

1 UNITED STATES COURT OF APPEALS
2 FOR THE SECOND CIRCUIT

3 August Term, 2001
4

5 (Argued: April 22, 2002) (Decided: June 24, 2003)

6 Docket No. 01-9056

7 COURTENAY COMMUNICATIONS CORPORATION,
8

9 Plaintiff-Appellant,

10 v.

11 PATRICIA HALL and HALLMARK CAPITAL CORP.,
12

Defendants-Appellees.

13 BEFORE: McLAUGHLIN, F.I. PARKER, SOTOMAYOR, Circuit Judges.

14 Plaintiff-appellant, Courtenay Communications Corporation
15 ("CCC") appeals from the June 19, 2001 judgment of the United
16 States District Court for the Southern District of New York
17 (Lawrence M. McKenna, Judge), granting the motion of defendants-
18 appellees, Patricia M. Hall and Hallmark Capital Corporation
19 (collectively, "Hall") to dismiss CCC's complaint, which alleged
20 Lanham Act violations along with state law claims. In dismissing
21 CCC's complaint, the district court relied entirely on its
22 conclusion that CCC's mark, "iMarketing News," was generic and
23 not entitled to trademark protection. On appeal, CCC argues that
24 the district court improperly based its trademark analysis on
25 premature fact-finding. We agree.

1 VACATED AND REMANDED.

2 ALFRED FERRER, III, ESQ., Eaton & Van Winkle,
3 New York, NY for Plaintiff-Appellant.

4
5 JEFFREY W. HERRMANN, ESQ., Vedder Price
6 Kaufman & Kammholz, New York, NY for
7 Defendants-Appellees.

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9 F.I. Parker, Circuit Judge:

10 Plaintiff-appellant, Courtenay Communications Corporation
11 ("CCC") appeals from the June 9, 2001 judgment of the United
12 States District Court for the Southern District of New York
13 (Lawrence M. McKenna, Judge), granting the motion of defendants-
14 appellees, Patricia M. Hall and Hallmark Capital Corporation
15 (collectively, "Hall") to dismiss CCC's complaint which alleged
16 various violations of the Lanham Act § 43(a), 15 U.S.C. §
17 1125(a), and state law claims of libel per se, breach of
18 fiduciary duty and conversion. See Courtenay Communications
19 Corp. v. Hall, No. 01 CIV. 2228(LMM), 2001 WL 669258, at *1
20 (S.D.N.Y. June 14, 2001). In dismissing CCC's Lanham Act claim,
21 the court relied entirely on its conclusion that CCC's composite
22 mark, which consists of the words "iMarketing News" and various
23 design elements, was generic and not entitled to trademark
24 protection. The court then declined to exercise supplemental
25 jurisdiction over CCC's state law claims and dismissed CCC's
26 complaint. We hold that the district court erred in its
27 trademark analysis, which was improperly based on premature fact-
28 finding. The judgment of the district court is VACATED and

1 REMANDED for further proceedings consistent with this opinion.

2 I. BACKGROUND

3 We assume familiarity with the district court decision
4 dismissing CCC's complaint, and denying CCC a preliminary
5 injunction and a temporary restraining order against Hall. The
6 court concluded that CCC's mark was generic and thus not entitled
7 to any trademark protection. On the basis of this determination,
8 the district court dismissed the lawsuit and denied the
9 injunctive relief sought by CCC.

10 CCC's mark is comprised of the words "iMarketing News" with
11 the following graphic features: the "i" is red, lowercase and the
12 same size as the other letters; "MARKETING NEWS" is in small caps;
13 and there is a yellow circle superimposed over the red "i" and
14 part of the "M" in "Marketing News."

15 In support of its Lanham Act trademark claim, CCC made,
16 inter alia, the following allegations in its complaint:

- 17 28. Plaintiff established "iMarketing News" as a
18 trademark for its product.
- 19 29. Defendants have a website, www.hallmarkcapital.com,
20 that advertises the services of Ms. Hall and
21 Hallmark Capital .
- 22 30. [D]efendants have displayed . . . - under the title
23 "What's New" - the mark of "iMarketing News"
24 without the permission of Plaintiff and in a manner
25 that is likely to cause confusion, mistake or
26 deception among persons using ordinary care and
27 prudence in the purchase of defendants' services.
- 28 31. In a letter dated February 21, 2001, Plaintiff
29 wrote to defendants and demanded that they remove,

1 inter alia, Plaintiff's trademark from [the
2 website]. Defendants [did not comply.]

