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Trademark

Trademarks are different.¹ Patents and copyrights are grounded on a theory of *creation*. The inventor or the author comes up with new information. That information is valued by the public because it helps to do something useful in the world, or because the human mind appreciates it for its own sake. Exclusive rights provide an incentive to create this information, or help to share it with the public.

That is not at all how trademarks work. Suppose that the Knockoff Soda Corporation starts selling a cola in red cans bearing the familiar COCA-COLA name and logo.² There are various reasons we might describe this as wrongful:

- Most obviously, there is a *consumer protection* rationale: some consumers will be deceived into buying a can of soda made by Knockoff rather than by the Coca-Cola Company.
- There is an *unfair competition* angle: Knockoff unjustifiably free rides on the Coca-Cola Company's reputation for quality.
- More subtly, there is a *search costs* rationale. If consumers cannot quickly tell the difference between a can of COCA-COLA made by Knockoff and one made by Coca-Cola, they will spend more time inspecting cans in minute detail, or give up entirely.
- And perhaps there is a *cultural*³ angle, given the importance of brands like COCA-COLA in modern society.

Whatever the reason, trademark law gives Coca-Cola the right to sue Knockoff for causing consumer confusion about the source of its goods. To summarize in a nutshell, a seller owns a trademark when consumers associate the mark with that seller's goods. If someone else uses the trademark on their own goods in a way that causes consumers to be confused about whose goods are whose, that is trademark infringement.

Trademark law is a large and sprawling thing. It is a hybrid of state and federal protection; the two regimes interrelate so thoroughly that they must be studied together. It has a clear core of liability, surrounded by a messy penumbra of related causes of action. And its subject matter has expanded greatly over time.

The modern federal trademark statute was passed in 1946 and is

1. The leading trademark treatises are J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (2021); LOUIS ALTMAN & MALLA POLLACK, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS, AND MONOPOLIES (2021); JEROME GILSON & ANNE GILSON LALONDE, GILSON ON TRADEMARKS (2021); SIEGRUN D. KANE, KANE ON TRADEMARK LAW: A PRACTITIONER'S GUIDE (2021).
2. It is common to write trademarks consisting of words or phrases – so-called *word marks* – in small caps or all caps to indicate that one is writing about the trademark.
3. "What's great about this country is that America started the tradition where the richest consumers buy essentially the same things as the poorest. You can be watching TV and see Coca-Cola, and you know that the President drinks Coke, Liz Taylor drinks Coke, and just think, you can drink Coke, too. A Coke is a Coke and no amount of money can get you a better Coke than the one the bum on the corner is drinking. All the Cokes are the same and all the Cokes are good. Liz Taylor knows it, the President knows it, the bum knows it, and you know it." – Andy Warhol

codified at 15 U.S.C. §§ 1051 *et seq.* It is named the Lanham Act after its lead sponsor, Representative Fritz Lanham. Most sections are referred to interchangeably by their U.S. Code section numbers and their Lanham Act section numbers. I will use the Lanham Act numbers, but if you do any trademark work you will need to be familiar with both. Unusually for federal IP laws, the Lanham Act takes state trademark law as given, and provides a federal overlay of rights and remedies on top of state-created rights. One of the things that the Lanham Act lets trademark owners do is *register* their trademarks with the USPTO, giving them nationwide rights and putting everyone else on notice of their claims.

Drug Stamps

You are an assistant district attorney in a large city. You have been approached by Captain Carver from the drug-enforcement task force with some questions about trademark law. She observes that many local drug dealers sell heroin in single-dose bags for about \$10. Frequently, the bags are labeled with a “stamp”: a phrase, image, or both. Stamps include EXORCIST, FLATLINE, GET HIGH OR DIE TRYING (this one is laced with fentanyl), PANDEMIC, WMD, and RED TOPS, among many others.

Carver has observed that one local drug ring uses FROSTED FLAKES and LUCKY CHARMS as stamps, which are trademarks of Kellogg’s and General Mills, respectively. She proposes using trademark law to seize the bags as counterfeit marks, to invite the cereal companies to file civil suits against the drug rings, and to add criminal trademark infringement to the list of charges your office pursues.

Explain to Carver why drug dealers mark their bags in this way, whether these are legally enforceable trademarks, and whether her proposed plan will improve public safety.

A Subject Matter

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.⁴

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.



SHOOTERS drug stamp

4. 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. *Anti-Monopoly, Inc. v. Gen. Mills Fun Grp.*, 684 F.2d 1316 (9th Cir. 1982).

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.

It is conventional to start a discussion of trademark subject matter with *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.

The basic idea of distinctiveness is that some symbols cannot serve as trademarks because they describe features of the product, rather than identifying its source. We start with word marks, because they are conceptually simplest. Then we turn to how distinctiveness works for other types of subject matter: images, colors, scents, etc.

1 Word Marks

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 marks into one of five categories along a "hierarchy of distinctiveness": *generic*, *descriptive*, *suggestive*, *arbitrary*, and *fanciful*. The following summary is conventional:

Zatarains, Inc. v. Oak Grove Smokehouse, Inc.
698 F.2d 786 (5th Cir. 1983)

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.

To summarize, generic terms (the least distinctive) are at the bottom of the hierarchy, and fanciful terms (the most distinctive) are 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 terms have a preexisting non-trademark meaning that it is so strong it is legally conclusive. It’s not just that consumers will always think that WATER refers to water sold by anyone rather than by one particular company. It’s also that there is a competitive need to be able to describe products using the generic term for the class of goods. If you can’t call your water “water,” what else are you supposed to call it?
- Descriptive terms also have a preexisting non-trademark meaning, but it is one that can be supplanted in consumers’ minds. Eventually, with enough exposure, they may well come to think of “Vision Center” as a particular eyewear chain. When they do, the

mark is said to have *secondary meaning* in consumers' minds.

- Suggestive marks hint at non-trademark meanings but are linguistically different enough that consumers see the trademark meaning first and pick up on the descriptive meaning 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. No one sees APPLE and believes that the computers are made out of apples.
- Fanciful marks have no preexisting meaning at all to compete with the trademark meaning. No one had seen an EXXON before the oil and gas company adopted it as its name, and to this day, any time you see one, it's part of the company's branding.

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.

Descriptive vs. Suggestive Marks

The following two cases are examples of the descriptive/suggestive line. In *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, the marks fall on the descriptive side of the line, so they are protectable only with proof of secondary meaning. (One of the two marks has it; the other does not.) In

Innovation Ventures, LLC v. N.V.E., Inc., the mark falls on the suggestive side of the line, so it is protectable immediately, whether or not it has secondary meaning.

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

698 F.2d 786 (5th Cir. 1983)

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.

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." 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."spices. 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

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



Zatarain's Fish-Fri



Zatarain's Chick-Fri

product is now labelled “FISH AND VEGETABLE FRY.” Another batter mix, “YOGI Brand[®] OYSTER SHRIMP and FISH FRY,” is also available. A product called “Golden Dipt Old South Fish Fry” has recently entered the market as well. . . .

B. “FISH-FRI”³

1. Classification

Throughout this litigation, Zatarain’s has maintained that the term “Fish-Fri” is a suggestive mark. Oak Grove and Visko’s assert that “fish fry” is a generic term identifying a class of food-stuffs used to fry fish; alternatively, Oak Grove and Visko’s argue that “fish fry” is merely descriptive of the characteristics of the product.

We are mindful that the concept of descriptiveness must be construed rather broadly. 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. 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 the 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* 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 imagina-



Oak Grove’s Fish Fry

tion 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. 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.

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.

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."

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

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. ...

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.

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.

3. 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.

8. 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.

Innovation Ventures, LLC v. N.V.E., Inc.
694 F.3d 723 (6th Cir. 2012)

[The plaintiff sold a beverage using the mark 5-HOUR ENERGY. It sued the makers of 6 HOUR POWER.] The 5-HOUR ENERGY mark could be characterized as merely descriptive, in the sense that it simply describes a product that will give someone five hours of energy. But that is not the end of such an inquiry. The first question one would ask is how would the energy be transferred? Through food? Through drink? Through injections? Through pills? Through exercise? Also, one would ask what kind of energy is the mark referring to? Food energy (measured in Calories)? Electrical energy? Nuclear energy? With some thought, one could arrive at the conclusion that the mark refers to an energy shot. But it is not as straightforward as NVE suggests. Such cognitive inferences are indicative of "suggestive" rather than descriptive marks.

The nature of the 5-HOUR ENERGY mark "shares a closer kinship with those marks previously designated as suggestive than those labeled merely descriptive because of the degree of inferential reasoning necessary for a consumer to discern" that the 5-HOUR ENERGY mark relates to an energy shot. The connection between "5-hour" and "ENERGY" is "not so obvious that a consumer seeing 5-HOUR ENERGY in isolation would know that the term refers to" an energy shot rather than, for example, a battery for electronics, an exercise program, a backup generator, or a snack for endurance sports. Connecting the mark 5-HOUR ENERGY with the energy-shot product requires imagination and perception to determine the nature of the goods.



5-Hour Energy and 6 Hour Power

Generic vs. Descriptive Marks

A generic mark is a descriptive mark on steroids. It does not merely describe characteristics of the goods; it is the name by which the goods themselves are known. There are two subtly different things going on when a court holds that WATER is generic for bottled water. One is a factual claim: it is asserting that no amount of advertising would ever actually convince consumers that WATER refers to the bottles of water sold by the Amalgamated Consolidated Bottling Company. The other is a legal proposition: it *does not matter* whether AmalConsol persuades consumers to refer to its bottles exclusively as WATER. Other sellers of

bottled water have a *competitive need* to use the term “water” to describe their own bottles, so that it would be anti-competitive to allow AmalConsol to monopolize the word. On this latter view – which more closely corresponds to the caselaw – the difference between generic and descriptive marks is not so much a survey-style question of how consumers perceive the mark as it is a broader one of whether competing sellers can concisely and accurately market their own products if they are deprived of the use of the term. In other words, generic terms are such fundamental linguistic building blocks that they must be available to all.

An interesting example of *de jure* generic marks is the rule that titles of “single creative works” are not valid trademarks. The title of a book or movie is the unique name by which a unique creative work is known. As such, it has *descriptive* meaning rather than *trademark* meaning:

The purchaser of a book is . . . pointing out which one out of millions of distinct titles he wants, designating the book by its name. It is just as though one walked into a grocery and said “I want some food” and in response to the question “What kind of food?” said, “A can of chicken noodle soup.”⁵

In *In re Cooper*, for example, the court held that TEENY-BIG, the title of a children’s book about “a little elf with magic powers of self-expansion named Teeny-Big,” was not a protectable trademark.⁶

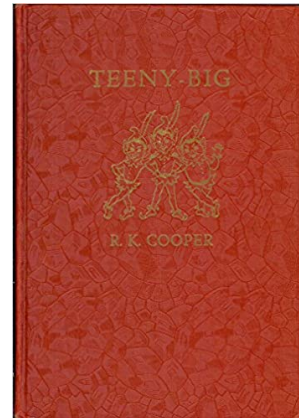
The single-creative-work doctrine dovetails with the rule that creative works are copyrightable but titles are not. First, no one else can sell their own unauthorized edition of *Teeny-Big* while it remains under copyright, so there is no need to give a trademark in the title to protect the creative work. Second, when *Teeny-Big* comes out of copyright, no publisher can use a trademark in TEENY-BIG to obtain backdoor exclusive rights over the work itself. And third, in the meantime, the doctrine leaves others free to title their own books *Teeny-Big*. There are no exclusive rights over titles.

The single-creative-work doctrine, however, only applies to “titles” of “single” creative works. A publisher’s trademark is not a title; RANDOM HOUSE identifies Penguin Random House as the source of the many books it publishes. And the name of a *series* of creative works can be trademarked, because it ensures that “each book of the series comes from the same source as the others.”⁷ Thus, GOOSEBUMPS is a valid trademark for the 200+ books in the children’s horror series by R.L. Stine.

Linguistic Variations

Understanding what impression a term creates in consumers’ minds requires engaging with the details of how people use language. Sometimes, combining two generic terms simply results in another generic term. SCREEN is generic for computer screens and WIPE is generic for cleaning cloths; the combination SCREENWIPE is generic for cloths for cleaning computer screens.⁸ But in other cases, the combined term “evokes a new and unique commercial impression” and is more than the sum

5. *In re Cooper*, 254 F.2d 611, 614–15 (C.C.P.A. 1958) (Rich, J.).



R.K. Cooper, *Teeny-Big* (1953)

6. *Id.*

7. *Id.* at 615.



Approximately one quarter of the GOOSEBUMPS books by R.L. Stine

8. U.S. PAT. & TRADEMARK OFF., TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1209.03(d) (2021) [hereinafter TMEP].

of its parts.⁹ SUGAR is descriptive of baked goods, and so is SPICE, but SUGAR & SPICE is suggestive, because it evokes the nursery-rhyme phrase “Sugar and spice and everything nice.”¹⁰ Thus, the meanings of individual parts of a composite phrase are a necessary starting point, but the ultimate question is whether the phrase as a whole is distinctive.

An important consequence of this rule is that having rights over a phrase as a whole does not necessarily give rights over its components. The owner of the SUGAR & SPICE mark may be able to enforce its rights against other bakeries that use the phrase SUGAR & SPICE as a whole, but not against bakeries that use SUGAR alone. The USPTO requires registrants to explicitly disclaim unprotectable elements of trademarks. For example, BILL’S CARPETS is a protectable trademark, but Bill’s registration will bear the statement “No claim is made to the exclusive right to use CARPETS apart from the mark as shown.”¹¹

Similarly, “The foreign equivalent of a merely descriptive English word is no more [distinctive] than the English word itself.”¹² Thus, SAPORITO, which is Italian for “tasty,” was descriptive for dry sausage. This *doctrine of foreign equivalents* only applies when the “ordinary American purchaser who is knowledgeable in the foreign language” would recognize the term. The point of the rule is that terms do not become more or less distinctive depending on which language they are in, not that they are mechanically translated from one language to another.

A similar rule applies to acronyms and initialisms.¹³ They are descriptive when consumers recognize them as synonyms for a full, spelled-out descriptive term.¹⁴ Thus NKJV, which is short for “New King James Version,” was descriptive of bibles, but CMS, which is short for “cabernet, merlot, and syrah,” was distinctive for wine.

The same general rule also applies to the modern practice of slapping an i or e on the start of a word, making it into a hashtag with a #, or sticking a “.com” on the end. In *US Patent & Trademark Office v. Booking.com BV*, the Supreme Court held that BOOKING.COM was not generic for online hotel-reservation services, even though BOOKING by itself is. The question is always, always, always what “that term, taken as a whole, signifies to consumers.”¹⁵

2 Design Marks

So far, we have been discussing *word marks*, which consist only of characters. But this is not the only type of mark. A mark can be enriched by adding graphical elements such as typeface, color, layout, images, etc. And some trademarks have no words at all: they are logos, pure and simple. Collectively, these marks with graphical elements are known as *design marks*. Importantly, adding these elements can often affect the distinctiveness of a mark. A standard test for whether a design is distinctive comes from *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*:

In determining whether a design is arbitrary or distinctive this court has looked to whether it was a common ba-

9. *Id.*

10. *Id.*

11. *Id.* §§ 1213.05(b)(/)(i)(i)(/)(D), 1213.08(a)(i).

12. *Id.* § 1209.03(g).

13. An “acronym” such as NASA is pronounced as a unit; an initialism such as FBI is pronounced letter-by-letter.

14. TMEP, *supra* note 8, at 1209.03/h.

15. *US Pat. & Trademark Off. v. Booking.com BV*, 140 S. Ct. 2298, 2304 (2020). See generally TMEP, *supra* note 8, § 1202.18.

sic shape or design, whether it was unique or unusual in a particular field, 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, or whether it was capable of creating a commercial impression distinct from the accompanying words.¹⁶

The following excerpt illustrates the analysis of a design mark. Observe how it differs from the analyses of word marks above.

Star Industries, Inc. v. Bacardi & Co. Ltd.
412 F.3d 373 (2d Cir. 2005)

In June 1996, inspired by the success of flavored vodkas introduced by leading international companies such as Stolichnaya, Star's president decided to develop an orange-flavored Georgi vodka. A new label was designed, consisting of the traditional Georgi label, which contains a coat of arms and a logo consisting of stylized capital letters spelling 'Georgi' on a white background, together with three new elements: an orange slice, the words "orange flavored," and a large elliptical letter "O" appearing below the "Georgi" logo and surrounding all of the other elements. The "O" was rendered as a vertical oval, with the outline of the "O" slightly wider along the sides (about one quarter inch thick) and narrowing at the top and bottom (about one eighth inch thick); the outline of the "O" is colored orange and decorated with two thin gold lines, one bordering the inside and one bordering the outside of the outline. Star was apparently the first company to distribute an orange-flavored alcoholic beverage packaged in a bottle bearing a large elliptical orange letter "O." . . .

The district court erred when it described the Star "O" as a basic geometric shape or letter, and therefore rejected inherent distinctiveness and required a showing of secondary meaning. The Star "O" is not a "common basic shape" or letter, and the district court's holding to the contrary was premised on a misunderstanding of this trademark law concept. Unshaded linear representations of common shapes or letters are referred to as "basic." They are not protectable as inherently distinctive, because to protect them as trademarks would be to deprive competitors of fundamental communicative devices essential to the dissemination of information to consumers. However, stylized letters or shapes are not "basic," and are protectable when original within the relevant market. Star's "O" is sufficiently stylized to be inherently distinctive and therefore protectable as a trademark. It is stylized with respect to shading, border, and thickness, and each of these design elements distinguishes it from the simple or basic shapes and letters that have been held unprotectable.

16. *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977).



Georgi O

The Star “O” design had sufficient shape and color stylization to render it slightly more than a simply linear representation of an ellipse or the letter “O.” It was, furthermore, a unique design in the alcoholic beverage industry at the time it was introduced. This suffices to establish its inherent distinctiveness and thus its protectability. Furthermore, the Star “O” design is protectable separately from the other design elements on the Georgi orange-flavored vodka label precisely because the “O” design is itself inherently distinctive. However, the extent of stylization was marginal at best. The outline of the “O,” though not uniform, is ordinary in its slightly varying width, and the interior and exterior borders are also ordinary. The result is a “thin” or weak mark, which will be entitled to only limited protection.

The result of the thin protection was that there was no likelihood of confusion when Bacardi marketed an orange-flavored rum with a label “consisting of the Bacardi logo and bat symbol above a large elliptical orange] letter ‘O’ against a clear background.” If Bacardi had used the full Georgi coat of arms, and not just an orange O, it would likely have infringed.

A more sophisticated version of a design mark is a *motion mark*: a mark that is animated (just as an audiovisual work in copyright is a sequence of related images). It is hard to put a motion mark on most products or packages, but they are easier to use in screen-based media. An animated logo that loops on an app’s loading screen is a motion mark; so is the short video clip that identifies a movie studio at the start of a film.

3 Exotic Marks

A few types of unusual subject matter – sounds, fragrances, flavors, and colors by themselves – are called *exotic* to distinguish them from the more common word and design marks. The Lanham Act refers broadly to “any word, name, symbol, or device” capable of distinguishing one source from another.¹⁷ The Supreme Court has interpreted this language as making exotic marks protectable as trademarks: “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.”¹⁸

Exotic marks pose four related challenges. First, consumers may not notice that they are intended as marks: brand names and logos stand out in a way that colors and sounds may not. Second, they are often product features: there are good non-trademark reasons for a candle to smell the way it does. Third, there may be a limited supply of them: the human brain has a much harder time distinguishing colors than it does images or phrases. And fourth, it can be difficult to provide notice of claimed exotic marks: how would you create a searchable register of fragrances?



Bacardi O

In view of these difficulties, the Supreme Court has held that exotic marks are protectable only when they have secondary meaning.¹⁹ In other words, exotic marks are at best descriptive; they can never be suggestive, arbitrary, or fanciful.

In *Qualitex Co. v. Jacobson Products Co.*, the Supreme Court considered whether a color by itself could be a protectable trademark.²⁰ Qualitex sold dry-cleaning press pads with a green-gold color.²¹ A rival, Jacobson Products, colored its own press pads a similar color. Qualitex sued, and Jacobson argued that the green-gold color by itself could not function as a trademark. The Supreme Court held that it could, because “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.”²² If consumers actually associate the green-gold color with Qualitex’s pads, then it is distinctive in the sense that trademark law cares about.

This is wholly plausible. Think of a red-and-yellow fast-food restaurant, or a pink-and-orange donut shop. If MCDONALDS and DUNKIN come to mind, then these color combinations are functioning as trademarks. Pantone PMS 3425 C is STARBUCKS green, Pantone PMS 1837 is TIFFANY blue, and Pantone PMS 476 C is UPS brown.

Qualitex opened the floodgates, but what has come through has been more like a trickle. The pink of Owens-Corning fiberglass insulation is registered, but the yellow color of a CHEERIOS box was held by the TTAB not to have secondary meaning.²³ Color marks remain a tiny fraction of all registered marks.

Sound marks are rare. It is not hard to create a recognizable sound. The Twentieth Century Fox fanfare, for example, does not sound like anything naturally occurring. It is registered, and so are the Aflac duck quack and the Tetris melody. Instead, the hard part is getting consumers to recognize that a sound is being used as a mark. The TMEP warns that sounds that “resemble or imitate ‘commonplace’ sounds or those to which listeners have been exposed under different circumstances, which must be shown to have acquired distinctiveness.”²⁴ It gives as examples “alarm clocks, appliances that include audible alarms or signals, telephones, and personal security alarms,” all of which “make the sound in their normal course of operation.”²⁵

Scent marks are incredibly rare. There are less than a dozen currently registered, many of which are questionable at best. OSEWEZ (pronounced “Oh Sew Easy”) registered “a high impact fresh floral fragrance reminiscent of plumeria blossoms” for yarn; Verizon registered “a flowery musk scent” for its retail stores. Both marks have lapsed.²⁶ Scent is an important part of branding; it is just that scent by itself is hard to protect as a trademark.

Flavor marks are nonexistent. The USPTO is open to the theoretical possibility that a flavor could acquire trademark meaning, but it has rejected several applications for pharmaceutical flavors. The TTAB has observed, with a skeptical tone, that “it is unclear how a flavor could

19. *Id.*

20. *Id.*

21. A dry-cleaning press pad is the cover that goes between a dry cleaning press and the clothes being pressed flat. They are one of the important consumables used in the dry-cleaning process.



Qualitex dry-cleaning pad

22. *Qualitex*, 514 U.S. at 163.



Pink Owens-Corning insulation. Can you identify any other potential trademarks in the image?

23. *In re Gen. Mills IP Holdings II, LLC*, 124 USPQ 2d 1016 (TTAB 2017).

function as a source indicator because flavor or taste generally performs a utilitarian function and consumers generally have no access to a product's flavor or taste prior to purchase."²⁷ And in *New York Pizzeria, Inc. v. Syal*, the court rejected an attempt to claim trademark rights in the flavor of pasta and pizza.

An important conceptual and practical problem with any exotic mark is how to describe the mark, both so that the USPTO can examine it and so that competitors can be aware of the scope of the owner's rights. The USPTO does not pay particularly close attention to the issues of accurate color reproduction and color profiles that graphic designers obsess over. For sound marks, applicants can submit a sound file, and the USPTO maintains a list of **sound marks** on its website. A quick skim of the list shows how hard it is to search the list for similarity to a proposed mark. The only reason this isn't a substantial problem is that so few sound marks are actually registered. For scent marks, matters are even worse. The USPTO's database includes only a textual description of the mark. Applicants must submit specimens of the scent, which can either be the actual goods, or, in the case of a scent used on packaging, a scratch-and-sniff sticker. But this is just for the examiner, not for trademark search. Again, the only reason this isn't completely unworkable is that so few scent marks are registered.

Distinctiveness Jeopardy

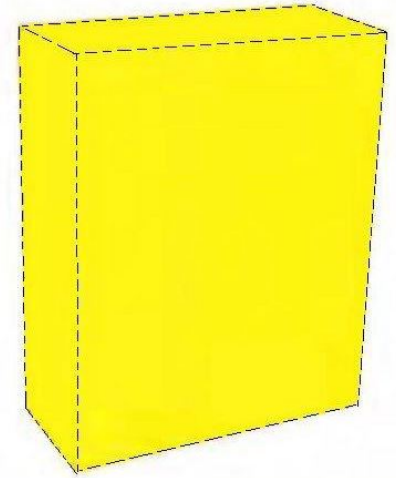
Come to class ready to classify trademarks as generic, descriptive, suggestive, arbitrary, or fanciful – and remember to phrase your answers in the form of a question.

