

INTELLECTUAL PROPERTY SURVEYOR

IP Surveyor

Volume: Trademark

VERSION 1.0
MUSEUM EDITION



An open casebook anthology
compiled and edited by Eric E. Johnson

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1.0

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Intellectual Property Surveyor

Volume: Trademark

VERSION 1.01

MUSEUM EDITION

an open casebook anthology

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–EEJ

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–EEJ

Editing Notes

Readings incorporated in this textbook have been liberally edited in service of being good textbook text to be helpful for law students learning intellectual property law. Case text—as well as statutory, regulatory, and agency guidance text—should not be considered authoritative. Same with text from other legal scholars. Consult the original/official versions of the sources if you have anything else in mind—including for purposes of citation, research, etc. Any errors you find should be presumed to be mine and thus attributed to me, unless you prove me innocent by referencing the original.

The superscript tilde (~) is my favored way of indicating omitted material. I know it's unconventional, but I like it better than the three dots because it is relatively unobtrusive.

I use square brackets to indicate insertions, which may also include a corresponding deletion in the same place.

Often at the beginning of a reading I've included particular notes about editing I've done—often times those notes are duplicative of what I'm saying here about the editing in general. Specification of particular sorts of editing for particular readings or swaths of incorporated text should not be taken to mean that the lack of specification for other readings or swaths of text implies an absence of such editing.

Here are some particular notes on the editing approach I've used:

Judicial opinions, agency text, etc.: I have liberally removed footnotes, footnote references, and citations. I've changed typography and formatting, and may have changed paragraph breaks. Italicization may have been lost or changed in the process of incorporating text into this book. For any given reading I may have done some slight editing/re-writing work to put footnote material into the main body text (“above the line” text). In general, I've bent text as I felt appropriate to serve educational purposes.

Text from other scholars: My approach with text taken from other scholars' casebooks, scholarly/educational writings, etc., has generally been the same as with judicial opinions and agency text, discussed above. In particular, I did things to make the text conform to the normal, boring, straight-ahead

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Typography, styling, and formatting, including levels of headings, have generally been changed. Paragraph breaks may have been changed. I've generally removed all footnotes and footnote references without leaving any indication. Sometimes footnote material has been worked into the main text without notation.

In places I may have added words or changed phrasing to adapt the text to suit textbook purposes—for instance removing the word “also” from a sentence because the preceding text to which the word “also” referred has been cut. And so on. As always, consult the original if you want the authoritative text.

—EEJ

M-0

Trademark Law Orientation

This chapter was authored by

Eric E. Johnson.

Please see “Rights, licensing, editing, etc.” at the end of this chapter.

A trademark story ...

There’s a classic story for why trademarks and trademark law are crucial to our modern world. Here’s one retelling of it, through the lens of my own personal experience:

If I go to the store and see a DeWalt drill for sale, I have some sense of what I’d be getting for the money. I will figure it’s likely to be a quality product, smartly designed, sturdy enough to handle roughly, and unlikely to let me down even after heavy use. I will have that notion because I have purchased products with the DeWalt mark on them before, and they’ve turned out to be well-made and worth what I paid.

It’s a story any one of us could tell about a thousand trademarks and a thousand goods or services. In other words, the classic trademark tale boils down to this: A consumer is aided in navigating the marketplace and making purchasing decisions thanks to an accumulated experience with goods and marks.

If I walked into the store and *all* the power tools had the DeWalt logo—no matter where they came from and who manufactured them—then shopping for a good drill would be a frustrating, maybe even hopeless task.

It doesn't take much imagination to conclude that without legal protection for trademarks, our modern economy would be thrown into chaos.

Getting to know the trademark-law neighborhood—some key terminology and abbreviations

trademark – The term “trademark” has multiple definitions, and different sources may be using the word under anyone of these definitions.

(1) Most generally and commonly, the word “trademark” is used in a broad sense to mean any word, logo, phrase, sound, aspect of product packaging, aspect of product configuration, etc. that is used in the commercial marketplace as a means of associating in the minds of consumers a particular commercial source with various goods or services. This is the sense in which “trademark” is generally used in this book.

(2) The term “trademark” is used by some in contradistinction to “trade dress.” In this usage, “trademark” is a source-indicating word, logo, slogan, or the like, while “trade dress” is source-indicating product configuration (look, shape, etc. of a product) or product packaging.

(3) The term “trademark” under the statutory language of the Lanham Act is used in a narrow, technical sense to refer to a source-indicating mark for *goods*—as opposed to services—that is *registered* or the subject of an application for registration on the federal principal register. The statute at 15 U.S.C. § 1127 says: “The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof— (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”

U.S.C. – United States Code. (The primary body of federal trademark law is found in Title 15 among a huge volume of law concerning commerce and trade.)

Lanham Act – The Lanham Act is the common nickname for the Trademark Act of 1946, which, as since amended, is the principal governing statutory framework for federal trademark law. There is not a good match between the section numbering of the Lanham Act and the U.S. Code. For

instance, Lanham Act § 2 is 15 U.S.C. § 1052; Lanham Act § 43 is 15 U.S.C. § 1125. Lawyers and commentators most frequently refer to provisions by their Lanham Act numbering. That's probably because the Lanham Act numbers are quicker to say. (Note that all of this is not a problem for copyrights or patents. For instance, the Copyright Act of 1976 explicitly prescribed the insertion of numbered sections into the U.S. Code, starting with § 101. Thus numbering confusion was avoided right from the start.)

registered, principal register, supplemental register – When people speak of a trademark being federally “registered,” they almost always mean registration on what’s technically known as the “principal register.” ***In this book, unless specified otherwise, you can assume that references to “registration” and “registered marks” are in reference to the principal register.***

The principal register has some strict requirements, and having a trademark registration on the principal register provides the holder with significant rights. By contrast, it is easy to get things on the supplemental register, but supplemental registration isn’t worth much.

A registration on the principal register means the PTO has determined you to have a valid trademark. Most crucially, that means your mark has been adjudged to be distinctive—having either what is known as “inherent distinctiveness” or “acquired distinctiveness” via something called secondary meaning. In infringement litigation, principal-register registration provides prima facie proof of the validity of the trademark. A defendant can still argue that your registered trademark is invalid, but they will bear the burden of proving invalidity.

If you have a mark on the supplemental register, then when it comes to infringement litigation, you are mostly in the same position as having an entirely unregistered mark. You will bear the burden of proof as to trademark validity. Thus, you will bear the burden of proving that your mark is either inherently distinctive or that it has acquired distinctiveness through secondary meaning. The secondary register is not entirely useless. If you have a registration on the supplemental register, then: (1) Your mark will come up in searches of the PTO’s database. (2) You are aided in seeking trademark rights overseas pursuant to international treaty provisions. (3) For what it is worth, you can put a circle-R symbol by your mark. But note that you get all those

things plus prima facie proof of validity and a lot more with registration on the principal register.

C.F.R. – Code of Federal Regulations. (Title 37 of the CFR contains trademark regulations, as well as regulations concerning copyrights and patents.)

USPTO – United States Patent and Trademark Office. The USPTO is the agency in charge of examining and approving (or rejecting) applications for trademark registration.

PTO – In the U.S. context, “PTO” is shorthand for USPTO, which is the United States Patent and Trademark Office.

MTEP – Manual of Trademark Examining Procedure. The MTEP is a giant instruction book for how trademark examiners are to do their job in examining applications for trademark registration. It is a very important resource for attorneys.

Sources of law and the relationship between registrability and protectability

Trademark law is found in both state law and federal law. And it has both statutory and common-law instantiations. There is a common law of trademark at the state level. And as we will see there is, as a matter of substance if not form, a federal common law of trademark.

Various states have various trademark statutes, but the most important statute, unsurprisingly, is the federal trademark statute—the Lanham Act. Trademark registration—whether with a state government or the federal government—is a creature of statute.

Trademarks can be registered or unregistered—and they can be legally protectible and used a basis for an infringement suit either way.

Lanham Act § 2 governs what trademarks can be registered on the federal principal register. If the PTO has approved an application for registration on the principal register, then that means the PTO has determined that the mark meets the requirements for trademark registration, including use-in-commerce and distinctiveness requirements.

An unregistered mark is only protectable if it meets the common-law requirements for a protectable trademark, including the use-in-commerce and distinctiveness requirements. State common law provides a cause of action for trademark infringement for unregistered marks. And federal law does essentially the same thing. Lanham Act § 43(a) is a statutory provision that has been construed by the courts to provide a federal cause of action for unregistered marks meeting the common-law requirements for protectability.

As it turns out, the requirements for registrability on the principal register and the requirements for protectability of unregistered marks are the same in essential substance. Thus, there's no need for us to read separate cases on trademark validity based on whether the context is Lanham Act registrability or common-law protectability. As the U.S. Supreme Court has said:

“[I]t is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).”

Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992).

Nanotreatise on trademark law

Nanotreatise on Trademark Law in the United States

by Eric E. Johnson

Rev. Date: August 16, 2022

This is a very brief primer on U.S. trademark law aimed at law students and lawyers.

Foundational Principles of Trademark Law

Trademark law concerns how businesses may obtain an exclusive entitlement in identifiers of a product's source. Names, logos, slogans, product packaging, product shape, color, sounds, and even smells can serve as trademarks, so long as they operate to indicate to consumers the source of the goods or services with which they are associated.

The rationale underlying trademark law is one of protecting the reputations of sellers and the expectations of consumers. Trademark law ensures that merchants can profit from their hard-won reputations, and the law gives consumers the piece of mind that they can come to depend upon trademarks as reliable indicators of source, and, by extension, product quality.

Putting this all together, the ultimate aim of trademark law is to increase society's wealth and standard of living by making for a more efficient marketplace. But the means are indirect. Manufacturers of shoddy, overpriced products are just as entitled to trademark protection as those with the most exacting standards of craftsmanship. A determination of trademark protection in an individual case never turns on the commercial merit of the trademark holder's goods or services. The idea is that by making trademarks reliable indicators of the source of products and services, producers will care enough about their reputations to deliver consistent quality.

The keystone concepts for trademark law are **source** and **reputation**. The leading cases come back to these two concepts again and again. What's more, from just these two concepts, it is possible to intuit much of trademark law. To the extent a putative trademark is not serving to identify the source of a product and enabling the building of a reputation, the law generally does not provide a monopoly in the form of trademark rights.

Trademarks are entirely distinct from other legal entitlements grouped under the heading of "intellectual property." Copyrights and patents, for

instance, are designed to encourage people to develop creative works and technological innovations. Under those legal regimes, exclusive rights are the reward for creating something beneficial for society. In contrast, the legal entitlement provided by trademark law is not a reward at all. It's a way of ensuring the integrity of information provided to consumers.

Correspondingly, the intent of trademark has never been to incentivize people to develop attractive logos or clever product names. The government's grants of trademark rights are merely means to the end of an efficient marketplace, which, in turn, is capable of rewarding craftsmanship and fair dealing.

Key Points of Trademark Doctrine

Trademark doctrine exists simultaneously under federal statute, state statute, and state common law. The **Lanham Act** is the key piece of federal legislation governing trademarks.

Registration of Trademarks

The Lanham Act provides an important scheme for the **registration** of trademarks with the **U.S. Patent and Trademark Office**. Federal registration confers substantial advantages for trademark holders, and federally registered trademarks may be identified with a circle-R symbol: ®.

The Lanham Act distinguishes among four kinds of marks. The first category is “**trademarks**,” a word that the Lanham Act uses in a narrow sense to refer to marks that identify the source of goods, as opposed to services. An example is “Apple” for computers. The second category is “**service marks**” – for services, of course. An example is “Google” for various online information services. The third and fourth categories show up in commerce less frequently. The third category is “**certification marks**.” These are used to identify products as having been certified by some outside source. An example of a certification mark is the encircled “UL” of Underwriters Laboratories, an independent firm that does product testing, including safety testing of electrical appliances. The fourth category is “**collective marks**.” These marks are owned by an association and may be used by the association's members to distinguish their goods or services from those of non-members. “Realtor” is a registered collective mark maintained by the National Association of Realtors.

A trademark need not be registered, however, to be protectable under the law. Those sellers without federal registration who wish to notify the public

that they claim something as a trademark may use the superscript TM: TM. For service marks, a superscript SM is commonly used: SM.

Protectable Subject Matter

To be protectable as a trademark, a mark must be **distinctive**. You can deduce this requirement from the concepts of source and reputation: Without being distinctive, a trademark could not perform its mission of identifying a commercial source.

Some marks are said to be **inherently distinctive**, including marks that are **fanciful**, **arbitrary**, or **suggestive**. An example of a fanciful mark is “Kodak,” which is a purely made-up word. An example of an arbitrary mark is “Apple,” at least when it is used for a brand of computers. Since apples have nothing to do with computers, such a mark is considered arbitrary. An example of a suggestive mark is “Coppertone” for sunscreen, since the word suggests, but does not clearly describe, the nature of the product.

Some putative trademarks are judged to be **generic**, and therefore not distinctive. “Apple” is generic for the kind of fruit known by that name. As a result, no one is entitled to protect “Apple” as a trademark for apples.

Between the categories of inherently distinctive marks and generic marks are those that are only considered distinctive if they get **acquired distinctiveness**, which requires showing **secondary meaning**. Secondary meaning is the association of a mark, in the mind of the consuming public, with a particular brand. Marks that are judged to be **merely descriptive**, for example, must acquire secondary meaning before being protectable as trademarks. “Holiday Inn” is an example of a merely descriptive term that has acquired secondary meaning. Since travelers have come to regard the phrase “Holiday Inn” as denoting a particular brand of lodging services, it is now protectable, and registerable, as a trademark.

If a putative trademark is **functional**, then it will be denied protection. How can a trademark be functional? The color orange, for instance, might serve as a trademark in many contexts. But the color orange is functional for traffic safety cones. Orange makes safety cones more visible to drivers; therefore, it cannot be protected as a trademark for safety cones. Similarly, the shape of a bottle might be protectable as a trademark for a beverage. But if the shape features are functional because, for instance, they make the bottle easier to grasp, then those features are not protectable under trademark law.

Functionality doctrine is closely related to genericness. In both cases, the law denies trademark protection in situations where conferring monopoly rights would give the trademark holder an advantage in the marketplace that is unrelated to the holder's reputation. If an apple seller had the exclusive right to the word "apple," and if a safety cone seller had the exclusive right to the color orange, those sellers would enjoy considerable advantage from their trademark monopolies that had nothing to do with their reputations among consumers.

Ownership of Trademarks

Trademark rights only arise when a trademark is used in commerce. In a dispute between two parties as to who owns a trademark, courts do not look at who first thought up the mark or disclosed it, but who used it first in commerce. This, too, you can deduce from the concepts of source and reputation. If trademark law cared about incentivizing design, then it might award priority to the first party to create the mark. But because trademark cares about source and reputation, priority goes to the first party to use the mark in commerce because it is the mark's use in commerce that can build reputation by signifying the commercial source of goods or services.

It is possible for companies to prepare ahead of time for the launch a new brand with an **intent-to-use application** filed with the U.S. Patent and Trademark Office. This will reserve a trademark pending its debut. But vesting of the incipient trademark still requires commercial use. And unless extensions are obtained, actual commercial use must occur within six months of the filing of the application.

A trademark can only have one owner. If two companies use the same mark for the same goods in the same market, then that mark is not protectable as a trademark. Why not? If, from the consumer's point of view, a given mark did not correlate with a single commercial actor, then the mark would not indicate source, and therefore it would be meaningless for accumulating a commercial reputation. For example, two companies can maintain the trademark "Delta" if one company uses it for air transportation services and the other for faucets. But if two companies independently sold faucets in the national marketplace under the name "Delta," then "Delta" could not be upheld as a trademark.

Note that is possible for two different businesses to use the same mark in the same line of business at the same time – so long as the businesses have

separate geographical territories. Thus, two different restaurant operators can use “Burger King” so long as their territories do not overlap. Otherwise, the mark’s significance in terms of source and reputation would be lost.

Enforcing and Losing Trademark Rights

The law does not confer an absolute monopoly with regard to the use of a trademark. There is nothing actionable, *per se*, about copying and using another person’s trademark. For instance, making and selling a coffee-table book of attractive logos, without permission of the trademark owners, would not constitute trademark infringement. Note that in this way the law of trademarks is very different from the law of copyright. Making and selling a coffee-table book of other persons’ copyrighted photographs would generally constitute copyright infringement.

In order to be liable for **trademark infringement**, in addition to showing valid ownership of a trademark, the plaintiff must prove the defendant’s **use in commerce** in connection with the sale, offering, distribution, or advertising of goods or services, and the plaintiff must show a **likelihood of confusion** among the consuming public. Making and selling a coffee-table book of attractive logos, then, would not be actionable as infringement because the activity would neither constitute a use of the logos in commerce, as the law understands that concept, nor would such usage likely confuse consumers as to the source of the book.

The “likelihood of confusion” analysis is required both in cases where the plaintiff and defendant use identical marks in different contexts, and where the plaintiff and defendant use similar but slightly different marks. Courts have articulated lists of various factors to consider in judging likelihood of confusion. Those factors are slightly different in different courts, but there is a lot of overlap.

Some of the classic **likelihood-of-confusion factors** include considering the strength of the plaintiff’s mark (both its commercial strength and the level of distinctiveness it has), the degree of similarity between the plaintiff’s and defendant’s marks, the proximity of the products or services in the marketplace, evidence of actual confusion, and care and sophistication of consumers. Note that among those factors, more is better for the plaintiff (more strength of mark, more similarity of marks, etc.), except for the last. A

large amount of care and sophistication helps the defendant, because the more careful consumers are, the less likely they are to be confused.

Unlike copyrights and patents, which expire after a finite time, trademarks are capable of potentially **infinite duration**. This makes sense, because unlike art or inventions, trademarks are understood to lack inherent value. Their only legally cognizable value comes from their use to build and profit from the reputation earned by the commercial source of the goods or services marketed under the trademark. Thus, so long as a trademark continues to be actively used in commerce, and so long as the source and mark remain linked (e.g., by not losing distinctiveness), the trademark will not expire.

By the same logic, trademarks may be lost at anytime if the source/mark link is broken. Thus, **naked licensing** (also known as “**licensing in gross**”) constitutes a defense to infringement. That is to say, if the trademark owner allows a mark to be used by someone else, and the owner does not retain control over the quality of the licensee’s products, the trademark protection vanishes. Similarly, **assignment in gross**, which is the sale of a trademark to another owner without the accompanying goodwill that the mark represents, results in the legal destruction of the trademark. Delivery of goodwill sufficient to sustain a trademark sale can generally be accomplished by transferring ongoing business operations or tangible assets that are associated with the mark. And **abandonment** destroys trademark rights when an owner stops doing business under the mark and has no concrete plans to reinitiate it.

The source/mark link can also be broken if the general public comes to linguistically use a putative trademark to refer to products or services of a certain kind, without regard to the brand. In such a case, the mark becomes generic. This development, leading to the death of the trademark as a legally protectable right, is sometimes called **genericide**. Examples of marks that were once protected but then became generic include “aspirin,” “escalator,” and “thermos.”

The **remedies** for trademark infringement can potentially include an injunction, an award corresponding to the plaintiff’s losses, an award of defendant’s profits, attorneys’ fees, and the impoundment and destruction of infringing articles. Criminal actions can be brought against trademark counterfeiters.

A separate species of trademark claim, available for famous marks, is the **dilution** cause of action, which does not require the showing of a likelihood of confusion. Under the amended Lanham Act, a dilution claim lies for activity that causes or is likely to cause **blurring** or **tarnishment** of a famous trademark. Blurring is a loss of the strength of the association, in the mind of the consuming public, between a mark and its source. Tarnishment occurs when a mark is linked to products of poor quality or when the value of a mark is lessened through its portrayal in an unwholesome or unsavory context.

The Expansion of Trademark Law

In the recent past, trademark law has undergone a steady expansion, which has increased the scope of trademark entitlements – thus generally tending to advantage plaintiffs and disadvantage defendants. New statutes have been responsible for some of this expansion. But the most striking sources of expansion have come from entrenched industry practice, aggressive tactics of trademark holders, and judicial opinions that have radically departed from understood doctrine. Thus, one can observe judicial or industrial recognition of and acquiescence in trademark rights in contexts not well supported by statute or precedent. In particular, toys and sports merchandizing are sectors where the effective scope of trademark law has become vastly enlarged in the past few decades. In toys and sports merchandise, the trend has been driven, in great part, by asymmetrical litigation resources, outlying judicial opinions, and widespread acquiescence to powerful players.

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–EEJ

M-1

Trademark's Fundamental Concepts

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Case: The Trade-Mark Cases

This edited case text obtained/adapted from James Grimmelmann's Patterns of Information Law (version 1.1, August 2017). See notes on editing, licensing etc. at the end of this chapter.

The Trade-Mark Cases

Supreme Court of the United States
100 U.S. 82 (1879)

Any attempt to identify the essential characteristics of a trademark with inventions and discoveries in the arts and sciences, or with the writings of authors, will show that the effort is surrounded with insurmountable difficulties.

The ordinary trademark has no necessary relation to invention or discovery. The trademark recognized by the common law is generally the

growth of a considerable period of use, rather than a sudden invention. It is often the result of accident, rather than design, and when under the act of Congress it is sought to establish it by registration, neither originality, invention, discovery, science, nor art is in any way essential to the right conferred by that act. If we should endeavor to classify it under the head of writings of authors, the objections are equally strong.

The trademark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it. At common law, the exclusive right to it grows out of its use, and not its mere adoption. By the act of Congress, this exclusive right attaches upon registration. But in neither case does it depend upon novelty, invention, discovery, or any work of the brain. It requires no fancy or imagination, no genius, no laborious thought. It is simply founded on priority of appropriation. We look in vain in the statute for any other qualification or condition. If the symbol, however plain, simple, old, or well known, has been first appropriated by the claimant as his distinctive trademark, he may by registration secure the right to its exclusive use.

CRS's basic explanation of trademarks

Taken from the "Background" portion of Congressional Research Service, Use of Trademarks as Keywords to Trigger Internet Search Engine Advertisements, R40799, March 22, 2010. (See "Editing Notes" section at the beginning of the volume on editing of CRS materials.)

A "trademark" is any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant (1) to indicate the source of his or her goods or services and (2) to identify and distinguish the goods or services from those offered by others. The principal federal statute governing trademarks is the Trademark Act of 1946 (conventionally known as the Lanham Act). Unlike the other major branches of intellectual property law (copyright and patent), the constitutional basis for federal trademark law is not the Intellectual Property (IP) Clause of the U.S. Constitution, but rather the Commerce Clause.

Under the Lanham Act, a merchant or manufacturer that wants to use a particular word or symbol (referred to as a "mark" in trademark law parlance) in association with a product or service must register the mark with the U.S.

Patent and Trademark Office to obtain federal protection for the mark. The Lanham Act provides a trademark owner with the right to prevent business competitors from using that mark. The purpose and benefits of trademark law have been described by the U.S. Supreme Court as follows:

“In principle, trademark law, by preventing others from copying a source-identifying mark, reduces the customer’s costs of shopping and making purchasing decisions ... for it quickly and easily assures a potential customer that this item – the item with this mark – is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby encourages the production of quality products ... and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale.”

Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163-64 (1995) (internal quotations and citations omitted).

Prof. Grimmelmann on trademark subject matter

This section is text from James Grimmelmann’s Patterns of Information Law (2022 version). See notes on editing, licensing etc. at the end of this chapter. Text from sidebar brought in; footnote material removed without indication.

The basis of trademark protection is the use of a word, phrase, logo, or other symbol to identify to consumers the source of goods or services. Lanham Act section 45 defines a “trademark” as:

“any word, name, symbol, or device, or any combination thereof used by a person ... to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”

15 U.S.C. § 1127; Lanham Act § 45.

The phrase “even if that source is unknown” was added in 1984 to reverse an opinion holding that Monopoly was generic for the board game because consumers didn’t know and didn’t care who made it.

The key work that a trademark must do is to serve as an *indication of source* that distinguishes the mark owners' goods from others'. The COCA-COLA name, logo, color scheme, and other branding tell consumers that *this* can contains soda from the Coca-Cola Company, as compared with *other* cans with different branding that do not.

Compare this *trademark* function of the COCA-COLA name with other elements of the can design. "12oz" does not identify and distinguish the Coca-Cola Company as a source; instead, it tells the buyer how much soda is in the can. This is a *non-trademark* function. From a subject matter perspective, distinguishing between trademark and non-trademark uses encompasses two closely related questions.

One is *distinctiveness*: which phrases and symbols are capable of bearing source-identifying meaning? Water} cannot function as a trademark for bottled water because it identifies the contents of the bottle, rather than the company that sells it. Another is *failure to function*: when is it that a distinctive phrase or symbol actually identifies a source to consumers? An American flag in an ad for pickup trucks is a general expression of patriotic sentiment, rather than an identification of a specific brand.

Case: Champion Spark Plug Co. v. Sanders

This case abridgement/edit by EEJ. The superscript tilde (~) indicates an ellipsis. Footnotes and citations liberally reformatted or removed without notation.

Champion Spark Plug Co. v. Sanders

Supreme Court of the United States
331 U.S. 125 (1947)

Opinion of the Court by MR. JUSTICE DOUGLAS~.

Petitioner is a manufacturer of spark plugs which it sells under the trade mark "Champion." Respondents collect the used plugs, repair and recondition them, and resell them. Respondents retain the word "Champion" on the repaired or reconditioned plugs. The outside box or carton in which the plugs are packed has stamped on it the word "Champion," together with the letter and figure denoting the particular style or type. They also have printed on them "Perfect Process Spark Plugs Guaranteed Dependable" and "Perfect Process Renewed Spark Plugs." Each carton contains smaller boxes in which

the plugs are individually packed. These inside boxes also carry legends indicating that the plug has been renewed.^[1]

[FN1:] "The process used in renewing this plug has been developed through 10 years continuous experience. This Spark Plug has been tested for firing under compression before packing."

"This Spark Plug is guaranteed to be a selected used Spark Plug, thoroughly renewed and in perfect mechanical condition and is guaranteed to give satisfactory service for 10,000 miles."

But respondent company's business name or address is not printed on the cartons. It supplies customers with petitioner's charts containing recommendations for the use of Champion plugs. On each individual plug is stamped in small letters, blue on black, the word "Renewed," which at times is almost illegible.

Petitioner brought this suit in the District Court, charging infringement of its trade mark and unfair competition. The District Court found that respondents had infringed the trade mark. It enjoined them from offering or selling any of petitioner's plugs which had been repaired or reconditioned unless (a) the trade mark and type and style marks were removed, (b) the plugs were repainted with a durable grey, brown, orange, or green paint, (c) the word "REPAIRED" was stamped into the plug in letters of such size and depth as to retain enough white paint to display distinctly each letter of the word, (d) the cartons in which the plugs were packed carried a legend indicating that they contained used spark plugs originally made by petitioner and repaired and made fit for use up to 10,000 miles by respondent company. The District Court denied an accounting.

The Circuit Court of Appeals held that respondents not only had infringed petitioner's trade mark but also were guilty of unfair competition. It likewise denied an accounting but modified the decree in the following respects: (a) it eliminated the provision requiring the trade mark and type and style marks to be removed from the repaired or reconditioned plugs; (b) it substituted for the requirement that the word "REPAIRED" be stamped into the plugs, etc., a provision that the word "REPAIRED" or "USED" be stamped and baked on the plug by an electrical hot press in a contrasting color so as to be clearly and distinctly visible, the plug having been completely covered by permanent aluminum paint or other paint or lacquer; and (c) it

eliminated the provision specifying the precise legend to be printed on the cartons and substituted therefor a more general one.^[3]

[FN3:] “The decree shall permit the defendants to state on cartons and containers, selling and advertising material, business records, correspondence and other papers, when published, the original make and type numbers provided it is made clear that any plug referred to therein is used and reconditioned by the defendants, and that such material contains the name and address of defendants.”

156 F.2d 488. The case is here on a petition for certiorari which we granted because of the apparent conflict between the decision below and *Champion Spark Plug Co. v. Reich*, 121 F.2d 769, decided by the Circuit Court of Appeals for the Eighth Circuit.

There is no challenge here to the findings as to the misleading character of the merchandising methods employed by respondents, nor to the conclusion that they have not only infringed petitioner's trade mark but have also engaged in unfair competition. The controversy here relates to the adequacy of the relief granted, particularly the refusal of the Circuit Court of Appeals to require respondents to remove the word “Champion” from the repaired or reconditioned plugs which they resell.

We put to one side the case of a manufacturer or distributor who markets new or used spark plugs of one make under the trade mark of another. See *Bourjois & Co. v. Katzel*, 260 U.S. 689. Equity then steps in to prohibit defendant's use of the mark which symbolizes plaintiff's good will and “stakes the reputation of the plaintiff upon the character of the goods.” *Id.* at 692.

We are dealing here with second-hand goods. The spark plugs, though used, are nevertheless Champion plugs and not those of another make.

There is evidence to support what one would suspect, that a used spark plug which has been repaired or reconditioned does not measure up to the specifications of a new one. But the same would be true of a second-hand Ford or Chevrolet car. And we would not suppose that one could be enjoined from selling a car whose valves had been reground and whose piston rings had been replaced unless he removed the name Ford or Chevrolet. *Prestonettes, Inc. v. Coty*, 264 U.S. 359, was a case where toilet powders had as one of their ingredients a powder covered by a trade mark and where perfumes which were trade marked were rebottled and sold in smaller bottles. The Court sustained a

decree denying an injunction where the prescribed labels told the truth. Mr. Justice Holmes stated, "A trade mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. . . . When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo."

Cases may be imagined where the reconditioning or repair would be so extensive or so basic that it would be a misnomer to call the article by its original name, even though the words "used" or "repaired" were added. But no such practice is involved here. The repair or reconditioning of the plugs does not give them a new design. It is no more than a restoration, so far as possible, of their original condition. The type marks attached by the manufacturer are determined by the use to which the plug is to be put. But the thread size and size of the cylinder hole into which the plug is fitted are not affected by the reconditioning. The heat range also has relevance to the type marks. And there is evidence that the reconditioned plugs are inferior so far as heat range and other qualities are concerned. But inferiority is expected in most second-hand articles. Indeed, they generally cost the customer less. That is the case here. Inferiority is immaterial so long as the article is clearly and distinctly sold as repaired or reconditioned rather than as new. The result is, of course, that the second-hand dealer gets some advantage from the trade mark. But under the rule of *Prestonettes, Inc. v. Coty, supra*, that is wholly permissible so long as the manufacturer is not identified with the inferior qualities of the product resulting from wear and tear or the reconditioning by the dealer. Full disclosure gives the manufacturer all the protection to which he is entitled.

The decree as shaped by the Circuit Court of Appeals is fashioned to serve the requirements of full disclosure. We cannot say that of the alternatives available the ones it chose are inadequate for that purpose.~ Here, as we have noted, there has been no showing of fraud or palming off. For several years respondents apparently endeavored to comply with a cease and desist order of the Federal Trade Commission requiring them to place on the plugs and on the cartons a label revealing that the plugs were used or second-hand. Moreover, as stated by the Circuit Court of Appeals, the likelihood of damage to petitioner or profit to respondents due to any misrepresentation seems slight. In view of these various circumstances it seems to us that the injunction will satisfy the equities of the case.

Affirmed.

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The following was written by Eric E. Johnson:

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prudence, assume I've done unto him as he's done unto others.

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–EEJ

M-2

Trademark

Procedure and Registration

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Prof. Grimmelmann on trademark procedure, registration

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Trademark procedure is intermediate between patent’s rigorous examination and copyright’s minimal processing.

Registration

Many of the components of a trademark registration application are tedious (if necessary) paperwork, but a few are important enough to mention. Obviously, the applicant must identify the mark, which for a design mark

requires an image of the mark. In addition, they must “specify the particular goods and/or services on or in connection with which the applicant uses, or has a bona fide intention to use, the mark in commerce.” MTEP § 1402.01. It is important that the *specification* of goods or services be accurate. Too broad a specification can invalidate a registration. In addition, the USPTO requires that the goods or services be *classified* in terms of the precise, if idiosyncratic International Trademark Classes published by the World Intellectual Property Organization. MTEP § 1401.03. Specification and classification facilitate trademark searches. Note that the mark owner’s rights are not strictly limited to the registered classes or the specific items they identify.

The applicant must substantiate their claims of use by providing *specimens* of the mark in use – one for each ITC class. The TMPEP explains:

“[T]he specimen must show the mark as used on or in connection with the goods in commerce. A trademark specimen should be a label, tag, or container for the goods, or a display associated with the goods. A photocopy or other reproduction of a specimen of the mark as used on or in connection with the goods is acceptable.”

MTEP at § 904.03.

Some trademark attorneys have been tempted to cheat on their specimens by Photoshopping the mark on to stock photos of relevant goods. Please do not do this. It is fraud on the USPTO. It can lead to invalidation of your registrations and to severe disciplinary sanctions.

When an application is filed, it is referred to a trademark examiner who performs a substantive *examination* to confirm that the mark is distinctive, not confusingly similar to existing registrations, not subject to any other exclusions, is properly classified and specified, and so on. The process resembles patent examination, with correspondence flowing back-and-forth between applicant and examiner, but is substantially less rigorous. If the examiner rejects the application, the applicant can request reconsideration, in which case the file goes to another examiner. If they too reject the application, the applicant can appeal to the trademark equivalent of the PTAB, the Trademark Trial and Appeal Board. The TTAB’s members are administrative judges and PTO officials. If the TTAB also rejects the application, the applicant can have the decision reviewed either by a federal district court or by the Federal Circuit. 15 U.S.C. § 1071.

When a trademark examiner agrees that a mark is “entitled to registration,” the mark is published in the Trademark Official Gazette. Lanham Act § 12. New trademarks drop every Tuesday. If there is no opposition (more on this below) within 30 days, the USPTO will issue a registration certificate, and the applicant’s federal trademark rights become effective.

The owner of a registered mark may provide *notice* of the registration. The full official form of notice is “Registered in United States Patent and Trademark Office,” but everyone just uses the registered-trademark symbol ®. Don’t put this notice on your products if the mark is not registered; it’s a species of fraud. You *can* use the trademark symbol ™ or the term “trademark” on their products whether or not you own a trademark registration. As my trademarks teacher, Stephen L. Carter, quipped one day in class, “™ means ‘I hope you agree with me that I have rights in this mark.’” It signals to viewers that you are attempting to use the term as a trademark and that you purport to claim rights in it, but does not create any rights or put them on any kind of official notice.

Types of Marks

The USPTO distinguishes among four types of marks. So far we have been dealing with *trade marks* for goods and *service marks*. The distinction matters for two reasons. One is precision; if you want to sound like a fancy-pants intellectual-property attorney, it helps to be able to throw around terms like “service mark” with confidence.*

[FN*:] As a further persnickety distinction, I think it is most precise to use “trade mark” with a space when distinguishing trade marks from service marks, and “trademark” with no space when referring generally to trade marks and service marks together. Sadly, almost no one agrees with me.

[*Note from EEJ*: Well, I agree with Prof. Grimmelmänn here. That’s very reasonable and it would avoid a lot of needless confusion that is Congress’s own doing. Maybe an even better alternative to “trade mark” as distinguished from service mark would be “goods mark.” But Congress passed any up opportunity for that back in 1946 when it passed the Lanham Act.]

The other [reason the distinction matters between trade marks and service marks] is **affixation**. A trademark must be physically printed on the goods, or on their containers or packaging, or on labels or tags, or on clear point-of-sale displays. 37 C.F.R. § 2.56(b)(1). This kind of affixation is often not possible for service marks, because services themselves are intangible. Thus the rule is looser: the mark must be “used in the sale of the services, including use in the performance or rendering of the services, or in the advertising of the services.” 37 C.F.R. § 2.56(b)(2).

The third type of mark is a **collective mark**, which is used by the members of an association. Lanham Act § 45. The mark is *owned* by the collective entity but *used* by its members, which is the kind of distinction only a lawyer could love. In practice, there are two subtypes of collective marks:

“A **collective trademark** or collective service mark is a mark adopted by a ‘collective’ (i.e., an association, union, cooperative, fraternal organization, or other organized collective group) for use only by its members, who in turn use the mark to identify their goods or services and distinguish them from those of nonmembers. The ‘collective’ itself neither sells goods nor performs services under a collective trademark or collective service mark, but the collective may advertise or otherwise promote the goods or services sold or rendered by its members under the mark. A collective membership mark is a mark adopted for the purpose of indicating membership in an organized collective group, such as a union, an association, or other organization. Neither the collective nor its members uses the collective membership mark to identify and distinguish goods or services; rather, the sole function of such a mark is to indicate that the person displaying the mark is a member of the organized collective group.”

Aloe Creme Labs., Inc. v. Am. Soc’y for Aesthetic Plastic Surgery, Inc., 192 U.S.P.Q. 170 (TTAB 1976)

The fourth type of mark is a **certification mark**[.]

The Lanham Act defines a “certification mark” as a mark “used [or intended to be used] by a person other than its owner ... to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other

organization.” Lanham Act § 45. The key point here is that a certification is used by people *other than the owner* on their goods and services.

“A certification mark is a special creature created for a purpose uniquely different from that of an ordinary service mark or trademark. That is, the purpose of a certification mark is to inform purchasers that the goods or services of a person possess certain characteristics or meet certain qualifications or standards established by another person. A certification mark does not indicate origin in a single commercial or proprietary source the way a trademark or service mark does. Rather, the same certification mark is used on the goods or services of many different producers.

“The message conveyed by a certification mark is that the goods or services have been examined, tested, inspected, or in some way checked by a person who is not their producer, using methods determined by the certifier/owner. The placing of the mark on goods, or its use in connection with services, thus constitutes a certification by someone other than the producer that the prescribed characteristics or qualifications of the certifier for those goods or services have been met.”

MTEP § 1306.01(b)

That is, a certification mark is *owned* like a trademark, but the mark itself designates *characteristics* of the goods, rather than designating source. This does not mean that a certification mark is descriptive; all of the usual trademark rules around distinctiveness apply. Rather, a certification mark must have a distinctive meaning to consumers, but the goodwill is directed into consumer knowledge that the goods have been certified, rather than that the goods come from a particular source.

The TMETP describes three kinds of certification marks: [Quote:]

1. *Geographic origin.* Certification marks may be used to certify that authorized users’ goods or services originate in a specific geographic region (e.g., SUNSHINE TREE for citrus from Florida).
2. *Standards met with respect to quality, materials, or mode of manufacture.* Certification marks may be used to certify that authorized users’ goods or services meet certain standards in relation to

quality, materials, or mode of manufacture (e.g., approval by Underwriters Laboratories) (UL certifies, among other things, representative samplings of electrical equipment meeting certain safety standards).

3. *Work/labor performed by member or that worker meets certain standards.* Certification marks may also be used to certify that authorized users' work or labor on the products or services was performed by a member of a union or other organization, or that the performer meets certain standards.

MTEP § 1306.1

One can discuss geographic certifications within a broader context of geographic-indication law, and labor-standard certification marks overlap substantial with collective membership marks.

As an example, consider the FAIR TRADE certification. The standards applied by Fair Trade USA include minimum wages for all employees; housing standards and safety; nondiscrimination on the basis of race, gender, sexual orientation, disability, etc.; and much much more. The standards are quite detailed in some places. For example, the packing-material costs that an exporter (rather than the producer) must cover include "up to 3 labels per banana hand."

In theory, the owner of a certification mark is required to act even-handedly in certifying others' goods. (Indeed, due to the obvious conflict of interest, the owner is *prohibited* from applying the mark to its own goods. If you want to put the mark on your own goods, just get a trademark instead.) But in practice, the owner controls both the wholesale definition of the certification standards and their retail application in particular cases, and oversight is rare. Jeanne Fromer:

"What do a trendy kosher restaurant in SoHo, an independent movie about a serial killer, and a Swiss watchmaker have in common? Each has been excluded by a certifier from employing its legally protected certification mark in ways that seem to run counter to the certification mark's purposes of consumer protection and promotion of competition. Each of these businesses has either been disqualified by a certifier from getting a certification mark or been manipulated by a certifier into securing a certification mark: a kosher food certification

withheld from the restaurant until it changed its name; an R movie rating withheld from the independent movie, whose producer claimed the rating was being given to far gorier—yet non-independent—movies; and a withheld geographical certification of SWISS MADE for the watchmaker located in Switzerland and much of whose watches’ value—but not all—originates in Switzerland. The inability of each of these businesses to be certified as is—without any clear certification standard or procedural regularity—can have adverse, and sometimes catastrophic, consequences for the businesses, their consumers, and competition writ large.