3 32. On defendants' website, a hyperlink under the words
4 "smartest strategic move" in the text beside the
5 "iMarketing News" mark links to another page
6 entitled "Success Stories" and to a paragraph that,
7 because of the association created by the link,
8 describes Plaintiff as "a \$15 million privately
9 held direct marketing media company [that] was
10 poorly managed, unfocused and unprepared to take
11 advantage of strategic opportunities. Hallmark
12 Capital provided interim COO services for eight
13 months, overhauling a weak and ineffective
14 corporate infrastructure and creating a strong,
15 dynamic operating environment."

16 33. Above the paragraph containing the offending
17 statements, a false endorsement purportedly from
18 the "President/Owner" appears stating, "Hallmark
19 Capital gave us the No. 2 executive we had been
20 looking for [sic] years and could never find.
21 Thanks for making this a better place - and us
22 better managers." The President/Owner of Plaintiff
23 never authorized the defendants to use any such
24 statement as an endorsement, and [sic] such
25 President/Owner and Plaintiff consider the services
26 provided by Hall to be unsatisfactory, as evidenced
27 by Plaintiff's termination of Hall.

28

29 35. The use of the trademark "iMarketing News" or any
30 colorable imitation thereof by defendants is likely
31 to cause confusion, mistake or deception as to the
32 affiliation, connection, association or sponsorship
33 of the services of [defendants] and iMarketing News
34 and/or Plaintiff, and it is believed that it has
35 already caused actual mistake, confusion or
36 deception of the general public.

37 36. The use of the trademark "iMarketing News" by
38 [defendants] constitutes a knowing and willful
39 false representation concerning the endorsement of
40 their services.

41 37. These acts of false endorsement by [defendants]
42 have caused and are continuing to cause irreparable

1 injury to the reputation that Plaintiff and
2 iMarketing News have established, and unless the
3 use of iMarketing News by [defendants] is
4 restrained, [defendants] will continue these acts
5 to the detriment of iMarketing News and Plaintiff.

6

7 39. Plaintiff's trademark "iMarketing News" is the name
8 of Plaintiff's publication of the same name.

9 40. Defendants, knowing that "iMarketing News" was
10 associated with Plaintiff's publication, sought to
11 take advantage of Plaintiff's trademark and name
12 and engaged in unfair competition by advertising
13 her services on her website by using Plaintiff's
14 trademark.

15 Compl. ¶¶ 28-33, 35-37, 39-40 [A13-15] Attached to CCC's
16 complaint were printouts from Hall's website that support CCC's
17 allegations.

18 II. STANDARD OF REVIEW

19 We review a district court's decision to grant a motion to
20 dismiss de novo. Miller v. Wolpoff & Abramson, L.L.P., 321 F.3d
21 292, 300 (2d Cir. 2003). In considering a motion to dismiss, "we
22 accept all of plaintiff's factual allegations in the complaint as
23 true and draw inferences from those allegations in the light most
24 favorable to the plaintiff. We will not affirm the dismissal of
25 a complaint unless it appears beyond doubt, even when the
26 complaint is liberally construed, that the plaintiff can prove no
27 set of facts which would entitle him to relief." Desiderio v.
28 Nat'l Ass'n of Sec. Dealers, Inc., 191 F.3d 198, 202 (2d Cir.
29 1999) (quotations and citations omitted). Further, a complaint

1 need only meet the requirements of our "simplified notice
2 pleading standard [which] relies on liberal discovery rules and
3 summary judgment motions to define disputed facts and issues and
4 to dispose of unmeritorious claims." Swierkiewicz v. Sorema
5 N.A., 534 U.S. 506, 512 (2002); see also Scheuer v. Rhodes, 416
6 U.S. 232, 236 (1974) ("When a federal court reviews the
7 sufficiency of a complaint, before the reception of any evidence
8 either by affidavit or admissions, its task is necessarily a
9 limited one. The issue is not whether a plaintiff will
10 ultimately prevail but whether the claimant is entitled to offer
11 evidence to support the claims.").