Melting Bad

You are the general counsel of Blancorp, a medium-sized scientific and industrial chemical supply firm named for its founder and CEO, Walter Blanco. He has been hoping for years to break in to the snow-and-ice melter market with his own line of salts for homeowners, businesses, and cities to spread on streets and sidewalks after snowstorms. Blancorp's research chemists have been studying a type of naturally occurring rock salt from Quebec, Canada. Known locally as *le loup bleu* (French for "the blue wolf"), this particular variety is notable for its cobalt blue color and its remarkable resistance to clumping. (Some other melters are either naturally or dyed blue, but they all have lighter shades, Blanco assures you.)

Blanco has informed you that his chemists have succeeded in replicating *le loup bleu* in the lab, with high purity, the same blue color, and the same resistance to clumping. He has asked them to start full-scale production immediately, and has come to you to discuss potential trademarks. Give Blanco your advice on which of the following would be good choices from a legal and business perspectives:

- ALL-NATURAL BLUE
- ICE MELT



The "mark" that General Mills attempted to register for the Cheerios box. The dashed lines indicate that the box shape is not part of the claimed mark. It really is just the yellow color by itself.

24. TMEP, *supra* note 8, § 1202.15.
25. *Id.*
26. For obvious reasons, I am unable to include samples in these materials.
27. *In re N.V. Organon*, 79 USPQ 2d 1639, 1650–51 (TTAB 2006).

- LOUP BLEU
- CLUMPLESS
- COBALT WOLF
- QUIZMARUNK
- Sell the salt in a bag with a line drawing of a wolf

Do you have any other ideas or advice?

B Ownership

The basic dogma of trademark ownership in the United States is that *trademark rights flow from use*. Whoever first uses a mark in a way that creates goodwill in consumers' minds owns the mark and can prevent others from using it in a way that causes confusion.

There are two complications for this dogma. The first is that only sufficiently commercial uses count as "use." The second is that trademark law is an intricate blend of state and federal law, so that who was first can be a subtle question.

1 Thresholds

Not every use of a mark builds goodwill. We have already seen that a use can fail to build goodwill because a mark is descriptive or generic: consumers perceive it as describing the goods, rather than their source. But there could also be a problem with the *use* rather than with the *mark*.

First, descriptiveness is not the only kind of non-trademark meaning. An American flag in an ad for pickup trucks is a general expression of patriotic sentiment, rather than an identification of a specific brand. Trademark law operationalizes this instinct with the *failure to function* doctrine: a mark could be theoretically distinctive but not actually used in a way that leads consumers to perceive it as a trademark, rather than a communicative message or decorative flourish.

Second, a use can fail to build goodwill because there is nothing for consumer perceptions of source to connect up with. Trademark law operationalizes this idea with the requirement of *use in commerce*. Only uses that lead consumers to view the mark as an indication of source for goods or services do.

Third, under the federal Lanham Act, only *lawful use* counts; illegal uses may build consumer familiarity, but they don't create trademark rights.

a Failure to Function

Descriptiveness is not the only kind of non-trademark meaning. A phrase or symbol might be unique (and thus theoretically capable of being distinctive) and yet still not be recognizable as a trademark. The doctrinal name for this case is *failure to function as a mark*.²⁸ The following case illustrates a typical application:

28. Arguably, the real problem with exotic marks is failure to function: even when they are distinctive, consumers do not readily perceive them as marks.



Schmidt's specimen of the mark in use

In re Schmidt

App. No. 85910031 (USPTO Office Action July 12, 2013)

[Schmidt applied to the USPTO to register BOSTON STRONG as a trademark for "Athletic apparel, namely, shirts, pants, jackets, footwear, hats and caps, athletic uniforms." The following is the "office action" letter that the trademark examiner sent to Schmidt explaining why his application had been refused.]

MARK DOES NOT FUNCTION AS A TRADEMARK

Registration is refused because the applied-for mark merely conveys an informational social, political, religious, or similar kind of message; it does not function as a trademark or service mark to indicate the source of applicant's goods and/or services and to identify and distinguish them from others. see *In re Eagle Crest, Inc.* (holding ONCE A MARINE, ALWAYS A MARINE not registrable for clothing items because the mark would be perceived as an old and familiar Marine expression and not a trademark); *In re Volvo Cars of N. Am., Inc.* (holding DRIVE SAFELY not registrable for automobiles and automobile parts because the mark would be perceived as a familiar safety admonition and not a trademark).

Determining whether a term or slogan functions as a trademark or service mark depends on how it would be perceived by the relevant public. Slogans or terms that merely convey an informational message are not registrable. The more commonly a term or slogan is used in everyday speech, the less likely the public will use it to identify only one source and the less likely the term or slogan will be recognized by purchasers as a trademark or service mark.

On April 15, 2013, a bombing occurred at the Boston Marathon that resulted in 3 deaths and more than 260 persons being injured. Following that event, the motto or slogan, "BOSTON STRONG," emerged, representing a proud mix of resiliency and defiance, an attitude rooted in local culture. The slogan represented the victims of the bombing, now rebuilding their lives; the law enforcement efforts during the manhunt; the decision, by athletes and organizers, to run the Marathon in 2014. It began in the immediate aftermath of the marathon bombing havoc as nothing but good intention to unify the city and the relief effort.

Subsequently, use of the phrase spread beyond fundraising, and appeared plastered on t-shirts, bracelets," and "sports fans took it over as a rallying cry. It has resulted in a Facebook website; is used by the Boston Red Sox baseball club; appears on shoelace medallions; was the name of a concert in support of the marathon bombing victims; is the title of a planned movie about the marathon bombing; and appears emblazoned across the front of t-shirts provided by numerous different entities.

The use of the slogan is so widespread with respect to the marathon bombing as well as other uses, that its use has become ubiquitous.

Based on the foregoing, consumers are accustomed to seeing this motto or slogan used with respect to the marathon bombing, sporting events, as well as on a variety of consumer goods. Because consumers are accustomed to seeing this slogan or motto commonly used in everyday speech by many different sources, the public will not perceive the motto or slogan as a trademark that identifies the source of applicant's goods but rather only as conveying an informational message.

Note that failure to function is different than descriptiveness.²⁹ The shirts themselves were not "Boston strong"; consumers would not think that the phrase was a description of the products. The point is that the phrase has an informational message, and an informational message is a kind of non-trademark meaning. No one looking at the shirts would think that John Schmidt made them because they say BOSTON STRONG.

Similarly, purely *decorative* aspects of the goods lack trademark meaning. A paisley pattern on a necktie isn't a trademark for anything; it just looks nice.³⁰

b Use in Commerce

Trademark law is a kind of consumer law. Goodwill is a thing that exists in the minds of consumers: people who go to the market to obtain goods and services. If you show your mark only to your family and friends, they aren't consumers; they don't count. And the same is true if you show your mark to the general public untethered from any kind of producer-consumer relationship. If you hire planes to skywrite SPOONMASTER across the skies, but you don't sell anything under that mark and don't plan to, there is no goodwill, because you have not created a goods-source association in the minds of consumers. It's an art project, not a trademark use in commerce.

Consider *Galt House Inc. v. Home Supply Co.*³¹ The Galt House Hotel was a famous hotel built in Louisville, Kentucky in 1835. Charles Dickens slept there and praised it, saying "We slept at the Galt House; a splendid hotel; and were as handsomely lodged as though we had been in Paris, rather than hundreds of miles beyond the Alleghanies." It was the scene of a notorious murder in 1838, and another in 1862, when one Union general shot and killed another. Three hotels by that name stood on the site – the second burned down in 1865 and had to be rebuilt – the last of which closed in 1920. The company that had operated it continued to exist until 1961, when its corporate charter expired.

In 1964, Arch Stallard, Sr., a real-estate broker, incorporated a new company under the name "Galt House." He made a few inquiries about possible locations for a hotel, but took no other concrete actions. In 1969,



The first Galt House



The second Galt House



The third Galt House

a competitor, the Home Supply Company, run by A.J. Schneider, submitted plans for a hotel under the name "Galt House," and began construction in 1970. It began taking reservations, but in 1971, before it opened, Stallard and his Galt House company filed suit.

From a trademark perspective, Schneider and Home Supply were first to use the GALT HOUSE trademark, *not* Stallard. As of 1964, when our modern story begins, the GALT HOUSE mark was unowned and up for grabs. By 1961, the former Galt House hotel's operators had no remaining trademark rights. Even if they had such rights, there was no continuity of ownership between them and Stallard. He had no better claim to the mantle of the storied Galt House than you or I or Home Supply. Stallard obtained no *trademark* rights by incorporating a company under the Galt House name; a business name is not a trademark. It is missing the essential quality of trademark rights: using the mark in commerce to build goodwill in consumers' minds.

Instead, Home Supply had trademark rights when it began *advertising and taking reservations*. These activities led consumers to associate GALT HOUSE with a particular hotel on a particular site and a particular business operating it. If you want to stay at a GALT HOUSE, you go to 140 North Fourth Street in Louisville, and you call Home Supply's phone number. That was use creating goodwill, and it gave Home Supply *priority* in the GALT HOUSE mark, making it the senior user.

What is "Commerce?"

The use-in-commerce requirement seems like it would exclude non-profit uses. But the courts have read "in commerce" very broadly. Charities are "in commerce" when they solicit donations; in a sense, the non-profits are marketing to consumers the service of doing good in the world.³² They are also "in commerce" when they provide meals for seniors or create art installations. You don't necessarily have to pay in money for their goods and services; you are still a consumer when you choose to rely on their services over others', or to spend your time going to attend their free exhibition. The following case illustrates how courts can find commerce even when no money changes hands.

Planetary Motion, Inc. v. Techsplosion, Inc.

261 F.3d 1188 (11th Cir. 2001)

[In 1994, Byron Darrah released an email program he named Coolmail. He made Coolmail available by posting it for download online and released it under the GNU General Public License, which allows users to copy, distribute, and modify the software as long as they adhere to various conditions, such as releasing any modified versions under the GPL.]

We find that, under these principles, Darrah's activities under the COOLMAIL mark constitute a "use in commerce" sufficiently public to create ownership rights in the mark. The distri-



The fourth (and current) Galt House

32. Compare how the Church of Scientology could hold trade secrets in *Netcom II*.

bution was widespread, and there is evidence that members of the targeted public actually associated the mark COOLMAIL with the Software to which it was affixed. Darrah made the software available not merely to a discrete or select group (such as friends and acquaintances, or at a trade show with limited attendance), but to numerous end-users via the Internet. The Software was posted under a filename bearing the COOLMAIL mark on a site accessible to anyone who had access to the Internet. End-users communicated with Darrah regarding the Software by referencing the COOLMAIL mark in their e-mails. Appellants argue that only technically-skilled UNIX users made use of the Software, but there is no evidence that they were so few in number to warrant a finding of de minimis use.

The mark served to identify the source of the Software. The COOLMAIL mark appeared in the subject field and in the text of the announcement accompanying each release of the Software, thereby distinguishing the Software from other programs that might perform similar functions available on the Internet or sold in software compilations. The announcements also apparently indicated that Darrah was the "Author/Maintainer of Coolmail" and included his e-mail address. The user manual also indicated that the Software was named "Coolmail." The German company S.u.S.E. was able to locate Darrah in order to request permission to use his Software in its product under the mark "Coolmail." Appellants do not assert that S.u.S.E. was unaware that the Software was called COOLMAIL when it contacted Darrah. . . .

The sufficiency of use should be determined according to the customary practices of a particular industry. That the Software had been distributed pursuant to a GNU General Public License does not defeat trademark ownership, nor does this in any way compel a finding that Darrah abandoned his rights in trademark. . . . Software distributed pursuant to such a license is not necessarily ceded to the public domain and the licensor purports to retain ownership rights, which may or may not include rights to a mark. Because a GNU General Public License requires licensees who wish to copy, distribute, or modify the software to include a copyright notice, the license itself is evidence of Darrah's efforts to control the use of the COOLMAIL mark in connection with the Software.

Appellants cite *Heinemann v. General Motors Corp.*, 342 F. Supp. 203 (N.D. Ill. 1972), for the proposition that Darrah was a "hobbyist" unworthy of common law trademark protection. [Wilbur A. Heinemann was a car mechanic and hobbyist who in 1968 restored and modified a vintage 1932 Model A Ford, painted "The Judge" on the side, exhibited it at a car dealership, and raced it in several events. The court held that he did not use THE

JUDGE “in connection with a trade or business.”] *Heinemann* is factually distinguishable from the case at hand. . . .

The *Heinemann* court . . . found that plaintiff Heinemann’s activities consisted merely of occasionally racing or displaying the automobile at fairs as a hobby, as evidenced by his testimony that he was employed at an oil company. . . . Unlike Heinemann, Darrah’s activities pertained to his chosen profession. Darrah is employed as a computer systems administrator, which entails the management and oversight of computer networks and systems as well as the development of software in support thereof.

Appellants also rely on *DeCosta v. Columbia Broad. Sys., Inc.*, 520 F.2d 499 (1st Cir. 1975), to argue that Darrah is an eleemosynary individual and therefore unworthy of protection under unfair competition laws. [In *DeCosta* the plaintiff dressed up in a cowboy costume and made appearances at parades and rodeos. The court wrote, “This was perhaps one of the purest promotions ever staged, for plaintiff did not seek anything but the entertainment of others. He sold no product, services, or institution, charged no fees, and exploited only himself.”] The *DeCosta* court did not hold that the absence of a profit-oriented enterprise renders one an eleemosynary individual, nor did it hold that such individuals categorically are denied protection. Common law unfair competition protection extends to non-profit organizations because they nonetheless engage in competition with other organizations. Thus, an eleemosynary individual that uses a mark in connection with a good or service may nonetheless acquire ownership rights in the mark if there is sufficient evidence of competitive activity.

Here, Darrah’s activities bear elements of competition, notwithstanding his lack of an immediate profit-motive. By developing and distributing software under a particular mark, and taking steps to avoid ceding the Software to the public domain, Darrah made efforts to retain ownership rights in his Software and to ensure that his Software would be distinguishable from other developers who may have distributed similar or related software. Competitive activity need not be fueled solely by a desire for direct monetary gain. Darrah derived value from the distribution because he was able to improve his Software based on suggestions sent by end-users. Just as any other consumers, these end-users discriminate among and share information on available software. It is logical that as the Software improved, more end-users used his Software, thereby increasing Darrah’s recognition in his profession and the likelihood that the Software would be improved even further.

In light of the foregoing, the use of the mark in connection with the Software constitutes significant and substantial public

exposure of a mark sufficient to have created an association in the mind of the public.

The trademark-use requirement can create odd consequences around the margins – in particular, it encourages people to make *artificial* commercial uses purely to secure trademark rights. Consider the British artist who uses the pseudonym Banksy to create darkly satirical art. He is best-known for his stenciled graffiti murals typically created without the permission of the building owner), and his work has usually has strongly anti-capitalist messages. Whereas a more openly commercial artist would have no problem engaging in obviously commercial uses that would suffice to create trademark rights, a principled refusal to sell BANKSY merchandise leaves a gap that others could fill with their own bric-a-brac. Thus, in 2019, to prevent a greeting-card company from claiming trademark rights in BANKSY, he created a two-week exhibition in the form of a store named *Gross Domestic Product*. Its storefront windows displayed “Tony the Frosted Flakes tiger sacrificed as a living room rug, wooden dolls handing their babies off to smugglers in freight truck trailers, and welcome mats stitched from life jackets.”³³ The store itself was just a display, with nothing available for purchase inside, but an associated online store sold items including the welcome mats – stitched by refugees, with all proceeds donated back to them. The legal system told him he couldn’t have trademark rights without trademark use, so he found a way to make a trademark use on his own terms.

Duff

Duff beer is, or was, a fictional beer on the animated cartoon sitcom *The Simpsons*. Varieties mentioned on the show include Duff, Duff Dry, Duff Light, Duff Adequate, Raspberry Duff, Lady Duff, and Tartar Control Duff. Recently, the Fudd Corporation has started selling beer under the DUFF name. Fudd is unaffiliated with Twentieth Century Fox (which produces *The Simpsons*) and has not obtained permission from Fox. Your client is a chain of liquor stores considering whether it should stock Fudd’s products. What is your advice? Would it affect your answer if Fox sold a line of *Simpsons*-themed beers including DUFF? What if Fox gave away “DUFF beer” (actually ginger ale) to fans at conventions?

c Lawful Use

A legal violation in selling a product blocks the acquisition of trademark rights when two conditions are met. First, there must be a *nexus* between the use of the mark and the violation, one “sufficiently close to justify withholding trademark protection for that name until and unless the misbranding is cured.”³⁴ Second, the violation must be material to consumers, i.e. it is “of such gravity and significance that the usage must



Banksy’s *Gross Domestic Product*.



Duff beer “can”

be considered unlawful – so tainted that, as a matter of law, it can create no trademark rights.”³⁵

Consider *CreAgri, Inc. v. USANA Health Sciences, Inc.*, where CreAgri sold a dietary supplement under the name OLIVENOL.³⁶ Its label indicated that each tablet contained 25mg of hydroxytyrosol, an antioxidant found in olives – but the tablets actually contained 3mg or less. This made it misbranded under federal food-labeling law, which requires that the actual amount of a nutrient in a product be “at least equal to the value for that nutrient declared on the label.”³⁷ There was a nexus here because the violation was *misbranding*, which specifically deal to the relationship between a product’s name and its contents. The point of adopting OLIVENOL as the mark was that the tablets contained hydroxytyrosol just like olives do. The mark itself was a lie, especially in conjunction with the ingredients label. And it was material, because the misbranding affected every bottle sold. Compare *General Mills, Inc. v. Health Valley Foods*, where the first eighteen boxes of Fiber One were mislabeled, but the error was promptly corrected and the next 600,000 boxes were properly labeled.³⁸

One policy justification for the lawful-use requirement is that the government should not confer benefits on those who violate its own laws. This is perfectly reasonable on its own, but we have already seen patent and copyright take exactly the opposite view. A second policy is that conferring rights on illegal uses would reward careless sellers who rush to market by giving them priority over more careful sellers. This argument has more punch, because racing behavior is a serious concern in trademark law. The requirement of actual use is specifically designed to prevent businesses from hoarding trademarks not backed up by a real line of business. Still, the goodwill that illegal uses create is perfectly real, so this requirement cuts against the usual trademark policy of deferring to consumer understanding. A third policy view might be that this is a false-advertising policy and the rule has the most teeth where the trademark is deceptive because of the violation, as in *CreAgri*.³⁹

Cannabusiness

The sale of marijuana is legal under some states’ laws but remains illegal under federal law. Your client, Herbal Access, Inc. operates three dispensaries in the state of Colorado under the mark HERBAL ACCESS with a logo of a green marijuana leaf on a brown diamond. Herbal Access is interested in expanding into other states and has sought your advice on a suitable trademark strategy.

2 Priority at Common Law

The main source of trademark rights is state common law. Federal registration is an overlay onto this state system. It takes the existence of state trademark rights for granted, and then provides additional rights and remedies for trademark owners. Thus, we start with priority under state law. Fortunately, the common-law rules of priority are essentially

35. *Gen. Mills, Inc. v. Health Valley Foods*, 24 U.S.P.Q.2d 1270 (TTAB 1992). If these two elements sound duplicative and question-begging, they kind of are.

36. *CreAgri*, 474 F.3d 626.



Olivenol

37. 21 C.F.R. § 101.9(g)(4)(i).

38. *Gen. Mills*, 24 U.S.P.Q.2d 1270.

39. “In demanding compliance with sundry nontrademark laws, the PTO has lost sight of the statute it is supposed to administer. The Lanham Act does not require lawful use for registration, nor should it.”Robert A. Mikos

the same in every state.

A trademark is owned by whoever first uses it to build goodwill, i.e. consumers' association of a mark with goods from a particular source. If a mark has no such associations, anyone is free to use it and to teach consumers what it means. But once consumers have made that association with a business (the *senior user*), anyone else who subsequently uses the same mark (the *junior user*) infringes. Zatarain's was the senior user for FISH-FRI because it used the mark first and consumers associated the mark with Zatarain's products. Oak Grove was the junior user because it used FISH FRY after Zatarain's had built up trademark rights. That is why Zatarain's could sue Oak Grove for infringement, rather than vice versa.

Geographic Limits

Since consumers are located in a particular area, trademark rights are geographic. The senior user *in a given area* has priority. It follows that different users may be senior in different areas. If I start using a mark in one market and you start using it in another, I have priority in my region and you have priority in yours. The regions in which we have priority are defined as everything else in trademark law is: by looking to consumers' understandings. A user has priority where it has goodwill in consumers' minds.

This rule of geographic priority is known as the *Tea Rose/Rectanus* doctrine, after the leading cases. Here is one of them:

United Drug Co. v. Theodore Rectanus Co.

248 U.S. 90 (1918)

The essential facts are as follows: About the year 1877 Ellen M. Regis, a resident of Haverhill, Massachusetts, began to compound and distribute in a small way a preparation for medicinal use in cases of dyspepsia and some other ailments, to which she applied as a distinguishing name the word "Rex" – derived from her surname. The word was put upon the boxes and packages in which the medicine was placed upon the market, after the usual manner of a trade-mark. Subsequently, in the year 1911, petitioner purchased the business with the trade-mark right, and has carried it on in connection with its other business, which consists in the manufacture of medicinal preparations, and their distribution and sale through retail drug stores, known as "Rexall stores," situate in the different States of the Union, four of them being in Louisville, Kentucky.

Meanwhile, about the year 1883, Theodore Rectanus, a druggist in Louisville, familiarly known as "Rex," employed this word as a trade-mark for a medicinal preparation known as a "blood purifier." He continued this use to a considerable extent in Louisville and vicinity, spending money in advertising and build-



Rex blood purifier advertisement



Rexall dyspepsia tablets label

ing up a trade, so that – except for whatever effect might flow from Mrs. Regis' prior adoption of the word in Massachusetts, of which he was entirely ignorant – he was entitled to use the word as his trade-mark. In the year 1906 he sold his business, including the right to the use of the word, to respondent; and the use of the mark by him and afterwards by respondent was continuous from about the year 1883 until the filing of the bill in the year 1912.

Petitioner's first use of the word "Rex" in connection with the sale of drugs in Louisville or vicinity was in April, 1912, when two shipments of "Rex Dyspepsia Tablets," aggregating 150 boxes and valued at \$22.50, were sent to one of the "Rexall" stores in that city. Shortly after this the remedy was mentioned by name in local newspaper advertisements published by those stores. In the previous September, petitioner shipped a trifling amount – five boxes – to a drug store in Franklin, Kentucky, approximately 120 miles distant from Louisville. There is nothing to show that before this any customer in or near Kentucky had heard of the Regis remedy, with or without the description "Rex," or that this word ever possessed any meaning to the purchasing public in that State except as pointing to Rectanus and the Rectanus Company and their "blood purifier." That it did and does convey the latter meaning in Louisville and vicinity is proved without dispute. . . .

There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business. . . .

It results that the adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade. And the expression, sometimes met with, that a trade-mark right is not limited in its enjoyment by territorial bounds, is true only in the sense that wherever the trade goes, attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained.

Conceding everything that is claimed in behalf of the petitioner, the entire business conducted by Mrs. Regis and her firm prior to April, 1911, when petitioner acquired it, was confined to the New England States with inconsiderable sales in New York,

New Jersey, Canada, and Nova Scotia. There was nothing in all of this to give her any rights in Kentucky, where the principles of the common law obtain.

Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question. But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second producer amounts to an attempt to sell his goods as those of his competitor. The reason for the rule does not extend to a case where the same trade-mark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one thing in one market, an entirely different thing in another. It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one State, and by the use of it had built up a trade there, being the first appropriator in that jurisdiction, might afterwards be prevented from using it, with consequent injury to his trade and good-will, at the instance of one who theretofore had employed the same mark but only in other and remote jurisdictions, upon the ground that its first employment happened to antedate that of the first-mentioned trader.

