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Intellectual Property, E-Commerce and Entertainment Law

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Selected Legal Info, News And Trends

February 2006

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## SOME TIMES IMITATION ISN'T THE SINCEREST FORM OF FLATTERY:

Can being too cute get you into legal trouble? That may be the question a small company in Temecula, CA named MILKDUDZ may be asking itself. MILKDUDZ makes clothing for nursing mothers. What started out as a fun idea for the name of her company and product line has raised the ire of the giant candy maker Hershey Co. - owner of the famous MILK DUDS candy line. In fact, Hershey Co. has filed a formal protest with the U.S. Patent & Trademark Office over the Temecula company's efforts to register MILKDUDZ as a trademark for its speciality clothing line.

Is MILKDUDZ just too darn cute and poaching on Hershey Co.'s legitimate rights or is Hershey Co. stepping over the line and being too aggressive?

The answer to that question isn't readily apparent. But what is clear is that these types of problems arise virtually every

day somewhere in the world. In other words, when is one company's trademark too close to another's and therefore illegal? After all, two trademarks and the products they are applied to don't have to be identical for the original trademark owner to have a legitimate legal claim against the second user. For example, a new company that starts selling photocopier paper under the name ZERAX isn't going to be able to get away with it by claiming that it doesn't sell photocopiers themselves and that it spells its name differently than XEROX does.

But what about MILKDUDZ for a line of maternity clothing vs. MILK DUDS for chocolate candies? Well, part of the problem for MILKDUDZ is that the Hershey Co. claims in its legal papers that it has been selling clothing with the MILK DUDS trademark on them since long before MILKDUDZ started out. That fact is going to complicate matters for MILKDUDZ and might make it more difficult to get its trademark registered. On the other hand, what if MILKDUDZ can show that its name is a lighthearted

parody of the MILK DUDS trademark - especially given the very specific nature of the clothing it produces - and therefore the public won't be confused and Hershey Co. won't be injured? Could that argument provide an out for MILKDUDZ?

A similar argument worked several years ago for a company called LARDASHE when it came out with a line of jeans and was taken to task by then-famous jeans-maker JORDACHE.

There is also another option for MILKDUDZ to consider: often-times defendants in intellectual property lawsuits settle their disputes by taking a license from the trademark (or copyright or patent) owner. That way the original trademark owner gets to show that it is policing its trademark and even gets to generate some revenue in the process. And at the same time the new company gets to keep moving forward without having to change its name. Whether or not MILKDUDZ and the Hershey Co. could agree on such a solution is yet to be seen. Stay tuned.

Another recent case also illustrates the tension that can arise between a famous trademark owner and a junior user who doesn't exactly copy a famous trademark but comes close. In a lawsuit filed against by world-famous coffee company Starbucks Inc. against a rival coffee shop named CHARBUCKS, Starbucks Inc. sued for trademark infringement, unfair competition and dilution. Surprisingly, a Judge in New York City ruled that there were enough differences between the two marks – and the way they were actually used – to avoid ordering CHARBUCKS to stop using that name. One of the reasons the decision was surprising was

because the Judge acknowledged that the owner of CHARBUCKS intended to take advantage of the similarities between CHARBUCKS and STARBUCKS. Despite that, the Judge determined that there wasn't enough evidence to support the legal conclusion that CHARBUCKS intended to mislead consumers into believing there was a connection between the two brands. This is an important factor because one of the unique aspects of trademark law is that the law isn't designed just to protect the interests of the trademark owner; it is also designed to protect the interests of consumers by making sure they aren't confused about the source of products or services.

In this case the court determined that there was little likelihood of consumer confusion because the packaging and logos used by the two companies are different. Examples: Starbucks' well-known logo is circular and contains a mermaid while the CHARBUCKS packaging states that it is a product of Black Bear Micro Roastery and the logo contains a picture of a man walking. Additionally, Starbucks did not present any evidence that Charbucks was advertised on radio or was sold anywhere beyond its own coffee shops or by mail order.

We predict that Starbucks Corp. will file an appeal. Why? Starbucks has too much to lose by opening a door that would possibly allow any competitor to combine a prefix that rhymes with "star" with "bucks".

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