12 When presented with a 12(b)(6) motion, the district court
13 may not consider matters outside of the pleadings without
14 converting the motion into a motion for summary judgment. Friedl
15 v. City of New York, 210 F.3d 79, 83-84 (2d Cir. 2000). As this
16 court has noted, "vigorous enforcement of the conversion
17 requirement helps ensure that courts will refrain from engaging
18 in fact-finding when considering a motion to dismiss, and also
19 that plaintiffs are given a fair chance to contest defendants'
20 evidentiary assertions where a court nonetheless does consider
21 evidence extrinsic to the complaint in that context." Amaker v.
22 Weiner, 179 F.3d 48, 50 (2d Cir. 1999).

23
24 III. DISCUSSION

1 The district court based its decision to dismiss CCC's
2 complaint entirely on its conclusion that CCC's mark is not
3 entitled to trademark protection because it is generic. See
4 Courtenay Communications Corp., 2001 WL 669258, at *3; see also
5 Courtenay Communications Corp. v. Hall, No. 01 CIV. 2228(LMM),
6 2001 WL 893863, at *1 (S.D.N.Y. Aug. 08, 2001) (denying CCC's
7 motion for reargument, concluding that "the fact that the 'i' in
8 plaintiff's asserted mark . . . is printed in red surrounded by
9 a yellow circular shape [is not] sufficient when added to a
10 mundanely generic text in very ordinary typefaces to elevate
11 that mark to protectable status." (footnote omitted)).¹ In so

1 ¹ The alternative ground for dismissal raised by Hall,
2 namely that CCC's allegations of false endorsement are
3 insufficient, is without merit. First, the statements on Hall's
4 "Success Stories" webpage are endorsements; second, on Hall's
5 "What's New" webpage, the hyperlink labeled "smartest strategic
6 move" in the paragraph describing Hallmark's alleged involvement
7 with launching iMarket News, is adjacent to the iMarketing News
8 mark, and could support a factual finding that the "trade
9 newspaper publishing parent" (*i.e.*, CCC) made one of the
10 endorsements. See Dallas Cowboys Cheerleaders, Inc. v. Pussycat
11 Cinema, Ltd., 604 F.2d 200, 205 (2d Cir. 1979) (concluding that
12 the "district court did not err in holding that plaintiff had
13 established a likelihood of confusion within the meaning of the
14 Lanham Act sufficient to entitle it to a preliminary injunction"
15 where "[p]laintiff expects to establish on trial that the public
16 may associate it with defendants' movie and be confused into
17 believing that plaintiff sponsored the movie, provided some of
18 the actors, licensed defendants to use the uniform, or was in
19 some other way connected with the production."); c.f. Pebble
20 Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 546 (5th Cir. 1998)
21 ("[W]here a nominative use of a mark occurs without any
22 implication of affiliation, sponsorship, or endorsement--*i.e.*, a
23 likelihood of confusion--the use 'lies outside the strictures of
24 trademark law,'" but "to avail itself of the shield of nominative
(continued...)

1 doing, the court overlooked two well-established principles when
2 it failed to view the allegations in CCC's complaint in a light
3 most favorable to CCC, and engaged in premature fact-finding -
4 thereby depriving CCC of an opportunity to present evidence to
5 support its claims.

6 A. The district court failed to view CCC's allegations in
7 a light most favorable to CCC.

8 CCC's complaint alleged, inter alia, that CCC "established
9 'iMarketing News' as a trademark for its product;" that
10 defendants' use of CCC's mark injures "the reputation that
11 Plaintiff and iMarketing News have established;" and "that
12 'iMarketing News' was associated with Plaintiff's publication."
13 Compl. ¶¶ 28, 37, 40. Although imprecise, these allegations,
14 viewed in a light most favorable to the plaintiff, are
15 sufficient to allege that the mark is distinctive, either
16 inherently (e.g., if it was found to be suggestive in the minds
17 of the public) or otherwise (i.e., if it was found to be
18 descriptive and to have acquired secondary meaning), rather than
19 generic (i.e., if it were found to refer to a genus of products

¹(...continued)

1 use, the defendant (1) may only use so much of the mark as
2 necessary to identify the product or service and (2) may not do
3 anything that suggests affiliation, sponsorship, or endorsement
4 by the markholder" (emphasis added) (quoting New Kids on the Block
5 v. News Amer. Publ'g, Inc., 971 F.2d 302, 306-09 (9th Cir.
6 1992)). Basically, the hyperlink connection to a page of
7 endorsements "suggests affiliation, sponsorship, or endorsement
8 by" CCC. See Pebble Beach Co. at 546.

