

Trademark

6 Trademark	5
<i>The Trade-Mark Cases</i>	5
A Subject Matter	6
1 Use as a Mark	6
Lanham Act § 45 (“trademark”)	6
<i>In re Schmidt</i>	6
Drug Stamps Problem	9
2 Distinctiveness	9
a Words and Phrases	9
<i>Zatarains, Inc. v. Oak Grove Smokehouse, Inc.</i>	9
<i>Innovation Ventures, LLC v. N.V.E., Inc.</i>	15
TMEP § 1202	16
<i>Elliot v. Google Inc.</i>	16
TMEP § 1209.03	23
b Designs	24
<i>Star Industries, Inc. v. Bacardi & Co. Ltd.</i>	24
Melting Bad Problem	26
B Ownership	27
1 Priority at Common Law	27
<i>Galt House Inc. v. Home Supply Company</i>	27
<i>United Drug Co. v. Theodore Rectanus Co.</i>	29
<i>Planetary Motion, Inc. v. Techsplosion, Inc.</i>	32
<i>Dudley v. HealthSource Chiropractic, Inc.</i>	34
Bilgewater Bill’s Problem	36
2 Federal Registration	36
a Registration	36
Lanham Act §§ 1(a), 7	36
<i>Burger King of Florida, Inc. v. Hoots</i>	37
Bilgewater Bill’s Problem, Redux	38
b Intent-to-Use Applications	38
Lanham Act § 1(b)	38
<i>Kelly Services, Inc. v. Creative Harbor, LLC [I]</i>	39
<i>Kelly Services, Inc. v. Creative Harbor, LLC [II]</i>	43
Bilgewater Bill’s Problem, Re-Redux	44
3 Collaborations	44
<i>Boogie Kings v. Guillory</i>	44

	New Jersey Truth in Music Act	46
	TMEP § 1201.03	47
	Duff Problem	47
C	Procedures	48
	1 Registration	48
	Lanham Act § 2(a)	48
	Lanham Act § 2	48
	<i>Matal v. Tam</i>	48
	<i>Iancu v. Brunetti</i>	49
	TMEP §§ 1302–1304	49
	TMEP §§ 904, 1401, 1402	50
	TMEP § 906	51
	2 Opposition	51
	Lanham Act §§ 2(d), 12, 13	51
	3 Maintenance	52
	Lanham Act §§ 8,9	52
	4 Cancellation and Incontestability	53
	Lanham Act §§ 14, 15	53
	<i>Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.</i>	54
	5 Abandonment	55
	Lanham Act § 45 (“abandoned”)	55
	<i>Procter & Gamble Co. v. Johnson & Johnson Inc.</i> .	56
	Trademark Throwback Problem	59
D	Infringement: Confusion	59
	Lanham Act § 32	60
	<i>Virgin Enterprises Ltd. v. Nawab</i>	61
	<i>Sally Beauty Co., Inc. v. Beautyco, Inc.</i>	70
	Cheat Sheet Problem	71
	Boats Problem	71
E	Infringement: Prohibited Conduct	73
	1 Threshold Conditions	73
	<i>Rescuecom Corp. v. Google Inc.</i>	73
	<i>Radiance Foundation, Inc. v. NAACP</i>	78
	2 Theories of Confusion	83
	a Reverse Confusion	83
	Restatement (Third) of Unfair Competition §	
	20 cmt. f	83
	b Initial Interest Confusion	84
	<i>Grotrian, Helfferich, Schultz, Th. Steinweg Nachf</i>	
	<i>v. Steinway & Sons</i>	84
	<i>Brookfield Communications v. West Coast Enter-</i>	
	<i>tainment</i>	84
	<i>Hearts on Fire Company, LLC v. Blue Nile, Inc.</i> . .	84
	c Post-Sale Confusion	87

	<i>General Motors Corp. v. Keystone Automotive Industries, Inc.</i>	87
3	Section 43(a)	89
	Lanham Act § 43(a)(1)(A)	89
	a Unfair Competition	90
	<i>Margreth Barrett, Finding Trademark Use</i>	90
	<i>William R. Warner & Co. v. Eli Lilly & Co.</i>	91
	<i>Blinded Veterans Association v. Blinded American Veterans Foundation</i>	93
	b False Endorsement	95
	<i>Yale Electric Corp. v. Robertson</i>	96
	<i>Conan Properties, Inc. v. Conans Pizza, Inc.</i>	97
	<i>International Order of Job's Daughters v. Lindenburg & Co.</i>	98
	c Failure to Attribute	101
	<i>Dastar Corp. v. Twentieth Century Fox Film Corp</i>	101
4	Dilution	106
	<i>Frank I. Schechter, The Rational Basis of Trademark Protection</i>	106
	<i>Jeremy N. Sheff, The (Boundedly) Rational Basis of Trademark Liability</i>	107
	<i>Ty Inc. v. Perryman</i>	107
	Lanham Act § 43(c)	108
	<i>Nike, Inc. v. Nikepal Intern., Inc.</i>	109
	Dilution Lightning Round	117
5	Problems	119
	Ambush Marketing Problem	119
	Jack Daniel's Problem	120
	Paper Handbag Problem	120
6	Secondary Liability	120
	<i>Inwood Laboratories, Inc. v. Ives Laboratories, Inc.</i>	120
	<i>Philip Morris USA Inc. v. Lee</i>	121
F	Defenses	124
	Lanham Act § 43(c)(3)	124
1	Descriptive Fair Use	125
	<i>Zatarains, Inc. v. Oak Grove Smokehouse, Inc.</i>	125
2	Nominative Fair Use	126
	<i>New Kids on the Block v. New America Pub., Inc.</i>	126
	<i>Smith v. Chanel, Inc.</i>	131
3	Exhaustion	135
	<i>Champion Spark Plug Co. v. Sanders</i>	135
	<i>Hart v. Amazon.com, Inc.</i>	137
4	Expressive Use	137
	<i>Louis Vuitton Malletier v. Haute Diggity Dog</i>	137
	<i>Louis Vuitton Mallatier v. Warner Bros.</i>	147

5	Miscellaneous	153
	Lanham Act § 32(2)	153
	Trademark Defenses Lightning Round	154
G	Other Identifier Registries	160
1	Phone Numbers	160
	<i>Holiday Inns, Inc. v. 800 Reservation, Inc.</i>	160
	Diana Lock, <i>Toll-Free Vanity Telephone Numbers: Structuring a Trademark Registration and Dispute Settlement Regime</i>	162
	<i>Jahn v. 1-800-Flowers.com, Inc.</i>	164
2	Radio Callsigns	166
	<i>In re WSM, Inc.</i>	166
3	Business Names	168
	Model Business Corporation Act	168
	<i>Harvard Business Services v. Coyle</i>	169
	<i>Cooper v. Goodman</i>	170
4	Ticker Symbols	171
	Eric Levenson, <i>Investors Buy Up Worthless Stock After Confusing It for an Actual Successful Company</i>	171
	FINRA Uniform Practice Advisory # 39 -13	171
	<i>Central Parking Corp. v. Park One Inc.</i>	171
	<i>Exxon Corp. v. Xoil Energy Resources, Inc.</i>	172
	<i>MDT Corp. v. New York Stock Exchange, Inc.</i>	174
	Comments of James Angel on General Portability Filing	176
5	ISBNs	182
	ISBN.org, FAQs: General Questions	182
6	License Plates	184
	Nevada Administrative Code § 482.320	184
7	Domain Names	185
	TMEP § 1209.03(m)	185
	<i>Philip Morris USA Inc. v. Computer Services, Inc.</i>	186
8	Online Accounts	189
	Twitter Rules	189
9	Stage Names	191
	Professional Name Policy	191
	David Fagundes, <i>Talk Derby to Me: Intellectual Property Norms Governing Roller Derby Pseudonyms</i>	192

Trademark

Trademarks are different.

The Trade-Mark Cases
100 U.S. 82 (1879)

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

The ordinary trademark has no necessary relation to invention or discovery. The trademark recognized by the common law is generally the growth of a considerable period of use, rather than a sudden invention. It is often the result of accident, rather than design, and when under the act of Congress it is sought to establish it by registration, neither originality, invention, discovery, science, nor art is in any way essential to the right conferred by that act. If we should endeavor to classify it under the head of writings of authors, the objections are equally strong.

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

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.

"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

For more on the distinction, see Alexandra J. Roberts, *Trademark Failure to Function*, 104 Iowa L. Rev. 1977 (2019)

15 U.S.C. § 1127 [Lanham Act § 45]
Construction and definitions; intent of chapter

The phrase "even if that source is unknown" was added in 1984 to reverse the holding in *Anti-Monopoly, Inc. v. General Mills Fun Group*, 684 F.2d 1316 (9th Cir. 1982) that MONOPOLY was generic for the board game because consumers didn't know and didn't care who made it.

Suppose that the Knockoff Soda Corporation starts selling a cola in red cans bearing the familiar COCA-COLA name and logo. 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** angle, given the importance of brands like COCA-COLA in modern society.

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. (The boundary between this chapter and the chapter on false advertising, for example, is entirely nebulous.) And its subject matter has expanded so greatly over time that it too, spans multiple chapters.

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. It is customary to begin the study of trademark law by discussing **distinctiveness**: the capacity of a phrase or other symbol to perform such a source-identifying function. But this isn't quite right.. We should begin instead by asking when it is that a phrase or other symbol identifies a source to consumers, before asking which phrases and symbols are capable of doing so at all.

1 Use as a Mark

Lanham Act

The term "trademark" includes 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.

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.



Schmidt's specimen of the mark in use

Eagle Crest: 96 USPQ2d 1227, 1229-31 (TTAB 2010)

Volvo Cars: 46 USPQ2d 1455, 1460-61 (TTAB 1998)

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. Because consumers will not perceive the motto or slogan as a trademark that identifies the source of applicant's goods, the mark fails to function as a trademark such that registration is refused under Trademark Act Sections 1, 2, 3, and 45, 15 U.S.C. §§ 1051–1053, 1127.

MARK IS ORNAMENTAL

Registration is refused because the applied-for mark as used on the specimen of record (1) is merely a decorative or ornamental feature of applicant's clothing; and (2) does not function as a trademark to indicate the source of applicant's clothing and to identify and distinguish applicant's clothing from others.

When evaluating a mark that appears to be ornamental, the size, location, dominance, and significance of the alleged mark as applied to the goods are all relevant factors in determining the commercial impression of the applied-for mark.

With respect to clothing, consumers may recognize small designs or discrete wording as trademarks, rather than as merely ornamental features, when located, for example, on the pocket or breast area of a shirt. Consumers may not, however, perceive larger designs or slogans as trademarks when such matter is prominently displayed across the front or back of a t-shirt. See *In re Pro-Line Corp.* (holding BLACKER THE COLLEGE SWEETER THE KNOWLEDGE centered in large letters across most of the upper half of a shirt, to be a primarily ornamental slogan that was not likely to be perceived as a source indicator); *In re Dimitri's Inc.* (holding SUMO used in connection with stylized depictions of sumo wrestlers and displayed in large lettering across the top-center portion of t-shirts and caps, to be an ornamental feature of the goods that did not function as a trademark).

In this case, the submitted specimen shows the applied-for mark, "BOSTON STRONG", located directly on applicant's t-shirt goods in large lettering across the upper portion of one specimen and at the top and bottom of the second specimen, where ornamental elements often appear. Furthermore, the mark is displayed in a relatively large size on the clothing such that it dominates the overall appearance of the goods. Lastly, the applied-for mark is a slogan that, as provided

Pro-Line: 28 USPQ2d at 1142

Dimitri's: 9 USPQ2d at 1667-68

in the failure to function refusal above, has no particular trademark significance.

Therefore, consumers would view the applied-for mark as a decorative or ornamental feature of the goods, rather than as a trademark to indicate the source of applicant's goods and to distinguish them from others.

Drug Stamps Problem

Drug dealers in many cities 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, and GET HIGH OR DIE TRYING (this last one is laced with fentanyl). Fans of *The Wire* may remember PANDEMIC, WMD, and RED TOPS, among others. Why would drug dealers mark their bags in this way? What functions do the stamps serve? Does it matter whether these are legally enforceable trademarks?

2 Distinctiveness

a Words and Phrases

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



SHOOTERS drug stamp



Zatarain's Fish-Fri



Zatarain's Chick-Fri



Oak Grove's Fish Fry

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 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.

The district court found that Zatarain's trademark "Fish-Fri" was a descriptive term with an established secondary meaning, but held that Oak Grove and Visko's had a "fair use" defense to their asserted infringement of the mark. The court further found that Zatarain's trademark "Chick-Fri" was a descriptive term that lacked secondary meaning, and accordingly ordered the trademark registration cancelled. Additionally, the court concluded that Zatarain's had produced no evidence in support of its claims of unfair competition on the part of Oak Grove and Visko's. [Descriptiveness and secondary meaning are addressed here; the fair use portion of the case is excerpted in the Defenses section.] ...

A. Basic Principles

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

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

individualized characteristics of a particular product. Generic terms can never attain trademark protection. Furthermore, if at any time a registered trademark becomes generic as to a particular product or service, the mark's registration is subject to cancellation. 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.

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

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

As noted earlier, descriptive terms are ordinarily not protectable as trademarks. They may be protected, however, if they have acquired a secondary meaning for the consuming public. The concept of secondary meaning recognizes that words with an ordinary and primary meaning of their own may by long use with a particular product, come to be known by the public as specifically designating that product. In order to establish a secondary meaning for a term, a plaintiff must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. The burden of proof to establish secondary meaning rests at all times with the plaintiff; this burden is not an easy one to satisfy, for a high degree of proof is necessary to establish secondary meaning for a descriptive term. Proof of secondary meaning is an issue only with re-

spect to descriptive marks; suggestive and arbitrary or fanciful marks are automatically protected upon registration, and generic terms are unprotectible even if they have acquired secondary meaning.

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 foodstuffs 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 imagination to deduce that “Fish-Fri” is used to fry fish. Accordingly,

³We 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.

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

⁸The 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.

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.

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

Trademark Manual of Examining Procedure

§ 1202.08

Title of a Single Creative Work

Cooper: 254 F.2d 611 (C.C.P.A. 1958)

The title, or a portion of a title, of a single creative work must be refused registration unless the title has been used on a series of creative works. The title of a single creative work is not registrable. *In re Cooper* (“A book title identifies a specific literary work and is not associated in the public mind with the publisher, printer or bookseller.”).

§ 1202.18

Hashtag Marks

The addition of the term HASHTAG or the hash symbol (#) to an otherwise unregistrable mark typically cannot render it registrable. *Cf.* TMEP § 1209.03(m) and §§ 1215-1215.10 regarding generic top-level domain names.

Elliot v. Google Inc.

45 F.Supp. 3d 1156 (D. Ariz. 2014), *aff'd*, 860 F.3d 1151 (9th Cir. 2017)

This case concerns two United States registrations of the GOOGLE mark: Number 2884502 (the “502 Mark”) and Number 2806075 (the “075 Mark”). The ‘502 Mark covers “computer hardware; computer

software for creating indexes of information, indexes of web sites and indexes of other information resources.” The ‘075 Mark covers, *inter alia*:

Computer services, namely, providing software interfaces available over a network in order to create a personalized on-line information service; extraction and retrieval of information and data mining by means of global computer networks; creating indexes of information, indexes of web sites and indexes of other information sources in connection with global computer networks; providing information from searchable indexes and databases of information, including text, electronic documents, databases, graphics and audio visual information, by means of global computer information networks.

Plaintiffs contend the GOOGLE mark has become generic because a majority of the public understands the word google, when used as a verb, to mean the indiscriminate act of searching on the internet without regard to the search engine used. Underlying Plaintiffs’ argument is the proposition that verbs, as a matter of law, are incapable of distinguishing one service from another, and can only refer to a category of services.

I. GRAMMATICAL FUNCTION AND GENERICNESS

A mark is subject to cancellation if it “becomes the generic name for the goods or services, or a portion thereof, for which it is registered.” “The primary significance of the registered mark to the relevant public . . . shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.” Under the primary-significance test, a mark is not generic when “the primary significance of the term in the minds of the consuming public is not the product but the producer. *See Bayer Co. v. United Drug Co.* (“What do the buyers understand by the word for whose use the parties are contending?”) If the primary significance of the trademark is to describe the type of product rather than the producer, the trademark is a generic term and cannot be a valid trademark.

15 U.S.C. § 1064(3)

15 U.S.C. § 1064(3)

United Drug, 272 F. 505 (S.D.N.Y. 1921)

The crux of Plaintiffs’ argument is the premise “a trademark ceases to function as such when it is used primarily as a verb.” This premise is flawed: a trademark performs its statutory function so long as it distinguishes a product or service from those of others and indicates the product’s or service’s source. Verb use of a trademark is not fundamentally incapable of identifying a producer or denoting source. A mark can be used as a verb in a discriminate sense so as to refer to an activity with a particular product or service, e.g., “I will

PHOTOSHOP the image” could mean the act of manipulating an image by using the trademarked Photoshop graphics editing software developed and sold by Adobe Systems. This discriminate mark-as-verb usage clearly performs the statutory source-denoting function of a trademark.

However, a mark can also be used as a verb in an indiscriminate sense so as to refer to a category of activity in general, e.g., “I will PHOTOSHOP the image” could be understood to mean image manipulation by using graphics editing software other than Adobe Photoshop. This use commandeers PHOTOSHOP to refer to something besides Adobe’s trademarked product. Such indiscriminate mark-as-verb usage does not perform the statutory trademark function; instead, it functions as a synecdoche describing both a particular species of activity (e.g. using Adobe’s PHOTOSHOP brand software) and the genus of services to which the species belongs (e.g. using image manipulation software in general).

It cannot be understated that a mark is not rendered generic merely because the mark serves a synecdochian “dual function” of identifying a particular species of service while at the same time indicating the genus of services to which the species belongs. Nor is a mark generic merely because it has some significance to the public as an indication of the nature or class of an article. Moreover, casual, non-purchasing uses of marks are not evidence of generic usage”because primary significance is determined by the use and understanding of the mark in the context of purchasing decisions.

The salient question is the primary significance of the term to the consumer. If the term indicates a product of a single producer to the consumer, it is a valid trademark. Thus, even if a mark qua verb is used exclusively in the indiscriminate sense, the mark is not generic if a majority of the consuming public nevertheless uses the mark qua mark to differentiate one particular product or service from those offered by competitors.

It is thus contrary to both the letter and spirit of trademark law to strip a mark of legal protection solely because the mark – cultivated by diligent marketing, enforcement, and quality control – has become so strong and widespread that the public adopts the mark to describe that act of using the class of products or services to which the mark belongs. As one scholar has stated, “top-of-mind use of a trademark in its verb form, far from indicating the mark’s generic status, may well indicate the enduring fame of the brand.” . This is especially true where the mark in question is arbitrary or fanciful because such terms had a different or no independent meaning before they were adopted as marks.

Laura A. Heymann, *The Grammar of Trademarks*, 14 Lewis & Clark L. Rev. 1313 (2010)

Defendant's expert linguist, Dr. Geoffrey Nunberg, opined about a linguistic phenomenon observed in some "highly distinctive and famous marks" where "the name of a particular product is used to convey the genus without actually denoting it." Dr. Nunberg's expert report explains:

Trademarks are sometimes used in extended or figurative ways to denote something independent of their proprietary meaning (cf Astroturf for political movements, Band-Aid for social remedies). In a special case of this process, trademarks may be used as verbs to denote the characteristic action associated with the product or service they represent. Examples include TiVo, Fed-Ex, Skype, and Google. Such verbs may be specific in their application but such verbs may also be used in a representative way to connote a more general action. Thus when somebody says, "I need the book tomorrow – can you Fed Ex it to me?" we ordinarily assume that a shipment by UPS will be acceptable as well, without assuming that the verb to Fed-Ex simply means to ship by priority courier.

Accordingly, Dr. Nunberg asserts that the use of the word google as a nonspecific verb does not compromise the status of the GOOGLE mark because it literally denotes the use of Google's search engine. Consistent with his report, Dr. Nunberg opined that the GOOGLE mark has not become generic and that the phrase "go google it" is not necessarily shorthand for "look it up on the internet."