“Because the law allows certification standards to be vague, high-level, and underdeveloped, a certifier can choose to exclude certain businesses inconsistently or arbitrarily, even when these businesses’ goods or services would seem to qualify for the certification mark (particularly to consumers). Moreover, certifiers can wield their marks anticompetitively, even when a certification standard is clear and complete. They can do so through redefinition – something certification mark law currently allows without oversight – to ensure that certain businesses’ goods or services will not qualify for the mark. Both of these forms of certification mark manipulation undermine the goals of certification marks: (1) to protect consumers by providing them with succinct information—via the marks—on goods’ or services’ characteristics and (2) to promote competition by ensuring that any businesses’ goods or services sharing certain characteristics salient to consumers qualify for a mark certifying those characteristics.”

Jeanne C. Fromer, *The Unregulated Certification Mark(et)*, 69 STANFORD LAW REVIEW 121 (2017)

Exclusions

Section 2 of the Lanham Act excludes a variety of trademarks from being registrable.~ **[Quoting from Lanham Act § 2; 15 U.S.C. § 1051:]**

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it –
 (a) Consists of or comprises

immoral, deceptive, or scandalous matter;
or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute;
or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods ...

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual [or deceased President during their surviving spouse's lifetime] except by [their] written consent ...

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: [Provided that concurrent registrations are allowed when no confusion is likely to result as a result of limitations imposed on "the mode or place of use of the marks or the goods," by consent, or by court order.]

(e) Consists of a mark which

(1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them,

(2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title,

(3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them,

(4) is primarily merely a surname, or

- (5) comprises any matter that, as a whole, is functional.
- (f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. ...

Unfortunately, the language here is not arranged in an entirely logical order. Here is a quick reorganization:

- Sections (e)(1) and (f) restate the common-law doctrine of descriptive and generic trademarks. Section (e)(1) says that “merely” descriptive marks are not protectable, but section (f) adds that marks that have “become distinctive” (i.e. acquired secondary meaning) are. When you add in the trademark rule that generic marks are considered incapable of acquiring secondary meaning as a matter of law, you recover the common-law rules that descriptive marks are protectable when and only when they have secondary meaning, and that generic marks never are.
- Section (d) restates the basic rules of priority. Marks in actual or constructive use have priority over later-filed applications.
- Section (e)(5) excludes the registration of “functional” matter, i.e. that does something rather than communicating something.
- Sections (c) and e(4) put limitations on the use of names and individual identities as trademarks.
- Sections (a) (“deceptive”) and (e)(1) (“deceptively misdescriptive”) are false-advertising policies that prevent the registration of misleading trademarks.
- Sections (a) (“geographical indication” for wines or spirits), (e)(2), and (e)(3) deal with the special case of false advertising about the geographic origins of products.
- Sections (a) (“falsely suggest a connection”) and (b) are a false-endorsement rules; a trademark cannot imply that they have been approved by or are affiliated with people or institutions where no such affiliation exists. The flag/coat of arms/insignia rule in (b) is an absolute prohibition in an important special case of the general rule in (a). In six decisions issued on the same day, the TTAB

affirmed refusals to register NATO for flashlights, tents, and dog tags (nos. 87302892, 87302907, and 87302891 (TTAB 2021)), but *reversed* refusals to register NATO for pens, lip balm, and energy bars (nos. 87270077, 87418156, and 87418153 (TTAB 2021)).

- Section (a) (“disparage or bring them into contempt, or disrepute”) is a dead letter after *Matal v. Tam*, 137 S.Ct. 1744 (2017), in which the Supreme Court held that the exclusion was an unconstitutional restriction on speech. (The case involved a dance-rock band, The Slants, formed by Simon Tam and with an entirely Asian-American membership, who picked their name as a way of reappropriating a racial slur and campaigning for social justice. Other beneficiaries of the ruling in *Tam* included the Washington Football Team, whose former name – a offensive term for Native Americans – had been the subject of decades-long activism. (While the legal campaigns against the former name under section 2(a) failed in court, they helped lay the groundwork for the team’s name change in 2020 following the George Floyd protests.)
- Section (a) (“immoral ... or scandalous”) was held unconstitutional in *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019). That case involved a clothing line called FUCTION, allegedly “pronounced as four letters, one after the other: F-U-C-T,” but easily confused with a common profanity. *Brunetti* at 2297. The same applicant later attempted to register the same mark but with a K instead of a T for a variety of goods including cell-phone cases, jewelry, and backpacks. The application was rejected for failure to function as a mark.

Opposition

An important difference from patent procedure is that trademarks are subject to adversary proceedings at every stage. Following the initial publication of an application, any person “who believes that [they] would be damaged by the registration” – typically someone whose mark is similar to the proposed mark – can file an ***opposition*** within 30 days. Lanham Act § 13. In case of opposition, the TTAB conducts a mini-trial. The parties can conduct

discovery, take deposition, and submit written filings. There is no live testimony, but there is oral argument on motions. The issue in a TTAB proceeding can be slightly different than the issue in trademark infringement litigation, because “contested registrations are often decided upon a comparison of the marks in the abstract and apart from their marketplace usage.” *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293 (2015) (Ginsburg, J. concurring) But in many cases, the TTAB’s ruling will have effects beyond deciding whether the particular trademark should be registered. In *B&B Hardware, Inc. v. Hargis Industries, Inc.*, for example, the TTAB’s conclusion that SEALTITE was confusingly similar to SEALTIGHT was conclusive of the issue in subsequent litigation between the same parties.

Even after a trademark registration issues, “any person who believes that he is or will be damaged by the registration” can file for **cancellation** of the registration. Lanham Act § 14. Cancellation petitions also result in mini-trials before the TTAB. Within the first five years, a cancellation petition can be filed for any reason that could have been a basis for refusing a registration in the first place. After that, as long as “the registered mark has been in continuous use,” it becomes **incontestable**. Lanham Act § 15. The term is a bit of misnomer because even an “incontestable” mark can still be cancelled if it is generic, functional, or abandoned, or obtained fraudulently. Lanham Act § 14.

The real work of incontestability has to do with descriptive marks. “Merely descriptive” marks (i.e., without secondary meaning) are not supposed to be registrable, but mere descriptiveness is not among the available grounds for cancellation. In effect, after five years of registration, if the applicant files the proper paperwork, the mark’s secondary meaning is presumed as a matter of law. In *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985), the Supreme Court held that these parts of the Lanham Act mean what they say. The plaintiff held an incontestable registration for PARK’N FLY and sued a competitor calling itself Dollar Park and Fly. Although the dissent called the plaintiff “just another anonymous, indistinguishable parking lot,” the Court’s majority held that the mark’s alleged lack of secondary meaning was not a basis on which the mark could be cancelled.

Term

Trademarks can have an indefinitely long term, as long as they are still being used. State common-law rights survive as long as the owner is using the mark and has goodwill. Federal registrations have a term of ten years, but they can be renewed indefinitely. The owner must file an affidavit of continuing use in the 6th and 10th year following registration, and then every 10th year thereafter. Lanham Act §§ 8,9

Trademark ***abandonment*** is an important way in which trademark rights can terminate. Almost any kind of property can be abandoned through a deliberate action. (Thus, for example, both patents and copyrights can be abandoned with an express dedication to the public domain.) But because trademark rights depend on use, they can also be lost through *inaction*.⁷

The Lanham Act explicitly states that a mark is deemed abandoned “[w]hen its use has been discontinued with intent not to resume such use.” Lanham Act § 45. Be careful to distinguish an intent to shut down the business at some point in the future (*not* abandonment) from actual cessation of use (abandonment). For example, a store that remains open for a liquidation sale, or a manufacturer that is selling off the remaining inventory from its warehouse, has *not* yet abandoned its marks. But when abandonment does occur, the loss of trademark rights is immediate, even though consumers may still have residual goodwill from the mark: Thus, one source of litigation over putatively abandoned marks is whether an owner whose business has ceased intends to restart it or not.

The Lanham Act adds, “Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment.” It thus shifts the burden of establishing intent to resume to the mark owner after three years. In many cases, where there simply is no evidence one way or another on the owner’s intent other than their self-interested testimony, this presumption can be conclusive.

A harder problem has to do with ***token uses*** made to reserve rights in a mark that the owner is not extensively exploiting. Because complete non-use results in loss of rights and registration, owners that anticipate perhaps someday revising the brand will try to keep a faint flame flickering to preserve their rights. The Lanham Act tries to deal with this situation by saying that for abandonment purposes, use “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.” Lanham Act § 45.

These trademark maintenance programs vary. The Standard Oil of New Jersey Company mostly stopped using the ESSO mark when it renamed itself Exxon, but it still uses the ESSO brand on its diesel pumps to prevent abandonment. There is no serious question that this is sufficient. On the other hand, Procter & Gamble lost its rights in ASSURE for mouthwash and shampoo by parking them in a “Minor Brands Program” that involved ASSURE labels on other P&G products and shipping out 50 cases once a year. Total sales over a decade were \$491.30 for the shampoo and \$161.50 for the mouthwash. The court called this use “sporadic, nominal and intended solely for trademark maintenance.” *Procter & Gamble Co. v. Johnson & Johnson Inc.*, 485 F.Supp. 1185 (S.D.N.Y. 1979).

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–EEJ

M-3

Trademark Use, Ownership, Priority

This chapter was put together by Eric E. Johnson. It uses expository text from *Trademark Law* (2022 edition; version 2.0) by **Michael Grynberg** and edited case text from *Patterns of Information Law: Intellectual Property Done Right* (version 1.1, August 2017) authored by **James Grimmelmann**.

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Statutory law on the use-in-commerce requirement

Lanham Act § 45 (15 U.S.C. § 1127), portion regarding use in commerce

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

Prof. Michael Grynberg on use in commerce

This section is text from Michael Grynberg's Trademark Law (2022 Edition; version 2.0). See notes on editing, licensing etc. at the end of this chapter. Bolding of text added; illustrations replaced with bracketed descriptions.

How much use? Decisions vary on just how much use creates trademark rights. *Compare* Lucent Information Management, Inc. v. Lucent Technologies, Inc., 186 F.3d 311 (3d Cir. 1999) (single sale insufficient to confer priority), *with* Blue Bell, Inc. v. Farah Mfg. Co., 508 F.2d 1260, 1265 (5th Cir. 1975) (“[E]ven a single use in trade may sustain trademark rights if followed by continuous commercial utilization.”).

Courts often employ a contextual analysis “to determine whether the market penetration of a trademark in an area is sufficient to warrant protection.” *Lucent*, 186 F.3d at 317 (considering “(1) the volume of sales of the trademarked product; (2) the growth trends (both positive and negative) in the area; (3) the number of persons actually purchasing the product in relation to the potential number of customers; and (4) the amount of product advertising in the area”) (quoting *Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1398-99 (3d Cir. 1985) (citations omitted)); *see also* TMEP § 901.02 (“[S]ome factors to consider when determining compliance with the statutory requirement for a ‘bona fide use of a mark in the ordinary course of trade’ are: (1) the amount of use; (2) the nature or quality of the transaction; and (3) what is typical use within a particular industry.”).

Can a product distribution without sales establish priority? If your gut tells you no, what would that do to the business model of companies that initially rely on the distribution of free product as a means of brand building? *See, e.g.*, *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188 (11th Cir. 2001) (free distribution of trademarked software created priority in the mark).

“Bona fide” uses, or why discovery is your friend. For a use to be bona fide, it cannot be made simply to secure trademark rights. *Social Techs. LLC v. Apple, Inc.*, 4 F.4th 811 (9th Cir. 2021), illustrates this principle in action. The litigation concerned rights to the MEMOJI mark. Apple had purchased rights to the mark from another user of the term. Apple then faced litigation from Social Tech, which claimed to be the first user of the mark. The court disagreed, and explained why Social Tech’s claimed uses were not bona fide.

[E]mails exchanged with [Social Tech’s] software developer make clear that its use of the MEMOJI mark was merely to reserve its rights for a lawsuit against Apple. . . . “The lawsuit is coming together nicely. ... *[W]e are just waiting for the trademark registration to file the lawsuit and get PAID,*” “[w]e are lining up all of our information, in preparation for a nice lawsuit against Apple, Inc! We are looking REALLY good. Get your Lamborghini picked out!” and “[i]t’s better if we split up the updates, so it looks like we have more of them for the lawsuit.” The significance of this correspondence is obvious. The timing of these emails, during the three weeks the application was almost entirely developed and immediately following the application’s launch, and the content of these emails, leave no doubt as to Social Tech’s intention in developing its Memoji application. The correspondence compels the conclusion that Social Tech’s intention to develop and release its Memoji application was not a bona fide engagement of the mark in commerce, but merely an attempt to reserve its MEMOJI trademark and provide a basis for its lawsuit against Apple.

Soc. Techs. LLC v. Apple Inc., 4 F.4th 811, 820–21 (9th Cir. 2021).

“Analogous” use. Section 2(d) of the Lanham Act (15 U.S.C. § 1052(d)) bars registration if the mark in question “so resembles a mark registered in the Patent and Trademark Office, *or a mark or trade name previously used* in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion.” In practice, the Trademark Office will bar registrations when the opposer’s prior

use in question is merely “analogous” to a trademark use. Stated another way, even a non-trademark use may be enough to prevent a third-party registration. *Herbko Intern., Inc. v. Kappa Books, Inc.*, 308 F.3d 1156 (Fed. Cir. 2002) (“Before a prior use becomes an analogous use sufficient to create proprietary rights, the petitioner must show prior use sufficient to create an association in the minds of the purchasing public between the mark and the petitioner’s goods. A showing of analogous use does not require direct proof of an association in the public mind. Nevertheless, the activities claimed to create such an association must reasonably be expected to have a substantial impact on the purchasing public before a later user acquires proprietary rights in a mark.” (citations omitted)); *T.A.B. Systems v. Pactel Teletrac*, 77 F.3d 1372, 1375 (Fed. Cir. 1996) (“It is well settled that one may ground one’s opposition to an application on the prior use of a term in a manner analogous to service mark or trademark use. Such an ‘analogous use’ opposition can succeed, however, only where the analogous use is of such a nature and extent as to create public identification of the target term with the opposer’s product or service.” (citations omitted)).

Note that analogous use capable of giving priority is still not the same as use that supports registration. As the TTAB explained:

Use analogous to trademark use ... is non-technical use of a trademark in connection with the promotion or sale of a product under circumstances which do not provide a basis for an application to register, usually because the statutory requirement for use on or in connection with the sale of goods in commerce has not been met. *Although never considered an appropriate basis for an application to register*, such use has consistently been held sufficient use to establish priority rights as against subsequent users of the same or similar marks.

Shalom Children’s Wear Inc. v. In-Wear A/S, 26 U.S.P.Q.2d 1516, 1519 (T.T.A.B. 1993) (emphasis added).

Abandonment. The question of what kind of use is necessary to obtain mark rights carries with it the issue of how much use is needed to maintain them. Failure to use a mark may lead to the loss of rights due to abandonment.

Which market? Suppose priority is established in one market, will it lead to priority in similar, but not identical, markets? In other words, suppose a company establishes the EAGLE mark for fast-food hamburgers in 2000. In 2005 another company begins using EAGLE for fast-food burritos. In 2007, may the hamburger company enter the burrito market and claim priority to the EAGLE mark? Perhaps. Its success will depend on the facts. According to McCarthy, “[w]hat is or is not a ‘natural expansion’ in fact is determined by the perception of customers at the time of the junior user’s first use of mark A on product line Z.” MCCARTHY § 24:20. This means that sometimes it will be the junior user who has priority to the market in question. *Id.* (collecting examples of senior and junior users prevailing). Delay on the part of the senior user will affect outcomes here as well.

Excelled Sheepskin & Leather Coat Corp. v. Oregon Brewing Co., 897 F.3d 413 (2d Cir. 2018), raised this issue for merchandising markets. The case adjudicated mark priority between a clothes maker (Excelled) and a brewing company (OBC). OBC sold beer under the ROGUE mark, and used the mark on promotional merchandise, including clothing. Did the promotional uses give it priority in the clothing market generally? Reversing the district court, the Second Circuit said yes.

... Excelled contends and the district court found that OBC’s rights to the ROGUE mark were inferior to those of Excelled “with respect to sales in department and clothing stores,” and that any trademark rights that OBC might have with respect to use of ROGUE on clothing are limited to “sales as complements to and in promotion of its beer business.” The court explained that the first use of a mark does not give the user exclusive rights over the mark “as to all goods or services and across all markets.” Prior to 2000 (the date of Excelled’s first PTO application), there was no evidence of OBC sales of ROGUE clothing unrelated to the promotion of its beer, and the evidence showed OBC did not begin selling ROGUE clothing in department or clothing-only stores until 2011.

We disagree with the district court’s conclusion. Common law trademark rights derive from “initial appropriation and use [] accompanied by an intention to continue exploiting the mark commercially.” *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.*, 495 F.2d at 1271. ... The district court found that OBC

deliberately and continuously sold ROGUE-branded clothing throughout the United States since 1989. Even if those uses were intended primarily to support OBC's ROGUE trademark for beer, they were nonetheless bona fide continuous nationwide sales in significant quantities and were sufficient to establish a protectable priority in use of the mark for the sale of such goods. While it is correct, as the district court reasoned, that first use of a mark does not give the owner exclusive rights over the mark "as to all goods or services and across all markets," it does not follow that the owner's rights are limited to the types of stores in which the owner has previously exploited the mark. The law does not limit the owner's trademark rights to the types of stores in which it has sold, leaving the mark up for grabs in any other type of store. The fact that, prior to 2011, OBC did not sell in department stores and clothing-only stores does not mean that a new user was free to usurp OBC's priority in such stores.

To be sure, the senior user of a mark does not preserve its priority as to expansion into other unrelated goods or services. *See, e.g., Patsy's Brand, Inc. v.*

I.O.B. Realty, Inc., 317 F.3d 209, 216-17 (2d Cir. 2003) (leaving open whether "the sauce market [was] sufficiently related to the restaurant market such that the proprietor of a mark for a restaurant can prevent another's use of a similar mark in the sauce market"). But expanding into new product lines in which someone else has priority is different from beginning to sell the goods on which one has nationwide priority in a new category of stores (where a junior user is making infringing sales under the senior user's mark). This dispute does not involve OBC newly undertaking to use ROGUE on goods for which Excelled had established priority. OBC maintained its senior common law rights against Excelled's intervening junior use of the mark for the same items of ROGUE-branded clothing that OBC has sold continuously since 1989. . . .

. . . . OBC was the senior user of ROGUE on several categories of apparel nationwide and established a protectible priority in the mark's use for such goods. The fact that it had not sold in department or clothing-only stores did not mean that Excelled, as a junior user, was free to usurp OBC's mark in those stores. As a result, Excelled cannot

show that it holds a protectible priority in the mark for the same categories of apparel and, thus, as a matter of law cannot prevail on its trademark infringement claims.

Whose use? If a new product comes on the market, and multiple sellers distribute it to the public, it is clear enough that the use of the mark gives rights to the maker of the product. But what if the manufacturer and the distributor are in an exclusive relationship? Of course parties can bargain over the matter *ex ante*, but what if they fail to do so? A common approach is a test proposed by Professor McCarthy:

where initial ownership between a manufacturer and its exclusive distributor is at issue and no contract exists, the manufacturer is the presumptive trademark owner unless the distributor rebuts that presumption using a multi-factor balancing test designed to examine the distribution agreement in effect between the parties. The six factors that should be considered are: (1) “[w]hich party invented or created the mark”; (2) “[w]hich party first affixed the mark to goods sold”; (3) “[w]hich party’s name appeared on packaging and promotional materials in conjunction with the mark”; (4) “[w]hich party exercised control over the nature and quality of goods on which the mark appeared”; (5) “[t]o which party did customers look as standing behind the goods, e.g., which party received complaints for defects and made appropriate replacement or refund”; and (6) “[w]hich party paid for advertising and promotion of the trademarked product.” [Doeblers’ Pa. Hybrids, Inc. v.] Doeblner, 442 F.3d [812,] 826 [(3d Cir. 2006)] (quoting 2 McCarthy on Trademarks § 16:48).

The presumption and rebuttal factors of the McCarthy test place a thumb on the ownership scale in favor of the manufacturer, but invite courts to consider various indicia of ownership designed to elicit the roles and responsibilities of the parties and the expectations of consumers in order to gauge whether, in a given case, the distributor and not the manufacturer operated as the rightful owner of the contested mark. Thus, unlike the first use test, this approach allows courts to undertake a thorough, individualized analysis of each case that accounts for the unique attributes of the manufacturer-distributor relationship.

Covertch Fabricating, Inc. v. TVM Bldg. Prod., Inc., 855 F.3d 163, 171 (3d Cir. 2017).

Purchasing priority. The valid assignment of rights may enable the acquisition of priority to a mark. *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361, 370 (4th Cir. 2021) (“When Fujitsu assigned to Apple its rights to the ‘ipad’ mark in March 2010, that assignment included Fujitsu’s ‘first use’ date of January 2002 and its ‘priority use’ date of March 2003. Apple acquired Fujitsu’s then-pending trademark application, which had been filed on March 7, 2003.” (footnote omitted)).

Fictional use. What about fictional trademarks? Should they confer priority on the originator in the real world? Should the makers of *the Simpsons* be able to control the mark for the fictional in-universe DUFF beer? *See Viacom Int’l v. IJR Capital Investments, L.L.C.*, 891 F.3d 178 (5th Cir. 2018) (permitting Viacom to claim a trademark in the KRUSTY KRAB because it is “integral” to *SpongeBob Square Pants*).

Lawful commerce. The recent trend in the states of legalizing marijuana creates some interesting trademark issues. Marijuana remains illegal under federal law, and federal trademark law limits protection to marks that identify and distinguish *legal* goods and services. *See, e.g., CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630 (9th Cir. 2007) (“[O]nly *lawful* use in commerce can give rise to trademark priority.” (emphasis in original)). In the changing regulatory environment surrounding cannabis, some, but not all, preparations derived from the hemp plant are legal. *See, e.g., AK Futures LLC v. Boyd Street Distro, LLC*, 35 F.4th 682 (9th Cir. 2022) (ruling trademark claimant’s hemp-derived product legal under federal law and thus eligible for trademark protection).

Tacking. What happens when a mark changes its image over time? Today the PEPSI logo looks like [a circle or sphere with swaths of red, white and blue, hovering over a lower-case word “pepsi” in a modern rounded sans-serif font.]

But in 1902, it looked like [hyper-ornate, curvy lettering of “Pepsi Cola” with looping, spiraling tails, thorn-like studs on letter forms, all rendered in red].

When marks change, there is a risk of losing priority if the mark evolves into something that is already on the market. In such cases, there is room for the owner of the evolving mark to nonetheless claim priority by tacking use of the modified mark onto use of the original. The key question is whether the mark maintains continuity in overall commercial impression. For many large shifts in a mark, e.g. a sports team that changes its logo, there is no issue because the markholder is careful to adopt a new mark that it is the first to use. Complications arise when priority *is* an issue.

Case: Burger King of Florida v. Hoots

Prof EEJ’s note: This case is a famous and instructive example of priority in trademark rights, as well as the power and limitations of the Lanham Act’s provision for constructive nationwide use for federally registered marks.

This edited case text obtained/adapted from James Grimmelmänn’s Patterns of Information Law (version 1.1, August 2017). See notes on licensing etc. at the end of this chapter.

Burger King of Florida, Inc. v. Hoots

U.S. Court of Appeals for the Seventh Circuit
403 F.2d 904 (7th Cir. 1968)

Plaintiff Burger King of Florida, Inc. opened the first BURGER KING restaurant in Jacksonville, Florida, in 1953. In July, 1961, plaintiffs opened their first Illinois BURGER KING restaurant in Skokie. Thereafter, on October 3, 1961, plaintiffs’ certificate of federal registration of the mark was issued. Subsequently, plaintiffs opened a restaurant in Champaign, Illinois, and at the time of the trial in November, 1967, were operating more than fifty BURGER KING restaurants in the state of Illinois.

In 1957 the defendants, who had been operating an ice cream business in Mattoon, Illinois, opened a BURGER KING restaurant there. In July, 1959, they registered that name under Illinois law as their trade mark, without notice of plaintiffs’ prior use of the same mark. On September 26, 1962, the

defendants, with constructive knowledge of plaintiffs' federal trade mark, opened a second similar restaurant, in Charleston, Illinois.

We hold that plaintiffs' federal registration of the trade mark BURGER KING gave them the exclusive right to use the mark in Illinois except in the Mattoon market area in Illinois where the defendants, without knowledge of plaintiffs' prior use, actually used the mark before plaintiffs' federal registration. The defendants did not acquire the exclusive right they would have acquired by their Illinois registration had they actually used the mark throughout Illinois prior to the plaintiffs' federal registration.

Plaintiffs agree that the defendants as prior good faith users are to be protected in the area that they had appropriated. Thus, the question narrows to what area in Illinois the defendants have appropriated by virtue of their Illinois registration.

At common law, defendants were entitled to protection in the Mattoon market area because of the innocent use of the mark prior to plaintiffs' federal registration. They argue that the Illinois Trade Mark Act was designed to give more protection than they already had at common law, and that various provisions of the Illinois Act indicate an intention to afford Illinois registrants exclusive rights to use trade marks throughout the state, regardless of whether they actually used the marks throughout the state or not. However, the Act itself does not express any such intention. Moreover, we think that whether or not Illinois intended to enlarge the common law with respect to a right of exclusivity in that state, the Illinois Act does not enlarge its right in the area where the federal mark has priority.

The defendants argue also that unless they are given the right to exclusive use throughout Illinois, many persons from all parts of Illinois in our current mobile society will come in contact with the defendants' business and will become confused as to whether they are getting the defendants' product, as they intended.

We are not persuaded by this argument. Defendants have not shown that the Illinois public is likely to confuse the products furnished by plaintiffs and by defendants. We are asked to infer that confusion will exist from the mere fact that both trade marks co-exist in the state of Illinois. The mere fact that some people will travel from one market area to the other does not, of itself, establish that confusion will result.

Case: Bell v. Streetwise Records

Prof Johnson's note: This is a trademark ownership case. It explores the question of priority, but then goes on to the more difficult question of who owns a trademark when people who were working together under one mark part ways. The answer springs from trademark's purpose and role in the marketplace.

This case abridgement/edit by Eric E. Johnson. The superscript tilde (~) indicates an ellipsis. Footnotes and citations liberally reformatted, reworked, or removed without notation.

Bell v. Streetwise Records, Ltd.

U.S. District Court for the District of Massachusetts
640 F.Supp. 575 (D. Mass. 1986)

ZOBEL, District Judge.

Plaintiffs Bell, Bivins, Brown, DeVoe and Tresvant, members of a singing group, are known to teenagers across the nation and around the world by the name "New Edition." Together with their present recording company, MCA Records, Inc. ("MCA"), they seek to establish their exclusive right to appear, perform and record under that mark. Defendants and counterclaimants (hereinafter "defendants"), Boston International Music, Inc. ("BIM"), and Streetwise Records, Ltd. ("Streetwise") produced, recorded and marketed the first New Edition long-playing album, "Candy Girl," as well as the singles from that album. Defendants claim that they employed the five individual plaintiffs to serve as a public front for a "concept" which they developed, and to promote musical recordings embodying that "concept." Because the mark New Edition allegedly identifies those recordings, and not the group members, defendants assert that they are its rightful owners. Each side has asked that this court enjoin the other from using the mark.

The amended complaint charges defendants with violations of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), of the Massachusetts antidilution statute, Mass. Gen. Laws ch. 110B, § 12, of the Massachusetts nonstatutory law of unfair competition, and of Mass. Gen. Laws ch. 93A, § 11, which prohibits unfair or deceptive acts or practices. Defendants' counterclaims mirror the claims of plaintiffs.

A week-long evidentiary hearing was held in December 1985. A few months earlier, after learning that plaintiffs intended to release new records

under the New Edition mark, defendants requested an “interim” injunction which this court denied. In affirming, the Court of Appeals clarified its earlier opinion, stating, “the district court should take a fresh look at the ownership issue in light of all the evidence.”~

FINDINGS OF FACT AND RULINGS OF LAW

Background

The five plaintiffs, calling themselves New Edition, form one of the hottest song-and-dance acts on the entertainment scene today. They have released four albums, numerous singles and several videos. They have performed throughout this country, filling major concert halls. They have toured Britain and Germany, and have plans for an upcoming trip to Japan. They have appeared on television shows, at charity events, and — the crowning sign of success — they have even been featured in a COKE commercial.

The group got its start in 1981 when four of the five current members^[4] performed in a talent show at Roscoe’s Lounge, in Boston. They were each about thirteen years old at the time and they called themselves New Edition.^[5] Travis Gresham, who knew Bell and Tresvant from the marching band he directed, saw the show and thought they had potential. Within a week or two he became their manager and Brook Payne, who had collaborated with Bell, Bivins and Brown on an earlier endeavor, became their choreographer.

[FN4:] Ronald DeVoe joined the group several months later.

[FN5:] The name was first used in 1978 when Bell, Bivins, Brown and two others formed a group under the direction of Mr. Brook Payne. Payne thought up the name. They performed for a couple of months and disbanded.

Greshman booked a series of performances for the group. Their sixth engagement, on November 15, 1981, was the “Hollywood Talent Night” at the Strand Theatre, where the group performed a medley of songs made famous by the Jackson Five. First prize and plaintiffs’ goal for the night was a recording contract with Maurice Starr, president of defendant BIM, who originated and organized the event. New Edition came in second but Starr, who had an agenda of his own, decided to work with them anyway.

Maurice Starr, who partly from his “Hollywood Talent Nights” had become something of a local celebrity, had been in the music business for a long time.^[7] Starr — originally Larry Johnson — performed with his five brothers in a rock band in the early seventies. Modelled after the Jackson Five, whom they sought to emulate, Starr and his brothers called themselves the Johnson Six. They achieved moderate success but broke up in the mid-seventies when they became too mature for the image.

[FN7:] It is not disputed here that Starr is a man of extensive and varied talents. Producer, engineer, songwriter, Starr testified that he plays “every instrument there is.” He even created a literary version of the “concept” — a play called *Harmony* — about five kids trying to make it in the entertainment world.

It was around this time that Starr began developing the “concept,” which, in its final form, he dubbed “black bubble gum music of the eighties.” The concept is essentially the Jackson Five updated by the addition of modern elements like synthesizers (electronic instrumentation) and rap (speaking parts). As early as 1972 Starr began to search for the right kids to act out his concept. In November 1981, when he first encountered Bell, Bivins, Brown and Tresvant, he was still looking.

Although he decided to work with them, Starr believed plaintiffs were short on talent. They had no training to speak of; none could read or write music. Nevertheless, he used the four boys to create a demonstration tape of a song he had composed earlier, entitled Candy Girl. Starr played all the instruments, sang background vocals and did the arranging and mixing. He had to teach the thirteen-year-old group members everything, and while it is disputed whether lead singer Ralph Tresvant had to record his part bar-by-bar or note-by-note, it is clear Starr ran the show in the sound studio.^[8]

[FN8:] The Court of Appeals observed that it might be significant if plaintiffs could show “they had dreamed of becoming nationally known.” *Bell v. Streetwise Records, Ltd.*, 761 F.2d 67, 71 (1st Cir.1985). Accordingly, defendants presented evidence showing not only that plaintiffs lacked musical knowledge (thus supporting Starr’s claim that he controlled the recordings), but also that plaintiffs’ commitment to music was weak. They even elicited testimony that Brown preferred “hanging out” to rehearsing and that Michael Bivins — apparently the

shortest member of the band — wanted to be a basketball player when he was “growing up.” Aside from the observation that Mr. Bivins appears still to be growing up, defendants cannot seriously be suggesting that his claim to the mark is affected by his having entertained more than one dream as a child. The totality of the evidence shows that plaintiffs wanted to become rock stars.

The tape was completed in the winter of 1982, and Starr expended considerable effort attempting to sell it to a recording company. He finally connected with Streetwise in the following fall. In the meantime, under the supervision of Gresham and Payne, plaintiffs continued to rehearse their dance routines and to perform locally. Starr played little if any role in these activities.

During this period Starr and the group members had three disagreements, all stemming from Starr’s desire to make the group more like the Jackson Five. First, Starr insisted they acquire a fifth member. The boys resisted, but Starr prevailed. Plaintiffs selected Ronnie DeVoe, a nephew of Brook Payne, whom Starr approved. Second, he wanted the group to grow “afros.” They refused. Third, and perhaps most significant, he wanted the newly expanded group to change its name to the MaJic Five [sic];^[9] the upper case “J,” not suprisingly, to evoke “Jackson.” Plaintiffs were adamantly opposed and remained New Edition.

[FN9:] The term “magic,” or “majic,” has special significance in the music industry. It means charisma, appeal, that essential quality without which no group succeeds. It is the thing “a consumer is in love with,” one witness testified.

In November and December of 1982, Streetwise entered into separate recording contracts with each of the five plaintiffs, who were at the time approximately age fourteen. Each contract granted to Streetwise the exclusive right to use the name. Each, except Tresvant’s, confirmed that the name “The New Edition” was wholly owned by BIM.^[10]

[FN10:] Defendants have conceded that plaintiffs’ disaffirmance of these contracts, because of their minority at the time of signing, is, for purposes of this proceeding, legally valid. Their claim to ownership of the mark is therefore based exclusively on the law of trademarks and unfair competition.

A great deal of testimony was offered at the December 1985 hearing concerning the circumstances of the signings. That evidence is irrelevant to this case as I now view the issues before me. Any unconscionability on the part of defendants, even if proven, would have no bearing on their ownership of the mark had they acquired it by means not contractual.

Streetwise released the “Candy Girl” single in February 1983. The long-playing album—containing ten songs selected, produced, and for the most part written by Starr — came out the following June. Streetwise launched an unusually extensive and elaborate promotional campaign, placing advertisements in print and on radio, and producing three videos. After the single was released, plaintiffs — high school students at the time — performed every weekend night, in Massachusetts and beyond. At first they “lip-synched” to a recorded track; later they sang to a live band. For a period of time Starr accompanied them on these tours, announcing the group, playing instruments (four simultaneously, he testified), and performing background vocals. The records and the group were smash hits.

Sometime in the summer of 1983 plaintiffs began to perform without Starr. In August, they fired Gresham and Payne. That same month they performed in Britain and Germany. In September they acquired new management and in November they disaffirmed their contracts with Streetwise. After defendants revealed plans to issue New Edition records featuring five different young singers, and after they sought federal registration of the New Edition mark, plaintiffs commenced this lawsuit.

One postscript completes the evidentiary picture before the court. In January of 1984, Jheryl Busby, a senior vice president at MCA, was dragged by his fourteen-year-old son to see a performance of New Edition. None too impressed, he left to meet a friend at a nearby hotel. Young girls had swarmed the place. When he asked his friend what was going on he was told, “that group, New Edition, is staying here and those little girls have been looking for them all night.” Busby signed the group.

Discussion

A party seeking preliminary injunctive relief must satisfy four requirements: (1) that there is a likelihood of success on the merits; (2) that absent relief it will suffer irreparable harm; (3) that the harm it will suffer if an

injunction is not granted out-weighs the harm defendant will suffer if restrained; and (4) that injunctive relief is consistent with the public interest.

Although neither side concedes any of these prerequisites, the primary focus was on the first — the likelihood of success on the merits.

In order to prevail on the merits, plaintiffs or defendants must establish that the mark is valid and protectable, that they own the mark, and that use of the mark by the opposing party is likely to confuse the public. *See, e.g., Estate of Presley v. Russen*, 513 F.Supp. 1339, 1362 (D.N.J.1981).

Both sides concede that New Edition is a distinctive mark, protectable under state and federal law; it is accordingly unnecessary to pass on that issue. They also concede, and the opinion of the Court of Appeals assumes, that use of the mark by both plaintiffs and defendants will lead to public confusion. Thus this court must decide the sole remaining issue: who owns the mark.

I.

It is settled law that ownership of a mark is established by priority of appropriation. Priority is established not by conception but by bona fide usage. The claimant “must demonstrate that his use of the mark has been deliberate and continuous, not sporadic, casual or transitory.” *La Societe Anonyme des Parfums LeGalion v. Jean Patou, Inc.*, 495 F.2d 1265, 1272 (2d Cir.1974) (eighty-nine sales over a twenty year period, at a total profit of \$100, were insufficient to “constitute [the] good faith commercial exploitation” necessary to establish bona fide usage). While it is not required that a product be an instant success the moment it hits the market, its usage must be consistent with a “present plan of commercial exploitation.” *Id.* at 1273. Finally, while the Lanham Act is invoked only through use in interstate commerce, common law rights can be acquired through interstate *or* intrastate usage.

With these principles in mind, I make the following findings of fact. First, on the basis of testimony by Mr. Busby and by defendants’ expert, Thomas Silverman, I find that there is only one relevant market at issue here: the entertainment market. Second, I find that as of the release of “Candy Girl” in February 1983—the first use in commerce — plaintiffs, calling themselves New Edition, had publicly performed in the local entertainment market on at least twenty occasions. Those performances (for which they frequently received compensation; albeit in nominal amounts), the promotional efforts

by Travis Gresham on their behalf, their regular rehearsals with Gresham and Payne, their attempt to win a recording contract, and their hard work with Maurice Starr to further their career, all evidence a “present plan of commercial exploitation.”

I accordingly conclude that plaintiffs have acquired legal rights to the mark New Edition through their prior use in intrastate commerce. Even if defendants’ use had been the first in interstate commerce, they used the name simultaneously in Massachusetts, where plaintiffs had already appropriated it. And while it is well recognized that a junior user may occasionally acquire superior rights to a mark it used in good faith and in a different market, that was obviously not the case here. On this basis alone, plaintiffs own the mark.

II.

Even assuming there was no prior appropriation by the plaintiffs, however, they nonetheless own the mark under the controlling standard of law. Defendants correctly state that in the case of joint endeavors, where prior ownership by one of several claimants cannot be established, the legal task is to determine which party “controls or determines the nature and quality of the goods which have been marketed under the mark in question.” *See In re Polar Music International AB*, 714 F.2d 1567 (Fed. Cir. 1983). The difficulty in performing that task in this case, however, is in deciding what the “goods” are. The parties have given the court little guidance in how to go about making that determination. Rather, each side baldly asserts the result that leads most logically to a decision in its favor. Defendants claim the goods are the recordings; plaintiffs claim they are the entertainment services of Bell, Bivins, Brown, DeVoe and Tresvant.

The role of “public association” in determining ownership has been much disputed in this case. Defendants have argued, and the Court of Appeals has confirmed, that the “finding that the public associate[s] the name NEW EDITION with the plaintiffs [does not compel] the conclusion that the name belong[s] to the plaintiffs.” *Bell, supra*, 761 F.2d at 76. *See, e.g., Wallpaper Mfgs. Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 762 (C.C.P.A.1982) (“Trademark rights are neither acquired or lost on the basis of comparative popularity....”) But defendants are wrong when they say that public association plays no part in determining ownership. It is crucial in establishing just what the mark has come to identify, i.e., what the “goods” are.

In order to determine ownership in a case of this kind, a court must first identify that quality or characteristic for which the group is known by the public. It then may proceed to the second step of the ownership inquiry, namely, who controls that quality or characteristic.^[17]

[FN17:] Language in the opinion of the Court of Appeals has led the parties to occasionally frame the “control” issue in terms of “who employed whom.” *See also Rick v. Buchansky*, 609 F.Supp. 1522 (S.D.N.Y.), *appeal dismissed*, 770 F.2d 157 (2d Cir.1985). I find that the evidence does not support the contention that either defendants or plaintiffs were employers or employees. Furthermore, the correct legal question in this context is not who controlled whom, but who controlled the distinctive feature which the mark identifies.

In any event, it is not surprising — nor is it of great legal moment — that if you put an experienced adult in a room with inexperienced children, he will be telling them what to do and not the reverse.

As a preliminary matter, I find that the norm in the music industry is that an artist or group generally owns its own name. This case does not fit into one of the clearer exceptions to this rule. The name New Edition has not been assigned, transferred, or sold. Nor is New Edition a “concept group,” whose name belongs to the person or entity that conceived both concept and name.^[18]

[FN18:] Defendants’ expert Thomas Silverman testified at length about “concept groups.” They are formed mainly by independent record companies who, perceiving an unfilled “niche” in the entertainment market, hire a group to promote their “concept,” or marketing idea. The record company owns the name and controls the product.