1 rather than a particular producer's product), and therefore
2 protectable under trademark law.² Based on CCC's allegations, we
3 cannot agree with the district court's conclusion insofar as it
4 may have presumed that CCC did not sufficiently allege a
5 protectable mark.

6 B. The district court engaged in premature fact-
7 finding on whether the composite mark as a whole is
8 generic.

9 The district court states in its order dismissing CCC's
10 complaint that it "finds that 'iMarketing' is a generic term."
11 Courtenay Communications Corp., 2001 WL 669258, at *2.
12 Apparently, the district court accepted as fact defendant's
13 claims that the term "'iMarketing' is widely understood to mean

1 ² Although CCC has not registered its mark, an
2 unregistered mark is entitled to Lanham Act protection if it
3 would qualify for registration. See Thompson Med. Co., Inc. v.
4 Pfizer Inc., 753 F.2d 208, 215-16 (2d Cir. 1985). To qualify for
5 registration, "a mark must be capable of distinguishing the
6 applicant's goods from those of others." Two Pesos, Inc. v. Taco
7 Cabana, Inc., 505 U.S. 763, 768 (1992) (citing 15 U.S.C. § 1052).
8 To qualify for protection, a mark must either be (1) "inherently
9 distinctive" or (2) distinctive by virtue of acquired secondary
10 meaning. Id. at 769.

11 "In contrast, generic marks . . . are not registrable as
12 trademarks." Id. at 768 (quoting Park 'N Fly, Inc. v. Dollar
13 Park & Fly, Inc., 469 U.S. 189, 194 (1985)). A generic term
14 "refers to the genus of which a particular product is a species."
15 815 Tonawanda St. Corp. v. Fay's Drug Co., Inc., 842 F.2d 643,
16 647 (2d Cir. 1988). Essentially, a mark is generic if, in the
17 mind of the purchasing public it does not distinguish products on
18 the basis of source but rather refers to the type of product.

19 We express no opinion as to whether the mark qualifies for
20 protection.

1 marketing via the internet” and that “‘iMarketing News’ ‘merely
2 uses the words for the genus of newspapers about internet
3 marketing, or ‘imarketing’ of which plaintiff’s newspaper is one
4 species [and] merely defines what plaintiff’s newspaper
5 is.’” Id. at *2 (citing Defs.’ Opp’n at 9). However, it is
6 usually true that “[t]he classification of a mark is a factual
7 question,” Lane Capital Mgm’t, Inc. v. Lane Capital Mgm’t,
8 Inc., 192 F.3d 337, 344 (2d Cir. 1999), and that question turns
9 on “how the purchasing public views the mark.” Id. The
10 pleadings and documents necessarily relied upon by plaintiff’s
11 complaint, which were all that the district court could
12 rightfully consider in deciding the motion to dismiss for
13 failure to state a claim, see Chambers v. Time Warner, Inc., 282
14 F.3d 147, 152-53 (2d Cir. 2002), are insufficient for
15 determining the critical fact of how the public views the
16 “iMarketing News” mark.

17 In support of its conclusion that CCC’s mark is generic,
18 the district court relied on CES Publ’g Corp. v. St. Regis
19 Publ’ns, Inc., 531 F.2d 11 (2d Cir. 1975). In that case, this
20 Court determined that “Consumer Electronics Monthly” was not a
21 protectable trademark as a matter of law because “consumer
22 electronics” was a generic term describing electronic equipment.
23 Id. at 14. We noted that “it is hard to think of a name for a
24 magazine, directed deliberately and effectively to industry

1 personnel, which more accurately names the class of trade
2 magazines within that industry than one which simply gives
3 itself the name of the trade plus the word 'Monthly.'" Id.; see
4 also Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4
5 (2d Cir. 1976) (following CES and discussing use of the generic
6 word "safari"); Reese Publ'g. Co., Inc. v. Hampton Int'l
7 Communications, Inc., 620 F.2d 7 (2d Cir. 1980) (following CES
8 and finding "Video Buyers Guide" to be generic).

