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UNITED STATES: Fictional Trademark THE KRUSTY KRAB Is Protectable

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The U.S. Court of Appeals for the Fifth Circuit affirmed a district court summary judgment ruling that IJR Capital's proposed "The Krusty Krab" seafood restaurants in California and Texas infringed Viacom's THE KRUSTY KRAB trademark for a fictional restaurant appearing in the "SpongeBob SquarePants" television series. *Viacom International, Inc. v. IJR Capital Investments, LLC*, Case No. 17-20334 (5th Cir. 2018).

The plaintiff, Viacom, produces the well-known and popular cartoon series "SpongeBob SquarePants." The Krusty Krab fictional fast food restaurant appeared in 166 of 203 episodes of the cartoon series since first airing in 1999, has appeared prominently in two "SpongeBob SquarePants" movies, and appears in video games. Licensed merchandise related to the cartoon series, such as aquarium accessories, are also sold. Viacom has not registered or licensed the use of THE KRUSTY KRAB for restaurant services.

IJR applied to register the mark THE KRUSTY KRAB for restaurant services, and the U.S. Patent and Trademark Office (USPTO) approved the application. Viacom sued IJR for trademark infringement and unfair competition after IJR refused to withdraw its application and refrain from using the mark.

The district court granted summary judgment in Viacom's favor, finding that Viacom's THE KRUSTY KRAB mark was eligible for trademark protection, that it had acquired distinctiveness, and that consumers would believe that IJR's restaurant was officially licensed or endorsed by Viacom. *Viacom International, Inc. v. IJR Capital Investments, LLC*, 242 F. Supp. 3d 563 (S.D. Tex. 2017). IJR appealed and asserted that Viacom did not have a valid trademark.

For Viacom to prevail, it needed to establish: "(1) it owns a legally protectable mark in THE KRUSTY KRAB, and (2) IJR's use of the mark creates a likelihood of confusion as to source, affiliation, or sponsorship." The Fifth Circuit considered that Viacom must establish both use and distinctiveness in and of THE KRUSTY KRAB mark because the "use-as-a-source-indicator requirement is at issue." Before concluding that THE KRUSTY KRAB was a source identifier, the court considered the threshold question: "Can specific elements from within a television show—as opposed to the title of the show itself—receive trademark protection?"

The court concluded that elements from within a television show can be protectable trademarks. The court considered whether THE KRUSTY KRAB mark "as used, will be recognized in itself as an indication of origin for the particular product or service" and whether the mark "creates a separate and distinct commercial impression." The court focused on the role a particular element, The Krusty Krab, plays within a television show. The court concluded that THE KRUSTY KRAB was "analogous to protected marks like the Daily Planet, General Lee, and Conan the Barbarian"—that it had acquired distinctiveness, and that Viacom proved IJR's use of THE KRUSTY KRAB for a planned seafood restaurant created a likelihood of confusion as to source, affiliation, or sponsorship.

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