Examples Silverman gave of “concept groups” include “Menudo,” “The Monkees,” and “Planet Patrol.” “Menudo” is a band whose members are retired when they reach age 14; public auditions are held to fill the ranks. “Planet Patrol” was Silverman’s own creation. He invented the name and issued a record under it before he had even hired the group which it later identified.

I find that New Edition was never a concept group. Unlike the groups Silverman described, plaintiffs selected their name and performed

under it before meeting Maurice Starr. They may have walked straight into Starr's concept but, as he conceded at the hearing, they seem to have had the same idea he had.

With respect to defendants, although Maurice Starr's contribution to the "Candy Girl" records was substantial, I find that all the functions he performed were consistent with the duties of a producer. He was credited and compensated separately for each role. Similarly, while Streetwise's promotional work was unusually extensive, and though it proceeded at considerable risk, marketing — or "educating your label," as one witness put it — is a normal function of a recording company.

With respect to the plaintiffs themselves, as noted elsewhere in this opinion, they existed and performed as New Edition long before defendants released "Candy Girl." They had already used songs of the Jackson Five. Their membership has been essentially constant; they were not, as defendants contend, replaceable actors in a play written by Maurice Starr. (*Compare Rick v. Buchansky, supra*, where the four-person "Vito and the Salutations" had had twenty-two different members, including ten different "Vitos," to its one manager, Rick — who was found to own the name.) They were individual persons that the public came to know as such. While defendants would have us believe this is only the result of their successful promoting, I find that it was personality, not marketing, that led to the public's intimacy with plaintiffs. The "magic" that sold New Edition, and which "New Edition" has come to signify, is these five young men.

Based on the totality of the evidence, I conclude that the quality which the mark New Edition identified was first and foremost the five plaintiffs with their distinctive personalities and style as performers. The "goods" therefore are the entertainment services they provide. They and no one else controlled the quality of those services. They own the mark.

CONCLUSION

I accordingly conclude that plaintiffs have demonstrated a likelihood of success on the merits, and that defendants have failed to do so. I am also persuaded by the testimony of Jheryl Busby, that failure to enjoin defendants would irreparably injure plaintiffs by weakening the mark — far in excess of the minor injury this injunction will cause defendants. Finally, as the Court of

Appeals has made plain, the public interest will best be served by an exclusive award of the name.

For all these reasons, plaintiffs' motion requesting a preliminary injunction is allowed. Defendants' motion is denied.

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The following was written by Eric E. Johnson:

This chapter M-3, "Trademark Use, Ownership, Priority," was put together by Eric E. Johnson. It uses expository text from *Trademark Law* (2022 edition; version 2.0) by **Michael Grynberg** and edited case text from *Patterns of Information Law: Intellectual Property Done Right* (version 1.1, August 2017) authored by **James Grimmelmänn**.

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I am very grateful to James Grimmelmann for his generosity in sharing his excellent materials!

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–EEJ

M-4

Trademark Distinctiveness for Word Marks

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Prof. Grimmelmann on distinctiveness of word marks

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PIZZA HUT is a trademark; PIZZA is not. The difference is that consumers perceive PIZZA HUT as a designation of source, but PIZZA as a description of the food it sells. In trademark terminology, PIZZA HUT is distinctive, and PIZZA is not.

Courts conventionally divide distinctiveness into one of five categories: ***generic, descriptive, suggestive, arbitrary, and fanciful***:

“A generic term is the name of a particular genus or class of which an individual article or service is but a member. A generic term connotes the ‘basic nature of articles or services’ rather than the more

individualized characteristics of a particular product. Generic terms can never attain trademark protection. Furthermore, if at any time a registered trademark becomes generic as to a particular product or service, the mark's registration is subject to cancellation. Such terms as aspirin and cellophane have been held generic and therefore unprotectable as trademarks.

"A descriptive term identifies a characteristic or quality of an article or service, such as its color, odor, function, dimensions, or ingredients. Descriptive terms ordinarily are not protectable as trademarks; they may become valid marks, however, by acquiring a secondary meaning in the minds of the consuming public. Examples of descriptive marks would include 'Alo' with reference to products containing gel of the aloe vera plant and 'Vision Center' in reference to a business offering optical goods and services. As this court has often noted, the distinction between descriptive and generic terms is one of degree. The distinction has important practical consequences, however; while a descriptive term may be elevated to trademark status with proof of secondary meaning, a generic term may never achieve trademark protection.

"[D]escriptive terms are ordinarily not protectable as trademarks. They may be protected, however, if they have acquired a ***secondary meaning*** for the consuming public. The concept of secondary meaning recognizes that words with an ordinary and primary meaning of their own may by long use with a particular product, come to be known by the public as specifically designating that product. In order to establish a secondary meaning for a term, a plaintiff must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. ...

"A suggestive term suggests, rather than describes, some particular characteristic of the goods or services to which it applies and requires the consumer to exercise the imagination in order to draw a conclusion as to the nature of the goods and services. A suggestive mark is protected without the necessity for proof of secondary meaning. The term 'Coppertone' has been held suggestive in regard to sun tanning products.

“Arbitrary or fanciful terms bear no relationship to the products or services to which they are applied. Like suggestive terms, arbitrary and fanciful marks are protectable without proof of secondary meaning. [The difference is that an arbitrary term has some preexisting meaning with no relationship to the product; a fanciful term is a neologism invented for the sole purpose of serving as a trademark and has no preexisting meaning.] The term ‘Kodak’ is properly classified as a fanciful term for photographic supplies; ‘Ivory’ is an arbitrary term as applied to soap.”

Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 790–91 (5th Cir. 1983) (partially reordered and highlighting added).

These phrases can be arranged into a “hierarchy of distinctiveness” with generic terms (the least distinctive) at the bottom and fanciful terms (the most distinctive) at the top. At a McDonald’s, HAMBURGER is generic, QUARTER POUNDER is descriptive, MCFLURRY is suggestive, BIG MAC is arbitrary, and FANTA is fanciful.

The question the hierarchy answers is what consumers think of when they see the mark. Generic and descriptive marks have preexisting non-trademark meanings. The difference is that for generic marks that pre-existing meaning is legally conclusive and is presumed as a matter of law to be the meaning that consumers attribute to it. No amount of advertising will make people think that WATER is a trademark and not a description of the product. Descriptive terms, on the other hand, have a preexisting meaning that can be supplanted in consumers’ minds: eventually they do come to think of “Vision Center” as a particular eyewear chain. Suggestive marks hint at descriptive terms but are linguistically different enough that consumers see the trademark meaning first and pick up on the descriptive suggestion second. ZAPPOS resembles the Spanish *zapatos* for shoes, and COPPERTONE describes something related to the product (the user’s suntan) but not the product itself. Arbitrary marks have a preexisting meaning but consumers do not for a second think that it is a description of the product. And fanciful marks have no preexisting meaning at all to compete with the trademark meaning.

The ***strength*** of a mark depends on both its inherent characteristics – its position in the hierarchy – and on consumers’ perceptions. A “weak” mark – i.e. a descriptive or weakly suggestive one – can be made stronger with proof of

secondary meaning. Generic marks are zeroes; no matter what you multiply them by, they still have zero trademark strength. Whether a mark has secondary meaning is a factual question about what consumers believe. The best evidence about secondary meaning is therefore surveys of actual consumers about their reactions when they see the mark: if they are familiar with it and identify it as a brand descriptor, it has secondary meaning. Indirect evidence that can also be probative of secondary meaning include extensive sales and advertising campaigns. Of course products can sell for reasons that have nothing to do with branding, and advertising can fail to leave an impression, so these last two are imperfect evidence.

Importantly, a mark is only strong or weak *in relation to* particular goods or services. Thus, APPLE is a strong mark for computers: it is an arbitrary term with immense secondary meaning. But it is a weak mark for apples: indeed, it is generic and unprotectable. No one else can sell APPLE computers but anyone can sell APPLE apples.

Two dividing lines have particular legal significance. The line between *generic* and *descriptive* terms determines whether a mark is protectable at all: generic terms never are, whereas descriptive and higher terms can be. The line between *descriptive* and *suggestive* terms determines whether a mark is protectable on its own or requires proof of secondary meaning: descriptive terms do, whereas suggestive and higher terms do not.

Case: Kellogg v. Nabisco (word mark excerpt)

This case abridgement/edit by Eric E. Johnson. The superscript tilde (~) indicates an ellipsis. Footnotes and citations reformatted or removed without notation.

Kellogg Co. v. National Biscuit Co.

Supreme Court of the United States
305 U.S. 111 (1938)

MR. JUSTICE BRANDEIS delivered the opinion of the Court.

This suit was brought in the federal court for Delaware by National Biscuit Company against Kellogg Company to enjoin alleged unfair competition by the manufacture and sale of the breakfast food commonly known as shredded wheat. The competition was alleged to be unfair mainly

because Kellogg Company uses, like the plaintiff, the name shredded wheat and, like the plaintiff, produces its biscuit in pillow-shaped form.

Shredded wheat is a product composed of whole wheat which has been boiled, partially dried, then drawn or pressed out into thin shreds and baked. The shredded wheat biscuit generally known is pillow-shaped in form. It was introduced in 1893 by Henry D. Perky, of Colorado; and he was connected until his death in 1908 with companies formed to make and market the article. Commercial success was not attained until the Natural Food Company built, in 1901, a large factory at Niagara Falls, New York. In 1908, its corporate name was changed to “The Shredded Wheat Company”; and in 1930 its business and goodwill were acquired by National Biscuit Company.

Kellogg Company has been in the business of manufacturing breakfast food cereals since its organization in 1905. For a period commencing in 1912 and ending in 1919 it made a product whose form was somewhat like the product in question, but whose manufacture was different, the wheat being reduced to a dough before being pressed into shreds. For a short period in 1922 it manufactured the article in question. In 1927, it resumed manufacturing the product. In 1928, the plaintiff sued for alleged unfair competition two dealers in Kellogg shredded wheat biscuits. That suit was discontinued by stipulation in 1930. On June 11, 1932, the present suit was brought. Much evidence was introduced; but the determinative facts are relatively few; and as to most of these there is no conflict.~

The plaintiff concedes that it does not possess the exclusive right to make shredded wheat. But it claims the exclusive right to the trade name “Shredded Wheat” and the exclusive right to make shredded wheat biscuits pillow-shaped. It charges that the defendant, by using the name and shape, and otherwise, is passing off, or enabling others to pass off, Kellogg goods for those of the plaintiff. Kellogg Company denies that the plaintiff is entitled to the exclusive use of the name or of the pillow-shape; denies any passing off; asserts that it has used every reasonable effort to distinguish its product from that of the plaintiff; and contends that in honestly competing for a part of the market for shredded wheat it is exercising the common right freely to manufacture and sell an article of commerce unprotected by patent.~

The plaintiff has no exclusive right to the use of the term “Shredded Wheat” as a trade name. For that is the generic term of the article, which

describes it with a fair degree of accuracy; and is the term by which the biscuit in pillow-shaped form is generally known by the public. Since the term is generic, the original maker of the product acquired no exclusive right to use it. As Kellogg Company had the right to make the article, it had, also, the right to use the term by which the public knows it. Compare *Saxlehner v. Wagner*, 216 U.S. 375; *Holzappel's Compositions Co. v. Rahtjen's American Composition Co.*, 183 U.S. 1. Ever since 1894 the article has been known to the public as shredded wheat. For many years, there was no attempt to use the term "Shredded Wheat" as a trade-mark. When in 1905 plaintiff's predecessor, Natural Food Company, applied for registration of the words "Shredded Whole Wheat" as a trade-mark under the so-called "ten year clause" of the Act of February 20, 1905, c. 592, § 5, 33 Stat. 725, William E. Williams gave notice of opposition. Upon the hearing it appeared that Williams had, as early as 1894, built a machine for making shredded wheat, and that he made and sold its product as "Shredded Whole Wheat." The Commissioner of Patents refused registration. The Court of Appeals of the District of Columbia affirmed his decision, holding that "these words accurately and aptly describe an article of food which . . . has been produced . . . for more than ten years . . ." *Natural Food Co. v. Williams*, 30 App. D.C. 348.

Moreover, the name "Shredded Wheat," as well as the product, the process and the machinery employed in making it, has been dedicated to the public. The basic patent for the product and for the process of making it, and many other patents for special machinery to be used in making the article, issued to Perky. In those patents the term "shredded" is repeatedly used as descriptive of the product. The basic patent expired October 15, 1912; the others soon after. Since during the life of the patents "Shredded Wheat" was the general designation of the patented product, there passed to the public upon the expiration of the patent, not only the right to make the article as it was made during the patent period, but also the right to apply thereto the name by which it had become known. As was said in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185:

"It equally follows from the cessation of the monopoly and the falling of the patented device into the domain of things public, that along with the public ownership of the device there must also necessarily pass to the public the generic designation of the thing which has arisen during the monopoly. . . . To say otherwise would be to hold that, although the public had acquired the

device covered by the patent, yet the owner of the patent or the manufacturer of the patented thing had retained the designated name which was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly.”

It is contended that the plaintiff has the exclusive right to the name “Shredded Wheat,” because those words acquired the “secondary meaning” of shredded wheat made at Niagara Falls by the plaintiff’s predecessor. There is no basis here for applying the doctrine of secondary meaning. The evidence shows only that due to the long period in which the plaintiff or its predecessor was the only manufacturer of the product, many people have come to associate the product, and as a consequence the name by which the product is generally known, with the plaintiff’s factory at Niagara Falls. But to establish a trade name in the term “shredded wheat” the plaintiff must show more than a subordinate meaning which applies to it. It must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. This it has not done. The showing which it has made does not entitle it to the exclusive use of the term shredded wheat but merely entitles it to require that the defendant use reasonable care to inform the public of the source of its product.

The plaintiff seems to contend that even if Kellogg Company acquired upon the expiration of the patents the right to use the name shredded wheat, the right was lost by delay. The argument is that Kellogg Company, although the largest producer of breakfast cereals in the country, did not seriously attempt to make shredded wheat, or to challenge plaintiff’s right to that name until 1927, and that meanwhile plaintiff’s predecessor had expended more than \$17,000,000 in making the name a household word and identifying the product with its manufacture. Those facts are without legal significance. Kellogg Company’s right was not one dependent upon diligent exercise. Like every other member of the public, it was, and remained, free to make shredded wheat when it chose to do so; and to call the product by its generic name. The only obligation resting upon Kellogg Company was to identify its own product lest it be mistaken for that of the plaintiff.

It is urged that all possibility of deception or confusion would be removed if Kellogg Company should refrain from using the name “Shredded Wheat” and adopt some form other than the pillow-shape. But the name and form are integral parts of the goodwill of the article.

Kellogg Company is undoubtedly sharing in the goodwill of the article known as “Shredded Wheat”; and thus is sharing in a market which was created by the skill and judgment of plaintiff’s predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. 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. There is no evidence of passing off or deception on the part of the Kellogg Company; and it has taken every reasonable precaution to prevent confusion or the practice of deception in the sale of its product.”

Decrees reversed with direction to dismiss the bill.

MR. JUSTICE McREYNOLDS and MR. JUSTICE BUTLER are of opinion that the decree of the Circuit Court of Appeals is correct and should be affirmed. To them it seems sufficiently clear that the Kellogg Company is fraudulently seeking to appropriate to itself the benefits of a goodwill built up at great cost by the respondent and its predecessors.

Case: Zatarains v. Oak Grove Smokehouse

This case text obtained/adapted from Michael Grynberg’s Trademark Law (2022 Edition, version 2.). See notes on rights and editing at the end of this chapter. Footnotes were reformatted; typography was changed.

Zatarains, Inc. v. Oak Grove Smokehouse, Inc.

U.S. Court of Appeals for the Fifth Circuit
698 F.2d 786 (5th Cir. 1983)

GOLDBERG, Circuit Judge:

This appeal of a trademark dispute presents us with a menu of edible delights sure to tempt connoisseurs of fish and fowl alike. At issue is the alleged infringement of two trademarks, “Fish-Fri” and “Chick-Fri,” held by appellant Zatarain’s, Inc. (“Zatarain’s”). The district court held that the alleged infringers had a “fair use” defense to any asserted infringement of the term “Fish-Fri” and that the registration of the term “Chick-Fri” should be cancelled. We affirm.

I. FACTS AND PROCEEDINGS BELOW

A. THE TALE OF THE TOWN FRIER

Zatarain's is the manufacturer and distributor of a line of over one hundred food products. Two of these products, "Fish-Fri" and "Chick-Fri," are coatings or batter mixes used to fry foods. These marks serve as the entree in the present litigation.

Zatarain's "Fish-Fri" consists of 100% corn flour and is used to fry fish and other seafood. "Fish-Fri" is packaged in rectangular cardboard boxes containing twelve or twenty-four ounces of coating mix. The legend "Wonderful FISH-FRI ®" is displayed prominently on the front panel, along with the block Z used to identify all Zatarain's products. The term "Fish-Fri" has been used by Zatarain's or its predecessor since 1950 and has been registered as a trademark since 1962.

Zatarain's "Chick-Fri" is a seasoned corn flour batter mix used for frying chicken and other foods. The "Chick-Fri" package, which is very similar to that used for "Fish-Fri," is a rectangular cardboard container labelled "Wonderful CHICK-FRI." Zatarain's began to use the term "Chick-Fri" in 1968 and registered the term as a trademark in 1976.

Zatarain's products are not alone in the marketplace. At least four other companies market coatings for fried foods that are denominated "fish fry" or "chicken fry." Two of these competing companies are the appellees here, and therein hangs this fish tale.

Appellee Oak Grove Smokehouse, Inc. ("Oak Grove") began marketing a "fish fry" and a "chicken fry" in March 1979. Both products are packaged in clear glassine packets that contain a quantity of coating mix sufficient to fry enough food for one meal. The packets are labelled with Oak Grove's name and emblem, along with the words "FISH FRY" OR "CHICKEN FRY." Oak Grove's "FISH FRY" has a corn flour base seasoned with various spices; Oak Grove's "CHICKEN FRY" is a seasoned coating with a wheat flour base.

Appellee Visko's Fish Fry, Inc. ("Visko's") entered the batter mix market in March 1980 with its "fish fry." Visko's product is packed in a cylindrical eighteen-ounce container with a resealable plastic lid. The words "Visko's FISH FRY" appear on the label along with a photograph of a platter of fried fish. Visko's coating mix contains corn flour and added spices.

Other food manufacturing concerns also market coating mixes. Boochelle's Spice Co. ("Boochelle's"), originally a defendant in this lawsuit, at one time manufactured a seasoned "FISH FRY" packaged in twelve-ounce vinyl plastic packets. Pursuant to a settlement between Boochelle's and Zatarain's, Boochelle's product is now labelled "FISH AND VEGETABLE FRY." Another batter mix, "YOGI Brand ® OYSTER SHRIMP and FISH FRY," is also available. Arnaud Coffee Corporation ("Arnaud") has manufactured and marketed "YOGI Brand" for ten to twenty years, but was never made a party to this litigation. A product called "Golden Dipt Old South Fish Fry" has recently entered the market as well.

B. OUT OF THE FRYING PAN, INTO THE FIRE

Zatarain's first claimed foul play in its original complaint filed against Oak Grove on June 19, 1979, in the United States District Court for the Eastern District of Louisiana. The complaint alleged trademark infringement and unfair competition under the Lanham Act §§ 32(1), 43(a), 15 U.S.C. §§ 1114(1), 1125(a) (1976), and La.Rev.Stat.Ann. § 51:1405(A) (West Supp.1982). Zatarain's later amended its complaint to add Boochelle's and Visko's as defendants. Boochelle's and Zatarain's ultimately resolved their dispute, and Boochelle's was dismissed from the suit. The remaining defendants, Oak Grove and Visko's, filed counterclaims against Zatarain's under the Sherman Act § 2, 15 U.S.C. § 2 (1976); the Clayton Act § 4, 15 U.S.C. § 15 (1976); La.Rev.Stat.Ann. § 51:1401 (West Supp.1982); the Fair Packaging and Labeling Act, 15 U.S.C. §§ 1451-1461 (1976); and the Food, Drug, and Cosmetic Act § 403, 21 U.S.C. § 343 (1976). The defendants also counterclaimed for cancellation of the trademarks "Fish-Fri" and "Chick-Fri" under section 37 of the Lanham Act, 15 U.S.C. § 1119 (1976), and for damages under section 38 of the Lanham Act, 15 U.S.C. § 1120 (1976).

The case was tried to the court without a jury. Treating the trademark claims first, the district court classified the term "Fish-Fri" as a descriptive term identifying a function of the product being sold. The court found further that the term "Fish-Fri" had acquired a secondary meaning in the New Orleans geographical area and therefore was entitled to trademark protection, but concluded that the defendants were entitled to fair use of the term "fish fry" to describe characteristics of their goods. Accordingly, the court held that Oak Grove and Visko's had not infringed Zatarain's trademark "Fish-Fri."

With respect to the alleged infringement of the term “Chick-Fri,” the court found that “Chick-Fri” was a descriptive term that had not acquired a secondary meaning in the minds of consumers. Consequently, the court held that Zatarain’s claim for infringement of its trademark “Chick-Fri” failed and ordered that the trademark registration of “Chick-Fri” should be cancelled.

Turning to Zatarain’s unfair competition claims, the court observed that the evidence showed no likelihood of or actual confusion on the part of the buying public. Additionally, the court noted that the dissimilarities in trade dress of Zatarain’s, Oak Grove’s, and Visko’s products diminished any possibility of buyer confusion. For these reasons, the court found no violations of federal or state unfair competition laws.

Finally, the court addressed the counterclaims asserted by Oak Grove and Visko’s. Because no evidence was introduced to support the defendants’ allegations of monopolistic behavior, fraud, and bad faith on the part of Zatarain’s, the court dismissed the federal and state antitrust and unfair trade practices counterclaims. The court also dismissed the counterclaim based on Zatarain’s allegedly improper product identity labelling. Both sides now appeal to this court.

II. ISSUES ON APPEAL

The district court found that Zatarain’s trademark “Fish-Fri” was a descriptive term with an established secondary meaning, but held that Oak Grove and Visko’s had a “fair use” defense to their asserted infringement of the mark. The court further found that Zatarain’s trademark “Chick-Fri” was a descriptive term that lacked secondary meaning, and accordingly ordered the trademark registration cancelled. Additionally, the court concluded that Zatarain’s had produced no evidence in support of its claims of unfair competition on the part of Oak Grove and Visko’s. Finally, the court dismissed Oak Grove’s and Visko’s counterclaims for antitrust violations, unfair trade practices, misbranding of food products, and miscellaneous damages.

Battered, but not fried, Zatarain’s appeals from the adverse judgment on several grounds. First, Zatarain’s argues that its trademark “Fish-Fri” is a suggestive term and therefore not subject to the “fair use” defense. Second, Zatarain’s asserts that even if the “fair use” defense is applicable in this case, appellees cannot invoke the doctrine because their use of Zatarain’s trademarks is not a good faith attempt to describe their products. Third, Zatarain’s urges

that the district court erred in cancelling the trademark registration for the term “Chick-Fri” because Zatarain’s presented sufficient evidence to establish a secondary meaning for the term. For these reasons, Zatarain’s argues that the district court should be reversed. . . .

III. THE TRADEMARK CLAIMS

A. BASIC PRINCIPLES

1. *Classifications of Marks*

The threshold issue in any action for trademark infringement is whether the word or phrase is initially registerable or protectable. Courts and commentators have traditionally divided potential trademarks into four categories. A potential trademark may be classified as (1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary or fanciful. These categories, like the tones in a spectrum, tend to blur at the edges and merge together. The labels are more advisory than definitional, more like guidelines than pigeonholes. Not surprisingly, they are somewhat difficult to articulate and to apply.

A *generic* term is “the name of a particular genus or class of which an individual article or service is but a member.” A generic term connotes the “basic nature of articles or services” rather than the more individualized characteristics of a particular product. Generic terms can never attain trademark protection. Furthermore, if at any time a registered trademark becomes generic as to a particular product or service, the mark’s registration is subject to cancellation. Lanham Act § 14, 15 U.S.C. § 1064(c) (1976). Such terms as aspirin and cellophane have been held generic and therefore unprotectable as trademarks. *See Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y.1921) (aspirin); *DuPont Cellophane Co. v. Waxed Products Co.*, 85 F.2d 75 (2d Cir.1936) (cellophane).

A *descriptive* term “identifies a characteristic or quality of an article or service,” such as its color, odor, function, dimensions, or ingredients. Descriptive terms ordinarily are not protectable as trademarks, Lanham Act § 2(e)(1), 15 U.S.C. § 1052(e)(1) (1976); they may become valid marks, however, by acquiring a secondary meaning in the minds of the consuming public. *See id.* § 2(f), 15 U.S.C. § 1052(f). Examples of descriptive marks would include “Alo” with reference to products containing gel of the aloe vera plant and “Vision Center” in reference to a business offering optical goods and services. As this court has often noted, the distinction between descriptive and generic

terms is one of degree. The distinction has important practical consequences, however; while a descriptive term may be elevated to trademark status with proof of secondary meaning, a generic term may never achieve trademark protection.

A *suggestive* term suggests, rather than describes, some particular characteristic of the goods or services to which it applies and requires the consumer to exercise the imagination in order to draw a conclusion as to the nature of the goods and services. A suggestive mark is protected without the necessity for proof of secondary meaning. The term “Coppertone” has been held suggestive in regard to sun tanning products.

Arbitrary or *fanciful* terms bear no relationship to the products or services to which they are applied. Like suggestive terms, arbitrary and fanciful marks are protectable without proof of secondary meaning. The term “Kodak” is properly classified as a fanciful term for photographic supplies; “Ivory” is an arbitrary term as applied to soap.

2. Secondary Meaning

As noted earlier, descriptive terms are ordinarily not protectable as trademarks. They may be protected, however, if they have acquired a secondary meaning for the consuming public. The concept of secondary meaning recognizes that words with an ordinary and primary meaning of their own “may by long use with a particular product, come to be known by the public as specifically designating that product.” In order to establish a secondary meaning for a term, a plaintiff “must show that the primary significance of the term in the minds of the consuming public is not the product but the producer.” The burden of proof to establish secondary meaning rests at all times with the plaintiff; this burden is not an easy one to satisfy, for “[a] high degree of proof is necessary to establish secondary meaning for a descriptive term.” *Vision Center*, 596 F.2d at 118 (quoting 3 R. Callman, *supra*, § 77.3, at 359). Proof of secondary meaning is an issue only with respect to descriptive marks; suggestive and arbitrary or fanciful marks are automatically protected upon registration, and generic terms are unprotectable even if they have acquired secondary meaning.

3. The “Fair Use” Defense

Even when a descriptive term has acquired a secondary meaning sufficient to warrant trademark protection, others may be entitled to use the mark

without incurring liability for trademark infringement. When the allegedly infringing term is “used fairly and in good faith only to describe to users the goods or services of [a] party, or their geographic origin,” Lanham Act § 33(b)(4), 15 U.S.C. § 1115(b)(4) (1976), a defendant in a trademark infringement action may assert the “fair use” defense. The defense is available only in actions involving descriptive terms and only when the term is used in its descriptive sense rather than its trademark sense. In essence, the fair use defense prevents a trademark registrant from appropriating a descriptive term for its own use to the exclusion of others, who may be prevented thereby from accurately describing their own goods. The holder of a protectable descriptive mark has no legal claim to an exclusive right in the primary, descriptive meaning of the term; consequently, anyone is free to use the term in its primary, descriptive sense so long as such use does not lead to customer confusion as to the source of the goods or services. *See* 1 J. McCarthy, *Trademarks and Unfair Competition* § 11.17, at 379 (1973). . . .

B. “FISH-FRI”³

[FN3:] We note at the outset that Zatarain’s use of the phonetic equivalent of the words “fish fry”—that is, misspelling it—does not render the mark protectable.

1. Classification

Throughout this litigation, Zatarain’s has maintained that the term “Fish-Fri” is a suggestive mark automatically protected from infringing uses by virtue of its registration in 1962. Oak Grove and Visko’s assert that “fish fry” is a generic term identifying a class of foodstuffs used to fry fish; alternatively, Oak Grove and Visko’s argue that “fish fry” is merely descriptive of the characteristics of the product. The district court found that “Fish-Fri” was a descriptive term identifying a function of the product being sold. Having reviewed this finding under the appropriate “clearly erroneous” standard, we affirm.

We are mindful that “[t]he concept of descriptiveness must be construed rather broadly.” 3 R. Callman, *supra*, § 70.2. Whenever a word or phrase conveys an immediate idea of the qualities, characteristics, effect, purpose, or ingredients of a product or service, it is classified as descriptive and cannot be claimed as an exclusive trademark. *Id.* § 71.1. Courts and commentators have formulated a number of tests to be used in classifying a mark as descriptive.

A suitable starting place is the dictionary, for “[t]he dictionary definition of the word is an appropriate and relevant indication ‘of the ordinary significance and meaning of words’ to the public.” *Webster’s Third New International Dictionary* 858 (1966) lists the following definitions for the term “fish fry”: “1. a picnic at which fish are caught, fried, and eaten; 2. fried fish.” Thus, the basic dictionary definitions of the term refer to the preparation and consumption of fried fish. This is at least preliminary evidence that the term “Fish-Fri” is descriptive of Zatarain’s product in the sense that the words naturally direct attention to the purpose or function of the product.

The “imagination test” is a second standard used by the courts to identify descriptive terms. This test seeks to measure the relationship between the actual words of the mark and the product to which they are applied. If a term “requires imagination, thought and perception to reach a conclusion as to the nature of goods,” it is considered a suggestive term. Alternatively, a term is descriptive if standing alone it conveys information as to the characteristics of the product. In this case, mere observation compels the conclusion that a product branded “Fish-Fri” is a prepackaged coating or batter mix applied to fish prior to cooking. The connection between this merchandise and its identifying terminology is so close and direct that even a consumer unfamiliar with the product would doubtless have an idea of its purpose or function. It simply does not require an exercise of the imagination to deduce that “Fish-Fri” is used to fry fish. Accordingly, the term “Fish-Fri” must be considered descriptive when examined under the “imagination test.”

A third test used by courts and commentators to classify descriptive marks is “whether competitors would be likely to need the terms used in the trademark in describing their products.” A descriptive term generally relates so closely and directly to a product or service that other merchants marketing similar goods would find the term useful in identifying their own goods. Common sense indicates that in this case merchants other than Zatarain’s might find the term “fish fry” useful in describing their own particular batter mixes. While Zatarain’s has argued strenuously that Visko’s and Oak Grove could have chosen from dozens of other possible terms in naming their coating mix, we find this position to be without merit. As this court has held, the fact that a term is not the only or even the most common name for a product is not determinative, for there is no legal foundation that a product can be described in only one fashion. There are many edible fish in the sea, and as many ways to

prepare them as there are varieties to be prepared. Even piscatorial gastronomes would agree, however, that frying is a form of preparation accepted virtually around the world, at restaurants starred and unstarred. The paucity of synonyms for the words “fish” and “fry” suggests that a merchant whose batter mix is specially spiced for frying fish is likely to find “fish fry” a useful term for describing his product.

A final barometer of the descriptiveness of a particular term examines the extent to which a term actually has been used by others marketing a similar service or product. This final test is closely related to the question whether competitors are likely to find a mark useful in describing their products. As noted above, a number of companies other than Zatarain’s have chosen the word combination “fish fry” to identify their batter mixes. Arnaud’s product, “Oyster Shrimp and Fish Fry,” has been in competition with Zatarain’s “Fish-Fri” for some ten to twenty years. When companies from A to Z, from Arnaud to Zatarain’s, select the same term to describe their similar products, the term in question is most likely a descriptive one.

The correct categorization of a given term is a factual issue; consequently, we review the district court’s findings under the “clearly erroneous” standard of Fed.R.Civ.P. 52. The district court in this case found that Zatarain’s trademark “Fish-Fri” was descriptive of the function of the product being sold. Having applied the four prevailing tests of descriptiveness to the term “Fish-Fri,” we are convinced that the district court’s judgment in this matter is not only not clearly erroneous, but clearly correct.⁴

[FN4:] Oak Grove and Visko’s argue in a conclusory manner that the term “fish fry” is a generic name for the class of substances used to coat fish prior to frying. We are unable to agree. No evidence in the record indicates that the term “fish fry” is the common, recognized name for *any* class of foodstuffs. The district court specifically rejected the contention that the term “Fish-Fri” was generic. This finding was not clearly erroneous and must be affirmed.

Zatarain’s urges that its “Fish-Fri” mark is suggestive rather than descriptive, and our lengthy discussion in text addresses this contention fully. We pause here, however, to speak to Zatarain’s argument that certain survey evidence introduced at trial proves the suggestive nature of the term “Fish-Fri.” Just as the compleat angler

exaggerates his favorite fish story, so Zatarain’s overstates the results of its consumer survey. We consider the survey unpersuasive on the issue of suggestiveness for several reasons.

First, the survey was not intended to investigate the term’s descriptiveness or suggestiveness. Rather, as expert witness Allen Rosenzweig testified, the survey was designed to explore two completely different issues: likelihood of confusion in the marketplace and secondary meaning. Furthermore, the district court prohibited Rosenzweig’s testimony as to whether the survey data showed Zatarain’s term to be suggestive or descriptive.

Second, a glance at the survey itself convinces us that, regardless of its purpose, the questions were not framed in a manner adequate to classify the mark properly. Respondents were asked the following questions: “2. If you planned to fry fish tonight, what would you buy at the grocery to use as a coating? 3. Are you familiar with any product on the market that is especially made for frying fish?” If these questions were to test the associational link between the mark “Fish-Fri” and Zatarain’s product, they should have been devoid of such broad hints as the place of purchase (“grocery”), the nature of the product (“coating”), and the purpose or function of the product (“to fry fish”). Furthermore, we caution that survey samples such as these—100 women in each of four randomly selected cities—may not be adequate in size to prove much of anything.

Survey evidence is often critically important in the field of trademark law. We heartily embrace its use, so long as the survey design is relevant to the legal issues, open-ended in its construction, and neutral in its administration. Given the admitted purposes of this survey and its obvious design limitations, it is rather disingenuous of Zatarain’s to assert that the survey provided conclusive evidence of suggestiveness. We therefore reject Zatarain’s contention in this regard.

Finally, Zatarain’s urges that it is entitled to a legal presumption of suggestiveness by virtue of its federal registration of the term “Fish-Fri.” The Lanham Act provides that:

“[Registration] shall be prima facie evidence of registrant’s exclusive right to use the registered mark in commerce on the

goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.”

Lanham Act § 33(a), 15 U.S.C. § 1115(a) (1976). *See also id.* § 7(b), 15 U.S.C. § 1057(b). This statutory presumption can be rebutted by establishing the generic or descriptive nature of the mark.

Zatarain’s maintains that Oak Grove and Visko’s failed to show that the term “Fish-Fri” is a descriptive one. We cannot agree. As our discussion in text indicates, ample evidence supports the appellees’ contention that “Fish-Fri” is descriptive of a coating used to fry fish. This evidence is sufficient to rebut the presumption that the term is suggestive rather than descriptive.

[End of footnote.]

2. Secondary Meaning

Descriptive terms are not protectable by trademark absent a showing of secondary meaning in the minds of the consuming public. To prevail in its trademark infringement action, therefore, Zatarain’s must prove that its mark “Fish-Fri” has acquired a secondary meaning and thus warrants trademark protection. The district court found that Zatarain’s evidence established a secondary meaning for the term “Fish-Fri” in the New Orleans area. We affirm.

The existence of secondary meaning presents a question for the trier of fact, and a district court’s finding on the issue will not be disturbed unless clearly erroneous. The burden of proof rests with the party seeking to establish legal protection for the mark—the plaintiff in an infringement suit. The evidentiary burden necessary to establish secondary meaning for a descriptive term is substantial.

In assessing a claim of secondary meaning, the major inquiry is the consumer’s attitude toward the mark. The mark must denote to the consumer “a single thing coming from a single source,” to support a finding of secondary meaning. Both direct and circumstantial evidence may be relevant and persuasive on the issue.

Factors such as amount and manner of advertising, volume of sales, and length and manner of use may serve as circumstantial evidence relevant to the issue of secondary meaning. While none of these factors alone will prove secondary meaning, in combination they may establish the necessary link in the minds of consumers between a product and its source. It must be remembered, however, that “the question is not the *extent* of the promotional efforts, but their *effectiveness* in altering the meaning of [the term] to the consuming public.”

Since 1950, Zatarain’s and its predecessor have continuously used the term “Fish-Fri” to identify this particular batter mix. Through the expenditure of over \$400,000 for advertising during the period from 1976 through 1981, Zatarain’s has promoted its name and its product to the buying public. Sales of twelve-ounce boxes of “Fish-Fri” increased from 37,265 cases in 1969 to 59,439 cases in 1979. From 1964 through 1979, Zatarain’s sold a total of 916,385 cases of “Fish-Fri.” The district court considered this circumstantial evidence of secondary meaning to weigh heavily in Zatarain’s favor. Record on Appeal, Vol. I at 273.

In addition to these circumstantial factors, Zatarain’s introduced at trial two surveys conducted by its expert witness, Allen Rosenzweig. In one survey, telephone interviewers questioned 100 women in the New Orleans area who fry fish or other seafood three or more times per month. Of the women surveyed, twenty-three percent specified *Zatarain’s* “Fish-Fri” as a product they “would buy at the grocery to use as a coating” or a “product on the market that is especially made for frying fish.” In a similar survey conducted in person at a New Orleans area mall, twenty-eight of the 100 respondents answered “*Zatarain’s* ‘Fish-Fri’” to the same questions.⁸

[FN8:] The telephone survey also included this question: “When you mentioned ‘fish fry,’ did you have a specific product in mind or did you use that term to mean any kind of coating used to fry fish?” To this inartfully worded question, 77% of the New Orleans respondents answered “specific product” and 23% answered “any kind of coating.” Unfortunately, Rosenzweig did not ask the logical follow-up question that seemingly would have ended the inquiry conclusively: “Who

makes the specific product you have in mind?” Had he but done so, our task would have been much simpler.

[End of footnote.]

The authorities are in agreement that survey evidence is the most direct and persuasive way of establishing secondary meaning. The district court believed that the survey evidence produced by Zatarain’s, when coupled with the circumstantial evidence of advertising and usage, tipped the scales in favor of a finding of secondary meaning. Were we considering the question of secondary meaning *de novo*, we might reach a different conclusion than did the district court, for the issue is close. Mindful, however, that there is evidence in the record to support the finding below, we cannot say that the district court’s conclusion was clearly erroneous. Accordingly, the finding of secondary meaning in the New Orleans area for Zatarain’s descriptive term “Fish-Fri” must be affirmed.

3. The “Fair Use” Defense

[The court concluded that the defendant’s use of the term “Fish-Fri” was a “fair use” for purposes of trademark law and did not create liability.]

C. “CHICK-FRI”

1. Classification

Most of what has been said about “Fish-Fri” applies with equal force to Zatarain’s other culinary concoction, “Chick-Fri.” “Chick-Fri” is at least as descriptive of the act of frying chicken as “Fish-Fri” is descriptive of frying fish. It takes no effort of the imagination to associate the term “Chick-Fri” with Southern fried chicken. Other merchants are likely to want to use the words “chicken fry” to describe similar products, and others have in fact done so. Sufficient evidence exists to support the district court’s finding that “Chick-Fri” is a descriptive term; accordingly, we affirm.

2. Secondary Meaning

The district court concluded that Zatarain’s had failed to establish a secondary meaning for the term “Chick-Fri.” We affirm this finding. The mark “Chick-Fri” has been in use only since 1968; it was registered even more recently, in 1976. In sharp contrast to its promotions with regard to “Fish-Fri,” Zatarain’s advertising expenditures for “Chick-Fri” were mere chickenfeed; in fact, Zatarain’s conducted no direct advertising campaign to publicize the

product. Thus the circumstantial evidence presented in support of a secondary meaning for the term “Chick-Fri” was paltry.