In this case, as already remarked, there is no suggestion of a sinister purpose on the part of Rectanus or the Rectanus Company. And it results, as a necessary inference from what we have said, that petitioner, being the newcomer in that market, must enter it subject to whatever rights had previously been acquired there in good faith by the Rectanus Company and its predecessor. In that market, until petitioner entered it, "Rex" meant the Rectanus product, not that of Regis.

Another important qualification to geographic priority is that only a *good faith* user in a remote market can build up priority. If Shmexall started selling REX tablets in Louisville knowing of Rexall's tablets and intending to confuse consumers into buying its tablets instead, that would be a *bad faith* use. Knowledge (actual or constructive) of the remote user's trademark is not enough; the mark must have been adopted with the intent to create consumer confusion by trading on the remote user's goodwill.⁴⁰

Geography on the Internet

The Internet seemingly scrambles the assumption that trademark rights are geographic, because it enables a business anywhere to sell to customers everywhere. But the old concepts have proved surprisingly resilient. Consider *Dudley v. HealthSource Chiropractic, Inc.*, where Donald Dudley used the mark HEALTHSOURCE CHIROPRACTIC for his

chiropractic practice in Rochester, New York starting in 2003, for which he had a website using the mark.⁴¹ The defendant started franchising chiropractic practices under the name HEALTHSOURCE CHIROPRACTIC in 2006, initially in Ohio. It quickly expanded to 325 franchises nationwide. It awarded a franchise in Rochester to one Dr. Divito, which opened in April 2007.

Dudley argued that he was the senior user not just in Rochester but on the Internet. But “the Internet” is not a geographic place, “a geographic territory to be subdivided”;⁴² no one can have priority “there.” No consumers literally live *in the Internet*. Dudley’s website did not automatically give him priority over the defendant’s website.

Instead, the proper way to think about the Internet is as “a global communication medium that is accessible from anywhere on the planet.”⁴³ Giving Dudley senior-user trademark rights based solely on having his website would let him “monopolize the internet to the exclusion of other lawful users of the same mark.”⁴⁴ Dudley had priority in Rochester because that was where his customers were. But an online business that sells directly to users has goodwill everywhere it has customers. The goodwill lives where they do. Thus HSC was building up goodwill everywhere it had franchisees.

3 Federal Registration

Trademarks can be federally registered with the USPTO. Doing so creates nationwide rights, enforceable anywhere in the United States. The key to understanding how this works is to recognize that federal registration is a complement to state trademark rights, not a substitute for them.

Actual Use

Section 1(a)(1) of the Lanham Act is straightforward:

The *owner of a trademark used in commerce* may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application . . .⁴⁵

Read that again carefully. It says that the “owner” of a mark “may request registration.” If you are accustomed to patent law, this may strike you as backwards. Isn’t it the the registration that *makes* an applicant into a federal trademark owner?

No, and it is absolutely crucial to understand why not. The Lanham Act’s federal-registration system presumes that the states have functioning trademark systems based on use, as discussed above. A person who uses a trademark in connection with a business in a way that creates consumer goodwill thereby becomes a trademark owner under state law. So Lanham Act section 1(a)(1) says that a person who *already has* rights in a mark under state law is entitled to register that mark federally. This is called registration *based on use*.

41. Dudley v. HealthSource Chiropractic, Inc., 883 F.Supp.2d 377 (W.D.N.Y. 2012).



Plaintiff’s website logo, at <http://healthsourcechiropractic.com/>



Defendant’s website logo, at <http://healthsourcechiro.com/>

42. *Id.* at 394.

43. *Id.*

44. *Id.*

45. Lanham Act § 1(a)(1) (emphasis added)

One minor subtlety is that the Lanham Act’s “used in commerce” is tied to Congress’s power “to regulate commerce with foreign nations, and among the several states, and with the Indian tribes.”⁴⁶ Federal trademark law is based on the Commerce Clause, not the IP Clause.⁴⁷ So for federal registration, a trademark must not only be used in connection with a trade or business, as state law requires, but also used in interstate commerce. As of 2021, however, the courts’ interpretation of Commerce Clause authority is broad enough that this is essentially a non-issue.

Section 7 of the Lanham Act specifies the benefits that flow from registration, most importantly *constructive nationwide priority*:

(c) *Application to register mark considered constructive use.* – Contingent on the registration of a mark on the principal register provided by this chapter, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration.⁴⁸

As of the date it files (provided that the registration issues), a trademark registrant is deemed to have made use of the mark everywhere in the United States. It therefore gains priority in all unclaimed territory – everywhere that there is not already someone else using the mark. It does so even if it was second to use the mark in an absolute sense.

For a good example of what federal registration does and does not do, consider *Burger King of Florida, Inc. v. Hoots*.⁴⁹ Burger King of Florida (BKF) is the chain restaurant we all know. it opened its first BURGER KING restaurant in Jacksonville, Florida in 1953 and began expanding quickly. In 1957, Gene and Betty Hoots changed the name of their ice-cream restaurant in Mattoon, Illinois to BURGER KING. BKF opened its first Illinois restaurant in Skokie (200 miles away from Mattoon) in July 1961, and obtained federal registration in October. In 1962, BKF opened a restaurant in Champaign, Illinois (50 miles from Mattoon), and litigation ensued. Quoth the court:

We hold that [BKF’s] 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 Hoots], without knowledge of [BKF]’s prior use, actually used the mark before [BKF]’s federal registration.⁵⁰

That is, the Hoots’ rights to use the BURGER KING mark were frozen geographically exactly as they stood as of the moment at which BKF obtained its federal registration: in the area immediately around Mattoon. They had rights in that area under the *Tea Rose/Rectanus* doctrine, notwithstanding BKF’s earlier use in other states. But BKF’s registration gave it rights everywhere in the United States, including the rest of Illinois.

A natural corollary of the rule that registration establishes nationwide priority is that a registration blocks subsequent registrations for the same mark on the same goods. Section 2(d) of the Lanham Act

46. U.S. Const. art. I, § 8, cl. 3.

47. trademarkcases

48. Lanham Act § 7(c).

49. *Burger King of Fla., Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968).



The Hoots restaurant in Mattoon



Burger King’s logo



Logo used by Burger King’s franchisee in Australia. Can you guess the backstory?

50. *Id.* at 906.

prohibits registrations of “a mark which so resembles a [registered] mark . . . 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.”⁵¹ There is an important proviso, which is that concurrent registrations for the same mark are allowed when the respective uses would be nonconfusing. This could be because they are on unrelated goods (SPRAMP for children’s clothing versus SPRAMP for welding equipment), or because there are geographic restrictions on use (east versus west of the Mississippi).

Intent to Use

A system of registration based on actual use suffers from a timing problem. You’re only allowed to register a mark after you own it through use it in commerce. What if you start using the mark in Seattle on Monday and register it on Wednesday, but someone else starts using it in Baltimore on Tuesday? Or worse, what if they get wind of your plans and start using it on Tuesday and register it that same day? This is a headache for local restaurants and convenience stores; it is a nightmare for national brands planning major product launches.

Another downside of registration based on actual use is that the system all but guarantees litigation over which uses are sufficient to create enough rights for registration. In *Blue Bell, Inc. v. Farah Manufacturing Co., Inc.*, for example, two competing companies tried to launch TIME OUT lines of menswear.⁵² Farah shipped one pair of TIME OUT slacks to each of twelve regional managers on July 3, 1973. Meanwhile, Blue Bell slapped TIME OUT labels on several hundred pairs of its existing MR. HICKS slacks and shipped them out starting on July 5. Farah started shipping to customers in quantity in September and Blue Bell started in October. Farah won, based on its September shipments, but that is beside the point. It was an embarrassment that the trademark system let things get to this point at all. Companies selling millions of dollars worth of goods in good faith should not find themselves locked in a trademark conflict where priority turns on such minute and hard-to-predict details.⁵³

This is the problem that federal *intent-to-use* (or *ITU*) applications under Lanham Act section 1(b) solve:

A person who has a *bona fide intention*, under circumstances showing the good faith of such person, *to use a trademark in commerce* may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application . . .⁵⁴

There is no requirement that the applicant be an “owner” or have “made” a use in commerce. All that is required is the “intent” to use the mark in commerce.

By itself, an ITU filing creates no new federal rights. It is a placeholder. To create trademark rights, the applicant must file a “verified

51. Lanham Act § 2(d).

52. *Blue Bell, Inc. v. Farah Mfg. Co., Inc.*, 508 F.2d 1260 (5th Cir. 1975).

53. The pre-AIA first-to-invent system in patent law was subject to a similar critique.

54. Lanham Act § 1(b)(1) (emphasis added)

statement that the mark is in use in commerce.”⁵⁵ That is, they must have made a use in commerce, and file a follow-up *statement of use*. With that missing piece filled in, the registration can go forward, and if it issues, the effective priority date of the registration is *retroactive* to the date the ITU was filed. The statement of use is due within six months of the “notice of allowance” issued by the USPTO to confirm that the mark is registrable (except for the part about actually being used in commerce yet).⁵⁶ This time can be extended as of right for another six months upon request, and for another two years after that for good cause shown.⁵⁷

Thus, the ITU effectively holds an applicant’s place in line. This effectively creates a safe strategy for starting use of a new trademark. Pick your new trademark, and conduct a search to make sure that it’s not already registered or in use. Then file your ITU. You now have six months (or longer if needed) to start using the mark and to file the statement of use. This is sufficient for an orderly rollout. Moreover, the ITU will be published, giving other businesses fair warning of your intention and waving them off from choosing the same mark. To be sure, you must now publicly disclose the mark before you start using it, which can provide a tipoff about your future plans – but if you don’t like that tradeoff, you’re always welcome to skip the ITU and take your chances with a section 1(a) application based on actual use.

For an illustration of ITUs – and a review of everything we have covered about trademark use and priority, consider the following case.

Kelly Services, Inc. v. Creative Harbor, LLC
124 F. Supp. 3d 768 (E.D. Mich. 2015)

This is a trademark dispute. Plaintiffs/Counter-Defendants Kelly Services, Inc. and Kelly Properties, LLC (collectively, “Kelly”) and Defendant/Counter-Plaintiff Creative Harbor, LLC (“Creative Harbor”) each developed a mobile application that provides job searching and job placement tools. Now, Kelly and Creative Harbor dispute which company has priority to the trademark “WorkWire.” Creative Harbor has filed two “intent to use” applications with the United States Patent and Trademark Office (the “Creative ITUs”), and Creative Harbor claims priority based upon those filings. Kelly counters that it has priority because it used the mark in commerce before Creative Harbor filed the Creative ITUs.

FACTUAL BACKGROUND

A. *The Kelly Workwire App*

Kelly provides career development information and job placement tools to employers and prospective employees. In early 2013, Kelly began developing an iPad application that would provide users with access to personnel placement services, career in-

55. Lanham Act § 1(d).

56. Lanham Act § 1(d)(1)

57. Lanham Act § 1(d)(1)



Kelly's WorkWire app logo



Creative Harbor's WorkWire logo

formation, job searching tools, and a Kelly branch office locator. Kelly intended to distribute the application through the Apple App Store. Kelly decided to call its application “WorkWire” (the “Kelly WorkWire App”).

Kelly completed the development of the Kelly WorkWire App on February 4, 2014. That same day, Kelly submitted the Kelly WorkWire App to Apple’s iTunes Connect, an Internet-based tool that allows a software developer to submit an application for sale in the Apple App Store, pending Apple’s approval of the application.

Approximately one week later, on February 10, 2014, Apple informed Kelly that the Kelly WorkWire App was rejected because of a problem with the application’s metadata. The next day, Kelly re-submitted the Kelly WorkWire App for Apple’s review.

On February 17, 2014, Apple informed Kelly that the Kelly WorkWire App had been approved and was “ready for sale.” However, Apple’s designation of the Kelly WorkWire App as “ready for sale” did not immediately make the Kelly WorkWire App available for the public to download from the Apple App Store. The Kelly WorkWire App was first released to the public via the Apple App Store on February 19, 2014, sometime after 8:11 p.m. Eastern Standard Time. A consumer first downloaded the Kelly WorkWire App from the Apple App Store on February 20, 2014.

B. The Creative WorkWire App

In September 2013, Christian Jurgensen (“Jurgensen”), an entrepreneur based in Los Angeles, California, independently came up with an idea for a mobile application for use by employers and prospective employees. Jurgensen decided to call his application “WorkWire” (the “Creative Workwire App”).

In early February 2014, Jurgensen formed Creative Harbor as the limited liability company responsible for the Creative WorkWire App. At approximately the same time, Creative Harbor hired an intellectual property attorney to provide advice on trademark protection. On February 16, 2014, the attorney informed Creative Harbor that the trademark for “WorkWire” was available.

Three days later, on February 19, 2014, Creative Harbor filed the Creative ITUs with the United States Patent and Trademark Office (the “USPTO”). The Creative ITUs were for the mark “WorkWire” (hereinafter the “Mark”). The Creative ITUs were filed at 6:28 p.m. and 7:56 p.m. Eastern Standard Time.

Creative Harbor has tried to make the Creative WorkWire App available for download by the public through the Apple App Store. However, Apple will not accept the Creative WorkWire

App for posting in the Apple App Store because the “WorkWire” name is already being used by the Kelly WorkWire App. Creative Harbor acknowledges that it has not used the Mark in commerce and therefore has not completed registration of the Mark.

PROCEDURAL HISTORY

On March 10, 2014, Creative Harbor’s counsel sent a “cease and desist” letter to Kelly. Creative Harbor stated that Kelly’s use of the Mark in connection with the Kelly WorkWire App “constitutes trademark infringement and unfair competition under federal and state law.” Creative Harbor therefore “demand[ed] that Kelly ... cease all use of the term ‘WorkWire’....” In response, Kelly filed this declaratory judgment action against Creative Harbor.

ANALYSIS

A. Kelly Did Not Use the Mark in Commerce Before Creative Filed the Creative ITUs, and Thus Kelly Does Not Have Priority Based on Its Alleged Prior Use

Ordinarily, priority to a mark is established “as of the first actual use of [the] mark” in commerce. . . However, the Lanham Act allows a person not yet using a mark to file an anticipatory application for registration – i.e., an ITU application – on the basis of an intent to use the mark in the future. If the ITU applicant later uses the mark in a commercial transaction and files a statement of use with the USPTO within the prescribed time frame, the mark is registered and the date the ITU application was filed becomes the applicant’s constructive-use date. This gives the [ITU] applicant priority-of-use over anyone who adopts the mark after the constructive-use date.

Kelly argues that it used the Mark in commerce before Creative Harbor filed the Creative ITUs and that Kelly therefore has priority to the Mark over Creative Harbor. . . . The Court holds that Kelly did not.

Under the Lanham Act, “[t]he 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.” Use in commerce requires a genuine commercial transaction or an attempt to complete a genuine commercial transaction. The use need not be extensive nor result in deep market penetration or widespread recognition. However, there has to be an “open” use, that is to say, a use has to be made to the relevant class of purchasers or prospective purchasers. An “internal” use cannot give rise to priority rights to a mark. Indeed, the talismanic test for use in commerce is whether or not the use was sufficiently public to identify

or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark. . . .

Kelly contends that it used the Mark in commerce on February 4, 2014, when it submitted the Kelly Workwire App to iTunes Connect for Apple’s review. Kelly argues that its submission constitutes use in commerce because it “engaged Apple, an unrelated company, at arms-length, in the ordinary course of trade and subject to Apple’s software developer’s requirements.” But Kelly has not shown that its submission of the Kelly WorkWire App to Apple was sufficiently open or public to identify or distinguish its application in the minds of consumers. To the contrary, the bilateral exchange between Kelly and iTunes Connect provided no notice of the Kelly WorkWire App to potential consumers – i.e., persons who might eventually download the Kelly WorkWire App from the Apple App Store. Indeed, by merely submitting the Kelly WorkWire App for Apple’s review, Kelly did not make the Kelly WorkWire App available for download by the public. At best, Kelly’s submission was a preparatory step to making the Kelly WorkWire App available to consumers. An applicant’s preparations to use a mark in commerce are insufficient to constitute use in commerce.

B. Creative Harbor is Not Entitled to a Declaration That it Has Priority At this Time

In its Motion, Creative Harbor seeks summary judgment “on the issue of priority in its right to use the Mark.” But Creative Harbor has not yet established its priority. All that Creative Harbor has done is file the Creative ITUs. The Creative ITUs – in and of themselves – do not establish Creative Harbor’s priority to the Mark. Rather, the Creative ITUs merely establish Creative Harbor’s constructive-use date, contingent on Creative Harbor’s registration of the Mark. Thus, in order to establish its priority, Creative Harbor must actually complete the registration of the Mark by using the Mark in commerce and filing a statement of use with the USPTO within the prescribed time frame. Creative Harbor acknowledges that it has not yet used the Mark. Accordingly, while Creative Harbor may establish its priority at some point in the future, it is not now entitled to the declaration that it seeks here.

C. Creative Harbor’s Additional Counterclaims Fail as a Matter of Law

As noted above, Creative Harbor asserts Additional Counterclaims against Kelly for unfair competition, trademark dilution, and intentional interference with prospective business. Each of the Additional Counterclaims is based on Creative Harbor’s assertion that Kelly infringed on Creative Harbor’s alleged priority rights to the Mark. Creative Harbor says that it established those

rights by filing the Creative ITUs. But an intent-to-use application does not, by itself, confer any rights enforceable against others.

Kelly Services, Inc. v. Creative Harbor, LLC

140 F. Supp. 3d 611 (W.D. Mich. 2015)

The evidence makes clear that Creative Harbor had a “firm” intent to use the Mark in connection with an iPhone application that connected job seekers with employers. But evidence that Creative Harbor intended to use the Mark with respect to *some* of the goods and services listed in the Creative ITUs does not contradict Kelly’s evidence that Creative Harbor lacked a firm intent to use the Mark on several of the *other* services and goods listed in the ITUs. Kelly has identified sworn deposition testimony by Creative Harbor’s CEO Christian Jurgensen indicating that (1) in many respects, Creative Harbor merely intended to reserve a right in the Mark and (2) Creative Harbor lacked a firm intent to use the Mark with respect to several of the goods and services listed in the Creative ITUs. Kelly directs the Court to the following representative portions of Mr. Jurgensen’s testimony:

- Mr. Jurgensen conceded that at the time his attorney drafted the Creative ITUs he (Jurgensen) “had clear ideas for some of them, and some of them were meant for future exploration.”
- In the Goods ITU, Creative Harbor stated that it intended to use the Mark with “computer game software,” but Mr. Jurgensen testified that Creative Harbor did “not” intend to use the Mark “with a game.”
- In the Services ITU, Creative Harbor said that it intended to use the Mark in connection with “business consulting” services, but Mr. Jurgensen conceded that he “wanted to make sure [that] was there included” because the company “could” perhaps perform those services “at some point” in the future.

Critically, Creative Harbor has not identified any *objective* evidence that it had a bona fide intent to use the Mark in connection with many of services and goods listed on the Creative ITUs, such as employee relations information services, business consulting services, professional credentialing verification services, computer game software, and/or computer hardware for integrating text and audio. [The court concluded that the appropriate remedy was to invalidate Creative Harbor’s ITUs.]

The United States is distinctive in having a trademark system based on use, rather than one based solely on registration as in the rest of the world. A registration-based system provides the clarity that avoids quagmires like *Blue Bell*. But, according its fans, the U.S. used-based system is fairer to small businesses that have been using a mark innocently

without registering it; they build up common-law rights that allow them to continue with their existing business name and branding. The ITU system gains some of the clarity of the registration system, arguably without sacrificing the reliance interests protected by a use-based system.

Another argument often made in favor of the American use-based system is that it prevents trademark squatting. An applicant could simply register thousands of attractive trademarks and then sell them to businesses that want to use them. Section 1(a) actual use registrations limit such behavior by requiring real use on real goods. ITUs under section 1(b) seem to undercut that policy by allowing trademark squatters to grab marks before actually using them. One response to this concern is that section 1(b) requires "good faith," and an ITU without an intent to use the mark oneself is not made in "good faith." The USPTO, however, tends to crack down on abusive mass filings, ultimately taking steps such as suspending the offenders from practice before it. Creative Harbor's ultimate loss for overclaiming the goods on which it intended to use the mark is a good example. At the USPTO, pigs get fat, and hogs get slaughtered.

Bilgewater Bill's

1. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
 - A uses BILGEWATER BILL'S in Baltimore.
 - B uses BILGEWATER BILL'S in Seattle.
2. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
 - A uses BILGEWATER BILL'S in Baltimore.
 - B uses BILGEWATER BILL'S in Seattle.
 - A files for federal trademark registration under § 1(a).
3. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
 - A uses BILGEWATER BILL'S in Baltimore.
 - B uses BILGEWATER BILL'S in Seattle.
 - B files for federal trademark registration under § 1(a).
4. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
 - A uses BILGEWATER BILL'S in Baltimore.
 - B uses BILGEWATER BILL'S in Seattle.
 - A files for federal trademark registration under § 1(a).
 - B files for federal trademark registration under § 1(a).
5. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
 - B files a § 1(b) intent-to-use application for BILGEWATER

BILL'S.

- A uses BILGEWATER BILL'S in Baltimore
- B uses BILGEWATER BILL'S in Seattle.
- B files a § 1(d) statement of use.

4 Collaborations

Now that we have dealt with priority among unrelated competing uses of a mark, let us turn to ownership of a mark within a collaboration. The basic rule in trademark is that

[U]se of the mark inures to the benefit of the party who controls the nature and quality of the goods or services. This party is the owner of the mark and, therefore, the only party who may apply to register the mark.⁵⁸

This rule follows naturally from the trademark dogma that trademark rights flow from goodwill. But it requires a little care in application in dealing with organizations.

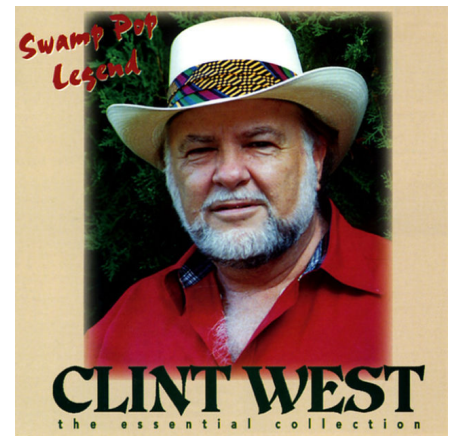
In typical employer-employee cases, matters are straightforward. The employee who sells goods in the employer's stores or places ads using the employer's mark is doing so as the employer's agent, so their actions inure to the benefit of the employer. Individual employees sell BUILD-A-BEAR stuffed animals, but Build-A-Bear Workshop, Inc. owns the trademarks and the associated goodwill. And where there is a written agreement dealing with trademark ownership as among parties, it typically controls. Many large corporations, for example, have a subsidiary that holds the trademarks (and other IP assets) for tax purposes, and licenses them back to the parent corporation and its operating subsidiaries. This is completely kosher for trademark purposes.

Issues tend to arise where there is no written agreement in place. Consider *Boogie Kings v. Guillory*, a case about the ownership of the mark THE BOOGIE KINGS for a band.⁵⁹ Douglas Ardoin and Harris Miller formed the band in 1955 and invited other musicians to join. The group delegated many responsibilities to an elected bandleader, but made most major decisions by majority vote. In 1964, Ardoin and Miller had left the band, and the rest of the band elected drummer and vocalist Clinton "Clint West" Guillory as the new leader. He had the group start playing at a club he had an interest in, the Moulin Rouge, which led to tension among the group. The other nine members voted in 1965 to go back to playing gigs at their previous club, the Bamboo Club. When the dust settled, nine musicians were playing at the Bamboo Club as THE BOOGIE KINGS and West was playing with nine new musicians at the Moulin Rouge Club as CLINT WEST AND THE BOOGIE KINGS.

West argued that he owned the mark because Ardoin abandoned the mark by retiring from music, and that Miller specifically gave West the exclusive right to the THE BOOGIE KINGS name. But this is not the right way to think about the ownership of the mark:

58. TMEP, *supra* note 8, § 1201.03.

59. *Boogie Kings v. Guillory*, 188 So.2d 445 (La. Ct. App. 1966).



Clinton "Clint West" Guillory



The Boogie Kings, circa 1965

In our opinion, this band, when first organized in 1955, became an unincorporated association, and it has continued to be such an organization since that time. The evidence convinces us, as it apparently did the trial judge, that the original trade name, “The Boogie Kings,” was adopted by mutual agreement of the members of the band, that a proprietary interest in that name became vested in the band, as an unincorporated association, and that it did not become vested in any individual member of that band. Miller, therefore, had no right or authority to “give” or to transfer to defendant Guillory the exclusive right to use that name.