Defendant's survey expert, Dr. Gerald Ford, conducted a consumer survey modeled after the one used in *E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.*, to prove that the primary significance of the TEFLON mark in the minds of consumers was DuPont's non-stick coating, rather than non-stick coatings in general. In Dr. Ford's "Teflon" survey, 420 randomly selected participants were contacted via telephone and were asked whether "Hewlett Packard" and "computer" were brand names or common names. All 420 respondents successfully identified "Hewlett Packard" as a brand name and "computer" as a common name.

The respondents were then asked to identify six names (STP; Coke; Jello; refrigerator; margarine; aspirin) as either brand names or common names and were told that "don't know" or "no opinion" was an acceptable answer. They were not told that "both" was an acceptable answer, but answers of "both" were nevertheless recorded. The respondents were subsequently asked to apply the brand name/common name distinction to another five names (browser; website; Amazon; Yahoo; Google) specifically with respect to searching on the internet. Last, the respondents were asked

Not *that* Gerald Ford.

Yoshida: 393 F. Supp. 502 (E.D.N.Y. 1975)

whether they conducted searches on the internet – respondents who did not were excluded from the results.

Excluding 19 respondents who answered they do not perform searches on the internet, 93.77% identified GOOGLE as a brand name and 5.25% identified GOOGLE as a common name. For purposes of comparison, 93.52% of consumers identified the YAHOO! mark as a brand name while 5.99% identified YAHOO! as a common name. Both GOOGLE and YAHOO! beat out COKE: 89.53% of consumers identified the COKE mark as a brand name while 6.73% identified COKE as a common name. The only mark with higher brand name recognition or lower common name misrecognition than GOOGLE was the AMAZON mark at 96.51% and 2.99%, respectively.

III. PRIMARY SIGNIFICANCE OF THE GOOGLE MARK TO THE CONSUMING PUBLIC

As to dictionary usage, Plaintiffs are unable to cite to a single dictionary whose definition of the word “google” neglects to mention the trademark significance of the term. Plaintiffs accuse Defendant of “intimidat[ing] [dictionaries] into submission” because Defendant enforces its mark. For example, Defendant asked the website word-spy.com to modify its definition of google as a discriminate verb (“To search for information on the Web, particularly by using the Google search engine”) to “take into account the trademark status of Google.” Likewise, Plaintiffs contend that the Merriam-Webster dictionary “tempered its definition of google as a result of its fear of Defendant” because the publisher stated “we were trying to be as respectful as we possibly could be about Google’s trademark.” Plaintiffs also cite the opinions of both of their expert linguists in support of the proposition that the inclusion of a word in dictionaries means that the word carries generic usage. It is undisputed that both of Plaintiffs’ linguistic experts testified the GOOGLE mark serves to identify Google as the provider of its search engine services. Viewing the evidence in the light most favorable to Plaintiffs, it establishes the word google carries meaning as an indiscriminate verb.

Shifting to mark-holder usage, Plaintiffs emphasize that Google co-founder Larry Page stated on July 8, 1998, “Have fun and keep googling.” Plaintiffs also cite to the fact that entering the search query “define: google” into the Google search engine resulted in a verb definition of: “Use an internet search engine, particularly google.com.” Plaintiffs argue that non-enforcement of a mark suggests it is generic and point to the fact that the GOOGLE mark is used in other domain names that Plaintiffs did not purchase. However, it is undisputed that: Defendant uses the GOOGLE mark to identify the Google search engine in national advertising campaigns; has policies in place that set strict standards for third party use of the mark; publishes

rules and guidelines for use of the mark; and spends sizeable sums policing and enforcing its rights in the mark. While it is true that non-enforcement of a mark may be evidence the mark is generic, the undisputed facts make it unreasonable to infer that Defendant does not enforce its rights in the mark.

If competitors can accurately describe their products or services without using the mark in question, it suggests the mark is not generic. A corollary of this point is that the existence of a short and simple descriptive term for the genus to which the trademarked species belongs also evidences the mark in question as not generic. *E.g., Q-Tips, Inc. v. Johnson & Johnson* (distinguishing the trademarked product “Q-Tips” from the descriptive term for the type of goods “double tipped applicator”). In this case, “internet search engines” is the short and simple descriptive term for the genus to which the Google search engine belongs. It is undisputed that competing search engine providers Yahoo! and Microsoft Bing routinely distinguish their search engine services from Google’s search engine service in press releases and advertising campaigns. Thus, there is no evidence of competitors’ usage capable of supporting the inference that the word google has become the common descriptive term for the category of services to which the Google search engine belongs: internet search engines.

Q-Tips: 108 F. Supp. 845 (1952)

As to media use, Plaintiffs contend that the media often uses the word google as an indiscriminate verb. Some of Plaintiffs’ purported evidence of indiscriminate verb use is inadmissible because it was not timely disclosed. As Defendant points out, some of Plaintiffs’ media evidence recognizes the trademark significance of the GOOGLE mark and that Plaintiffs have not designated a single instance in which a major media outlet has referred to a competing search engine as a “google.” Plaintiffs’ media evidence consists mostly of verb usage, some of which is followed by recognition of trademark significance. Like Plaintiffs’ other evidence, the media’s use of the word google establishes that it is sometimes used as verb to mean search on the internet.

SUMMARY

The word google has four possible meanings in this case: (1) a trademark designating the Google search engine; (2) a verb referring to the act of searching on the internet using the Google search engine; (3) a verb referring to the act of searching on the internet using any search engine; and (4) a common descriptive term for search engines in general. The ‘502 and ‘075 marks are subject to cancellation only if the fourth meaning is the primary significance of the word google to a majority of the consuming public.

Accepting Plaintiffs’ evidence as true, 51% of those who utilize in-

ternet search engines use the word google as a verb to mean search on the internet. This establishes that the second and third meanings exist. Drawing all reasonable inferences in Plaintiffs' favor, a majority of the consuming public uses google-as-verb in its indiscriminate sense to mean search on the internet without regard to the search engine used. This means that the third meaning is more significant than the second meaning. Plaintiffs then make the leap, without any competent evidence, that the third meaning is the is the most frequently used meaning and seek cancellation of the '502 and '075 Marks because of the frequency with which the word google is used as a verb. This argument is factually and legally flawed. Factually, Plaintiffs offer no competent evidence in support of their assertion that verb use is more frequent than non-verb use. Legally, the test for whether a mark has become generic is not whether its most frequent use is as an indiscriminate verb, but whether its primary significance to a majority of the consuming public is as a common descriptive term. Even if the most frequent use of the word google is its third meaning, Plaintiffs' argument nevertheless fails because there is no evidence to suggest that the primary significance of the word google is the fourth meaning because the third meaning is most frequently used.

Plaintiffs' claim for trademark cancellation disappears when the admissible evidence in the record is examined according to the laws enacted by Congress. It is undisputed that well over 90% of the consuming public understands the word google with respect to searching on the internet as designating not a common name, but a particular brand. This fact establishes that the first meaning (a trademark designating the Google search engine) is more significant than is the fourth meaning (a common descriptive term for search engines in general) to a vast majority of the consuming public. Therefore, the '502 and '075 marks are not subject to cancellation. This is true even though the Court accepts as true that the 51% of the public also understands the third meaning (a verb referring to the act of searching on the internet using any search engine) – it is undisputed that the first and third meanings are not mutually exclusive and, in fact, coexist.

CONCLUSION

Accepting Plaintiffs' evidence as true and drawing all justifiable inferences therefrom in Plaintiffs' favor, a majority of the public uses the word google as a verb to refer to searching on the internet without regard to search engine used. Giving Plaintiffs every reasonable benefit, a majority of the public uses google-as-verb to refer to the act of searching on the internet and uses GOOGLE-as-mark to refer to Defendant's search engine. However, there is no genuine dispute about whether, with respect to searching on the internet, the primary significance of the word google to a majority of the public who utilize

internet search engines is a designation of the Google search engine. Therefore, Defendant is entitled to judgment as a matter of law that the '075 and '502 Marks are not generic.

Trademark Manual of Examining Procedure

When two descriptive terms are combined, the determination of whether the composite mark also has a descriptive significance turns upon the question of whether the combination of terms evokes a new and unique commercial impression. If each component retains its descriptive significance in relation to the goods or services, the combination results in a composite that is itself descriptive. [Cases cited found SNAP SIMPLY SAFER merely descriptive for “medical devices, namely, cannulae; medical, hypodermic, aspiration and injection needles; medical, hypodermic, aspiration and injection syringes”), PATENTS.COM merely descriptive of computer software for managing a database of records that could include patents and for tracking the status of the records by means of the Internet), SCREEN-WIPE generic as applied to premoistened antistatic cloths for cleaning computer and television screens), and SUPERJAWS merely descriptive for a variety of machine and hand tools including jaws).]

However, a mark comprising a combination of merely descriptive components is registrable if the combination of terms creates a unitary mark with a unique, nondescriptive meaning, or if the composite has a bizarre or incongruous meaning as applied to the goods. [Cases cited found SUGAR & SPICE not merely descriptive of bakery products and SNO-RAKE not merely descriptive of a snow removal hand tool.]

The Trademark Trial and Appeal Board has held that the addition of the prefix “e” does not change the merely descriptive significance of a term in relation to goods or services sold or rendered electronically, where the record showed that the “e” prefix has become commonly recognized as a designation for goods or services sold or delivered electronically. *In re Int'l Bus. Machs. Corp.* (“We see no difference in the meaning or connotation of ‘e-server’ and ‘eserver,’ and consider them both to be an abbreviated form of ‘electronic server.’”). Similarly, with appropriate evidence, the prefix “i” or “I” was held to be understood by purchasers to signify Internet, when used in relation to Internet-related products or services. *In re Zanova, Inc.* (ITOOOL merely descriptive of computer software for use in creating web pages, and custom design of websites for others). In these situations, the examining attorney should provide evidence of use of the prefix “e” or “i” in relation to the goods or services.

1209.03(d)
Combined Terms

IBM: 81 USPQ 2d 1677 (TTAB 2006)

Zanova: 59 USPQ 2d 1300 (TTAB 2000)

1209.03(g)
Foreign Equivalents

The foreign equivalent of a merely descriptive English word is no more registrable than the English word itself. A word taken from a well-known foreign modern language, which is, itself, descriptive of a product, will be so considered when it is attempted to be registered as a trade-mark in the United States for the same product. [Cases cited held AYUMI and its Japanese-character equivalent held merely descriptive for footwear where the evidence, including applicant's own admissions, indicated that the primary meaning of applicant's mark is "walking," Chinese characters that mean ORIENTAL DAILY NEWS merely descriptive of newspapers), and SAPORITO, an Italian word meaning "tasty," merely descriptive because it describes a desirable characteristic of applicant's dry sausage.]

Although words from modern languages are generally translated into English, the doctrine of foreign equivalents is not an absolute rule, but merely a guideline. The doctrine should be applied only when it is likely that the ordinary American purchaser would stop and translate the foreign word into its English equivalent. The "ordinary American purchaser" in this context refers to the ordinary American purchaser who is knowledgeable in the foreign language. Defining "ordinary American purchaser" as the "average American buyer" would write the doctrine out of existence." The "ordinary American purchaser" includes all American purchasers, including those proficient in a non-English language who would ordinarily be expected to translate words into English.

As a general rule, an acronym or initialism cannot be considered descriptive unless the wording it stands for is merely descriptive of the goods or services, and the acronym or initialism is readily understood by relevant purchasers to be "substantially synonymous" with the merely descriptive wording it represents. [Cases cited held CMS not substantially synonymous with the grape varieties cabernet, merlot, and syrah and therefore not merely descriptive for wine, and NKJV substantially synonymous with merely descriptive term "New King James Version" and thus merely descriptive of bibles.]

b Designs

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

1209.03(h)
Acronyms



Georgi O

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.”

In 2000 Bacardi began to develop an orange-flavored rum, which it ultimately introduced nationally in 2001 under the name “Bacardi O.” Bacardi’s line of flavored rums originated in 1995 with “Bacardi Limon.” Unlike Bacardi’s other flavored rums, however, Bacardi O was produced and marketed bearing a distinct label consisting of the Bacardi logo and bat symbol above a large elliptical letter “O” against a clear background.

After sending a cease and desist letter to Bacardi in September 2001, Star filed the instant lawsuit in May 2002.

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. *See Courtenay Communications Corp. v. Hall* (distinguishing case of mark consisting of word displayed with distinctive “typeface, color, and other design elements,” which was protectable, from cases holding generic words not protectable); *compare In re W.B. Roddenbery Co.* (holding design consisting of colored circle attached to differently colored rectangle protectable as inherently distinctive) *with In re Hillerich & Bradsby Co.* (noting that applicant conceded that unshaded line oval was not inherently distinctive). 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.

The Star “O” design had sufficient shape and color stylization to



Bacardi O

Courtenay: 334 F.3d 210 (2d Cir. 2003)

Roddenberry: 135 U.S.P.Q. 215, (TTAB 1962)

Hillerich: 204 F.2d 287 (CCPA 1953)

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.

Melting Bad Problem

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
- 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

Ownership of trademarks is determined, in the first instance, by state common law. Federal registration is an overlay onto this system; it mostly assumes, rather than displaces, state law.

1 Priority at Common Law

Galt House Inc. v. Home Supply Company 483 S.W.2d 107 (Ky. 1972)

The plaintiff, Galt House, Inc., instituted this action to enjoin the defendants, Home Supply Company, and its principal officer and stockholder, Al J. Schneider, from operating a new hotel in Louisville, Kentucky, under the assumed trade name “Galt House.”

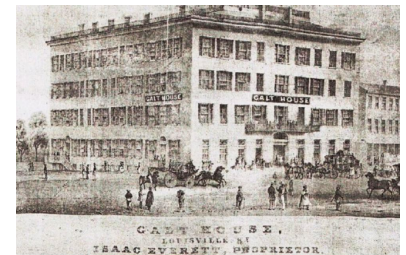
During the Nineteenth Century the Galt House Hotel was a famous hostelry in Louisville with an excellent and widely recognized reputation. In 1838 the bar-room at the Galt House was the scene of a killing as a result of which an attorney and judge and his two companions were indicted for murder. The trial itself is famous in the annals of Kentucky history.

In 1842 Charles Dickens toured America. In his account in “American Notes,” he was characteristically uncomplimentary in his description of Louisville; he was impressed, however, with the Galt House. He wrote: “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.” In 1858 Charles Mackay, an English writer, passed through Louisville. In his account in “Life and Liberty in America” he remarked: “We crossed in the steamer to Louisville, and once more found ourselves in a land of plenty and comfort, in a flourishing city, in an excellent hotel – the Galt House, one of the best conducted establishments in America.””

The Galt House, located on Main Street at Second Street, occupied separate buildings during its existence as a hotel. The second Galt House was destroyed by fire in January 1865 at a reported loss of \$1,000,000. The third Galt House, a magnificent structure in its day, was abandoned as a hotel and ceased operations in 1920. Belknap Hardware Company thereafter occupied the site of the last Galt House.

Thus, it would appear that since 1920 there has been no use of the name Galt House in connection with or to describe a hotel. The name doubtless strikes interest when used in the presence of history buffs and among those familiar with the folklore of Louisville. Among such cognoscenti the name encourages remembrance of things past.

In February 1964, the plaintiff, Galt House, Inc., incorporated under the laws of this state. In its articles of incorporation it adopted



The second Galt House



The third Galt House

as its corporate name the term “Galt House.” The plaintiff has no assets and no liabilities; neither does it have corporate books or records. Plaintiff’s president and sole shareholder is Arch Stallard, Sr., a real estate broker in Louisville, Kentucky, who specializes in hotel and motel real estate. Mr. Stallard has on occasions since the date of the filing of plaintiff’s articles of incorporation made a few sporadic inquiries concerning possible locations for a hotel and considered engaging in an enterprise by which a franchise operation would be effected. These few efforts came to naught and Mr. Stallard testified that because of illness and death in his family he had been “laying dormant.”

The defendant, Home Supply Company, is a Kentucky corporation organized sometime prior to 1950. The defendant, Al J. Schneider, is its president and controlling shareholder. Home Supply Company is active in the business of constructing and operating hotels in this state. It presently operates a hotel on the Kentucky State Fair Board property under the assumed name “Executive Inn.” It is presently engaged in the construction and completion of a high-rise hotel on riverfront-development property belonging to an agency of the City of Louisville.

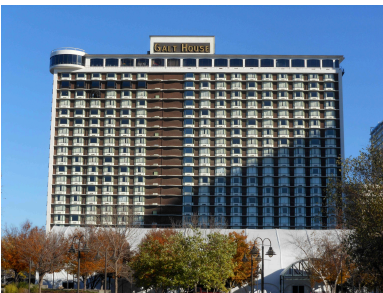
In April 1969, Home Supply Company, through its president Schneider, submitted to the city agency plans of a hotel bearing the name Galt House. Construction commenced in May 1970. A new hotel, 26 stories in height with 714 rooms, is now nearly completed and has affixed a sign bearing the name “The Galt House.” The hotel already has scheduled future conventions and room reservations, although it will not open until after May 1972. In April 1971, Home Supply Company applied for and received from the Secretary of State of Kentucky a registration and service mark of the name “The Galt House.”

Plaintiff filed suit in August 1971, seeking to enjoin the defendants from any use of the name Galt House.

As found by the circuit judge, the corporation which operated the last Galt House was formed in 1911 and its formal corporate existence expired in 1961. From 1920 to 1961, however, it did not engage in the hotel business. Therefore, the name Galt House had not been used in connection with a going business for 49 years when defendants undertook to use it as the name of their new hotel in 1969.

The primary argument asserted by the plaintiff actually rests upon a premise that by mere incorporation under a corporate name it retains the right to exclude others from the use of that name so long as the corporation legally exists.

In *Duff v. Kansas City Star Company*, the court held that there is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade with which the mark is employed.



The fourth (and current) Galt House

This principle was applied to the trade name of a newspaper which had not been published for eight years. The court decided that since there was no established business (good will) to which the contested name attached, the plaintiff had no right to prevent another from using the name in an active, going business. The court pointed out that the contested name was no more than the common name of a once-published newspaper.

We are also unable to find that plaintiff has any standing to enjoin under the theory that it was placed on the same footing with the former Galt House Corporation whose existence expired by operation of law in 1961. There was no transfer of the name from the expiring Galt House Corporation to plaintiff. The former Galt House Corporation at the end of its corporate term of existence as fixed by its articles terminated its right to do business in 1961. It had not engaged in the hotel business under its corporate name since 1920. The former Corporation was incapable of possessing a business with a good will or a corporate trade name. The name did not survive, for there was nothing to which it could be attached.

We must only determine whether the plaintiff has the right to prohibit the defendants from using the name. We agree with the trial judge that the plaintiff has no standing to enjoin the use of the name by the defendants under the facts of this case.

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 building 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



Rex blood purifier advertisement

– 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.



Rexall dyspepsia tablets label

The entire argument for the petitioner is summed up in the contention that whenever the first user of a trade-mark has been reasonably diligent in extending the territory of his trade, and as a result of such extension has in good faith come into competition with a later user of the same mark who in equal good faith has extended his trade locally before invasion of his field by the first user, so that finally it comes to pass that the rival traders are offering competitive merchandise in a common market under the same trade-mark, the later user should be enjoined at the suit of the prior adopter, even though the latter be the last to enter the competitive field and the former have already established a trade there.

The asserted doctrine is based upon the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. 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.

The owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it

as a monopoly. In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one's good-will in trade by placing a distinguishing mark or symbol – a commercial signature – upon the merchandise or the package in which it is sold.

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.

Planetary Motion, Inc. v. Techsplosion, Inc.

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

[In 1994, Byron Darrah released an email program he named Coolmail. Darrah made Coolmail available by posting it to a service named Sunsite, where users with an Internet connection could download it for free. Darrah made Coolmail available 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 distribution 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.