Allen Rosenzweig’s survey evidence regarding a secondary meaning for “Chick-Fri” also “lays an egg.” The initial survey question was a “qualifier:” “Approximately how many times in an average month do you, yourself, fry *fish or other seafood*?” Only if respondents replied “three or more times a month” were they asked to continue the survey. This qualifier, which may have been perfectly adequate for purposes of the “Fish-Fri” questions, seems highly unlikely to provide an adequate sample of potential consumers of “Chick-Fri.” This survey provides us with nothing more than some data regarding fish friers’ perceptions about products used for frying chicken. As such, it is entitled to little evidentiary weight.¹⁰

[FN10:] Even were we to accept the results of the survey as relevant, the result would not change. In the New Orleans area, only 11 of the 100 respondents in the telephone survey named “Chick-Fri,” “chicken fry,” or “Zatarain’s ‘Chick-Fri’ “as a product used as a coating for frying chicken. Rosenzweig himself testified that this number was inconclusive for sampling purposes. Thus the survey evidence cannot be said to establish a secondary meaning for the term “Chick-Fri.”

It is well settled that Zatarain’s, the original plaintiff in this trademark infringement action, has the burden of proof to establish secondary meaning for its term. This it has failed to do. The district court’s finding that the term “Chick-Fri” lacks secondary meaning is affirmed.

3. Cancellation

Having concluded that the district court was correct in its determination that Zatarain’s mark “Chick-Fri” is a descriptive term lacking in secondary meaning, we turn to the issue of cancellation. The district court, invoking the courts’ power over trademark registration as provided by section 37 of the Lanham Act, 15 U.S.C. § 1119 (1976), ordered that the registration of the term “Chick-Fri” should be cancelled. The district court’s action was perfectly appropriate in light of its findings that “Chick-Fri” is a descriptive term without secondary meaning. We affirm

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The following was written by Eric E. Johnson:

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–EEJ

M-5

Trademark Distinctiveness for Product Attributes; Trade Dress

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What this chapter covers

This section by Eric E. Johnson.

This chapter concerns the question of distinctiveness—which is to say source-identifying capacity and thus protectability—for things that aren’t word marks or logos. In other words, we are talking about things such as the appearance of a product, its shape, its color, the packaging it comes in, various indicia of commercial source for service businesses, and so forth.

The label that is frequently used with regard to these sorts of things is “trade dress.” But there is a reason I avoided using “trade dress” by itself as the title of this chapter. It’s a phrase that is subject to a substantial amount of confusion. In fact, it’s fair to say there some simmering—and usually unacknowledged—controversy that lurks under the label.

What do people mean by “trade dress” and “trade dress infringement”?

This section by Eric E. Johnson.

In broad strokes, lawyers, courts, and commentators use the term “trade dress” to refer to product packaging and product design—including things like appearance, shape, and color—asserted as a protectable means of commercial source identification in the marketplace. But authorities use the term “trade dress” in varied and inconsistent ways. And helping to fuel confusion in this area, the term “trademark” is sometimes used in the limited sense of a registered mark for goods and sometimes in a broader sense of a source-identifying indication whether for goods or for services, whether registered or not. (See the very beginning of Chapter M-0 about “trademark.”) Students and lawyers are left to wonder: Is the topic of trade dress a subset of the topic of trademarks? Or are trade dress and trademarks separate things?

Some treatises and casebooks suggest through their phrasing and organization that trade dress protection is a subtopic of trademark law. Others seem to suggest that trademark and trade dress are two related but distinct legal subjects. Some books suggest both things in different places. And many books are cagey about the relationship between the labels “trade dress” and “trademark.” The danger is that students and lawyers may be left feeling like they don’t understand something that everyone else is clued in on.

Here are some definitions of “trade dress”:

- “‘Trade dress’ involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.” *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983).
- “[P]ackaging and product configuration ... [is] collectively known as ‘trade dress’” PETER B. MAGGS & ROGER E. SCHECHTER, *TRADEMARK AND UNFAIR COMPETITION LAW CASES AND COMMENTS* (6th ed. 2002) at 179.
- “[‘Trade dress’ is] the design and packaging of materials, and even the design and shape of a product itself, if the packaging or the product configuration serve the same source-identifying function

as trademarks.” ROBERT P. MERGES, PETER S. MENELL & MARK A. LEMLEY, *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* (revised 4th ed. 2007) at 650.

- “The term *trade dress* refers to the distinctive features of a product’s packaging or the distinctive features of the product configuration itself” MARY LAFRANCE, *UNDERSTANDING TRADEMARK LAW* (2005).
- “The ‘trade dress’ of a product is essentially its total image and overall appearance.” *Blue Bell Bio-Med. v. Cin-Bad, Inc.*, 864 F.2d 1253, 1256 (5th Cir. 1989)
- “Trade dress is an expanding concept that can broadly protect product configuration, product features and packaging.” ROBERT C. LIND, *TRADEMARK LAW* (3d ed. 2006).

As you can see by scrutinizing the definitions above, some authorities see “trade dress” as a term with legal import—that is, if we can call it “trade dress,” that means it is serving a source-identifying function and may be the subject of an exclusive legal rights via the principles of trademark infringement. Others speak of “trade dress” as something that has meaning primarily in a business/marketing sense, with the question of whether it can be protected legally being a separate matter. Similarly, sources could speak of “trademark infringement of trade dress” or the like, or speak of “trade dress infringement” as its own thing. Considering all of that, Professor Lind’s definition—last in the above list—seems particularly helpful, as it emphasizes the elasticity and changing nature of the term by calling it an “expanding concept.”

To the extent that there is liability in a private civil action for infringement of “trade dress” under federal law, it will arrive through one of two statutory routes:

- A cause of action for infringement of a mark. For this route, Lanham Act § 39 (15 U.S.C. § 1121), provides a cause of action for infringement of a federally registered trademark. Lanham Act § 2 (15 U.S.C. § 1052) provides for the registrability of trademarks. And Lanham Act § 45 (15 U.S.C. § 1127) provides that “a ‘trademark’ includes any word, name, symbol, or device, or any combination thereof ... used by a person ... to identify and

distinguish his or her goods ... and to indicate the source of the goods”

- The cause of action provided by Lanham Act § 43(a) (15 U.S.C. § 1125(a)) for the use in commerce of “any word, term, name, symbol, or device, or any combination thereof ... [that] is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person”

Those are, respectively, the same statutory provisions for causes of action for “trademark infringement,” with § 39 available only for registered marks and § 43(a) open to unregistered marks.

For many reasons, trade dress can be hard to register, and thus trade-dress actions are most commonly brought through § 43(a). (Although note that according to some people’s linguistic worldview—“trade dress” is defined to be a product’s unregistered look and feel, and thus federal trade dress claims are only brought under § 43(a).)

At the end of the day, whether “trade dress” is separate from “trademark” or not, the statutory causes of action are the same. And whether the thing the plaintiff is trying to protect is indeed protectible hinges on the same essential, central conceptual issue—whether it functions as a commercial source identifier in the marketplace.

What’s special about trade dress and trademark protection for product attributes

This section by Eric E. Johnson.

Trade dress protection—or trademark protection for product attributes—is interesting because of its particular puzzles, problems, and policy implications. A leading casebook put it this way:

“[D]eciding just when to afford legal protection to product packaging and product configuration poses special problems. First, consumers may be less inclined to view packages or product shapes as brand-identifiers, and more inclined to see them merely as decoration designed to make the product more appealing or desirable, or simply

more conspicuous on the shelf. ... In addition, too broad a scope of protection may preclude rival firms from copying not just an identifying symbol, but an innovative product itself—something which would hinder new entry and impede competition.”

PETER B. MAGGS & ROGER E. SCHECHTER, *TRADEMARK AND UNFAIR COMPETITION LAW CASES AND COMMENTS* (6th ed. 2002) at 179.

The case of *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821 (11th Cir. 1982) is interesting to consider in this regard. The case involved a claim of trade dress protection for make-believe “adoption procedures” used by the plaintiff toy company in selling baby dolls. The court held this qualified as “protectable trade dress.”

The protected trade dress included “treating the dolls as ‘babies’ who are ‘adopted’ rather than sold; [and] providing the customer with a ‘birth certificate’ and ‘Official Adoption Papers’ which include an ‘oath of adoption’ to be subscribed to by the buyer.”

To go back to what Maggs and Schechter were talking about, do you think the doll customers perceived the “adoption procedures” as a brand-identifier? Does the holding implicate the concern they expressed that too-broad protection would stop rivals from copying the innovative product itself, not merely its source-identifying symbols?

The Eleventh Circuit in *Original Appalachian Artworks* reasoned that trade dress claims have previously been upheld for product packaging, and product packaging can be understood as “a sales technique designed to make the product readily identifiable to consumers and unique in the marketplace.” 684 F.2d at 831. The court then went on to reason that “[t]he adoption procedure truly is part of the ‘packaging’” *Id.*

That plaintiff’s business, by the way, was an early version of something that eventually evolved into “Cabbage Patch Kids,” which became a worldwide blockbuster success.

Trade dress protection offers firms a low threshold for obtaining IP rights. Businesses don’t need to go through an application, examination, and registration process with the USPTO. Lanham Act § 43(a) allows an immediate path to filing infringement suits. And, as IP rights go, trade dress

protection is remarkable for its doctrinal stretchiness—as the *Original Appalachian Artworks* case helps demonstrate.

Beyond having broad scope and being easy to obtain, trade dress protection is also remarkable for the fact that it can be hard for competing firms to discern its metes and bounds in advance. While patents have particularized claims that are meant to put the public on notice as to the sweep of the patent’s exclusive entitlement, trade dress protection tends to have vaporous boundaries.

Consider this district court’s characterization, which as been well-cited—including in appellate opinions from five different circuits:

“Trade dress is a complex composite of features. One may be size, another may be color or color combinations, another may be texture, another may be graphics and arrangement and so on. Trade dress is a term reflecting the overall general impact, usually visual, but sometimes also tactile, of all these features taken together. The law ... requires that all of the features be considered together, not separately.”

SK&F, Co. v. Premo Pharm. Lab’ys, Inc., 481 F. Supp. 1184, 1187 (D.N.J. 1979).

A famous case that illustrates the metes-and-bounds issue, as well as the issue of preventing product copying rather than source-identifier copying, is *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992). In *Two Pesos*, the U.S. Supreme Court affirmed a trade dress infringement victory for a restaurant chain that claimed this as its exclusive trade dress:

“[A] festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.”

Taco Cabana Int’l, Inc. v. Two Pesos, Inc., 932 F.2d 1113, 1117 (5th Cir. 1991) (quoted by *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. at 765).

The jury instructions, accepted by the Fifth Circuit and quoted by the Supreme Court, were these:

“‘[T]rade dress’ is the total image of the business. Taco Cabana’s trade dress may include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the decor, the menu, the equipment used to serve food, the servers’ uniforms and other features reflecting on the total image of the restaurant.”

Two Pesos, Inc., 505 U.S. at 765 n.1

Keep in mind that the test for infringement is not that every aspect of a trademark or trade dress is copied, but rather that there is enough similarity that there is a “likelihood of confusion.” Thus, as broad as the scope of protected trade dress might be, it casts an even larger shadow in terms of infringement.

In its sprawl, trade dress infringement holds out the possibility of an IP right that sometimes seems to approach a right against close competition.

In addition to offering many flexibilities that are lacking with copyright and patent rights, trade dress has another advantage for plaintiffs as a form of IP protection: There is no expiration date. While patents and copyrights will eventually expire, trade dress protection is capable of eternal duration.

All of this put together makes trade dress claims potentially very useful for established businesses to pursue as plaintiffs—and potentially very dangerous for new business ventures who might find themselves as defendants. It also makes trade dress law especially fascinating and compelling to consider in terms of its economic and policy implications.

Case: Qualitex v. Jacobson Products

This case text obtained/adapted from Michael Grynberg's Trademark Law (2022 Edition, version 2.). See notes on editing, licensing etc. at the end of this chapter. Typography was changed; all italicization was removed.

Qualitex Co. v. Jacobson Products Co., Inc.

Supreme Court of the United States

514 U.S. 159 (1995)

BREYER, J., delivered the opinion for a unanimous Court.

The question in this case is whether the Trademark Act of 1946 (Lanham Act), 15 U.S.C. §§ 1051-1127 (1988 ed. and Supp. V), permits the registration of a trademark that consists, purely and simply, of a color. We conclude that, sometimes, a color will meet ordinary legal trademark requirements. And, when it does so, no special legal rule prevents color alone from serving as a trademark.

I

The case before us grows out of petitioner Qualitex Company's use (since the 1950's) of a special shade of green-gold color on the pads that it makes and sells to dry cleaning firms for use on dry cleaning presses. In 1989, respondent Jacobson Products (a Qualitex rival) began to sell its own press pads to dry cleaning firms; and it colored those pads a similar green gold. In 1991, Qualitex registered the special green-gold color on press pads with the Patent and Trademark Office as a trademark. Registration No. 1,633,711 (Feb. 5, 1991). Qualitex subsequently added a trademark infringement count, 15 U.S.C. § 1114(1), to an unfair competition claim, § 1125(a), in a lawsuit it had already filed challenging Jacobson's use of the green-gold color.

Qualitex won the lawsuit in the District Court. But, the Court of Appeals for the Ninth Circuit set aside the judgment in Qualitex's favor on the trademark infringement claim because, in that Circuit's view, the Lanham Act does not permit Qualitex, or anyone else, to register "color alone" as a trademark.

The Courts of Appeals have differed as to whether or not the law recognizes the use of color alone as a trademark. . . . We now hold that there is no rule absolutely barring the use of color alone, and we reverse the judgment of the Ninth Circuit.

II

The Lanham Act gives a seller or producer the exclusive right to “register” a trademark, 15 U.S.C. § 1052 (1988 ed. and Supp. V), and to prevent his or her competitors from using that trademark, § 1114(1). Both the language of the Act and the basic underlying principles of trademark law would seem to include color within the universe of things that can qualify as a trademark. The language of the Lanham Act describes that universe in the broadest of terms. It says that trademarks “includ[e] any word, name, symbol, or device, or any combination thereof.” § 1127. Since human beings might use as a “symbol” or “device” almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive. The courts and the Patent and Trademark Office have authorized for use as a mark a particular shape (of a Coca-Cola bottle), a particular sound (of NBC’s three chimes), and even a particular scent (of plumeria blossoms on sewing thread). See, e.g., Registration No. 696,147 (Apr. 12, 1960); Registration Nos. 523,616 (Apr. 4, 1950) and 916,522 (July 13, 1971); *In re Clarke*, 17 U.S.P.Q.2d 1238, 1240 (TTAB 1990). If a shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?

A color is also capable of satisfying the more important part of the statutory definition of a trademark, which requires that a person “us[e]” or “inten[d] to use” the mark

“to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.” 15 U.S.C. § 1127.

True, a product’s color is unlike “fanciful,” “arbitrary,” or “suggestive” words or designs, which almost automatically tell a customer that they refer to a brand. The imaginary word “Suntost,” or the words “Suntost Marmalade,” on a jar of orange jam immediately would signal a brand or a product “source”; the jam’s orange color does not do so. But, over time, customers may come to treat a particular color on a product or its packaging (say, a color that in context seems unusual, such as pink on a firm’s insulating material or red on the head of a large industrial bolt) as signifying a brand. And, if so, that color would have come to identify and distinguish the goods-i.e., “to indicate” their “source”-much in the way that descriptive words on a product (say, “Trim” on

nail clippers or “Car-Freshner” on deodorizer) can come to indicate a product’s origin. In this circumstance, trademark law says that the word (e.g., “Trim”), although not inherently distinctive, has developed “secondary meaning.” See *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n. 11 (1982) (“[S]econdary meaning” is acquired when “in the minds of the public, the primary significance of a product feature ... is to identify the source of the product rather than the product itself”). Again, one might ask, if trademark law permits a descriptive word with secondary meaning to act as a mark, why would it not permit a color, under similar circumstances, to do the same?

We cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained “secondary meaning” and therefore identifies and distinguishes a particular brand (and thus indicates its “source”). In principle, trademark law, by preventing others from copying a source-identifying mark, “reduce[s] the customer’s costs of shopping and making purchasing decisions,” 1 J. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2.01[2], p. 2-3 (3d ed. 1994) (hereinafter McCarthy), for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby “encourage[s] the production of quality products,” *ibid.*, and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale. It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve these basic purposes. See Landes & Posner, *Trademark Law: An Economic Perspective*, 30 J. Law & Econ. 265, 290 (1987). And, for that reason, it is difficult to find, in basic trademark objectives, a reason to disqualify absolutely the use of a color as a mark.

Neither can we find a principled objection to the use of color as a mark in the important “functionality” doctrine of trademark law. The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition

by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity). Functionality doctrine therefore would require, to take an imaginary example, that even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent had expired, would impede competition—not by protecting the reputation of the original bulb maker, but by frustrating competitors' legitimate efforts to produce an equivalent illumination-enhancing bulb. See, e.g., (*Kellogg Co.*, *supra*, 305 U.S., at 119-120, trademark law cannot be used to extend monopoly over "pillow" shape of shredded wheat biscuit after the patent for that shape had expired). This Court consequently has explained that, "[i]n general terms, a product feature is functional," and cannot serve as a trademark, "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article," that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage. *Inwood Laboratories, Inc.*, *supra*, 456 U.S., at 850, n. 10. Although sometimes color plays an important role (unrelated to source identification) in making a product more desirable, sometimes it does not. And, this latter fact—the fact that sometimes color is not essential to a product's use or purpose and does not affect cost or quality—indicates that the doctrine of "functionality" does not create an absolute bar to the use of color alone as a mark. See *Owens-Corning*, 774 F.2d, at 1123 (pink color of insulation in wall "performs no nontrademark function").

It would seem, then, that color alone, at least sometimes, can meet the basic legal requirements for use as a trademark. It can act as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function. See U.S. Dept. of Commerce, Patent and Trademark Office, Trademark Manual of Examining Procedure § 1202.04(e), p. 1202-13 (2d ed. May, 1993) (hereinafter PTO Manual) (approving trademark registration of color alone where it "has become distinctive of the

applicant's goods in commerce," provided that "there is [no] competitive need for colors to remain available in the industry" and the color is not "functional") Indeed, the District Court, in this case, entered findings (accepted by the Ninth Circuit) that show Qualitex's green-gold press pad color has met these requirements. The green-gold color acts as a symbol. Having developed secondary meaning (for customers identified the green-gold color as Qualitex's), it identifies the press pads' source. And, the green-gold color serves no other function. (Although it is important to use some color on press pads to avoid noticeable stains, the court found "no competitive need in the press pad industry for the green-gold color, since other colors are equally usable." 21 U.S.P.Q.2d, at 1460, 1991 WL 318798.) Accordingly, unless there is some special reason that convincingly militates against the use of color alone as a trademark, trademark law would protect Qualitex's use of the green-gold color on its press pads.

III

Respondent Jacobson Products says that there are four special reasons why the law should forbid the use of color alone as a trademark. We shall explain, in turn, why we, ultimately, find them unpersuasive.

First, Jacobson says that, if the law permits the use of color as a trademark, it will produce uncertainty and unresolvable court disputes about what shades of a color a competitor may lawfully use. Because lighting (morning sun, twilight mist) will affect perceptions of protected color, competitors and courts will suffer from "shade confusion" as they try to decide whether use of a similar color on a similar product does, or does not, confuse customers and thereby infringe a trademark. Jacobson adds that the "shade confusion" problem is "more difficult" and "far different from" the "determination of the similarity of words or symbols."

We do not believe, however, that color, in this respect, is special. Courts traditionally decide quite difficult questions about whether two words or phrases or symbols are sufficiently similar, in context, to confuse buyers. They have had to compare, for example, such words as "Bonamine" and "Dramamine" (motion-sickness remedies); "Huggies" and "Dougies" (diapers); "Cheracol" and "Syrocol" (cough syrup); "Cyclone" and "Tornado" (wire fences); and "Mattres" and "1-800-Mattres" (mattress franchisor telephone numbers). Legal standards exist to guide courts in making such

comparisons. See, e.g., 2 McCarthy § 15.08; 1 McCarthy §§ 11.24-11.25 (“[S]trong” marks, with greater secondary meaning, receive broader protection than “weak” marks). We do not see why courts could not apply those standards to a color, replicating, if necessary, lighting conditions under which a colored product is normally sold. Indeed, courts already have done so in cases where a trademark consists of a color plus a design, i.e., a colored symbol such as a gold stripe (around a sewer pipe), a yellow strand of wire rope, or a “brilliant yellow” band (on ampules).

Second, Jacobson argues, as have others, that colors are in limited supply. Jacobson claims that, if one of many competitors can appropriate a particular color for use as a trademark, and each competitor then tries to do the same, the supply of colors will soon be depleted. Put in its strongest form, this argument would concede that “[h]undreds of color pigments are manufactured and thousands of colors can be obtained by mixing.” L. Cheskin, *Colors: What They Can Do For You* 47 (1947). But, it would add that, in the context of a particular product, only some colors are usable. By the time one discards colors that, say, for reasons of customer appeal, are not usable, and adds the shades that competitors cannot use lest they risk infringing a similar, registered shade, then one is left with only a handful of possible colors. And, under these circumstances, to permit one, or a few, producers to use colors as trademarks will “deplete” the supply of usable colors to the point where a competitor’s inability to find a suitable color will put that competitor at a significant disadvantage.

This argument is unpersuasive, however, largely because it relies on an occasional problem to justify a blanket prohibition. When a color serves as a mark, normally alternative colors will likely be available for similar use by others. See, e.g., *Owens-Corning*, 774 F.2d, at 1121 (pink insulation). Moreover, if that is not so—if a “color depletion” or “color scarcity” problem does arise—the trademark doctrine of “functionality” normally would seem available to prevent the anticompetitive consequences that Jacobson’s argument posits, thereby minimizing that argument’s practical force.

The functionality doctrine, as we have said, forbids the use of a product’s feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is “essential to the use or purpose of the article” or “affects [its] cost or quality.” *Inwood Laboratories, Inc.*, 456 U.S., at 850, n. 10. The functionality doctrine thus protects competitors against a

disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features. For example, this Court has written that competitors might be free to copy the color of a medical pill where that color serves to identify the kind of medication (e.g., a type of blood medicine) in addition to its source. See *id.*, at 853, 858, n. 20 (“[S]ome patients commingle medications in a container and rely on color to differentiate one from another”); see also J. Ginsburg, D. Goldberg, & A. Greenbaum, *Trademark and Unfair Competition Law* 194-195 (1991) (noting that drug color cases “have more to do with public health policy” regarding generic drug substitution “than with trademark law”). And, the federal courts have demonstrated that they can apply this doctrine in a careful and reasoned manner, with sensitivity to the effect on competition. Although we need not comment on the merits of specific cases, we note that lower courts have permitted competitors to copy the green color of farm machinery (because customers wanted their farm equipment to match) and have barred the use of black as a trademark on outboard boat motors (because black has the special functional attributes of decreasing the apparent size of the motor and ensuring compatibility with many different boat colors). See *Deere & Co. v. Farmhand, Inc.*, 560 F.Supp. 85, 98 (SD Iowa 1982), *aff’d*, 721 F.2d 253 (CA8 1983); *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1532 (CA Fed.1994), cert. pending, No. 94-1075; see also *Nor-Am Chemical v. O.M. Scott & Sons Co.*, 4 U.S.P.Q.2d 1316, 1320, 1987 WL 13742 (ED Pa.1987) (blue color of fertilizer held functional because it indicated the presence of nitrogen). The Restatement (Third) of Unfair Competition adds that, if a design’s “aesthetic value” lies in its ability to “confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs,” then the design is “functional.” Restatement (Third) of Unfair Competition § 17, Comment c, pp. 175-176 (1993). The “ultimate test of aesthetic functionality,” it explains, “is whether the recognition of trademark rights would significantly hinder competition.” *Id.*, at 176.

The upshot is that, where a color serves a significant nontrademark function—whether to distinguish a heart pill from a digestive medicine or to satisfy the “noble instinct for giving the right touch of beauty to common and necessary things,” G. Chesterton, *Simplicity and Tolstoy* 61 (1912)—courts will examine whether its use as a mark would permit one competitor (or a

group) to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient. That examination should not discourage firms from creating esthetically pleasing mark designs, for it is open to their competitors to do the same. But, ordinarily, it should prevent the anticompetitive consequences of Jacobson's hypothetical "color depletion" argument, when, and if, the circumstances of a particular case threaten "color depletion."

Third, Jacobson points to many older cases—including Supreme Court cases—in support of its position. In 1878, this Court described the common-law definition of trademark rather broadly to "consist of a name, symbol, figure, letter, form, or device, if adopted and used by a manufacturer or merchant in order to designate the goods he manufactures or sells to distinguish the same from those manufactured or sold by another." *McLean v. Fleming*, 96 U.S. 245, 254, 24 L.Ed. 828. Yet, in interpreting the Trademark Acts of 1881 and 1905, 21 Stat. 502, 33 Stat. 724, which retained that common-law definition, the Court questioned "[w]hether mere color can constitute a valid trade-mark," *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166, 171 (1906), and suggested that the "product including the coloring matter is free to all who make it," *Coca-Cola Co. v. Koke Co. of America*, 254 U.S. 143, 147 (1920). Even though these statements amounted to dicta, lower courts interpreted them as forbidding protection for color alone. See, e.g., *Campbell Soup Co.*, 175 F.2d, at 798, and n. 9; *Life Savers Corp. v. Curtiss Candy Co.*, 182 F.2d 4, 9 (CA7 1950) (quoting *Campbell Soup*, *supra*, at 798).

These Supreme Court cases, however, interpreted trademark law as it existed before 1946, when Congress enacted the Lanham Act. The Lanham Act significantly changed and liberalized the common law to "dispense with mere technical prohibitions," S.Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946), most notably, by permitting trademark registration of descriptive words (say, "U-Build-It" model airplanes) where they had acquired "secondary meaning." See *Abercrombie & Fitch Co.*, 537 F.2d, at 9 (Friendly, J.). The Lanham Act extended protection to descriptive marks by making clear that (with certain explicit exceptions not relevant here)

"nothing ... shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce." 15 U.S.C. § 1052(f) (1988 ed., Supp. V).

This language permits an ordinary word, normally used for a nontrademark purpose (e.g., description), to act as a trademark where it has gained “secondary meaning.” Its logic would appear to apply to color as well. Indeed, in 1985, the Federal Circuit considered the significance of the Lanham Act’s changes as they related to color and held that trademark protection for color was consistent with the

“jurisprudence under the Lanham Act developed in accordance with the statutory principle that if a mark is capable of being or becoming distinctive of [the] applicant’s goods in commerce, then it is capable of serving as a trademark.” *Owens-Corning*, 774 F.2d, at 1120.

In 1988, Congress amended the Lanham Act, revising portions of the definitional language, but left unchanged the language here relevant. § 134, 102 Stat. 3946, 15 U.S.C. § 1127. It enacted these amendments against the following background: (1) the Federal Circuit had decided *Owens-Corning*; (2) the Patent and Trademark Office had adopted a clear policy (which it still maintains) permitting registration of color as a trademark, see PTO Manual § 1202.04(e) (at p. 1200-12 of the January 1986 edition and p. 1202-13 of the May 1993 edition); and (3) the Trademark Commission had written a report, which recommended that “the terms ‘symbol, or device’ ... not be deleted or narrowed to preclude registration of such things as a color, shape, smell, sound, or configuration which functions as a mark,” The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 T.M.Rep. 375, 421 (1987); see also 133 Cong.Rec. 32812 (1987) (statement of Sen. DeConcini) (“The bill I am introducing today is based on the Commission’s report and recommendations”). This background strongly suggests that the language “any word, name, symbol, or device,” 15 U.S.C. § 1127, had come to include color. And, when it amended the statute, Congress retained these terms. Indeed, the Senate Report accompanying the Lanham Act revision explicitly referred to this background understanding, in saying that the “revised definition intentionally retains ... the words ‘symbol or device’ so as not to preclude the registration of colors, shapes, sounds or configurations where they function as trademarks.” S.Rep. No. 100-515, at 44 U.S.Code Cong. & Admin.News, 1988, p. 5607. (In addition, the statute retained language providing that “[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration ...

on account of its nature” (except for certain specified reasons not relevant here). 15 U.S.C. § 1052 (1988 ed., Supp. V).)

This history undercuts the authority of the precedent on which Jacobson relies. Much of the pre-1985 case law rested on statements in Supreme Court opinions that interpreted pre-Lanham Act trademark law and were not directly related to the holdings in those cases. Moreover, we believe the Federal Circuit was right in 1985 when it found that the 1946 Lanham Act embodied crucial legal changes that liberalized the law to permit the use of color alone as a trademark (under appropriate circumstances). At a minimum, the Lanham Act’s changes left the courts free to reevaluate the preexisting legal precedent which had absolutely forbidden the use of color alone as a trademark. Finally, when Congress reenacted the terms “word, name, symbol, or device” in 1988, it did so against a legal background in which those terms had come to include color, and its statutory revision embraced that understanding.

Fourth, Jacobson argues that there is no need to permit color alone to function as a trademark because a firm already may use color as part of a trademark, say, as a colored circle or colored letter or colored word, and may rely upon “trade dress” protection, under § 43(a) of the Lanham Act, if a competitor copies its color and thereby causes consumer confusion regarding the overall appearance of the competing products or their packaging, see 15 U.S.C. § 1125(a) (1988 ed., Supp. V). The first part of this argument begs the question. One can understand why a firm might find it difficult to place a usable symbol or word on a product (say, a large industrial bolt that customers normally see from a distance); and, in such instances, a firm might want to use color, pure and simple, instead of color as part of a design. Neither is the second portion of the argument convincing. Trademark law helps the holder of a mark in many ways that “trade dress” protection does not. See 15 U.S.C. § 1124 (ability to prevent importation of confusingly similar goods); § 1072 (constructive notice of ownership); § 1065 (incontestible status); § 1057(b) (prima facie evidence of validity and ownership). Thus, one can easily find reasons why the law might provide trademark protection in addition to trade dress protection.

IV

Having determined that a color may sometimes meet the basic legal requirements for use as a trademark and that respondent Jacobson’s arguments

do not justify a special legal rule preventing color alone from serving as a trademark (and, in light of the District Court's here undisputed findings that Qualitex's use of the green-gold color on its press pads meets the basic trademark requirements), we conclude that the Ninth Circuit erred in barring Qualitex's use of color as a trademark....

Prof. Grynberg on product packaging and color

From Michael Grynberg's Trademark Law (2022 Edition, version 2.). See notes on licensing at the end of this chapter.

Color and Packaging. If product packaging can be inherently distinctive, but color alone requires secondary meaning, how do we treat the use of color in product packaging? *See* Forney Indus., Inc. v. Daco of Missouri, Inc., 835 F.3d 1238, 1248 (10th Cir. 2016) (holding that “the use of color in product packaging can be inherently distinctive . . . only if specific colors are used in combination with a well-defined shape, pattern, or other distinctive design”). In *In re Forney Industries, Inc.*, 955 F.3d 940 (Fed. Cir. 2020), the Federal Circuit held that color marks on product packaging may be inherently distinctive, at least where the claimed mark is in a multi-color mark. ...

In the Federal Circuit tradition of always trying to maximize the scope of intellectual property rights, the court rejected a potential limitation of requiring such marks to be in conjunction with a distinctive peripheral shape or border. *Id.* at 947.

Case: Wal-Mart v. Samara Bros.

This case text obtained/adapted from Michael Grynberg's Trademark Law (2022 Edition, version 2.). See notes on editing, licensing etc. at the end of this chapter. Typography was changed; all italicization was removed; footnotes were reformatted.

Wal-Mart Stores, Inc. v. Samara Bros., Inc.

Supreme Court of the United States
529 U.S. 205 (2000)

Justice SCALIA delivered the opinion of the Court.

In this case, we decide under what circumstances a product's design is distinctive, and therefore protectible, in an action for infringement of

unregistered trade dress under § 43(a) of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441, as amended, 15 U.S.C. § 1125(a).

I

Respondent Samara Brothers, Inc., designs and manufactures children's clothing. Its primary product is a line of spring/summer one-piece seersucker outfits decorated with appliques of hearts, flowers, fruits, and the like. A number of chain stores, including JCPenney, sell this line of clothing under contract with Samara.

Petitioner Wal-Mart Stores, Inc., is one of the nation's best known retailers, selling among other things children's clothing. In 1995, Wal-Mart contracted with one of its suppliers, Judy-Philippine, Inc., to manufacture a line of children's outfits for sale in the 1996 spring/summer season. Wal-Mart sent Judy-Philippine photographs of a number of garments from Samara's line, on which Judy-Philippine's garments were to be based; Judy-Philippine duly copied, with only minor modifications, 16 of Samara's garments, many of which contained copyrighted elements. In 1996, Wal-Mart briskly sold the so-called knockoffs, generating more than \$1.15 million in gross profits.

In June 1996, a buyer for JCPenney called a representative at Samara to complain that she had seen Samara garments on sale at Wal-Mart for a lower price than JCPenney was allowed to charge under its contract with Samara. The Samara representative told the buyer that Samara did not supply its clothing to Wal-Mart. Their suspicions aroused, however, Samara officials launched an investigation, which disclosed that Wal-Mart and several other major retailers—Kmart, Caldor, Hills, and Goody's—were selling the knockoffs of Samara's outfits produced by Judy-Philippine.

After sending cease-and-desist letters, Samara brought this action in the United States District Court for the Southern District of New York against Wal-Mart, Judy-Philippine, Kmart, Caldor, Hills, and Goody's for copyright infringement under federal law, consumer fraud and unfair competition under New York law, and—most relevant for our purposes—infringement of unregistered trade dress under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). All of the defendants except Wal-Mart settled before trial.

After a weeklong trial, the jury found in favor of Samara on all of its claims. Wal-Mart then renewed a motion for judgment as a matter of law, claiming, *inter alia*, that there was insufficient evidence to support a

conclusion that Samara’s clothing designs could be legally protected as distinctive trade dress for purposes of § 43(a). The District Court denied the motion, and awarded Samara damages, interest, costs, and fees totaling almost \$1.6 million, together with injunctive relief. The Second Circuit affirmed the denial of the motion for judgment as a matter of law, and we granted certiorari.

II

The Lanham Act provides for the registration of trademarks, which it defines in § 45 to include “any word, name, symbol, or device, or any combination thereof [used or intended to be used] to identify and distinguish [a producer’s] goods ... from those manufactured or sold by others and to indicate the source of the goods....” 15 U.S.C. § 1127. Registration of a mark under § 2 of the Lanham Act, 15 U.S.C. § 1052, enables the owner to sue an infringer under § 32, 15 U.S.C. § 1114; it also entitles the owner to a presumption that its mark is valid, see § 7(b), 15 U.S.C. § 1057(b), and ordinarily renders the registered mark incontestable after five years of continuous use, see § 15, 15 U.S.C. § 1065. In addition to protecting registered marks, the Lanham Act, in § 43(a), gives a producer a cause of action for the use by any person of “any word, term, name, symbol, or device, or any combination thereof ... which ... is likely to cause confusion ... as to the origin, sponsorship, or approval of his or her goods.” 15 U.S.C. § 1125(a). It is the latter provision that is at issue in this case.

The breadth of the definition of marks registrable under § 2, and of the confusion-producing elements recited as actionable by § 43(a), has been held to embrace not just word marks, such as “Nike,” and symbol marks, such as Nike’s “swoosh” symbol, but also “trade dress”—a category that originally included only the packaging, or “dressing,” of a product, but in recent years has been expanded by many Courts of Appeals to encompass the design of a product. See, e.g., *Ashley Furniture Industries, Inc. v. Sangiacomo N. A., Ltd.*, 187 F.3d 363 (C.A.4 1999) (bedroom furniture); *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (C.A.2 1995) (sweaters); *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780 (C.A.8 1995) (notebooks). These courts have assumed, often without discussion, that trade dress constitutes a “symbol” or “device” for purposes of the relevant sections, and we conclude likewise. “Since human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable

of carrying meaning, this language, read literally, is not restrictive.” *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 162 (1995). This reading of § 2 and § 43(a) is buttressed by a recently added subsection of § 43(a), § 43(a)(3), which refers specifically to “civil action[s] for trade dress infringement under this chapter for trade dress not registered on the principal register.” 15 U.S.C. § 1125(a)(3) (1994 ed., Supp. V).

The text of § 43(a) provides little guidance as to the circumstances under which unregistered trade dress may be protected. It does require that a producer show that the allegedly infringing feature is not “functional,” see § 43(a)(3), and is likely to cause confusion with the product for which protection is sought, see § 43(a)(1)(A), 15 U.S.C. § 1125(a)(1)(A). Nothing in § 43(a) explicitly requires a producer to show that its trade dress is distinctive, but courts have universally imposed that requirement, since without distinctiveness the trade dress would not “cause confusion ... as to the origin, sponsorship, or approval of [the] goods,” as the section requires. Distinctiveness is, moreover, an explicit prerequisite for registration of trade dress under § 2, and “the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (citations omitted).

In evaluating the distinctiveness of a mark under § 2 (and therefore, by analogy, under § 43(a)), courts have held that a mark can be distinctive in one of two ways. First, a mark is inherently distinctive if “[its] intrinsic nature serves to identify a particular source.” *Ibid.* In the context of word marks, courts have applied the now-classic test originally formulated by Judge Friendly, in which word marks that are “arbitrary” (“Camel” cigarettes), “fanciful” (“Kodak” film), or “suggestive” (“Tide” laundry detergent) are held to be inherently distinctive. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10-11 (C.A.2 1976). Second, a mark has acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning, which occurs when, “in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.” *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n. 11 (1982).*

* The phrase “secondary meaning” originally arose in the context of word marks, where it served to distinguish the source-identifying

meaning from the ordinary, or “primary,” meaning of the word.

“Secondary meaning” has since come to refer to the acquired, source-identifying meaning of a nonword mark as well. It is often a misnomer in that context, since nonword marks ordinarily have no “primary” meaning. Clarity might well be served by using the term “acquired meaning” in both the word-mark and the nonword-mark contexts—but in this opinion we follow what has become the conventional terminology.

The judicial differentiation between marks that are inherently distinctive and those that have developed secondary meaning has solid foundation in the statute itself. Section 2 requires that registration be granted to any trademark “by which the goods of the applicant may be distinguished from the goods of others”—subject to various limited exceptions. 15 U.S.C. § 1052. It also provides, again with limited exceptions, that “nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce”—that is, which is not inherently distinctive but has become so only through secondary meaning. § 2(f), 15 U.S.C. § 1052(f). Nothing in § 2, however, demands the conclusion that every category of mark necessarily includes some marks “by which the goods of the applicant may be distinguished from the goods of others” without secondary meaning—that in every category some marks are inherently distinctive.

Indeed, with respect to at least one category of mark—colors—we have held that no mark can ever be inherently distinctive. In *Qualitex*, petitioner manufactured and sold green-gold dry-cleaning press pads. After respondent began selling pads of a similar color, petitioner brought suit under § 43(a), then added a claim under § 32 after obtaining registration for the color of its pads. We held that a color could be protected as a trademark, but only upon a showing of secondary meaning. Reasoning by analogy to the *Abercrombie & Fitch* test developed for word marks, we noted that a product’s color is unlike a “fanciful,” “arbitrary,” or “suggestive” mark, since it does not “almost automatically tell a customer that [it] refer[s] to a brand,” and does not “immediately ... signal a brand or a product ‘source.’” However, we noted that, “over time, customers may come to treat a particular color on a product or its packaging ... as signifying a brand.” Because a color, like a “descriptive”

word mark, could eventually “come to indicate a product’s origin,” we concluded that it could be protected upon a showing of secondary meaning.

It seems to us that design, like color, is not inherently distinctive. The attribution of inherent distinctiveness to certain categories of word marks and product packaging derives from the fact that the very purpose of attaching a particular word to a product, or encasing it in a distinctive packaging, is most often to identify the source of the product. Although the words and packaging can serve subsidiary functions—a suggestive word mark (such as “Tide” for laundry detergent), for instance, may invoke positive connotations in the consumer’s mind, and a garish form of packaging (such as Tide’s squat, brightly decorated plastic bottles for its liquid laundry detergent) may attract an otherwise indifferent consumer’s attention on a crowded store shelf—their predominant function remains source identification. Consumers are therefore predisposed to regard those symbols as indication of the producer, which is why such symbols “almost automatically tell a customer that they refer to a brand,” and “immediately ... signal a brand or a product ‘source.’” And where it is not reasonable to assume consumer predisposition to take an affixed word or packaging as indication of source—where, for example, the affixed word is descriptive of the product (“Tasty” bread) or of a geographic origin (“Georgia” peaches)—inherent distinctiveness will not be found. That is why the statute generally excludes, from those word marks that can be registered as inherently distinctive, words that are “merely descriptive” of the goods, § 2(e)(1), 15 U.S.C. § 1052(e)(1), or “primarily geographically descriptive of them,” see § 2(e)(2), 15 U.S.C. § 1052(e)(2). In the case of product design, as in the case of color, we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.

The fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness. How

easy it is to mount a plausible suit depends, of course, upon the clarity of the test for inherent distinctiveness, and where product design is concerned we have little confidence that a reasonably clear test can be devised. Respondent and the United States as amicus curiae urge us to adopt for product design relevant portions of the test formulated by the Court of Customs and Patent Appeals for product packaging in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342 (1977). That opinion, in determining the inherent distinctiveness of a product’s packaging, considered, among other things, “whether it was a ‘common’ basic shape or design, whether it was unique or unusual in a particular field, [and] whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.” *Id.*, at 1344 (footnotes omitted). Such a test would rarely provide the basis for summary disposition of an anticompetitive strike suit. Indeed, at oral argument, counsel for the United States quite understandably would not give a definitive answer as to whether the test was met in this very case, saying only that “[t]his is a very difficult case for that purpose.”

It is true, of course, that the person seeking to exclude new entrants would have to establish the nonfunctionality of the design feature, see § 43(a)(3), 15 U.S.C. § 1125(a)(3)—a showing that may involve consideration of its esthetic appeal, see *Qualitex*, *supra*, at 170. Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle. That is especially so since the producer can ordinarily obtain protection for a design that is inherently source identifying (if any such exists), but that does not yet have secondary meaning, by securing a design patent or a copyright for the design—as, indeed, respondent did for certain elements of the designs in this case. The availability of these other protections greatly reduces any harm to the producer that might ensue from our conclusion that a product design cannot be protected under § 43(a) without a showing of secondary meaning.

Respondent contends that our decision in *Two Pesos* forecloses a conclusion that product-design trade dress can never be inherently distinctive. In that case, we held that the trade dress of a chain of Mexican restaurants, which the plaintiff described as “a festive eating atmosphere having interior

dining and patio areas decorated with artifacts, bright colors, paintings and murals,” 505 U.S., at 765 (internal quotation marks and citation omitted), could be protected under § 43(a) without a showing of secondary meaning. Two Pesos unquestionably establishes the legal principle that trade dress can be inherently distinctive, but it does not establish that product-design trade dress can be. Two Pesos is inapposite to our holding here because the trade dress at issue, the decor of a restaurant, seems to us not to constitute product design. It was either product packaging—which, as we have discussed, normally is taken by the consumer to indicate origin—or else some tertium quid that is akin to product packaging and has no bearing on the present case.

Respondent replies that this manner of distinguishing Two Pesos will force courts to draw difficult lines between product-design and product-packaging trade dress. There will indeed be some hard cases at the margin: a classic glass Coca-Cola bottle, for instance, may constitute packaging for those consumers who drink the Coke and then discard the bottle, but may constitute the product itself for those consumers who are bottle collectors, or part of the product itself for those consumers who buy Coke in the classic glass bottle, rather than a can, because they think it more stylish to drink from the former. We believe, however, that the frequency and the difficulty of having to distinguish between product design and product packaging will be much less than the frequency and the difficulty of having to decide when a product design is inherently distinctive. To the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning. The very closeness will suggest the existence of relatively small utility in adopting an inherent-distinctiveness principle, and relatively great consumer benefit in requiring a demonstration of secondary meaning.

* * *

We hold that, in an action for infringement of unregistered trade dress under § 43(a) of the Lanham Act, a product’s design is distinctive, and therefore protectible, only upon a showing of secondary meaning. The judgment of the Second Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

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The following was written by Eric E. Johnson:

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–EEJ

M-6

Trademark Functionality

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Trademarks and functionality

This section by Eric E. Johnson.

Trademark law is about protecting indications of the source of products—giving consumers useful, dependable information to help them navigate the marketplace, and giving sellers the opportunity to profit from an earned reputation for value. Trademark law is not meant to be about rewarding useful innovations or designs by awarding monopoly rights on those useful innovations or designs.

Patent law is in that line of work—but patent rights expire within a couple of decades. Trademark rights can last forever. If trademark rights only allow exclusive rights to aspects of a product’s packaging or design that are useless except for their ability to distinguish a commercial source, the immortality of trademarks/trade-dress rights may be relatively untroubling. But granting everlasting trademark rights on functional aspects of goods could be very economically pernicious. Thus it is understood that trademark law, if it is to avoid social harm, must steer clear of providing exclusive rights to anything functional.

Case: Kellogg v. Nabisco (product shape excerpt)

This case abridgement/edit by Eric E. Johnson. The superscript tilde (~) indicates an ellipsis. Footnotes and citations reformatted or removed without notation.

Kellogg Co. v. National Biscuit Co.

Supreme Court of the United States
305 U.S. 111 (1938)

MR. JUSTICE BRANDEIS delivered the opinion of the Court.~

The plaintiff concedes that it does not possess the exclusive right to make shredded wheat. But it claims the exclusive right to the trade name “Shredded Wheat” and the exclusive right to make shredded wheat biscuits pillow-shaped.~ Kellogg Company denies that the plaintiff is entitled to the exclusive use of the name or of the pillow-shape;~ and contends that in honestly competing for a part of the market for shredded wheat it is exercising the common right freely to manufacture and sell an article of commerce unprotected by patent.~

[The court first held that Nabsico had no exclusive right to the use of the term “shredded wheat.”]

[T]he product, the process and the machinery employed in making [shredded wheat], has been dedicated to the public. The basic patent for the product and for the process of making it, and many other patents for special machinery to be used in making the article, issued to Perky.~ The basic patent expired October 15, 1912; the others soon after.~

The plaintiff has not the exclusive right to sell shredded wheat in the form of a pillow-shaped biscuit — the form in which the article became known to the public. That is the form in which shredded wheat was made under the basic patent. The patented machines used were designed to produce only the pillow-shaped biscuits. And a design patent was taken out to cover the pillow-shaped form. Hence, upon expiration of the patents the form, as well as the name, was dedicated to the public. As was said in *Singer Mfg. Co. v. June Mfg. Co.*, *supra*, p. 185:

“It is self evident that on the expiration of a patent the monopoly granted by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course,

that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent. We may, therefore, dismiss without further comment the complaint, as to the form in which the defendant made his machines.”

Where an article may be manufactured by all, a particular manufacturer can no more assert exclusive rights in a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer, than it can in the case of a name with similar connections in the public mind. Kellogg Company was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff.

It is urged that all possibility of deception or confusion would be removed if Kellogg Company should refrain from using the name “Shredded Wheat” and adopt some form other than the pillow-shape. But the name and form are integral parts of the goodwill of the article.~ Moreover, the pillow-shape must be used for another reason. The evidence is persuasive that this form is functional — that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape.

Kellogg Company is undoubtedly sharing in the goodwill of the article known as “Shredded Wheat”; and thus is sharing in a market which was created by the skill and judgment of plaintiff’s predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. 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.~

Case: Wallace Silversmiths v. Godinger Silver

This case abridgement/edit by Eric E. Johnson. The superscript tilde (~) indicates an ellipsis. Citations reformatted, reworked, or removed without notation.

Wallace International Silversmiths v. Godinger Silver Art Co.

U.S. Court of Appeals for the Second Circuit
916 F.2d 76 (1990)

WINTER, Circuit Judge:

Wallace International Silversmiths (“Wallace”) appeals from Judge Haight’s denial of its motion for a preliminary injunction under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1988), prohibiting Godinger Silver Art Co., Inc. (“Godinger”) from marketing a line of silverware with ornamentation that is substantially similar to Wallace’s GRANDE BAROQUE line. Judge Haight held that the GRANDE BAROQUE design is “a functional feature of ‘Baroque’ style silverware” and thus not subject to protection as a trademark. We affirm.

BACKGROUND

Wallace, a Delaware corporation, has sold sterling silver products for over one hundred years. Its GRANDE BAROQUE pattern was introduced in 1941 and is still one of the best-selling silverware lines in America. Made of fine sterling silver, a complete place setting costs several thousand dollars. Total sales of GRANDE BAROQUE silverware have exceeded fifty million dollars. The GRANDE BAROQUE pattern is fairly described as “ornate, massive and flowery [with] indented, flowery roots and scrolls and curls along the side of the shaft, and flower arrangements along the front of the shaft.” Wallace owns a trademark registration for the GRANDE BAROQUE name as applied to sterling silver flatware and hollowware. The GRANDE BAROQUE design is not patented, but on December 11, 1989, Wallace filed an application for trademark registration for the GRANDE BAROQUE pattern. This application is still pending.

Godinger, a New York corporation, is a manufacturer of silver-plated products. The company has recently begun to market a line of baroque-style silver-plated serving pieces. The suggested retail price of the set of four serving pieces is approximately twenty dollars. Godinger advertised its new line under

the name 20TH CENTURY BAROQUE and planned to introduce it at the Annual New York Tabletop and Accessories Show, the principal industry trade show at which orders for the coming year are taken. Like Wallace's silverware, Godinger's pattern contains typical baroque elements including an indented root, scrolls, curls, and flowers. The arrangement of these elements approximates Wallace's design in many ways, although their dimensions are noticeably different. The most obvious difference between the two designs is that the Godinger pattern extends further down the handle than the Wallace pattern does. The Wallace pattern also tapers from the top of the handle to the stem while the Godinger pattern appears bulkier overall and maintains its bulk throughout the decorated portion of the handle. Although the record does not disclose the exact circumstances under which Godinger's serving pieces were created, Godinger admits that its designers were "certainly inspired by and aware of [the Wallace] design when [they] created [the 20TH CENTURY BAROQUE] design."

On the afternoon of April 23, 1990, Leonard Florence of Wallace learned from a wholesale customer, Michael C. Fina Company, that Godinger had placed an advertisement for its 20TH CENTURY BAROQUE serving pieces in an industry trade magazine. George Fina, the company's president, said that he was "confused" when he saw what he believed to be a pattern identical to GRANDE BAROQUE being advertised by another company. He asked Mr. Florence whether Wallace had licensed the design to Godinger or whether "the Godinger product was simply a 'knock-off.'" Two days after this conversation, Wallace filed the complaint in the instant matter stating various federal trademark and state unfair competition claims. Wallace also filed a motion for a temporary restraining order and sought a preliminary injunction prohibiting Godinger from using the mark 20TH CENTURY BAROQUE or infringing the trade dress of Wallace's GRANDE BAROQUE product.

Due to the imminence of the trade show, the district court held a hearing on Wallace's application for preliminary relief the day after Wallace had filed its complaint. The record consisted of affidavits from Florence and Fina reciting the facts described *supra*, samples of the Wallace and Godinger pieces, and various photographs and catalogue illustrations of silverware from other manufacturers. Later that day, Judge Haight issued a Memorandum Opinion and Order in which he concluded that the GRANDE BAROQUE design was a "functional" feature of baroque-style silverware and thus ineligible for trade

dress protection under Section 43(a) of the Lanham Act. In so holding, he stated:

In the case at bar, the “Baroque” curls and flowers are not “arbitrary embellishments” adopted to identify plaintiff’s product. Instead, all the “Baroque” style silverware use essentially the same scrolls and flowers as a way to compete in the free market. The “Baroque” style is a line of silverware which many manufacturers produce. Just like the patterns on the chinaware in *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir.1952)], the “Grande Baroque” design is a functional feature of “Baroque” style silverware.

Wallace may well have developed secondary meaning in the market of “Baroque”-styled silverware. In fact, I assume for purposes of this motion that anyone that sees, for instance, five lines of Baroque silverware will single out the Wallace line as being the “classiest” or the most handsome looking and will immediately exclaim “Oh! That’s the Wallace line. They make the finest looking ‘Baroque’ forks!” That is secondary meaning. However, that does not mean that plaintiff’s design is subject to protection. The “Baroque” curls, roots and flowers are not “mere indicia of source.” Instead, they are requirements to compete in the silverware market. This is a classic example of the proposition that “to imitate is to compete.” *Pagliero, supra*, at 344. The designs are aesthetically functional.

Accordingly, I conclude that plaintiff does not have a trade dress subject to the protection of the Lanham Act....

He therefore declined to order expedited discovery and denied Wallace’s motion for a preliminary injunction.

DISCUSSION

In order to obtain a preliminary injunction, the movant must demonstrate “(a) irreparable harm and (b) either (1) likelihood of success on the merits or (2) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the party requesting the preliminary relief.” *Jackson Dairy, Inc. v. H.P. Hood & Sons, Inc.*, 596 F.2d 70, 72 (2d Cir.1979) (per curiam); *see also Warner Bros. v. Gay Toys, Inc.*, 658 F.2d 76, 78-79 (2d Cir.1981) (“*Warner P*”) (applying *Jackson Dairy* standard to trademark infringement case). In

concluding that “the ‘Grande Baroque’ design is a functional feature of ‘Baroque’ style silverware,” Judge Haight denied Wallace’s motion because there was not a fair ground for litigation on the issue of trademark liability. Our review therefore focuses on the functionality issue.

The core purpose of trademark law is to prevent competitors from copying those aspects of a product or its trade dress that identify the source of the product to prospective consumers. See *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 854 n. 14 (1982); *Bose Corp. v. Linear Design Labs, Inc.*, 467 F.2d 304, 309-10 (2d Cir.1972). By giving the first user of a trademark exclusive rights in that mark, the law protects trademark owners’ investments in creating goodwill and affords consumers a low-cost means of identifying the source of goods. See *Inwood Laboratories, supra*; *W.T. Rogers Co. Inc. v. Keene*, 778 F.2d 334 (7th Cir.1985). Although the paradigmatic trademark is a distinctive name, the “trade dress” of a product may also serve as a trademark. A product’s trade dress ordinarily consists of its packaging. However, the design given a product by its manufacturer also may serve to distinguish it from the products of other manufacturers and hence be protectible trade dress. See, e.g., *Stormy Clime Ltd. v. Progroup, Inc.*, 809 F.2d 971, 974 (2d Cir.1987) (“The trade dress of a product ‘involves the total image of a product and may include features such as size, shape, color or color combinations, texture, [or] graphics.’”); *Warner I, supra* (color and symbols on toy car); *Harlequin Enterprises Ltd. v. Gulf & Western Corp.*, 644 F.2d 946 (2d Cir.1981) (paperback book covers).

In order to maintain an action for trade dress infringement under Section 43(a) of the Lanham Act, the plaintiff must show that its trade dress has acquired secondary meaning — that is, the trade dress identifies the source of the product — and that there is a likelihood of confusion between the original trade dress and the trade dress of the allegedly infringing product. *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 75 (2d Cir.1985). Even if the plaintiff establishes these elements, the defendant may still avoid liability on a variety of grounds, including the so-called functionality doctrine. Our present view of that doctrine is derived from the Supreme Court’s dictum in *Inwood Laboratories*, stating that “[i]n general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”^[1] 456 U.S. at 850 n. 10.

[FN1:] We initially adopted the “essential to the use or purpose” test in *Warner Bros, Inc. v. Gay Toys, Inc.*, 724 F.2d 327, 331 (2d Cir.1983) (“*Warner II*”). In *Warner II*, Judge Oakes’s opinion explained that “[a] design feature of a particular article is ‘essential’ only if the feature is dictated by the functions to be performed; a feature that merely accommodates a useful function is not enough.” 724 F.2d at 331. However, in *Industria Arredamenti Fratelli Saporiti v. Charles Craig, Ltd.*, 725 F.2d 18 (2d Cir.1984), decided just two weeks after *Warner II*, another panel of this court stated that the functionality test was whether the aesthetic feature was an “important ingredient in the commercial success.” *Id.* at 19 (quoting *Ives Laboratories, Inc. v. Darby Drug Co., Inc.*, 601 F.2d 631, 643 (2d Cir.1979)). This formulation, which is derived from *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir.1952), had been used in earlier cases but widely criticized. *See, e.g., Warner II, supra* at 330; *Keene Corp. v. Paraflex Indus.*, 653 F.2d 822, 824-25 (3d Cir.1981); *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 773 (9th Cir.1981).

In *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71 (2d Cir.1985), Chief Judge Feinberg’s opinion addressed the “obvious tension” between *Warner II* and *Charles Craig* and concluded that “[t]he *Inwood Laboratories-Warner II* formulation, in which a feature must be ‘essential to the use or purpose of the article’ or must affect ‘the cost or quality of the article’ ... is less susceptible to confusion or an overly broad interpretation.” *Id.* at 77 (citation omitted). *LeSportsac* noted that a feature that is an important ingredient in the commercial success of a product might still be functional and expressly ratified *Warner II*’s adoption of the *Inwood Laboratories* definition of functionality. It also harmonized the result in *Charles Craig* by observing that the distinctive features of the sofa design at issue in that case “constitute[d] an improvement in the operation of the goods’ that ought not to be monopolized (absent patent protection), and hence is functional under *Warner II* as well.” *Id.* (quoting *Warner II, supra* at 331).

Our most recent elaboration of the doctrine was in *Stormy Clime*, where Judge Newman stated:

the functionality inquiry ... should [focus] on whether bestowing trade dress protection upon [a particular] arrangement of features “‘will hinder competition or impinge upon the rights of others to compete effectively in the sale of goods.’” *Sicilia di R. Biebow & Co. v. Cox*, 732 F.2d 417, 429 (5th Cir.1984) (quoting *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332, 1342 (Cust. & Pat.App.1982)).

Id. at 976-77. *Stormy Clime* outlined the factors to be considered in determining functionality as follows:

the degree of functionality of the similar features, the degree of similarity between non-functional (ornamental) features of the competing products, and the feasibility of alternative arrangements of functional features that would not impair the utility of the product. These factors should be considered along a continuum. On one end, unique arrangements of purely functional features constitute a functional design. On the other end, distinctive and arbitrary arrangements of predominantly ornamental features that do not hinder potential competitors from entering the same market with differently dressed versions of the product are non-functional and hence eligible for trade dress protection. In between, the case for protection weakens the more clearly the arrangement of allegedly distinctive features serves the purpose of the product ...

Id. at 977 (citations omitted).

Turning to the instant case, Judge Haight found that the similarities between the Godinger and Wallace designs involved elements common to all baroque-style designs used in the silverware market. He noted that many manufacturers compete in that market with such designs and found that “[t]he ‘Baroque’ curls, roots and flowers are not ‘mere indicia of source.’ Instead, they are requirements to compete in the silverware market.” Judge Haight concluded that “the ‘Grande Baroque’ design is a functional feature of ‘Baroque’ style silverware,” relying on *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir.1952).

Although we agree with Judge Haight’s decision, we do not endorse his reliance upon *Pagliero*. That decision allowed a competitor to sell exact copies

of china bearing a particular pattern without finding that comparably attractive patterns were not available to the competitor. It based its holding solely on the ground that the particular pattern was an important ingredient in the commercial success of the china. *Id.* at 343-44. We rejected *Pagliero* in *LeSportsac*, *supra* at 77, and reiterate that rejection here. Under *Pagliero*, the commercial success of an aesthetic feature automatically destroys all of the originator's trademark interest in it, notwithstanding the feature's secondary meaning and the lack of any evidence that competitors cannot develop non-infringing, attractive patterns. By allowing the copying of an exact design without any evidence of market foreclosure, the *Pagliero* test discourages both originators and later competitors from developing pleasing designs. *See Keene Corp. v. Paraflex Industries, Inc.*, 653 F.2d 822, 824-25 (3d Cir.1981).

Our rejection of *Pagliero*, however, does not call for reversal. Quite unlike *Pagliero*, Judge Haight found in the instant matter that there is a substantial market for baroque silverware and that effective competition in that market requires "use [of] essentially the same scrolls and flowers" as are found on Wallace's silverware. Based on the record at the hearing, that finding is not clearly erroneous and satisfies the requirement of *Stormy Clime* that a design feature not be given trade dress protection where use of that feature is necessary for effective competition. 809 F.2d at 976-77.

Stormy Clime is arguably distinguishable, however, because it involved a design that had both aesthetic and utilitarian features. If read narrowly, *Stormy Clime* might be limited to cases in which trademark protection of a design would foreclose competitors from incorporating utilitarian features necessary to compete in the market for the particular product. In the instant case, the features at issue are strictly ornamental because they neither affect the use of the silverware nor contribute to its efficient manufacture. The question, therefore, is whether the doctrine of functionality applies to features of a product that are purely ornamental but that are essential to effective competition.

Our only hesitation in holding that the functionality doctrine applies is based on nomenclature. "Functionality" seems to us to imply only utilitarian considerations and, as a legal doctrine, to be intended only to prevent competitors from obtaining trademark protection for design features that are necessary to the use or efficient production of the product. *See Keene, supra* at 825 ("inquiry should focus on the extent to which the design feature is related

to the utilitarian function of the product or feature”). Even when the doctrine is referred to as “aesthetic” functionality, it still seems an apt description only of pleasing designs of utilitarian features. Nevertheless, there is no lack of language in caselaw endorsing use of the defense of aesthetic functionality where trademark protection for purely ornamental features would exclude competitors from a market. *See, e.g., Rogers, supra* at 347 (“Though a producer does not lose a design trademark just because the public finds it pleasing, there may come a point where the design feature is so important to the value of the product to consumers that continued trademark protection would deprive them of competitive alternatives[.]”) (Posner, J.). Indeed, the “continuum” in Judge Newman’s *Stormy Clime* opinion carefully limited the “distinctive and arbitrary arrangements of predominantly ornamental features” entitled to trademark protection to only those features “that do not hinder competitors from entering the same market.” *Id.* at 977.

We put aside our quibble over doctrinal nomenclature, however, because we are confident that whatever secondary meaning Wallace’s baroque silverware pattern may have acquired, Wallace may not exclude competitors from using those baroque design elements necessary to compete in the market for baroque silverware. It is a first principle of trademark law that an owner may not use the mark as a means of excluding competitors from a substantial market. Where a mark becomes the generic term to describe an article, for example, trademark protection ceases. 15 U.S.C. § 1064(3) (1988); *see Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir.1976). Where granting trademark protection to the use of certain colors would tend to exclude competitors, such protection is also limited. *See First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378 (9th Cir.1987); J. McCarthy, *Trademarks and Unfair Competition*, § 7:16 *et seq.* Finally, as discussed *supra*, design features of products that are necessary to the product’s utility may be copied by competitors under the functionality doctrine.

In the instant matter, Wallace seeks trademark protection, not for a precise expression of a decorative style, but for basic elements of a style that is part of the public domain. As found by the district court, these elements are important to competition in the silverware market. We perceive no distinction between a claim to exclude all others from use on silverware of basic elements of a decorative style and claims to generic names, basic colors or designs important to a product’s utility. In each case, trademark protection is sought,

not just to protect an owner of a mark in informing the public of the source of its products, but also to exclude competitors from producing similar products. We therefore abandon our quibble with the aesthetic functionality doctrine's nomenclature and adopt the Draft Restatement's view that, where an ornamental feature is claimed as a trademark and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs, the aesthetic functionality doctrine denies such protection. *See* Third Restatement of the Law, Unfair Competition (Preliminary Draft No. 3), Ch. 3, § 17(c) at 213-14. This rule avoids the overbreadth of *Pagliero* by requiring a finding of foreclosure of alternatives^[2] while still ensuring that trademark protection does not exclude competitors from substantial markets.^[3]

[FN2:] The Draft Restatement's Illustrations expressly reject *Pagliero*. Illustration 6 reads as follows:

A manufactures china. Among the products marketed by *A* is a set of china bearing a particular "overall" pattern covering the entire upper surface of each dish. Evidence indicates that aesthetic factors play an important role in the purchase of china, that *A*'s design is attractive to a significant number of consumers, and that the number of alternative patterns is virtually unlimited. In the absence of evidence indicating that similarly attractive "overall" patterns are unavailable to competing manufacturers, *A*'s pattern design is not functional under the rule stated in this Section.

[FN3:] Draft Restatement Illustrations 7 and 8 reflect this aspect of the rule. They read as follows:

7. The facts being otherwise as stated in Illustration 6, *A*'s design consists solely of a thin gold band placed around the rim of each dish. Evidence indicates that a significant number of consumers prefer china decorated with only a gold rim band. Because the number of alternative designs available to satisfy the aesthetic desires of these prospective purchasers is extremely limited, the rim design is functional under the rule stated in this Section.

8. *A* is the first seller to market candy intended for Valentine's Day in heart-shaped boxes. Evidence indicates that the shape of the box is an important factor in the appeal of the product to a significant number of consumers. Because there are no alternative designs capable of

satisfying the aesthetic desires of these prospective purchasers, the design of the box is functional under the rule stated in this Section.

Of course, if Wallace were able to show secondary meaning in a precise expression of baroque style, competitors might be excluded from using an identical or virtually identical design. In such a case, numerous alternative baroque designs would still be available to competitors. Although the Godinger design at issue here was found by Judge Haight to be “substantially similar,” it is not identical or virtually identical, and the similarity involves design elements necessary to compete in the market for baroque silverware. Because according trademark protection to those elements would significantly hinder competitors by limiting the range of adequate alternative designs, we agree with Judge Haight’s denial of a preliminary injunction.

Affirmed.

Case: Traffix v. MDI

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Traffix Devices, Inc. v. Marketing Displays, Inc.

Supreme Court of the United States
532 U.S. 23 (2001)

Justice KENNEDY delivered the opinion of the Court.

Temporary road signs with warnings like “Road Work Ahead” or “Left Shoulder Closed” must withstand strong gusts of wind. An inventor named Robert Sarkisian obtained two utility patents for a mechanism built upon two springs (the dual-spring design) to keep these and other outdoor signs upright despite adverse wind conditions. The holder of the now-expired Sarkisian patents, respondent Marketing Displays, Inc. (MDI), established a successful business in the manufacture and sale of sign stands incorporating the patented feature. MDI’s stands for road signs were recognizable to buyers and users (it says) because the dual-spring design was visible near the base of the sign.

This litigation followed after the patents expired and a competitor, Traffix Devices, Inc., sold sign stands with a visible spring mechanism that looked like MDI’s. MDI and Traffix products looked alike because they were.

When Traffix started in business, it sent an MDI product abroad to have it reverse engineered, that is to say copied. Complicating matters, Traffix marketed its sign stands under a name similar to MDI's. MDI used the name "WindMaster," while Traffix, its new competitor, used "WindBuster."

MDI brought suit . . . against Traffix for trademark infringement (based on the similar names), trade dress infringement (based on the copied dual-spring design), and unfair competition. Traffix counterclaimed on antitrust theories. After the United States District Court for the Eastern District of Michigan considered cross-motions for summary judgment, MDI prevailed on its trademark claim for the confusing similarity of names and was held not liable on the antitrust counterclaim; and those two rulings, affirmed by the Court of Appeals, are not before us.

I

We are concerned with the trade dress question. The District Court ruled against MDI on its trade dress claim. After determining that the one element of MDI's trade dress at issue was the dual-spring design, it held that "no reasonable trier of fact could determine that MDI has established secondary meaning" in its alleged trade dress. In other words, consumers did not associate the look of the dual-spring design with MDI. As a second, independent reason to grant summary judgment in favor of Traffix, the District Court determined the dual-spring design was functional. On this rationale secondary meaning is irrelevant because there can be no trade dress protection in any event. In ruling on the functional aspect of the design, the District Court noted that Sixth Circuit precedent indicated that the burden was on MDI to prove that its trade dress was nonfunctional, and not on Traffix to show that it was functional (a rule since adopted by Congress, see 15 U.S.C. § 1125(a)(3) (1994 ed., Supp. V)), and then went on to consider MDI's arguments that the dual-spring design was subject to trade dress protection. Finding none of MDI's contentions persuasive, the District Court concluded MDI had not "proffered sufficient evidence which would enable a reasonable trier of fact to find that MDI's vertical dual-spring design is *non*-functional." Summary judgment was entered against MDI on its trade dress claims.

The Court of Appeals for the Sixth Circuit reversed the trade dress ruling. The Court of Appeals held the District Court had erred in ruling MDI failed to show a genuine issue of material fact regarding whether it had secondary

meaning in its alleged trade dress and had erred further in determining that MDI could not prevail in any event because the alleged trade dress was in fact a functional product configuration. The Court of Appeals suggested the District Court committed legal error by looking only to the dual-spring design when evaluating MDI's trade dress. Basic to its reasoning was the Court of Appeals' observation that it took "little imagination to conceive of a hidden dual-spring mechanism or a tri or quad-spring mechanism that might avoid infringing [MDI's] trade dress." The Court of Appeals explained that "[i]f Traffix or another competitor chooses to use [MDI's] dual-spring design, then it will have to find *some other way* to set its sign apart to avoid infringing [MDI's] trade dress." It was not sufficient, according to the Court of Appeals, that allowing exclusive use of a particular feature such as the dual-spring design in the guise of trade dress would "hinde[r] competition somewhat." Rather, "[e]xclusive use of a feature must 'put competitors at a *significant* non-reputation-related disadvantage' before trade dress protection is denied on functionality grounds." In its criticism of the District Court's ruling on the trade dress question, the Court of Appeals took note of a split among Courts of Appeals in various other Circuits on the issue whether the existence of an expired utility patent forecloses the possibility of the patentee's claiming trade dress protection in the product's design. . . .

II

It is well established that trade dress can be protected under federal law. The design or packaging of a product may acquire a distinctiveness which serves to identify the product with its manufacturer or source; and a design or package which acquires this secondary meaning, assuming other requisites are met, is a trade dress which may not be used in a manner likely to cause confusion as to the origin, sponsorship, or approval of the goods. In these respects protection for trade dress exists to promote competition. As we explained just last Term, see *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000), various Courts of Appeals have allowed claims of trade dress infringement relying on the general provision of the Lanham Act which provides a cause of action to one who is injured when a person uses "any word, term name, symbol, or device, or any combination thereof ... which is likely to cause confusion ... as to the origin, sponsorship, or approval of his or her goods." 15 U.S.C. § 1125(a)(1)(A). Congress confirmed this statutory protection for trade dress by amending the Lanham Act to recognize the

concept. Title 15 U.S.C. § 1125(a)(3) (1994 ed., Supp. V) provides: “In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.” This burden of proof gives force to the well-established rule that trade dress protection may not be claimed for product features that are functional. And in *Wal-Mart*, we were careful to caution against misuse or overextension of trade dress. We noted that “product design almost invariably serves purposes other than source identification.”

Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products. In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. As the Court has explained, copying is not always discouraged or disfavored by the laws which preserve our competitive economy. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 160 (1989). Allowing competitors to copy will have salutary effects in many instances. “Reverse engineering of chemical and mechanical articles in the public domain often leads to significant advances in technology.” *Ibid.*

The principal question in this case is the effect of an expired patent on a claim of trade dress infringement. A prior patent, we conclude, has vital significance in resolving the trade dress claim. A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.

In the case before us, the central advance claimed in the expired utility patents (the Sarkisian patents) is the dual-spring design; and the dual-spring design is the essential feature of the trade dress MDI now seeks to establish and to protect. The rule we have explained bars the trade dress claim, for MDI did not, and cannot, carry the burden of overcoming the strong evidentiary

inference of functionality based on the disclosure of the dual-spring design in the claims of the expired patents.

The dual springs shown in the Sarkisian patents were well apart (at either end of a frame for holding a rectangular sign when one full side is the base) while the dual springs at issue here are close together (in a frame designed to hold a sign by one of its corners). As the District Court recognized, this makes little difference. The point is that the springs are necessary to the operation of the device. The fact that the springs in this very different-looking device fall within the claims of the patents is illustrated by MDI's own position in earlier litigation. In the late 1970's, MDI engaged in a long-running intellectual property battle with a company known as Winn-Proof. Although the precise claims of the Sarkisian patents cover sign stands with springs "spaced apart," U.S. Patent No. 3,646,696, col. 4; U.S. Patent No. 3,662,482, col. 4, the Winn-Proof sign stands (with springs much like the sign stands at issue here) were found to infringe the patents by the United States District Court for the District of Oregon, and the Court of Appeals for the Ninth Circuit affirmed the judgment. *Sarkisian v. Winn-Proof Corp.*, 697 F.2d 1313 (1983). Although the Winn-Proof traffic sign stand (with dual springs close together) did not appear, then, to infringe the literal terms of the patent claims (which called for "spaced apart" springs), the Winn-Proof sign stand was found to infringe the patents under the doctrine of equivalents, which allows a finding of patent infringement even when the accused product does not fall within the literal terms of the claims. *Id.*, at 1321-1322; see generally *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997). In light of this past ruling—a ruling procured at MDI's own insistence—it must be concluded the products here at issue would have been covered by the claims of the expired patents.

The rationale for the rule that the disclosure of a feature in the claims of a utility patent constitutes strong evidence of functionality is well illustrated in this case. The dual-spring design serves the important purpose of keeping the sign upright even in heavy wind conditions; and, as confirmed by the statements in the expired patents, it does so in a unique and useful manner. As the specification of one of the patents recites, prior art "devices, in practice, will topple under the force of a strong wind." U.S. Patent No. 3,662,482, col. 1. The dual-spring design allows sign stands to resist toppling in strong winds. Using a dual-spring design rather than a single spring achieves important

operational advantages. For example, the specifications of the patents note that the “use of a pair of springs ... as opposed to the use of a single spring to support the frame structure prevents canting or twisting of the sign around a vertical axis,” and that, if not prevented, twisting “may cause damage to the spring structure and may result in tipping of the device.” U.S. Patent No. 3,646,696, col. 3. In the course of patent prosecution, it was said that “[t]he use of a pair of spring connections as opposed to a single spring connection ... forms an important part of this combination” because it “forc[es] the sign frame to tip along the longitudinal axis of the elongated ground-engaging members.” The dual-spring design affects the cost of the device as well; it was acknowledged that the device “could use three springs but this would unnecessarily increase the cost of the device.” These statements made in the patent applications and in the course of procuring the patents demonstrate the functionality of the design. MDI does not assert that any of these representations are mistaken or inaccurate, and this is further strong evidence of the functionality of the dual-spring design.

III

In finding for MDI on the trade dress issue the Court of Appeals gave insufficient recognition to the importance of the expired utility patents, and their evidentiary significance, in establishing the functionality of the device. The error likely was caused by its misinterpretation of trade dress principles in other respects. As we have noted, even if there has been no previous utility patent the party asserting trade dress has the burden to establish the nonfunctionality of alleged trade dress features. MDI could not meet this burden. Discussing trademarks, we have said “ ‘[i]n general terms, a product feature is functional,’ and cannot serve as a trademark, ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.’ ” *Qualitex*, 514 U.S., at 165 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, n. 10 (1982)). Expanding upon the meaning of this phrase, we have observed that a functional feature is one the “exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.” 514 U.S., at 165. The Court of Appeals in the instant case seemed to interpret this language to mean that a necessary test for functionality is “whether the particular product configuration is a competitive necessity.” 200 F.3d, at 940. See also *Vornado*, 58 F.3d, at 1507 (“Functionality, by contrast, has been defined both by our circuit, and more

recently by the Supreme Court, in terms of competitive need”). This was incorrect as a comprehensive definition. As explained in *Qualitex*, *supra*, and *Inwood*, *supra*, a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device. The *Qualitex* decision did not purport to displace this traditional rule. Instead, it quoted the rule as *Inwood* had set it forth. It is proper to inquire into a “significant non-reputation-related disadvantage” in cases of esthetic functionality, the question involved in *Qualitex*. Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature. In *Qualitex*, by contrast, esthetic functionality was the central question, there having been no indication that the green-gold color of the laundry press pad had any bearing on the use or purpose of the product or its cost or quality.

The Court has allowed trade dress protection to certain product features that are inherently distinctive. *Two Pesos*, 505 U.S., at 774. In *Two Pesos*, however, the Court at the outset made the explicit analytic assumption that the trade dress features in question (decorations and other features to evoke a Mexican theme in a restaurant) were not functional. *Id.*, at 767, n. 6. The trade dress in those cases did not bar competitors from copying functional product design features. In the instant case, beyond serving the purpose of informing consumers that the sign stands are made by MDI (assuming it does so), the dual-spring design provides a unique and useful mechanism to resist the force of the wind. Functionality having been established, whether MDI’s dual-spring design has acquired secondary meaning need not be considered.

There is no need, furthermore, to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. Here, the functionality of the spring design means that competitors need not explore whether other spring juxtapositions might be used. The dual-spring design is not an arbitrary flourish in the configuration of MDI’s product; it is the reason the device works. Other designs need not be attempted.

Because the dual-spring design is functional, it is unnecessary for competitors to explore designs to hide the springs, say, by using a box or framework to cover them, as suggested by the Court of Appeals. The dual-spring design assures the user the device will work. If buyers are assured the product serves its purpose by seeing the operative mechanism that in itself

serves an important market need. It would be at cross-purposes to those objectives, and something of a paradox, were we to require the manufacturer to conceal the very item the user seeks.

In a case where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain. There the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent. The inquiry into whether such features, asserted to be trade dress, are functional by reason of their inclusion in the claims of an expired utility patent could be aided by going beyond the claims and examining the patent and its prosecution history to see if the feature in question is shown as a useful part of the invention. No such claim is made here, however. MDI in essence seeks protection for the dual-spring design alone. The asserted trade dress consists simply of the dual-spring design, four legs, a base, an upright, and a sign. MDI has pointed to nothing arbitrary about the components of its device or the way they are assembled. The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity. The Lanham Act, furthermore, does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller. The Court of Appeals erred in viewing MDI as possessing the right to exclude competitors from using a design identical to MDI's and to require those competitors to adopt a different design simply to avoid copying it. MDI cannot gain the exclusive right to produce sign stands using the dual-spring design by asserting that consumers associate it with the look of the invention itself. Whether a utility patent has expired or there has been no utility patent at all, a product design which has a particular appearance may be functional because it is "essential to the use or purpose of the article" or "affects the cost or quality of the article." *Inwood*, 456 U.S., at 850, n. 10.

TraFFix and some of its *amici* argue that the Patent Clause of the Constitution, Art. I, § 8, cl. 8, of its own force, prohibits the holder of an expired utility patent from claiming trade dress protection. We need not resolve this question. If, despite the rule that functional features may not be the subject of trade dress protection, a case arises in which trade dress becomes

the practical equivalent of an expired utility patent, that will be time enough to consider the matter. The judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

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–EEJ

M-7

Trademark Infringement and Dilution

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Elements of trademark infringement

This section by Eric E. Johnson.

Different sources provide different break downs of elements for trademark infringement, but here is a useful, straightforward breakdown that maps on to the normal kind of infringement claim (known as “passing off”), and it applies for claims based on registered or unregistered marks:

1. plaintiff owns
2. a valid trademark, and
3. that mark or a similar symbol was used by the defendant in commerce in connection with the sale, offering for sale, distribution, or advertising of any goods or services
4. resulting in a likelihood of confusion

Ownership and issues of validity were the concern of previous chapters. Note that in litigation, when it comes to the second element, validity, if the trademark is on the principal register, then the registration itself suffices as *prima facie* proof of validity. Under § 43(a) and common law actions, the plaintiff bears the substantive burden of proving validity—including showing inherent distinctiveness or that the mark has acquired distinctiveness through secondary meaning.

For the third element, note that trademark infringement does not require that the defendant used the plaintiff's mark. This contrasts with copyright, where the typical case, for infringement of the reproduction right, requires copying of the plaintiff's expression. And it contrasts with patent, where infringement requires that the defendant's accused product reads on—or fits within—the patent's claims. Trademark is like horseshoes and hand grenades—close can be good enough.

The typical focus of most trademark infringement suits—and the primary focus of this chapter—is the last element, what is characterized as *the test* for trademark infringement: likelihood of confusion.

Likelihood of confusion

This section by Eric E. Johnson.

Courts determine likelihood of confusion by considering a non-exclusive list of factors. There is no single, authoritative list of likelihood-of-confusion factors prescribed by federal statute or approved by the U.S. Supreme Court. Instead, different circuits have different lists. The likelihood-of-confusion factors in any given circuit is generally associated with a particular leading case that set them out, and those cases are different in different circuits. For example:

Federal Circuit: the DuPont factors (13 factors)

1st Circuit: the Pignons factors (8 factors)

2d Circuit: the Polaroid factors (8 factors)

3d Circuit: the Lapp factors (10 factors)

4th Circuit: the Pizzeria Uno factors (9 factors)

6th Circuit: the Frisch's factors (8 factors)

8th Circuit: the SquirtCo factors (6 factors)

9th Circuit: the Sleekcraft factors (8 factors)

As you can see, some circuits have more factors, some have fewer. Even circuits that have the same number of factors don't use exactly the same list. But despite different orderings, different wordings, and different breakdowns, the various circuits' likelihood of confusion factors are largely the same.

