The Seventh Circuit Upholds Finding that EVA'S BRIDAL Mark has been Abandoned through Naked Licensing between Family Members

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Following the district court's decision for defendant on summary judgment (see our prior post for the facts: Trademark Owners Must Exercise Sufficient Control over the Quality of Licensed Merchandise or Risk Losing Rights in Their Valuable Brands), the plaintiff, the owners of the original EVA'S BRIDAL, appealed. Speaking on behalf of the Seventh Circuit, Judge Easterbrook found nothing wrong with the district court's decision – affirming that the EVA'S BRIDAL mark has been abandoned through naked licensing. *Eva's Bridal Ltd. v. Halanick Enterprises, Inc.*, 98 U.S.P.Q.2d 1662 (7th Cir. 2011).[1]

A finding of abandonment of a mark means that anyone else in the world can use the mark, not just the defendant – a draconian finding for any brand owner, but here it presents an especially troubling result not just for the plaintiff but also for the defendant. Family members operated both stores in relatively close geographic proximity (roughly 18 miles apart on the west side of Chicago), the second store having been licensed at one point. The store owners presumably were in contact for the entirety of the existence of both stores, although neither the lower court nor Seventh Circuit discussed this issue. Now, potentially neither side of this family may be able to protect the mark against any third party.[2]

This ruling also does nothing to protect against consumer confusion in the Chicago area, even though that is the underlying basis of the naked licensing doctrine: "the control retained by the licensor [must be] sufficient under the circumstances to insure that the licensee's goods or services

[1] Available at http://scholar.google.com/scholar_case?case=7023210558415545233.

[2] Apparently, "Eva's Bridal" is a popular name for stores catering to prospective brides. A search on Google revealed at least two other bridal stores named "Eva's Bridal" in the Midwest. No one owns a federal registration for the mark.

would meet the expectations created by the presence of the trademark." *Id.* at 1664 (citing Restatement (Third) of Unfair Competition § 33 (1995)). As noted by at least one commentator, the Seventh Circuit's decision does not address whether the mark itself has lost the significance in consumers' minds upon which the Restatement focuses. *See* http://www.propertyintangible.com/2011/05/ho-hum-naked-licensing-case.html.

Ultimately, the Seventh Circuit found one essential point dispositive of the case: "Plaintiffs had, and exercised, no authority over the appearance and operations of defendants' business, or even over what inventory to carry or avoid. That is the paradigm of a naked license." 98 U.S.P.Q.2d at 1664 (emphasis in original).

Exercising real control over the goods or services licensed under a mark may help avoid a finding of naked licensing. *Eva's Bridal* merely serves to underscore this point.

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