Software is commonly distributed without charge under a GNU General Public License. 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. Appellants misconstrue the function of a GNU General Public License. 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.¹⁶

Appellants cite *Heinemann v. General Motors Corp.* for the proposition that Darrah was a “hobbyist” unworthy of common law trademark protection. *Heinemann* is factually distinguishable from the case at hand. The plaintiff in *Heinemann* used a mark in connection with his automobile before an automobile manufacturer independently had adopted the same name for a new model. The court held that the plaintiff had not established common law ownership rights based on two findings. First, the court found that because Heinemann’s purpose in using the mark was to “open [at a later date] an automobile equipment shop which would have capitalized upon the slogan,” he merely attempted to “reserve a trade or service mark pending the creation of a trade or business” The court reasoned as follows:

While the law does not require a nationwide business; an old, established business; or even a profitable business for the acquisition of property interests in trade or service marks, it does require a presently existing trade or business for such acquisition. The exhibits disclose that Plaintiff had only a desire to open a business in futuro. To hold otherwise would make a trade mark a property right in gross, instead of a right appurtenant.

The *Heinemann* court also 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. Here, Darrah did not attempt to “warehouse” the mark by promoting a product he merely intended to develop and distribute at a later date. Darrah’s use of the mark to designate the distributed Software and each subsequent version thereof indicates that his use was not mere sporadic or token use. Furthermore, unlike Heinemann, Darrah 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.

¹⁶Because 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.

Heinemann: 342 F.Supp. 203 (N.D. Ill. 1972)

DeCosta: 520 F.2d 499, 513 (1st Cir. 1975)

Appellants also rely on *DeCosta v. Columbia Broad. Sys., Inc.* to argue that Darrah is an eleemosynary individual and therefore unworthy of protection under unfair competition laws. 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.¹⁸ 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 public.

Dudley v. HealthSource Chiropractic, Inc.

585 F. Supp. 2d 433 (W.D.N.Y. 2008)

[Plaintiff used the mark HEALTHSOURCE CHIROPRACTIC for his chiropractic practice in Rochester, New York starting in 2003. Defendant started franchising chiropractic practices under the name HEALTHSOURCE CHIROPRACTIC in 2006, initially in Ohio. It quickly expanded to 325 franchisees nationwide. It awarded a franchise in Rochester to one Dr. Divito, which opened in April 2007.]

The Plaintiff contends that he is the senior user of the HealthSource Chiropractic mark not only in the greater Rochester area but

¹⁸It is unlikely that the plaintiff's activities in *De Costa*—costumed performances and distribution of his picture at local rodeos, parades, hospitals, etc. — would generate a “public association” sufficient to confer him common law trademark ownership rights.

also on the internet.

Geographical zones of exclusivity developed to protect the rights of concurrent, innocent adopters who used the same mark in different geographic areas. There is little likelihood of confusion, deception, or mistake when a mark is used by different businesses in distinct regions of the country. Common law trademark rights only extend to the territories in which the mark's adopter sells its products, renders its services, establishes recognition of its mark, or draws its trade. A user of a mark who does not seek federal registration risks the possibility that another user will independently adopt the same mark and establish exclusive rights to use the mark in a remote area. The trademark laws allow concurrent use of the same mark by multiple adopters so long as each adopter's use of the mark does not unreasonably intrude on another user's geographic zone of exclusivity. By allowing concurrent use of a mark, the trademark laws tolerate a certain amount of confusion.

By claiming exclusivity to the HealthSource Chiropractic mark on the internet, the Plaintiff assumes that the internet is a territory in which he can establish exclusive rights. The internet is not, however, a geographic territory to be subdivided; instead, it is a global communication medium that is accessible from anywhere on the planet. The internet has become vital for local, regional, national, and international communication. It is used for selling, advertising, and marketing products and services as well as communicating with clients and customers. An internet presence has become crucial for businesses of all sizes, whether they operate locally or nationally.

The rights of concurrent users would be substantially harmed if one user were able to monopolize the internet to the exclusion of other lawful users of the same mark. Unlike national advertising which would often be cost-prohibitive for a local or regional user, the internet is an almost-necessary tool for a user to develop its business and remain competitive within its exclusive territory. Consequently, this Court concludes that neither party can claim exclusive rights to the internet.

Even though concurrent, lawful users of a mark should be allowed to use their marks on the internet, use on the internet cannot be manipulated to intrude on another's territory in bad faith. For instance, it would be improper for a user to target internet advertisements to consumers within another user's exclusive territory or to advertise on locally focused web sites that target that market.

In this case, the Defendants have taken reasonable measures to ensure that they are not using the HealthSource Chiropractic mark on the internet to intrude into the Plaintiff's territory. The Defendants have removed Dr. Divito's practice completely from HealthSource Inc.'s web site. Dr. Divito maintains his own web site,



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



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

rochesterspinalcare.com, for his Rochester practice and only uses the HealthQuest mark on his web site. The Plaintiff has presented no evidence that indicates the Defendants have used the HealthSource mark on the internet to specifically target the Rochester market.

A trademark owner cannot reasonably expect to have exclusive use of a term on the internet. Defendants presented evidence that as of 2008 there were 754 registered domain names with that included the term "healthsource." Users of a mark must develop ways to distinguish themselves on the internet beyond resorting to the trademark laws.

Bilgewater Bill's Problem

Consider the following sequence 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 Federal Registration

a Registration

Lanham Act

15 U.S.C. § 1051
Lanham Act § 1
Application for registration ...

Who is the "owner" of a trademark?

35 U.S.C. § 1057
Lanham Act § 7
Certificates of registration

- (a) *Application for use of trademark.* –
- (1) 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 and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark as used as may be required by the Director.
- (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.
- (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.

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

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

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

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

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

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



Defendant's restaurant



Plaintiff's logo



Logo used by plaintiff's franchisee in Australia. Can you guess the backstory?

enlarge its right in the area where the federal mark has priority.

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

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

Bilgewater Bill's Problem, Redux

1. Consider the following sequence 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).
2. Consider the following sequence 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).
3. Consider the following sequence 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).

b Intent-to-Use Applications

Lanham Act

- (b) *Application for bona fide intention to use trademark.* –
- (1) 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

15 U.S.C. § 1051

Lanham Act § 1

Application for registration ...

Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.

- (d) *Verified statement that trademark is used in commerce.* –
- (1) Within six months after the date on which the notice of allowance with respect to a mark is issued to an applicant under subsection (b) of this section, the applicant shall file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the Director and payment of the prescribed fee, a verified statement that the mark is in use in commerce and specifying the date of the applicant's first use of the mark in commerce and those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce. Subject to examination and acceptance of the statement of use, the mark shall be registered.
 - (2) The Director shall extend, for one additional 6-month period, the time for filing the statement of use under paragraph (1), upon written request of the applicant before the expiration of the 6-month period provided in paragraph (1). In addition to an extension under the preceding sentence, the Director may, upon a showing of good cause by the applicant, further extend the time for filing the statement of use under paragraph (1) for periods aggregating not more than 24 months, pursuant to written request of the applicant made before the expiration of the last extension granted under this paragraph.

Kelly Services, Inc. v. Creative Harbor, LLC [I]

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 information, 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.



Kelly's WorkWire app logo

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”).¹ The Creative ITUs were for the mark “WorkWire”

¹As explained further below, an intent to use (“ITU”) application is an anticipatory application for registration of a trademark based on the applicant’s intent to

(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. Creative Harbor contends that Kelly did not use the Mark in commerce before the Creative ITUs were filed and, thus, that Kelly does not have priority over Creative Harbor. Accordingly, the issue with respect to priority is whether Kelly actually used the Mark in commerce before Creative Harbor filed the Creative ITUs. The Court holds that Kelly did not.

use the mark in the future. Under certain circumstances, an ITU application establishes the applicant’s priority to the trademark over another person who adopted the trademark after the ITU was filed.

15 U.S.C. § 1127

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. S 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. Applying this test in *Allard Enters., Inc. v. Advanced Programming Resources, Inc.*, the Sixth Circuit found sufficient public use when a claimant offered its services to potential customers through “numerous solicitations” bearing the mark.

Allard: 146 F.3d 350 (6th Cir. 1998)

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 [II]

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.

Absent fraud, an ITU applicant may cure an overbroad listing of goods and/or services by deleting from its application the goods and/or services on which it lacks a bona fide intent to use the mark. In *Spirits Int'l, B.V. v. S.S. Taris Zeytin Ve Zeytinyagi Tarim Satis Kooperatifleri Birliđi*, the TTAB did not suggest that a tribunal may properly delete items that an applicant has not, itself, undertaken to delete. Instead, the TTAB said that because the applicant had failed to make the required deletions, the appropriate remedy was to void the entire classes containing the goods for which the required intent was lacking. Application of the *Spirits Int'l* framework leads the Court to invalidate the Creative ITUs in their entirety.

Spirits Int'l: 99 U.S.P.Q.2d 1545 (T.T.A.B. 2011)

Where does this leave the parties in the courts? And in the Apple App Store?

Bilgewater Bill's Problem, Re-Redux

Consider the following sequence of events. Who has priority in Baltimore? Who has priority in Seattle? Who has priority 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.

3 Collaborations

Boogie Kings v. Guillory

188 So.2d 445 (La. Ct. App. 1966)

In this action, plaintiff seeks to enjoin the defendant, Clinton Guillory, who is also known and sometimes referred to herein as "Clint West," from using the trade name "The Boogie Kings." The suit was instituted by "The Boogie Kings," an unincorporated association doing business under that trade name, represented herein by three of the officers or representatives of that association. The defendant filed an answer and a reconventional demand, in which he alleges that he has the exclusive right to use that trade name, and he prays for judgment enjoining plaintiff from using it.

The evidence shows that in 1955 Douglas Ardoin and Harris Miller formed a dance band or orchestra, and they mutually agreed to call themselves "The Boogie Kings." Other musicians joined the

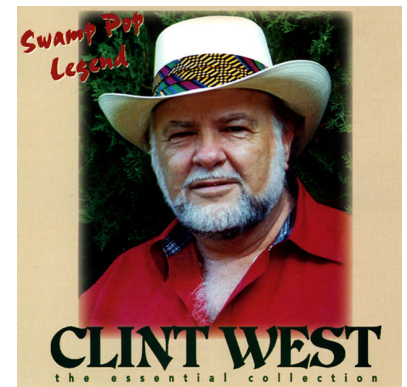
band thereafter, and in 1964 it was composed of ten members. The band was never incorporated and no formal partnership agreement, oral or written, was ever entered into. The band functioned as an organization with a definite membership, however, and as an organized band it acquired movable property and entered into contracts for playing engagements and other matters. The evidence shows that since the initial creation of the orchestra, the members from time to time have elected one of their number to serve as "leader." Although there is some conflict in the testimony, we think the evidence establishes that all major decisions affecting the organization, the assets and the operations of the band have been made by a majority vote of the members.

Ardoin was elected and served as the first leader of the band, and he was succeeded by Miller. Later, Ardoin was reelected to be the leader, and he served as such until he withdrew completely from the band in 1963. Thereafter, he discontinued his career as a musician. Miller succeeded Ardoin as leader in 1963, and he served as such until May, 1964, when a dispute arose between Miller and most of the other members relative to a playing engagement. As the result of that dispute, Miller withdrew as a member of the band.

Defendant, Guillory, joined the band as a drummer and vocalist in 1963. Immediately after Miller withdrew in May, 1964, Guillory was elected by the other members as leader. As the featured vocalist in the band, he was known professionally as "Clint West." In order to capitalize on his popularity as a singer, the name of the band was changed to "Clint West and the Boogie Kings," this change of name being made after defendant became the leader and with the approval of a majority of the members.

During the latter part of the year 1964, or the first part of 1965, this band was playing regularly at the Bamboo Club in Lake Charles and occasionally at other places. Guillory acquired an interest in the Moulin Rouge Club at that time, however, and he prevailed upon the other members to discontinue playing at the Bamboo Club and to begin playing regularly at the Moulin Rouge instead. A relatively short time after making this change, all of the members except Guillory became dissatisfied with the arrangement, and nine of the ten members voted to go back to playing at the Bamboo Club. Guillory was the only member who refused to join them in this decision, and he thereupon separated or disassociated himself from the other members.

Immediately after this split in the band occurred, the nine original members elected a new leader, a new member came into the band to take Guillory's place, and the orchestra resumed playing regularly at the Bamboo Club, and other places, under the name of "The Boogie Kings." Also, immediately after the split, Guillory joined with nine other musicians to form a new orchestra, and this new group re-



Clinton "Clint West" Guillory



The Boogie Kings, circa 1965

sumed playing at the Moulin Rouge Club, and other places, and they called themselves “Clint West and The Boogie Kings.”

Defendant contends that the band, as an organization or association, never acquired a proprietary interest in this trade name, that the right to use that name was vested originally in Ardoin and Miller, that Miller acquired the exclusive right to use it when Ardoin abandoned any claim to it, and that shortly prior to the “split” Miller specifically gave to defendant Guillory the exclusive right to use the name, “The Boogie Kings.”

In the instant suit, the evidence shows that during the period from 1955 to 1964 the band known by the trade name of “The Boogie Kings” acquired a considerable amount of popularity. Because of its reputation as a musical organization or dance band, its trade name has acquired some significance and value. The person or organization first appropriating the name or having the legal right to use it, therefore, has a proprietary interest in that name and is entitled to judgment enjoining another from appropriating it.

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. The trial judge, therefore, correctly enjoined defendant from continuing to use that name.

Truth in Music Act

N.J. Stat. Ann. § 2A:32B-2.
Conditions for advertising or conducting a live musical performance.

Over thirty states have enacted this text or a close variation. But does it actually do anything different than trademark law already does?

2. A person shall not advertise or conduct a live musical performance or production through the use of an affiliation, connection or association between the performing group and the recording group unless:
 - a. The performing group is the authorized registrant and owner of a federal service mark for the group registered in the United States Patent and Trademark Office; or

- b. At least one member of the performing group was a member of the recording group and has a legal right by virtue of use or operation under the group name without having abandoned the name or affiliation of the group; or
- c. The live musical performance or production is identified in all advertising and promotion as a salute or tribute; or
- ...
- e. The performance or production is expressly authorized by the recording group.

Trademark Manual of Examining Procedure

Section 5 of the Trademark Act, 15 U.S.C. § 1055, states, in part, as follows:

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.

Section 45 of the Act, 15 U.S.C. § 1127, defines “related company” as follows:

The term “related company” means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

Thus, § 5 of the Act permits applicants to rely on use of the mark by related companies. Either a natural person or a juristic person may be a related company. 15 U.S.C. § 1127.

The essence of related-company use is the control exercised over the nature and quality of the goods or services on or in connection with which the mark is used. When a mark is used by a related company, use 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.

Duff Problem

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

§ 1201.03

Use by Related Companies



Duff beer "can"

beer under the DUFF name. Fudd is unaffiliated with Twentieth Century Fox (which produces The Simpsons) and has not obtained permission to sell DUFF beer. Trademark infringement? What 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 Procedures

1 Registration

Lanham Act

15 U.S.C. § 1052
Lanham Act § 2
Trademarks registrable on principal register

No trademark ... shall be refused registration on the principal register on account of its nature unless it –

- (e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive ... of them,
- (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.

Note that §§ 2(e)(1) and (f) of the Lanham Act restate the common-law doctrine of descriptive and generic trademarks. “Merely” descriptive marks are not protectable, but marks that have “become distinctive” (i.e. acquired secondary meaning) are. A generic mark is considered incapable of acquiring secondary meaning as a matter of law.

Lanham Act

15 U.S.C. § 1052
Lanham Act § 2
Trademarks registrable on principal register

No trademark shall be refused registration on the principal register on account of its nature unless it—

- (a) Consists of or comprises immoral ... 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; ...

Matal v. Tam
137 S.Ct. 1744 (2017)

This case concerns a dance-rock band’s application for federal trademark registration of the band’s name, “The Slants.” . “Slants” is a derogatory term for persons of Asian descent, and members of the band are Asian–Americans. But the band members believe that by taking that slur as the name of their group, they will help to “reclaim” the term and drain its denigrating force.

The Patent and Trademark Office (PTO) denied the application based on a provision of federal law prohibiting the registration of trademarks that may “disparage ... or bring ... into contemp[t] or disrepute” any “persons, living or dead.” 15 U.S.C. § 1052(a). We now hold that this provision violates the Free Speech Clause of the First Amendment. It offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.

Iancu v. Brunetti

139 S. Ct. 2294 (2019)

Two Terms ago, in *Tam*, this Court invalidated the Lanham Act’s bar on the registration of “disparag[ing]” trademarks. Today we consider a First Amendment challenge to a neighboring provision of the Act, prohibiting the registration of “immoral[] or scandalous” trademarks. We hold that this provision infringes the First Amendment for the same reason: It too disfavors certain ideas.

Trademark Manual of Examining Procedure

Section 45 of the Trademark Act, 15 U.S.C. §1127, defines “collective mark” as follows:

- The term “collective mark” means a trademark or service mark—
- (1) used by the members of a cooperative, an association, or other collective group or organization, or
 - (2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this [Act], and includes marks indicating membership in a union, an association, or other organization.

Under the Trademark Act, a collective mark is *owned* by a collective entity even though the mark is *used* by the members of the collective.

There are basically two types of collective marks: (1) collective trademarks or collective service marks; and (2) collective membership marks. The distinction between these types of collective marks is explained in *Aloe Creme Labs., Inc. v. Am. Soc’y for Aesthetic Plastic Surgery, Inc.* as follows:

§ 1302

1302 Collective Marks Generally

Aloe Creme: 192 USPQ 170 (TTAB 1976)



REALTOR collective service mark.



Sheet Metal Workers International Association collective membership mark.

§ 1401.03

Designation of Class

§ 1401.02(a)

Headings of International Trademark Classes

§ 1402.01

Specifying the Goods and/or Services - in General

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

Trademark Manual of Examining Procedure

In an application for registration of a mark, the applicant should designate the international class number(s) that are appropriate for the identified goods and/or services whenever the information is known.

International trademark classification, and the headings of the international trademark classes, are established by the Committee of Experts of the Nice Union and set forth in the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification) published annually by the World Intellectual Property Organization (“WIPO”) on its website.

A written application 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. To “specify” means to name in an explicit manner. The identification should set forth common names, using terminology that is generally understood.

The applicant must identify the goods and services specifically to provide public notice and to enable the USPTO to classify the goods and services properly and to reach informed judgments concerning likelihood of confusion. The USPTO has discretion to require the degree of particularity deemed necessary to clearly identify the goods and/or services covered by the mark.

Terminology that includes items in more than one class is consid-

ered indefinite.

Example: “Blankets” is not acceptable without qualifying wording because it is not particular enough to identify the kind of blanket on which the mark is used, e.g., fire blankets (Class 9), electric blankets (Class 11), horse blankets (Class 18), and bed blankets (Class 24).

The accuracy of identification language in the original application is important because the identification cannot later be expanded.

Specimens are required because they show the manner in which the mark is seen by the public. Specimens also provide supporting evidence of facts recited in the application.

A trademark or service mark application for registration under § 1(a) of the Trademark Act must include one specimen for each class, showing use of the mark in commerce on or in connection with the goods, or in the sale or advertising of the services.

§ 904
Specimens

For a trademark application under § 1(a), allegation of use in an application under § 1(b), or affidavit of use under § 8 or § 71 of the Trademark Act, the 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.

§ 904.03
Material Appropriate as Specimens for Trademarks

Trademark Manual of Examining Procedure

The owner of a mark registered in the United States Patent and Trademark Office may give notice that the mark is registered by displaying with the mark the words “Registered in United States Patent and Trademark Office,” the abbreviation “Reg. U.S. Pat. & Tm. Off.,” or the letter R enclosed within a circle, ®. A party may use terms such as “trademark,” “trademark applied for,” “TM” and “SM” regardless of whether a mark is registered. These are not official or statutory symbols of federal registration.

§ TMEP 906
Federal Registration Notice

2 Opposition

Lanham Act

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 –

- (d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade

35 U.S.C. § 1057
Lanham Act § 2
Trademarks registrable on principal register; concurrent registration

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 if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant.