A good, generalized working list of likelihood-of-confusion factors is the following:

- the strength of plaintiff's mark
- similarity between plaintiff's and defendant's marks
- the proximity of the products in the marketplace
- the likelihood that the senior user will bridge the gap by beginning to sell in the market of the defendant's product
- evidence of actual confusion
- the sophistication of consumers in the relevant market
- defendant's good faith (or lack thereof) in adopting its own mark
- the quality of the defendant's product

That is the list from *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.1961), somewhat reworded and re-ordered so that it corresponds more closely to the re-framing of the *Polaroid* factors by the Second Circuit in *Virgin Enterprises Ltd. v. Nawab*, 335 F.3d 141 (2d Cir. 2003), a case which is reproduced below.

A few things to notice about the above list. First—and perhaps most surprising to the uninitiated student of trademark law—evidence of actual confusion is only one factor, buried down in the list. It's true: You can win a trademark infringement suit without providing evidence of any actual confusion, whether demonstrated by way of consumer surveys, carefully controlled experiments, or anecdotal evidence in the form of testimony about incidents of real-world confusion in the marketplace.

Another thing to notice is how the last two factors on the list—good or bad faith and product quality—arguably have little to do with likelihood of confusion. In *Virgin Enterprises*, the Second Circuit noted that “[n]either factor is of high relevance to the issue of likelihood of confusion.” The court

noted that “bad faith can affect the court’s choice of remedy or can tip the balance where questions are close,” and that “quality of the secondary user’s product goes more to the harm that confusion can cause ... than to the likelihood of confusion.”

Finally, note that the first factor on the list is “strength of the mark.” This factor seems to be listed first by most circuits. Assessment of the strength of the mark can include not only how famous or well-known it is among buyers and the general public, but also where the mark falls on the distinctiveness spectrum. Thus, all other things being equal, inherently distinctive marks tend to be seen as stronger than marks with acquired distinctiveness. And even among inherently distinctive marks, fanciful marks, as a category, are seen as stronger than arbitrary marks, which in turn are counted as stronger than suggestive marks.

Case: Virgin v. Nawab

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Virgin Enterprises Ltd. v. Nawab

U.S. Court of Appeals for the Second Circuit
335 F.3d 141 (2d Cir. 2003)

LEVAL, Circuit Judge.

Plaintiff Virgin Enterprises Limited (“VEL” or “plaintiff”) appeals from the denial of its motion for a preliminary injunction. This suit, brought under § 32 of the Lanham Act, 15 U.S.C. § 1114(1), alleges that defendants infringed plaintiff’s rights in the registered mark VIRGIN by operating retail stores selling wireless telephones and related accessories and services under the trade name VIRGIN WIRELESS. The United States District Court for the Eastern District of New York (Sifton, J.) denied plaintiff’s motion for a preliminary injunction, based upon its finding that plaintiff’s registration did not cover the retail sale of wireless telephones and related products, and that plaintiff failed to show a likelihood of consumer confusion.

We find that the plaintiff is likely to succeed on the merits and was entitled to a preliminary injunction. We therefore reverse and remand with instructions to enter a preliminary injunction.

BACKGROUND

Plaintiff VEL, a corporation with its principal place of business in London, owns U.S. Registration No. 1,851,817 (“the 817 Registration”), filed on May 5, 1991, and registered on August 30, 1994, for the VIRGIN mark as applied to “*retail store services* in the fields of ... computers and *electronic apparatus*” (emphasis added). Plaintiff filed an affidavit of continuing use, pursuant to 15 U.S.C. § 1058(a), on April 27, 2000, which averred that plaintiff had used the mark in connection with retail store services selling computers and electronic apparatus. Plaintiff also owns

U.S. Registration No. 1,852,776 (“the 776 Registration”), filed on May 9, 1991, and registered on September 6, 1994, for a stylized version of the VIRGIN mark for use in connection with “retail store services in the fields of ... computers and electronic apparatus,” and U.S. Registration No. 1,863,353 (“the 353 Registration”), filed on May 19, 1992, and registered on November 15, 1994, for the VIRGIN MEGASTORE mark. It is undisputed that these three registrations have become incontestable pursuant to 15 U.S.C. § 1065.

VEL, either directly or through corporate affiliates, operates various businesses worldwide under the trade name VIRGIN, including an airline, large-scale record stores called Virgin Megastores, and an internet information service. Plaintiff or its affiliates also market a variety of goods branded with the VIRGIN name, including music recordings, computer games, books, and luggage. Three of plaintiff’s megastores are located in the New York area. According to an affidavit submitted to the district court in support of plaintiff’s application for preliminary injunction, Virgin Megastores sell a variety of electronic apparatus, including video game systems, portable CD players, disposable cameras, and DVD players. These stores advertise in a variety of media, including radio.

Defendants Simon Blitz and Daniel Gazal are the sole shareholders of defendants Cel-Net Communications, Inc. (“Cel-Net”); The Cellular Network Communications, Inc., doing business as CNCG (“CNCG”); and SD Telecommunications, Inc. (“SD Telecom”). Blitz and Gazal formed Cel-Net in 1993 to sell retail wireless telephones and services in the New York area.

Later, they formed CNCG to sell wireless phones and services on the wholesale level. CNCG now sells wireless phones and services to more than 400 independent wireless retailers. In 1998, Cel-Net received permission from New York State regulators to resell telephone services within the state.

Around 1999, Andrew Kastein, a vice-president of CNCG, began to develop a Cel-Net brand of wireless telecommunications products. In early 1999, Cel-Net entered into negotiations with the Sprint PCS network to provide telecommunications services for resale by Cel-Net. In August 1999, Cel-Net retained the law firm Pennie & Edmonds to determine the availability of possible service marks for Cel-Net. Pennie & Edmonds associate Elizabeth Langston researched for Kastein a list of possible service marks; among the marks Cel-Net asked to have researched was VIRGIN. Defendants claim that Langston told Cel-Net officer Simon Corney that VIRGIN was available for use in the telecommunications field. Plaintiff disputed this, offering an affidavit from Langston that she informed defendants that she would not search the VIRGIN mark because her firm represented plaintiff.²

[FN2:] Because of Pennie & Edmonds's involvement in searching marks for defendants, and because of the factual dispute about whether plaintiff's counsel searched the VIRGIN mark for defendants, defendants sought in the district court to have Pennie & Edmonds disqualified from representing plaintiff. The district court denied this motion on March 13, 2002.

According to defendants, in December 1999, Cel-Net retained Corporate Solutions, LLC and its principals Nathan Erlich and Tahir Nawab as joint venture partners to help raise capital to launch Cel-Net's wireless telephone service. On December 2, 1999, Erlich and Nawab filed four intent-to-use applications with the U.S. Patent and Trademark Office ("PTO") to register the marks VIRGIN WIRELESS, VIRGIN MOBILE, VIRGIN COMMUNICATIONS, and VIRGIN NET in the field of telecommunications services, class 38. On December 24, 1999, Corporate Solutions incorporated defendant Virgin Wireless, Inc. ("VWI") and licensed to VWI the right to use the marks VIRGIN WIRELESS and VIRGIN MOBILE. Meanwhile, one of plaintiff's affiliates had begun to offer wireless telecommunication services bearing the VIRGIN mark in the United Kingdom. A press release dated November 19, 1999, found on plaintiff's

website, stated that its Virgin Mobile wireless services were operable in the United States.

On June 23, 2000, defendant Blitz signed a lease under the name Virgin Wireless for a kiosk location in South Shore Mall in Long Island from which to re-sell AT & T wireless services, telephones, and accessories under the retail name Virgin Wireless. Defendants Cel-Net and VWI later expanded their telecommunications re-sale operations to include two retail stores and four additional retail kiosks in malls in the New York area and in Pennsylvania. All of these stores have been run by VWI under the trade name VIRGIN WIRELESS. VWI also has leases and bank accounts in its name, and has shown evidence of actual retail transactions and newspaper advertisements.

In August 2000, plaintiff licensed Virgin Mobile USA, LLC, to use the VIRGIN mark for wireless telecommunications services in the United States. On August 10, 2000, plaintiff filed an intent-to-use application with the PTO for use of the VIRGIN mark in the United States on telecommunications services and mobile telephones. On October 11, 2001, the PTO suspended this mark's registration in international class 9, which covers wireless telephones, and class 38, which covers telecommunications services, because the VIRGIN mark was already reserved by a prior filing, presumably defendants'. On August 16, 2001, plaintiff filed another intent-to-use application for the mark VIRGIN MOBILE to brand telecommunications services. The PTO issued a non-final action letter for both of plaintiff's pending new registrations on October 31, 2001, which stated that defendant Corporation Solutions' pending applications for similar marks in the same class could give rise to "a likelihood of confusion." The PTO suspended action on plaintiff's application pending the processing of Corporation Solutions' applications.

In October 2001, plaintiff issued a press release announcing that it was offering wireless telecommunications services and mobile telephones in the United States.

Plaintiff became aware of Corporation Solutions' application for registration of the VIRGIN WIRELESS and VIRGIN MOBILE marks by May 2000. In October 2001 and December 2001, defendant VWI filed suits against plaintiff in the federal district courts in Arizona and Delaware, alleging that plaintiff was using VWI's mark. Plaintiff maintains (and the district court found) that it learned in January 2002 that VWI and Cel-Net were operating

kiosks under the VIRGIN WIRELESS name and two days later filed the present suit seeking to enjoin defendants from selling mobile phones in VIRGIN-branded retail stores.

On May 2, 2002, the district court considered plaintiff's application for a preliminary injunction. It found that no essential facts were in dispute, and therefore no evidentiary hearing was required. It was uncontested (and the district court accordingly found) that plaintiff sold "electronic apparatus" in its stores, including "various video game systems, portable cassette tape, compact disc, mp3, and mini disc players, portable radios, and disposable cameras," but not including telephones or telephone service, and that the only products the defendants sold in their stores were wireless telephones, telephone accessories, and wireless telephone services.

Noting that a party seeking a preliminary injunction must show the probability of irreparable harm in the absence of relief, and either (1) likelihood of success on the merits or (2) serious questions going to the merits and a balance of hardships tipping decidedly in its favor, the court found that plaintiff had failed to satisfy either standard. Arguing against plaintiff's likelihood of success, the court noted that plaintiff's registrations did not claim use of the VIRGIN mark "in telecommunications services or in the associated retail sale of wireless telephones and accessories." While plaintiff's 817 and 776 Registrations covered the retail sale of "computers and electronic apparatus," they did not extend to telecommunications services and wireless phones.

The court noted that the defendants were the first to use the VIRGIN mark in telecommunications, and the first to attempt to register VIRGIN for telecommunications and retail telephone sales. The court also observed that the dissimilarity in appearance of plaintiff's and defendants' logos and the differences between plaintiff's huge Virgin Megastores and defendants' small retail outlets in malls diminished likelihood of consumer confusion. Finally, because the defendants had expended substantial resources in pursuing their trademark applications and in establishing their retail presence, the court found that plaintiff could not demonstrate that the balance of hardships tipped in its favor.

The court denied the application for preliminary injunction. The crux of the court's decision lay in the facts that plaintiff's prior use and registration of the VIRGIN mark in connection with the sale of consumer electronic

equipment did not include the sale of telephones or telephone services, and that defendants were the first to register and use VIRGIN for telephones and wireless telephone service. This appeal followed.

DISCUSSION

I.

As the court below correctly noted, in order to obtain a preliminary injunction, a party must demonstrate probability of irreparable harm in the absence of injunctive relief, and either a likelihood that it will succeed on the merits of its claim, or a serious question going to the merits and a balance of hardships tipping decidedly in its favor. We review the court's denial of a preliminary injunction for abuse of discretion.

In an action for trademark infringement, where a mark merits protection, a showing that a significant number of consumers are likely to be confused about the source of the goods identified by the allegedly infringing mark is generally sufficient to demonstrate both irreparable harm and a likelihood of success on the merits. Thus, our inquiry must be whether the district court correctly determined that the plaintiff was not entitled to protection from use of its mark by others in the sale of wireless telephones and related services, and that there was no likelihood that, in the absence of a preliminary injunction, a significant number of consumers would be confused about the sponsorship of defendants' retail stores. For the reasons discussed below, we find that the mark is entitled to protection, and there is a significant likelihood of confusion. We reverse and remand.

II.

A claim of trademark infringement, whether brought under 15 U.S.C. § 1114(1) (for infringement of a registered mark) or 15 U.S.C. § 1125(a) (for infringement of rights in a mark acquired by use), is analyzed under the familiar two-prong test described in *Gruner + Jahr USA Publ'g v. Meredith Corp.*, 991 F.2d 1072 (2d Cir.1993). The test looks first to whether the plaintiff's mark is entitled to protection, and second to whether defendant's use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant's goods. Examining the question as the test dictates, we have no doubt that plaintiff was entitled to a preliminary injunction.

We believe the district court accorded plaintiff too narrow a scope of protection for its famous, arbitrary, and distinctive mark. There could be no dispute that plaintiff prevailed as to the first prong of the test—prior use and ownership. For years, plaintiff had used the VIRGIN mark on huge, famous stores selling, in addition to music recordings, a variety of consumer electronic equipment. At the time the defendants began using VIRGIN, plaintiff owned rights in the mark. The focus of inquiry thus turns to the second prong of the test—whether defendants’ use of VIRGIN as a mark for stores selling wireless telephone services and phones was likely to cause confusion. There can be little doubt that such confusion was likely.

The landmark case of *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.1961) (Friendly, *J.*), outlined a series of nonexclusive factors likely to be pertinent in addressing the issue of likelihood of confusion, which are routinely followed in such cases.

Six of the *Polaroid* factors relate directly to the likelihood of consumer confusion. These are the strength of the plaintiff’s mark; the similarity of defendants’ mark to plaintiff’s; the proximity of the products sold under defendants’ mark to those sold under plaintiff’s; where the products are different, the likelihood that plaintiff will bridge the gap by selling the products being sold by defendants; the existence of actual confusion among consumers; and the sophistication of consumers. Of these six, all but the last (which was found by the district court to be neutral) strongly favor the plaintiff. The remaining two *Polaroid* factors, defendants’ good or bad faith and the quality of defendants’ products, are more pertinent to issues other than likelihood of confusion, such as harm to plaintiff’s reputation and choice of remedy. We conclude that the *Polaroid* factors powerfully support plaintiff’s position.

Strength of the mark. The strength of a trademark encompasses two different concepts, both of which relate significantly to likelihood of consumer confusion. The first and most important is inherent strength, also called “inherent distinctiveness.” This inquiry distinguishes between, on the one hand, inherently distinctive marks—marks that are arbitrary or fanciful in relation to the products (or services) on which they are used—and, on the other hand, marks that are generic, descriptive or suggestive as to those goods. The former are the strong marks. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir.1976). The second sense of the concept of strength

of a mark is “acquired distinctiveness,” *i.e.*, fame, or the extent to which prominent use of the mark in commerce has resulted in a high degree of consumer recognition.

Considering first *inherent distinctiveness*, the law accords broad, muscular protection to marks that are arbitrary or fanciful in relation to the products on which they are used, and lesser protection, or no protection at all, to marks consisting of words that identify or describe the goods or their attributes. The reasons for the distinction arise from two aspects of market efficiency. The paramount objective of the trademark law is to avoid confusion in the marketplace. The purpose for which the trademark law accords merchants the exclusive right to the use of a name or symbol in their area of commerce is *identification*, so that the merchants can establish goodwill for their goods based on past satisfactory performance, and the consuming public can rely on a mark as a guarantee that the goods or services so marked come from the merchant who has been found to be satisfactory in the past. At the same time, efficiency and the public interest require that every merchant trading in a class of goods be permitted to refer to the goods by their name, and to make claims about their quality. Thus, a merchant who sells pencils under the trademark *Pencil* or *Clear Mark*, for example, and seeks to exclude other sellers of pencils from using those words in their trade, is seeking an advantage the trademark law does not intend to offer. To grant such exclusivity would deprive the consuming public of the useful market information it receives where every seller of pencils is free to call them pencils. The trademark right does not protect the exclusive right to an advertising message—only the exclusive right to an identifier, to protect against confusion in the marketplace. Thus, as a matter of policy, the trademark law accords broader protection to marks that serve exclusively as identifiers and lesser protection where a grant of exclusiveness would tend to diminish the access of others to the full range of discourse relating to their goods.

The second aspect of efficiency that justifies according broader protection to marks that are inherently distinctive relates directly to the likelihood of confusion. If a mark is arbitrary or fanciful, and makes no reference to the nature of the goods it designates, consumers who see the mark on different objects offered in the marketplace will be likely to assume, because of the arbitrariness of the choice of mark, that they all come from the same source. For example, if consumers become familiar with a toothpaste sold under an

unusual, arbitrary brand name, such as *ZzaaqQ*, and later see that same inherently distinctive brand name appearing on a different product, they are likely to assume, notwithstanding the product difference, that the second product comes from the same producer as the first. The more unusual, arbitrary, and fanciful a trade name, the more unlikely it is that two independent entities would have chosen it. In contrast, every seller of foods has an interest in calling its product “delicious.” Consumers who see the word *delicious* used on two or more different food products are less likely to draw the inference that they must all come from the same producer. *Cf. Streetwise Maps*, 159 F.3d at 744 (noting that several map producers use “street” in product names; thus plaintiff’s mark using “street” was not particularly distinctive); *W. Publ’g*, 910 F.2d at 61 (noting numerous registrations of marks using word “golden”). In short, the more distinctive the mark, the greater the likelihood that the public, seeing it used a second time, will assume that the second use comes from the same source as the first. The goal of avoiding consumer confusion thus dictates that the inherently distinctive, arbitrary, or fanciful marks, i.e., strong marks, receive broader protection than weak marks, those that are descriptive or suggestive of the products on which they are used.

The second sense of trademark strength, fame, or “acquired distinctiveness,” also bears on consumer confusion. If a mark has been long, prominently and notoriously used in commerce, there is a high likelihood that consumers will recognize it from its prior use. Widespread consumer recognition of a mark previously used in commerce increases the likelihood that consumers will assume it identifies the previously familiar user, and therefore increases the likelihood of consumer confusion if the new user is in fact not related to the first. A mark’s fame also gives unscrupulous traders an incentive to seek to create consumer confusion by associating themselves in consumers’ minds with a famous mark. The added likelihood of consumer confusion resulting from a second user’s use of a famous mark gives reason for according such a famous mark a broader scope of protection, at least when it is also inherently distinctive. *See McGregor*, 599 F.2d at 1132 (noting that secondary meaning may further enlarge the scope of protection accorded to inherently distinctive marks).

Plaintiff’s VIRGIN mark undoubtedly scored high on both concepts of strength. In relation to the sale of consumer electronic equipment, the

VIRGIN mark is inherently distinctive, in that it is arbitrary and fanciful; the word “virgin” has no intrinsic relationship whatsoever to selling such equipment. Because there is no intrinsic reason for a merchant to use the word “virgin” in the sale of consumer electronic equipment, a consumer seeing VIRGIN used in two different stores selling such equipment will likely assume that the stores are related.

Plaintiff’s VIRGIN mark was also famous. The mark had been employed with world-wide recognition as the mark of an airline and as the mark for megastores selling music recordings and consumer electronic equipment. The fame of the mark increased the likelihood that consumers seeing defendants’ shops selling telephones under the mark VIRGIN would assume incorrectly that defendants’ shops were a part of plaintiff’s organization.

There can be no doubt that plaintiff’s VIRGIN mark, as used on consumer electronic equipment, is a strong mark, as the district court found. It is entitled as such to a broad scope of protection, precisely because the use of the mark by others in connection with stores selling reasonably closely related merchandise would inevitably have a high likelihood of causing consumer confusion.

Similarity of marks. When the secondary user’s mark is not identical but merely similar to the plaintiff’s mark, it is important to assess the degree of similarity between them in assessing the likelihood that consumers will be confused. Plaintiff’s and defendants’ marks were not merely similar; they were identical to the extent that both consisted of the same word, “virgin.”

The district court believed this factor did not favor plaintiff because it found some differences in appearance. Defendants’ logo used a difference typeface and different colors from plaintiff’s. While those are indeed differences, they are quite minor in relation to the fact that the name being used as a trademark was the same in each case.

Advertisement and consumer experience of a mark do not necessarily transmit all of the mark’s features. Plaintiff, for example, advertised its Virgin Megastores on the radio. A consumer who heard those advertisements and then saw the defendants’ installation using the name VIRGIN would have no way of knowing that the two trademarks looked different. A consumer who had visited one of plaintiff’s Virgin Megastores and remembered the name would not necessarily remember the typeface and color of plaintiff’s mark.

The reputation of a mark also spreads by word of mouth among consumers. One consumer who hears from others about their experience with Virgin stores and then encounters defendants' Virgin store will have no way knowing of the differences in typeface.

In view of the fact that defendants used the same name as plaintiff, we conclude the defendants' mark was sufficiently similar to plaintiff's to increase the likelihood of confusion. This factor favored the plaintiff as a matter of law. We conclude that the district court erred in concluding otherwise on the basis of comparatively trivial and often irrelevant differences.

Proximity of the products and likelihood of bridging the gap. The next factor is the proximity of the products being sold by plaintiff and defendant under identical (or similar) marks. This factor has an obvious bearing on the likelihood of confusion. When the two users of a mark are operating in completely different areas of commerce, consumers are less likely to assume that their similarly branded products come from the same source. In contrast, the closer the secondary user's goods are to those the consumer has seen marketed under the prior user's brand, the more likely that the consumer will mistakenly assume a common source.

While plaintiff had not sold telephones or telephone service prior to defendant's registration evincing intent to sell those items, plaintiff had sold quite similar items of consumer electronic equipment. These included computer video game systems, portable cassette-tape players, compact disc players, MP3 players, mini-disc players, and disposable cameras. Like telephones, many of these are small consumer electronic gadgets making use of computerized audio communication. They are sold in the same channels of commerce. Consumers would have a high expectation of finding telephones, portable CD players, and computerized video game systems in the same stores. We think the proximity in commerce of telephones to CD players substantially advanced the risk that consumer confusion would occur when both were sold by different merchants under the same trade name, VIRGIN.

Our classic *Polaroid* test further protects a trademark owner by examining the likelihood that, even if the plaintiff's products were not so close to the defendants' when the defendant began to market them, there was already a likelihood that plaintiff would in the reasonably near future begin selling those products. VEL's claim of proximity was further strengthened in this regard

because, as the district court expressly found, “plans had been formulated [for VEL] to enter [the market for telecommunications products and services] shortly in the future.” VEL had already begun marketing telephone service in England which would operate in the United States, and, as the district court found, had made plans to sell telephones and wireless telephone service under the VIRGIN name from its retail stores.

The district court, nonetheless, found in favor of the defendants with respect to the proximity of products and services. We would ordinarily give considerable deference to a factual finding on this issue. Here, however, we cannot do so because it appears the district court applied the wrong test. The court did not assess the *proximity* of defendants’ VIRGIN-branded retail stores selling telephone products to plaintiff’s VIRGIN-branded retail stores selling other consumer electronic products. It simply concluded that, because defendants were selling exclusively telephone products and services, and plaintiff’s electronic products did not include telephones or related services, the defendants must prevail as to the proximity factor.

This represents a considerable misunderstanding of the *Polaroid* test. The famous list of factors of likely pertinence in assessing likelihood of confusion in *Polaroid* was specially designed for a case like this one, in which the secondary user is not in direct competition with the prior user, but is selling a somewhat different product or service. In *Polaroid*, the plaintiff sold optical and camera equipment, while the defendant sold electronic apparatus. The test the court discussed was expressly addressed to the problem “how far a valid trademark shall be protected with respect to goods *other than those to which its owner has applied it.*” 287 F.2d at 495 (emphasis added); *see also Arrow Fastener*, 59 F.3d at 396 (noting that products need not actually compete with each other). The very fact that the test includes the “proximity” between the defendant’s products and the plaintiff’s and the likelihood that the plaintiff will “bridge the gap” makes clear that the trademark owner does not lose, as the district court concluded, merely because it has not previously sold the precise good or service sold by the secondary user.

In our view, had the district court employed the proper test of proximity, it could not have failed to find a high degree of proximity as between plaintiff VEL’s prior sales of consumer electronic audio equipment and defendants’ subsequent sales of telephones and telephone services, which proximity would certainly contribute to likelihood of consumer confusion. And plaintiff was all

the more entitled to a finding in its favor in respect of these matters by virtue of the fact, which the district court *did* find, that at the time defendants began using the VIRGIN mark in the retail sale of telephones and telephone services, plaintiff already had plans to bridge the gap by expanding its sales of consumer electronic equipment to include sales of those very goods and services in the near future. Consumer confusion was more than likely; it was virtually inevitable.

Actual confusion. It is self-evident that the existence of actual consumer confusion indicates a likelihood of consumer confusion. *Nabisco*, 191 F.3d at 228. We have therefore deemed evidence of actual confusion “particularly relevant” to the inquiry. *Streetwise Maps*, 159 F.3d at 745.

Plaintiff submitted to the district court an affidavit of a former employee of defendant Cel-Net, who worked at a mall kiosk branded as Virgin Wireless, which stated that individuals used to ask him if the kiosk was affiliated with plaintiff’s VIRGIN stores. The district court correctly concluded that this evidence weighed in plaintiff’s favor.

Sophistication of consumers. The degree of sophistication of consumers can have an important bearing on likelihood of confusion. Where the purchasers of a products are highly trained professionals, they know the market and are less likely than untrained consumers to be misled or confused by the similarity of different marks. The district court recognized that “[r]etail customers, such as the ones catered to by both the defendants and [plaintiff], are not expected to exercise the same degree of care as professional buyers, who are expected to have greater powers of discrimination.” On the other hand, it observed that purchasers of cellular telephones and the service plans were likely to give greater care than self-service customers in a supermarket. Noting that neither side had submitted evidence on the sophistication of consumers, the court made no finding favoring either side. We agree that the sophistication factor is neutral in this case.

Bad faith and the quality of the defendants’ services or products. Two factors remain of the conventional *Polaroid* test: the existence of bad faith on the part of the secondary user and the quality of the secondary user’s products or services. Neither factor is of high relevance to the issue of likelihood of confusion. A finding that a party acted in bad faith can affect the court’s choice of remedy or can tip the balance where questions are close. It does not

bear directly on whether consumers are likely to be confused. The district court noted some evidence of bad faith on the defendants' part, but because the evidence on the issue was scant and equivocal, the court concluded that such a finding "at this stage [would be] speculative." The court therefore found that this factor favored neither party.

The issue of the quality of the secondary user's product goes more to the harm that confusion can cause the plaintiff's mark and reputation than to the likelihood of confusion. *See Arrow Fastener*, 59 F.3d at 398 (noting that first user's reputation may be harmed if secondary user's goods are of poor quality). In any event, the district court found this factor to be "neutral" with respect to likelihood of confusion.

* * * * *

In summary we conclude that of the six *Polaroid* factors that pertain directly to the likelihood of consumer confusion, all but one favor the plaintiff, and that one—sophistication of consumers—is neutral. The plaintiff is strongly favored by the strength of its mark, both inherent and acquired; the similarity of the marks; the proximity of the products and services; the likelihood that plaintiff would bridge the gap; and the existence of actual confusion. None of the factors favors the defendant. The remaining factors were found to be neutral. Although we do not suggest that likelihood of confusion may be properly determined simply by the number of factors in one party's favor, the overall assessment in this case in our view admits only of a finding in plaintiff's favor that defendants' sale of telephones and telephone-related services under the VIRGIN mark was likely to cause substantial consumer confusion. . . .

Dilution

The section by Eric E. Johnson.

Even in cases where there is no likelihood of confusion, a plaintiff with a famous mark may be able to bring suit against a defendant for using a mark if that use could cause "dilution" in the form of "blurring" or "tarnishment." The cause of action is under Lanham Act § 43(c):

"Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be

entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury."

Notice that this cause of action is only available to owners of marks that are not merely distinctive, but "famous."

The idea of dilution is that there is a lessening of the value of the trademark by means of the defendant's use. Only two theories of dilution can be entertained by § 43(c)—blurring and tarnishment.

According to the statute, "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." Lanham Act § 43(c)(2)(B). And the statute provides that "dilution by tarnishment" is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark." Lanham Act § 43(c)(2)(C).

Case: Mattel v. MCA Records

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Mattel, Inc. v. MCA Records, Inc.

U.S. Court of Appeals for the Ninth Circuit
296 F.3d 894 (9th Cir. 2002)

KOZINSKI, Circuit Judge:

If this were a sci-fi melodrama, it might be called Speech-Zilla meets Trademark Kong. . . .

Barbie was born in Germany in the 1950s as an adult collector's item. Over the years, Mattel transformed her from a doll that resembled a "German street walker,"¹ [FN1:M.G. LORD, FOREVER BARBIE: THE UNAUTHORIZED BIOGRAPHY OF A REAL DOLL 32 (1994).] as she originally appeared, into a glamorous, long-legged blonde. Barbie has been labeled both the ideal American woman and a bimbo. She has survived attacks both psychic (from

feminists critical of her fictitious figure) and physical (more than 500 professional makeovers). She remains a symbol of American girlhood, a public figure who graces the aisles of toy stores throughout the country and beyond. With Barbie, Mattel created not just a toy but a cultural icon.

With fame often comes unwanted attention. Aqua is a Danish band that has, as yet, only dreamed of attaining Barbie-like status. In 1997, Aqua produced the song Barbie Girl on the album *Aquarium*. In the song, one bandmember impersonates Barbie, singing in a high-pitched, doll-like voice; another bandmember, calling himself Ken, entices Barbie to “go party.” (The lyrics are in the Appendix.) Barbie Girl singles sold well and, to Mattel’s dismay, the song made it onto Top 40 music charts.

Mattel brought this lawsuit against the music companies who produced, marketed and sold Barbie Girl: MCA Records, Inc., Universal Music International Ltd., Universal Music A/S, Universal Music & Video Distribution, Inc. and MCA Music Scandinavia AB (collectively, “MCA”). MCA in turn challenged the district court’s jurisdiction under the Lanham Act and its personal jurisdiction over the foreign defendants, Universal Music International Ltd., Universal Music A/S and MCA Music Scandinavia AB (hereinafter “foreign defendants”); MCA also brought a defamation claim against Mattel for statements Mattel made about MCA while this lawsuit was pending. The district court concluded it had jurisdiction over the foreign defendants and under the Lanham Act, and granted MCA’s motion for summary judgment on Mattel’s federal and state-law claims for trademark infringement and dilution. The district court also granted Mattel’s motion for summary judgment on MCA’s defamation claim. . . .

Mattel separately argues that, under the Federal Trademark Dilution Act (“FTDA”), MCA’s song dilutes the Barbie mark in two ways: It diminishes the mark’s capacity to identify and distinguish Mattel products, and tarnishes the mark because the song is inappropriate for young girls.

“Dilution” refers to the “whittling away of the value of a trademark” when it’s used to identify different products. 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 24.67, at 24–120; § 24.70, at 24–122 (2001). For example, Tylenol snowboards, Netscape sex shops and Harry Potter dry cleaners would all weaken the “commercial magnetism” of these marks and diminish their ability to evoke their original

associations. Ralph S. Brown, Jr., Advertising and the Public Interest: Legal Protection of Trade Symbols, 57 Yale L.J. 1165, 1187 (1948), reprinted in 108 Yale L.J. 1619 (1999). These uses dilute the selling power of these trademarks by blurring their “uniqueness and singularity,” Frank I. Schechter, The Rational Basis of Trademark Protection, 40 Harv. L.Rev. 813, 831 (1927), and/or by tarnishing them with negative associations.

By contrast to trademark infringement, the injury from dilution usually occurs when consumers aren’t confused about the source of a product: Even if no one suspects that the maker of analgesics has entered into the snowboard business, the Tylenol mark will now bring to mind two products, not one. Whereas trademark law targets “interference with the source signaling function” of trademarks, dilution protects owners “from an appropriation of or free riding on” the substantial investment that they have made in their marks. *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir.1998).

Originally a creature of state law, dilution received nationwide recognition in 1996 when Congress amended the Lanham Act by enacting the FTDA.³ . . .

[FN3:] Even at the state level, dilution is of relatively recent vintage. The first anti-dilution statute was enacted in Massachusetts in 1947, see Mass. Gen. Laws Ann. Ch. 110B, § 12 (West 1992). By the time the FTDA was enacted in 1996, only twenty-six states had anti-dilution statutes on the books. See 4 McCarthy § 24:80, at 24–136.2 n. 2; H.R.Rep. No. 104–374, at 3–4 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030–31.

Dilutive uses are prohibited unless they fall within one of the statutory exemptions discussed below. Barbie easily qualifies under the FTDA as a famous and distinctive mark, and reached this status long before MCA began to market the Barbie Girl song. The commercial success of Barbie Girl establishes beyond dispute that the Barbie mark satisfies each of these elements.

We are also satisfied that the song amounts to a “commercial use in commerce.” Although this statutory language is ungainly, its meaning seems clear: It refers to a use of a famous and distinctive mark to sell goods other than those produced or authorized by the mark’s owner. That is precisely what MCA did with the Barbie mark: It created and sold to consumers in the

marketplace commercial products (the Barbie Girl single and the *Aquarium* album) that bear the Barbie mark.

MCA's use of the mark is dilutive. MCA does not dispute that, while a reference to Barbie would previously have brought to mind only Mattel's doll, after the song's popular success, some consumers hearing Barbie's name will think of both the doll and the song, or perhaps of the song only. This is a classic blurring injury and is in no way diminished by the fact that the song itself refers back to Barbie the doll. To be dilutive, use of the mark need not bring to mind the junior user alone. The distinctiveness of the mark is diminished if the mark no longer brings to mind the senior user alone.⁵

[FN5:] Because we find blurring, we need not consider whether the song also tarnished the Barbie mark.

[The court then turned to the statutory exemption for noncommercial uses.]

A "noncommercial use" exemption, on its face, presents a bit of a conundrum because it seems at odds with the earlier requirement that the junior use be a "commercial use in commerce." If a use has to be commercial in order to be dilutive, how then can it also be noncommercial so as to satisfy the exception of section 1125(c)(4)(B)? If the term "commercial use" had the same meaning in both provisions, this would eliminate one of the three statutory exemptions defined by this subsection, because any use found to be dilutive would, of necessity, not be noncommercial.

Such a reading of the statute would also create a constitutional problem, because it would leave the FTDA with no First Amendment protection for dilutive speech other than comparative advertising and news reporting. This would be a serious problem because the primary (usually exclusive) remedy for dilution is an injunction.⁶ [FN6: The FTDA provides for both injunctive relief and damages, but the latter is only available if plaintiff can prove a willful intent to dilute. 15 U.S.C. § 1125(c)(2).]

As noted above, tension with the First Amendment also exists in the trademark context, especially where the mark has assumed an expressive function beyond mere identification of a product or service. These concerns apply with greater force in the dilution context because dilution lacks two very significant limitations that reduce the tension between trademark law and the First Amendment.

First, depending on the strength and distinctiveness of the mark, trademark law grants relief only against uses that are likely to confuse. A trademark injunction is usually limited to uses within one industry or several related industries. Dilution law is the antithesis of trademark law in this respect, because it seeks to protect the mark from association in the public's mind with wholly unrelated goods and services. The more remote the good or service associated with the junior use, the more likely it is to cause dilution rather than trademark infringement. A dilution injunction, by contrast to a trademark injunction, will generally sweep across broad vistas of the economy.

Second, a trademark injunction, even a very broad one, is premised on the need to prevent consumer confusion. This consumer protection rationale—averting what is essentially a fraud on the consuming public—is wholly consistent with the theory of the First Amendment, which does not protect commercial fraud. *Cent. Hudson Gas & Elec. v. Pub. Serv. Comm'n*, 447 U.S. 557, 566 (1980); see *Thompson v. W. States Med. Ctr.*, 535 U.S. 357 (2002) (applying *Central Hudson*). Moreover, avoiding harm to consumers is an important interest that is independent of the senior user's interest in protecting its business.

Dilution, by contrast, does not require a showing of consumer confusion, 15 U.S.C. § 1127, and dilution injunctions therefore lack the built-in First Amendment compass of trademark injunctions. In addition, dilution law protects only the distinctiveness of the mark, which is inherently less weighty than the dual interest of protecting trademark owners and avoiding harm to consumers that is at the heart of every trademark claim.

Fortunately, the legislative history of the FTDA suggests an interpretation of the “noncommercial use” exemption that both solves our interpretive dilemma and diminishes some First Amendment concerns: “Noncommercial use” refers to a use that consists entirely of noncommercial, or fully constitutionally protected, speech. See 2 Jerome Gilson et al., *Trademark Protection and Practice* § 5.12[1][c][vi], at 5–240 (this exemption “is intended to prevent the courts from enjoining speech that has been recognized to be [fully] constitutionally protected,” “such as parodies”). Where, as here, a statute’s plain meaning “produces an absurd, and perhaps unconstitutional, result[, it is] entirely appropriate to consult all public materials, including the background of [the statute] and the legislative history of its adoption.” *Green v. Bock Laundry Mach. Co.*, 490 U.S. 504, 527 (1989) (Scalia, J., concurring).

The legislative history bearing on this issue is particularly persuasive. First, the FTDA's sponsors in both the House and the Senate were aware of the potential collision with the First Amendment if the statute authorized injunctions against protected speech. Upon introducing the counterpart bills, sponsors in each house explained that the proposed law "will not prohibit or threaten noncommercial expression, such as parody, satire, editorial and other forms of expression that are not a part of a commercial transaction." 141 Cong. Rec. S19306–10, S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch); 141 Cong. Rec. H14317–01, H14318 (daily ed. Dec. 12, 1995) (statement of Rep. Moorhead). The House Judiciary Committee agreed in its report on the FTDA. H.R. Rep. No. 104–374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031 ("The bill will not prohibit or threaten 'noncommercial' expression, as that term has been defined by the courts.").⁷

[FN7:] Our interpretation of the noncommercial use exemption does not eliminate all tension between the FTDA and the First Amendment because the exemption does not apply to commercial speech, which enjoys "qualified but nonetheless substantial protection." *Bolger v. Youngs Drug Prod's Corp.*, 463 U.S. 60, 68 (1983) (applying *Central Hudson Gas & Electric Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557 (1980)). It is entirely possible that a dilution injunction against purely commercial speech would run afoul of the First Amendment. Because that question is not presented here, we do not address it.

The FTDA's section-by-section analysis presented in the House and Senate suggests that the bill's sponsors relied on the "noncommercial use" exemption to allay First Amendment concerns. H.R. Rep. No. 104–374, at 8, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1035 (the exemption "expressly incorporates the concept of 'commercial' speech from the 'commercial speech' doctrine, and proscribes dilution actions that seek to enjoin use of famous marks in 'non-commercial' uses (such as consumer product reviews)"); 141 Cong. Rec. S19306–10, S19311 (daily ed. Dec. 29, 1995) (the exemption "is consistent with existing case law[, which] recognize[s] that the use of marks in certain forms of artistic and expressive speech is protected by the First Amendment"). At the request of one of the bill's sponsors, the section-by-section analysis was printed in the Congressional Record. 141 Cong. Rec. S19306–10, S19311 (daily ed. Dec. 29, 1995). Thus, we know that this

interpretation of the exemption was before the Senate when the FTDA was passed, and that no senator rose to dispute it.

To determine whether Barbie Girl falls within this exemption, we look to our definition of commercial speech under our First Amendment caselaw. *See* H.R.Rep. No. 104–374, at 8, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1035 (the exemption “expressly incorporates the concept of ‘commercial’ speech from the ‘commercial speech’ doctrine”); 141 Cong. Rec. S19306–10, S19311 (daily ed. Dec. 29, 1995) (the exemption “is consistent with existing [First Amendment] case law”). “Although the boundary between commercial and noncommercial speech has yet to be clearly delineated, the ‘core notion of commercial speech’ is that it ‘does no more than propose a commercial transaction.’” *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1184 (9th Cir.2001) (quoting *Bolger v. Youngs Drug Prod’s Corp.*, 463 U.S. 60, 66 (1983)). If speech is not “purely commercial”—that is, if it does more than propose a commercial transaction—then it is entitled to full First Amendment protection. *Id.* at 1185–86 (internal quotation marks omitted).

