Ty Inc. v. Perryman, 306 F.3d 509, 510 (7th Cir. 2002) ("The consumer who knows at a glance whose brand he is being asked to buy knows whom to hold responsible if the brand disappoints and whose product to buy in the future if the brand pleases."). Because consumers rely heavily on trademarks when making choices, businesses also have an incentive to maintain product quality, lest they lose disappointed consumers. See id.

The considerable reliance on trademarks by consumers also creates an incentive for other competing, and typically less successful businesses, "to pass off their inferior brand as the successful brand by adopting a confusingly similar trademark, in effect appropriating the goodwill created by the producer of the

order to regulate trademarks." (footnote omitted)).

⁸ The term "trademark" is used throughout this opinion to include both trademarks and service marks. Trademarks serve to identify and distinguish goods; service marks perform the same function for services. In the context of this appeal, it is a distinction without a difference.

successful brand." Id. Trademark law is designed, in part, to prevent these "passing-off" practices and the consumer confusion that results from it. See id. Trademark infringement law is specifically targeted to address this concern.

To succeed on a claim of trademark infringement, a plaintiff must establish (1) that its mark is entitled to trademark protection, and (2) that the allegedly infringing use is likely to cause consumer confusion. Borinquen Biscuit, 443 F.3d at 116. We have interpreted "likely confusion" to mean "more than the theoretical possibility of confusion." Int'l Ass'n of Machinists and Aerospace Workers, AFL-CIO v. Winship Green Nursing Ctr., 103 F.3d 196, 200 (1st Cir. 1996). In other words, the allegedly infringing conduct must create "a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care." Id. at 201.

A mark is entitled to trademark protection if it is capable of functioning as a source-identifier of goods. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769 (1992). Trademark law categorizes proposed marks along a spectrum of distinctiveness,⁹ based on their capacity to serve such a source-identifying

⁹ "The term 'distinctive' is a key term of art in trademark law. . . . If a designation is not 'distinctive,' it is not a 'mark.' Without achieving distinctiveness, either inherently or through the acquisition of secondary meaning, a designation does not have the legal status of a 'trademark' or 'service mark.'" 2 McCarthy, supra, § 11:2.

function. A mark is classified as: (1) generic (least distinctive), (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful (most distinctive). Id. at 768 (citing Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976)). Marks classified as suggestive -- COPPERTONE for sun screen¹⁰ -- arbitrary -- APPLE for computers¹¹ -- or fanciful -- EXXON for petroleum products¹² -- are all considered inherently distinctive because they have the capacity to serve a source-identifying function upon first use. As the Fourth Circuit has recited:

The more distinctive the trade mark is, the greater its influence in stimulating sales, its hold on the memory of purchaser and the likelihood of associating similar designations on other goods with the same source. If the trade mark is a coined word, such as Kodak, it is more probable that all goods on which a similar designation is

¹⁰ "A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of goods." Equine Techs., Inc. v. Equitechnology, Inc., 68 F.3d 542, 544 (1st Cir. 1995) (quoting Blinded Veterans Ass'n v. Blinded Am. Veterans Found., 872 F.2d 1035, 1040 (D.C. Cir. 1989)); see 2 McCarthy, supra, § 11:62. The mark COPPERTONE is suggestive of suntan lotion because it hints at the nature of the connected product.

¹¹ "An arbitrary mark consists of a word or symbol that is in common usage in the language, but is arbitrarily applied to the goods or services in question in such a way that it is not descriptive or suggestive." 2 McCarthy, supra, § 11:4. The mark APPLE is arbitrary for computer-related items because its common definition is a fruit, which is unrelated to its use in connection with computers and other technological items.

¹² "A fanciful mark is a word that is coined for the express purpose of functioning as a trademark. It could also be any obscure or archaic term not familiar to buyers." 2 McCarthy, supra, § 11:4. The mark EXXON is fanciful because it was invented or designed solely to designate petroleum and other related goods. It has no other meaning.