9 We need not decide, however, whether the district court may
10 take judicial notice of the English language to conclude based
11 on the pleadings that word-only marks in near-standard fonts are
12 generic because they are necessary to describe the product. The
13 district court erred when it did not treat CCC's mark as a
14 composite mark, and we conclude that whether a composite mark,
15 which must be treated as a whole for classification purposes, is
16 generic presents an issue of fact that cannot be resolved on the
17 pleadings. After deciding that the terms used by CCC were
18 generic, the district court concluded as a matter of law that
19 "[b]ecause the Court has found the words that make up
20 plaintiff's mark generic, not descriptive, the addition of the
21 design and typeface elements, regardless of their minimal
22 distinctiveness, could not suffice to make the mark, taken in
23 its entirety, arbitrary, fanciful or suggestive." Courtenay

1 Communications, 2001 WL 669258, at *3.³ On the contrary, even if
2 the words "iMarketing News" are generic, CCC may nonetheless be
3 entitled to trademark protection for its composite mark as a
4 whole.

5 There are many examples of legally protected marks that
6 combine generic words with distinctive lettering, coloring, or
7 other design elements. See, e.g., In re Miller Brewing Co., 226
8 U.S.P.Q. 666 (T.T.A.B. 1985) (holding that the genericness of the
9 word "LITE" did not render unprotectable Miller's use of the
10 word with distinctive lettering); Sweats Fashions, Inc. v.
11 Pannill Knitting Co., 833 F.2d 1560 (Fed. Cir. 1987) (logo with
12 generic/descriptive word "SWEATS" beside droplets is a
13 protectable mark); In re Venturi, Inc., 197 U.S.P.Q. 714
14 (T.T.A.B. 1977) (permitting registration of "THE PIPE" where
15 distinctive design elements were employed and the words "The"
16 and "Pipe" were expressly disclaimed). In each of these

1 ³ Notably, the cases the court relied on, CES,
2 Abercrombie & Fitch, and Reese are distinguishable from this case
3 because in all three cases there was no indication that typeface,
4 color, and other design elements were used to make the composite
5 mark distinctive; rather, in each of those cases the focus was on
6 the plaintiff's ability to control the defendant's use of the
7 words that comprised the plaintiff's mark (i.e., "Consumer
8 Electronics Monthly," "safari," and "Video Buyers Guide"). See
9 CES, 531 F.2d at 12; Abercrombie & Fitch, 537 F.2d at 11-12;
10 Reese, 620 F.2d at 10-12; c.f., In re Taylor & Francis
11 (Publishers), Inc., 55 U.S.P.Q.2d 1213 (T.T.A.B. 2000) (word-logo
12 composite Psychology Press applied to "a series of non-fiction
13 books in the field of psychology" is registerable only if the
14 words "Psychology," "Press," and "Psychology Press" are expressly
15 disclaimed).

1 instances, although the composite trademark owner was not
2 allowed to restrict others' use of the generic elements of the
3 composite mark (i.e., the generic words "lite" or "sweats") the
4 use of the generic words plus distinctive elements (i.e., "LITE"
5 displayed in Miller's distinctive lettering), was found to be
6 protectable.⁴ As the Trademark Trial and Appeals Board ("TTAB")
7 of the Patent and Trademark Office ("PTO") explained in the
8 context of a composite trademark registration:

9 [W]e have held that even the distinctive display of
10 descriptive or otherwise unregistrable components of a
11 mark cannot bestow registrability on a mark as a whole
12 unless the features are of such a nature that they
13 would serve to distinguish the mark in its entirety or
14 it can be shown through competent evidence that the
15 unitary mark displayed in the assertedly distinctive
16 manner does in fact create a distinctive commercial
17 impression separate and apart from the descriptive
18 significance of its components. . . . That is, while
19 an entire mark cannot be disclaimed and also
20 registered, nevertheless, where the unregistrable
21 components of a mark are combined in a design or
22 display which is so distinctive as to create a

