

BACK TO THE FUTURE – THE DELOREAN TRADEMARK SAGA CONTINUES

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"Doc...are you telling me you built a time machine out of a DeLorean?"

We all know about the iconic gull-wing DeLorean Motor Company (DMC) car made famous in the *Back to the Future* trilogy starring Michael J. Fox and Christopher Lloyd. Unfortunately, John Z. DeLorean and the car company he founded were plagued with lengthy legal problems, which ultimately led to DMC's bankruptcy and demise. DMC only sold approximately 9,000 cars between 1981 and 1982.

But what ever happened to the DeLorean intellectual property rights?

According to a complaint filed in the U.S. District Court for the District of New Jersey on February 21, 2014, by Sally DeLorean, the administrator for the estate of John Z. DeLorean, DeLorean himself purchased the company intellectual property, including the rights to use the trade dress of the iconic car, the DMC/DeLorean trademarks, and all design and engineering rights, out of the bankruptcy proceeding. However, the story does not end there. Apparently, the DeLorean Motor Company was reestablished in Texas, though it has no affiliation with John Z. DeLorean or his estate. In the NJ action, it was alleged that the Texas company without any license began use of the DMC/DeLorean trademarks, the iconic car trade dress, offered for sale merchandise, registered and used the web addresses www.delorean.com and www.deloreanmuseum.org, and even boasted a licensing program of the DeLorean properties to such companies as Nike, Mattel, Microsoft, Urban Outfitters and Apple.

In its answer and affirmative defenses to the complaint, DeLorean Motor Company of Texas denied the allegations raised in the complaint, and it alleged several affirmative defenses, including the *prima facie* presumption of validity, ownership, and exclusivity it enjoyed in registered DELOREAN trademarks for articles of clothing, automobiles, and parts therefor; abandonment, based upon discontinued use of the marks by DeLorean and his estate with no intention to resume use for three years or more; and various equitable defenses.

Based upon a settlement agreement which was recently filed with the court, the estate acknowledged DeLorean Motor Company of Texas's rights in the DMC/DeLorean trademarks as an automobile brand and its right to merchandise and

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license the marks associated with the motor company. The estate retained all other rights, and it received an undisclosed payment.

Legal Practice Tips:

1. It is extremely important to register your company trademarks in order to obtain the presumptions enjoyed therein, including validity of the registered mark, ownership of the mark, and the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration (*See*, 15 U.S.C. § 1115). Continued registration and maintenance of your trademark may lead to incontestability and conclusive evidence of the aforementioned rights (*See*, 15 U.S.C. § 1065).
2. Continued use of your trademarks is paramount in order to maintain your ownership rights. Clients are urged to maintain good records evidencing continued sales or use of their trademarks. Trademarks will become vulnerable to abandonment claims when use has been discontinued with intent not to resume use. Nonuse for three consecutive years can be *prima facie* evidence of abandonment (*See*, 15 U.S.C. § 1127).
3. We can enroll your trademarks in a trademark watch program in order to monitor and become aware of third-party trademark filings that may cause a likelihood of confusion or otherwise damage your trademarks. Once you are aware of these filings, you may elect to file oppositions in the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office to prevent the registration of the challenged application.