Dissatisfied members of an association cannot deprive it of the right to use its own name by incorporating themselves thereunder, and enjoining it from using the same. We conclude that Guillory acquired no right to use the trade name of the band, either from Miller or from the circumstance that he had been elected as leader of the band.⁶⁰

60. *Id.* at 448.

Exactly so. The Boogie Kings collectively owned the THE BOOGIE KINGS mark as an unincorporated association. West was acting as an agent of the organization when he booked gigs, not in his own capacity as the owner of the mark. Understanding who succeeded to the late-1964 band’s rights following the split in 1965 requires understanding who continued to control the association. It was the nine members, rather than the one dissident, who continued to constitute The Boogie Kings, and therefore continued to own the THE BOOGIE KINGS mark.

C Procedures

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

1 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. For a word mark, this is straightforward; for a design mark, this requires a drawing of the mark. A motion mark requires a drawing of “a single point in the movement, or . . . up to five freeze frames showing various points in the movement, whichever best depicts the commercial impression of the mark.”⁶¹ Non-visual exotic marks must be described in detail.⁶²

61. 37 C.F.R. § 2.52(b)(3).

62. 37 C.F.R. § 2.52(e).

In addition, the applicant 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.”⁶³ It is important that the *specification* of goods or services be accurate. Too broad a specification can invalidate a registration, as seen in *Kelly Services, Inc. v. Creative Harbor, LLC [III]*. Relatedly, the USPTO requires that the goods or ser-

63. TMEP, *supra* note 8, § 1402.01.

vices be *classified* in terms of the precise, if idiosyncratic International Trademark Classes published by the World Intellectual Property Organization.⁶⁴ 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 also substantiate their claims of use by providing *specimens* of the mark in use – one for each ITC class. The TMEP 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.⁶⁵

Some trademark attorneys have been tempted to cheat on their specimens by Photoshopping the mark on to stock photos of relevant goods. Doing so is fraud on the USPTO; it can lead to invalidation of the registrations with forged specimens and to severe disciplinary sanctions.⁶⁶

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.⁶⁷

When a trademark examiner agrees that a mark is "entitled to registration," the mark is published in the Trademark Official Gazette.⁶⁸ 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 ®. It is fraudulent to put ® on products if the mark is not registered. Instead, it is appropriate to use the trademark symbol ™ or the term "trademark" on products whether or not one own a trademark registration.⁶⁹ 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.

An important difference from patent procedure is that trademarks are subject to adversary proceedings. Following the initial publication

64. *Id.* § 1401.03.

65. *Id.* § 904.03.

66. *In re Abtach Ltd.*, n/a (USPTO Jan. 25, 2022), <https://www.uspto.gov/sites/default/files/documents/TM-Sanctions-Order-Abtach-et-al.pdf>.

67. 15 U.S.C. § 1071.

68. Lanham Act § 12.

69. "™ means 'I hope you agree with me that I have rights in this mark.'" — Stephen L. Carter

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.⁷⁰ 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.”⁷¹ 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.⁷²

In addition to the constructive nationwide priority provided by federal registration, there are evidentiary benefits:

- (b) *Certificate as prima facie evidence.* – A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner’s ownership of the mark, and of the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.⁷³

This isn’t the clear-and-convincing-evidence presumption of patent law, but it’s not nothing

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* for services. The distinction matters for two reasons. One is precision; if you want to sound like a sophisticated intellectual-property attorney, it helps to be able to throw around terms like “service mark” with confidence.⁷⁴ The other is *affixation*. A trade mark 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.⁷⁵ This kind of affixation is usually impossible 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.”⁷⁶

The third type of mark is a *collective mark*, which is used by the members of an association.⁷⁷ 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* is a mark adopted by a “collective” (i.e., an association, union, cooperative, fraternal organiza-

70. Lanham Act § 13.

71. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S.Ct. 1293 (2015) (Ginsburg, J. concurring).

72. *See id.*; *see also* *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 800 F.3d 427 (8th Cir. 2015) (on remand).

73. Lanham Act § 7(b).

74. As a further 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.

75. 37 C.F.R. § 2.56(b)(1)

76. 37 C.F.R. § 2.56(b)(2)

77. Lanham Act § 45.

tion, 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, 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.⁷⁸

The fourth type of mark is a *certification mark*, about which more in the False Advertising chapter.

Exclusions

Section 2 of the Lanham Act excludes a variety of trademarks from being registrable. We will discuss these exclusions in scattered sections, where they are most relevant,⁷⁹ but you should read all of Section 2 together, top to bottom, at least once in your professional life.

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



REALTOR collective service mark.



Sheet Metal Workers International Association collective membership mark.

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

79. For example, the exclusions that have to do with the names and identities of people will be discussed in the People chapter.

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. . . .⁸⁰

80. Lanham Act § 2 ()

Unfortunately, Section 2 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.⁸¹
- Sections (c) and e(4) put limitations on the use of names and individual identities as trademarks.⁸²

81. Discussed in the Design chapter.

82. Discussed in the People chapter.

- Sections (a) (“deceptive”) and (e)(1) (“deceptively misdescriptive”) are false-advertising policies that prevent the registration of misleading trademarks.⁸³
- 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.⁸⁴
- Sections (a) (“falsely suggest a connection”) and (b) are 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).⁸⁵ In six decisions issued on the same day, the TTAB affirmed refusals to register NATO for flashlights, tents, and dog tags,⁸⁶ but *reversed* refusals to register NATO for pens, lip balm, and energy bars.⁸⁷ Can you explain the distinction?
- Section (a) (“disparage . . . or bring them into contempt, or disrepute”) is a dead letter after in *Matal v. Tam*, in which the Supreme Court held that the exclusion was an unconstitutional restriction on speech.⁸⁸ 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 *Matal* included the Washington Commanders, whose former name – a offensive term for Native Americans – had been the subject of decades-long activism.⁸⁹
- Section (a) (“immoral . . . or scandalous”) was held unconstitutional in *Iancu v. Brunetti*.⁹⁰ 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.⁹¹

2 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.⁹²

Cancellation

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.⁹³ Like oppositions, 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*.⁹⁴

83. Discussed in the False Advertising chapter.

84. Discussed in the Geographic Indications chapter.

85. These policies are discussed in the material on Section 43(a) below.

86. Nos. 87302892, 87302907, and 87302891 (TTAB 2021).

87. Nos. 87270077, 87418156, and 87418153 (TTAB 2021).

88. *Matal v. Tam*, 137 S.Ct. 1744 (2017).

89. 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.

90. *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019).

91. *Id.* 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. *In re Brunetti*, No. 88308426 et al., 2022 WL 3644733 (TTAB Aug. 22, 2022).

92. Lanham Act §§ 8,9

93. Lanham Act § 14.

94. 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.⁹⁵

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.*, the Supreme Court held that these parts of the Lanham Act mean what they say.⁹⁶ 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.

Abandonment

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*. The GALT HOUSE mark was lost through continuous non-use over many years.

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.”⁹⁷ 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 flick-

95. Lanham Act § 14.

96. *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985).



PARK ‘N FLY

Park ‘N Fly service mark

97. Lanham Act § 45.

ering 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.”⁹⁸

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 slapping 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.”⁹⁹

98. Lanham Act § 45

Baltimore Colts

In 1984, to great local anger, the Baltimore Colts of the National Football League moved to Indianapolis. Your client, the Canadian Football League, is considering opening a new franchise in Baltimore to be called the “Baltimore CFL Colts.” What is your advice?

Bonus: what if your client proposes instead to open up a bar in Baltimore under the name The Baltimore Colt?

Google

Make the strongest argument you can that the GOOGLE mark for Internet search services should be cancelled as generic. Make the strongest argument against.

Xerox

You work in the legal department of Xerox Holdings Corporation, which sells document-management technologies and services worldwide, including photocopiers, scanners, printers, and printing presses. It has been spending significant sums placing advertisements like the below in magazines, including those targeted at journalists like the *Columbia Journalism Review*. You have been asked for your opinion whether the expenses associated with these ad campaigns could be reduced or eliminated. Advise.



ESSO mark in use.

99. Procter & Gamble Co. v. Johnson & Johnson Inc., 485 F.Supp. 1185 (S.D.N.Y. 1979).



Baltimore CFL Colts logo

XEROX

When you use “Xerox” the way you use “aspirin,” we get a headache.
There’s a new way to look at it.

Boy, what a headache! And all because some of you may be using our name in a generic manner. Which could cause it to lose its trademark status the way the name “aspirin” did years ago. So when you do use our name, please use it as an adjective to identify our products and services, e.g., Xerox copiers. Never as a verb: “to Xerox” in place of “to copy,” or as a noun: “Xeroxes” in place of “copies.” Thank you. Now, could you excuse us, we’ve got to lie down for a few minutes.

XEROX.

Technology | Document Management | Consulting Services

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Xerox ad

D Infringement: Confusion

Unlike in other areas of IP, it is not so easy to divide trademark infringement into “similarity” and “prohibited conduct.” The reason is that trademark liability turns on consumer perceptions, and similarity of marks is only one factor going into what consumers believe. Their familiarity with the plaintiff and its trademark, the care they take when shopping, and the similarity or difference between plaintiff’s and defendant’s goods, are all among the factors that can determine whether consumers are confused when confronted with the defendant’s trademark in an actual marketplace context.

Instead, it is more helpful to divide (direct) trademark infringement into the factual question of whether the defendant’s activities create a *likelihood of confusion* among consumers,¹⁰⁰ and the legal question of what kinds of confusion are legally actionable. The former typically turns on multifactor balancing tests and empirical questions about consumer perception. The later typically are stated as categorical rules that certain kinds of conduct can and cannot give rise to liability. This approach preserves the standards-vs.-rules distinction in breaking down infringement in other areas.

The paradigm theory of trademark confusion is *point-of-sale confusion about the source of goods*: at the moment the consumer hands over her money, she thinks she’s getting the plaintiff’s goods or services, but is actually receiving the defendant’s. So we begin by studying the standard multi-factor test for point-of-sale confusion about source. Every circuit has its own list of factors; they differ in the details but mostly ask the same questions.

The next section will take up other theories of confusion. For the

100. It is commonly said that dilution is not a confusion-based theory of liability, since the gravamen is the harm is harm to the mark itself. I have never understood this claim. Consumers are still confused, they’re just confused about something else: the mark itself. The same goes for other supposedly “non-confusion based” theories of liability.

most part, we will not separately consider the multi-factor balancing tests they employ. First, the tests are generally variations on the basic test described in this section; getting into the details of the differences adds little insight. Second, once one leaves the calm waters of point-of-sale confusion about source for the choppy seas of other theories of liability, the multi-factor tests are mostly useless. The factors cited by courts are undertheorized and often have only tenuous connections to the questions they are supposed to help answer.

The standard for infringement of a registered mark in section 32 of the Lanham Act is whether the defendant's use "is likely to cause confusion, or to cause mistake, or to deceive."¹⁰¹ This is a test of *consumer behavior*, not a pure *similarity* test, as in copyright and patent. Similarity of the marks is highly relevant, but it is not conclusive, because it is not the ultimate question: whether consumers would be confused about the source of goods.

For most practical purposes, this is the standard under state trademark law as well. There are also causes of action for unregistered marks under state and federal law. But in practice, the tests for consumer confusion under all of these causes of action are effectively identical.

Consumer confusion stops short of consumer diversion: infringement can happen even if the number of sales the plaintiff lost to the defendant is minimal or nonexistent. There are two reasons for this. One is that proving actual diversion can be extremely hard – a truly deluded consumer never even realizes his/her mistake. Another is that on the search-costs theory of trademark law, there can be real harm to the trademark owner even if consumers ultimately buy the correct item. If they have to spend a long time figuring out which one is which, driving up their search costs reduces the value of the plaintiff's goods to them.

Every circuit has its own list of factors bearing on likelihood of confusion, typically named after the case that first laid them out. The number varies, but their substance is almost always the same. The Second Circuit's eight *Polaroid Corp. v. Polarad Electronics Corp.* factors are reasonably representative.¹⁰² They are:

- **The strength of the plaintiff's mark:** This factor measures how likely consumers are to think of the plaintiff when they see the mark. The more distinctiveness (inherent or acquired) a mark has, the stronger it is, and the more that this factor favors the plaintiff. At the extreme, if the plaintiff's mark is not distinctive (i.e. is generic or merely descriptive), it has no rights in the mark at all, and loses before the case even gets to likelihood of confusion.
- **The similarity between the two marks:** This is the closest to a true similarity test. The more similar the marks are, the more this factor favors the plaintiff because the more likely consumers are to mistake one for the other. At the extreme of no similarity, the plaintiff loses outright because there is no possibility of confusion. Merely selling the *same thing* as a competitor is never trademark infringement, because trademark law does not protect goods and services,

101. Lanham Act § 32(1)(a).

102. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

only the marks used to designate their source. At the extreme of identical marks, a plaintiff is highly likely to win, unless essentially all of the other factors line up for the defendant. It is common to look at the “sight, sound, and meaning” of the marks when assessing similarity. Consider the marks in *Sally Beauty Co., Inc. v. Beautyco, Inc.*: GENERIC VALUE PRODUCTS versus GENERIX. They are visually dissimilar: one is three words and the other is one word. Their sound is different when they are read aloud, unless GENERIC VALUE PRODUCTS is compressed to GENERIC. But their meaning is similar, because they both connote inexpensiveness. Note that these are all assessed in the context in which a consumer encounters the mark, so, e.g., visual similarities can depend on product packaging as well as on the marks themselves.

- **The similarity (or “proximity”) of the products:** The more similar the plaintiff’s and defendant’s products are, the more this factor favors the plaintiff because the more likely consumers are to think that the two might be related. This factor is highly probative, but rarely conclusive on its own, in either direction. Another common factor, the **the likelihood of “bridging the gap”** is essentially a subfactor of this one. If it is likely that the plaintiff might expand into selling products like the defendants’, differences between the products become less significant. Consumers may be more likely to think that the defendant’s products are simply a new line from plaintiffs.
- **Actual confusion:** Actual confusion by actual consumers making actual buying decisions obviously and strongly favors the plaintiff. It shows that confusion is so likely that *it has happened already*. But it is not conclusive on its own, especially if the reports of confusion are anecdotal. It is also not necessary; the plaintiff is not required to track down its’ competitor’s customers to prove that they have been confused.
- **Consumer sophistication:** The more sophisticated consumers in the relevant product market are, the more this factor favors the defendant, because the consumers are more likely to notice and understand the differences between the plaintiff’s and defendant’s products. For example, you take more care when buying a car (a “search good”) than buying a pack of gum (an “experience good”). This factor generally correlates with price: the more expensive the purchase, the more effort consumers put into making it. Sometimes this factor incorporates evidence about education, along with an assumption that educated consumers are more knowledgeable and take more care when comparing products. Buyers of architectural drafting software tend to have more advanced education than buyers of T-shirts.
- **Defendant’s good or bad faith:** In this context, a “bad faith” defendant knew of the plaintiff’s mark and deliberately intended to use it to confuse consumers into thinking that their own products

actually came from the plaintiff. A “good faith” defendant either didn’t know about the plaintiff’s mark, or knew about it but honestly believed that their own use of a similar mark was not likely to cause confusion. A defendant’s bad faith doesn’t directly bear on confusion: an intent to cause confusion is not necessarily evidence that the attempt succeeded. Still, courts are understandably harsher on defendants who intended to cause confusion.

- **Quality of the defendant’s product:** This factor, despite regularly showing up on multi-factor lists, doesn’t really tell us anything about likelihood of confusion. Differences in product quality are a bit relevant to the proximity of the products, but not strongly so. The better explanation for what this factor is doing here is that judges dislike defendants who harm the plaintiff’s reputation by selling shoddy knock-offs. But when this is the case, the inferior quality of defendants’ products goes to the damages resulting from the confusion, not to whether the confusion exists in the first place.

As an example of a multi-factor analysis, consider the following case:

Virgin Enterprises Ltd. v. Nawab
335 F.3d 141 (2d Cir. 2003)

This suit, brought under § 32 of the Lanham Act, 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. We find that the plaintiff is likely to succeed on the merits and was entitled to a preliminary injunction.

BACKGROUND

Plaintiff VEL, a corporation with its principal place of business in London, owns U.S. Registration No. 1,851,817 . . . for the VIRGIN mark as applied to “retail store services in the fields of . . . computers and electronic apparatus” 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, 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, 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, in-



The plaintiff’s stylized mark



The defendant’s store

cluding 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.; The Cellular Network Communications, Inc., doing business as CNCG; and SD Telecommunications, Inc. 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.

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 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 VIR-

GIN 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.

DISCUSSION

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* (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. . . . Plaintiff’s VIRGIN mark undoubtedly scored high on both concepts of strength [inherent and acquired distinctiveness]. 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. . . . 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. . . .

Proximity of the products and likelihood of bridging the gap. . . . 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. . . .

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. . . .

Actual confusion. . . . 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 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. 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.

Cheat Sheet

Barton Beebe reports on an empirical study of 331 litigated trademark cases and concludes that the factors do not have equal importance. According to Beebe, the following flowchart correctly decides every case in the sample set:

- Are the marks similar? If NO, then the defendant wins.
- Did the defendant act in bad faith? If YES, then the plaintiff wins.
- Was there actual confusion? If YES, then the plaintiff wins.
- Were the goods proximate? If NO, then the defendant wins.
- Is the plaintiff's mark strong? If YES, then the plaintiff wins; if NO, then the defendant wins.

How should Professor Beebe's findings influence our thinking about trademark infringement? Should it change how lawyers argue cases, how judges decide them, or how we study them in class?

Boats

Following are the facts as stated in *AMF Inc. v. Sleekcraft Boats*.¹⁰³ Assuming a jury verdict in favor of the plaintiff on a claim of trademark infringement at trial, how should the court rule on the defendant's motion for judgment notwithstanding the verdict?

AMF and appellee Nescher both manufacture recreational boats. AMF uses the mark Slickcraft, and Nescher uses Sleekcraft.

AMF’s predecessor used the name Slickcraft Boat Company from 1954 to 1969 when it became a division of AMF. The mark SLICKCRAFT was federally registered on April 1, 1969, and has been continuously used since then as a trademark for this line of recreational boats.

Slickcraft boats are distributed and advertised nationally. AMF has authorized over one hundred retail outlets to sell the Slickcraft line. For the years 1966-1974, promotional expenditures for the Slickcraft line averaged approximately \$ 200,000 annually. Gross sales for the same period approached \$ 50,000,000.

After several years in the boat-building business, appellee Nescher organized a sole proprietorship, Nescher Boats, in 1962. This venture failed in 1967. In late 1968 Nescher began anew and adopted the name Sleekcraft. Since then Sleekcraft has been the Nescher trademark. The name Sleekcraft was selected without knowledge of appellant’s use. After AMF notified him of the alleged trademark infringement, Nescher adopted a distinctive logo and added the identifying phrase “Boats by Nescher” on plaques affixed to the boat and in much of its advertising. The Sleekcraft mark still appears alone on some of appellee’s stationery, signs, trucks, and advertisements..

The Sleekcraft venture succeeded. Expenditures for promotion increased from \$ 6,800 in 1970 to \$ 126,000 in 1974. Gross sales rose from \$ 331,000 in 1970 to over \$ 6,000,000 in 1975. Like AMF, Nescher sells his boats through authorized local dealers.

Slickcraft boats are advertised primarily in magazines of general circulation. Nescher advertises primarily in publications for boat racing enthusiasts. Both parties exhibit their product line at boat shows, sometimes the same show.



Slickcraft (top) and Sleekcraft (bottom) logos



AMF boat



Nescher boat

Wine

The year is 1996. You are the general counsel to Banfi Products, an importer of Italian wines. Banfi sells to wholesalers, who in turn sell the wine to restaurants and wine stores. Its wines are popular in mid-tier chain restaurants like Olive Garden and Macaroni Grill. One of the wines it imports is COL-DI-SASSO, which is produced by one of its affiliates in Italy. “Col di sasso” is an Italian term meaning “hill of stone.” One of Banfi’s employees conceived of the name COL-DI-SASSO in the Italian hill town of Montalcino; he named it after a particular rock known as “sasso,” prevalent in the region of Tuscany. In 1992, Banfi began selling a Cabernet Sauvignon as COL-DI-SASSO in the United

States; in 1993, it changed the blend to a 50-50 mix of Sangiovese and Cabernet. Its label includes an orange-yellow depiction of a landscape, surrounded by a green-black marbled background. It received a registration for COL-DI-SASSO in 1992. To date, it has sold over 27,000 cases of COL-DI-SASSO. It has annual sales of over \$1 million dollars, and spends over \$100,000 on advertising. A bottle of COL-DI-SASSO costs roughly \$10 at retail and \$20 in a restaurant.

Robert Pepi is a winery in Napa Valley. It produces and sells the wine ROBERT PEPI COLLINE DI SASSI. Translated literally, this means "Robert Pepi little hills of stone." It is labeled as a Sangiovese, but also contains up to 15% Cabernet. Its label is orange and cream. In its application to the Bureau of Alcohol, Tobacco and Firearms, which must approve labels for use in interstate commerce, the winery listed "Robert Pepi" as the "brand name" and "Collini Di Sassi" as the "fanciful name." It began distributing ROBERT PEPI COLLINE DI SASSI throughout the United States in 1990. It has sold an average of about 500 cases a year since then, and made minimal advertising expenditures. It too sells its wine to independent distributors, who sell it to restaurants and stores. It is marketed as a high-end, limited production wine, and sells for \$20 to \$25 per bottle in stores, and for \$40 or more in restaurants.

John Mariani, Cornell '54, Banfi's Chairman Emeritus, saw a short reference to Robert Pepi in an article in *USA Today* in 1994. He considered it inappropriate for a California winery to use a name implying a connection to Italy. He faxed the article to several corporate officers with the handwritten note, "Stop Robert Pepi from using 'COLLINO DI SASSI.' Ask JM. It is a region not in USA." The note has landed on your desk. What do you do?

E Infringement: Prohibited Conduct

Section 32(1)(a) of the Lanham Act gives an infringement suit against any person who "use[s] 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" in a way likely to cause confusion.¹⁰⁴ Section 43(a) (discussed in more detail below) also gives a federal cause of action for infringement of *unregistered* marks – and both of them coexist with state-law causes of action for trademark infringement. We will not discuss the substantive and jurisdictional distinctions between them in the present edition of these materials.

1 Threshold Conditions

The language "use in commerce ... in connection with the sale, offering for sale, distribution, or advertising of any goods or services" creates one and arguably two threshold conditions for liability. The one that definitely exists is *commercial use*: wholly noncommercial uses of a trademark can never constitute infringement. The one that is harder



COL-DI-SASSO label.



I

104. Lanham Act § 32(1)(a)

to pin down is *use as a mark*: some uses may not use the mark for its source-identifying function.

a Commercial Use

“Use in commerce” under the Lanham Act is broad, and catches many activities that would be considered noncommercial as a matter of ordinary usage and constitutional law. But not all of those uses are “in connection with the sale [etc.]” of goods. Courts generally interpret this language *not* to cover any noncommercial use by the defendant. Use of a mark to “propose a commercial transaction” – canonically, on a product being offered for sale on store shelves – is clearly commercial.¹⁰⁵ Also commercial are uses in advertising, or when the alleged infringer is referencing a particular good or service with a demonstrated economic motive.

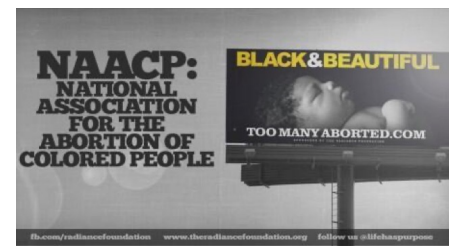
But other kinds of uses of marks in speech are not commercial. In *Radiance Foundation, Inc. v. NAACP*, the nonprofit Radiance Foundation took a Christian perspective on issues affecting African-American communities.¹⁰⁶ It created websites at TheRadianceFoundation.org and TooManyAborted.com, to promote its positions, which included a strong opposition to abortion. It took Paypal donations on its sites, and used the money to pay for billboard campaigns promotion the site. In 2013, its founder, Ryan Bomberger, wrote an article on the Foundation’s websites criticizing the National Association for the Advancement of Colored People, a prominent civil-rights organization. The NAACP works to promote “the political, educational, social, and economic equality of all citizens,” but Bomberger strongly opposed its position on abortion. The article was titled “NAACP: National Association for the Abortion of Colored People,” and the NAACP sued for trademark infringement.

