

## The Lanham Act & Sign Color: New Developments

A recent court case out of the US District Court for the District of Arizona (Phoenix) illustrates a new and developing area of federal law that has direct application to On Premises signs. This case involved the "Lanham Act" and a SUBWAY Wall sign. The case resulted in a welcome victory for the local sign User, and the Sign Industry as a whole. USSC monitors Legal developments related to signs for Membership, and below will be summary.

### What is the Lanham Act?

The Lanham Act is a federal Statute passed by the US Congress in 1946. The law provided for a national system of trademark registration and protected the owner of a valid trademark against the use of similar marks if any confusion might result. The Bill defined a trademark as "any word, name, symbol, device or any combination thereof adopted by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others."

### What Section is relevant?

In 1982, the Lanham Act was amended to include the following language, which clearly applies to On Premises Signs that display or consist of a "registered" mark. The language of the amendment is very clear on its face.

United States Code Annotated  
Title 15. Commerce and Trade

§ 1121. Jurisdiction of Federal courts; State and local requirements that registered trademarks be altered or displayed differently; prohibition

(b) No State or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, service marks, trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differing from the display of such additional trademarks, service marks, trade names, or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.

There have been several cases involving signs and the Lanham Act prior to 2003/2004. No case has made its way to the US Supreme Court. Federal district courts have taken differing approaches to signs and the Lanham Act.

### The Subway case

Last year, two local franchisees in Tempe, Arizona challenged sign color restrictions imposed by the City. At issue was a typical set of Exterior flush-mounted Channel Letters. The letters read "SUBWAY" and the colors specified were Subway's standard Yellow and White. The City denied Subway the use of their standard Yellow and White colors. Subway et. al. filed suit in federal court pursuant to Lanham Act protections and on First Amendment grounds (control of a business's colors = control of the content of the business's sign).

In layman's terms, the City said that it could control and/or dictate the business's sign colors, even if these colors did not follow the registered trademark.

At USSC, we are finding that many towns across the US are attempting to control sign colors and/or restrict sign colors. In some cases, the restriction is direct (a board or committee dictates the colors); in other cases, the local business is required to select a few colors from an approved list; in still other cases, a shopping center owner or developer is forced to pick a uniform color scheme for all the signs in the center and then all businesses in the center must follow the scheme.

In the Tempe case, the federal court agreed with Subway: the Lanham Act protected their sign and their colors. The court required the City to allow the Subway Yellow and White colors.

## **How can Sign Companies use the Lanham Act?**

Jeffrey Gross, an attorney with the law firm of Gallagher & Kennedy P.A., Tempe, Arizona, represented Subway in the City of Tempe case. He stated that prior to the City of Tempe case, Subway had amended its federal trademark to include the colors Yellow and White. The registration included the colors, a photo, and a description of the standard Subway sign. The colors specifications were "generic" in that a specific color identifier was not used (Pantone color ID, for instance, was not used).

This strategy was insightful and right on the "mark".

1. For sign companies, the Subway case is an example of what advice we can give to our Customers. If courts will be following and applying the Subway case, then we can advise our business customers to add Color(s) to their federal trademark registrations. The addition of color to the registration may help insure that they can use their Company colors and conforming trade dress at all locations with Exterior On Premises signs.

2. In addition, if a Sign Company encounters a Town that wants to restrict colors, the Sign Company should ask their Customer to research their trademarks and service marks, and to confirm if colors were specified or included in their filings. If colors were included, then an argument can be clearly made under the Subway case that the colors should be allowed pursuant to the Lanham Act Section 1121 (b).

Sign Companies will be doing their Customers a great service if Lanham Act provisions are discussed and investigated.

3. Finally, the Lanham Act does provide for attorney's fees, in "extraordinary circumstances". Our Customers and Clients may be able to take advantage of this provision if successful on the merits.

**Richard B. Crawford, Esquire**  
**USSC Legislative Consultant**  
**215-345-1481 voice or fax**  
[rcmercer@verizon.net](mailto:rcmercer@verizon.net)