



Supreme Court's *Wiley Gray Goods* Decision Does Not Foreclose Trademark Options Against Gray Market Goods

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The U.S. Supreme Court decided today that copyright law would not protect against most gray market works.¹ It is important to remember, however, that U.S. federal and state trademark and unfair competition laws still provide effective remedies against the importation, sale and distribution of gray market goods.

In most cases, a brand owner in the U.S. must establish that it owns a valid trademark here in the United States, or is an exclusive licensee, and that there are material differences between the authorized domestic product and the gray market product that bear the mark. Trademark law protects consumers from confusion when they encounter a product with the same trademark, but that has materially different components, functionality, or health and safety information or warnings. Federal courts have restricted the sale of gray market goods under trademark and unfair competition law involving a wide variety of goods from soft drinks and packaged foods, to pharmaceutical and cosmetic products, among others. In many cases, the gray market good is not appropriate for sale in the U.S. because it is tailored to the tastes, preferences, conditions and laws of another country, and not the U.S. The Tariff Act as well, and, to a lesser extent because of a labeling exception, the U.S. Customs and Border Protection's *Lever Rule* may provide additional protections against gray market goods. Finally, for famous brands, anti-dilution laws may provide a remedy.

The Court's decision in *Wiley* does not impact these trademark and unfair competition remedies, as it is limited to copyright protection. Therefore, when faced with a gray market goods problem, a

¹ See http://www.supremecourt.gov/opinions/12pdf/11-697_d1o2.pdf. Prior coverage of prior (non)-decision here: <http://blog.pattishall.com/2010/04/27/supreme-court-to-examine-application-of-copyright-laws-first-sale-doctrine-to-importation-of-gray-market-goods/>.



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brand owner should explore remedies available under trademark and unfair competition laws, notwithstanding this copyright decision.

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