Radiance’s use of the NAACP mark, however, was not “in connection” with goods or services. Radiance did not pass itself off as the NAACP, or use the mark to confuse consumers about the source of its own services. Instead, it used the NAACP mark to *criticize* the NAACP. This kind of discussion *about* the mark owner is different from the commercial *use* of the mark itself as a designation of source. Note that this is a place in which the standard multi-factor likelihood of confusion test could go awry: the marks were identical and the work of the two nonprofits were related. But this kind of commentary on a mark owner does not even get to the likelihood of confusion test; it is simply exempted from liability by the Lanham Act.

Plaintiffs in this kind of noncommercial-commentary situation frequently make a number of arguments, all of which the court rejected. Some Google users might be diverted to Bomberger’s article instead of the NAACP’s site. But that diversion was, if at all, in connection with the NAACP’s services, not with Radiance’s. Nor was the service of “providing information” – at least on the facts here – the kind of service to which the Lanham Act applies. Otherwise all speech on all topics would be subject to trademark liability. And third, the “Donate” buttons on Ra-

105. *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60 (1983).

106. *Radiance Found., Inc. v. NAACP*, 786 F. 3d 316 (4th Cir. 2015).



One of Radiance’s ads

diance's sites were "too attenuated" to make the use commercial. As the court said:

Although present on the article page, the Donate button was off to the side and did not itself use the NAACP's marks in any way. The billboard campaign was displayed on a different page altogether. A visitor likely would not perceive the use of the NAACP's marks in the article as being in connection with those transactional components of the website.¹⁰⁷

107. *Id.* at 326.

If this language strikes you as less than categorical, you are right. The court was careful to hedge its language here because use of trademarks in fundraising *can* support Lanham Act liability.¹⁰⁸ There is a *noncommercial use* exception to trademark infringement, not an exception for *nonprofits*. If the Radiance Foundation sold diversity consulting services under the NAACP mark, that would be commercial use. And even just asking for money can be sufficiently commercial; if the Radiance Foundation pretended to be the NAACP when soliciting donors, that too would be sufficiently commercial. The point is that Radiance truly was talking about the NAACP, rather than trying to pass off anything using the NAACP mark.

108. Indeed, we will see such a case shortly.

b Use as a Mark

A few courts have sometimes read something more into the language "use in commerce": there can be no liability unless the mark is "used or displayed in the sale or advertising of services." That language comes not from section 32, the infringement section, but from section 45, the definitions section, which provides the definition of "use in commerce" used in the Lanham Act to describe the uses that lead to trademark rights. (I.e. they borrowed a definition from the protection side of trademark law to use on the infringement side.)

In *1-800 Contacts, Inc. v. WhenU. Com, Inc.*, for example, WhenU distributed a browser toolbar to users that would display pop-up ads based on the searches the user conducted and the websites they visited.¹⁰⁹ If the user did a search for "eye care" or browsed to 1800contacts.com, for example, the toolbar would pop up an ad for another eyecare company in a new window. The court reasoned that the popup ads were clearly disclosed as not being part of the websites they were triggered by, and that WhenU's "internal utilization of a trademark in a way that does not communicate it to the public is analogous to a individual's private thoughts about a trademark," and hence noninfringing.¹¹⁰ Thus, WhenU did not infringe the 1-800-CONTACTS mark by showing popup ads triggered by browsing to 1800contacts.com.

109. *1-800 Contacts, Inc. v. WhenU. Com, Inc.*, 414 F.3d 400 (2d Cir. 2005).

110. *Id.* at 409.

But four years later in *Rescuecom Corp. v. Google Inc.*, the same court held that Google's keyword-triggered search ads could be infringing.¹¹¹ The plaintiff used the RESCUECOM mark for computer-repair service, and competing computer-repair services purchased the keyword "rescuecom" on Google, so that their ads would appear in a user's search for "rescuecom." In addition, Google's Keyword Suggestion Tool would

111. *Rescuecom Corp. v. Google Inc.*, 562 F.3d 123 (2d Cir. 2009).

sometimes suggest that companies buy ads triggered by "rescuecom," given the other search terms they were also purchasing ads against. This was different from *WhenU. Com*, because the Google ads on "rescuecom" were triggered by the exact mark, whereas the ads appearing against 1800contacts.com were not triggered by the 1-800-CONTACTS itself. This is a thin reed, and even thinner after *Booking. com BV*, which further blurred the line between trademarks and domain names. In addition, the court noted WhenU offered advertisers only broad categories (like "eye wear"), whereas Google sold individual trademarks as keywords, and even suggested them. Thus, Google displayed the mark to advertisers.

These may seem hair-splitting, so perhaps it is best to read *Rescuecom* as confining *WhenU. Com* to its facts, or even overruling it in all but name. The court was highly concerned to avoid a rule that internal software uses were *per se* exempt from Lanham Act scrutiny. As it explained:

If we were to adopt Google and its amici's argument, the operators of search engines would be free to use trademarks in ways designed to deceive and cause consumer confusion. For example, instead of having a separate "sponsored links" or paid advertisement section, search engines could allow advertisers to pay to appear at the top of the "relevance" list based on a user entering a competitor's trademark – a functionality that would be highly likely to cause consumer confusion. Alternatively, sellers of products or services could pay to have the operators of search engines automatically divert users to their website when the users enter a competitor's trademark as a search term. Such conduct is surely not beyond judicial review merely because it is engineered through the internal workings of a computer program.¹¹²

112. *Id.* at 130 & n.4.

Rescuecom's discussion of retail product placement in physical stores is also worth reading closely:

An example of product placement occurs when a store-brand generic product is placed next to a trademarked product to induce a customer who specifically sought out the trademarked product to consider the typically less expensive, generic brand as an alternative. Google's argument misses the point. From the fact that proper, non-deceptive product placement does not result in liability under the Lanham Act, it does not follow that the label "product placement" is a magic shield against liability, so that even a deceptive plan of product placement designed to confuse consumers would similarly escape liability. It is not by reason of absence of a use of a mark in commerce that benign product placement escapes liability; it escapes liability because it is a benign practice which does not cause a likelihood of

consumer confusion. In contrast, if a retail seller were to be paid by an off-brand purveyor to arrange product display and delivery in such a way that customers seeking to purchase a famous brand would receive the off-brand, believing they had gotten the brand they were seeking, we see no reason to believe the practice would escape liability merely because it could claim the mantle of “product placement.”¹¹³

Again, notice the question of whether certain practices fall outside the Lanham Act entirely, or simply do not cause consumer confusion in typical cases. If the former, than those practices are protected even when some confusion results. It is notable that despite *Rescuecom*, trademark owners have uniformly failed to show that uses by search engines actually create consumer confusion.

2 Theories of Confusion

Now we begin in earnest our safari to observe exotic forms of liability in their natural habitat. We have already met point-of-sale confusion about source.

a Counterfeiting

Section 32 of the Lanham Act speaks of “any reproduction, counterfeit, copy, or colorable imitation of a registered mark.” Sometimes in law, drafters pile on unnecessary redundant superfluous excessive synonyms, and the distinctions among them are unimportant. But here, “counterfeit” is special. When the defendant’s mark is not just confusingly similar to the plaintiff’s mark but “identical with, or substantially indistinguishable from” it,¹¹⁴ the plaintiff is entitled to stronger remedies, including treble damages and attorneys fees,¹¹⁵ and the seizure of goods bearing the counterfeit mark.¹¹⁶ The defendant can even face criminal liability for knowingly “trafficking” in goods bearing a counterfeit mark.¹¹⁷ For a prototypical example of a counterfeiting case, see *Philip Morris USA Inc. v. Lee* in the Dilution section.

Note that there still must be a likelihood of confusion; this is a definition designed to subject particularly egregious bad-faith infringers to heightened remedies, not to expand the definition of what counts as infringement. In *Arcona, Inc. v. Farmacy Beauty, LLC*, the owner of EYE DEW for an eye cream sold at Nordstrom in a tall thin silver bottle sued the maker of an EYE DEW eye cream sold at Sephora in a short wide white bottle.¹¹⁸ The courts dismissed the counterfeiting claim. Even though the word marks were letter-for-letter identical, the dramatically different packaging meant that there was no likelihood of confusion.

b Reverse Confusion

Standard (“forward”) confusion involves consumers confused into thinking that the defendant’s goods came from the plaintiff. But what if consumers are confused into thinking that the *plaintiff’s* goods came

113. *Id.* at 130.

114. Lanham Act § 54.

115. Lanham Act § 35

116. Lanham Act § 34(d).

117. 18 U.S. Code § 2320(a)(1).

118. *Arcona, Inc. v. Farmacy Beauty, LLC*, 976 F.3d 1074 (9th Cir. 2020).



Plaintiff’s EYE DEW eye cream



Defendant’s EYE DEW eye cream

from the *defendant*? How could that even happen? The Restatement (Third) of Unfair Competition gives the following illustration:

A, a small tire manufacturer, sells BIGTRACK tires in a regional market. Consumers in that market associate BIGTRACK with A. B, a prominent tire manufacturer, subsequently begins selling BIGTRACK tires and engages in an extensive promotional campaign on national television. B's advertising overwhelms A's promotional efforts with the result that consumers encountering A's tires now think that the tires are actually produced by B. B is subject to liability to A under the rule stated in this Section.¹¹⁹

There is consumer confusion about source in this example. But unlike the usual forward-confusion case where the senior user is larger and the junior user coasts on its reputation, here it is the junior user that is the larger entity and it overwhelms the senior user's goodwill rather than coasting on it. This is basically what would have happened if the national Burger King had opened up in Mattoon Illinois, where the Hoots's restaurant was already operating.

The harm to the senior user in forward-confusion cases is obvious: diverted sales. The harm in a reverse-confusion case is a little harder to pin down. The senior user may suffer from some diverted sales, as long-time customers come to think it has scaled up and patronize the junior user instead. But the opposite is also plausible: some people driving through Mattoon Illinois may will stop at the Hoots' restaurant due to the familiar-seeming name and enjoy a meal there. Of course, the national brand, as the junior user, has no grounds to complain at law: it chose a trademark that conferred this gift on the senior local user. But it is not obvious that diverted sales gives the senior user grounds to complain, either.

Another possibility is harm to reputation. Maybe the Hoots's burgers are better than the Burger Monarch's, and their image will be damaged by the association with inferior chain burgers. But this too depends on empirical facts about relative quality that need not necessarily hold. There is also the hassle and cost of turning away confused customers looking for the wrong tires and leaving negative Yelp reviews about not having Whoppers.¹²⁰

The strongest argument for reverse confusion liability may simply be a fear that large junior users will effectively hijack the senior user's mark.

because of the infringer's concurrent use of the mark, the reputation of the trademark owner's goods or services among prospective purchasers is no longer within the owner's exclusive control. Failure to protect against reverse confusion would also permit large subsequent users to undermine by extensive advertising the investments of smaller firms in their trade symbols.

119. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 cmt f (1995).

120. "Potential customers came to Big O dealers asking for BIGFOOT tires as a result of Goodyear's commercials. Big O salesmen then had to explain the difference in the construction of these tires." *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 408 F. Supp. 1219 (D. Colo. 1976).

This is not strictly a consumer-confusion rationale, but it is consistent with the general policy of trademark law.

c Initial Interest Confusion

Standard point of sale confusion takes place at the moment of purchase. But what if consumers are confused *before* then? Consider *Grotrian, Helfferich, Schultz, Th. Steinweg Nachf v. Steinway & Sons*, which pitted two branches of a piano-making family against each other.¹²¹ Heinrich Engelhard Steinweg established a piano factory in Saxony (in modern Germany) in 1835. He emigrated to the United States in 1850, anglicized his name to Henry Steinway, and founded Steinway and Sons in New York City in 1853. It became the preeminent concert piano brand in the United States. Meanwhile, Heinrich's son Christian continued the family business in Saxony. In 1865, he sold the business to Wilhelm Grotrian in 1865, who continued it under the name Grotrian-Steinweg. A century later, Grotrian-Steinweg tried to enter the United States market in earnest in 1967, leading to trademark litigation.

Given the cost of a piano – modern Steinway grand pianos start at \$65,000 and go up to \$150,000 or more – few purchasers were likely to actually mistake one for the other at the point of sale. But the court found infringement anyway, on a theory of *initial interest* confusion:

The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway or that Grotrian had some connection with Steinway and Sons. The harm to Steinway, rather, is the likelihood that a consumer, hearing the "Grotrian-Steinweg" name and thinking it had some connection with "Steinway", would consider it on that basis. The "Grotrian-Steinweg" name therefore would attract potential customers based on the reputation built up by Steinway in this country for many years. Misled into an initial interest, a potential Steinway buyer may satisfy himself that the less expensive Grotrian-Steinweg is at least as good, if not better, than a Steinway. Deception and confusion thus work to appropriate defendant's good will.¹²²

Initial interest confusion was mostly an occasional novelty theory for the next few decades. But the Internet created new opportunities for mischief and misunderstanding. In particular, search-engine-based marketing created new ways of using competitors' trademarks. We have met one already in *Rescuecom*: keyword advertising. Another was *metatags*: placing metadata in a web page to indicate to search engines that it is relevant to particular topics, with the hopes that the search engines will return the page as a result in searches for those topics. These potentially become trademark issues when the keywords or metatags include a competitor's trademark. Unsurprisingly, trademark owners asserted that both of these practices were infringing – even if the web pages themselves never used the trademark and it was clear to visitors

121. *Grotrian, Helfferich, Schultz, Th. Steinweg Nachf v. Steinway & Sons*, 523 F.2d 1331 (2d Cir. 1975).



STEINWAY AND SONS logo



GROTRIAN-STEINWEG logo

122. *Id.* at 1342.

that the goods and services offered there were not those of the trademark owner.

In short, these practices were tailor-made for assertions of initial interest confusion. In the much-cited 1999 case of *Brookfield Communications v. West Coast Entertainment*, the court gave the following analogy:

Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading—"West Coast Video: 2 miles ahead at Exit 7"—where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.¹²³

In later years, however, courts started walking back the theory of initial interest confusion. In a 2009 keyword-advertising case, *Hearts on Fire Co., LLC v. Blue Nile, Inc.*, the court had this to say about initial interest confusion and search engines:

Rarely are cases so clear as the Ninth Circuit's billboard – particularly on the internet – and certainly not this one.

Infringement is not nearly so obvious from this vantage point. Rather than a misleading billboard, this analogy is more akin to a menu – one that offers a variety of distinct products, all keyed to the consumer's initial search. Sponsored linking may achieve precisely this result, depending on the specific product search and its context. When a consumer searches for a trademarked item, she receives a search results list that includes links to both the trademarked product's website and a competitor's website. Where the distinction between these vendors is clear, she now has a simple choice between products, each of which is as easily accessible as the next. If the consumer ultimately selects a competitor's product, she has been diverted to a more attractive offer but she has not been confused or misled.⁹ While she may have gotten to the search-results list via the trademarked name, once there, the advertised products are easily distinguished.

In much the same way, keyword purchasing may, in many cases, be analogized to a drug store that typically

123. *Brookfield Commc'ns v. W. Coast Ent.*, 174 F.3d 1036, 1064 (9th Cir. 1999). The hypothetical is based on *Blockbuster Ent. Grp. v. Laylco, Inc.*, 869 F. Supp. 505 (E.D. Mich 1994).

9. Consider, for instance, if Pepsi were to purchase sponsored links to its website triggered by an internet user's search for the "Coca-Cola" trademark. Coca-Cola would have difficulty suing Pepsi for infringement on an initial interest theory because these two products are widely recognized as competitors and, accordingly, the likelihood of consumer confusion is exceedingly small.

places its own store-brand generic products next to the trademarked products they emulate in order to induce a customer who has specifically sought out the trademarked product to consider the store's less-expensive alternative. The generic product capitalizes on the recognizable brand name but the consumer benefits by being offered a lower-cost product. At no point is the consumer confused about the alternatives presented to her. The goodwill invested in the protected mark remains undisturbed while the consumer reaps the benefit of competing goods. Trademark infringement would seem to be unsupportable in this scenario. Mere diversion, without any hint of confusion, is not enough.

To be sure, the sponsored links appearing on a search-results page will not always be a menu of readily distinguished alternatives. With the intense competition for internet users' attention and mouseclicks, online merchants may well be tempted to blur these distinctions, hoping to create and capitalize on initial consumer confusion. Such conduct undoubtedly begins to sound in trademark infringement. Thus, where a plaintiff has plausibly alleged some consumer confusion, even at an initial stage of his product search, the question is a far closer one.

Based on the twin goals of trademark protection, the Court concludes that initial interest confusion can support a claim under the Lanham Act – but only where the plaintiff has plausibly alleged that consumers were confused, and not simply diverted. Many cases, including this one, will fall somewhere between the incarnations of so-called initial interest confusion discussed above – the misleading billboard or the choice-enhancing menu. The Court's task is to distinguish between them. As a preliminary matter, the Court agrees with the many scholars who find the deceptive billboard analogy often inapt in the internet context. Unlike the deceived shopper who is unlikely to get back on the highway, the internet consumer can easily click the 'back' button on her web browser and return almost instantly to the search results list to find the sought-after brand. Her added search costs, in other words, may often be very low while her comparative choice among products is greatly expanded.

The crucial question in these cases is one of degree: Whether the consumer is likely confused in some sustained fashion by the sponsored link and the defendant's website, or whether the link serves instead as a benign and even beneficial form of comparison shopping. The menu analogy described above – where the competing products are clearly distinguished – is not, in and of itself, truly a case of confusion at all, and therefore cannot support an infringement claim. In fact, in order for a plaintiff pleading initial inter-

est confusion to prevail, that confusion must be more than momentary and more than a mere possibility. As with any alleged trademark violation, plaintiffs must show a genuine and substantial likelihood of confusion.¹²⁴

The theory remains viable, and courts vary in their solicitude towards trademark owners asserting it.

d Post-Sale Confusion

Standard point of sale confusion takes place at the moment of purchase, and initial interest confusion before. What if consumers are confused *after* then? Suppose, for example, that the trademark is the stitching pattern on the back pocket of the plaintiff's blue jeans. There is no plausible confusion to purchasers at the point of retail sale; the defendant's jeans are clearly labeled with tags bearing its own trademarks. But when a consumer buys a pair of jeans and pulls off the tags, perhaps people on the street will see the jeans and mistakenly think that they are the plaintiff's jeans. This is *post-sale* confusion.

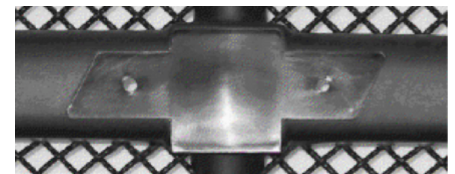
Fashion is a fraught and doctrinally tricky subject, so for another example, consider *General Motors Corp. v. Keystone Automotive Industries, Inc.*, where Tong Yang made (and a co-defendant distributed) replacement grilles designed to fit the front of various models of GM cars. The grilles on GM cars typically have a placeholder in the shape of GM's "bow-tie" logo, and so did the defendant's aftermarket grilles. Again, there was no plausible point-of-sale confusion. Repair shops buying Tong Yang grilles knew they were buying third-party parts, not official GM parts. The boxes were different, the parts themselves were clearly stamped, and there were conspicuous disclaimers:

THESE REPLACEMENT PARTS ARE NOT MANUFACTURED BY THE ORIGINAL MANUFACTURER. THESE PARTS ARE REPLACEMENT FOR THE OEM PARTS, AND MANUFACTURED IN TAIWAN FOR NORTH AMERICA MARKET.

As the court put it, "An automobile owner would have to possess complete ignorance of this disclaimer, her insurance contract, and ordinary automobile repair practices to be confused as to the origin of a Tong Yang grille when getting her vehicle repaired."¹²⁵ Still, the court was open to the possibility of downstream post-sale confusion. It cited the following possible harms to the public and to GM:

(1) the viewing public, as well as subsequent purchasers, may be deceived if expertise is required to distinguish the original from the counterfeit; (2) the purchaser of an original may be harmed if the widespread existence of knockoffs decreases the original's value by making the previously scarce commonplace; (3) consumers desiring high quality products may be harmed if the original manufacturer decreases its

124. *Hearts on Fire Co., LLC v. Blue Nile, Inc.*, 603 F. Supp. 2d 274, 285 (D. Mass. 2009).



Tong Yang Chevrolet grille placeholder

125. *Gen. Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351 (6th Cir. 2006).

investment in quality in order to compete more economically with less expensive knockoffs; (4) the original manufacturer's reputation for quality may be damaged if individuals mistake an inferior counterfeit for the original; (5) the original manufacturer's reputation for rarity may be harmed by the influx of knockoffs onto the market; and (6) the original manufacturer may be harmed if sales decline due to the public's fear that what they are purchasing may not be the original.¹²⁶

126. *Id.* at 358.

Of these, the court was most concerned about the possible damage to GM's reputation for quality.

3 Section 43(a)

Our safari continues with Section 43(a) of the Lanham Act. It is worth reading section 43(a)(1)(A) in full:

(a) *Civil action.* –

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which –

(A) 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 ...

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

What does Section 43(a) do? Quite a lot:¹²⁷

- It provides a federal cause of action for infringement even of unregistered marks.
- It provides a federal cause of action for infringement of trade dress.
- It provides a federal cause of action for false advertising.¹²⁸
- It provides a federal cause of action for unfair competition.
- It provides a federal cause of action for confusion about sponsorship or affiliation.

The first of these requires little discussion. The second and third require so much discussion that we defer them to later chapters. We consider the fourth and fifth in this subsection, along with another theory of liability *not* supported by Section 43(a): failure to attribute (or "reverse passing off").

127. "Homer: Are you saying you're never going to eat any animal again? What about bacon? Ham? Pork chops? Lisa: Dad, those all come from the same animal. Homer: Ooh, yeah, right, Lisa. A wonderful, magical animal." *The Simpsons* S7E5 ("Lisa the Vegetarian"). Section 43(a) is the wonderful magical animal of intellectual property law.

128. To be precise, the false advertising cause of action comes from § 43(a)(1)(B), while the present section discusses § 43(a)(1)(A). See Rebecca Tushnet, *Running the Gamut from A to B: Federal Trademark and False Advertising Law*, 159 U. PA. L. REV. 1305 (2011).

a Unfair Competition

“Unfair competition” is a term with two meanings in United States law. *Unfair competition law* is a general name for torts between competitors: trade libel, false advertising, intentional interference with contract, trade secret misappropriation, etc. It was a common-law wellspring from which courts felt free to develop new causes of action as needed to deal with misconduct by businesses. This is the tradition that gave us *E.I. du Pont de Nemours & Co. v. Christopher’s* willingness to extend misappropriation liability.

On the other hand, the *unfair competition tort* is a trademark-like cause of action based on free-riding on a competitor’s goodwill. Also known as *passing off* or *palming off*, it takes place when the defendant intentionally deceives consumers into believing they are receiving the plaintiff’s goods or services when they are actually receiving the defendant’s. It is both broader and narrower than trademark infringement. It is broader in that there can be unfair competition liability even when the plaintiff lacks rights in the trademark or when the defendant is careful never to actually use the mark. But it is narrower in that it requires proof of bad faith (in the trademark sense), rather than just a likelihood of confusion.

To understand this split, a page of history is helpful. Margareth Barrett summarizes:

At common law in the late 1800s and early 1900s, courts distinguished between “technical trademarks,” which were protected through a suit for trademark infringement, and “trade names” (or “secondary meaning marks”), which were protected (if at all) through a suit for unfair competition.

Technical trademarks were what we would call “inherently distinctive” marks today – words and symbols that were “fanciful, arbitrary, unique, distinctive, and non-descriptive in character,” and which the claimant had physically affixed to articles of merchandise. Trade names, by contrast, consisted of words and symbols that described their user’s product or service, constituted geographical terms, personal names, or designations common to the trade, or constituted business or corporate names.