15 U.S.C § 1062
Lanham Act § 12
Publication

- (a) *Examination and publication.* – Upon the filing of an application for registration and payment of the prescribed fee, the Director shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration the Director shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office.

15 U.S.C. § 1063
Lanham Act § 13
Opposition to registration

- (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication of the mark sought to be registered.

3 Maintenance

Lanham Act

15 U.S. Code § 1058
Lanham Act § 8
Duration, affidavits and fees

- (a) *Time periods for required affidavits.* – Each registration shall remain in force for 10 years, except that the registration of any mark shall be canceled by the Director unless the owner of the registration files in the United States Patent and Trademark Office affidavits that meet the requirements of subsection (b), within the following time periods:

- (1) Within the 1-year period immediately preceding the expiration of 6 years following the date of registration under this chapter or the date of the publication under section 1062(c) of this title.
 - (2) Within the 1-year period immediately preceding the expiration of 10 years following the date of registration, and each successive 10-year period following the date of registration.
- (b) *Requirements for affidavit.* – The affidavit referred to in subsection (a) shall—
- (1) (A) state that the mark is in use in commerce;
 - (B) set forth the goods and services recited in the registration on or in connection with which the mark is in use in commerce;
 - (C) be accompanied by such number of specimens or facsimiles showing current use of the mark in commerce as may be required by the Director; and
 - (D) be accompanied by the fee prescribed by the Director;
- (a) *Period of renewal; time for renewal.* – Subject to the provisions of section 1058 of this title, each registration may be renewed for periods of 10 years at the end of each successive 10-year period following the date of registration upon payment of the prescribed fee and the filing of a written application, in such form as may be prescribed by the Director.

15 U.S.C. § 1059
Lanham Act § 9
Renewal of registration

Trick question: what is the maximum possible term a trademark could be in effect?

4 Cancellation and Incontestability

Lanham Act

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this chapter ...

15 U.S. Code § 1064
Lanham Act § 14
Cancellation of registration

- (1) Within five years from the date of the registration of the mark under this chapter.
- (3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of sec-

tion 1052 of this title for a registration under this chapter ... or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. ... A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

15 U.S.C. § 1065

Lanham Act § 15

Incontestability of right to use mark under certain conditions

§ 1064(5) pertains to certification marks. See the False Advertising chapter.

Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 1064 of this title ... the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: ...

Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.

469 U.S. 189 (1985)

Petitioner operates long-term parking lots near airports. After starting business in St. Louis in 1967, petitioner subsequently opened facilities in Cleveland, Houston, Boston, Memphis, and San Francisco. Petitioner applied in 1969 to the United States Patent and Trademark Office (Patent Office) to register a service mark consisting of the logo of an airplane and the words "Park'N Fly." The registration issued in August 1971. Nearly six years later, petitioner filed an affidavit with the Patent Office to establish the incontestable status of the mark. As required by § 15 of the Trademark Act of 1946 (Lanham Act), the affidavit stated that the mark had been registered and in continuous use for five consecutive years, that there had been no final adverse decision to petitioner's claim of ownership or right to registration, and that no proceedings involving such rights were pending.

Respondent also provides long-term airport parking services, but only has operations in Portland, Oregon. Respondent calls its business "Dollar Park and Fly." Petitioner filed this infringement action in 1978 in the United States District Court for the District of Oregon and requested the court permanently to enjoin respondent from using the words "Park and Fly" in connection with its business.

After a bench trial, the District Court found that petitioner's mark is not generic and observed that an incontestable mark cannot be challenged on the grounds that it is merely descriptive.



Park 'N Fly service mark

An incontestable mark that becomes generic may be canceled at any time pursuant to § 14(c). That section also allows cancellation of an incontestable mark at any time if it has been abandoned, if it is being used to misrepresent the source of the goods or services in connection with which it is used, or if it was obtained fraudulently or contrary to the provisions of § 4, 15 U.S.C. § 1054, or §§ 2(a)-(c), 15 U.S.C. §§ 1052(a)-(c).

The language of the Lanham Act also refutes any conclusion that an incontestable mark may be challenged as merely descriptive. The Lanham Act expressly provides that before a mark becomes incontestable an opposing party may prove any legal or equitable defense which might have been asserted if the mark had not been registered. Thus, § 33(a) would have allowed respondent to challenge petitioner's mark as merely descriptive if the mark had not become incontestable. With respect to incontestable marks, however, § 33(b) provides that registration is conclusive evidence of the registrant's exclusive right to use the mark, subject to the conditions of § 15 and the seven defenses enumerated in § 33(b) itself. Mere descriptiveness is not recognized as a basis for challenging an incontestable mark.

JUSTICE STEVENS, dissenting.

Congress enacted the Lanham Act "to secure trade-mark owners in the goodwill which they have built up." But without a showing of secondary meaning, there is no basis upon which to conclude that petitioner has built up any goodwill that is secured by the mark "Park'N Fly." In fact, without a showing of secondary meaning, we should presume that petitioner's business appears to the consuming public to be just another anonymous, indistinguishable parking lot.

It is perfectly clear that the failure to include mere descriptiveness among the grounds for challenging incontestability was based on the understanding that such a mark would not be registered without a showing of secondary meaning.

Because it would be demonstrably at odds with the intent of Congress to grant incontestable status to a mark that was not eligible for registration in the first place, the Court is surely authorized to require compliance with § 2(f) before granting relief on the basis of § 33(b).

5 Abandonment

Lanham Act

A mark shall be deemed to be "abandoned" if either of the following occurs:

15 U.S.C. § 1127
Lanham Act § 45
Construction and definitions ...

- (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark 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.

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

(Leval, J.)

This is an action for trademark infringement, false designation of origin, unfair competition and trademark dilution. The plaintiff, Procter & Gamble Co. ("P&G"), an Ohio corporation, is one of the country's largest manufacturers of household and personal use products. The defendants are Johnson & Johnson Incorporated ("J&J") and its wholly-owned subsidiary Personal Products Company ("PPC"). PPC is the leading manufacturer of women's external menstrual protection products.

The defendants' trademarks which are alleged to infringe rights of the plaintiff are "Assure!" as used on a woman's menstrual tampon, and "Sure & Natural", as used on an external menstrual protection shield. The plaintiff's marks alleged to be infringed are SURE for an underarm anti-perspirant deodorant and for a woman's tampon, and ASSURE for a mouthwash and a shampoo.

SURE for tampons, since 1964, and ASSURE for mouthwash and shampoo, since 1970, have been carried by P&G in its "minor brands program". The minor brands program is designed by P&G to establish and maintain ownership rights over trademarks which have not been assigned by P&G to any commercially marketed product.

In 1974 P&G's office of legal counsel circulated a memorandum institutionalizing the procedures to be followed for this brand maintenance program. The memorandum was revised in 1976 and was received in evidence at the trial. The memorandum begins by stating that the failure to use a trademark for two consecutive years may result in its loss. "The Minor Brands Sales Program is intended", it states, "to rebut any such inference of abandonment and thus maintain the company's ability to subsequently use the marks on goods in question as major brands." The memorandum directs that the trademark section of the legal division will annually prepare a list of every mark owned by the company. The list will be divided into three categories, to be designated as Major Brand, Minor Brand and No Value. A major brand is one which is currently marketed on a day to day basis. "A 'No Value' mark is one in which there is no current commercial interest . . . All others automatically fall into the Minor Brand category." The memorandum goes on to state that each year

the list will be reviewed with each division. "A diligent assessment will be made each year to place any marks which are in the Minor Brand category but which are unlikely to be selected for Major Brand usage within a reasonable period of time into the No Value category so as to keep Minor Brands to a minimum." The memorandum further instructs that when the list of minor brands has been reviewed each year, the trademark coordinator will pack 50 units of each product in the Minor Brand category and ship the 50 units to at least 10 states with a recommendation of alternation of states in succeeding years so as to achieve wide distribution. The shipments are made to normal customers for each type of product.

The evidence showed that the system functioned as follows. The distribution of goods in the Minor Brands Program is not handled by persons normally involved in P&G's merchandising operation. Indeed few employees at any level of P&G are even aware of the minor brands' existence. In each division of the company, one employee is charged with the distribution of minor brands. This "Minor Brands Coordinator" causes labels to be made and simple packages to be prepared for each minor brand. He then ships in accordance with the standing written instructions from trademark counsel. For all items in the Minor Brands Program regardless of size, cost or any other feature, the price billed is \$2 per case.

As there are no products of P&G covered by these minor brands, the coordinator takes some other P&G product in the brand category to be shipped under the minor brand's label. P&G's Prell Shampoo is bottled under 13 different minor brand labels for annual shipment at \$2 a case. P&G's Scope Mouthwash is bottled under 7 different minor brand labels for annual shipment. The situation as to tampons is particularly curious. Prior to 1974 when Rely was introduced, P&G had no such product. Accordingly, it was the practice to buy the tampons of other manufacturers and to repackage them under P&G's various minor brand tampon labels. PPC learned through documents produced at the trial that in the 1960's, its own Modess tampons had been purchased by P&G and repackaged and shipped under a "Sure" Tampon label. In recent years for its minor brand tampons, P&G has been purchasing and shipping Tampax. Although since 1974 P&G has had a tampon product of its own, the Minor Brands Coordinator for the paper goods division has continued to ship Tampax rather than P&G's own product, apparently through oversight.

None of P&G's catalogues, price lists or other published materials make any reference to the minor brands. Indeed it appears that virtually none of P&G's personnel is aware of their existence. No steps are taken to see whether these goods are actually sold by the recipients of the shipments. The only evidence received in the trial concerning any such resale was to the effect that once in 1977 the president of

PPC had seen some P&G minor brands including Sure Tampons on the shelves of a store in Milwaukee and had bought a box.

P&G defends the validity of the Minor Brands Program on the grounds that it is commercially necessary. It argues that the development of new brands is an enormously lengthy process; numerous products are under development at any one time; and it is very hard to tell how soon a product under development will be ready for market. The process of name selection and registration is also time-consuming. If a product should become ready for market without prior provision having been made for a name, the product could be held up for quite some time while the name was being secured.

P&G has claimed rights to the Sure Tampon brand since 1964. Taking the facts in the light most favorable to P&G, the Sure Tampon brand has resided in the Minor Brands Program for nearly 12 years, with approximately 50 cases being shipped once a year. While there may well be persons at P&G who would like to use the Sure name on a tampon to be marketed in the future, I find it most unlikely that the Sure name will be assigned to a tampon while P&G's uses that name on an anti-perspirant.

P&G has owned the ASSURE mark for shampoo and mouthwash since 1970. The shampoo mark has been maintained as a minor brand since 1970 bringing in total revenues of \$491.30. The mouthwash brand has been in the program for only three years bringing in total revenues of \$161.50; apparently for the first six years the ASSURE mouth wash brand was not utilized at all. P&G has introduced a new mouthwash and a shampoo into test markets without selecting the name ASSURE.

Usage which is sporadic, nominal and intended solely for trademark maintenance is insufficient to establish and maintain trademark rights. Upon detailed review of all the pertinent facts, I have concluded that P&G does not own a protectable interest in the marks in question. I find that P&G has never put (these brands) on the market in any meaningful way; indeed, it has given no indication (which I would regard as convincing) that it has any current plans to do so. Trademark rights are not created by sporadic, casual, and nominal shipments of goods bearing a mark. There must be a trade in the goods sold under the mark or at least an active and public attempt to establish such a trade.

While P&G's annual shipment of 50 cases for periods of nine to twelve years may not be sporadic or casual, it is certainly nominal and does not represent a bona fide attempt to establish a trade in any meaningful way. A trademark maintenance program obviously cannot in itself justify a minimal sales effort, or the requirement of good faith commercial use would be read out of trademark law altogether.

I recognize that P&G's minor brands program might well be

legally effective in other circumstances, as where a brand is reserved in connection with reasonably well-formulated plans to use it on a particular product under development, especially if the artificial maintenance does not continue for an unreasonably long time. But there must be a present intent to market the trademarked product. P&G's vague, remote and almost abstract intentions for the SURE and ASSURE marks are not satisfactory. P&G's personnel testified, for example, as to each of its 13 minor shampoo brands (including ASSURE), that it held a present intention to utilize them on a commercially marketed product. At present, P&G offers only 3 shampoos on the commercial market. While there are several shampoos under development, I find no firm intention to use ASSURE on any of these. Intentions which are so vague and remote and so unlikely to come to fruition within a reasonable near future are not sufficient to meet the test.

I conclude that P&G owns no enforceable rights in SURE tampon brand or in the ASSURE mark and that its action on behalf of those interests must fail. P&G has failed to show that it established trademark rights through bona fide commercial use.

Trademark Throwback Problem

In 1984, to great local anger, the Baltimore Colts of the National Football League moved to Indianapolis. In 1993, a team in the Canadian Football League proposed to play in Baltimore and to call itself the "Baltimore CFL Colts." The NFL Colts sued, and won an injunction against the CFL Colts' use of the name. Properly decided? Does it matter whether the NFL Colts were selling merchandise with the old team name and insignia? If the defendants proposed instead to open up a bar in Baltimore under the name The Baltimore Colt?

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, and the legal question of what kinds of confusion are legally actionable. The former

Based on *Major League Baseball v. Sed Non Olet Denarius*, 817 F. Supp. 1103 (S.D.N.Y. 1993) (finding abandonment) and *Indianapolis Colts, Inc. v. Metro. Baltimore Football*, 34 F.3d 410 (7th Cir. 1994) (finding no abandonment).



Baltimore CFL Colts logo

It is commonly said that dilution is not a confusion-based theory of liability, since the gravamen is the 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.

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 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 bullshit.

Lanham Act

15 U.S.C. § 1114 [Lanham Act § 32]
Remedies; infringement ...

- (1) Any person who shall, without the consent of the registrant—
 - (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
 - (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Note that while § 32 of the Lanham Act speaks of infringement of *registered* marks, § 43 (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. In practice, the tests for consumer confusion about source based on the defendant’s use of a mark under all of these causes of action are effectively identical. The substantive and jurisdictional distinctions between state and federal causes of action are discussed in the Preemption and Litigation chapters, respectively.

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

Leval, Circuit Judge:

Plaintiff Virgin Enterprises Limited (“VEL” or “plaintiff”) appeals from the denial of its motion for a preliminary injunction. This suit, brought under § 32 of the Lanham Act, 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.

(Leval, J.)

BACKGROUND

Plaintiff VEL, a corporation with its principal place of business in London, owns U.S. Registration No. 1,851,817 (“the 817 Registration”), filed on May 5, 1991, and registered on August 30, 1994, for the VIRGIN mark as applied to “retail store services in the fields of ... computers and electronic apparatus” (emphasis added). Plaintiff filed an affidavit of continuing use, pursuant to 15 U.S.C. § 1058(a), on April 27, 2000, which averred that plaintiff had used the mark in connection with retail store services selling computers and electronic apparatus. Plaintiff also owns U.S. Registration No. 1,852,776 (“the 776 Registration”), filed on May 9, 1991, and registered on September 6, 1994, for a stylized version of the VIRGIN mark for use in connection with “retail store services in the fields of ... computers and electronic apparatus,” and U.S. Registration No. 1,863,353 (“the 353 Registration”), filed on May 19, 1992, and registered on November 15, 1994, for the VIRGIN MEGASTORE mark. It is undisputed that these three registrations have become incontestable pursuant to 15 U.S.C. § 1065.

VEL, either directly or through corporate affiliates, operates various businesses worldwide under the trade name VIRGIN, including an airline, large-scale record stores called Virgin Megastores, and an internet information service. Plaintiff or its affiliates also market a variety of goods branded with the VIRGIN name, including music recordings, computer games, books, and luggage. Three of plaintiff’s megastores are located in the New York area. According to an



The plaintiff's stylized mark

affidavit submitted to the district court in support of plaintiff's application for preliminary injunction, Virgin Megastores sell a variety of electronic apparatus, including video game systems, portable CD players, disposable cameras, and DVD players. These stores advertise in a variety of media, including radio.

Defendants Simon Blitz and Daniel Gazal are the sole shareholders of defendants Cel-Net Communications, Inc. ("Cel-Net"); The Cellular Network Communications, Inc., doing business as CNCG ("CNCG"); and SD Telecommunications, Inc. ("SD Telecom"). Blitz and Gazal formed Cel-Net in 1993 to sell retail wireless telephones and services in the New York area. Later, they formed CNCG to sell wireless phones and services on the wholesale level. CNCG now sells wireless phones and services to more than 400 independent wireless retailers. In 1998, Cel-Net received permission from New York State regulators to resell telephone services within the state.

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

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

On June 23, 2000, defendant Blitz signed a lease under the name

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

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

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

Plaintiff became aware of Corporation Solutions' application for registration of the VIRGIN WIRELESS and VIRGIN MOBILE marks by May 2000. In October 2001 and December 2001, defendant VWI filed suits against plaintiff in the federal district courts in Arizona and Delaware, alleging that plaintiff was using VWI's mark. Plaintiff maintains (and the district court found) that it learned in January 2002 that VWI and Cel-Net were operating kiosks under the VIRGIN WIRELESS name and two days later filed the present suit seeking to enjoin defendants from selling mobile phones in VIRGIN-branded retail stores.

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.

Polaroid: 287 F.2d 492 (2d Cir.1961)
(Friendly, J.)

The landmark case of *Polaroid Corp. v. Polarad Electronics Corp.*, outlined a series of nonexclusive factors likely to be pertinent in addressing the issue of likelihood of confusion, which are routinely followed in such cases.

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

Strength of the mark. The strength of a trademark encompasses two different concepts, both of which relate significantly to likelihood of consumer confusion. The first and most important is inherent strength, also called “inherent distinctiveness.” This inquiry distinguishes between, on the one hand, inherently distinctive marks – marks that are arbitrary or fanciful in relation to the products (or services) on which they are used – and, on the other hand, marks that are generic, descriptive or suggestive as to those goods. The former are the strong marks. The second sense of the concept of strength of a mark is “acquired distinctiveness,” i.e., fame, or the extent to which prominent use of the mark in commerce has resulted in a high degree of consumer recognition.

Considering first inherent distinctiveness, the law accords broad, muscular protection to marks that are arbitrary or fanciful in relation to the products on which they are used, and lesser protection, or no protection at all, to marks consisting of words that identify or describe the goods or their attributes. The reasons for the distinction arise from two aspects of market efficiency. The paramount objective of the trademark law is to avoid confusion in the marketplace. The purpose for which the trademark law accords merchants the exclu-

sive right to the use of a name or symbol in their area or commerce is identification, so that the merchants can establish goodwill for their goods based on past satisfactory performance, and the consuming public can rely on a mark as a guarantee that the goods or services so marked come from the merchant who has been found to be satisfactory in the past. At the same time, efficiency and the public interest require that every merchant trading in a class of goods be permitted to refer to the goods by their name, and to make claims about their quality. Thus, a merchant who sells pencils under the trademark Pencil or Clear Mark, for example, and seeks to exclude other sellers of pencils from using those words in their trade, is seeking an advantage the trademark law does not intend to offer. To grant such exclusivity would deprive the consuming public of the useful market information it receives where every seller of pencils is free to call them pencils. The trademark right does not protect the exclusive right to an advertising message – only the exclusive right to an identifier, to protect against confusion in the marketplace. Thus, as a matter of policy, the trademark law accords broader protection to marks that serve exclusively as identifiers and lesser protection where a grant of exclusiveness would tend to diminish the access of others to the full range of discourse relating to their goods.