In *Hoffman*, a magazine published an article featuring digitally altered images from famous films. Computer artists modified shots of Dustin Hoffman, Cary Grant, Marilyn Monroe and others to put the actors in famous designers’ spring fashions; a still of Hoffman from the movie “Tootsie” was altered so that he appeared to be wearing a Richard Tyler evening gown and Ralph Lauren heels. Hoffman, who had not given permission, sued under the Lanham Act and for violation of his right to publicity.

The article featuring the altered image clearly served a commercial purpose: “to draw attention to the for-profit magazine in which it appear[ed]” and to sell more copies. Nevertheless, we held that the article was fully protected under the First Amendment because it included protected expression: “humor” and “visual and verbal editorial comment on classic films and famous actors.” Because its commercial purpose was “inextricably entwined with [these] expressive elements,” the article and accompanying photographs enjoyed full First Amendment protection.

Hoffman controls: Barbie Girl is not purely commercial speech, and is therefore fully protected. To be sure, MCA used Barbie’s name to sell copies of the song. However, as we’ve already observed, the song also lampoons the Barbie image and comments humorously on the cultural values Aqua claims

she represents. Use of the Barbie mark in the song Barbie Girl therefore falls within the noncommercial use exemption to the FTDA. For precisely the same reasons, use of the mark in the song's title is also exempted. . . .

After Mattel filed suit, Mattel and MCA employees traded barbs in the press. When an MCA spokeswoman noted that each album included a disclaimer saying that Barbie Girl was a "social commentary [that was] not created or approved by the makers of the doll," a Mattel representative responded by saying, "That's unacceptable.... It's akin to a bank robber handing a note of apology to a teller during a heist. [It n]either diminishes the severity of the crime, nor does it make it legal." He later characterized the song as a "theft" of "another company's property."

MCA filed a counterclaim for defamation based on the Mattel representative's use of the words "bank robber," "heist," "crime" and "theft." But all of these are variants of the invective most often hurled at accused infringers, namely "piracy." No one hearing this accusation understands intellectual property owners to be saying that infringers are nautical cutthroats with eyepatches and peg legs who board galleons to plunder cargo. In context, all these terms are nonactionable "rhetorical hyperbole," *Gilbrook v. City of Westminster*, 177 F.3d 839, 863 (9th Cir.1999). The parties are advised to chill.

AFFIRMED.

APPENDIX

"Barbie Girl" by Aqua

– Hiya Barbie!

– Hi Ken!

You wanna go for a ride?

– Sure, Ken!

– Jump in!

– Ha ha ha ha!

(CHORUS:)

I'm a Barbie girl, in my Barbie world Life in plastic, it's fantastic

You can brush my hair, undress me everywhere Imagination, life is your creation

Come on Barbie, let's go party!

(CHORUS)

I'm a blonde bimbo girl, in a fantasy world Dress me up, make it tight, I'm your dolly

You're my doll, rock and roll, feel the glamour in pink Kiss me here, touch me there, hanky-panky

You can touch, you can play

If you say "I'm always yours," ooh ooh

(CHORUS)

(BRIDGE:)

Come on, Barbie, let's go party, ah ah ah yeah

Come on, Barbie, let's go party, ooh ooh, ooh ooh Come on, Barbie, let's go party, ah ah ah yeah Come on, Barbie, let's go party, ooh ooh, ooh ooh

Make me walk, make me talk, do whatever you please I can act like a star, I can beg on my knees

Come jump in, be my friend, let us do it again Hit the town, fool around, let's go party

You can touch, you can play You can say "I'm always yours" You can touch, you can play You can say "I'm always yours"

(BRIDGE)

(CHORUS x2)

(BRIDGE)

- Oh, I'm having so much fun!

- Well, Barbie, we're just getting started!

- Oh, I love you Ken!

Prof. Grynberg's notes on *Mattel v. MCA Records* and dilution defenses

This text is from Michael Grynberg's Trademark Law (2022 Edition, version 2.). See notes on editing, licensing etc. at the end of this chapter. Typography was changed.

Defenses. The case was decided under older language of the dilution statute.

Today, the statute provides for the following defenses:

(3) Exclusions The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

15 U.S.C. § 1125(c)(3).

Did it really matter? Years later Mattel licensed the song from Aqua and used it to promote Barbie products. As reported by the *Wall Street Journal*:

Fast forward to 2009, the year of Barbie's 50th birthday. During February's New York fashion shows, the Barbie runway show was among the hottest fashion week tickets, and the show's exuberance was memorable among a season of mostly somber presentations. The pumping Barbie runway soundtrack, included ELO, Madonna and... Aqua. In fact, Aqua closed out the final runway strut as pink heart confetti rained down on guests.

It was no fluke. "There's nothing more iconic than that song," Barbie Senior Vice President of Marketing, Stephanie Cota says. "Yes, there's an interesting history with Mattel and Aqua. But one of the things

that's great about Barbie is that she's had 50 years to figure herself out."

The song "is such the epitome of Barbie. It's a fun, kicky upbeat song," she added. "We've re-written the lyrics ever so slightly. There's a bit of girl empowerment that gets infused in there."

Elva Ramirez, "Barbie's First Music Video Turns the Aqua Original on Its Head," *Wall St. Journal Speakeasy Blog*, Aug. 28, 2009, available at <http://blogs.wsj.com/speakeasy/2009/08/28/barbie-model-astronaut-rock-star-marxist-theorist/>.

What does this outcome tell you about the merits of the original case?

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The following was written by Eric E. Johnson:

This chapter M-7, "Trademark Infringement and Dilution," was put together by Eric E. Johnson. It uses expository text and edited case text from *Trademark Law* (2022 edition; version 2.0) by **Michael Grynberg**.

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I am very grateful to Michael Grynberg for his generosity in sharing his excellent materials!

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Regarding editing, please see the “Editing Notes” toward the front of this volume as well as specific notes preceding particular readings.

–EEJ

M-8

Trademark Law and Merchandizing

This chapter was authored by
Eric E. Johnson.

Please see “Rights, licensing, editing, etc.” at the end of this chapter.

About this chapter

This chapter concerns the situation in which trademarks themselves become the product—a phenomenon called “merchandizing.”

In ordinary commercial transactions, trademarks serve in a supporting role to the goods. By serving as a source-indicator, trademarks give consumers useful signals about the value of the goods to which they are affixed.

With merchandizing, the leading and supporting roles are reversed. The goods serve primarily as vehicles for delivering logos, word marks, and other indicia of teams, organizations, universities, or other entities. The primary value for consumers comes from the merch’s ability to communicate affinity for or loyalty to the entity connected with the mark.

Most of this chapter consists of three cases arranged chronologically: *Boston Hockey* (1975), *Job’s Daughters* (1980), and *Smack Apparel* (2008). There’s also a small snippet of a law review article stuck in there—also in chronological order. Together, these readings tell the story of how trademark law has changed vis-à-vis merchandizing over the past few decades. It’s one of a number of stories that revolves around trademark law’s increasingly strained relationship with its original mission—that mission being to protect

indications of commercial source so as to enable consumer choice based on buyers' experience and sellers' reputation.

Sports merchandizing and a walk to Three Rivers Stadium

Suppose someone makes an unlicensed t-shirt featuring the logo of a professional sports team. Most laypersons would probably assume that is not only trademark infringement, but about the easiest, plainest, and most straightforward example of trademark infringement there is. Yet that's hardly the case. The more you learn about trademark law, the more perplexing it seems that a sale of something that is essentially just the *trademark itself* could be deemed to be infringement.

Trademark law is all about providing exclusive rights to indications of commercial source—thus a trademark is meaningless without the source it identifies. Or at least that's the idea. The guiding principal of trademark law is that consumers can navigate the marketplace and feel good making decisions about buying new products based on past experience—thanks to the stability of trademarks as indications of commercial source.

Consider the classic sort of trademark story (first told at the beginning of this volume):

“If I go to the store and see a DeWalt drill for sale, I have some sense of what I'd be getting for the money. I will figure it's likely to be a quality product, smartly designed, sturdy enough to handle roughly, and unlikely to let me down even after heavy use. I will have that notion because I have purchased products with the DeWalt mark on them before, and they've turned out to be well-made and worth what I paid.”

That story makes sense for power tools, but it doesn't make any sense at all when it comes to merchandizing.

“I bought this Pittsburgh Pirates t-shirt because I wanted a quality t-shirt. And in my experience, Pittsburgh Pirates t-shirts are a good value for the money—offering durable stitching, comfortable fabric, and a consistent fit,” said no one ever.

While it now seems to be taken for granted that sports teams have the exclusive right to make t-shirts, hats, caps, coffee mugs, and so forth with their team logos, it wasn't always so.

When I was a little kid, I remember walking to a Pittsburgh Pirates home game with my parents. It was a highlight of a family trip to Steel City, which is where my mom grew up. We parked some distance away, and as we walked toward Three River Stadium, we passed by lots of street commerce. There were people standing around buying and selling tickets to the game. And there was a succession of street vendors selling Pirates stuff—shirts, caps, and other logo-bearing paraphernalia for Pittsburgh sports fans.

I'm sure all of this stuck in my memory because I was desperately beseeching my parents to buy me these things.

I remember that the t-shirts and other Pirates merch was fairly cheap—both in terms of price and quality. Some things were somewhat better and more expensive than others. It was all unlicensed stuff. And my parents could afford it. (Or certainly that's what I was arguing at the time.)

Once we were in the stadium, there were shirts, caps, and other logo-bearing items for sale there too. But these were “official” versions. They were much nicer and much, *much* more expensive. From my middle-class-kid perspective, I remember my mind boggling at how there could be people on Earth who could actually afford those things. Back then, “officially licensed” didn't signify goods that were “legal.” Instead, “officially licensed” was a niche designed to appeal to the high end of the market.

Based on my scrapbook, I believe that happened in 1976. It was on the eve of everything changing in sports merchandizing—a transformation that started with the first-impression case of *Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975), *cert. denied*, 423 U.S. 868 (1975).

It seems hard to believe looking back on it, but in the mid-1970s in Pittsburgh, all that selling of unlicensed Pirates merchandise was just considered ordinary street commerce. And it all seemed to work fine. There was plenty of consumer choice—both in terms of expressive designs and quality for price. No one was being arrested for trademark counterfeiting, and Major League Baseball wasn't going bankrupt. Nowadays, if you want black-and-gold gear emblazoned with the name of Pittsburgh's baseball team, your only choice is to get it from the Pirates ... or the pirates.

Case: Boston Hockey v. Dallas Cap & Emblem

Footnotes reformatted. Some paragraphing may be different from the original. –EEJ

Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.

U.S. Court of Appeals for the Fifth Circuit
510 F.2d 1004 (1975)

RONNEY, Circuit Judge:

Nearly everyone is familiar with the artistic symbols which designate the individual teams in various professional sports. The question in this case of first impression is whether the unauthorized, intentional duplication of a professional hockey team's symbol on an embroidered emblem, to be sold to the public as a patch for attachment to clothing, violates any legal right of the team to the exclusive use of that symbol. Contrary to the decision of the district court, we hold that the team has an interest in its own individualized symbol entitled to legal protection against such unauthorized duplication.

The National Hockey League (NHL) and thirteen of its member hockey teams^[1] brought this action to enjoin Dallas Cap & Emblem Manufacturing, Inc., from manufacturing and selling embroidered emblems depicting their trademarks.

[FN1:] Boston Professional Hockey Association, Inc. (Boston Bruins); Niagara Frontier Hockey Corporation (Buffalo Sabres); Charles O. Finley & Company, Inc. (California Golden Seals); Chicago Blackhawk Hockey Team, Inc. (Chicago Black Hawks); The Detroit Hockey Club, Inc. (Detroit Red Wings); California Sports Incorporated (Los Angeles Kings); Northstar Financial Corporation (Minnesota North Stars); Madison Square Garden Corporation (New York Rangers); The Philadelphia Hockey Club, Inc. (Philadelphia Flyers); Pittsburgh Penguin Partners (Pittsburgh Penguins); Missouri Arena Corporation (St. Louis Blues); Maple Leaf Gardens, Limited (Toronto Maple Leafs); Medical Investment Corporation (Vancouver Canucks).

All plaintiffs assert a cause of action for common law unfair competition. The NHL and twelve of the plaintiff teams have secured federal registration of their team symbols as service marks for ice hockey entertainment services and

seek relief under both provisions of the Lanham Act, 15 U.S.C.A. §§ 1114, 1125, which give statutory protection to such marks. The Toronto team has not secured federal registration of its symbol and, thus, has not alleged a cause of action against defendant for infringement of a registered mark under 15 U.S.C.A. § 1114, but is restricted to § 1125 which can encompass unregistered marks. The Vancouver team did not secure registration until after the alleged infringing act and has sued only for injunctive relief under § 1114, not for damages. None of the symbols of the various teams have been copyrighted.

The district court denied Lanham Act relief and granted only limited relief for unfair competition, requiring solely that defendant place on the emblems or the package a notice that the emblems are not authorized by or have not emanated from the plaintiffs. The claim for damages was denied.

The Facts

The controlling facts of the case at bar are relatively uncomplicated and uncontested. Plaintiffs play ice hockey professionally. In producing and promoting the sport of ice hockey, plaintiffs have each adopted and widely publicized individual team symbols. During the 1971-72 season, more than eight million fans attended NHL games where they saw the team marks displayed on the jersey-fronts of the players and throughout the game programs. For each game on national television, between ten and twenty million hockey enthusiasts saw plaintiffs' marks. Other fans observed the team marks during more than 300 locally televised games a season and on a weekly television series entitled "National Hockey League Action" which is syndicated in over 100 markets. These figures do not include the millions who were exposed to plaintiffs' marks through sporting news coverage in newspapers, magazines and on television.

Plaintiffs have authorized National Hockey League Services, Inc. (NHLS) to act as their exclusive licensing agent. NHLS has licensed various manufacturers to use the team symbols on merchandise and has granted to one manufacturer, Lion Brothers Company, Inc., the exclusive license to manufacture embroidered emblems depicting the marks in question. In the spring of 1972, NHLS authorized the sale of NHL team emblems in connection with the sale of Kraft candies. That promotion alone was advertised on more than five million bags of candy.

Defendant Dallas Cap & Emblem Manufacturing, Inc., is in the business of making and selling embroidered cloth emblems. In August of 1968 and June of 1971, defendant sought to obtain from NHL an exclusive license to make embroidered emblems representing the team motifs. Although these negotiations were unsuccessful, defendant went ahead and manufactured and sold without authorization emblems which were substantial duplications of the marks. During the month of April 1972, defendant sold approximately 24,603 of these emblems to sporting goods stores in various states. Defendant deliberately reproduced plaintiffs' marks on embroidered emblems and intended the consuming public to recognize the emblems as the symbols of the various hockey teams and to purchase them as such.

The Law

The complaint alleged that defendant's manufacture and sale of the team symbols constitutes (1) an infringement of the plaintiffs' registered marks in violation of 15 U.S.C.A. § 1114;^[2] (2) false designation of origin in violation of 15 U.S.C.A. § 1125;^[3] and (3) common law unfair competition.

[FN2:] 15 U.S.C.A. § 1114 reads in pertinent part:

(1) Any person who shall, without the consent of the registrant—
 (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

.....

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

[FN3:] 15 U.S.C.A. § 1125 reads in pertinent part:

(a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, . . . shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the

region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

The statutory cause of action emanates from what is commonly called the Lanham Act. 15 U.S.C.A. § 1051 et seq. The Lanham Act defines a service mark as “a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others” and a trademark as “any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others.” 15 U.S.C.A. § 1127. Service mark infringement and trademark infringement are governed by identical standards. The terms can be used interchangeably when the marks are both service marks and trademarks. For convenience we use the word trademark in this opinion to designate both service mark and trademark use of the symbols involved.

A cause of action for the infringement of a registered mark in violation of 15 U.S.C.A. § 1114 exists where a person uses (1) any reproduction, counterfeit, copy or colorable imitation of a mark; (2) without the registrant’s consent; (3) in commerce; (4) in connection with the sale, offering for sale, distribution or advertising of any goods; (5) where such use is likely to cause confusion, or to cause mistake or to deceive. A broadening of the protection afforded by the statute occurred by amendment in 1962 which deleted the previously existing requirement that the confusion or deception must relate to the “source of origin of such goods or service.” Pub.L. 87-772, § 17, 76 Stat. 773 (1962). *Continental Motors Corp. v. Continental Aviation Corp.*, 375 F.2d 857, 860 at n. 8 (5th Cir. 1967).

While this Court has rejected the view that the Lanham Act brought all claims of unfair competition in interstate commerce within the federal question jurisdiction of the federal courts, *Royal Lace Paper Works, Inc. v. Pest-Guard Products, Inc.*, 240 F.2d 814 (5th Cir. 1957), this Court has recognized that 15 U.S.C.A. § 1125 creates a federal cause of action for false representation of goods or services in commerce. *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3 (5th Cir. 1974); *Alum-A-Fold Shutter Corp. v. Folding Shutter Corp.*, 441 F.2d 556 (5th Cir. 1971). The statute is broadly worded and proscribes not only “a false designation of origin” but also the use of “any false description or representation, including words or other

symbols tending falsely to describe or represent . . . goods or services” in commerce. The use of an unregistered trademark can constitute a violation of § 1125 where

. . . the alleged unregistered trademarks used by the plaintiff are so associated with its goods that the use of the same or similar marks by another company constitutes a representation that its goods come from the same source.

Joshua Meier Co. v. Albany Novelty Mfg. Co., 236 F.2d 144, 147 (2nd Cir. 1956). *See Sutton Cosmetics, Inc. v. Lander Co.*, 455 F.2d 285 (2nd Cir. 1972); *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405 (6th Cir. 1963); *State of Florida v. Real Juices, Inc.*, 330 F.Supp. 428 (M.D.Fla.1971); *Scarves by Vera, Inc. v. United Merchants & Manufacturers, Inc.*, 173 F.Supp. 625 (S.D.N.Y. 1959). *See also Hesmer Foods, Inc. v. Campbell Soup Co.*, 346 F.2d 356 (7th Cir. 1965). *See generally* I. R. Callman, *Unfair Competition, Trademarks and Monopolies* § 18.2(b) (1967). Under § 1125, the registration of a mark is not a prerequisite of recovery as it is under § 1114.

Unfair competition is a broader area of the law than statutory trademark infringement. *B. H. Bunn Co. v. AAA Replacement Parts Co.*, 451 F.2d 1254 (5th Cir. 1971). Unfair competition is almost universally regarded as a question of whether the defendant is passing off his goods or services as those of the plaintiff by virtue of substantial similarity between the two, leading to confusion on the part of potential customers. *Volkswagenwerk Aktiengesellschaft v. Rickard*, 492 F.2d 474, 478 (5th Cir. 1974). As stated in *American-Marietta Co. v. Krigsman*, 275 F.2d 287 (2nd Cir. 1960),

The whole basis of the law of “unfair competition” . . . is that no one shall sell his goods in such a way as to make it appear that they come from some other source. The simplest form of this is to use the name or trademark of another, but the law goes further than that.

275 F.2d at 289. As a general rule, therefore, the same facts which would support an action for trademark infringement would also support an action for unfair competition.

The Case

The difficulty with this case stems from the fact that a reproduction of the trademark itself is being sold, unattached to any other goods or services. The

statutory and case law of trademarks is oriented toward the use of such marks to sell something other than the mark itself. The district court thought that to give plaintiffs protection in this case would be tantamount to the creation of a copyright monopoly for designs that were not copyrighted. The copyright laws are based on an entirely different concept than the trademark laws, and contemplate that the copyrighted material, like patented ideas, will eventually pass into the public domain. The trademark laws are based on the needed protection of the public and business interests and there is no reason why trademarks should ever pass into the public domain by the mere passage of time.

Although our decision here may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs, we think that the two become so intermeshed when viewed against the backdrop of the common law of unfair competition that both the public and plaintiffs are better served by granting the relief sought by plaintiffs.

Underlying our decision are three persuasive points. *First*, the major commercial value of the emblems is derived from the efforts of plaintiffs. *Second*, defendant sought and ostensibly would have asserted, if obtained, an exclusive right to make and sell the emblems. *Third*, the sale of a reproduction of the trademark itself on an emblem is an accepted use of such team symbols in connection with the type of activity in which the business of professional sports is engaged. We need not deal here with the concept of whether every artistic reproduction of the symbol would infringe upon plaintiffs' rights. We restrict ourselves to the emblems sold principally through sporting goods stores for informal use by the public in connection with sports activities and to show public allegiance to or identification with the teams themselves.

As to 15 U.S.C.A. § 1114.

Plaintiffs indisputably have established the first three elements of a § 1114 cause of action. Plaintiffs' marks are validly registered and defendant manufactured and sold emblems which were (1) substantial duplications of the marks, (2) without plaintiffs' consent, and (3) in interstate commerce. The issue is whether plaintiffs have proven elements four and five of an action for mark infringement under the Lanham Act, i. e., whether the symbols are used in connection with the sale of goods and whether such use is likely to cause confusion, mistake or deception.

The fourth requisite of a § 1114 cause of action is that the infringing use of the registered mark must be in connection with the sale, offering for sale, distribution or advertising of any goods. Although the district court did not expressly find that plaintiffs had failed to establish element four, such a finding was implicit in the court's statement that "in the instant case, the registered trade mark is, in effect, the product itself."

Defendant is in the business of manufacturing and marketing emblems for wearing apparel. These emblems are the products, or goods, which defendant sells. When defendant causes plaintiffs' marks to be embroidered upon emblems which it later markets, defendant uses those marks in connection with the sale of goods as surely as if defendant had embroidered the marks upon knit caps. *See Boston Professional Hockey Association, Inc. v. Reliable Knitting Works, Inc.*, 178 USPQ 274 (E.D. Wis. 1973). The fact that the symbol covers the entire face of defendant's product does not alter the fact that the trademark symbol is used in connection with the sale of the product. The sports fan in his local sporting goods store purchases defendant's fabric and thread emblems because they are embroidered with the symbols of ice hockey teams. Were defendant to embroider the same fabric with the same thread in other designs, the resulting products would still be emblems for wearing apparel but they would not give trademark identification to the customer. The conclusion is inescapable that, without plaintiffs' marks, defendant would not have a market for his particular product among ice hockey fans desiring to purchase emblems embroidered with the symbols of their favorite teams. It becomes clear that defendant's use of plaintiffs' marks is in connection with the sale, offering for sale, distribution, or advertising of goods and that plaintiffs have established the fourth element of a § 1114 cause of action.

The fifth element of a cause of action for mark infringement under 15 U.S.C.A. § 1114 is that the infringing use is likely to cause confusion, or to cause mistake or to deceive. The district court decided that there was no likelihood of confusion because the usual purchaser, a sports fan in his local sporting goods store, would not be likely to think that defendant's emblems were manufactured by or had some connection with plaintiffs. *Cf. Sun-Maid Raisin Growers of California v. Sunaid Food Products, Inc.*, 356 F.2d 467 (5th Cir. 1966). This court has held that the findings of a district court as to likelihood of confusion are factual and not to be overturned unless clearly

erroneous. *Hang Ten International v. Sherry Manufacturing Co.*, 498 F.2d 326 (5th Cir. 1974); *American Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619 (5th Cir. 1963). In this case, however, the district court overlooked the fact that the act was amended to eliminate the source of origin as being the only focal point of confusion. The confusion question here is conceptually difficult. It can be said that the public buyer *knew* that the emblems portrayed the teams' symbols. Thus, it can be argued, the buyer is not confused or deceived. This argument misplaces the purpose of the confusion requirement. The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.

The plaintiffs, with the exception of Toronto, have satisfied all elements of a cause of action for mark infringement in violation of 15 U.S.C.A. § 1114. Plaintiffs are entitled to an injunction permanently enjoining defendant from the manufacture and sale, in interstate commerce, of emblems embroidered with substantial duplications of plaintiffs' marks without plaintiffs' consent, and such other relief as might flow from the facts.

As to 15 U.S.C.A. § 1125.

The district court held that plaintiffs failed to prove a cause of action under 15 U.S.C.A. § 1125 for false designation of origin of the goods in question or for false description by means of symbols. Because all plaintiffs, with the exception of Toronto, have established a cause of action for registered mark infringement, the district court's decision in regard to a § 1125 cause of action only affects plaintiff Toronto. The district court based its denial of a § 1125 cause of action on two findings of fact: (1) there was no likelihood of confusion as to the source of the emblems and (2) defendant did not make any false representations concerning the origin of the emblems. Our decision that confusion is self-evident from the nature of defendant's use of plaintiffs' marks applies with equal force in plaintiff Toronto's case. We reverse.

On appeal, defendant does not contest that the facts establish the use necessary to give Toronto service mark protection. Defendant simply argues that the mere imitation of a product cannot constitute a false designation of origin or a false representation concerning goods in commerce under § 1125.

In the case *sub judice*, defendant did not merely copy a product of the Toronto team. Defendant reproduced Toronto's common law mark on embroidered emblems with the intent that the public recognize and purchase the emblems as the symbol of the Toronto team. In the language of § 1125, defendant used a symbol, Toronto's mark, which tended falsely to represent goods, the embroidered emblems, in commerce. Where the consuming public had the certain knowledge that the source and origin of the trademark symbol was in the Toronto team, the reproduction of that symbol by defendant constituted a violation of § 1125.

To warrant injunctive relief under § 1125, a plaintiff must demonstrate that the false representations have a tendency to deceive the consumer. *Geisel v. Poynter Products, Inc.*, 283 F.Supp. 261 (S.D.N.Y.1968). Our decision that defendant's use of plaintiffs' marks entails a likelihood of confusion under § 1114 establishes that defendant's identical use of Toronto's mark constitutes a false representation under § 1125. *See Girl Scouts v. Personality Posters Mfg. Co.*, 304 F.Supp. 1228 (S.D.N.Y.1969). Accordingly, we reverse the decision of the district court and hold that Toronto has established a cause of action under 15 U.S.C.A. § 1125.

As to Unfair Competition.

Although the district court denied plaintiffs relief under the applicable provisions of the Lanham Act, the court found that the actions of defendant constituted unfair competition. The court stated that defendant's use of plaintiffs' marks had "... the prospect of trading on the competitive advantage the mark originator has to the public which desires the 'official' product." Unfair competition is a question of fact, *Volkswagenwerk Aktiengesellschaft v. Rickard*, 492 F.2d 474 (5th Cir. 1974). Our review is narrowly circumscribed by F.R.Civ.P. 52(a). We find that there is substantial evidence which reflects that defendant competed unfairly with plaintiffs and, accordingly, we affirm the decision of the district court in this regard.

The unfair competition cannot, however, be rendered fair by the disclaimer ordered by the district court. The exact duplication of the symbol

and the sale as the team's emblem satisfying the confusion requirement of the law, words which indicate it was not authorized by the trademark owner are insufficient to remedy the illegal confusion. Only a prohibition of the unauthorized use will sufficiently remedy the wrong.

Additional Defenses to Relief

Defendant makes two arguments against an extension of Lanham Act protection to plaintiffs which need consideration. Adopting the district court's rationale, defendant asserts first, that plaintiffs' marks when embroidered on emblems for wearing apparel are functional and, thus, serve no trademark purpose and, second, that there is some overriding concept of free competition which, under the instant facts, would remove plaintiffs from the protective ambits of the Lanham Act.

The short answer to defendant's arguments is that the emblems sold because they bore the identifiable trademarks of plaintiffs. This fact clearly distinguishes the case from *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952), relied upon by the district court. *Pagliero* involved designs on chinaware which were neither trademarked, patented nor copyrighted. The court found no unfair competition on the ground that the designs were functional, that is, they connoted other than a trademark purpose. "The attractiveness and eye-appeal of the design sells the china," 198 F.2d at pp. 343-344, not the trademark character of the designs. In the case at bar, the embroidered symbols are sold not because of any such aesthetic characteristic but because they are the trademarks of the hockey teams. Those cases which involved utilitarian articles such as pole lamps, *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964), fluorescent lighting fixtures, *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964) and toggle clamps, *West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581 (6th Cir. 1955), all involved products which had a consumer demand regardless of their source or origin. The principles involved in those cases are not applicable to a trademark symbol case where the design or symbol has no demonstrated value other than its significance as the trademark of a hockey team.

The argument that the symbols could be protected only if copyrighted likewise misses the thrust of trademark protection. A trademark is a property right which is acquired by use. *Trade-Mark Cases*, 100 U.S. 82 (1879). It

differs substantially from a copyright, in both its legal genesis and its scope of federal protection. The legal cornerstone for the protection of copyrights is Article I, section 8, clause 8 of the Constitution. In the case of a copyright, an individual creates a unique design and, because the Constitutional fathers saw fit to encourage creativity, he can secure a copyright for his creation for a period of 28 years, renewable once. After the expiration of the copyright, his creation becomes part of the public domain. In the case of a trademark, however, the process is reversed. An individual selects a word or design that might otherwise be in the public domain to represent his business or product. If that word or design comes to symbolize his product or business in the public mind, the individual acquires a property right in the mark. The acquisition of such a right through use represents the passage of a word or design out of the public domain into the protective ambits of trademark law. Under the provisions of the Lanham Act, the owner of a mark acquires a protectable property interest in his mark through registration and use.

The time limit on copyright protection not being sufficient for plaintiffs' purposes, they acquainted the public with their marks and thereby created a demand for those marks. Through extensive use, plaintiffs have acquired a property right in their marks which extends to the reproduction and sale of those marks as embroidered patches for wearing apparel. What plaintiffs have acquired by use, the substantive law of trademarks as it is embodied in the Lanham Act will protect against infringement. There is no overriding policy of free competition which would remove plaintiffs, under the facts of this case, from the protective ambits of the Lanham Act.

Defendant argues to us that the district court decision can be sustained on an alleged antitrust defense. The district court considered the antitrust defense solely in connection with plaintiffs' unfair competition claim and held that defendant had failed to prove that plaintiffs had used their marks in violation of the antitrust laws. Accordingly, the district court drew an order striking defendant's antitrust defense, at least insofar as defendant asserted the defense against the unfair competition action. The district court did not reach this defense in connection with the Lanham Act claim, and neither do we. There has been no cross-appeal from the order of the district court striking the defense as asserted against the unfair competition cause of action, and since we affirm the finding of unfair competition and direct only a change in the relief that should have been provided, as to that cause of action the matter is

evidently not still open for litigation. Nevertheless, we leave these matters for the district court to unravel on a remand of this case for such further proceedings as are consistent with this opinion.

Reversed and remanded.

Case: Job's Daughters v. Lindeburg & Co.

The superscript tilde (~) indicates an ellipsis. Some footnotes reformatted. Parallel citation matter and some footnotes removed along with footnote references without specific notation. Heading numbering was removed without specific notation. Some paragraphing and spacing might be different from the original. -EEJ

International Order of Job's Daughters v. Lindeburg & Co.

U.S. Court of Appeals for the Ninth Circuit
633 F.2d 912 (1980)

FLETCHER, Circuit Judge:

Appellee, the International Order of the Daughters of Job (Job's Daughters), sued appellant Lindeburg and Co. (Lindeburg), for trademark infringement arising out of Lindeburg's manufacture and sale of jewelry bearing the Job's Daughters insignia. The district judge granted judgment for Job's Daughters. Lindeburg appeals, invoking appellate jurisdiction under 28 U.S.C. § 1291. We reverse and remand.

Job's Daughters is a young women's fraternal organization. Since its establishment in 1921 it has used its name and emblem^[1] as collective marks.^[2]

[FN1:] The emblem consists of a representation of three girls within a double triangle. The girls carry a dove, an urn, and a cornucopia. Between the bases of the two triangles are the words "Iyob Filiae," the Latin translation of "Daughters of Job."

[FN2:] A collective mark denotes membership in an organization. A trademark, in contrast, identifies goods produced, sponsored, or endorsed by a particular organization and distinguishes them from goods originating from others. *Compare* 15 U.S.C. § 1127, ¶ 13 *with* 15 U.S.C. § 1127, ¶ 10. *See* J. McCarthy, *Trademarks & Unfair Competition* § 4:4 (1973). The distinction has no import in this case and we have used the terms interchangeably.

Since its inception Job's Daughters has licensed at least one jeweler to produce jewelry for it. Job's Daughters sells some of the licensed jewelry directly to its members. Jewelry bearing the name or emblem is also sold by approximately 31,000 retailers across the nation. Most of these retailers presumably have no connection with the Job's Daughters organization. Some sell jewelry manufactured by Job's Daughters' licensees; others sell jewelry manufactured by jewelers not licensed by the organization.

Lindeburg makes and sells fraternal jewelry. In 1954 it began selling jewelry and related items bearing the Job's Daughters insignia. In 1957 Lindeburg asked the Job's Daughters trademark committee to designate it an "official jeweler." The committee refused and in 1964 and 1966 asked Lindeburg to stop manufacturing and selling unlicensed jewelry. Lindeburg did not comply with this request. In 1973 Lindeburg again sought permission to act as an official jeweler for Job's Daughters. Permission was granted for one year and then withdrawn.

In 1975 Job's Daughters brought this suit against Lindeburg, alleging that he had infringed their "common law trademark" rights. The district court granted judgment for Job's Daughters after an extensive trial and enjoined Lindeburg from further use of the name or emblem. The court held, however, that Job's Daughters' long acquiescence in Lindeburg's infringement barred the award of damages.

INFRINGEMENT

This court held in *New West Corp. v. NYM Co. of California*, 595 F.2d 1194 (9th Cir. 1979), that section 43 of the Lanham Act, 15 U.S.C. § 1125(a), created a federal remedy against the deceptive use of unregistered trademarks to designate falsely the origin of goods ("passing off"). 595 F.2d at 1198, 1201. *New West* also held that the test for false designation of origin was similar to that for infringement of a registered trademark under 15 U.S.C. § 1114. Both statutes preclude the use of another's trademark in a manner likely to confuse the public about the origin of goods. 595 F.2d at 1201. Thus, we must decide whether Lindeburg is likely to confuse the public about the origin of its jewelry by inscribing the Job's Daughters name and emblem on it.

Resolution of this issue turns on a close analysis of the way in which Lindeburg is using the Job's Daughters insignia. In general, trademark law is concerned only with identification of the maker, sponsor, or endorser of the

product so as to avoid confusing consumers. Trademark law does not prevent a person from copying so-called “functional” features of a product which constitute the actual benefit that the consumer wishes to purchase, as distinguished from an assurance that a particular entity made, sponsored, or endorsed a product.

The distinction between trademarks and functional features is illustrated in *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952), where plaintiff, Wallace China, claimed trademark infringement on account of the use by others of the design it used on its china. The court found no trademark infringement because the design served primarily as a functional part of the product:

Imitation of the physical details and designs of a competitor’s product may be actionable, if the particular features imitated are “non-functional” and have acquired a secondary meaning. But, where the features are “functional” there is normally no right to relief. “Functional” in this sense might be said to connote other than a trademark purpose. If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright. On the other hand, where the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the product, imitation may be forbidden. ... Under such circumstances, since effective competition may be undertaken without imitation, the law grants protection.

198 F.2d at 343 (citation omitted). See also *Famolare, Inc. v. Melville Corp.*, 472 F.Supp. 738, 742-45 (D.Hawaii 1979); *Boston Professional Hockey Ass’n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 360 F.Supp. 459, 463-64 (N.D.Tex.1973), rev’d, *Boston Professional Hockey Ass’n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir.), cert. denied, 423 U.S. 868 (1975); Restatement of Torts § 742, comment (a) (1938).

Application of the *Pagliero* distinction to this case has a special twist because the name “Job’s Daughters” and the Job’s Daughters insignia are indisputably used to identify the organization, and members of Job’s

Daughters wear the jewelry to identify themselves as members. In that context, the insignia are trademarks of Job's Daughters. But in the context of this case, the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship.

It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.

Job's Daughters relies on *Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975), in which the Boston Bruins and other National Hockey League clubs brought a trademark infringement suit against a company that sold replicas of the NHL team emblems. The Fifth Circuit, applying the Lanham Act infringement test and focusing on the "likelihood of confusion," found infringement:

The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were the plaintiffs satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.

510 F.2d at 1012.^[9] Job's Daughters asserts that *Boston Hockey* supports its contention that even purely functional use of a trademark violates the Lanham Act. We reject the reasoning of *Boston Hockey*.

[FN9:] Similar conclusions were reached in *Rolls Royce Motors, Ltd. v. A & A Fiberglass, Inc.*, 428 F.Supp. 689 (N.D. Ga. 1977), and *Nat'l Football League Properties, Inc. v. Consumer Enterprises, Inc.*, 26 Ill.App.3d 814 (1975), cert. denied, 423 U.S. 1018 (1975).

Interpreted expansively, *Boston Hockey* holds that a trademark's owner has a complete monopoly over its use, including its functional use, in commercial merchandising.^[10]

[FN10:] The Fifth Circuit itself has apparently retreated from a broad interpretation of *Boston Hockey*. In *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368 (5th Cir. 1977), the court began its analysis of Kentucky Fried Chicken's infringement claim by noting that it "reject[ed] any notion that a trademark is an owner's 'property' to be protected irrespective of its role in the protection of our markets," and described the *Boston Hockey* holding as premised on a finding that consumers were likely to believe that the emblems somehow originated from the hockey clubs. 549 F.2d at 389.

But our reading of the Lanham Act and its legislative history reveals no congressional design to bestow such broad property rights on trademark owners. Its scope is much narrower: to protect consumers against deceptive designations of the origin of goods and, conversely, to enable producers to differentiate their products from those of others. See *Smith v. Chanel, Inc.*, 402 F.2d 562, 566-70 (9th Cir. 1968). See also *HMH Publishing Co., Inc. v. Brincat*, 504 F.2d 713, 716 (9th Cir. 1974); *Developments in the Law-Trademarks and Unfair Competition*, 68 Harv.L.Rev. 814, 816-17 (1955). The *Boston Hockey* decision transmogrifies this narrow protection into a broad monopoly. It does so by injecting its evaluation of the equities between the parties and of the desirability of bestowing broad property rights on trademark owners.^[11]

[FN11:] We express no opinion about whether Job's Daughters could prevent Lindeburg from using its name and emblem under federal patent law, federal copyright law, or state unfair competition law.

A trademark is, of course, a form of business property. See J. McCarthy, *Trademarks and Unfair Competition* §§ 2:6-2:7 (1973). But the "property right" or protection accorded a trademark owner can only be understood in the context of trademark law and its purposes. A trademark owner has a

property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner's goods. *See id.* The *Boston Hockey* court decided that broader protection was desirable. In our view, this extends the protection beyond that intended by Congress and beyond that accorded by any other court. *Cf. Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 389 (5th Cir. 1977) (rejecting the "notion that a trademark is an owner's 'property' to be protected irrespective of its role in the operation of our markets").

Indeed, the court in *Boston Hockey* admitted that its decision "may slightly tilt the trademark laws from the purpose of protecting the public to the protection of the business interests of plaintiffs." 510 F.2d at 1011. We think that this tilt was not slight but an extraordinary extension of the protection heretofore afforded trademark owners. It is an extension we cannot endorse. *See General Mills, Inc. v. Henry Regnery Co.*, 421 F.Supp. 359, 362 & n.2, (N.D.Ill.1976). Instead, we agree with Judge Waterman of the Second Circuit, who recently said that under the Lanham Act "one can capitalize on a market or fad created by another provided that it is not accomplished by confusing the public into mistakenly purchasing the product in the belief that the product is the product of the competitor." *American Footwear Corp. v. General Footwear Co. Ltd.*, 609 F.2d 655, 662 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980) (finding that the manufacturer of a "Bionic Boot" did not infringe the trademark of the producers of the "Bionic Woman" television program).

Our holding does not mean that a name or emblem could not serve simultaneously as a functional component of a product and a trademark. *See Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204 (2d Cir. 1979). That is, even if the Job's Daughters' name and emblem, when inscribed on Lindeburg's jewelry, served primarily a functional purpose, it is possible that they could serve secondarily as trademarks if the typical customer not only purchased the jewelry for its intrinsic functional use and aesthetic appeal but also inferred from the insignia that the jewelry was produced, sponsored, or endorsed by Job's Daughters. *See generally*, Grimes & Battersby, *The Protection of Merchandising Properties*, 69 TMR 431, 441-45 (1980). We recognize that there is some danger that the consumer may be more likely to infer endorsement or sponsorship when the consumer is a member of the group whose collective mark or trademark is being marketed. Accordingly, a

court must closely examine the articles themselves, the defendant's merchandising practices, and any evidence that consumers have actually inferred a connection between the defendant's product and the trademark owner.