The courts distinguished between technical trademarks and [trade names] on the reasoning that a business could legitimately appropriate a fanciful or arbitrary word or symbol to its sole, exclusive use, with no harm to others. A technical trademark, by definition, was either made up (and thus had no meaning) or had a meaning that bore no descriptive or other logical relationship to the user’s product. Accordingly, competitors had no legitimate reason to adopt the same word or symbol to identify or describe their similar goods. If they did so, they likely did it for the purpose of perpetrating a fraud on the mark owner or the public. Their

action could be characterized as an invasion of the first user's property rights.

In contrast, trade names consisted of descriptive, surname, geographic, and other words and symbols commonly used in the trade, such as colors, squares, circles, stripes, or other common shapes. Numerous competitors might legitimately want to use such words and symbols in their own marketing activities. A business that adopted such a word or symbol as its mark or name had no right to expect exclusivity.

When competitors intentionally used a [trade name] for the purpose of confusing consumers about the source of their goods, thus diverting trade from an earlier user, courts would intervene – not on the ground that the plaintiff had property rights in the word or symbol (as might be the case with regard to a technical trademark), but because the defendant/competitor was engaged in fraudulent conduct.

Plaintiffs in [unfair competition] cases generally had to demonstrate that the defendant acted with fraudulent intent, while courts would presume fraud in technical trademark infringement cases.¹²⁹

Thus, both trademark infringement and unfair competition were originally rooted in a theory of deliberate deception. But what happened is that over time, courts and Congress broadened trademark law in two ways. First, they expanded the category of protectable trademarks from arbitrary and fanciful marks to include also suggestive and descriptive marks. But because use of a descriptive mark is not *per se* wrongful or fraudulent – perhaps the defendant is using the term honestly to describe its own products – the courts shifted to a likelihood-of-confusion analysis.

Today, the Lanham Act for the most part does not draw any distinctions in the protections it accords to inherently distinctive marks and to marks with acquired distinctiveness. They are all protected under the same likelihood-of-confusion standard. That would seem to obliterate the need for a separate unfair-competition tort. Not quite so fast.

Consider *William R. Warner & Co. v. Eli Lilly & Co.*, where the plaintiff sold a chocolate-quinine drink under the name COCO-QUININE and the defendant sold one under the name QUIN-COCO. The *trademark infringement* claim failed because both COCO-QUININE and QUIN-COCO were merely descriptive. Thus, the plaintiff could not establish trademark rights in "coco" or "quinine" that would prevent the defendant from accurately marketing its own product as containing quinine and cocoa. But the *unfair competition* claim survived because the defendant convinced retail druggists (who sold the drinks to the public) to dispense Quin-Coco to customers who asked for Coco-Quinine.

The evidence establishes by a fair preponderance that some of petitioner's salesmen suggested that, without danger of

129. Margreth Barrett, *Finding Trademark Use: The Historical Foundation for Limiting Infringement Liability to Uses 'In the Manner of a Mark'*, 43 WAKE FOREST L. REV. 893 (2008).



Coco-Quinine advertisement

detection, prescriptions and orders for Coco-Quinine could be filled by substituting Quin-Coco. More often, however, the feasibility of such a course was brought to the mind of the druggist by pointing out the identity of the two preparations and the enhanced profit to be made by selling Quin-Coco because of its lower price. There is much conflict in the testimony; but on the whole it fairly appears that petitioner's agents induced the substitution, either in direct terms or by suggestion or insinuation. Sales to druggists are in original bottles bearing clearly distinguishing labels and there is no suggestion of deception in those transactions; but sales to the ultimate purchasers are of the product in its naked form out of the bottle; and the testimony discloses many instances of passing off by retail druggists of petitioner's preparation when respondent's preparation was called for.¹³⁰

This was passing off by the druggists – for which the defendant was secondarily liable – even though it was not trademark infringement.

For a modern example of the power and limits of the unfair competition tort, consider *Blinded Veterans Ass'n v. Blinded American Veterans Foundation*.¹³¹ The plaintiff was a non-profit dedicated to providing assistance to blind veterans, the Blinded Veterans Association (or BVA). The defendant was another nonprofit with a similar mission, formed by three former officers of the BVA, named the Blinded American Veterans Foundation (or BAVF). The BVA's name was generic, given its mission, so the BAVF's use of a similar name was not trademark infringement and by itself did not give rise to an unfair competition claim. But to the extent that its deliberate adoption of a similar name resulted in donations intended for the BVA flowing instead to the BAVF, "the failure of the defendant to adequately identify itself as the source" was actionable.

This is not just consumer confusion that just happens because of similar names. It must result from "passing itself or its product off as the first organization or its product," so the court asked whether "because of specific actions by BAVF . . . people are likely to think BAVF is BVA."¹³² And the remedy is accordingly narrow. A defendant can be required to add a prominent disclaimer that it is not the plaintiff, or to use its own brand name in addition to the product's generic name, but it is generally free to continue using a similar name or trademark. So here: both charities still exist, and both are still using the same names they had.

b False Association

Another way that § 43(a) is useful to trademark owners is by supplying a cause of action for the false suggestion of "affiliation," "connection," "sponsorship" or "approval." Again, a little history is useful. At common law at the start of the 20th century, only trademark infringement involving directly competing goods were actionable – a rule following directly from the conceptual logic of technical trademark infringement,

130. *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 530 (1924).

131. *Blinded Veterans Ass'n v. Blinded Am. Veterans Found.*, 872 F.2d 1035 (D.C. Cir 1989) (Ginsburg, J.).



BVA logo



BAVF logo

132. *Id.* at 1046–47 (emphasis added).

which focused on the defendant's diversion of the plaintiff's customers via deception.

But in cases like 1928's *Yale Electric Corp. v. Robertson*, courts began to allow trademark infringement suits against related but not directly competing goods.¹³³ There, the plaintiff sold YALE flashlights, and the defendant sold YALE locks.¹³⁴ Learned Hand wrote:

The law of unfair trade comes down very nearly to this – as judges have repeated again and again – that one merchant shall not divert customers from another by representing what he sells as emanating from the second. This has been, and perhaps even more now is, the whole Law and the Prophets on the subject, though it assumes many guises. Therefore it was at first a debatable point whether a merchant's good will, indicated by his mark, could extend beyond such goods as he sold. How could he lose bargains which he had no means to fill? What harm did it do a chewing gum maker to have an ironmonger use his trade-mark?

However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful. The defendant need not permit another to attach to its good will the consequences of trade methods not its own.¹³⁵

This expansion had two effects. First, it made relatedness of the goods into one of the factors for the standard trademark-infringement likelihood-of-confusion test. Second, it opened up a new and independent theory of harm to the plaintiff, one not necessarily grounded in confusion about source. Indeed, the theory now works even against wholly different goods, where no reasonable consumer could think they originated from the plaintiff.

In *Conan Properties, Inc. v. Conans Pizza, Inc.*, the plaintiff Conan Properties, owned the copyrights in the Conan the Barbarian¹³⁶ stories and novels by Robert E. Howard, L. Sprague deCamp, and their successors, and the CONAN THE BARBARIAN mark.¹³⁷ It sued Conans Pizza, which operated a pizza restaurant in Austin, Texas.

The restaurant's menus, signs, promotional material, specialty items, and general decor featured a barbarian-like

133. *Yale Elec. Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928) (Learned Hand, J.).

134. What about Yale College, which has been using the YALE name since 1718?



Plaintiff's YALE flashlight



Defendant's YALE lock

135. *Yale Elec.*, 26 F.2d at 973–74.



Conans Pizza interior, circa 2016

man who closely resembled CPI's CONAN character. For example, Conans Pizza's menus depicted a loincloth-clad, sword wielding, sandal wearing, barbarian-like musclemán, and they described one of the featured pizzas as the "Savage, Barbaric, All the Way Pizza." The owners decorated the restaurant with dozens of reproductions of Frank Frazetta's artwork, although only a few of the reproductions actually represented CONAN THE BARBARIAN.¹³⁸

The court concluded that a reasonable jury could find a likelihood of confusion about source, sponsorship, or affiliation on these facts. It was clear that Conans Pizza knew about the character when adopting its name and decor and intended to capitalize on the positive associations. That was enough for the trademark bad faith element of unfair competition. As for the actual likelihood of confusion, notwithstanding the vast product-line difference between muscle-bound steppe warriors and basil pesto pizza:

Conans answers that no reasonable person could have believed that its restaurants were related to CPI's CONAN THE BARBARIAN, since the products and services each provided were different. We must disagree. Although CPI never licensed any entity to use its mark in connection with restaurant services, ordinary consumers may well believe that Conans was in fact licensed by CPI. At the trial CPI presented evidence of numerous cartoon and other characters whose names, marks, or images were used in extensive licensing programs to promote everything from children's toys to fast-food restaurants. These characters included SNOOPY, POPEYE, DICK TRACY, PETER PAN, E.T., and ROY ROGERS. Many of today's consumers expect such endorsements and act favorably toward them. It is reasonable to assume, as the jury found, that ordinary consumers who patronized Conans Pizza and experienced the pervasive, inescapable aura of CONAN THE BARBARIAN in those restaurants were likely to believe that the restaurants were in some way licensed by or affiliated with CPI. We therefore leave undisturbed the jury's findings of trademark infringement and unfair competition.¹³⁹

There is still a likelihood of confusion in false-association cases. It is just confusion about something other than source.¹⁴⁰ Section 43(a) now incorporates this wider second understanding of confusion, which must be pleaded as a distinct cause of action.

There is an unavoidable circularity in this reasoning. Why would a patron of Conan's Pizza assume that there was any licensing or affiliation relationship with CPI? Wouldn't they equally plausibly think that the owners simply are Conan fans? Consumers' assumption that pizza restaurants would seek licenses only makes sense if pizza restau-



Conans Pizza logo, circa 2016

136. Memorably played in the 1982 movie adaptation by Arnold Schwarzenegger.
137. *Conan Props., Inc. v. Conans Pizza, Inc.*, 752 F.2d 145 (5th Cir. 1985). This is a *series*, so the single-creative-work rules does not apply.
138. *Id.* at 148.

139. *Id.* at 150.

140. But see Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 412 (2010) ("We think trademark law needs to refocus on confusion that is actually relevant to purchasing decisions.") Also watch out for the trademark defenses, which often limit liability in such cases.)

rants regularly do seek licenses – and they main reason they would is that courts insist that they do. Thus, the 43(a) false-association right is self-entrenching: it creates the very licensing practices that justify it.

The most controversial false-association cases involve merchandising: use of the trademark on apparel and other items purchased by people who care about the mark because of what it signifies rather than as a signal of who made the goods. Merchandising is not a good fit for the traditional section 32(a) theory of infringement through confusion about source. Recall *In re Schmidt*, where BOSTON STRONG failed to function as a mark on T-shirts. If putting a slogan or symbol on a T-shirt does not constitute use as a designation of source that creates trademark rights for ownership purposes, it seems to follow that putting the same slogan or symbol on a T-shirt could not create a likelihood of confusion about source for infringement purposes.

But now consider the Boston Professional Hockey Association, which owns the BRUINS family of marks for “professional ice hockey contests” and related uses. There is no dispute that these are valid trademarks; the Bruins have been playing since 1928, and use of a mark to designate a particular sports team that sells tickets to its games is clearly a rights-creating use as a mark in commerce. Someone buying a jersey emblazoned with the Bruins B logo is unlikely to think that the Bruins are literally the source of the shirt. The players do not operate sewing machines between games. But following the logic of *Conan Properties*, perhaps the Bruins could sue unauthorized jersey vendors on a theory of false association under section 43(a).

Such was the theory that the court accepted in *Boston Professional Hockey Ass’n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, in a suit by the Bruins, twelve fellow teams, and their hockey league. It reasoned that “the major commercial value of the emblems is derived from the efforts” of the teams, and the sale of team-logo apparel “is an accepted use of such team symbols in connection with the type of activity in which the business of professional sports is engaged.”¹⁴¹ As for the confusion requirement, it was “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.”¹⁴²

If the *Conan Properties* reasoning was circular, *Boston Professional Hockey Ass’n’s* reasoning completely short-circuits the confusion requirement. It essentially creates an absolute, unqualified merchandising right for mark owners. Goods purchased because of the mark require the mark owner’s approval, as long as consumers recognize the mark, which of course they do.

Other cases have pushed back against this expansive merchandising right. In *International Order of Job’s Daughters v. Lindeburg & Co.*, the defendants sold jewelry with the emblem of the plaintiff’s fraternal organization, Job’s Daughters.¹⁴³ The organization sold officially licensed jewelry to its members, but other unaffiliated retailers also sold unlicensed jewelry with the emblem. Lindeburg tried to become an “official jeweler,” but the organization refused.



BRUINS jersey

141. *Bos. Pro. Hockey Ass’n, Inc. v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1011 (5th Cir. 1975).
142. *Id.* at 1012.
143. *Int’l Ord. of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980) (“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.’”).



Job’s Daughters emblem



Lindeburg jewelry

The court held for Lindeburg in the 43(a) false-association suit:

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. . . .

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.¹⁴⁴

144. *Id.* at 918, 920.

Along with sports teams, some of the most aggressive trademark enforcers in the merchandising space have been colleges and universities. The caselaw remains split, but practice on the ground for high-value goods is generally to take a license.

4 Dilution

The origin of trademark liability for *dilution* is usually traced to Frank Schechter's 1927 article, *The Rational Basis of Trademark Protection*.¹⁴⁵ Recall that early-20th-century trademark law prohibited the use of a technical trademark only on directly competing goods. My rights in DAF-FODIL for baked goods were not infringed by your use of DAFFODIL on clothing: in the theory of the time, there was no risk of consumer confusion about source at the point of sale. Schechter, however, thought that such uses worked a real harm on the trademark owner, because they "vitiating or impaired" the "uniqueness or singularity" of the trademark.¹⁴⁶ He argued:

Trademark pirates are growing more subtle and refined. They proceed circumspectly, by suggestion and approximation, rather than by direct and exact duplication of their victims' wares and marks. The history of important trademark litigation within recent years shows that the use of similar marks on non-competing goods is perhaps the normal rather than the exceptional case of infringement. In the famous English Kodak case, cameras and bicycles were the articles in question; in the Aunt Jemima's case, pancake flour and syrup; in the Vogue case, fashion magazines and hats; in the Rolls-Royce case, automobiles and radio parts; in the Beech-Nut case, food products and cigarettes. In each instance the defendant was not actually diverting custom from the plaintiff, and where the courts conceded the absence of diversion of custom they were obliged to resort to an exceedingly laborious spelling out of other injury to the plaintiff in order to support their decrees. The real injury in all such cases can only be gauged in the light of what has been said concerning the function of a trademark. It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.¹⁴⁷

145. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

146. *Id.*

147. *Id.* at 825.

The thing about this theory is that the unrelated-goods rule was an artificial limit on trademark rights – an artificial limit that was already in the process of collapsing as Schechter wrote. *Yale Electric*, which held that YALE for locks could infringe on YALE for flashlights, was decided the very next year. Today, there is no such rule, and relatedness is just one factor in the likelihood-of-confusion analysis.

But the theory of dilution lives on, because there is a powerful internal logic to Schechter's idea. Instead of protecting a trademark owner from *diversion* of sales through misuse of the mark, dilution protects the

trademark owner's investment in *the mark itself*. Goodwill, on this theory, is not just a consumer belief *associated* with the trademark owner, it is a kind of property *belonging* to the trademark owner. Any uses that reduce that goodwill are legally actionable under dilution. As Jeremy Sheff explains:

Schechter's theory of dilution rested on the premise that the ability of a trademark to serve as a vehicle for creating and perpetuating goodwill depends on its "uniqueness," and that multiple unrelated uses of an unusual or distinctive mark will prevent that mark from developing a strong, unique hold on the public consciousness. This theory would give the first user of a particularly unique or distinctive mark the right to enforce her mark broadly – not merely within the geographic markets in which she operated, but also in neighboring regions; not merely against competing products, but also against sellers of non-competing goods – all on the theory that any interference with her efforts to build and retain the association of goodwill with her trademark threatens gradually to weaken that association, thereby reducing her incentive to cultivate such goodwill.¹⁴⁸

Today, the Lanham Act recognizes two theories of dilution in section 43(c).¹⁴⁹ *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."¹⁵⁰ Judge Posner summarizes:

First, there is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. Suppose an upscale restaurant calls itself "Tiffany." There is little danger that the consuming public will think it's dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name "Tiffany" they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder - incur as it were a higher imagination cost - to recognize the name as the name of the store. *Cf. Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.* ("The [legislative] history [of New York's antidilution statute] disclosed a need for legislation to prevent such 'hypothetical anomalies' as 'Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns'").¹⁵¹ So "blurring" is one form of dilution.¹⁵²

The Lanham Act lists six nonexclusive factors to be considered in deciding whether blurring has taken place.¹⁵³ As is typical of multi-factor tests in IP law, they are in essentially random order.

- (i) *The degree of similarity between the mark or trade name and the famous mark.* This factor is a rough analogue to similarity in the standard

148. Jeremy Sheff, *The (Boundedly) Rational Basis of Trademark Liability*, 15 TEX. INTELL. PROP. L.J. 331 (2007).

149. There are also state anti-dilution laws, some of which do not have the federal fame requirement, or differ in other ways.

150. Lanham Act § 43(c)(2)(B)

151. meaddata

152. *Ty Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002) (Posner, J.).

153. Lanham Act § 43(c)(2)(B).

likelihood of confusion analysis. The difference is that for dilution, greater similarity is required: the marks must be identical, or nearly so. This heightened standard makes sense, as the harm to the mark owner is more attenuated in a dilution case.

- (ii) *The degree of inherent or acquired distinctiveness of the famous mark.* This factor asks how strong the plaintiff's mark is.
- (iii) *The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.* This is a new one, with no direct equivalent in the normal infringement test. Dilution will not protect a famous mark in a marketplace that is already crowded with other similar marks – once there are a hundred similar marks, there is not much point in stopping the hundred-and-first.
- (iv) *The degree of recognition of the famous mark.* It overlaps heavily with strength of the mark, and with the threshold requirement of fame, because the facts that show fame will also show the existence of substantial goodwill. Thus, this factor essentially asks *how* famous the plaintiff's mark is, and lets courts distinguish among degrees of fame.
- (v) *Whether the user of the mark or trade name intended to create an association with the famous mark.* This is a bad-faith factor. The attempt to associate your use with the plaintiff's famous mark is what bad faith means in trademark law.
- (vi) *Any actual association between the mark or trade name and the famous mark.* Actual association is the dilution analogue of actual confusion, with the same obvious relevance.

The other theory of dilution is *tarnishment*, defined as "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."¹⁵⁴ Judge Posner again:

Now suppose that the "restaurant" that adopts the name "Tiffany" is actually a striptease joint. Again, and indeed even more certainly than in the previous case, consumers will not think the striptease joint under common ownership with the jewelry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word "Tiffany" their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint.¹⁵⁵ So "tarnishment" is a second form of dilution.¹⁵⁶

There are two important thresholds for Lanham Act dilution. First, the mark must be *famous*, i.e. "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."¹⁵⁷ APPLE, COCA-COLA, VISA, and ESPN are famous; STEAK UMM, MARCO'S PIZZA, and COACH are not. Fame is measured as of the time when the defendant's allegedly

154. Lanham Act § 43(c)(2)(C)

155. The typical consumer may or may not make this association. But now that you have read this passage, it is likely that *you* will.

156. *Ty*, 306 F.3d at 511 (Posner, J.).

157. Lanham Act § 43(c)(2)(A).

diluting use began. “Niche” fame within a particular market segment or geographic area is not sufficient; WING DINGS may be familiar to institutional food buyers and SPORTING NEWS to obsessive baseball fans, but not to the general public. Everyone in Texas knows the LONGHORNS logo, but it will get you blank stares in other parts of the country. The Lanham Act lists four factors bearing on fame: advertising, sales, actual consumer recognition, and registration.¹⁵⁸

Second, the “noncommercial use of a mark” is *per se* protected from dilution liability.¹⁵⁹ In practice, this looks a lot like the commerciality threshold for plain old trademark infringement, and cases dealing with both kinds of claims almost uniformly resolve the thresholds the same way. In *Radiance Foundation*, for example, the NAACP also brought a dilution claim, which also lost. Radiance’s anti-NAACP article was not an advertisement or attached to a product for sale.

As an example of a dilution case, consider *Nike, Inc. v. Nikepal Intern., Inc.*, No. 2:05-cv-1468-GEB-JFM.¹⁶⁰ The plaintiff was Nike, the sneaker and athletic gear company which has used the mark NIKE since 1978. The defendant was Nikepal International, founded in 1998 by Pal-minder Sandhu. It provided products and services to scientific laboratories, and had one part-time employee in addition to Sandhu, and had a few hundred customers. Nikepal applied to the USPTO to register NIKEPAL for “import and export agencies and wholesale distributorships featuring scientific, chemical, pharmaceutical, biotechnology testing instruments and glassware for laboratory use, electrical instruments, paper products and household products and cooking appliances.” According to Sandhu, he flipped open the dictionary to a random page, chose the first word he saw, and then added “pal,” the first three letters of his name. The articles of incorporation capitalized the name as “NikePal.” His attorney tried to argue in court that it was pronounced “nik-a-pal,” but Sandhu alternated between that pronunciation and “ny-key-pal,” and the outgoing message on the company’s answering machine pronounced it like the Nike name. The court found his testimony about the name not credible.

There was no serious question that NIKE was famous. At the time of Nikepal’s founding, Nike sold about 180 million pairs of shoes a year in the United States, and had worldwide sales in excess of \$5 billion a year. It spent over \$100 million a year on advertising. In brand awareness consumer surveys, it consistently ranked as one of the best-known brands in the United States, among the top ten or forty. And it owned numerous registrations for NIKE, its “swoosh” logo, and various related marks (e.g. NIKE TOWN and NIKE NIKE AIR). As for dilution by blurring, here are excerpts of the court’s discussion of the statutory factors:

(i) *The Degree of Similarity*

. . . The parties’ marks are nearly identical. The NIKEPAL mark is a composite of the word “Nike” with the term of affinity, “pal.” The composite nature of the NIKEPAL mark

158. Lanham Act § 43(c)(2)(A).

159. Lanham Act § 43(c)(3)(C).

160. *Nike, Inc. v. Nikepal Intern., Inc.*, No. 2:05-cv-1468-GEB-JFM, 2007 WL 2782030 (E.D. Cal. Sept. 18, 2007).

is evident in the logo selected by the company which clearly features an “N” and a “P.” In each case the dominant feature of the mark is the term “Nike.” In addition, the term “Nike” in both marks is pronounced identically with an “i” like in “bike” and an “e” like in “key.” . . .

(ii) Distinctiveness

Nikepal does not dispute that NIKE is, at the very least, suggestive. Accordingly, NIKE is inherently distinctive and this factor favors Nike.

(iii) Substantially Exclusive Use

. . . Nike asserts that its use of the NIKE mark is substantially exclusive. Nikepal introduced evidence of use of the term “Nike” in the company name “Nike Hydraulics, Inc.,” through a bottle jack purchased from the company and a 1958 trademark registration for “Nike” owned by Nike Hydraulics. However, this evidence is insufficient to disprove Nike’s claim that its use of NIKE is substantially exclusive. Even Nikepal’s witness, Roger Smith, admitted that he had not encountered Nike Hydraulics before hearing that name in connection with this action. Accordingly, the court finds that Nike’s use of the NIKE mark is substantially exclusive and this factor therefore favors Nike.

(iv) Degree of Recognition

The degree of recognition of NIKE is quite strong. Millions of NIKE products are sold in the United States annually and the evidence demonstrates that NIKE is readily recognized. This factor therefore favors Nike.

(v) Intent to Create Association

Mr. Sandhu admitted that he was aware of the existence of the NIKE mark before he adopted the company name. Although he testified at trial that he came up with the term Nikepal by opening the dictionary to a random page and essentially finding that word by “fate,” his testimony was not credible. Therefore, this factor favors Nike.

(vi) Actual Association

Nikepal registered the domain names nikepal.biz, nikepal.net, nikepal.us, nikepal.info and nikepal.tv. The evidence shows that the domain registrar assigned the domain names an “under construction” page and then associated with that page promotions and advertisement links to a number of web pages that offered NIKE products (or products of Nike’s competitors in the shoe and apparel field). Thus, in the internet context, there is actual

association between NIKEPAL and NIKE.