The second aspect of efficiency that justifies according broader protection to marks that are inherently distinctive relates directly to the likelihood of confusion. If a mark is arbitrary or fanciful, and makes no reference to the nature of the goods it designates, consumers who see the mark on different objects offered in the marketplace will be likely to assume, because of the arbitrariness of the choice of mark, that they all come from the same source. For example, if consumers become familiar with a toothpaste sold under an unusual, arbitrary brand name, such as ZzaaqQ, and later see that same inherently distinctive brand name appearing on a different product, they are likely to assume, notwithstanding the product difference, that the second product comes from the same producer as the first. The more unusual, arbitrary, and fanciful a trade name, the more unlikely it is that two independent entities would have chosen it. In contrast, every seller of foods has an interest in calling its product “delicious.” Consumers who see the word delicious used on two or more different food products are less likely to draw the inference that they must all come from the same producer. In short, the more distinctive the mark, the greater the likelihood that the public, seeing it used a second time, will assume that the second use comes from the same source as the first. The goal of avoiding consumer confusion thus dictates that the inherently distinctive, arbitrary, or fanciful marks, i.e., strong marks, receive broader protection than weak marks, those that are descriptive or suggestive of the products on which they are

used.

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

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

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

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

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

The district court believed this factor did not favor plaintiff because it found some differences in appearance. Defendants’ logo

used a difference typeface and different colors from plaintiff's. While those are indeed differences, they are quite minor in relation to the fact that the name being used as a trademark was the same in each case.

Advertisement and consumer experience of a mark do not necessarily transmit all of the mark's features. Plaintiff, for example, advertised its Virgin Megastores on the radio. A consumer who heard those advertisements and then saw the defendants' installation using the name VIRGIN would have no way of knowing that the two trademarks looked different. A consumer who had visited one of plaintiff's Virgin Megastores and remembered the name would not necessarily remember the typeface and color of plaintiff's mark. The reputation of a mark also spreads by word of mouth among consumers. One consumer who hears from others about their experience with Virgin stores and then encounters defendants' Virgin store will have no way knowing of the differences in typeface.

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

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

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

name, VIRGIN.

Our classic *Polaroid* test further protects a trademark owner by examining the likelihood that, even if the plaintiff's products were not so close to the defendants' when the defendant began to market them, there was already a likelihood that plaintiff would in the reasonably near future begin selling those products. VEL's claim of proximity was further strengthened in this regard because, as the district court expressly found, "plans had been formulated [for VEL] to enter [the market for telecommunications products and services] shortly in the future." VEL had already begun marketing telephone service in England which would operate in the United States, and, as the district court found, had made plans to sell telephones and wireless telephone service under the VIRGIN name from its retail stores.

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

This represents a considerable misunderstanding of the *Polaroid* test. The famous list of factors of likely pertinence in assessing likelihood of confusion in *Polaroid* was specially designed for a case like this one, in which the secondary user is not in direct competition with the prior user, but is selling a somewhat different product or service. In *Polaroid*, the plaintiff sold optical and camera equipment, while the defendant sold electronic apparatus. The test the court discussed was expressly addressed to the problem "how far a valid trademark shall be protected with respect to goods other than those to which its owner has applied it." The very fact that the test includes the "proximity" between the defendant's products and the plaintiff's and the likelihood that the plaintiff will "bridge the gap" makes clear that the trademark owner does not lose, as the district court concluded, merely because it has not previously sold the precise good or service sold by the secondary user.

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

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

Actual confusion. It is self-evident that the existence of actual consumer confusion indicates a likelihood of consumer confusion. We have therefore deemed evidence of actual confusion “particularly relevant” to the inquiry.

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

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

Bad faith and the quality of the defendants’ services or products. Two factors remain of the conventional *Polaroid* test: the existence of bad faith on the part of the secondary user and the quality of the secondary user’s products or services. Neither factor is of high relevance to the issue of likelihood of confusion. A finding that a party acted in bad faith can affect the court’s choice of remedy or can tip the balance where questions are close. It does not bear directly on whether consumers are likely to be confused. The district court noted some evidence of bad faith on the defendants’ part, but because the evidence on the issue was scant and equivocal, the court concluded that such a finding “at this stage [would be] speculative.” The court therefore found that this factor favored neither party.

The issue of the quality of the secondary user’s product goes more to the harm that confusion can cause the plaintiff’s mark and reputa-

tion 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.

We conclude that, as a matter of law, plaintiff demonstrated irreparable harm and likelihood of success on the merits and was entitled to a preliminary injunction.

Sally Beauty Co., Inc. v. Beautyco, Inc.

304 F.3d 964 (9th Cir. 2002)

Sally Beauty Co., Inc. (“Sally Beauty”) and Marianna Imports, Inc. (“Marianna”), collectively “Plaintiffs,” sued Beautyco, Inc. (“Beautyco”) for trademark infringement, trade dress infringement, and false advertising. Beautyco markets a line of hair care products under the trade name GENERIX, which the Plaintiffs claim infringes the trademark and trade dress of their competing line of hair care products called Generic Value Products.

The degree of similarity between marks rests on sight, sound, and meaning. This court must determine whether the allegedly infringing mark will confuse the public when singly presented, rather than when presented side by side with the protected trademark. In so doing, similarities are weighed more heavily than differences, particularly when the competing marks are used in virtually identical products packaged in a similar manner.

The district court concluded that the similarity of marks weighed in favor of Marianna. “Generic Value Products,” however, is not visually similar to “GENERIX.” Marianna’s mark consists of three words, while Beautyco’s consists of only one. Although both marks begin with the same six letters, this similarity is not enough to outweigh the visual differences in the marks.

The sound of the marks is also different. “Generic Value Products” does not sound similar to “GENERIX.” In considering this subfactor, the district court erred by shortening “Generic Value Products” to simply “Generic” in comparing aural similarities between the marks. The district court cited no authority which would permit the shortening of the trademark for the likelihood of confusion analysis. Marianna relies on *Giant Food, Inc. v. Nation’s Foodservice, Inc.*, in support, but that case involved marks consisting of pictorial designs with clearly dominant visual elements. In this case, however, the Generic Value Products mark consists of words alone and no one word takes precedence over the others.

Giant Food: 710 F.2d 1565 (Fed. Cir. 1983)

In contrast, the meanings of “Generic Value Products” and “GENERIX” are similar. Although “GENERIX” has no inherent meaning, Beautyco admits in its motion for summary judgment that the use of the word is obviously intended to convey the idea that its product is inexpensive. Beautyco further concedes that Sally Beauty’s use of “Generic” conveys the same idea. Taken as a whole, Generic Value Products conveys the same meaning as GENERIX.

On balance, the similarity in meaning between the marks favors Marianna, but the differences in both sight and sound favor Beautyco. Although similarities are to be weighed more heavily than differences, the differences in this case are significant enough to lead us to conclude that this factor weighs in favor of Beautyco.

Cheat Sheet Problem

Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581 (2006), 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 Problem

Following are the facts as stated in *AMF Inc. v. Sleekcraft Boats*. Assuming a jury verdict in favor of the plaintiff on a claim of trademark

AMF: 599 F.2d 341 (9th Cir. 1979)

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

E Infringement: Prohibited Conduct

1 Threshold Conditions

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

Appeal by Plaintiff Rescuecom Corp. from a judgment of the United States District Court for the Northern District of New York (Mordue, Chief Judge) dismissing its action against Google, Inc., under Rule 12(b)(6) for failure to state a claim upon which relief may be granted. Rescuecom's Complaint alleges that Google is liable under §§ 32 and 43 of the Lanham Act, 15 U.S.C. §§ 1114 & 1125, for infringement, false designation of origin, and dilution of Rescuecom's eponymous trademark. The district court believed the dismissal of the action was compelled by our holding in *1-800 Contacts, Inc. v. WhenU. Com, Inc.*, because, according to the district court's understanding of that opinion, Rescuecom failed to allege that Google's use of its mark was a "use in commerce" within the meaning of § 45 of the Lanham Act, 15 U.S.C. § 1127. We believe this misunderstood the holding of *1-800*. While we express no view as to whether Rescuecom can prove a Lanham Act violation, an actionable claim is adequately alleged in its pleadings. Accordingly, we vacate the judgment dismissing the action and remand for further proceedings.

1-800: 414 F.3d 400 (2d Cir. 2005)

BACKGROUND

Rescuecom is a national computer service franchising company that offers on-site computer services and sales. Rescuecom conducts a substantial amount of business over the Internet and receives between 17,000 to 30,000 visitors to its website each month. It also advertises over the Internet, using many web-based services, including those offered by Google. Since 1998, RESCUECOM has been a registered federal trademark, and there is no dispute as to its validity.

Google's proprietary system responds to such a search request in two ways. First, Google provides a list of links to websites, ordered in what Google deems to be of descending relevance to the user's search terms based on its proprietary algorithms. The second way Google responds to a search request is by showing context-based advertising.

AdWords is Google's program through which advertisers purchase terms (or keywords). When entered as a search term, the keyword triggers the appearance of the advertiser's ad and link. An advertiser's purchase of a particular term causes the advertiser's ad and link to be displayed on the user's screen whenever a searcher launches a Google search based on the purchased search term. Advertisers pay Google based on the number of times Internet users "click"

on the advertisement, so as to link to the advertiser's website. For example, using Google's AdWords, Company Y, a company engaged in the business of furnace repair, can cause Google to display its advertisement and link whenever a user of Google launches a search based on the search term, "furnace repair." Company Y can also cause its ad and link to appear whenever a user searches for the term "Company X," a competitor of Company Y in the furnace repair business. Thus, whenever a searcher interested in purchasing furnace repair services from Company X launches a search of the term X (Company X's trademark), an ad and link would appear on the searcher's screen, inviting the searcher to the furnace repair services of X's competitor, Company Y. And if the searcher clicked on Company Y's link, Company Y's website would open on the searcher's screen, and the searcher might be able to order or purchase Company Y's furnace repair services.

In addition to AdWords, Google also employs Keyword Suggestion Tool, a program that recommends keywords to advertisers to be purchased. The program is designed to improve the effectiveness of advertising by helping advertisers identify keywords related to their area of commerce, resulting in the placement of their ads before users who are likely to be responsive to it. Thus, continuing the example given above, if Company Y employed Google's Keyword Suggestion Tool, the Tool might suggest to Company Y that it purchase not only the term "furnace repair" but also the term "X," its competitor's brand name and trademark, so that Y's ad would appear on the screen of a searcher who searched Company X's trademark, seeking Company X's website.

Once an advertiser buys a particular keyword, Google links the keyword to that advertiser's advertisement. The advertisements consist of a combination of content and a link to the advertiser's webpage. Google displays these advertisements on the search result page either in the right margin or in a horizontal band immediately above the column of relevance-based search results. These advertisements are generally associated with a label, which says "sponsored link." Rescucom alleges, however, that a user might easily be misled to believe that the advertisements which appear on the screen are in fact part of the relevance-based search result and that the appearance of a competitor's ad and link in response to a searcher's search for Rescucom is likely to cause trademark confusion as to affiliation, origin, sponsorship, or approval of service. This can occur, according to the Complaint, because Google fails to label the ads in a manner which would clearly identify them as purchased ads rather than search results. The Complaint alleges that when the sponsored links appear in a horizontal bar at the top of the search results, they may appear to the searcher to be the first, and therefore the most relevant, entries

responding to the search, as opposed to paid advertisements.

Google's objective in its AdWords and Keyword Suggestion Tool programs is to sell keywords to advertisers. Rescuecom alleges that Google makes 97% of its revenue from selling advertisements through its AdWords program. Google therefore has an economic incentive to increase the number of advertisements and links that appear for every term entered into its search engine.

Many of Rescuecom's competitors advertise on the Internet. Through its Keyword Suggestion Tool, Google has recommended the Rescuecom trademark to Rescuecom's competitors as a search term to be purchased. Rescuecom's competitors, some responding to Google's recommendation, have purchased Rescuecom's trademark as a keyword in Google's AdWords program. This practice allegedly allows Rescuecom's competitors to deceive and divert users searching for Rescuecom's website.

DISCUSSION

Our court ruled in *1-800* that a complaint fails to state a claim under the Lanham Act unless it alleges that the defendant has made "use in commerce" of the plaintiff's trademark as the term "use in commerce" is defined in 15 U.S.C. § 1127. The district court believed that this case was on all fours with *1-800*, and that its dismissal was required for the same reasons as given in *1-800*. We believe the cases are materially different. The allegations of Rescuecom's complaint adequately plead a use in commerce.

In *1-800*, the plaintiff alleged that the defendant infringed the plaintiff's trademark through its proprietary software, which the defendant freely distributed to computer users who would download and install the program on their computer. The program provided contextually relevant advertising to the user by generating pop-up advertisements to the user depending on the website or search term the user entered in his browser. For example, if a user typed "eye care" into his browser, the defendant's program would randomly display a pop-up advertisement of a company engaged in the field of eye care. Similarly, if the searcher launched a search for a particular company engaged in eye care, the defendant's program would display the pop-up ad of a company associated with eye care. The pop-up ad appeared in a separate browser window from the website the user accessed, and the defendant's brand was displayed in the window frame surrounding the ad, so that there was no confusion as to the nature of the pop-up as an advertisement, nor as to the fact that the defendant, not the trademark owner, was responsible for displaying the ad, in response to the particular term searched.

Sections 32 and 43 of the Act, which we also refer to by their codified designations, 15 U.S.C. §§ 1114 & 1125, inter alia, impose liabil-

ity for unpermitted "use in commerce" of another's mark which is "likely to cause confusion, or to cause mistake, or to deceive," § 1114, "as to the affiliation... or as to the origin, sponsorship or approval of his or her goods [or] services... by another person." § 1125(a)(1)(A). The *1-800* opinion looked to the definition of the term "use in commerce" provided in § 45 of the Act, 15 U.S.C. § 1127. That definition provides in part that "a mark shall be deemed to be in use in commerce... (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce." 15 U.S.C. § 1127. Our court found that the plaintiff failed to show that the defendant made a "use in commerce" of the plaintiff's mark, within that definition.

At the outset, we note two significant aspects of our holding in *1-800*, which distinguish it from the present case. A key element of our court's decision in *1-800* was that under the plaintiff's allegations, the defendant did not use, reproduce, or display the plaintiff's mark at all. The search term that was alleged to trigger the pop-up ad was the plaintiff's website address. *1-800* noted, notwithstanding the similarities between the website address and the mark, that the website address was not used or claimed by the plaintiff as a trademark. Thus, the transactions alleged to be infringing were not transactions involving use of the plaintiff's trademark. *1-800* suggested in dictum that is highly relevant to our case that had the defendant used the plaintiff's trademark as the trigger to pop-up an advertisement, such conduct might, depending on other elements, have been actionable.

Second, as an alternate basis for its decision, *1-800* explained why the defendant's program, which might randomly trigger pop-up advertisements upon a searcher's input of the plaintiff's website address, did not constitute a "use in commerce," as defined in § 1127. In explaining why the plaintiff's mark was not "used or displayed in the sale or advertising of services," *1-800* pointed out that, under the defendant's program, advertisers could not request or purchase keywords to trigger their ads. Even if an advertiser wanted to display its advertisement to a searcher using the plaintiff's trademark as a search term, the defendant's program did not offer this possibility. The defendant's program relied upon categorical associations such as "eye care" to select a pop-up ad randomly from a predefined list of ads appropriate to that category. To the extent that an advertisement for a competitor of the plaintiff was displayed when a user opened the plaintiff's website, the trigger to display the ad was not based on the defendant's sale or recommendation of a particular trademark.

The present case contrasts starkly with those important aspects of the *1-800* decision. First, in contrast to *1-800*, where we emphasized that the defendant made no use whatsoever of the plaintiff's trademark, here what Google is recommending and selling to its advertis-

ers is Rescuecom's trademark. Second, in contrast with the facts of *1-800* where the defendant did not "use or display," much less sell, trademarks as search terms to its advertisers, here Google displays, offers, and sells Rescuecom's mark to Google's advertising customers when selling its advertising services. In addition, Google encourages the purchase of Rescuecom's mark through its Keyword Suggestion Tool.

Google, supported by amici, argues that *1-800* suggests that the inclusion of a trademark in an internal computer directory cannot constitute trademark use. Several district court decisions in this Circuit appear to have reached this conclusion. See, e.g., *S&L Vitamins, Inc. v. Australian Gold, Inc.* (holding that use of a trademark in metadata did not constitute trademark use within the meaning of the Lanham Act because the use "is strictly internal and not communicated to the public"); *Merck & Co., Inc. v. Mediplan Health Consulting, Inc.* (holding that the internal use of a keyword to trigger advertisements did not qualify as trademark use). This over-reads the *1-800* decision. First, regardless of whether Google's use of Rescuecom's mark in its internal search algorithm could constitute an actionable trademark use, Google's recommendation and sale of Rescuecom's mark to its advertising customers are not internal uses. We did not imply in *1-800* that an alleged infringer's use of a trademark in an internal software program insulates the alleged infringer from a charge of infringement, no matter how likely the use is to cause confusion in the marketplace. 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.⁴ This is surely neither within the intention nor the letter of the Lanham Act.

Google and its amici contend further that its use of the RESCUECOM trademark is no different from that of a retail vendor who uses "product placement" to allow one vendor to benefit from a competitors' name recognition. 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

S&L Vitamins: 521 F. Supp. 2d 188 (E.D.N.Y.2007)

Merck: 425 F. Supp. 2d 402 (S.D.N.Y. 2006)

⁴For 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.

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.”

Unlike the practices discussed in *1-800*, the practices here attributed to Google by Rescucom’s complaint are that Google has made use in commerce of Rescucom’s mark. Needless to say, a defendant must do more than use another’s mark in commerce to violate the Lanham Act. We have no idea whether Rescucom can prove that Google’s use of Rescucom’s trademark in its AdWords program causes likelihood of confusion or mistake. Rescucom has alleged that it does, in that would-be purchasers (or explorers) of its services who search for its website on Google are misleadingly directed to the ads and websites of its competitors in a manner which leads them to believe mistakenly that these ads or websites are sponsored by, or affiliated with Rescucom. Whether Google’s actual practice is in fact benign or confusing is not for us to judge at this time. We consider at the 12(b)(6) stage only what is alleged in the Complaint.

We conclude that the district court was mistaken in believing that our precedent in *1-800* requires dismissal.

Radiance Foundation, Inc. v. NAACP

786 F. 3d 316 (4th Cir. 2015)

The Radiance Foundation published an article online entitled “NAACP: National Association for the Abortion of Colored People” that criticized the NAACP’s stance on abortion. In response to a cease-and-desist letter from the NAACP, Radiance sought a declaratory judgment that it had not infringed any NAACP trademarks. The NAACP then filed counterclaims alleging trademark infringement and dilution.

The National Association for the Advancement of Colored People, better known by its acronym “NAACP,” is this country’s oldest and largest civil rights organization, and one that holds a place of honor in our history. It champions political, educational, social, and economic equality of all citizens while working to eliminate racial and other forms of prejudice within the United States. The NAACP owns



One of Radiance's ads

several trademarks, among them NAACP (federally registered) and NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE.

The Radiance Foundation, established by Ryan Bomberger, is also a non-profit organization focused on educating and influencing the public about issues impacting the African American community. Radiance addresses social issues from a Christian perspective. It uses as its platform two websites, TheRadianceFoundation.org and TooManyAborted.com, where it posts articles on topics such as race relations, diversity, fatherlessness, and the impact of abortion on the black community. Radiance also runs a billboard campaign for TooManyAborted.com; individuals may sponsor these billboards, licensing the artwork from Radiance. In addition to its billboard campaign, Radiance funds its endeavors through donations from visitors to its websites, which are facilitated by "Donate" buttons on the webpages that link to a PayPal site.

In January 2013, Bomberger authored an article criticizing the NAACP's annual Image Awards, entitled "NAACP: National Association for the Abortion of Colored People." The piece lambasted the NAACP for sponsoring an awards event to recognize Hollywood figures and products that Radiance alleged defied Christian values and perpetuated racist stereotypes. The article then criticized other of the NAACP's public stances and actions. It particularly targeted the NAACP's ties to Planned Parenthood and its position on abortion. Though the NAACP has often claimed to be neutral on abortion, Radiance maintains that the NAACP's actions actually demonstrate support for the practice.

