

# Raleigh Ale House Wins Trademark Battle With Florida Restaurant Chain

On March 1, 2000, the Fourth Circuit handed down a decision in a trademark case dealing with trade dress in a restaurant design. The plaintiff, Ale House Management, Inc. (AHM), operated a chain of restaurants in Florida. Each restaurant was named after its geographical location, followed by the term "ale house" (e.g., Orlando Ale House).

AHM opened the first "ale house" restaurant in 1988 and, at the time the suit was filed, was operating twenty-one "ale house" restaurants in Florida. Each restaurant was essentially a combination restaurant and sports bar. The general layout of each restaurant is similar, featuring a large, centrally-located bar in a large open dining room with an open kitchen. Booth seating is located on one side of the bar, with high top tables located on the other side. Numerous televisions and monitors are located along the perimeter walls of the restaurant and over the bar to allow patrons to view sporting events while dining or drinking.

In 1998, AHM discovered that the defendant, Raleigh Ale House, Inc. (RAL), was planning to open a similar restaurant in Raleigh, North Carolina named the Raleigh Ale House. The Raleigh Ale House employed the same general plan as the Florida "ale house" restaurants. Like the Florida "ale house" restaurants, it featured a large, centrally-located bar with an open kitchen and booth seating on one side. Prior to opening the Raleigh Ale House, the proprietor of the Raleigh Ale House had visited several of AHM's restaurants in Florida and was, therefore, aware of AHM's trade name and restaurant design.

In 1998, AHM sent a letter to RAL asserting trademark rights in the term "ale house." AHM also asserted that the design of these restaurants constituted protectable trade dress. When RAL refused to change its name or the design

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of its restaurant, AHM filed suit in North Carolina seeking an injunction against RAL. In the suit, AHM asserted:

- Trademark rights in the name "ale house."
- Trade dress rights in the general layout of the restaurant.
- Copyright rights in its floor plans.

RAL challenged the proprietary rights asserted by AHM by filing a motion for summary judgment on all three issues. With regard to the trademark infringement claim, RAL asserted that the term "ale house" was generic. Even if the term "ale house" is deemed merely descriptive, RAL asserted that AHM could not show that its mark had acquired secondary meaning in North Carolina. A similar challenge was made to AHM's trade dress infringement claim. RAL asserted that the trade dress was generic and, therefore, not protectable. Even if not generic, RAL asserted that there was no showing that the trade dress was inherently distinctive or had acquired secondary meaning. The attack on the copyright infringement claim focused on the requirement of "substantial similarity." RAL asserted that any similarities between its plan and those of the plaintiff were the result of a common idea, but that the expression of the idea in RAL's plan was different. Thus, RAL asserted, the plaintiff could not show substantial similarity of protected expression versus unprotected idea.

The District Court granted RAL's motion for summary judgment, adopting RAL's memorandum of law as its opinion. AHM moved for reconsideration based on newly discovered evidence of actual confusion and RAL moved for an award of its reasonable attorneys' fees. The court denied AHM's motion

for reconsideration and awarded RAL attorneys' fees under both the Lanham Act and the Copyright Act. AHM appealed all three rulings to the Fourth Circuit Court of Appeals.

In its briefs, and at oral argument, AHM focused on "deliberate copying" of its name and trade dress by RAL in support of its claims for trademark and trade dress infringement. Though downplayed in the Fourth Circuit's opinion, there was some evidence supporting deliberate copying. Prior to opening its own restaurant, the proprietor of RAL was aware of AHM's chain of "ale house" restaurants in Florida and, in fact, had visited several of AHM's restaurants, along with RAL's architect. The Fourth Circuit Court of Appeals held that even where deliberate copying is present, "[s]ome proprietary interest is necessary before trademark protection applies." *Ale House Management, Inc. v. Raleigh Ale House, Inc.*, No. 99-1175, slip op. at 4 (4th Cir. Mar. 1, 2000). Recognizing a "right to copy" what is in the public domain, the Fourth Circuit held:

Indeed, even if a party does "copy" a design and "sells" an almost identical product, "this it [may have] every right to do under the federal ... laws." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964). This is so because even intentional copying can benefit the public: "Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all - and in the free exercise of which the consuming public is deeply interested." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938). *Ibid.*

Thus, the Fourth Circuit held that it must address whether AHM had any exclusive proprietary interest in either the words "ale house" or the trade dress of its restaurant before considering the significance of AHM's assertion of intentional copying.

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Addressing first AHM's claim of exclusive rights to use the term "ale house," the Fourth Circuit noted the well-known *Abercrombie* taxonomy for classification of trademarks:

- Generic.
- Descriptive.
- Suggestive.
- Arbitrary or fanciful.