Further, Mr. Johnson’s survey also evinced that there is a strong degree of association between NIKEPAL and NIKE. Mr. Johnson’s survey showed over 87% of the people in Nikepal’s own customer pool associated the stimulus “Nikepal” with NIKE. The survey presents ample proof of association between the marks to support a finding that such exists in the general public.¹⁶¹

161. *Id.* at 6–8.

In short, the factors overwhelmingly favored Nike, so the court found that Nikepal’s use created a likelihood of dilution by blurring.

Successful dilution by tarnishment cases are rarer. One reason is that blurring can take place for almost any use, whereas tarnishment can only take place when the use creates unsavory or unpleasant associations. Another is that many would-be tarnishment cases fail due to a parody or other expressive use defense. As a result, most successful tarnishment cases are brought against uses on pornographic goods or services. Examples include CANDYLAND for a sexually explicit website, candyland.com, and POLO against a Polo Club adult entertainment club.

Infringement Lightning Round

In each case, what theory or theories of trademark infringement are at stake. Should a court find a violation of the trademark owner’s rights?



The mark is TIFFANY for jewelry.



The mark is TIFFANY for jewelry.



The mark is TIFFANY for jewelry.



The mark is I CAN'T BELIEVE IT'S NOT BUTTER! for margarine.



The mark is NEW YORK STOCK EXCHANGE for securities-trading services.

Ambush Marketing

Section 15A of South Africa's Merchandise Marks Act, as amended in 2002, provides that certain events may be designated as "protected" and that



Women wearing orange

For the period during which an event is protected, no person may use a trademark in relation to such event in a manner which is calculated to achieve publicity for that trade mark and thereby to derive special promotional benefit from the event, without the prior authority of the organiser of such event.

Note that "a trade mark" need not be the mark of the event's organizer – section 15A prohibits the use of *any* trademark in this manner.

In 2010, South Africa was the host nation for the FIFA World Cup. Thirty-six women attended the Netherlands-Denmark game wearing orange dresses. Orange is the national color of the Netherlands, and also is used prominently in advertising for the Dutch beer company Bavaria. Did Bavaria or the women violate section 15A? If they had done this in the United States, would they have violated any provisions of the Lanham Act?

F Secondary Liability

Trademark law has contributory and vicarious infringement theories; their contents should be unsurprising by now.

1 Contributory Infringement

Contributory infringement in trademark law occurs when a defendant "intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement."¹⁶² The eagle-eyed reader with a photographic memory will have observed that this includes what in copyright or patent would be called inducement infringement, and also what would be called contributory infringement. The precise classification is of no moment; these are basically the same two theories. The inducement prong requires intent; the contributory prong requires knowledge or reason to know. As in copyright and patent, these are secondary liability theories: there is no contributory liability unless there is a direct infringer (as discussed in the precious section).

The leading case on contributory trademark infringement is *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*¹⁶³ Ives Laboratories sold the drug cyclandelate under the trademark CYCLOSPASMOL. Ives marketed the drug, a white powder, to wholesalers, retail pharmacists, and hospitals in colored gelatin capsules. Pharmacists dispense pills to patients in their own bottles, so the only packaging patients would typically see was on the pills themselves. Ives used a blue capsule, imprinted with "Ives 4124," containing 200mg of cyclandelate, and a blue-red capsule, imprinted with "Ives 4148," for 400 mg of cyclandelate.

After Ives' patent on cyclandelate expired, several generic manufacturers, including Inwood, marketed cyclandelate to hospitals and pharmacies in 200 mg and 400 mg capsules in colors identical to those selected by Ives, but with no identifying marks or different ones than Ives

162. *Inwood Lab'ys, Inc. v. Ives Lab'ys, Inc.*, 456 U.S. 844 (1982).

163. *Id.*

used. Their catalogs truthfully described their capsules as “equivalent” or “comparable” to CYCLOSPASMOL.

Ives sued for trademark infringement, alleging that some pharmacists ignored physicians’ written instructions to dispense only CYCLOSPASMOL and dispensed Inwood’s generics instead, and that some pharmacists mislabeled Inwood’s generics as CYCLOSPASMOL on the bottles they gave patients.¹⁶⁴ By now you should recognize this as passing off; the pharmacists who did this directly infringed the CYCLOSPASMOL mark.¹⁶⁵ But because Inwood did not apply the CYCLOSPASMOL mark to any products, or distribute any products bearing the CYCLOSPASMOL mark, it was not a direct infringer. Thus, according to the Court, its liability “depended upon whether, in fact, the petitioners intentionally induced the pharmacists to mislabel generic drugs or, in fact, continued to supply cyclandelate to pharmacists whom the petitioners knew were mislabeling generic drugs.”¹⁶⁶

According to the appeals court, Inwood should have anticipated that pharmacists would illegally substitute its cheaper generic for Ives’s CYCLOSPASMOL, and gave no legitimate reason to use the same pill colors. But the Supreme Court disagreed. Inwood did not make direct visits to pharmacists at which it might have suggested substitution, and its catalogs themselves did not suggest it either. Although some substitutions did occur (and were infringing when they did), they were not so common as to justify an inference that Inwood should have known they would. And *patients’* familiarity with Ives’s color scheme was a good reason to use a similar one, since it helped them know which pills were their cyclandelate.¹⁶⁷

2 Vicarious Infringement

Vicarious trademark infringement is not super-common, but it does occur. The exact test varies from circuit to circuit, but a common formulation is identical to the copyright test: (1) a direct financial interest in the infringement plus (2) the right and ability to control it. *Philip Morris* is illustrative.¹⁶⁸ Philip Morris is a tobacco company and the owner of the MARLBORO brand. Motohiro Miyagi was a distribution agent for Metrich International, a Chinese cigarette company; he received a \$10.00 commission per case of cigarettes sold.¹⁶⁹ In 2003, he organized a scheme to import into the United States nearly 1,960 cases of counterfeit Marlboros manufactured by Metrich. Specifically:

- The cigarettes were stored in a warehouse in Curaçao, Netherlands Antilles.
- Julian Balea and his company, Synergy Trading Group, advertised the cigarettes for sale on the Internet.
- William Lee and Felipe Castaneda, doing business as the Kagro Company, agreed to purchase the cigarettes.
- John Tominelli and his company, Southeastern Cargo Services, imported the cigarettes into the United States.



Cyclandelate capsules

164. More on drug substitution law on the Biotechnology chapter, I hope!

165. Bonus points if you can see how this is basically *William R. Warner &* all over again.

166. *Inwood Lab's*, 456 U.S. 844.

167. More on pill design in the Biotech chapter, as well.

168. *Philip Morris USA Inc. v. Lee*, 547 F. Supp. 2d 667 (W.D. Tex 2008).



MARLBORO logo

169. There are 20 cigarettes in a pack, 10 packs in a carton, and 50 cartons in a case.

Customs and Border Protection seized the shipment when it arrived in Houston, and Marlboro sued.

Miyagi kept his hands off both the cigarettes and the paperwork, and many of the individual actors dealt only with each other. The buyers were unaware of Miyagi's role; they contacted and paid Synergy directly. But Miyagi was an open-and-shut vicarious infringer. He had a direct financial interest: \$10 for each case of counterfeits he sold. And he had the right and ability to supervise the infringing activity:

Miyagi admits that he controlled the counterfeit Marlboro cigarettes as part of his responsibility to maintain and sell them for Metrich. It is Miyagi who hired Balea and Synergy to assist him with the sale, retaining significant authority over the transaction. At his deposition, Balea testified about his belief that Miyagi was the actual seller of the goods. Balea understood that Miyagi dictated the price of the goods and could exercise control over the terms of the sale to Lee and Castaneda. Miyagi selected Tominelli and Southeastern to perform an inspection and verify the goods. In fact, Miyagi was present at the inspection and authorized the release of goods upon verification.¹⁷⁰

170. *Philip Morris*, 547 F. Supp. 2d at 671.

Vicarious infringement makes fact patterns like these easy; diffusing infringing activities throughout a distributed organization will not allow the supervisor at the top of the pyramid to escape trademark liability.

G Defenses

Trademark, like copyright, has a defense for sufficiently expressive uses. And like every IP area we have studied, it has an exhaustion defense. In addition, it has two important defenses that reflect the basic logic of trademark: truthful descriptions of one's own products are always allowed.

1 Descriptive Fair Use

Descriptive marks pose the greatest danger to competitors' freedom. Generic marks are unprotectable, and arbitrary, fanciful, and suggestive marks are *additions* to the market language. On the same theory that justifies copyright in original expression and patents in novel inventions, giving mark owners rights over symbols they themselves have created takes nothing away from others. But descriptive marks have pre-existing meanings, and competitors ought to be free to continue using the marks with their existing descriptive meanings. The mark owner has exclusive rights over the *trademark meaning* of a descriptive mark with secondary meaning, but not over its *descriptive meaning*, which everyone else is still free to use.

Thus, the defense of *descriptive fair use* allows a defendant to use a mark "fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin."¹⁷¹ Consider *Zatarains*,

171. Lanham Act § 33(b)(4).

Inc. v. Oak Grove Smokehouse, Inc., where a “fish fry” was a descriptive term for a coating mix for frying fish, but Zatarain’s had secondary meaning in the mark FISH-FRI. Thus, the defendants Oak Grove and Visko’s could use “fish fry” to describe their coating mixes, as long as they really were describing their own products and not attempting to confuse consumers into thinking that their products were Zatarain’s. Because this is “good faith” in the trademark sense, the defendant’s attempts to cause or prevent confusion are highly relevant. The court explained:

The record contains ample evidence to support the district court’s determination that Oak Grove’s and Visko’s use of the words “fish fry” was fair and in good faith. Testimony at trial indicated that the appellees did not intend to use the term in a trademark sense and had never attempted to register the words as a trademark. Oak Grove and Visko’s apparently believed “fish fry” was a generic name for the type of coating mix they manufactured. In addition, Oak Grove and Visko’s consciously packaged and labelled their products in such a way as to minimize any potential confusion in the minds of consumers. The dissimilar trade dress of these products prompted the district court to observe that confusion at the point of purchase — the grocery shelves — would be virtually impossible. Our review of the record convinces us that the district court’s determinations are correct.¹⁷²

The Lanham Act also states that descriptive fair use is a defense to a dilution claim,¹⁷³ and it is recognized as a defense to section 43(a) unfair-competition claims as well.

Some courts, confusingly, refer to this defense simply as “fair use,” even though it has very little in common with copyright’s fair-use defense. Better practice is always to call it “trademark fair use” — or best of all, “descriptive fair use.”

2 Nominative Fair Use

The defense of *nominative fair use* is a close cousin to descriptive fair use. It applies when the defendant is using the mark in its truthfully to describe its own products *by way of the plaintiff’s products*. Thus, the defendant is using the mark in its trademark sense (rather than its descriptive sense, as in descriptive fair use), but there is no confusion about source because the use makes the relationship clear.

A canonical example is *New Kids on the Block v. New America Pub., Inc.*¹⁷⁴ Before BTS, before One Direction, before *NSYNC and the Backstreet Boys, there were the New Kids on the Block, the hit boy band of the late 1980s, and owner of a NEW KIDS ON THE BLOCK family of marks. The newspaper *USA Today* ran a poll, asking readers to call a 900 number to pick their favorite member of the band.

New Kids on the Block are pop’s hottest group. Which of the

172. *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 796 (5th Cir. 1983).

173. Lanham Act § 43(c)(3)(A).

174. *New Kids on the Block v. New Am. Pub., Inc.*, 971 F.2d 302 (9th Cir. 1992).

WHO'S THE BEST
ON THE
BLOCK

New Kids on the Block are pop's hottest group. Which of the five is your fave? Or are they a turn off?
Kids: Tell your parents you're calling
1-900-420-2030

Lines will be open from 6 a.m. EST/
3 a.m. PST to midnight EST/9 p.m.
PST today only. Each call costs 50
cents. Results in Friday's Life section.

Any USA TODAY profits from this phone line will go to charity

five is your fave? Or are they a turn off? ... Each call costs 50 cents. Results in Friday's Life section.

NKOTB sued for trademark infringement.

A trademark is not an exclusive right to keep people from having anything to do with your goods and services. Music critics can praise or criticize the New Kids. Radio stations can hold contests to win tickets to their concerts. Mechanics can repair TOYOTA cars; restaurants can sell ABITA root-beer floats. All of these are completely legal, even if done for profit.

The point of nominative fair use is that all of these businesses *can use the trademark* to describe what they do. The rationale is straightforward. The defendant's business can only be explained to customers in terms of the plaintiff's products, and the plaintiff's mark is by far the best way to refer to the plaintiff's products. The court explained:

For example, one might refer to "the two-time world champions" or "the professional basketball team from Chicago," but it's far simpler (and more likely to be understood) to refer to the CHICAGO BULLS. . . . Indeed, it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark. For example, reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three; reference to a large Japanese manufacturer of home electronics would narrow the field to a dozen or more companies. Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.¹⁷⁵

175. *Id.* at 306–07.

Examples cited included *Volkswagenwerk Aktiengesellschaft v. Church*, where an automobile repair shop could use VOLKSWAGEN and VW to explain that it repaired Volkswagens,¹⁷⁶ and *WCVB-TV v. Boston Athletic Ass'n*, where a TV station could use BOSTON MARATHON to describe its upcoming broadcast of the Boston Marathon.¹⁷⁷ Note again that all of these are commercial uses.

176. *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969).

177. *WCVB-TV v. Bos. Athletic Ass'n*, 926 F.2d 42 (1st Cir. 1991).

The standard statement of nominative fair use has three elements:

First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reason-

ably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.¹⁷⁸

Consider those three elements in the context of the case. First, there is no common descriptive term for the New Kids other than the NEW KIDS ON THE BLOCK mark, any more than there is for the Chicago Bulls, Volkswagens, or the Boston Marathon. Second, the ad used only the name, not the band's logo.¹⁷⁹ And third, by suggesting that the New Kids might be a "turn off," the ad if anything implied non-affiliation.

Finally, the court emphasized that the commercial aspects of the poll were irrelevant.¹⁸⁰

While the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money. Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder's business is beside the point. Voting for their favorite New Kid may be, as plaintiffs point out, a way for fans to articulate their loyalty to the group, and this may diminish the resources available for products and services they sponsor. But the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them. The New Kids could not use the trademark laws to prevent the publication of an unauthorized group biography or to censor all parodies or satires which use their name.¹⁸¹

Dilution is subject to an explicit statutory defense for nominative fair use.¹⁸²

3 Comparative Advertising

One important type of nominative use is *comparative advertising*, in which the defendant describes attributes of its own products by comparing them to the plaintiff's products. Some comparisons emphasize the differences ("removes thirty percent more grime than SQUEEGO"), while others emphasize the similarities ("all the same vitamins and minerals as BRAWNDO for a fraction of the price"). In both cases, the defendant can use the plaintiff's mark, rather than a circumlocution like "another leading brand," for the same reason as in nominative fair use. The clearest, best, and truest way to describe the plaintiff's product is by its name: the trademark. Dilution is subject to an explicit statutory defense for comparative advertising, but the rule applies generally to all causes of action for trademark infringement.¹⁸³

For example, in *Smith v. Chanel, Inc.*, the defendant Ta'Ron, Inc. sold a fragrance called "Second Chance" as a smell-alike for Chanel No. 5.¹⁸⁴ To be clear, it is perfectly legal to sell similar fragrances. There are no

178. *New Kids on the Block*, 971 F.2d at 308.

179. Perhaps even that would have been fine. Think of Prince's symbol.

180. *USA Today* donated the roughly \$300 it received from the poll to the Berklee College of Music. But under nominative fair use, it could also have kept the money.

181. *New Kids on the Block*, 971 F.2d at 309.

182. Lanham Act § 43(c)(3)(A)

183. Lanham Act § 43(c)(1)(A)(i).

184. *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

The Blindfold Test

ARPEGE TA'RON



WE DARE YOU—

WE DARE YOU to try to detect any difference between White Shoulders (18.50) and Ta'ron's Love Lure, \$7.00.
WE DARE YOU to try to detect any difference between Christmas Night (35.00) and Ta'ron's Persuasive, \$7.00.
WE DARE YOU to try to detect any difference between Chanel #5 (25.00) and Ta'ron's 2nd Chance, \$7.00.
WE DARE YOU to try to detect any difference between Youth Dew (22.50) and Ta'ron's Temptacious, \$7.00.
WE DARE YOU to try to detect any difference between Guerlain Shalimar (25.00) and Ta'ron's Tahisis, \$7.00.
WE DARE YOU to try to detect any difference between Lanvin Arpege (27.00) and Ta'ron's Volarie, \$7.00.
WE DARE YOU to try to detect any difference between My Sin (27.00) and Ta'ron's Sweet Love, \$7.00.
WE DARE YOU to try to detect any difference between Patou Joy (60.00) and Ta'ron's Ai Di La, \$7.00.

USE THIS TEST ON SKEPTICAL PROSPECTS

THERE HAVE BEEN MANY ATTEMPTS AT DUPLICATING PERFUMES BEFORE—HERE'S WHY THEY ALL FAILED

They have failed because the duplication was phony. Most anyone could detect the difference. Táron's scientists have performed a masterful breakdown. It has taken years to find the secret of positive duplication. The results are paying off. This is not an ordinary event. The duplication of world famous aromas is now an absolute accomplishment. That's why Táron cannot fail, and that's why you can get "into the bucks" quickly and easily by selling America's most sensational line.

TA'RON'S DECOR-DESIGNED BOTTLES, CONTAINERS AND GIFT BOXES WIN RAVES EVERYWHERE SHOWN—

You'll be proud to show Táron's bottles and containers. Every item is in keeping with the very finest boudoir appointments. The bottles are in gold and black. Individually gift boxed with protecting sleeve, ready for resale. Every perfume set is equipped with perfume funnel.



exclusive rights in scents. The formulation of Chanel No. 5 contained no patented chemicals, and was not the subject of a copyright. The smell might be protectable as a trademark for some other goods, but not as a mark for itself.¹⁸⁵ And Second Chance was sold in packaging that was entirely distinct from Chanel No. 5's, and used only the TA'RON and SECOND CHANCE marks.

Rather, Chanel's argument had to do with Ta'Ron's advertising for Second Chance, which used the CHANEL NO. 5 mark. The ad ran in *Specialty Salesmen*, a trade journal for wholesale purchasers. It stated that Ta'Ron's fragrances "duplicate 100% Perfect the exact scent of the world's finest and most expensive perfumes and colognes at prices that will zoom sales to volumes you have never before experienced," and added, "We dare you to try to detect any difference between Chanel #5 (\$25.00) and Ta'Ron's 2nd Chance. \$7.00."¹⁸⁶

This was permissible comparative advertising: "one who has copied an unpatented product sold under a trademark may use the trademark in his advertising to identify the product he has copied."¹⁸⁷ Given the policies of *other IP areas* that imitation is allowed, *trademark law* will not get in the way. Justice Holmes expressed this policy in *Saxlehner v. Wagner*, where the defendant sold an imitation of a mineral water named HUNYADI JANOS:

The real intent of the plaintiff's bill, it seems to us, is to extend the monopoly of such trademark or tradename as she may have to a monopoly of her type of bitter water, by preventing manufacturers from telling the public in a way that will be understood, what they are copying and trying to sell. But the plaintiff has no patent for the water, and the defendants have a right to reproduce it as nearly as they can. They have a right to tell the public what they are doing, and to get

185. In trademark terms of art, it would be "functional" subject matter. More in the Design chapter.

186. *Smith*, 402 F.2d at 563.

187. *Id.*

whatever share they can in the popularity of the water by advertising that they are trying to make the same article, and think that they succeed. If they do not convey, but, on the contrary, exclude, the notion that they are selling the plaintiff's goods, it is a strong proposition that when the article has a well-known name they have not the right to explain by that name what they imitate. By doing so, they are not trying to get the good will of the name, but the good will of the goods.¹⁸⁸

The same policy, and the same rule, applies even more strongly when the defendant is emphasizing how its product is *different* from the plaintiff's. It would be even more galling to hold that a trademark owner who makes a mediocre widget could prevent competitors who make better widgets from telling the public about it.

But there is a sting in the tail. Comparative advertising claims still need to be *true*. On remand in *Smith*, the trial court found that "The results of gas chromatograph tests prove that the chemical composition of 'Second Chance' is not identical to that of 'Chanel No. 5,'" and thus the defendant had violated section 43(a). This is a false advertising issue, discussed in more detail in the Advertising chapter.

4 Exhaustion

Like every other body of IP law we have seen, trademark has an exhaustion defense. But exhaustion in trademark works a little differently – it *has* to work differently – because trademark deals with descriptions of products, rather than the products themselves. Consider *Champion Spark Plug Co. v. Sanders*.¹⁸⁹ The Perfect Recondition Spark Plug Company collected used CHAMPION spark plugs, repaired and reconditioned them, and resold them. Champion did not object to this practice, nor could it have. The spark plugs were no longer its property; it had no rights over them.

But Champion *did* have rights over the CHAMPION mark, and it objected to Perfect's *calling* the spark plugs they sold CHAMPIONS. A used spark plug and a new spark plug are not the same. The used item is less likely to work perfectly and more likely to break. And this difference is material to consumers: few people would be willing to pay as much for a reconditioned spark plug as they would for a new one. The reconditioned spark plugs still had "Champion" on them, and they were sold in boxes that bore the word "Champion" – and it was *this* practice that Champion sued to stop.

The Supreme Court still ruled for Perfect, but its reasoning is much narrower and more fact-bound than in comparable patent and copyright cases. The heart of its reasoning was *truthfulness*: Perfect could use the CHAMPION mark to describe its reconditioned spark plugs, as long as it made clear to consumers how they differed from new CHAMPION spark plugs.¹⁹⁰ Perfect's boxes read "Perfect Process Renewed Spark Plugs," and the spark plugs themselves were stamped "Renewed." As

188. *Saxlehner v. Wagner*, 216 U.S. 375, 380 (1910).

189. *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125 (1947).



Reconditioned Champion spark plug bearing the CHAMPION mark



Perfect box containing reconditioned Champion spark plug

190. Put this way, exhaustion in trademark is yet another species of nominative fair use.

the Court's opinion explained:

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. . . .

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 distinctively 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* 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.¹⁹¹

Trademark plaintiffs cannot get around exhaustion by suing under 43(a) and claiming that the sale of unauthorized goods amounts to a false claim of endorsement or affiliation. For example, in *Hart v. Amazon.com*, the plaintiff sued Amazon for allowing third-party sales of copies of his books, which included his press's trademarks, but the court was unpersuaded:

Plaintiff does not plausibly allege that the books sold through Amazon were anything other than authentic original copies protected under the first-sale doctrine. . . . Plaintiff's claim centers on individuals re-selling copies of his



Adequately disclosed and disclaimed?

191. *Champion Spark Plug*, 331 U.S. at 128–30.

books through Amazon’s website without Plaintiff’s permission. The mere fact that Amazon offers a platform to third-party sellers to sell various products and, subsequently, those individuals sold Plaintiff’s books, does not imply that Plaintiff has endorsed Amazon or has any specific affiliation with Amazon. This is not the reality of commerce. As a comparison, a shopper at a bookstore does not automatically believe that just because a used book is appearing at the store, the author is expressly endorsing that store. The same is true for a book that is resold on Amazon.¹⁹²

5 Expressive Use

Trademark law provides breathing room for expressive uses in a variety of ways.

Parodies

Courts frequently adapt the multi-factor likelihood-of-confusion test to protect parodies.¹⁹³ For example, consider *Louis Vuitton Malletier v. Haute Diggity Dog*, in which the Louis Vuitton luxury luggage, handbag, and accessories company sued the maker of a “Chewy Vuiton” dog toy. Louis Vuitton’s family of marks includes the LOUIS VUITTON word mark; the LV monogram; a brown-and-beige repeating pattern of the LV monogram with stars, diamonds, and flowers; and a brightly colored version of the pattern created in collaboration with Takashi Murakami. Handbags with the multicolor design ranged from \$995 for a medium handbag to \$4500 for a large travel bag, and were sold in Louis Vuitton’s own boutiques and through upscale department stores. Louis Vuitton sells a few luxury pet accessories, such as collars and dog carriers, but not dog toys.

The defendant was Haute Diggity Dog, a small company that primarily sells chew toys and pet beds that parody luxury brands, such as Chewnel No. 5, Furcedes, Jimmy Chew, Dog Perignonn, Sniffany & Co., and Dogior. The chew toys were made of polyester, sold primarily in pet stores, and generally cost under \$20. The Chewy Vuiton toy used “CV” instead of “LV” and had a pattern that evoked, but did not precisely imitate, the multicolor Murkami design.