The article appeared on three websites: the two owned by Radiance – TheRadianceFoundation.com and TooManyAborted.com – and a third-party site called Life-News.com. Though the text of the article was identical across the sites, the headlines and presentation varied slightly. On TheRadianceFoundation.com, directly below the headline was an image of a Too-Many-Aborted billboard with the headline "NAACP: National Association for the Abortion of Colored People" repeated next to it. The TooManyAborted.com site posted the headline "The National Association for the Abortion of Colored People" with a graphic below of a red box with the words "CIVIL WRONG" followed by the modified NAACP name. Adjacent to the article on both pages was an orange button with "CLICK HERE TO GIVE ONE-TIME GIFT TO THE RADIANCE FOUNDATION" printed around the word "DONATE." Finally on LifeNews.com, the third-party site, the NAACP's Scales of Justice appeared as a graphic underneath the headline.

15 U.S.C. § 1114(1)(a)

The first element of trademark infringement at issue is thus whether Radiance's use of the NAACP's marks was "in connection with the sale, offering for sale, distribution, or advertising of any goods or services.". The NAACP urges us to give this requirement a "broad construction," but that construction would expose to liability a wide array of noncommercial expressive and charitable activities. Such an interpretation would push the Lanham Act close against a First Amendment wall, which is incompatible with the statute's purpose and stretches the text beyond its breaking point. We decline to reach so far.

At least five of our sister circuits have interpreted this element as protecting from liability all noncommercial uses of marks. At the very least, reading the "in connection with" element to take in broad swaths of noncommercial speech would be an overextension of the Lanham Act's reach that would intrude on First Amendment values. It is true that neither of the Lanham Act's infringement provisions explicitly mentions commerciality. Still, this provision must mean something more than that the mark is being used in commerce in the constitutional sense, because the infringement provisions include a separate Commerce Clause hook.

Although this case does not require us to hold that the commercial speech doctrine is in all respects synonymous with the "in connection with" element, we think that doctrine provides much the best guidance in applying the Act.

Bolger: 463 U.S. 60 (1983)

Use of a protected mark as part of speech that does no more than propose a commercial transaction thus plainly falls within the Lanham Act's reach. Courts also look to the factors outlined in *Bolger v. Youngs Drug Products Corp.*: whether the speech is an advertisement; whether the speech references a particular good or service; and whether the speaker (the alleged infringer) has a demonstrated economic motivation for his speech.

United We Stand: 128 F.3d 86 (2d Cir. 1997)

In the context of trademark infringement, the Act's purpose, as noted, is to protect consumers from misleading uses of marks by competitors. Thus if in the context of a sale, distribution, or advertisement, a mark is used as a source identifier, we can confidently state that the use is "in connection with" the activity. Even the Second Circuit, which rejected noncommerciality as an invariable defense to Lanham Act liability, conceded that a "crucial" factor is that the infringer "used the Mark not as a commentary on its owner, but instead as a source identifier." *United We Stand Am., Inc. v. United We Stand, Am. New York, Inc.* The danger of allowing the "in connection with" element to suck in speech on political and social issues through some strained or tangential association with a commercial or transactional activity should thus be evident. Courts have uniformly understood that imposing liability under the Lanham Act for such speech is rife

with the First Amendment problems.

III.

In finding that Radiance's use of the NAACP's marks was "in connection with" goods or services, the district court erred in several respects. To begin, the court held that because the Radiance article appeared in a Google search for the term "NAACP," it diverted "Internet users to Radiance's article as opposed to the NAACP's websites," which thereby created a connection to the NAACP's goods and services. But typically the use of the mark has to be in connection with the infringer's goods or services, not the trademark holder's.

The district court proceeded to find that Radiance's use of the NAACP's marks was also in connection with Radiance's goods or services. The court first found that there was a sufficient nexus "with Radiance's own information services" because Radiance "provided information" on its website. That ruling, however, neuters the First Amendment. The provision of mere "information services" without any commercial or transactional component is speech – nothing more.

In the alternative, the court held that Radiance's use of the NAACP's marks was in connection with goods or services, because the use was "part of social commentary or criticism for which they solicit donations and sponsorship." We need not address this point with absolute pronouncements. Suffice it to say that the specific use of the marks at issue here was too attenuated from the donation solicitation and the billboard campaign to support Lanham Act liability. 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.

Again, this is not to say that in all instances a solicitation by a non-profit is immune from Lanham Act liability. A solicitation may satisfy the "in connection with" element if the trademark holder demonstrates a sufficient nexus between the unauthorized use of the protected mark and clear transactional activity. Such a nexus may be present, for example, where the protected mark seems to denote the recipient of the donation. However, where, as here, the solicitations are not closely related to the specific uses of the protected marks, we are compelled to conclude that the district court erred in ruling that the "in connection element" was met.

IV.

The substance of dilution law will be discussed in due course. For now, the important part is that it is subject to an explicit statutory commerciality threshold.

15 U.S.C. § 1125(c)(3)(C)

The district court further held that Radiance diluted the "NAACP" and "National Association for the Advancement of Colored People" trademarks by tarnishing them. We respectfully disagree. Radiance's use of the marks was undeniably to criticize the NAACP's perceived position on abortion, thus falling squarely within the statute's explicit exclusions.

The final exclusion protects "[a]ny noncommercial use of a mark." The term "noncommercial" refers to the First Amendment commercial speech doctrine. Commercial speech is speech that does no more than propose a commercial transaction.

The district court held that because Radiance "offered various opportunities for visitors to donate to Radiance, pay to sponsor billboards, secure license content, or erect state-specific webpages for a fee," the use of the NAACP's marks was commercial. We think however, that the above [*Bolger*] factors mitigate against a finding of commerciality. The article in contention was not an advertisement. Nowhere in the piece did it offer the reader anything for sale. The article did not even mention Radiance's services. The only point "Radiance" even appeared in the article was as part of a passing reference to conservatives that the NAACP purportedly targets. The fact that the websites provided opportunities to engage in financial transactions does not demonstrate that the article itself was commercial. The key here is the viewpoint of a reasonable reader. A person navigating to the article, even if through a Google search for "NAACP," is highly unlikely to read the article as advertising a Radiance service or proposing a transaction of any kind.

Trademark law in general and dilution in particular are not proper vehicles for combatting speech with which one does not agree. Trademarks do not give their holders under the rubric of dilution the rights to stymie criticism. Criticism of large and powerful entities in particular is vital to the democratic function. Under appellee's view, many social commentators and websites would find themselves victims of litigation aimed at silencing or altering their message, because, as noted, "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." *New Kids on the Block* The article in this case was harsh. But that did not forfeit its author's First Amendment liberties. The most scathing speech and the most disputable commentary are also the ones most likely to draw their intended targets' ire and thereby attract Lanham Act litigation. It is for this reason that law does not leave such speech without protection.

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 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 from the *defendant*? How could that even happen? Read on.

Restatement (Third) of Unfair Competition

f. *Reverse confusion*. – In the typical case of trademark infringement, consumers are led to believe that the goods sold by the subsequent user of the mark are associated in some manner with the trademark owner. However, in some cases the subsequent user's promotion of the mark may so overwhelm the use by the prior user that most purchasers come to associate the mark with the subsequent user. This can result in reverse confusion – purchasers are likely to believe that the goods sold by the prior user are actually those of the subsequent user.

The injury to the trademark owner caused by a likelihood of reverse confusion is more subtle than that resulting from direct confusion. Reverse confusion does not ordinarily threaten a direct diversion of trade from the trademark owner; indeed, the owner's sales may benefit to some extent from the infringer's promotion of the mark. On the other hand, 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. Because these potential injuries result from a likelihood of confusion as to the source of goods or services, the creation of reverse confusion falls within the traditional rules governing the infringement of trademarks.

Illustration:

8. 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

§ 20 cmt. f
Standard of Infringement

"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). "If consumers believe that Doc's runs Fuddruckers, and they are disappointed with the quality of Doc's food or service, they may be deterred from patronizing Fuddruckers." *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.* 826 F.2d 837 (9th Cir. 1987). Are these harms plausible? Are they really harms? Should trademark law try to prevent them?

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.

b Initial Interest Confusion

Standard point of sale confusion takes place at the moment of purchase. What if consumers are confused *before* then?

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

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. Mised 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.

Brookfield Communications v. West Coast Entertainment 174 F.3d 1036 (9th Cir. 1999)

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. See *Blockbuster Entertainment Group v. Laylco, Inc.* (finding trademark infringement where the defendant, a video rental store, attracted customers' initial interest by using a sign confusingly to its competitor's even though confusion would end long before the point of sale or rental).

Blockbuster: 869 F.Supp. 505 (E.D. Mich 1994)

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

[This was a keyword advertising case. Consult *Rescuecom* for a description of keyword advertising. The plaintiff alleged that the defendant purchased its HEARTS ON FIRE trademark as a keyword on the Webcrawler search engine.]

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 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, hop-

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.

ing 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 interest confusion to prevail, that confusion must be more than momentary and more than a “mere possibility.” *Grotrian* As with any alleged trademark violation, plaintiffs must show a genuine and substantial likelihood of confusion.

This principle was implicit in the bricks-and-mortar cases that laid the groundwork for initial interest confusion as well as the Ninth Circuit’s billboard analogy, which assumed that the deceived shopper, once diverted, would not get back on the highway. See *Mobil Oil Corp. v. Pegasus Petroleum Corp.* (competitor’s logo confused oil traders into investing a considerable amount of time and effort into pre-sale negotiations with the defendant); *Grotrian* (similar mark would entice even sophisticated consumers to consider defendant’s pianos, even if any confusion was resolved prior to any purchase). Where, as here, a plaintiff has alleged a plausible likelihood of confusion based on the overall context in which a consumer performs his internet search, he has stated a claim for trademark infringement and may proceed on an initial interest theory.

c Post-Sale Confusion

Standard point of sale confusion takes place at the moment of purchase. What if consumers are confused *after* then?

General Motors Corp. v. Keystone Automotive Industries, Inc.
453 F.3d 351 (6th Cir. 2006)

GM, currently the world's largest automaker, owns registered trademarks in the Chevrolet "bow tie" design and the "GMC" design. The instant case arose out of Tong Yang's manufacturing and Keystone's distribution of replacement grilles with "placeholders" bearing these two designs.

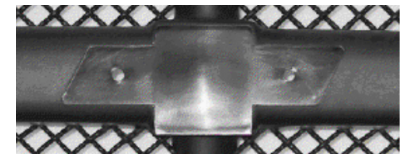
For Chevrolets, the placeholder is a recessed space on the front of the grille in the shape of a bow tie in which a heavy plastic GM "bow tie" emblem is inserted. Each emblem is a separate part always purchased from GM and is secured to the placeholder with studs or pins extending from the back of the emblem so as to pass through holes in the placeholder. After inserted and secured in the placeholder of a Chevrolet grille, the "bow tie" emblem partially or wholly fills the "bow tie" recess. [Similarly for GMC vehicles.]

A. Point-of-Sale Confusion

Likelihood of confusion at the point of sale involves a purchaser's confusion as to a product's origin or sponsorship occurring at the time of purchase. The points of sale for most of Tong Yang's grilles are collision repair shops, but some are sold directly to individuals over the internet. We need not exhaustively apply the eight-factor test to reach the rather obvious conclusion that there is no likelihood of confusion at the point of sale because buyers are expressly informed that they are not purchasing GM grilles.

In *Ferrari S.P.A. Esercizio v. Roberts*, this Court noted that there was no likelihood of point-of-sale confusion where a manufacturer of "knockoff" Ferraris informed his purchasers that his significantly cheaper cars were not genuine Ferraris. Similarly, customers knowing they are purchasing a knockoff designer purse or Rolex watch simply do not confuse the counterfeit with the original.

Likewise, in the instant case, no purchaser has reason to be confused as to the origin of the replacement grilles. Collision repair shops ordering Tong Yang parts do so intentionally and generally at the bidding of insurance companies because non-original equipment is less expensive and reduces the cost of repairing a vehicle. Moreover, GM grilles are made by Siegel-Robert, Inc., and carry the molded letters "SRI" to identify their origin, whereas Tong Yang grilles are marked "OTN" and "Made in Taiwan." In addition, Tong Yang grilles are shipped in boxes and packaging markedly different



Tong Yang Chevrolet grille placeholder

Ferrari S.P.A. Esercizio: 944 F.2d 1235 (6th Cir. 1991)

from those containing GM grilles with conspicuous logos of Tong Yang and/or Keystone. The invoice accompanying Tong Yang parts conspicuously carries the following disclaimer:

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.

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. Individuals purchasing grilles directly from Keystone over the internet receive the same source information as collision repair shops and likewise could scarcely be confused. In short, the transparent and conspicuous indications that Tong Yang manufactured its grilles make confusion at the point of sale all but impossible.

B. Downstream Confusion

In addition to point-of-sale confusion, the Sixth Circuit recognizes that a likelihood of downstream confusion, also called "post-sale" confusion, is actionable. Thus, injection of knockoffs into the stream of commerce may lead to a likelihood of confusion among the general public.

Our review of cases discussing the harm of injecting knockoffs into the stream of commerce further signals the likelihood of downstream confusion in this case. Even without point-of-sale confusion, knockoffs can harm the public and the original manufacturer in a number of ways, including: (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 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. On the other hand, courts should be wary of overprotecting public domain ideas and works whose exploitation can lead to economic efficiency, greater competition, and

lower costs for consumers.²

The instant case carries potential for downstream confusion and corresponding harm to GM and the public. Unaided by the defendants' conspicuously marked packaging, the invoice disclaimer, or a collision shop's expertise, the viewing public could mistake a Tong Yang grille for a GM grille. Such confusion could damage GM's reputation for quality if the public associates any inferior attributes (e.g., improper fit or cracking) of Tong Yang's grilles with GM. Other types of possible downstream harm, such as that resulting from a product's reduced scarcity, however, are largely inapplicable to this case. Nonetheless, visibility of the placeholder after the automobile is repaired and returned to the road may harm the public and GM.

If the placeholder cannot be seen after the Chevrolet "bow tie" or "GMC" emblem is affixed, the wholly hidden placeholder cannot cause downstream confusion as to origin or sponsorship. After all, that which defies perception cannot confuse. *Cf. Polo Fashions, Inc. v. Craftex, Inc.* (In a suit involving knockoff Polo shirts, the placement of the defendant's mark inside the back of the neck of each shirt did not prevent a likelihood of confusion stemming from the defendant's placement of the Polo trademark on the front of each shirt.).

Polo Fashions: 816 F.2d 145 (4th Cir 1987)

The parties dispute whether the placeholder can be seen after the emblem is secured. The District Court improperly resolved in favor of the defendants this factual dispute regarding the visibility of the placeholders after each emblem is affixed. If the placeholders remain visible, the related question is raised whether the placeholders are sufficiently visible to cause a likelihood of confusion. These genuine disputes of material fact render summary judgment inappropriate, a common disposition in evaluating likelihood of confusion.

3 Section 43(a)

Our safari continues with Section 43(a) of the Lanham Act.

Lanham Act

(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 –

15 U.S.C. § 1125
Lanham Act § 43
False designations of origin, false descriptions, and dilution forbidden

²It is worth emphasizing that GM seeks relief only under the laws of trademark and unfair competition. Other legal theories, such as the laws of patent and trade dress, also offer protection for certain attributes of products.

- (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.

"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* episode 3F03 ("Lisa the Vegetarian"). Section 43(a) is the wonderful magical animal of intellectual property law.

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).

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

- 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.
- 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").

a Unfair Competition

To understand the unfair-competition tort and how it differs from trademark infringement, a page of history is helpful.

Margreth Barrett, *Finding Trademark Use*

43 Wake Forest L. Rev. 893 (2008)

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 nondescriptive 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 secondary meaning marks 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 secondary meaning mark 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 secondary meaning infringement cases generally had to demonstrate that the defendant acted with fraudulent intent, while courts would presume fraud in technical trademark infringement cases.

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.

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

Respondent is a corporation engaged in the manufacture and sale of pharmaceutical and chemical products. In 1899 it began and has ever



Coco-Quinine advertisement

since continued to make and sell a liquid preparation of quinine, in combination with other substances, including yerba-santa and chocolate, under the name of Coco-Quinine. Petitioner also is a pharmaceutical and chemical manufacturer[, which] in 1906 began the manufacture of a liquid preparation which is substantially the same as respondent's preparation and which was put upon the market under the name of Quin-Coco.

This suit was brought in the Federal District Court for the Eastern District of Pennsylvania by respondent to enjoin petitioner from continuing to manufacture and sell the preparation if flavored or colored with chocolate; and also from using the name Quin-Coco, on the ground that it was an infringement of the name Coco-Quinine, to the use of which respondent had acquired an exclusive right.

First. We agree with the courts below that the charge of infringement was not sustained. The name Coco-Quinine is descriptive of the ingredients which enter into the preparation. The same is equally true of the name Quin-Coco. A name which is merely descriptive of the ingredients, qualities or characteristics of an article of trade cannot be appropriated as a trademark and the exclusive use of it afforded legal protection. The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product.

Second. The issue of unfair competition, on which the courts below differed, presents a question of more difficulty.

It is apparent, from a consideration of the testimony, that the efforts of petitioner to create a market for Quin-Coco were directed not so much to showing the merits of that preparation as they were to demonstrating its practical identity with Coco-Quinine, and, since it was sold at a lower price, inducing the purchasing druggist, in his own interest, to substitute, as far as he could, the former for the latter. In other words, petitioner sought to avail itself of the favorable repute which had been established for respondent's preparation in order to sell its own. Petitioner's salesmen appeared more anxious to convince the druggists with whom they were dealing that Quin-Coco was a good substitute for Coco-Quinine and was cheaper, than they were to independently demonstrate its merits. The evidence establishes by a fair preponderance that some of petitioner's salesmen suggested that, without danger of 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, ei-

ther 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. That no deception was practiced on the retail dealers, and that they knew exactly what they were getting is of no consequence. The wrong was in designedly enabling the dealers to palm off the preparation as that of the respondent. One who induces another to commit a fraud and furnishes the means of consummating it is equally guilty and liable for the injury.

**Blinded Veterans Association v. Blinded American Veterans
Foundation**

872 F.2d 1035 (D.C. Cir 1989) (Ginsburg, J.)

The Blinded Veterans Association (BVA or the Association) sought to enjoin the Blinded American Veterans Foundation (BAVF or the Foundation) from using the words "blinded" and "veterans" in its name and from using the initials "BAV" as an acronym. We hold that BVA's name is not a protectable trademark because the term "blinded veterans" is generic. BVA, however, may be entitled to protection against BAVF's passing itself off as BVA.

Appellee Blinded Veterans Association is a nonprofit organization founded in 1945 by a group of blinded World War II veterans. Appellant BAVF is a nonprofit District of Columbia corporation founded in September 1985 by three former officials of BVA. In 1986, BAVF applied to 552 local campaign organizations involved in the Combined Federal Campaign (CFC). Those organizations listed BAVF, alphabetically ahead of BVA, as a prospective recipient of CFC funds. Despite its lack of significant accomplishments at that point, BAVF did rather well in its initial fundraising foray: the Foundation's 1986 income totalled between \$35,000 and \$40,000, half from CFC pledges and half from corporate contributions.

If the name of one manufacturer's product is generic, a competitor's use of that name, without more, does not give rise to an unfair competition claim under section 43(a) of the Lanham Act. Nevertheless, such a claim might be supportable if consumer confusion or a likelihood of consumer confusion arose from the failure of the defendant to adequately identify itself as the source of the product.