The trial court made comprehensive findings of fact that provide an adequate record for this court to review the trial court's conclusion of law that the names and emblems were trademarks. *See Alpha Indus., Inc. v. Alpha Steel Tube & Shapes, Inc.*, 616 F.2d 440, 443-44 (9th Cir. 1980); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 346-47 (9th Cir. 1979).^[12]

[FN12:] The trial court concluded:

Defendant has used plaintiff's trademarks in its catalogues and on merchandise and such use creates a likelihood of confusion in the public mind as to the relationship between plaintiff and defendant. See [*Boston Hockey*].

We conclude from our examination of the trial judge's findings and of the underlying evidence that Lindeburg was not using the Job's Daughters name and emblem as trademarks. The insignia were a prominent feature of each item so as to be visible to others when worn, allowing the wearer to publicly express her allegiance to the organization. Lindeburg never designated the merchandise as "official" Job's Daughters' merchandise or otherwise affirmatively indicated sponsorship. Job's Daughters did not show a single instance in which a customer was misled about the origin, sponsorship, or endorsement of Lindeburg's jewelry, nor that it received any complaints about Lindeburg's wares. Finally, there was evidence that many other jewelers sold unlicensed Job's Daughters jewelry, implying that consumers did not ordinarily purchase their fraternal jewelry from only "official" sources. We conclude that Job's Daughters did not meet its burden of proving that a typical buyer of Lindeburg's merchandise would think that the jewelry was produced, sponsored, or endorsed by the organization. The name and emblem were functional aesthetic components of the product, not trademarks. There could be, therefore, no infringement.

The judgment of the district court is reversed and the case is remanded for the entry of judgment in favor of appellant Lindeburg.

Then, back in Pittsburgh ...

In June 1983, in the case of *University of Pittsburgh v. Champion Products, Inc.*, the U.S. District Court for the Western District of Pennsylvania held:

“We have considerable sympathy for the plaintiff, University of Pittsburgh (‘Pitt’). The notion that a university’s name and insignia are its own property, to do with as it chooses, has a certain common-sense appeal. An examination of the law and the facts in this case has convinced us, however, that neither Congress, nor the Pennsylvania Legislature, nor the common law has created the property right that Pitt asserts here. We believe that were we to rule in favor of Pitt, we would be creating a new substantive right in an area of the law in which Congress and the states have legislated extensively. The relief sought by Pitt is not minor; it amounts to a judicially created, perpetual monopoly on a product, Pitt-insignia soft goods, which many people wish to purchase.~ [W]e believe that Pitt has failed to prove a violation of either federal or state trademark law by Champion Products, Inc.”

University of Pittsburgh v. Champion Products, Inc., 566 F. Supp. 711, 712 (W.D. Pa. 1983).

The *University of Pittsburgh* litigation was appealed. In October 1983, the parties reached a settlement and made a joint motion to dismiss. The Third Circuit Court of Appeals subsequently dismissed the appeal and issued an order, dated February 2, 1984, vacating as moot the judgment of the district court. See *University Book Store v. Board of Regents of the Univ. of Wisconsin System*, 33 U.S.P.Q.2d 1385, 1391 n.17 (T.T.A.B. 1994).

Prof. Dogan and Prof. Lemley on merchandizing and trademark law

In the following snippet, brackets indicate an insertion and corresponding ellipsis. Footnotes and footnote references were removed without notation. – EEJ

Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 464–65 (2005)

[I]t would be reasonable to expect the law and practice of merchandising rights to be well-settled and reflect a considered balancing of the interests of trademark holders and their competitors. In reality, however, much of the multi-billion dollar industry of merchandise licensing has grown around a handful of cases from the 1970s and 1980s that established merchandising rights with little regard for the competing legal or policy concerns at stake. Those cases are far from settled law—indeed, many decisions decline to give trademark owners the right to control sales of their trademarks as products.

[Reviewing the case law] provides little support for trademark owners' assumptions about merchandising. Doctrinally, the most broad-reaching merchandising cases—which presumed infringement based on the public recognition of the mark as a trademark—were simply wrong in their analysis of trademark infringement and have been specifically rejected by subsequent decisions. Philosophically, even a merchandising right that hinges on likelihood of confusion raises competition-related concerns that should affect courts' analysis of both the merits of and the appropriate remedies in merchandising cases. Most importantly, recent Supreme Court case law suggests that, if the Supreme Court had the opportunity to evaluate the merchandising theory (something it has never done), it would deny the existence of such a right. Further, the Court would be right to do so. When a trademark is sold, not as a source indicator, but as a desirable feature of a product, competition suffers—and consumers pay—if other sellers are shut out of the market for that feature.

Case: LSU v. Smack Apparel

The superscript tilde (~) indicates an ellipsis. Some footnote material worked into the main body text, and punctuation altered for the purpose, without specific indication. Many footnotes, footnote references, citations, and portions of citations removed without specific indication. –EEJ

Board of Supervisors for Louisiana State University Agricultural and Mechanical College v. Smack Apparel Co.

U.S. Court of Appeals for the Fifth Circuit
550 F.3d 465 (2008)

REAVLEY, Circuit Judge:

These consolidated appeals concern a trademark dispute between four universities and an apparel company and its principal. The Universities alleged in the district court that the defendants violated the Lanham Act and infringed their trademarks by selling t-shirts with the schools' color schemes and other identifying indicia referencing the games of the schools' football teams. The district court granted summary judgment to the Universities for trademark infringement and conducted a jury trial as to damages, with the jury returning a verdict favoring the plaintiffs. The defendants appeal the summary judgment order~. We conclude that the colors, content, and context of the offending t-shirts are likely to cause confusion as to their source, sponsorship, or affiliation, and we AFFIRM.

I. Background

The plaintiffs are Louisiana State University (LSU), the University of Oklahoma (OU), Ohio State University (OSU), the University of Southern California (USC), and Collegiate Licensing Company (CLC), which is the official licensing agent for the schools. The defendants are Smack Apparel Company and its principal, Wayne Curtiss (collectively Smack).

Each university has adopted a particular two-color scheme as its school colors (purple and gold for LSU, crimson and creme for OU, scarlet and gray for OSU, and cardinal and gold for USC). The Universities have used their respective color combinations for over one hundred years, and the color schemes are immediately recognizable to those who are familiar with the Universities. The schools use these color schemes in many areas associated with university life, including on campus signs and buildings, on printed brochures,

journals, and magazines, and on materials sent to potential donors. The Universities also use the color schemes extensively in connection with their athletic programs, particularly on team uniforms, resulting in wide-spread recognition of the colors among college sports fans. Each university operates a successful collegiate football program, and the respective football teams have appeared on numerous occasions in nationally televised football games that have been viewed by millions of people.

The schools also grant licenses for retail sales of products, including t-shirts, that bear the university colors and trademarks. In recent years, the total annual sales volume of products bearing the school colors along with other identifying marks has exceeded \$93 million for all the Universities combined. The Universities hold registered trademarks in their respective names and commonly used initials. They do not, however, possess registered trademarks in their color schemes.

Smack Apparel Company is located in Tampa, Florida. Since 1998 Smack has manufactured t-shirts targeted toward fans of college sports teams, and it uses school colors and printed messages associated with the Universities on its shirts. Smack sells some of the shirts over the Internet, but most are sold wholesale to retailers and t-shirt vendors. The shirts frequently appear alongside those that have been officially licensed by the Universities. The instant case involves six of Smack's t-shirt designs that concern the appearance of the OU and LSU football teams in the 2004 Sugar Bowl in New Orleans, Louisiana, and the number of national championships previously won by OSU and USC. The district court described these Smack shirt designs as follows:

- OU (2 shirt designs): (1) "Bourbon Street or Bust" (with the "ou" in "Bourbon" in a different typestyle) (front), "Show us your beads!" (with the "ou" in "your" in a different typestyle) and "Sweet as Sugar!" (back) (2) "Beat Socal" (front), "And Let's Make it Eight!" (back). These shirts refer to 2004 Sugar Bowl contest in New Orleans between the OU and LSU football teams. A victory in the Sugar Bowl could have given OU a claim to an eighth national football championship. One of OU's principal rivals to this claim was USC.
- LSU (2 shirt designs): (1) "Beat Oklahoma" (front), "And Bring it Back to the Bayou!" and "2003 College Football National

Championship” (back) (2) “2003 College Football National Champions” (front), colored circular depiction of game scores, with “2003 College Football National Champions” and “Sweet as Sugar” (back). These shirts refer to the 2004 Sugar Bowl contest in New Orleans between OU and LSU, which was played to determine the Bowl Championship Series national football champion.

- OSU: “Got Seven?” (front), “We do! 7 Time National Champs,” with depiction of the state of Ohio and a marker noting “Columbus Ohio” (back). This shirt refers to the seven college football national titles claimed by OSU.

- USC: “Got eight?” (front), “We Do! Home of the 8 Time National Champions!” and depiction of the state of California with a star marked “SoCal” (back). This design refers to USC’s claim to eight college national football championships.

Bd. of Supervisors of LA State Univ. v. Smack Apparel Co. 438 F.Supp.2d 653, 655 (E.D.La. 2006). In addition to the messages described above, each shirt included Smack’s own logo in a space approximately 2.5 inches wide and the words “Talkin’ the Talk.”

The Universities sued Smack, alleging that the above six shirt designs infringed their trademark rights. The Universities alleged causes of action for federal trademark infringement and dilution, unfair competition, and deceptive trade practices under the Lanham Act, 15 U.S.C. §§ 1051-1141n; unfair trade practices under the Louisiana Unfair Trade Practices and Consumer Protection Act (LUTPA), LA.REV. STAT. § 51:1409; common law trademark infringement and unfair competition; and state trademark dilution. The plaintiffs alleged that each schools’ color combination acts as a source-identifier for the respective schools, especially when used in connection with other indicia identifying or suggesting the schools. They alleged that Smack’s shirts infringed their unregistered trademarks by “combining Plaintiffs’ Marks with references to, *inter alia*, ... (a) well-known and highly-publicized athletic events in which a University participated; (b) a University’s opponent in the referenced athletic event; (c) the geographic area in which the referenced event takes place; (d) titles and honors bestowed as a result of the referenced athletic event; (e) a University’s earlier athletic successes and

accomplishments; and (f) the geographic area in which the University is located or associated.”

The Universities claimed that Smack’s products are similar to and competed with goods sold or licensed by the Universities and are sold directly alongside merchandise authorized by the plaintiffs at or near events referenced in the shirts. In this way, according to the Universities, the sale of Smack’s products is likely to deceive, confuse, and mislead consumers into believing that Smack’s products are produced, authorized, or associated with the plaintiff Universities. The Universities sought injunctive relief, lost profits, [and] damages.

The parties filed cross-motions for summary judgment on the issue of liability for trademark infringement. The district court granted summary judgment for the Universities, holding that the Universities’ trademarks in their color schemes, logos, and designs on shirts referring to the schools or their accomplishments had acquired secondary meaning. The district court concluded that the marks were strong, having been used for decades as a reference to the Universities, and that Smack’s infringing shirts were likely to cause confusion as to the source, affiliation, or sponsorship of the shirts. The district court found that the marks at issue were virtually identical. The court reasoned that Smack used the same color schemes and similar logos and designs as the plaintiffs; that Smack marketed and sold its shirts in a manner similar to the Universities’ products and sometimes alongside those of the Universities; and that Smack used the color schemes, logos, and designs with the specific intent to rely upon their drawing power in enticing fans of the Universities to purchase its shirts. The court noted that Smack admitted using the school colors and other indicia with the intent of identifying the Universities as the subject of the message in the shirt designs. The court also noted that a likelihood of confusion existed because the shirts, which are relatively inexpensive, are not purchased with a high degree of care by consumers. The district court rejected Smack’s defenses of functionality, nominative fair use, and laches.

After deciding the liability issue, the district court conducted a jury trial on the issue of damages. The jury then returned a verdict in favor of the plaintiffs and answered special interrogatories finding that Smack’s “infringement caused actual confusion of the public or caused the public to be deceived.” The jury awarded the Universities actual damages of \$10,506.80 and

lost profits of \$35,686. The district court also enjoined Smack from manufacturing, distributing, selling, or offering for sale any of the six t-shirt designs found to be infringing or any other similar designs.

II. Discussion

We review a district court’s grant of summary judgment *de novo*.[~] Although the secondary meaning of a mark and the likelihood of confusion are ordinarily questions of fact, *Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188, 196 (5th Cir. 1998), summary judgment may be upheld if the summary judgment record compels the conclusion that the movant is entitled to judgment as a matter of law.

To prevail on their trademark infringement claim, the plaintiffs must show two things. First, they must establish ownership in a legally protectible mark, and second, they must show infringement by demonstrating a likelihood of confusion.

A. Protectible trademark and secondary meaning

[~]The marks at issue in this case are unregistered, and, as noted by the district court, were described by the Universities as “color schemes in the context of merchandise that makes reference to the Plaintiff Universities or their accomplishments and is directed to their fans and other interested consumers.”

The protectability of unregistered marks is governed generally by the same principles that qualify a mark for registration under the Lanham Act. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). The key is whether the mark is “capable of distinguishing the applicant’s goods from those of others.” *Id.* Marks are generally classified as (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful. *Id.* The parties here do not articulate a classification for the marks at issue, but the briefs show that they, and indeed the district court, have treated the marks as descriptive. This type of mark is not inherently distinctive because it does not inherently identify a particular source of the product; instead, it requires secondary meaning to be protected under the Lanham Act.

The parties correctly agree that a color scheme can be protected as a trademark when it has acquired secondary meaning and is non-functional. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995). Although the

parties discuss color at length in their briefs, the Universities do not claim that every instance in which their team colors appear violates their respective trademarks. Instead, the claimed trademark is in the colors on merchandise that combines other identifying indicia referring to the Universities. It is appropriate therefore to consider not only the color but also the entire context in which the color and other indicia are presented on the t-shirts at issue here.

Smack contends that the claimed marks are too broad to encompass a trademark because the concept of color along with other identifying indicia is not distinctive. We disagree. “[T]he statute contemplates that a trademark may include any word, name, or symbol “*or any combination thereof.*” 15 U.S.C. § 1127 (emphasis added). The Supreme Court has recognized that the Lanham Act describes the universe of permissible marks “in the broadest of terms.” *Qualitex*, 514 U.S. at 162. Because the Court recognizes that trademarks may include color, we see no reason to exclude color plus other identifying indicia from the realm of protectible marks provided the remaining requirements for protection are met. Thus, the first step here is to ask whether the Universities’ claimed marks have acquired secondary meaning.

Secondary meaning “occurs when, ‘in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.’” *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 (2000) (citation omitted). The inquiry is one of the public’s mental association between the mark and the alleged mark holder. A mark has acquired secondary meaning when it “has come through use to be uniquely associated with a specific source.” *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 536 (5th Cir. 1998) (internal quotation marks omitted) *abrogation on other grounds recognized by Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 356 (5th Cir. 2002). We have applied a multifactor test for determining secondary meaning. The factors include: “(1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant’s intent in copying the trade dress.” *Pebble Beach*, 155 F.3d at 541. These factors in combination may show that consumers consider a mark to be an indicator of source even if each factor alone would not prove secondary meaning. *Id.*

There is no dispute in this case that for a significant period of time the Universities have been using their color schemes along with other indicia to identify and distinguish themselves from others. Smack admits in its brief that the Universities' colors are well known among fans "as a shorthand nonverbal visual means of identifying the universities." But according to Smack, the longstanding use of the school colors to adorn licensed products is not the same as public recognition that the school colors identify the Universities as a unique source of goods. We think, however, that the factors for determining secondary meaning and an examination of the context in which the school colors are used and presented in this case support the conclusion that the secondary meaning of the marks is inescapable.

The record shows that the Universities have been using their color combinations since the late 1800s. OSU adopted its school colors in 1878, while LSU has been using its colors since 1893, and OU and USC since 1895. The color schemes appear on all manner of materials, including brochures, media guides, and alumni materials associated with the Universities. Significantly, each university features the color schemes on merchandise, especially apparel connected with school sports teams, and such prominent display supports a finding of secondary meaning. *See Pebble Beach*, 155 F.3d at 541-52 (prominent display of golf hole's trade dress in advertising supported finding of secondary meaning as a designator of source). The record also shows that sales of licensed products combining the color schemes with other references to the Universities annually exceed the tens of millions of dollars. For example, LSU sells between \$10 and \$20 million worth of goods each year, while the annual sales volume for the other schools is approximately \$13 million for USC, \$20 million for OU, and \$50 million for OSU. As for advertising, the district court held that the Universities "advertise items with their school colors in almost every conceivable manner" It is not clear from the summary judgment evidence where and how the Universities advertise their merchandise, but they certainly do use their color schemes and indicia in numerous promotional materials aimed at students, faculty, alumni, and the public in general, which strengthens the conclusion that the color schemes and indicia viewed in context of wearing apparel also serves as an indicator of the Universities as the source or sponsor of the apparel. Furthermore, the district court correctly observed that the school color schemes have been referenced multiple times in newspapers and magazines and that the schools also

frequently refer to themselves using the colors. For example, LSU and third parties have referred to that university as the “Purple and Gold.” The district court did not specifically refer to any consumer-survey evidence or direct consumer testimony, but it noted that Smack admitted it had incorporated the Universities’ color schemes into its shirts to refer to the Universities and call them to the mind of the consumer. Thus, Smack itself believed that the Universities’ color schemes had secondary meaning that could influence consumers, which further supports the conclusion that there is secondary meaning here.^[35]

[FN35:] We also note that the record does contain survey evidence compiled by the Universities indicating that approximately thirty percent of consumers interviewed believed two of Smack’s t-shirts were produced or sponsored by the Universities. We have indicated that survey evidence often may be the most direct and persuasive evidence of secondary meaning. *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 269 (5th Cir. 1999). Nevertheless, Smack moved in limine to exclude the Universities’ survey evidence, and the district court found it unnecessary to rule on the motion because of the other evidence in the record. Because no party has raised the issue, we express no opinion on the correctness of the district court’s belief and merely note the presence of the survey evidence in the record.

Given the longstanding use of the color scheme marks and their prominent display on merchandise, in addition to the well-known nature of the colors as shorthand for the schools themselves and Smack’s intentional use of the colors and other references, there is no genuine issue of fact that when viewed in the context of t-shirts or other apparel, the marks at issue here have acquired the secondary meaning of identifying the Universities in the minds of consumers as the source or sponsor of the products rather than identifying the products themselves.

We think this conclusion is consistent with the importance generally placed on sports team logos and colors by the public. We have previously noted, although not in the context of secondary meaning, that team emblems and symbols are sold because they serve to identify particular teams, organizations, or entities with which people wish to identify. *See Boston Prof’l Hockey Ass’n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1011 (5th Cir. 1975). We think this desire by consumers to associate with a particular

university supports the conclusion that team colors and logos are, in the minds of the fans and other consumers, source indicators of team-related apparel. By associating the color and other indicia with the university, the fans perceive the university as the source or sponsor of the goods because they want to associate with that source.

Smack argues that because photographs of businesses near the campuses of the Universities show use of school colors by those businesses, consumers in college towns merely associate school colors with “support of the home team.” Smack cites no authority or supporting evidence for its contention, however. Moreover, the fact that other businesses in college towns may use the same colors as a local university does not create an issue of fact as to the secondary meaning of the colors used in merchandise that the Universities indisputably produce, especially given Smack’s admission of intentional use of the colors to influence consumers.~

We conclude that the record establishes secondary meaning in the marks here.

B. Likelihood of confusion

Once a plaintiff shows ownership in a protectible trademark, he must next show that the defendant’s use of the mark “creates a likelihood of confusion in the minds of potential customers as to the ‘source, affiliation, or sponsorship’” of the product at issue. “Likelihood of confusion is synonymous with a probability of confusion, which is more than a mere possibility of confusion.” *Taco Cabana*, 932 F.2d at 663-64. When assessing the likelihood of confusion, we consider a nonexhaustive list of so-called “digits of confusion,” including: “(1) the type of mark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant’s intent, and (7) any evidence of actual confusion.” *Id.* at 664. Courts also consider (8) the degree of care exercised by potential purchasers. No single factor is dispositive, and a finding of a likelihood of confusion need not be supported by a majority of the factors.

Smack argues that there were genuine issues of material fact whether its t-shirt designs were likely to cause confusion among consumers. We disagree. The first digit, the type of mark, refers to the strength of the mark. Generally, the stronger the mark, the greater the likelihood that consumers will be

confused by competing uses of the mark. We agree with the district court that the plaintiffs' marks, which have been used for over one hundred years, are strong. As noted above, Smack concedes that the Universities' color schemes are well-known and are used to identify the plaintiff Universities. It argues, however, that the district court disregarded evidence of third-party use of the Universities' team colors in a non-trademark manner.

Smack presented photographs of three businesses in Louisiana, eight businesses in Ohio, and approximately 20 businesses in Oklahoma that incorporated in their signage color schemes similar to the school colors of LSU, OSU, and OU, respectively. The businesses included several restaurants and bars, a driving school, a pain management clinic, a theater, a furniture store, a dry cleaners, a motel, a donut shop, an apartment complex, and a car care company. All third-party use of a mark, not just use in the same industry as a plaintiff, may be relevant to whether a plaintiff's mark is strong or weak. But the key is whether the third-party use diminishes in the public's mind the association of the mark with the plaintiff — surely lacking where colors are shown on a store wall. Smack's evidence falls far below that of extensive use, and the specific photographs of third-party use here fail to create an issue of fact concerning the public's association between the plaintiffs and color schemes and other indicia that clearly reference the Universities. We conclude that the Universities possess strong marks in their use of color schemes and other identifying indicia on college sports-themed merchandise.

The second digit is the similarity of the marks. This factor requires consideration of the marks' appearance, sound, and meaning. The district court held that the marks at issue are virtually identical. Smack argues that there was no evidence that any of its shirts were identical to any shirts licensed by the Universities and that its t-shirt designs are not at all similar to any of the Universities' licensed products. Smack's contention is belied by the record, and even a cursory comparison of Smack's designs with the plaintiffs' licensed products reveals striking similarity.

For example, one of Smack's shirt designs in purple and gold is referred to as the "sundial" shirt and was targeted toward LSU fans. The front of the shirt proclaims "2003 National Champions," and the back contains the scores from twelve games won by LSU. The scores are arranged in a circle with a short phrase poking fun at each opponent. The shirt also contains the final score of the 2004 Sugar Bowl, which LSU won, and the phrase "Sweet as Sugar!"

Although the shirt does not use the initials “LSU” anywhere, its identification of LSU as the national champion is unmistakable from the colors and from the references to the games in which LSU played. This shirt is strikingly similar to LSU’s own merchandise that also uses the purple and gold colors and proclaims LSU as the national champion. Several of the official designs contain the scores of the games from LSU’s season and at least two designs present those scores in a circular arrangement. The official designs also contain the phrases “Ain’t It Sweet!” and “Pour It On!”

Another Smack shirt directed at LSU fans is the “Beat Oklahoma” shirt. It states, “Bring it Back to the Bayou.” This is very similar to two official designs that state in part “Bring It Home” and “We’ll Have Big Fun on the Bayou.”

The evidence of similarity is not limited to the shirts targeted toward LSU fans. For example, the “Bourbon Street or Bust!” shirt directed at OU fans highlights the letters “OU” in a different type face in the words “Bayou” and “your.” It also states “Sweet as Sugar,” references beads, and contains a picture of a mardi gras mask. OU presented evidence of official t-shirt designs that also highlight the letters “OU,” contain phrases such as “Ain’t Nothin’ Sweeter” and “100% Pure Sugar,” and contain depictions of mardi gras masks and beads. Another Smack OU design encourages, “Let’s Make it Eight,” while official designs proclaim “Sugar is Sweet But ... 8 is Great!”

In the district court, Smack presented the affidavit of its principal, Wayne Curtiss, who explained that Smack uses humor and creative language to distinguish its t-shirt designs from those of the purportedly more conservative licensed or school-endorsed apparel. Curtiss asserted that the “got seven?” and “got eight?” shirts directed toward OSU and USC fans, respectively, are parodies of the “got milk” campaign. He further averred that he has used a similar design on shirts for LSU and OU fans. It is clear from the record, however, that use of creative language is not unique to Smack and does not make Smack’s shirts dissimilar to the Universities’ own products. For example, LSU presented evidence of a school-endorsed design that included the phrase “got sugar?” We conclude that Smack’s shirts and the Universities’ products are similar in look, sound, and meaning, and contain very similar color schemes, words, and images. The similarities in design elements are overwhelming and weigh heavily in favor of a likelihood of confusion. The district court correctly held there is no genuine issue of material fact with respect to this digit of confusion.^[54]

[FN54:] Because we conclude that there is no issue of fact as to the similarity of the use of the marks in the t-shirt designs, we need not consider Smack’s contention that the district court erroneously stated there had been instances where consumers actually believed Smack’s shirts were affiliated with or sponsored by the Universities. Smack points to a stipulation by the parties at the summary judgment stage that there was no evidence any consumer purchased a Smack shirt believing it to be licensed by one of the Universities. Actual confusion on the part of a consumer is not required to find a likelihood of confusion, however. *Elvis Presley Enters.*, 141 F.3d at 203.

The third digit in the likelihood of confusion analysis is the similarity of the products or services. We disagree with Smack’s assertion that the district court did not find a great deal of similarity between the plaintiffs’ products and the t-shirts at issue, as the district court specifically held that “[i]t is undisputed that both Smack and the universities market shirts bearing the same color schemes, logos, and designs.” The district court went on to reject Smack’s argument that its t-shirts differed from the Universities’ products because of the use of irreverent phrases or slang language, reasoning that Smack’s use of such phrases and language was a misuse of the Universities’ good will in its marks. Smack denies that it appropriated the Universities’ good will, but it does not make an argument here that its shirts are distinguishable from those of the Universities because of particular language on its shirts. We therefore find this factor weighs in favor of a likelihood of confusion.

Smack concedes that the fourth factor of the analysis — identity of retail outlets and purchasers — weighs in favor of a likelihood of confusion because the Universities’ licensed products are often sold wholesale to the same retailers who purchase Smack’s products.

The fifth digit is the identity of advertising media.~ We conclude that this digit~ is minimally probative.

The sixth digit of confusion further supports a likelihood of confusion. Although not necessary to a finding of likelihood of confusion, a defendant’s intent to confuse may alone be sufficient to justify an inference that there is a likelihood of confusion. As noted by the district court, Smack admitted that it “‘used school colors and “other indicia” with the intent of identifying the university plaintiffs as the subject of the message expressed in the shirt design.’”

Curtiss testified that it was “no coincidence” that Smack’s shirts incorporated the color schemes of the plaintiff Universities and that he designed the shirts to make people think of the particular school that each shirt targeted. Smack asserts that its intent to copy is not the same as an intent to confuse. The circumstances of this case show, however, that Smack intended to capitalize on the potential for confusion. Smack knew that its shirts were sold in the same venues as and sometimes alongside officially licensed merchandise, and it intentionally incorporated color marks to create the kind of association with the Universities that would influence purchasers.~

We believe that Smack’s admitted intent and the similarity in appearance between Smack’s shirts and the Universities’ licensed products is strong evidence of a likelihood of confusion.

Smack argues that an intent to confuse is negated by its use of its own logo and the words “Talkin’ the Talk,” which it maintains identifies it as the source of the shirt. We are not persuaded. Smack’s logo appears in a space that is only 2.5 inches wide. We cannot conclude, without more, that this small and inconspicuous placement of the logo would disabuse consumers of a mistaken belief that the Universities sponsored, endorsed or were otherwise affiliated with the t-shirts. Smack has not pointed to evidence that its own logo is recognizable by consumers or that it was acting to trade off its own reputation as a producer of specialty t-shirts. Nor are we convinced that Smack’s logo on the shirts acts as a disclaimer. The Universities point out that they require all licensed products to contain the licensee’s name. Therefore, a consumer could believe that Smack’s logo merely indicated that it was a licensee. We conclude that the intent digit weighs in favor of a conclusion that there is a likelihood of confusion.

The seventh digit is evidence of actual confusion. Evidence that consumers have been actually confused in identifying the defendant’s use of a mark as that of the plaintiff may be the best evidence of a likelihood of confusion. It is well established, however, that evidence of actual confusion is not necessary for a finding of a likelihood of confusion. The district court did not resolve whether there was sufficient evidence of actual confusion, and because such evidence is not required we also find it unnecessary to pass on the question further.

With respect to the eighth digit of confusion — the degree of care exercised by potential purchasers — the district court held that the t-shirts at issue are relatively inexpensive impulse items that are not purchased with a high degree of care. Where items are relatively inexpensive, a buyer may take less care in selecting the item, thereby increasing the risk of confusion. Smack contends there was insufficient evidence for the district court’s conclusion. In response, the Universities note Curtiss’ testimony that he hoped customers’ decisions to purchase Smack’s shirts would be “quick,” and they point out that the shirts sell for less than \$18. Smack cites no evidence to demonstrate an issue of fact on this point, and we agree with the district court that this digit weighs in favor of a likelihood of confusion.

After reviewing the record, we conclude that there is no genuine issue of fact that Smack’s use of the Universities’ color schemes and other identifying indicia creates a likelihood of confusion as to the source, affiliation, or sponsorship of the t-shirts. As noted above, the digits of confusion — particularly the overwhelming similarity of the marks and the defendant’s intent to profit from the Universities’ reputation — compel this conclusion. This is so, we have noted, because Smack’s use of the Universities’ colors and indicia is designed to create the illusion of affiliation with the Universities and essentially obtain a “free ride” by profiting from confusion among the fans of the Universities’ football teams who desire to show support for and affiliation with those teams. This creation of a link in the consumer’s mind between the t-shirts and the Universities and the intent to directly profit therefrom results in “an unmistakable aura of deception” and likelihood of confusion.

Smack contends that there is no evidence that consumers care one way or the other whether t-shirts purchased for wear at a football game are officially licensed and that, absent evidence that consumers prefer licensed merchandise, it was error for the district court to conclude there was a likelihood of confusion. Smack relies in part on our decision in *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Company*. The context of that case is different from the instant case.

In *Rainbow for Girls*, a fraternal organization and its official jeweler sued a retailer for trademark infringement based on the retailer’s sale of jewelry bearing the organization’s registered mark. Purchasers in the fraternal-organization jewelry market bought jewelry to show membership and status in the organization. We upheld the district court’s finding of no likelihood of

confusion, concluding that “[t]he fact that purchasers purchased Rainbow jewelry as a direct result of the presence of the Rainbow emblem does not compel the conclusion that they did so believing that the jewelry was in any way endorsed, sponsored, approved or otherwise associated with Rainbow, *given the court’s findings*.” The district court had held that there was no historic custom or practice specific to Rainbow jewelry or to the fraternal jewelry industry that Rainbow jewelry could be manufactured only with Rainbow’s sponsorship or approval. Instead, the court noted that fraternal organizations exercised little control over the manufacture of jewelry bearing their emblems. Furthermore, the court had held that because Rainbow’s “official jeweler” was itself well-advertised and used its own distinctive mark on the jewelry, any jewelry without that distinctive mark could not cause confusion. We noted that the district court’s findings distinguished the case from our decision in *Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing*, 676 F.2d 1079 (5th Cir. 1982).

In *Boston Hockey*, we held that the defendant infringed the plaintiff’s trademark rights by selling embroidered patches containing the emblems of professional hockey teams. There, the emblems were sold for use by the public to show “allegiance to or identification with the teams.” We held that the likelihood of confusion requirement was met because the defendant duplicated and sold the emblems “knowing that the public would identify them as being the teams’ trademarks” and because the public’s “certain knowledge ... that the source and origin of the trademark symbols were in plaintiffs satisfies the requirements of the act.”

Subsequently, in *Kentucky Fried Chicken Corporation v. Diversified Packaging Corporation*, 549 F.2d 368, 389 (5th Cir. 1977), we recognized that *Boston Hockey* might be read to dispose of the confusion issue when buyers undoubtedly know that the plaintiff is the source and origin of a mark. We reiterated that a showing of likelihood of confusion was still required. But we noted that the circumstances in *Boston Hockey* supported the likelihood of confusion there insofar as the sale of products “universally associated” with the hockey team “supported the inescapable inference that many would believe that the product itself originated with or was somehow endorsed by Boston Hockey.” In *Rainbow for Girls*, the district court opinion, which we upheld, also recognized in reference to *Boston Hockey* that “(i)t is not unreasonable to conclude, given the degree to which sports emblems are used to advertise teams

and endorse products, that a consumer seeing the emblem or name of a team on or associated with a good or service would assume some sort of sponsorship or association between the product's seller and the team.”

We agree with this reasoning as applied to this case, which is more like *Boston Hockey* than *Rainbow for Girls*. We hold that given the record in this case and the digits of confusion analysis discussed above — including the overwhelming similarity between the defendant's t-shirts and the Universities' licensed products, and the defendant's admitted intent to create an association with the plaintiffs and to influence consumers in calling the plaintiffs to mind — that the inescapable conclusion is that many consumers would likely be confused and believe that Smack's t-shirts were sponsored or endorsed by the Universities. The Universities exercise stringent control over the use of their marks on apparel through their licensing program. It is also undisputed that the Universities annually sell millions of dollars worth of licensed apparel. We further recognize the public's indisputable desire to associate with college sports teams by wearing team-related apparel. We are not persuaded that simply because some consumers might not care whether Smack's shirts are officially licensed the likelihood of confusion is negated. Whether or not a consumer *cares* about official sponsorship is a different question from whether that consumer would likely *believe* the product is officially sponsored. For the foregoing reasons, we conclude that a likelihood of confusion connecting the presence of the Universities' marks and the Universities' themselves was demonstrated in this case.

C. Functionality

A product feature that is functional does not qualify for protection under the Lanham Act. The party seeking protection under the Lanham Act has the burden of establishing nonfunctionality. *TrafFix Devices, Inc. v. Marketing Displays, Inc.* 532 U.S. 23, 32 (2001). The Supreme Court has recognized two tests for determining functionality. “[T]he primary test for determining whether a product feature is functional is whether the feature is essential to the use or purpose of the product or whether it affects the cost or quality of the product.” *Eppendorf*, 289 F.3d at 356 (citing *TrafFix*). This is the “traditional” test. “Under this traditional definition, if a product feature is ‘the reason the device works,’ then the feature is functional.” Under a secondary test for functionality “a functional feature is one the exclusive use of which would put

competitors at a significant non-reputation-related disadvantage.” This is the “competitive necessity” test.

In *Boston Hockey*, we held that emblems of a hockey team sold on embroidered patches had no demonstrated value other than their significance as the trademarks of the team. Relying on our decision in *Boston Hockey*, the district court here similarly held that the Universities’ color schemes, logos, and designs also had no significance other than to identify with the Universities and were therefore nonfunctional. We agree. Fans and other members of the public purchase Smack’s shirts only because the shirts contain the plaintiffs’ colors and indicia identifying the Universities’ football teams, just as people purchased the defendant’s emblems in *Boston Hockey* only because they contained the hockey team’s trademarks. In other words, the presence of the plaintiffs’ marks serve no function unrelated to trademark.

Smack argues that the Universities’ colors do perform functions unrelated to trademark because the Universities use the colors in activities and programs in connection with student life, buildings, and other programs and events and that the colors are not used solely to identify the Universities as a source of goods. However, the claimed trademarks are in the color schemes and other indicia of the Universities when combined on merchandise that refer to the Universities. It is proper, therefore, to examine that context when determining the functionality of the claimed marks. As explained above, the Universities’ colors and indicia when used on merchandise creates secondary meaning tending to identify the Universities in the minds of consumers as the producers, sponsors, or endorsers of the product.

The school colors and other indicia used here do not make the t-shirts “work.” The t-shirts would function just as well as articles of clothing without the colors and designs. Smack’s t-shirts are sold not because of any functionality in the marks Smack placed on them but rather because they bear the identifiable marks of the plaintiff Universities. The marks fail under the traditional test for functionality and are protectible.

Smack urges, however, that the Universities’ colors on the t-shirts serve several functional purposes. It contends that the shirts allow groups of people to bond and show support for a philosophy or goal; facilitate the expression of loyalty to the school and a determination of the loyalties of others; and identify the wearer as a fan and indicate the team the fan is supporting. These claimed

functional uses are nothing more than the kind of aesthetic uses at issue in *Boston Hockey*. Our circuit has consistently rejected the concept of aesthetic functionality.~

We conclude that the district court correctly held that the marks at issue here are nonfunctional.

D. Nominative fair use

Smack argues that it incorporated the Universities' colors in its t-shirts to identify the Universities as the subject of the shirts. It contends that this was a protected nominative fair use.~

Smack used the Universities' colors and indicia in more than a nominative sense. It did not incorporate the colors and other indicia to describe or compare its shirts with shirts licensed by the Universities, nor did it do so to tell the public what it had copied. Smack did incorporate the marks to identify the Universities as the subject of the shirts, but it did so in a way that improperly suggested affiliation, sponsorship, or endorsement.

To take a simple example, two shirt designs targeted toward the fans of OSU and USC refer to the number of national championships those universities have won and ask, respectively, "got seven?" and "got eight?" Both shirts proclaim "WE DO!" and contain other specific indicia identifying the schools. Smack did not win any national championships — the respective Universities did. The use of the inclusive first-person personal pronoun "we" easily permits the inference that the schools are the speakers in the shirts and therefore endorsed the message.

As noted by the district court, Smack copied the mark with "an intent to rely upon the drawing power in enticing fans of the particular universities to purchase their shirts." Such an attempt to capitalize on consumer confusion is not a nominative fair use.~

E. Laches

Smack asserts that it is undisputed the LSU Athletic Department purchased several of its purple and gold t-shirt designs, none of which are at issue in this case, for sale in the LSU stadium gift shop between 2001 and 2004. It argues that because LSU never objected to the shirt designs even though they were similar to the designs involved in this case, the doctrine of laches is applicable.

Laches is “an inexcusable delay that results in prejudice to the defendant.”~ A defendant who intentionally infringes a trademark with the bad faith intent to capitalize on the markholder’s good will lacks the clean hands necessary to assert the equitable defense.

The district court held that because Smack admitted it intentionally copied the plaintiffs’ color schemes, Smack’s bad faith precluded the assertion of laches.~ The district court properly declined to apply the defense of laches.~

AFFIRMED.

Rights, licensing, editing, etc.

The following was written by Eric E. Johnson:

This chapter M-3, “Trademark Infringement and Dilution,” was put together by Eric E. Johnson. It uses expository text and edited case text from *Trademark Law* (2022 edition; version 2.0) by **Michael Grynberg**.

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Regarding editing, please see the “Editing Notes” toward the front of this volume as well as specific notes preceding particular readings.

–EEJ

Volume Revision Notes

All version numbers beginning with “1.0” (e.g., 1.00 and 1.01) are intended to be interchangeable for classroom use.

Note, however, there was a pagination problem with version 1.00. The 1.00 printed book having page numbers that were one lower than the the 1.00 PDF and 1.00 DOCX files. I regret the error. **This version 1.01—whether in PDF, DOCX, or printed copy—is standardized to the 1.00 printed book.**

Other than the correction of the pagination problem, **only minor typo-level errors are corrected, and there are no changes to where page break locations.** In support of the point about interchangeability, I include this ponderous inventory:

REVISIONS FROM 1.00 TO 1.01: In addition to the above-described standardization of pagination, the changes were these: The PDF was coded differently to allow for easier navigation within the document. “Title 18, concerning federal” was changed to “Title 18, which concerns federal” (page 12); the word “of” was inserted in “current of hyper-partisanship” (page 13); the word “that” was inserted into “view that is comprehensible” (page 16); an errantly typeset dash was corrected from a hyphen to a true dash (page 41); various number artifacts (e.g., a footnote reference numbers or headnote reference number) were removed from the case text (including page 52). Page numbers had been missing from the first pages of chapters; those are now present. Section symbols stranded across line breaks from their associated numbers were reunited with their number on multiple pages. I also inserted nonbreaking spaces before section breaks throughout the document, although this will be invisible to readers. Awkward line breaks where small elements were stranded over a line break (e.g., a line break after “18” in “18 U.S.C.” or after a numeral in parentheses where that’s numbering a subsequent clause) were fixed, including on pages 16 and 17. Indentation for clauses coinciding with the clause structure was added to statutory text on pages 63 and 64. The version number was changed from 1.00 to 1.01 on pages 3 and 4. On page 4 the boxed paragraph was added, and on that same page a parenthetical about the 1.01 version being posted in 2023 was inserted. The Volume Revision Notes (that you are reading now) were added.

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