The court began by explaining that Chewy Vuiton toy’s name and decoration were parodies of the LOUIS VUITTON marks.

For trademark purposes, a parody is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner. A parody must convey two simultaneous – and contradictory – messages: that it is the original, but also that it is not the original and is instead a parody. This second message must not only differentiate the alleged parody from the original but must also communicate some articulable element of satire, ridicule, joking, or

192. *Hart v. Amazon.com, Inc.*, 191 F. Supp. 3d 809, 818 (N.D. Ill. 2016).

193. Compare copyright, where parodies are accommodated within the fair-use analysis.



LVM Multicolor bag



Chewy Vuiton dog toy

amusement. Thus, a parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect. . . .

[W]e agree with the district court that the “Chewy Vuiton” dog toys are successful parodies of LVM handbags and the LVM marks and trade dress used in connection with the marketing and sale of those handbags. First, the pet chew toy is obviously an irreverent, and indeed intentional, representation of an LVM handbag, albeit much smaller and coarser. The dog toy is shaped roughly like a handbag; its name “Chewy Vuiton” sounds like and rhymes with LOUIS VUITTON; its monogram CV mimics LVM’s LV mark; the repetitious design clearly imitates the design on the LVM handbag; and the coloring is similar. In short, the dog toy is a small, plush imitation of an LVM handbag carried by women, which invokes the marks and design of the handbag, albeit irreverently and incompletely. No one can doubt that LVM handbags are the target of the imitation by Haute Diggity Dog’s “Chewy Vuiton” dog toys.

At the same time, no one can doubt also that the “Chewy Vuiton” dog toy is not the “idealized image” of the mark created by LVM. The differences are immediate, beginning with the fact that the “Chewy Vuiton” product is a dog toy, not an expensive, luxury LOUIS VUITTON handbag. The toy is smaller, it is plush, and virtually all of its designs differ. Thus, “Chewy Vuiton” is not LOUIS VUITTON (“Chewy” is not “LOUIS” and “Vuiton” is not “VUITTON,” with its two Ts); CV is not LV; the designs on the dog toy are simplified and crude, not detailed and distinguished. The toys are inexpensive; the handbags are expensive and marketed to be expensive. And, of course, as a dog toy, one must buy it with pet supplies and cannot buy it at an exclusive LVM store or boutique within a department store. In short, the Haute Diggity Dog “Chewy Vuiton” dog toy undoubtedly and deliberately conjures up the famous LVM marks and trade dress, but at the same time, it communicates that it is not the LVM product.

Finally, the juxtaposition of the similar and dissimilar – the irreverent representation and the idealized image of an LVM handbag – immediately conveys a joking and amusing parody. The furry little “Chewy Vuiton” imitation, as something to be chewed by a dog, pokes fun at the elegance and expensiveness of a LOUIS VUITTON handbag, which must not be chewed by a dog. The LVM handbag is provided for the most elegant and well-to-do celebrity, to proudly display to the public and the press, whereas the imitation “Chewy Vuiton” “handbag” is designed to mock the celebrity and be used by a dog. The dog toy irreverently presents haute

couture as an object for casual canine destruction. The satire is unmistakable. The dog toy is a comment on the rich and famous, on the LOUIS VUITTON name and related marks, and on conspicuous consumption in general.¹⁹⁴

But finding that the use was a parody did not end the matter. The court then proceeded to step through a complete multi-factor likelihood-of-confusion analysis, reasoning that “an effective parody will actually diminish the likelihood of confusion, while an ineffective parody does not.”¹⁹⁵

- *Strength of the plaintiff’s mark*: LOUIS VUITTON was a strong, famous mark. But that did not help Louis Vuitton, because “the strength of a famous mark allows consumers immediately to perceive the target of the parody, while simultaneously allowing them to recognize the changes to the mark that make the parody funny or biting.”¹⁹⁶ Another case found that the strength of TOMMY HILFINGER for clothing did not matter as against TIMMY HOLEDIGGER for pet perfume.
- *Similarity of the marks*: The “essence of a parody” is to invoke the parodied mark while also distinguishing itself. Here, the “differences are sufficiently obvious and the parody sufficiently blatant that a consumer encountering a “Chewy Vuiton” dog toy would not mistake its source or sponsorship on the basis of mark similarity.”¹⁹⁷
- *Similarity of the products*: “Even LVM’s most proximate products – dog collars, leashes, and pet carriers – are fashion accessories, not dog toys. As Haute Diggity Dog points out, LVM does not make pet chew toys and likely does not intend to do so in the future.”¹⁹⁸ The difference in marketing channels – luxury boutiques versus pet stores – reinforced this conclusion. So too did the difference in advertising channels; any overlap was “so minimal as to be practically nonexistent.”¹⁹⁹
- *Good or bad faith*: “An intent to parody is not an intent to confuse the public. Despite Haute Diggity Dog’s obvious intent to profit from its use of parodies, this action does not amount to a bad faith intent to create consumer confusion. To the contrary, the intent is to do just the opposite – to evoke a humorous, satirical association that distinguishes the products.”²⁰⁰
- *Actual confusion*: Louis Vuitton tried to argue that actual confusion was present because retailers occasionally wrote “Chewy Vuitton” on invoices, with two Ts instead of one. But they were likely confused about how to spell the name of the dog toys, not about the source of the dog toys.

The bottom line was that there was no likelihood of confusion. Was this conclusion foreordained by the court’s finding that Chewy Vuiton was a parody? Perhaps not quite. It remains useful to walk through the factors, because they bring out key factual details showing that confusion

194. *Louis Vuitton Malletier v. Haute Diggity Dog*, 507 F.3d 252, 260–61 (4th Cir. 2007).

195. *Id.* at 261.

196. *Id.*

197. *Id.* at 261.

198. *Id.*

199. *Id.* at 262.

200. *Id.* at 263.

was unlikely. The key – and not all courts are good about this – is to take the parody into account when applying the factors, as the court here did.

Having gone through this exercise, the court then repeated it again – twice! – because Louis Vuitton also brought claims for dilution by blurring and dilution by tarnishment. The result was the same: Chewy Vuitton was unlikely to cause either of these forms of dilution. I will not bore you with the full details,²⁰¹ but this is typical in trademark cases. The plaintiff brings every claim it can, and if the defendant has a successful parody defense, that defense works against every claim the plaintiff brings.

Expressive Works

While parodies typically must go through the full likelihood of confusion analysis, trademark law has – or perhaps used to have – a shortcut when the defendant’s use is part of an expressive (or “artistic”) work. Under the *Rogers v. Grimaldi* test, such uses are exempt from trademark liability if they are (1) “artistically relevant” and (2) “not explicitly misleading.” The test comes from a case in which the actress and dancer Ginger Rogers – most famous for her movie dance partnership with Fred Astaire – sued the producers of a movie titled *Ginger and Fred*.²⁰² But the title was artistically relevant because the movie concerned a pair of aging dancers known in Italy as “Ginger and Fred,” and nothing about it was explicitly misleading in suggesting that Rogers had endorsed the movie or had a role in its creation. By contrast, the box of “Omar Sharif Teaches You Bridge” explicitly promises that the bridge-teaching system contained within is endorsed by the late star of *Dr. Zhivago*.

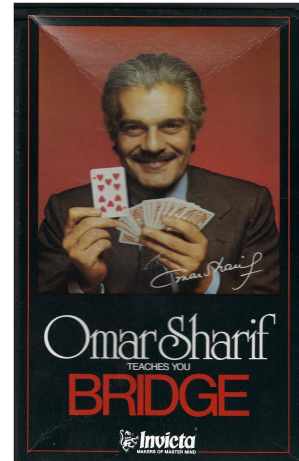
Rogers itself involved a plaintiff’s name and the title of a work. But courts have since extended it to apply to any trademark and any way in which a mark is used in an expressive work. For example, in *Louis Vuitton Mallatier v. Warner Bros.*, Louis Vuitton sued the movie studio behind *The Hangover: Part II* over a scene containing what appeared to be a LOUIS VUITTON bag.²⁰³

In the scene, the main characters are waiting for a flight from LAX to Thailand. The Zach Galifianakis character is traveling with what appears to be Louis Vuitton luggage, including an over-the-shoulder bag he leaves next to him.²⁰⁴ The Ed Helms character picks it up to make room, prompting the response, “Careful that is ... that is a Lewis Vuitton.” The bag never appears or is mentioned after that.

As the court explained, this was an artistically relevant use. This threshold “is purposely low and will be satisfied unless the use has no artistic relevance to the underlying work whatsoever.”²⁰⁵ As long as it is “not arbitrarily chosen just to exploit the publicity value of [the plaintiff’s mark] but instead has genuine relevance to the film’s story,” that is enough.²⁰⁶

Alan’s terse remark to Teddy to “[be] [c]areful” because his bag “is a Lewis Vuitton” comes across as snobbish only because the public signifies Louis Vuitton – to which the Dio-

201. Louis Vuitton’s main theory of tarnishment was that Chewy Vuitton toys could pose a choking hazard, and its main theory for why that could happen was that the toys were cheap. The court was having none of it. There was, and is to this day, no evidence that any dog has ever suffered any harm from a Chewy Vuitton chew toy.
202. *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).



Omar Sharif Teaches You Bridge

203. *Louis Vuitton Mallatier v. Warner Bros.*, 868 F. Supp. 2d 172 (S.D.N.Y. 2012). Louis Vuitton is a frequent and mostly unsuccessful trademark litigant. It has also sued or threatened suit over a Britney Spears music video, a basketball in a Hyundai ad, a mural about the Darfur crisis, and a student-group event at the University of Pennsylvania Law School.
204. Louis Vuitton alleged that the bag was actually a look-alike manufactured by Diophy, not an authentic LOUIS VUITTON bag. If true, should this matter?



Still from *The Hangover: part II*

205. *Louis Vuitton Mallatier*, 868 F. Supp. 2d 172.

phy bag looks confusingly similar – with luxury and a high society lifestyle. His remark also comes across as funny because he mispronounces the French “Louis” like the English “Lewis,” and ironic because he cannot correctly pronounce the brand name of one of his expensive possessions, adding to the image of Alan as a socially inept and comically misinformed character. This scene also introduces the comedic tension between Alan and Teddy that appears throughout the Film.²⁰⁷

As for explicit misleadingness, there was no insinuation that Louis Vuitton sponsored or endorsed the movie.

Furthermore, Louis Vuitton’s position assumes that viewers of the Film would take seriously enough Alan’s statements about designer handbags (even about those he does not correctly pronounce) that they would attribute his views to the company that produced the Film. This assumption is hardly conceivable, and it does not cross the line into the realm of plausibility. Lastly, Louis Vuitton is objecting to a statement made by a fictional character in a fictional movie, which it characterizes as an affirmative misrepresentation.²⁰⁸

For a time, courts grew increasingly expansive about the uses to which they would apply the *Rogers* test. But in *Jack Daniel’s Properties, Inc. v. VIP Producs LLC*, the Supreme Court sharply limited its ambit.²⁰⁹ The case involved “squeaky, chewable dog toy designed to look like a bottle of Jack Daniel’s whiskey.”²¹⁰ Jack Daniel’s Properties, which owns the **Jack Daniel’s** marks, sued VIP Products, which made the toy. The Supreme Court held that the *Rogers* test did not apply, because the test is limited to cases in which the defendant uses the mark in a non-source-identifying way. According to the court, VIP Products was using **BAD SPANIELS** as a mark for its dog toys, rather than purely expressively, as in *Rogers* itself.

This holding, if it means what it says, appears to make *Rogers* redundant with the threshold commercial-use test. Any case that could be dismissed under *Rogers* could also be knocked out under the test applied in *Radiance Foundation*. So perhaps *Rogers* is no more as a separate defense.

6 Miscellaneous

Section 32 of the Lanham Act contains two specific defenses. The first is for printers:

Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed ... shall be entitled as against such infringer or violator only to an injunction against future printing.²¹¹

206. *Rogers*, 875 F.2d 994.

207. *Louis Vuitton Mallatier*, 868 F. Supp. 2d at 178.

208. *Id.* at 182.



Jack Daniel’s logo



Bad Spaniels chew toy

209. *Jack Daniel’s Props., Inc. v. VIP Producs LLC*, 143 S. Ct. 1578 (2023).

210. *Id.* at 1580.

211. Lanahm Act § 32(2)(A).

The second is for advertising media:

Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication, the remedies of the owner of the right infringed shall be limited to an injunction against [future such advertising or communications]. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.²¹²

212. Lanahm Act § 32(2)(B).

The purposes of these defenses are similar. They protect companies that provide useful general-purpose services from having to carry out detailed inspections of everything that they print or run. A printing shop commissioned to make hang tags for clothing should not have to demand documentary proof of a proper trademark license, and neither should Facebook's ad-placement service. They can carry out their ordinary business without risking ruinous trademark liability. But note that (a) the defenses only apply to *innocent* parties who are unaware of the infringement, and (b) that injunctions against *future* violations are available against them.

Hershey

You have been called by a reporter for the *Baltimore Sun*. A candidate for the Maryland State Senate, Steven S. Hershey, Jr., has received a cease-and-desist letter from the Hershey Company, which sells a wide variety of chocolate products, alleging that his campaign signs infringe on their rights in the HERSHEY family of marks. Some of his signs feature a brown-hued version of the **Maryland state flag**; others are on a plain brown background.

Explain to the reporter what the trademark issues are here, and how you think the matter will be resolved.



Steve Hershey campaign sign (left); Hershey Company chocolate bar (right)



Steve Hershey posing with a campaign sign.

Broken Piano for President

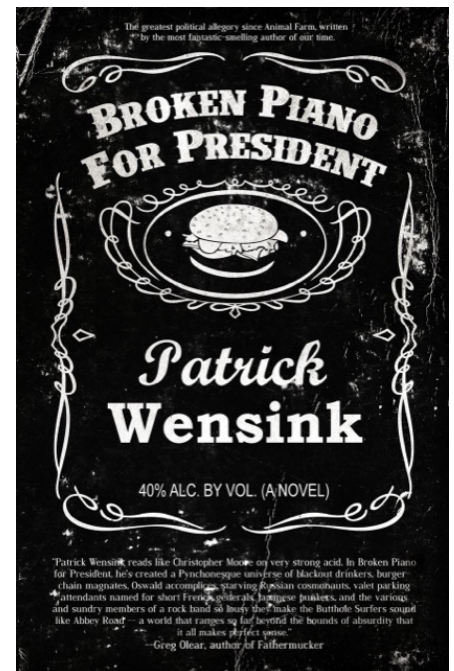
You represent Jack Daniel's Properties, which owns the JACK DANIEL'S family of marks. In the margin is the front cover of a novel by Patrick Wensink. How should you respond?

Paper Handbag

These "handbags" bearing the GUCCI logo are actually made of paper. In Chinese religious traditions, people burn them – along with other paper effigies of luxury goods and paper "money" in denominations up to \$5,000,000,00 – as offerings to deceased relatives. Very loosely, the idea is that doing so provides for the relatives' comfort in the afterlife. Your client is a Chinese corporation that manufactures these effigies and sells them via ecommerce platforms like Taobao and DHgate to retailers worldwide. You have been asked whether it should worry about trademark issues. What do you recommend?

Defenses Lightning Round

In the following cases, you represent the owner of the specified trademark. What should you do? *Hints:* It never hurts to first determine the applicable theory or theories of infringement before analyzing whether a defense applies. It also never hurts to Google the mark itself to see how the owner uses it.



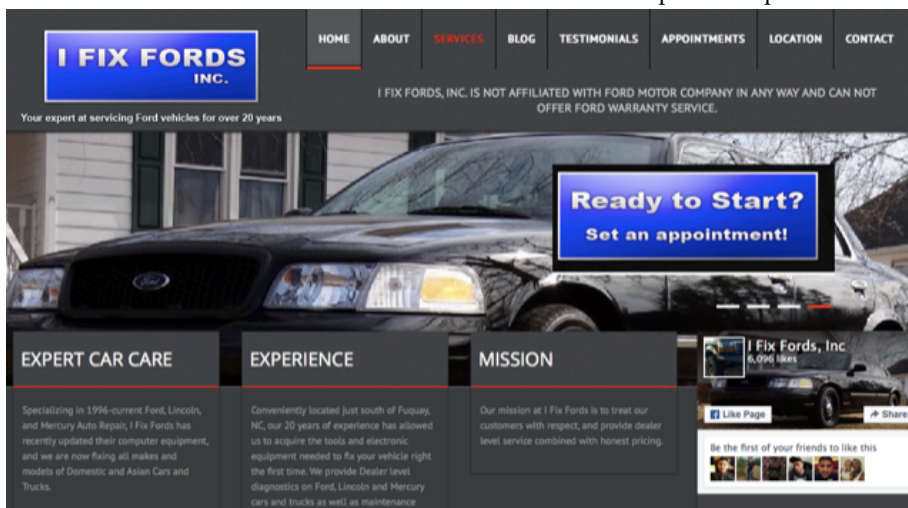
Broken Piano for President cover



GUCCI "handbags"



The mark is LITTLE LEAGUE for children's sports competitions.



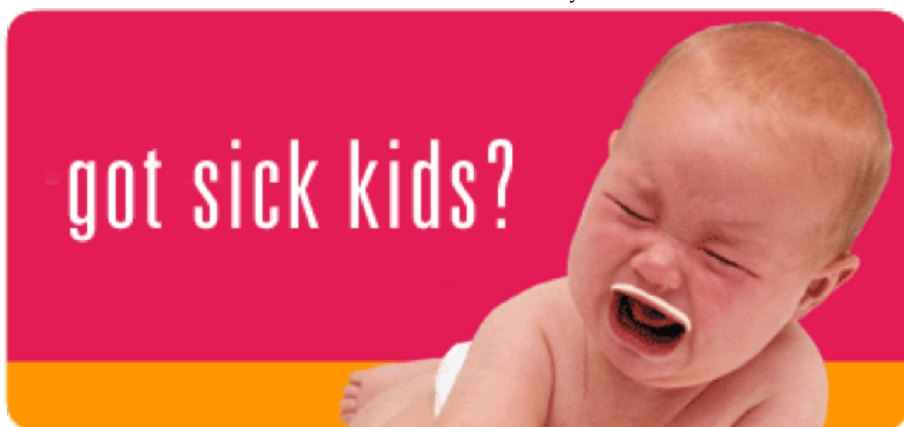
The mark is FORD for cars.



The mark is 7-11 for groceries.



The mark is FEDEX for delivery services



The mark is GOT MILK? for milk.



The mark is MARLBORO for cigarettes. It may help to note that “I wish I knew how to quit you” is a line of dialogue from *Brokeback Mountain*.



The mark is LISTERINE for mouthwash. The black text on the white portion of the Target bottle of mouthwash reads “Compare to FRESHBURST® LISTERINE®.”



The mark is M&MS for chocolate candy



The angry monkey design is a design mark for an “on-line retailer store featuring clothing, namely, patches, t-shirts, hats, bags and pouches and tactical gear.”



The mark is POLO for fragrances. The text at the bottom reads “Inspired by POLO.”

Vested Interest

You represent Agatha Vest, who works as an editorial intern at a fashion magazine. In her spare time she blogs, tweets, and instagrams about ethical issues in the fashion supply chain. She is the founder and sole staff member of Vested Interest, an unincorporated sole proprietorship which she operates out of the Queens apartment she shares with four other socially-minded twenty-somethings. She has just received the let-

ter that appears on the following pages. She has a pile of student debt and almost no assets. On the one hand she can't afford to pay for much in the way of lawyering, but on the other, she feels she has nothing to lose in standing up to the man and is more than happy to take a public stance now. Her top priority is bringing public attention to what she sees as the ethical problems with how major fashion houses source their leather. Advise her on her strategic options, and describe the response letter you will write to Louis Vuitton.

By Electronic Mail and Courier Service

Agatha Vest
Vested Interest
New York, NY

Dear Ms. Vest,

I am the director of Civil Enforcement, North America, for Louis Vuitton Malletier (“Louis Vuitton”). I write to demand that you immediately cease and desist your infringements of Louis Vuitton’s intellectual property.

Louis Vuitton is the owner of world famous registered and common law trademarks (the “LV Trademarks”), including the LOUIS VUITTON and LV word marks, the LV initial monogram, and the Toile Monogram shown below:



The Toile Monogram, which consists of the LV initial monogram and three distinctive design elements – a circle with a four-leafed flower inset; a curved beige diamond with a four-point star inset; and its negative – was created by George Vuitton, Louis Vuitton’s son, in the 1890’s to protect the Louis Vuitton brand from unlawful imitators. Since that time, Louis Vuitton has manufactured and sold products bearing the Toile Monogram and secured numerous federal trademark registrations bearing the LV Trademarks.

Since its founding in 1854, Louis Vuitton has built up a worldwide reputation for its design, innovation, quality, and style in women’s and men’s leather goods and fashion apparel and accessories. The LV Trademarks, including the Toile Monogram, are among the most famous

trademarks in the luxury goods industry and the world. To help protect its valuable trademarks and copyrights and to preserve the good will and exclusivity of Louis Vuitton designs, Louis Vuitton closely controls the sale of its products and the use of its trademarks, and has devoted and continues to devote substantial resources to protect the LV Trademarks and copyrights.

It has come to my attention that Vested Interest has been engaged in blatant counterfeiting of Louis Vuitton leather and canvas handbags. As confirmed by the numerous screenshots and letters from defrauded customers attached to this letter, Vested Interest has been selling counterfeit Louis Vuitton handbags (the “Infringing Articles”) on Internet retail and resale platforms such as Amazon Marketplace, Craigslist, and eBay using descriptions such as “Genuine Louis Vuitton handbag” and “Real LV Artsy MM ONLY \$50” . The Infringing Articles are offered at prices in many cases less than 5% of the normal retail price for the corresponding authentic Louis Vuitton handbags.

Although the images used in the listings appear to consist of photographs of authentic Louis Vuitton handbags, and in some cases in fact consist of photographs copied from Louis Vuitton’s own website, the Infringing Articles to delivered to customers are, as noted above, cheap forgeries. They consist of so-called “vegan leather,” which despite the name is a synthetic product that replicates neither the texture nor the durability of the genuine luxury leathers used in authentic Louis Vuitton handbags. The Infringing Articles are of obviously crude manufacture: paper-thin, poorly stitched, and wholly unsuitable for even the lightest use. They are printed with the following counterfeit variation of the Toile Monogram:



In addition, the Infringing Articles are packaged with a letter stating:

LUXURY HANDBAGS KILL INNOCENT ANIMALS

Hello from Vested Interest, a nonprofit activist organization dedicated to ending animal suffering. The handbag you almost bought was made from the skin of a living, breathing, feeling animal. It was slaughtered for its skin. To keep you from being complicit in its murder, we've swapped out the blood-drenched handbag for this stylish substitute that looks just as nice but better expresses the fact that leather is murder. If you would like to donate to the cause of protecting innocent living beings from this senseless slaughter, you don't need to do anything more, and your purchase price will go to end this inhumane practice. You can keep the handbag and use it to help spread the word. If you would prefer not to, just let us know, and we will be glad to issue you a full refund, you monster.

This letter confirms that Vested Interest is engaged in blatant acts of copyright infringement, trademark infringement, and false advertising. Louis Vuitton has received numerous complaints from consumers who have been defrauded by Vested Interest's behavior. Representative quotations include:

"How can these guys do this to you?"

"Can you help me get my money back?"

"I'm not sure I can wear my LV bag in good consciences again."

"I couldn't believe I was getting such a good deal. Then I couldn't believe how shoddy the bag was. Now I can't believe I fell for it."

"What a rip off!"

Vested Interest's actions constitute copyright infringement, trademark infringement, unfair competition, and false advertising under state and federal law and are causing irreparable harm to Louis Vuitton's reputation for high-quality luxury goods. We hereby demand that Vested Interest immediately cease all sales of the Infringing Articles; destroy all remaining Infringing Articles; issue full, immediate, and unconditional refunds to all buyers of the Infringing Articles; and issue a public apology to Louis Vuitton for Vested Interest's malicious and harmful conduct. If you do not confirm to me within one week that Vested Interest agrees to do so, Louis Vuitton will be compelled to take further legal action.

Very truly yours,

Consuela Cooper, Esq.