The subsequent competitor cannot be prevented from using the generic term to denote itself or its product, but it may be enjoined from passing itself or its product off as the first organization or its product. Thus, a court may require the competitor to take whatever steps are necessary to distinguish itself or its product from the first

Kellogg: 305 U.S. 111 (1938)

Singer Mfg.: 163 U.S. 169 (1896)

King-Seeley: 321 F.2d 577 (2d Cir. 1963)

Merriam: 198 F.369, 373-76 (6th Cir. 1912)

organization or its product. In the paradigm case, *Kellogg Co. v. National Biscuit Co.*, for example, the Supreme Court held that the term “shredded wheat” is generic; the National Biscuit Company therefore was not entitled to exclusive use of the term. Because National Biscuit had been the only manufacturer of shredded wheat for many years, however, the public had come to associate the product and the term “shredded wheat” with that company. The Court therefore stated that the Kellogg Company, which also produced a shredded wheat cereal, could be required to “use reasonable care to inform the public of the source of its product.”¹⁹ See also, e.g., *Singer Mfg. Co. v. June Mfg. Co.* (holding that “Singer” had become generic denotation of type of sewing machine, but requiring that defendant not use the word on its product or in advertisements “without clearly and unmistakably stating ... that the machines are made by the defendant, as distinguished from the sewing machines made by the Singer Manufacturing Company”); *King-Seeley Thermos Co. v. Aladdin Indus., Inc.* (finding “thermos” generic denotation of vacuum-insulated container, but affirming requirement that defendant distinguish its product from plaintiff’s by preceding “thermos” with “Aladdin’s,” by using only the lower case “t”, and by never using the words “original” or “genuine” in describing its product); *G.&C. Merriam Co. v. Saalfeld* (requiring defendant to accompany generic term “Webster’s Dictionary” with sufficient explanation to avoid giving false impression that his book was plaintiff’s).

Under the approach set forth in these cases, a court will not act to remedy or prevent confusion generated by a mere similarity of names. If a consumer confuses two manufacturers’ shredded wheat cereal, for example, because both products share the same name and the consumer has a general appetite for crunchy, pillow-shaped wheat biscuits, there is no cause for judicial action. Such confusion results merely from the manufacturers’ concurrent use of a generic term to designate their products, and the late entrant into the shredded wheat field cannot be said to have engaged in unfair competition. If, however, the consumer associates “shredded wheat” with a particular manufacturer, there is a risk that the consumer may erroneously assume that any product entitled “shredded wheat” comes from that manufacturer. A second manufacturer may increase the risk of confusion by, for example, using a similar label, similar packaging, misleading advertisements, or simply by failing to state the product’s source. Only when there is a likelihood that the newcomer might thus pass its product off as the original manufacturer’s may a court re-

¹⁹The Court then determined that Kellogg had sufficiently distinguished its product by selling it in cartons different from National Biscuit’s in size, form, and color, with a different label, a different number of biscuits in each carton, and the name “Kellogg” displayed prominently.

quire the newcomer to distinguish its product or to notify consumers explicitly that its product does not come from the original manufacturer.

Ultimately, to succeed on its passing off claim, BVA must prove that the likely effect of BAVF's actions is to induce the public to think that BAVF is BVA. The evidence now in the record appears insufficient to establish this type of confusion. To prevail in this action, however, it is not enough for BVA to show confusion that is the natural consequence of the two organizations' use of generic names. What is essential, we underscore, is evidence that people associate "blinded veterans" with BVA per se and that, because of specific actions by BAVF that increase the risk of confusion, people are likely to think BAVF is BVA.

We think it proper to permit the parties to submit additional evidence trained on the question whether people are likely to think that BAVF is actually BVA. It would fill out and sharpen the record to prove (or disprove), for instance, that people who have contributed to BVA in the past have contributed, or are likely to contribute, to BAVF thinking it was BVA, or that people familiar with BVA's long service on behalf of blinded veterans are likely to think any group with a name containing "blinded veterans" or with the letters "B" "A" and "V" in its logo is the same as, or is associated with, BVA.

If the district court, on remand, finds from the evidence that BAVF is passing itself off as BVA, the court may order that BAVF distinguish itself from BVA to avoid confusion. This case obviously differs from *Kellogg* and other cases cited above because it involves the name of an organization rather than the name of a particular product. This difference precludes such a ready remedy as attaching the manufacturer's name to the generic name of the product. The district court could, however, require BAVF to attach a prominent disclaimer to its name alerting the public that it is not the same organization as, and is not associated with, the Blinded Veterans Association. Alternatively, the court could order that BAVF adopt another name containing the term "blinded veterans" that is less likely to confuse.

b False Endorsement

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 infringements involving directly competing goods were actionable – a rule following directly from the conceptual logic of technical trademark infringement and unfair competition, which focused on the defendant's diversion of the plaintiff's customers via deception.



BVA logo, circa 2016



BAVF website banner, circa 2016

As in *Yale Electric*, courts began to allow trademark infringement suits against related but not directly competing goods. This 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, as in *Conan Properties*, the theory now works even against wholly different goods, where no reasonable consumer could think they originated from the plaintiff. There still must be a likelihood of confusion; it is just confusion about something else.. Also watch out for the trademark defenses, which often limit liability in such cases. Section 43(a) now incorporates this wider second understanding of confusion, which must be pleaded as a distinct cause of action. The most controversial 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.

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.")

Yale Electric Corp. v. Robertson
26 F.2d 972 (2d Cir. 1928)

(Learned Hand, J.)



Defendant's YALE lock



Plaintiff's YALE flashlight

The record contains many instances where the defendant's buyers did, or said that they should, suppose the plaintiff's flash-lights to be one of the defendant's products, and it is extremely probable that mistakes will continue unless the practice ceases.

Therefore, so far as we can see, only [one] point[] of law need be considered: whether, in view of the fact that it makes no flash-lights or batteries, it may complain of the plaintiff's use of its name. 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.

Conan Properties, Inc. v. Conans Pizza, Inc.

752 F.2d 145 (5th Cir. 1985)

Conan Properties, Inc. (CPI) owns the literary property rights in the fictional character CONAN THE BARBARIAN and licenses others to use the character in various commercial and entertainment works. CPI sued Conans Pizza, Inc. (Conans) for infringement of its federal trademark and for unfair competition and misappropriation of its property under Texas common law.

The CONAN character was created in 1929 by Robert Howard. But the character remained relatively dormant until the 1950's, when L. Sprague deCamp, a contemporary author, rediscovered and began writing books featuring CONAN THE BARBARIAN. As the title might suggest, deCamp's CONAN THE BARBARIAN series told the tales of a gigantic, sword and battle-ax wielding barbarian adventurer who roamed the world in search of foes. Many of deCamp's works were illustrated by Frank Frazetta, an artist famous for his "sword and sorcery" style artwork. In 1970, the Howard estate licensed Marvel Comics to publish a series of comic books featuring CONAN THE BARBARIAN. To avoid litigation over who had rights in CONAN THE BARBARIAN, the Howard estate and deCamp united their interests in the CONAN character in 1976 and formed CPI. In that same year the United States Patent and Trademark Office (USPTO) granted CPI a federally registered trademark for the title CONAN THE BARBARIAN for comic books.

Also in this same year, Scott Leist and Jerry Strader opened "Conans Pizza", a restaurant in Austin, Texas. The restaurant's menus, signs, promotional material, specialty items, and general decor featured a barbarian-like man who closely resembled CPI's CONAN character. For example, Conans Pizza's menus depicted a loincloth-clad, sword wielding, sandal wearing, barbarian-like muscleman, 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.

To prevail on its trademark infringement and unfair competition claims, CPI needed to demonstrate that Conans' use of the CONAN THE BARBARIAN mark and image was likely to create confusion



Conans Pizza interior, circa 2016



Conans Pizza logo, circa 2016

in the mind of the ordinary consumer as to the source, affiliation, or sponsorship of Conans' service and product. A nonexhaustive list of factors to be considered in determining whether a likelihood of confusion exists includes: (1) the type of trademark alleged to have been infringed, (2) the similarity of design between the two marks, (3) similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising medium utilized, (6) the defendant's intent, and (7) evidence of actual confusion. *Armco, Inc. v. Armco Burglar Alarms Co.* The absence or presence of any one factor ordinarily is not dispositive; indeed, a finding of likelihood of confusion need not be supported by even a majority of the seven factors.

Armco: 693 F.2d 1155 (5th Cir. 1983)

We conclude that CPI presented sufficient evidence related to these seven factors to permit the jury to find that Conans' conduct created a likelihood of confusion as to the source, sponsorship, or affiliation of its service and product. The evidence adduced at trial revealed that Conans was aware of the CONAN THE BARBARIAN character prior to its adoption of the name Conans Pizza. Additionally, Conans' menus, advertising material, specialty items, and general decor featured a character unmistakably similar if not identical to CONAN THE BARBARIAN.

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.

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

633 F.2d 912 (9th Cir. 1980)

Appellee, the International Order of the Daughters of Job (Job's Daughters), sued appellant Lindeburg and Co. (Lindeburg), for trademark infringement arising out of Lindeburg's manufacture and

sale of jewelry bearing the Job's Daughters insignia.

Job's Daughters is a young women's fraternal organization. Since its establishment in 1921 it has used its name and emblem¹ as collective marks. Since its inception Job's Daughters has licensed at least one jeweler to produce jewelry for it. Job's Daughters sells some of the licensed jewelry directly to its members. Jewelry bearing the name or emblem is also sold by approximately 31,000 retailers across the nation. Most of these retailers presumably have no connection with the Job's Daughters organization. Some sell jewelry manufactured by Job's Daughters' licensees; others sell jewelry manufactured by jewelers not licensed by the organization.

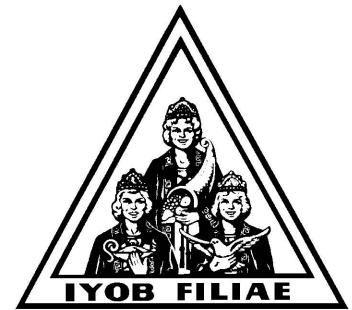
Lindeburg makes and sells fraternal jewelry. In 1954 it began selling jewelry and related items bearing the Job's Daughters insignia. In 1957 Lindeburg asked the Job's Daughters trademark committee to designate it an "official jeweler." The committee refused and in 1964 and 1966 asked Lindeburg to stop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

The name JOB'S DAUGHTERS and the Job's Daughters insignia are indisputably used to identify the organization, and members of Job's Daughters wear the jewelry to identify themselves as members. In that context, the insignia are trademarks of Job's Daughters. But in the context of this case, the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship.

It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies.

Job's Daughters relies on *Boston Professional Hockey Ass'n, Inc. v.*

¹The 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

Boston Hockey: 510 F.2d 1004 (5th Cir. 1975)

Dallas Cap & Emblem Mfg., Inc., in which the Boston Bruins and other National Hockey League clubs brought a trademark infringement suit against a company that sold replicas of the NHL team emblems. The Fifth Circuit, applying the Lanham Act infringement test and focusing on the “likelihood of confusion,” found infringement:

The confusion or deceit requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams’ trademarks. The certain knowledge of the buyer that the source and origin of the trademark symbols were the plaintiffs satisfies the requirement of the act. The argument that confusion must be as to the source of the manufacture of the emblem itself is unpersuasive, where the trademark, originated by the team, is the triggering mechanism for the sale of the emblem.

We reject the reasoning of *Boston Hockey*.

Interpreted expansively, *Boston Hockey* holds that a trademark’s owner has a complete monopoly over its use in commercial merchandising. But our reading of the Lanham Act and its legislative history reveals no congressional design to bestow such broad property rights on trademark owners. Its scope is much narrower: to protect consumers against deceptive designations of the origin of goods and, conversely, to enable producers to differentiate their products from those of others. The *Boston Hockey* decision transmogrifies this narrow protection into a broad monopoly. It does so by injecting its evaluation of the equities between the parties and of the desirability of bestowing broad property rights on trademark owners. A trademark is, of course, a form of business property. But the “property right” or protection accorded a trademark owner can only be understood in the context of trademark law and its purposes. A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner’s goods. The *Boston Hockey* court decided that broader protection was desirable. In our view, this extends the protection beyond that intended by Congress and beyond that accorded by any other court.

Our holding does not mean that a name or emblem could not serve simultaneously as a functional component of a product and a trademark. That is, even if the Job’s Daughters’ name and emblem, when inscribed on Lindeburg’s jewelry, served primarily a functional purpose, it is possible that they could serve secondarily as trademarks if the typical customer not only purchased the jewelry for its intrinsic functional use and aesthetic appeal but also inferred from

the insignia that the jewelry was produced, sponsored, or endorsed by Job's Daughters. We recognize that there is some danger that the consumer may be more likely to infer endorsement or sponsorship when the consumer is a member of the group whose collective mark or trademark is being marketed. Accordingly, a court must closely examine the articles themselves, the defendant's merchandising practices, and any evidence that consumers have actually inferred a connection between the defendant's product and the trademark owner.

We conclude from our examination of the trial judge's findings and of the underlying evidence that Lindeburg was not using the Job's Daughters name and emblem as trademarks. The insignia were a prominent feature of each item so as to be visible to others when worn, allowing the wearer to publicly express her allegiance to the organization. Lindeburg never designated the merchandise as "official" Job's Daughters' merchandise or otherwise affirmatively indicated sponsorship. Job's Daughters did not show a single instance in which a customer was misled about the origin, sponsorship, or endorsement of Lindeburg's jewelry, nor that it received any complaints about Lindeburg's wares. Finally, there was evidence that many other jewelers sold unlicensed Job's Daughters jewelry, implying that consumers did not ordinarily purchase their fraternal jewelry from only "official" sources. We conclude that Job's Daughters did not meet its burden of proving that a typical buyer of Lindeburg's merchandise would think that the jewelry was produced, sponsored, or endorsed by the organization. The name and emblem were functional aesthetic components of the product, not trademarks. There could be, therefore, no infringement.

c Failure to Attribute

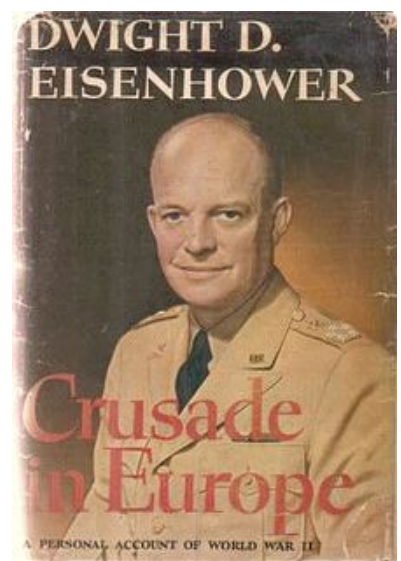
Section 43(a) is not infinitely elastic.

Dastar Corp. v. Twentieth Century Fox Film Corp 539 U.S. 23 (2003)

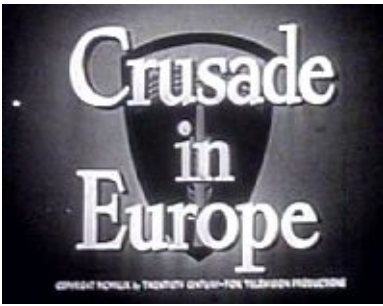
In this case, we are asked to decide whether § 43(a) of the Lanham Act prevents the unaccredited copying of a work.

I

In 1948, three and a half years after the German surrender at Reims, General Dwight D. Eisenhower completed *Crusade in Europe*, his written account of the allied campaign in Europe during World War II. Doubleday published the book, registered it with the Copyright Office in 1948, and granted exclusive television rights to an affiliate of respondent Twentieth Century Fox Film Corporation (Fox). Fox, in turn, arranged for Time, Inc., to produce a television series, also called *Crusade in Europe*, based on the book, and Time assigned its



Crusade in Europe (book)

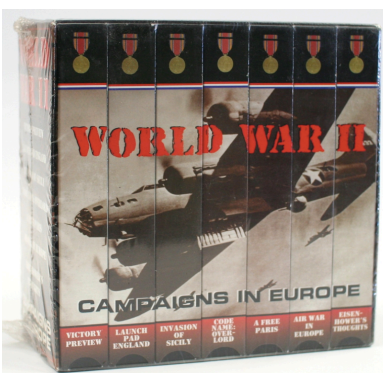


Crusade in Europe (television series)

copyright in the series to Fox. The television series, consisting of 26 episodes, was first broadcast in 1949. It combined a soundtrack based on a narration of the book with film footage from the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified "Newsreel Pool Cameramen." In 1975, Doubleday renewed the copyright on the book as the "proprietor of copyright in a work made for hire." Fox, however, did not renew the copyright on the Crusade television series, which expired in 1977, leaving the television series in the public domain.

[The respondents held the television rights to General Eisenhower's book and reissued a videotape version of the original television series.]

Enter petitioner Dastar. Anticipating renewed interest in World War II on the 50th anniversary of the war's end, Dastar released a video set entitled *World War II Campaigns in Europe*. To make Campaigns, Dastar purchased eight beta cam tapes of the original version of the *Crusade* television series, which is in the public domain, copied them, and then edited the series. Dastar's *Campaigns* series is slightly more than half as long as the original *Crusade* television series. Dastar substituted a new opening sequence, credit page, and final closing for those of the *Crusade* television series; inserted new chapter-title sequences and narrated chapter introductions; moved the "recap" in the *Crusade* television series to the beginning and retitled it as a "preview"; and removed references to and images of the book. Dastar created new packaging for its *Campaigns* series and (as already noted) a new title.



Campaigns in Europe box set

Dastar manufactured and sold the *Campaigns* video set as its own product. The advertising states: "Produced and Distributed by: Entertainment Distributing" (which is owned by Dastar), and makes no reference to the *Crusade* television series. Similarly, the screen credits state "DASTAR CORP presents" and "an ENTERTAINMENT DISTRIBUTING Production," and list as executive producer, producer, and associate producer employees of Dastar. The *Campaigns* videos themselves also make no reference to the *Crusade* television series, New Line's *Crusade* videotapes, or the book. Dastar sells its *Campaigns* videos to Sam's Club, Costco, Best Buy, and other retailers and mail-order companies for \$25 per set, substantially less than New Line's video set. In 1998, respondents Fox, SFM, and New Line brought this action alleging that Dastar's sale of its *Campaigns* video set infringes Doubleday's copyright in General Eisenhower's book and, thus, their exclusive television rights in the book. Respondents later amended their complaint to add claims that Dastar's sale of *Campaigns* "without proper credit" to the *Crusade* television series consti-

tutes “reverse passing off”¹ in violation of § 43(a) of the Lanham Act and in violation of state unfair-competition law.

II

As it comes to us, the gravamen of respondents’ claim is that, in marketing and selling *Campaigns* as its own product without acknowledging its nearly wholesale reliance on the *Crusade* television series, Dastar has made a “false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion . . . as to the origin . . . of his or her goods.” § 43(a). That claim would undoubtedly be sustained if Dastar had bought some of New Line’s *Crusade* videotapes and merely repackaged them as its own. Dastar’s alleged wrongdoing, however, is vastly different: It took a creative work in the public domain – the *Crusade* television series – copied it, made modifications (arguably minor), and produced its very own series of videotapes. If “origin” refers only to the manufacturer or producer of the physical “goods” that are made available to the public (in this case the videotapes), Dastar was the origin. If, however, “origin” includes the creator of the underlying work that Dastar copied, then someone else (perhaps Fox) was the origin of Dastar’s product. At bottom, we must decide what § 43(a)(1)(A) of the Lanham Act means by the “origin” of “goods.”

III

The dictionary definition of “origin” is “[t]he fact or process of coming into being from a source,” and “[t]hat from which anything primarily proceeds; source.” . And the dictionary definition of “goods” (as relevant here) is “[w]ares; merchandise.” We think the most natural understanding of the “origin” of “goods” – the source of wares – is the producer of the tangible product sold in the marketplace, in this case the physical *Campaigns* videotape sold by Dastar. The concept might be stretched to include not only the actual producer, but also the trademark owner who commissioned or assumed responsibility for (“stood behind”) production of the physical product. But as used in the Lanham Act, the phrase “origin of goods” is in our view incapable of connoting the person or entity that originated the ideas or communications that “goods” embody or contain.

Section 43(a) of the Lanham Act prohibits actions like trademark infringement that deceive consumers and impair a producer’s goodwill. It forbids, for example, the Coca-Cola Company’s passing off its product as Pepsi-Cola or reverse passing off Pepsi-Cola as its product.

¹Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s. “Reverse passing off,” as its name implies, is the opposite: The producer misrepresents someone else’s goods or services as his own.

But the brand-loyal consumer who prefers the drink that the Coca-Cola Company or PepsiCo sells, while he believes that that company produced (or at least stands behind the production of) that product, surely does not necessarily believe that that company was the “origin” of the drink in the sense that it was the very first to devise the formula. The consumer who buys a branded product does not automatically assume that the brand-name company is the same entity that came up with the idea for the product, or designed the product – and typically does not care whether it is. The words of the Lanham Act should not be stretched to cover matters that are typically of no consequence to purchasers.