1 ⁴ The district court and Hall both note that in GMT
2 Prods., L.P. v. Cablevision of New York City, Inc., 816 F. Supp.
3 207 (S.D.N.Y. 1993), the court found "The Arabic Channel" to be a
4 generic term. However, CCC points out that the GMT court
5 recognized that although the term alone was generic and not
6 protectable, the plaintiff had successfully registered its
7 composite mark - which "combines a graphic design or logo
8 resembling a television camera, upon which is superimposed the
9 letters 'TAC,' followed by the words "THE ARABIC CHANNEL" - on
10 the condition that it include a disclaimer that it does not have
11 an exclusive right to use the words "The Arabic Channel." See
12 id. at 209. In other words, GMT owned a valid composite
13 trademark but could not restrict others' use of the generic terms
14 incorporated in the composite mark. The litigation between GMT
15 and Cablevision involved only the use of the words and not the
16 composite mark. Id.

1 commercial impression separate and apart from the
2 unregistrable components, it is possible to disclaim
3 those unregistrable components and still have a mark
4 which is registrable as a whole.

5 United States Lines, Inc. v. American President Lines, Ltd., 219
6 U.S.P.Q. 1224, 1227 (T.T.A.B. 1982).

7 As "[w]e have noted on many occasions . . . the decisions
8 of the TTAB, while not binding on courts within this Circuit,
9 are nonetheless 'to be accorded great weight.'" Buti v.
10 Impressa Perosa S.R.L., 139 F.3d 98, 105 (2d Cir. 1998) (quoting
11 Murphy Door Bed Co. v. Interior Sleep Sys., Inc., 874 F.2d 95,
12 101 (2d Cir. 1989)). We are persuaded by the TTAB's reasoning
13 and its explanation of the registrability of composite marks,
14 and apply those principles here. Therefore, because an
15 unregistered mark is entitled to protection if it qualifies for
16 registration, see supra note 3, the district court erred as a
17 matter of law when it held that if the words used in CCC's mark
18 are generic, the mark is necessarily unprotectable.⁵ Rather, the
19 question of whether or not this composite mark is entitled to
20 protection ultimately turns on whether it, as a whole, is

1 ⁵ CCC maintains that its mark has unique design features,
2 such as the use of a red, lowercase "i" inside a yellow circle
3 along with "MARKETING NEWS" (in times new roman "small caps" font),
4 that are analogous to Miller's use of design elements to create a
5 protectable composite mark using "lite." Moreover, it is worth
6 noting that CCC's complaint is focused on Hall's use of a nearly
7 identical composite mark (i.e., words plus allegedly distinctive
8 design elements) and not just the allegedly generic words alone.

1 distinctive. See Lane Capital Management, 192 F.3d at 346
2 (“[W]hen the mark at issue is a composite mark . . . , the
3 question [in classifying the mark] becomes what the purchasing
4 public would think when confronted with the mark as a whole.”);
5 c.f. Banff, Ltd. v. Federated Dep’t Stores, Inc., 841 F.2d 486,
6 491 (2d Cir. 1988) (“The long-standing view that the nongeneric
7 components of a mark must be compared in the context of the
8 overall composite mark, . . . remains the rule in this
9 Circuit.”). On remand, the district court might determine that
10 the words “iMarketing News” are in fact generic, but nonetheless
11 find that the mark as a whole is distinctive and protectable.⁶
12 Because CCC’s mark is unregistered, however, “the burden is on
13 the plaintiff to prove the mark is . . . valid,” Reese Publ’g
14 Co., Inc. v. Hampton Int’l Communications Inc., 620 F.2d 7, 11
15 (2d Cir. 1980), and to show that the composite mark is not
16 generic.

17 Viewing CCC’s allegations in a light most favorable to CCC,
18 we conclude that CCC’s claim should not have been dismissed
19 because (1) determination of the mark’s classification - a
20 question of fact - was premature, and (2) the court failed to
21 use the correct legal standards to analyze the composite mark.

1 ⁶ Under such a scenario, should CCC want to register its
2 mark, it might be required to disclaim any generic words, but
3 still would be able to register and otherwise protect the mark as
4 a composite whole. See, e.g., In re Miller, 226 U.S.P.Q. at 667.

1 III. CONCLUSION

2 For the reasons set forth above, the judgment of the
3 district court is VACATED and the case is REMANDED for further
4 proceedings consistent with this opinion.