akerman

Blog Post

# Lehman Brothers is Gone but Not Abandoned

October 8, 2020

On September 30, 2020, the Trademark Trial and Appeal Board ruled in favor of the assignee of the famous LEHMAN BROTHERS trademark against the registration that mark as a brand name for beer, spirits, and bar and restaurant services, finding that the LEHMAN BROTHERS mark had not been abandoned. *Barclays Capital, Inc. v. Tiger Lily Ventures, Ltd.* (TTAB, September 30, 2020, non-precedential).

## Background

In 2008, Lehman Brothers was the fourth largest investment bank in the United States, with hundreds of billions of dollars of assets under management and over 25,000 employees in offices worldwide when it filed for protection under the U.S. bankruptcy laws, the largest bankruptcy in U.S. history. As part of the bankruptcy, Lehman Brothers sold its trademarks, including its LEHMAN BROTHERS trademark, to Barclays Capital. Barclays licensed the LEHMAN BROTHERS trademark back to what remained of Lehman Brothers for a term of two years. That entity used the licensed trademark in the general winding down of its business.

Several years later, on March 6, 2013, Tiger Lily Ventures Ltd. (Tiger Lily) filed applications to register LEHMAN BROTHERS for beer, spirits, and bar and restaurant services. After allowing all of the U.S. trademark registrations for the LEHMAN and

### Related Work

Intellectual Property
Intellectual Property Litigation
Trademarks

### Related Offices

New York
West Palm Beach

LEHMAN BROTHERS marks it acquired to expire, Barclays filed a new trademark application for LEHMAN BROTHERS for securities brokerage services on October 2, 2013. In due course, Barclays timely opposed Tiger Lily's LEHMAN BROTHERS trademark applications.

## Opposition

Barclays opposed Tiger Lily's LEHMAN BROTHERS trademarks on a few grounds: (1) that Barclays had priority in the mark and Tiger Lily's use of it was likely to cause consumer confusion; (2) that the LEHMAN BROTHERS mark was famous and Tiger Lily's use diluted its distinctive quality; (3) that Tiger Lily's LEHMAN BROTHERS mark falsely suggested an association with Barclays by its association with Barclays' predecessor in interest, Lehman Brothers; and (4) that Tiger Lily did not have a bona fide intent to use the LEHMAN BROTHERS trademark.

While Tiger Lily generally denied the allegations, it admitted that its restaurant services are services that consumers would perceive as being related to, similar to or an extension of the older LEHMAN BROTHERS mark. However, Tiger Lily counter-opposed Barclays' mark, alleging priority, likelihood of confusion, abandonment and fraud.

## Evidentiary Objections

The Board first addressed the host of evidentiary objections raised by both parties.

First, Barclays objected to various state and foreign registrations introduced by Tiger Lily. That objection was granted in part. Barclays also objected to the introduction of newspaper articles and internet articles, asking that they be stricken as hearsay. The Board noted that the articles, unaccompanied by testimony, cannot be considered for the truth of the matter asserted therein but only for what they show on their face.

Next, both parties moved to strike certain testimony of the other's witnesses. The Board noted its usual practice of not striking testimony but considering its probative value in light of the objections raised. As the Board noted, its proceedings are heard by judges who are not easily misled, confused or prejudiced by irrelevant evidence and are capable of assessing the weight of the testimony, taking into consideration the imperfections surrounding its admissibility. Therefore, the testimony remained in the record.

Finally, Tiger Lily also raised objections to Barclays' assertion of work product and attorney-client privilege during the depositions of its witnesses. There is no mechanism for obtaining from the Board, prior to final hearing, a ruling on the propriety of an objection to a question propounded during a testimony deposition. Therefore, if the Board finds at final hearing that a party's objections were not well taken, the judges may presume that the answer would have been unfavorable, or that the refusal to answer reduces the probative value of the witness's testimony.

## The Board's Decision

**A. Abandonment.**

The first substantive issue the Board considered — and the main issue of the case — was Tiger Lily's assertion that the LEHMAN BROTHERS trademark was abandoned around the time of the 2008 Lehman Brothers bankruptcy.

