

The Coverage Inkwell

Emerging Coverage Issues in Intellectual Property, Privacy,
and Cyber Liability



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WHAT IS A SLOGAN?

The distinction between a “trademark” and a “slogan” can be critical when evaluating whether there is insurance coverage under the definition of “personal and advertising injury” for an underlying trademark infringement claim.

Typically, CGL policies do not provide coverage for trademark infringement, but they do cover claims of infringement of a slogan in the insured’s “advertisement.” As one might imagine, when faced with a trademark infringement claim, policyholders often argue that the alleged trademark infringement is actually an infringement of the claimant’s slogan in order to obtain coverage for defense costs (and any liability). This begs the question: what exactly is a slogan? Is a slogan a trademark? This issue comes up often.

The simple answer is yes and no. A slogan can be a trademark, and a trademark can be a slogan. In fact, arguably all slogans are trademarks, and are protected either under the Lanham Act—if the mark is registered with the United States Patent and Trademark Office—or common law, if the mark is not federally registered. Yet, not all trademarks are slogans. Nike® is a trademark, but not a slogan. “Just Do It,”® a phrase which Nike® so effectively and emphatically employs, is a slogan and also a trademark. Nike® is the name of a company and its products. The slogan, “Just Do It”® reminds us of Nike® and the company’s athletic gear.

The importance of this distinction is paramount when determining whether a CGL policy’s exclusion for damages arising out of trademark infringement applies to preclude coverage.

The exclusion (exclusion i. in Coverage B of policy form CG 00 01 12 04, and also appearing in coverage forms IB 101 05 06 and US 101 UM 12 04) precludes coverage for “personal and advertising injury” “arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.” However, the exclusion expressly does not apply to the “infringement, in your ‘advertisement’, of copyright, trade dress or slogan.” This exception goes hand-in-hand with the definition for “personal and advertising injury,” which lists as one of the enumerated offenses an infringement “upon another’s copyright, trade dress or slogan in your ‘advertisement.’”

(*Some may note that ISO Form CG 00 01 12 07 has added the following additional language to the exclusion: “[u]nder this exclusion, such other intellectual property rights do not include the use of another’s advertising idea in your ‘advertisement.’” This additional language adds another wrinkle to any coverage analysis, but which is not relevant here for purposes of distinguishing between a trademark and a slogan.)

As noted, because of the express exception in the trademark infringement exclusion, when faced with a trademark infringement claim, many policyholders argue that the exclusion does not apply because the alleged trademark infringement is actually the infringement of the claimant's slogan. This issue was addressed somewhat recently in *James River Ins. Co. v. Bodywell Nutrition, LLC*, -- F. Supp. 2d. --, 2012 WL 360494 (S.D. Fla. Feb. 1, 2012), where the United States District Court for the Southern District of Florida determined that a claim for trademark infringement was not also a claim for infringement of a slogan in the insured's advertisement. As a result, the insurer, James River, had no duty to defend.

In *James River*, the insured Bodywell Nutrition marketed and sold dietary supplements, including a supplement marketed with the trademark "Tight Curves." *Id.* at *1. Bodywell was sued by a competitor, SAN., which owned a family of registered trademarks that used the word "tight," including "Tight!"; "Tight Fem"; "Tight! Hardcore"; and "Tight! Xtreme" (collectively, the "Tight Marks"). SAN alleged that Bodywell was advertising and selling products closely related to SAN's own products, and using a trademark—"Tight Curves"—that infringed its own Tight Marks. *Id.* SAN alleged trademark infringement under the Lanham Act and common law, false designation of original, false advertising under the Lanham Act and California's Business and Professional Code, and unfair competition under California's Business and Professional Code and common law. *Id.*

Bodywell sought coverage from its CGL carrier, which argued that there was no coverage under the policy's trademark exclusion, stating the policy did not apply to "claims arising out of the 'infringement of copyright, patent, trademark, trade secret, or other intellectual property rights.'" Bodywell conceded that all of SAN's claims complaint fell within the scope of the intellectual property exclusion, but argued that the underlying complaint also encompassed claims for slogan and trade dress infringement, which were explicitly excepted from the exclusion. *Id.* at *2.

Specifically, Bodywell argued that while the complaint did not expressly allege infringement of slogan or trade dress, looking at the "entire complaint" and the "bigger picture" of the action, it was clear that such infringement was at issue. Bodywell focused "on portions of the underlying complaint where it [was] alleged that Bodywell improperly used SAN's 'Tight' mark 'in combination with other words,' and that Bodywell adopted SAN's 'marks, words and symbols.'" *Id.* at *3 Bodywell argued that if "meaning is given to every word" in the complaint, the only logical meaning of SAN's inclusion of "words" and "in combination with other words" was that Bodywell infringed SAN's slogan. *Id.*

The court disagreed with Bodywell and, in doing so, distinguished the difference between a slogan and a trademark for purposes of coverage. The court explained that a slogan was not a company name or a product name, but instead was a "combination of words and symbols, ornamental feature, or a distinctive shape" that was "intended to remind the consumer of the brand." *Id.* at *3 (emphasis added). Here, the court concluded, the "bigger picture" of the complaint did not allege an infringement of a SAN slogan, but the infringement of the trademarked name of the various SAN products.

Keeping in mind the underlying complaint's entire wording and the "bigger picture," it is apparent that SAN's inclusion of "words" and "in combination with other words" was meant to clarify its position that Bodywell infringed on its "TIGHT" trademarks in combining the mark with other words (i.e. Tight Curves) and not SAN's slogan. Therefore, SAN's use of these "buzz words" is

insufficient to trigger coverage because the complaint did not contain any factual allegations referring to SAN's slogan or Bodywell's infringement of that slogan.

Id. at *3.

In support of its reasoning, the court found persuasive a decision rendered by an Illinois federal court in *Citizens Ins. Co. of Amer. v. Uncommon, LLC*, 2011 WL 3876936 (N.D. Aug. 31, 2011). There, the Illinois court also rejected a policyholder's argument that trademarks that purportedly infringed the claimant's trademarked name also constituted an infringement of the claimant's slogan.

Finally, the court also rejected another fallback argument of many policyholders—that the complaint alleged trade dress infringement. Here, the court rejected Bodywell's assertion that the complaint also alleged trade dress infringement, because the complaint did not allege any facts that would support such a claim. The court explained:

Bodywell asserts that because trade dress involves the packaging or design of a product, SAN's request in the underlying complaint for the destruction of Bodywell's packaging creates a claim for trade dress infringement. ... The underlying complaint contained no allegation that Bodywell used a product or packaging that was closely related to SAN's product in its total look, design, or shape. Rather, the allegations are that Bodywell advertised, promoted, offered to sell, and sold products that were closely related to SAN's products and used marks, words, and symbols that were identical to or confusingly similar to SAN's "Tight Marks." SAN's use of the "conclusory buzz words" "containers," "labels," and "packaging," unsupported by factual allegations, is not sufficient to trigger coverage.

Id. at *4.

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