The Fourth Circuit held that in the case of an unregistered mark, the burden of proving that the mark is not generic falls on the party asserting an interest in the mark. *Ale House Management, Inc. at 5*. RAL had presented extensive evidence, including citations to newspapers, dictionaries, books, web pages, and other publications, that the term "ale house" is generic, referring to a place that serves beer and ale. The evidence showed that the term "ale house" often referred to establishments that specialized in service of beer, such as a pub or bar. The evidence also showed that the term "ale house" was frequently used in restaurants that served both food and beer. AHM offered evidence that its "ale house" restaurants are primarily large full-service restaurants that serve primarily food, but also serve beer and ale. AHM attempted to distinguish its full service restaurants from a typical "ale house," which it argued served primarily beer and ale. The Fourth Circuit Court of Appeals rejected this attempted distinction, pointing to the unrebutted evidence submitted by RAL on the issue. The Fourth Circuit noted that the evidence submitted by RAL showed use of the term "ale house" in connection with full service restaurants, as well as bars and pubs. The Fourth Circuit held that this unrebutted evidence showed that the term "ale house" refers to a genus or class of facilities that serve both food and drink and was broad enough to include both restaurants and bars or pubs.

Turning next to the trade dress claim, the Fourth Circuit Court of Appeals applied the *Seabrook* test, which was

adopted by the Fourth Circuit in *Ashley Furniture Industries, Inc. v. Sangiacomo N.A. Ltd.*, 187 F.3d 363, 369 (4th Cir. 1999), to determine whether the claimed trade dress was generic. The Fourth Circuit held that a trade dress should be considered generic if "well-known" or "common," "a mere refinement of a commonly-adopted and well-known form of ornamentation," or a "common basic shape or design," even if it has "not before been refined in precisely the same way." *Ale House Management, Inc. at 7*. Trade dress is not generic, the Fourth Circuit held, if it is "unique or unusual in the particular field at issue." *Ibid.*

AHM's claim for trade dress infringement was based entirely on the general layout of the floor plan and not its exterior appearance. AHM asserted that its centrally-located rectangular bar with two types of seating on opposing sides of the bar, television monitors, and wood and brass décor was "unique or unusual." Though not apparent in the opinion, the Fourth Circuit observed that the elements of AHM's claimed trade dress, such as wood and brass décor, were common elements in bars and restaurants and were not unique to AHM's restaurants. The opinion, however, was not so much an affirmative finding on lack of uniqueness but, instead, was based on AHM's failure to offer evidence proving the uniqueness of its restaurant design. The Fourth Circuit also observed that the floor plan for AHM's own "ale house" restaurants varied from one facility to the next, undercutting the claim of a single design that could be recognized by consumers.

After dispensing with the trademark and trade dress infringement claims, the Fourth Circuit then turned to the final claim asserted by AHM, which was its claim for copyright infringement. The Fourth Circuit noted the bedrock principal that ideas are not protected by copyright but only expressions of ideas. To prove copyright infringement, the Fourth Circuit held, the plaintiff must establish that it owned copyrighted material and that the infringer copied pro-

TECTED elements of its copyrighted work. *Ale House Management, Inc. at 8*. Comparing the plans for RAL's restaurant to the plans for AHM's restaurants, the Fourth Circuit held that the comparison, at most, showed imitation of an idea or a concept, but not a copying of the plans themselves. *Ibid.* The Raleigh Ale House's floor plans, observed the Fourth Circuit, were not the same dimensions or proportions and the arrangement of the seating area and pool tables was different. The Fourth Circuit held:

AHM appears to be claiming, not that Raleigh Ale House infringed on a particular plan, but that it copied the concept of using an island — or peninsula-shaped bar to bisect a seating area which has booths on one side and stool seating on the other. But at this level of generality, the AHM design is nothing more than a concept, as distinct from an original form of expression, and is not copyrightable. *Ale House Management, Inc. at 9*.

Thus, the Fourth Circuit held that Raleigh Ale House's floor plan was not sufficiently similar in protected expression to any AHM plan to support a finding of copying in violation of the Copyright Act.

The court also affirmed the District Court's denial of AHM's motion for reconsideration based on newly discovered evidence of actual confusion. The Fourth Circuit gave significant weight to the District Court's finding that the affidavits submitted by AHM either were not competent as evidence or did not support the claim of actual confusion. Additionally, the Fourth Circuit held that the affidavits did not bear upon the question of whether AHM's trademark and trade dress are generic and, therefore, were not sufficient to support the claims.

Finally, the Fourth Circuit Court of Appeals affirmed the award of attorneys fees, noting the broad discretion of the District Court in such matters.