Under § 45 of the Trademark Act, 15 U.S.C. § 1127, a mark is considered "abandoned" if the following occurs: (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be *prima facie* evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark. 15 U.S.C. § 1127.

In this case, it was undisputed that Barclays made no new commercial offerings under the LEHMAN BROTHERS mark, but that the present-day Lehman Brothers (its liquidation is ongoing and has not been fully administered to date) used the LEHMAN BROTHERS name pursuant to a license from Barclays for activities pertaining to winding down the former bank. Tiger Lily argued that since no public services were offered under the LEHMAN BROTHERS mark, the mark could not be seen as being used "in commerce," as the Trademark Act requires.

However, the Board found otherwise. The Lehman Brothers bankruptcy estate was still using the mark for activities such as improving, maintaining, managing and selling its sizable assets, including hundreds of billions of dollars' worth of commercial real estate property and securities.

"Even minimal use of a mark may be enough to defeat a claim of abandonment... [citations omitted]. Abandonment requires complete cessation or discontinuance of trademark use [citations omitted]. Even for a business that is "on its way out," "[i]f there is a continued use, a prospective intent to abandon the mark or business does not decide the issue of abandonment."

Because the LEHMAN BROTHERS mark did not lose all trademark significance, the Board held that it had not been abandoned.

**B. Likelihood of Confusion.**

The Board then decided on the priority and likelihood of confusion issues. Since the Board found no abandonment of the LEHMAN BROTHERS mark, it easily found that Barclays had priority in the mark.

Because the parties' marks were identical, the analysis of whether there would be a likelihood of confusion related mostly to the second prong of the

DuPont test: the similarities between the parties' goods and services.

While at first glance it may seem that Tiger Lily's goods and services — beer, spirits, and bars and restaurants — are unrelated to Barclays' securities brokerage services, the Board found goods/services relatedness based on the bank's secondary, advertising merchandise. The LEHMAN BROTHERS name and mark were used in connection with a wide range of collateral and promotional goods including clothing and alcohol-related goods including whiskey decanters, wine gift sets, wine books, wine carriers and coasters. Indeed, as the Board noted, it is common for large corporations to expand their product lines to incorporate a diverse set of goods to capitalize on the renown of their names and brands. The Board reasoned that the average consumer, encountering Tiger Lily's goods and services under the well-known LEHMAN BROTHERS mark, would be likely to mistakenly assume that Tiger Lily's goods are in some way related to Barclays. For its part, Tiger Lily admitted that it sought to draw a connection between its goods and services and investment business LEHMAN BROTHERS, and only filed its application when it believed that the LEHMAN BROTHERS mark was abandoned.

Accordingly, the Board found that Tiger Lily's marks were likely to be confused with Barclays'.

**C. False Connection.**

Barclays did not prevail in its Section 2(a) False Connection claim. To prove a false suggestion of a connection claim under Section 2(a), a party must show that the mark is a "close approximation" of the claimant's identity. Because there was no evidence that Barclays has developed a public identity or persona as LEHMAN BROTHERS, its Section 2(a) claim failed.

**D. Dilution.**

Dilution claims are only available to “famous” marks. To be famous for purposes of dilution the trademark must be “widely recognized by the general consuming public of the United States” as a designation indicating a single source of goods or services. Barclays presented no evidence regarding its current advertising and publicity under the mark, or the extent of its current renown. As a result, the dilution claim was dismissed.

* * *

It is concerning that the Board stretched as it did to enforce the LEHMAN BROTHERS mark, with such minimal public use, so many years after bankruptcy. The concept of “residual goodwill” can mean that trademarks never really go abandoned. From the Board’s ruling that limited and non-public use of a trademark can defeat a claim of abandonment, to its view that alcoholic beverages and restaurants are “related” to financial services, it would appear that the Board simply did not want to reward a party that opportunistically sought to co-opt a once-famous brand name, for whatever opportunity its underlying motive comprised.

---