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UGG Brand Sidesteps Genericness Claims

Deckers Outdoor Corp. v. Australian Leather Pty. Ltd., et al.

USDC, N.D. Ill., Sept. 13, 2018

For a brand owner, it is a pinnacle achievement to have a trademark so popular that it dominates the market and consumer awareness. As the owners of brands like KLEENEX, XEROX and BAND-AID may attest, however, there is also danger in a mark being so ubiquitously used in popular vernacular that its significance morphs from a product or business *name* to a product *type* or *category*. It is certain death for a trademark when the consuming public regards it as a generic term.

Deckers Outdoor Corporation was recently forced to defend the distinctive value of its popular brand UGG, perhaps most known for its cozy sheepskin boots. Deckers filed a lawsuit against Australian Leather Pty. Ltd. for trademark and patent infringement based on Australian Leather's sale of "ugg boots" to U.S. consumers. In response to the allegations, Australian Leather countered that "ugg" is a generic term for a *type* of sheepskin boot, and Deckers therefore cannot enforce its UGG trademark registrations or prevent third parties from advertising or selling sheepskin boots under the name "ugg."

A generic term is one that consumers in the relevant purchasing class use as a common or class name for a type of product. Terms that were once trademarks

that have since become generic include aspirin, escalator, flip phone and laundromat. Since a generic term is incapable of indicating source – because it does not signify any particular producer of goods or services – it cannot attain trademark status. In addition – and at issue in this case – under the doctrine of foreign equivalents, a foreign term that is generic in its native language cannot be a valid trademark in the United States.

In support of its genericness claims, Australian Leather supplied testimonial evidence that sheepskin boots were known as "ugg boots" in the U.S. and Australia, primarily in the surfing community. Surfers favored the cozy boots to keep their feet warm between catching waves. The co-founder of UGG Imports, Australian-born Brian Smith, acknowledged that the existing recognition of the term "ugg" among surfers was one of the reasons he started the sheepskin boot business. Capitalizing upon the recognition in the surf market, UGG Imports initially targeted U.S. surf and ski shops as early customers of UGG footwear. When Deckers acquired UGG Imports' successor company, UGG Holdings, in 1995, Deckers repositioned UGG as a luxury brand, marketed UGG products to mainstream consumers, and expanded the product line to include a broad range of footwear and apparel, as well as handbags, accessories and home goods.

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In determining whether a trademark is or has become generic, the primary consideration is the significance of the trademark to the relevant purchasing public. Australian Leather argued that the term “ugg” warranted generic status in the U.S. because American surfers and surf-shop owners understood the term to refer to sheepskin boots in general. The Illinois district court did not agree that the relevant purchasing public should be tailored so narrowly, however. Because sheepskin boots “are not a specialized technology that appeals only to some limited consumer base,” and anyone can purchase boots, the court analyzed Australian Leather’s genericness claims with respect to American footwear purchasers generally, including non-surfer consumers.

Ultimately, the court held that the evidence of record did not support a conclusion that the term ugg “is or ever was” a generic word for sheepskin boots in the U.S. While the court acknowledged that Australian Leather supplied some testimonial evidence indicating that some shop owners were familiar with the term “ugg” and used it generically, the court found Deckers’ survey evidence and expert testimony to be more persuasive. Deckers submitted evidence of a nationwide survey showing 98 percent of respondents viewed UGG as a brand. Deckers also submitted evidence from a linguistics professor, a footwear historian and a comprehensive footwear dictionary, all of which supported its position that “ugg” is not (nor ever was) used generically in the footwear context.

According to the court, Australian Leather’s reliance on the doctrine of foreign equivalents was also misplaced. Noting that the doctrine of foreign equivalents is generally used to analyze non-English terms used in the American marketplace, and not English-to-English comparisons, the court found that generic usage in Australia is not dispositive of generic meaning in the U.S. The U.S. District Court for the Central District of California made a similar finding in its 2005 decision of *UGG Holdings, Inc. v. Severn*, in which the defendant likewise claimed “ugg” was

generic in the U.S. because of its generic treatment in Australia. In that case, the court firmly stated that “the [foreign equivalents] doctrine is inapplicable where the term at issue is not a word from a foreign language, but instead comes from another English speaking nation, such as Australia.”

Ultimately, the Illinois district court held that Australian Leather did not present compelling evidence that American footwear consumers understand “ugg” to have a generic meaning.

**“With great power comes great responsibility.”
— Voltaire (or Spiderman). Here are some tips as to how you can protect your brand from a genericness attack:**

- **Do Your Research.** What sounds like an exotic term to an English-speaking audience may have a generic meaning in a foreign language. Research foreign translations as part of the trademark clearance process to avoid a genericness issue under the foreign equivalents doctrine.
- **Leverage Your Fan Base.** Your customers are already fans of your brand. Why not recruit them to help protect its value? Publish catchy and easy-to-read brand usage guidelines so consumers can easily understand how to properly reference your marks and teach others the same. Engage consumers through promotions or social media campaigns that reinforce preferred branding.
- **Advertise to Your Advantage.** Train your consumers about the proper way to reference your brand through advertising. For example, Johnson & Johnson employs a catchy jingle: “I am stuck on Band-Aid **brand** cause Band-Aid’s stuck on me.” The placement of “brand” immediately following Band-Aid conveys that Band-Aid is the product name or source of the adhesive bandages rather than the type of product. Consistently use your trademark in connection with the generic name for your product – for example, CHEERIOS cereal; LEVI’S jeans; and ZIPLOC storage bags.

- **Make It Pop.** Help consumers easily identify your brand. Display your mark alone, without other wording, on its own horizontal plane, with sufficient space around the mark, in a prominent size, color and/or font, so it stands out from any surrounding informational content.
- **Leave No Room for Doubt.** Presenting your brand consistently will increase the odds that purchasers will follow suit. Display your mark in the same spelling and format. Do not use your mark as a noun or verb, or in the possessive form. Use the appropriate ®, ™ and ™ notifications and ownership statements to clearly communicate that the company considers the term or phrase to be a trademark.
- **Keep an Eye on the Neighborhood.** Monitor the marketplace to ensure that third parties are not using your brand improperly, or without authorization. Engaging a trademark watch service helps police the U.S. and foreign trademark registers, and conducting monthly internet searches can help identify problematic common law use. Consider periodically investing in a

comprehensive trademark clearance search for a more thorough investigation of common law sources. If your enforcement searches identify repeated bad behavior or patterns of improper use, see “Advertise to your Advantage” above and launch a marketing campaign to correct consumer bad habits.

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