

Laches, Acquiescence, and Trademark Injunctions

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Who Should Be Upstream Without a (Greek) Paddle?

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On May 8, a long time manufacturer of ceremonial paddles marketed to fraternities and sororities filed a petition for certiorari with the US Supreme Court seeking relief from an injunction barring him from using Greek organizations' trademarks in his advertising. *Thomas Kenneth Abraham d/b/a Paddle Tramps Manufacturing Co. v. Alphi Chi Omega, case no. 12-1341 (2013)*. The lower courts applied the legal doctrines of laches and acquiescence to find that the Greeks waited much too long to assert their rights and, as a result, could not collect damages for trademark infringement. However, they did allow a permanent injunction against future advertising by the Company using the Greek organizations' trademarks. Since there is a significant split among the circuit courts on the issue of when these two legal doctrines bar a trademark injunction, this case may be ripe for Supreme Court review. So, what will the outcome of this case mean to trademark owners and third-party users alike?

The issue here is not whether the company committed trademark infringement. The problem is that the trademark owners waited too long to assert their rights when they had knowledge of the Company's activities for such a long period of time and let them go unabated. Under the law, the equitable defenses of "laches" and "acquiescence" can be used to avoid liability in such cases. Laches arises when a plaintiff has "unreasonably and inexcusably delayed" in bringing a cause of action and the delay has prejudiced the defendant. When that happens, the plaintiff is barred from bringing its claim, even if the claim would have otherwise been valid. The acquiescence defense has several different interpretations depending upon the court deciding issue. One set of courts interprets it to mean a "delay coupled with such prejudice that an implied consent can be inferred," and others apply it only in situations where the trademark owner has by "affirmative word or action" conveyed to the infringer that its infringing acts are not objectionable.

The delay by the trademark owners in the Greek paddle case is significant. The Company had been manufacturing and selling decorative paddles bearing the Greek letters and crests of many fraternities and sororities for 30 years, beginning in 1961, without ever hearing from any Greek organizations voicing any objections to its activities. It was not until 1990 that the Company was first contacted by representatives of the Greek organizations asking that the Company enter into a trademark licensing agreement. The Company never entered into a license agreement although it heard off and on from representatives of the Greek organizations over the years continuing to seek a license agreement. It was not until 2007 that the Greek organizations finally filed suit for trademark infringement. Although the Company does not have to pay any damages for any trademark infringement due to the Greeks' delay in moving to protect its trademark rights, it can no longer advertise its products going forward using any of the Greek trademarks.

In addition to being an important case on the issue of when an injunction can issue in a trademark case, this case is also the poster child for the need to engage in vigilant trademark previous policing efforts. Recommendations on how to police your trademarks are set forth in our blogs. As explained therein, the failure to properly police your marks and take prompt action to address any unauthorized uses not only could result in an inability to enforce your rights fully against infringers, but could very easily result in a complete loss of all rights to your trademarks. Abandonment of trademark rights occurs not only due to nonuse of a mark with no intent to resume use, but also occurs through failure to address unauthorized uses. The basis for this legal principle lies in fact that trademark law is rooted in consumer protection and one of its main purposes is to ensure that consumers are not deceived as to the source or quality of any products or services market under a particular brand name. In other words, consumers are entitled to assume that products and services are properly and honestly branded. Thus, if a trademark owner does not ensure that its brands are properly used, it can lose all rights to the mismanaged brand.

There are many morals to the Greek tragedy currently pending before the US Supreme Court. It remains to be seen who will be left upstream without a paddle. Stay tuned.

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