It could be argued, perhaps, that the reality of purchaser concern is different for what might be called a communicative product – one that is valued not primarily for its physical qualities, such as a hammer, but for the intellectual content that it conveys, such as a book or, as here, a video. The purchaser of a novel is interested not merely, if at all, in the identity of the producer of the physical tome (the publisher), but also, and indeed primarily, in the identity of the creator of the story it conveys (the author). And the author, of course, has at least as much interest in avoiding passing off (or reverse passing off) of his creation as does the publisher. For such a communicative product (the argument goes) “origin of goods” in § 43(a) must be deemed to include not merely the producer of the physical item (the publishing house Farrar, Straus and Giroux, or the video producer Dastar) but also the creator of the content that the physical item conveys (the author Tom Wolfe, or – assertedly – respondents).

The problem with this argument according special treatment to communicative products is that it causes the Lanham Act to conflict with the law of copyright, which addresses that subject specifically. The right to copy, and to copy without attribution, once a copyright has expired, like the right to make an article whose patent has expired – including the right to make it in precisely the shape it carried when patented – passes to the public. The rights of a patentee or copyright holder are part of a carefully crafted bargain, under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution. Assuming for the sake of argument that Dastar’s representation of itself as the “Producer” of its videos amounted to a representation that it originated the creative work conveyed by the videos, allowing a cause of action under § 43(a) for that representation would create a species of mutant copyright law that limits the public’s federal right to copy and to use expired copyrights.

Reading “origin” in § 43(a) to require attribution of uncopyrighted materials would pose serious practical problems. Without a copyrighted work as the basepoint, the word “origin” has no discernable

limits. A video of the MGM film *Carmen Jones*, after its copyright has expired, would presumably require attribution not just to MGM, but to Oscar Hammerstein II (who wrote the musical on which the film was based), to Georges Bizet (who wrote the opera on which the musical was based), and to Prosper Mérimée (who wrote the novel on which the opera was based). In many cases, figuring out who is in the line of “origin” would be no simple task. Indeed, in the present case it is far from clear that respondents have that status. Neither SFM nor New Line had anything to do with the production of the *Crusade* television series—they merely were licensed to distribute the video version. While Fox might have a claim to being in the line of origin, its involvement with the creation of the television series was limited at best. Time, Inc., was the principal, if not the exclusive, creator, albeit under arrangement with Fox. And of course it was neither Fox nor Time, Inc., that shot the film used in the *Crusade* television series. Rather, that footage came from the United States Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified “Newsreel Pool Cameramen.” If anyone has a claim to being the original creator of the material used in both the *Crusade* television series and the *Campaigns* videotapes, it would be those groups, rather than Fox. We do not think the Lanham Act requires this search for the source of the Nile and all its tributaries.

Another practical difficulty of adopting a special definition of “origin” for communicative products is that it places the manufacturers of those products in a difficult position. On the one hand, they would face Lanham Act liability for failing to credit the creator of a work on which their lawful copies are based; and on the other hand they could face Lanham Act liability for crediting the creator if that should be regarded as implying the creator’s “sponsorship or approval” of the copy. In this case, for example, if Dastar had simply copied the television series as *Crusade in Europe* and sold it as *Crusade in Europe*, without changing the title or packaging (including the original credits to Fox), it is hard to have confidence in respondents’ assurance that they “would not be here on a Lanham Act cause of action,”

In sum, reading the phrase “origin of goods” in the Lanham Act in accordance with the Act’s common-law foundations (which were not designed to protect originality or creativity), and in light of the copyright and patent laws (which were), we conclude that the phrase refers to the producer of the tangible goods that are offered for sale, and not to the author of any idea, concept, or communication embodied in those goods. To hold otherwise would be akin to finding that § 43(a) created a species of perpetual patent and copyright, which Congress may not do.

The creative talent of the sort that lay behind the *Campaigns* videos

is not left without protection. The original film footage used in the *Crusade* television series could have been copyrighted, as was copyrighted (as a compilation) the *Crusade* television series, even though it included material from the public domain. Had Fox renewed the copyright in the *Crusade* television series, it would have had an easy claim of copyright infringement. And respondents' contention that *Campaigns* infringes Doubleday's copyright in General Eisenhower's book is still a live question on remand. If, moreover, the producer of a video that substantially copied the *Crusade* series were, in advertising or promotion, to give purchasers the impression that the video was quite different from that series, then one or more of the respondents might have a cause of action – not for reverse passing off under the “confusion . . . as to the origin” provision of § 43(a)(1)(A), but for misrepresentation under the “misrepresents the nature, characteristics [or] qualities” provision of § 43(a)(1)(B). For merely saying it is the producer of the video, however, no Lanham Act liability attaches to Dastar. [OBB]

4 Dilution

Now we move from section 43(a) to section 43(c). We start with some background on the history and theory of dilution, then the statute, then an example.

Frank I. Schechter, *The Rational Basis of Trademark Protection*
40 Harv. L. Rev. 813 (1927)

We have seen that the proper expansion of trademark law has been hampered by obsolete conceptions both as to the function of a trademark and as to the need for its protection. Commencing with the assumption that a trademark designates either origin or ownership – in other words, source- – the law, even in its most liberal interpretation at the present time, will prevent the misuse of that mark only where there is an actual confusion created by such misuse, resulting in either diversion of trade or other concrete financial liability or injury to trade repute. However, we have intimated the possibility that the use of trademarks on entirely non-related goods may of itself concretely injure the owner of the mark even in the absence of those elements of damage noted above. If so, what is the injury, and to what extent, if any, should the law take cognizance of such injury?

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.

The following principles necessarily emerge: (1) that the value of the modern trademark lies in its selling power; (2) that this selling power depends for its psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its own uniqueness and singularity; (3) that such uniqueness or singularity is vitiated or impaired by its use upon either related or non-related goods; and (4) that the degree of its protection depends in turn upon the extent to which, through the efforts or ingenuity of its owner, it is actually unique and different from other marks.

Jeremy N. Sheff, *The (Boundedly) Rational Basis of Trademark Liability*
15 Tex. Intell. Prop. L.J. 331 (2007)

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.

Ty Inc. v. Perryman
306 F.3d 509 (7th Cir. 2002)

(Posner, J.)

But what is “dilution”? There are (at least) three possibilities relevant to this case, each defined by a different underlying concern. 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’”). So “blurring” is one form of dilution.

Mead Data Centra: 875 F.2d 1026 (2d Cir. 1989)

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. So “tarnishment” is a second form of dilution.

Lanham Act

15 U.S.C. § 1125

Lanham Act § 43

False designations of origin, false descriptions, and dilution forbidden

(c) *Dilution by blurring; dilution by tarnishment.* –

(1) *Injunctive relief.* – Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) *Definitions.* –

(A) For purposes of paragraph (1), a mark is famous if it is 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. In determin-

ing whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
 - (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
 - (iii) The extent of actual recognition of the mark.
 - (iv) Whether the mark was registered ...
- (B) For purposes of paragraph (1), “dilution by blurring” is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:
- (i) The degree of similarity between the mark or trade name and the famous mark.
 - (ii) The degree of inherent or acquired distinctiveness of the famous mark.
 - (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
 - (iv) The degree of recognition of the famous mark.
 - (v) Whether the user of the mark or trade name intended to create an association with the famous mark.
 - (vi) Any actual association between the mark or trade name and the famous mark.
- (C) For purposes of paragraph (1), “dilution by tarnishment” is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

Nike, Inc. v. Nikepal Intern., Inc.

No. 2:05-cv-1468-GEB-JFM, 2007 WL 2782030 (E.D. Cal. Sept. 18, 2007)

The following findings of fact and conclusions of law issue as a result of a bench trial conducted in this trademark action. Plaintiff Nike, Inc. (“Nike”), a company headquartered in Beaverton, Oregon which uses the mark NIKE, contests the use of the mark NIKEPAL by Defendant Nikepal International, Inc. (“Nikepal”), a company located

in Sacramento, California.

Nike seeks an injunction preventing Nikepal from using the term “Nike” (or any term confusingly similar thereto) alone or as part of any trademark, domain name or business name under which Nikepal offers goods or services in commerce.

FINDINGS OF FACT

I. THE PARTIES AND THEIR BUSINESSES

A. Nike



Nike logo

Nike was incorporated in 1968 under the original company name Blue Ribbon Sports. In 1971, it adopted the NIKE mark to brand its footwear products and in May 1978, the company’s name was officially changed to “Nike, Inc.” Today, Nike is the largest seller of athletic footwear and apparel in the world. Nike sells around 180 million pairs of shoes annually in the United States alone. Nike’s principal business activity is the design, development, and worldwide marketing and distribution of high quality and technologically advanced footwear, apparel, equipment, and accessories. Nike has continuously used the NIKE mark on and in connection with the various products offered by the company since the 1970s. Sometimes, the word mark NIKE is the only brand used; sometimes, Nike’s Swoosh design mark (i.e. the logo which frequently appears on products along with NIKE, and in some instances alone) is also placed on the product.

B. Nikepal



Nikepal logo

Nikepal was incorporated on May 18, 1998 by the company’s founder and president, Palminder Sandhu (“Mr. Sandhu”), who then began using the NIKEPAL mark in commerce. Nikepal provides services and products to analytical, environmental, and scientific laboratories. Nikepal’s trademark application to the PTO requested registration 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.” Nikepal distributes glass syringes in varying volumes and other laboratory products to testing and power companies and also distributes paper boxes (syringe carrying cases) and nylon valves and caps for use with the syringes. Nikepal only distributes its products to laboratories, not to individuals.

Nikepal does not have a retail office, but operates its business through its website (located at www.nikepal.com), via email, and via telephone. Nikepal is run by Mr. Sandhu, who also works as a trans-

portation engineer. Currently, Nikepal has one other part-time employee. Nikepal has only a few hundred customers, but it has a list of thousands of prospective customers, some of whom receive materials from Nikepal advertising its product and service offerings under the mark NIKEPAL.

II. THE PARTIES' MARKS

A. NIKE

Nike first registered the NIKE mark with the PTO in February 1974. Nike owns ten (10) federal trademark registrations for the NIKE mark alone, covering footwear, clothing, bags, timepieces, paper products such as notebooks and binders, sport balls, swim accessories, and retail store services, all of which related to pre-May 1998 uses of the mark. By May 1998, Nike was also using and applied for trademark registrations covering the use of the NIKE mark in combination with other terms or designs for footwear, clothing, bags, timepieces, posters, sport balls, swim accessories, weights, gloves, headgear, and retail store services. For example, Nike owns nineteen (19) federal registrations for NIKE composite marks such as: NIKE and the Swoosh design which has been in use since 1971; NIKE NIKE AIR which has been in use since 1987; NIKE-FIT which has been in use since 1990; NIKE TOWN which has been in use since 1990; NIKE SHOP which has been in use since 1991; and NIKE GOLF which has been in use since 1993. From 1998 to the present, Nike has continued to use the mark NIKE alone and in combination with other terms or designs.

B. NIKEPAL

Mr. Sandhu testified that he conceived of the term Nikepal when he wanted to create a vanity license plate for his car. He testified that he selected the word "Nike" by opening a dictionary to a random page and choosing the first word he saw, and then combined it with the first three letters of his first name "Pal." ("Pal" means friend or benefactor. Mr. Sandhu admits he knew of the existence of the company Nike and its use of the NIKE mark at the time he devised the term NIKEPAL. Despite Mr. Sandhu's trial testimony concerning the manner in which he conceived of the term NIKEPAL, the court does not find it to be credible.

The "Nike" portion of the NIKEPAL mark is pronounced the same way as the NIKE mark is pronounced: with a hard "i" (like bike) in the first syllable and a hard "e" (like in "key") in the second syllable.²

²Nikepal's attorney attempted to convince the court that there is a pronunciation difference between NIKE and NIKEPAL. In her questions during trial, for example,

The articles of incorporation signed by Mr. Sandhu for Nikepal in 1998 display the company name as “NikePal International, Inc.,” with the first word of the company name spelled “NikePal,” with a capital “N” and a capital “P.”

In addition to using Nikepal as the company name, NIKEPAL appears directly on some of Nikepal’s products, including on its syringe products, and on its marketing materials. Nikepal also places www.nikepal.com on its syringes to identify the source of the syringe. Nikepal also uses the NIKEPAL mark in a vanity phone number (1-877-N-I-K-E-P-A-L), on its website, and in its domain names, including nikepal.com, nikepal.biz, nikepal.us, nikepal.tv, nikepal.info, and nikepal.net.

III. NIKE’S SALES

By the late 1980s, United States sales of NIKE branded products were over one billion dollars per year. Starting in 1991 and through the mid 1990s, sales of NIKE products in the United States were approximately two billion dollars per year, and were above five billion dollars per year by 1997. By 1997, Nike was the largest seller of athletic footwear and apparel in the world. The geographic area of Nike’s sales includes the United States and 140 countries throughout the world. Since 1997, Nike has sold over 100,000,000 pairs of NIKE shoes each year.

IV. ADVERTISING AND PROMOTION OF THE NIKE MARK

Nike has undertaken significant expense to promote the NIKE mark. Nike advertises in various types of media, including traditional print advertising, such as magazines (of both special and general interest), newspapers (of general circulation), leaflets, and billboards. Nike also advertises in electronic media, including radio, television, cable and internet, on sides of buildings, on taxi cabs, and through direct mailings. Nike’s television advertisements have run on network channels and have reached national audiences. Nike has also promoted its mark by associating with athletes through endorsement arrangements. By 1991, Nike was spending in excess of one hundred million dollars per year in the United States alone to advertise products bearing the NIKE mark. By 1997, Nike had spent at least \$1,567,900,000.00 to promote the NIKE mark in the United States.

she pronounced Nikepal’s mark as “nik-a-pal.” However, in answering her questions at trial, Mr. Sandhu, the president of Nikepal, alternated between the pronunciation of NIKEPAL as “nik-a-pal” and as “Ny-key-pal.” Further, Nike’s witness, Joseph Sheehan, a former FBI agent and now a private investigator, provided a tape recording of the outgoing message heard on Nikepal’s answering machine which clearly pronounced the term “Nike” with long, or hard, vowels, that is an “i” like in “bike” and “e” like in “key” identical to the pronunciation of the Nike’s trademark.

V. NOTORIETY OF NIKE

The NIKE mark has been consistently ranked as a top brand in publications that survey the top brands each year. Since at least 1990, Nike has been named one of the top forty (40) brands in the United States based on the EquiTrend and other studies published in BrandWeek and Financial World Magazine. Other brands ranked in such studies include FRITO LAY, LEVI'S, CAMPBELLS', HEWLETT-PACKARD, SONY, PEPSI, and VISA. One story printed in Forbes magazine, reported a survey conducted by Young & Rubicam that ranked the NIKE brand among the top ten (10) in the United States in 1996 with COKE, DISNEY, and HALLMARK.

VI. EVIDENCE OF ACTUAL ASSOCIATION

A survey conducted by Phillip Johnson of Leo J. Shapiro and Associates ("Mr. Johnson's survey"), a Chicago-based market research firm, determined that a significant number of Nikepal's potential laboratory customers actually associated NIKE with NIKEPAL. Mr. Johnson is an expert at designing surveys that measure consumer behavior.

In designing his study, Mr. Johnson used a universe of survey participants randomly selected from lists of companies that Mr. Sandhu's deposition testimony identified as the sources for Nikepal's current and prospective customers. Mr. Johnson conducted the survey by phone and asked respondents about their perception of a website called nikepal.com. In designing his survey, Mr. Johnson chose one of the ways that the NIKEPAL mark is used in commerce which allowed him to reasonably recreate a purchasing context while obtaining a controlled and accurate measurement. Mr. Johnson testified that this survey replicated the circumstances in which people typically encountered the NIKEPAL mark.

Once survey respondents were screened to confirm that they were the persons most responsible for ordering laboratory equipment at their business, they were asked: "What if anything, came to your mind when I first said the word Nikepal?" Many survey respondents who were not actually confused about the source of the Nikepal website nonetheless identified Nike. Mr. Johnson testified that his survey revealed that the vast majority of respondents, 87%, associated Nikepal with Nike; that is, when they encounter the mark NIKEPAL, they think of Nike and/or its offerings.

CONCLUSIONS OF LAW

I. DILUTION

Under the Federal Trademark Dilution Revision Act⁵:

⁵The TDRA, signed into law on October 6, 2006, amended the previous federal anti-dilution statute (the Federal Trademark Dilution Act ("FTDA")). The TDRA

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

15 U.S.C. § 1125(c)(1) ("TDRA"). To prevail on its dilution claim, Nike must prove 1) that its mark was famous as of a date prior to the first use of the NIKEPAL mark and 2) that Nikepal's use of its allegedly diluting mark creates a likelihood of dilution by blurring or tarnishment.⁶

A. Whether NIKE Was Famous Prior to the First Use of NIKEPAL

A "famous" mark is one that "is 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." 15 U.S.C. § 1125(c)(2)(A). [The court quoted the four statutory factors.]

Since Nikepal's first use of NIKEPAL commenced in May 1998, Nike must show that NIKE was famous before that date.

With regard to the first factor, the evidence clearly establishes that through various combinations of athlete endorsements, television, radio, print media, and billboard placements, NIKE was promoted nationally for more than two decades before 1998. By the 1990s, Nike was had spent in excess of a billion dollars for promotion of NIKE products in the United States.

With regard to the second factor, Nike's sales of NIKE products reached the billion dollar per year level in the United States well be-

revises the FTDA in three ways: it establishes that likelihood of dilution, and not actual dilution, is a prerequisite to establish a dilution claim; it sets forth four relevant factors courts may consider in determining famousness; and it also lists six relevant factors that courts may consider in determining whether a likelihood of dilution exists.

⁶ California's anti-dilution statute, under which Nike also brings a claim, prescribes:

Likelihood of injury to business reputation or a dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between parties or the absence of confusion as to the source of goods or services.

Cal. Bus. & Prof.Code § 14330. If Nike prevails on its federal dilution claim, it will also prevail on its dilution claim under California law.

fore May 1998. By 1997, Nike had spent in excess of one billion dollars to promote the NIKE mark in the United States.

Nike also satisfies the third factor, since recognition of the success of NIKE has been recorded by various publications in surveys and articles written prior to May 1998. Since the early 1990s, NIKE has been consistently ranked as a top brand in brand surveys in the United States and the world. Mr. Johnson, who in his professional capacity is familiar with the reputation and methodology used in various brand surveys and literature, opined that these sources evinced that NIKE was famous during the mid 1990s, before Nikepal adopted its mark in 1998. Nikepal counters that only Nike's Swoosh design mark, and not the NIKE mark itself, is famous. However, Mr. Johnson's survey revealed that when participants were exposed solely to the word "Nike" without the Swoosh, the response overwhelmingly indicated recognition of the NIKE mark.

Finally, with regard to the fourth factor, the NIKE mark is registered on the PTO's principal register. Nike owns ten federal registrations for NIKE covering uses prior to 1998 which include retail services, bags, footwear, apparel, heart monitors, electrical items and paper products. Accordingly, the court concludes that NIKE was famous prior to Nikepal's first use of the NIKEPAL mark.

B. Likelihood of Dilution by Blurring

The TDRA defines dilution by blurring as an "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(A). [The court quoted the six statutory factors.]

(i) The Degree of Similarity

Marks in a dilution analysis must be identical or nearly identical. For marks to be nearly identical to one another, they must be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same.

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 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." See *Porsche Cars N. Am. Inc. v. Spencer* (finding that the trademark PORSCHE was diluted by PORCHESOURCE.COM); see also *Jada Toys, Inc. v. Mattel, Inc.* (concluding "that a reasonable trier of fact could find that the HOT WHEELS and HOT RIGZ marks are nearly identical.").

Further, as shown by Mr. Johnson's survey, the vast majority

Porsche Cars: No. Civ. S-00-471, 2000 WL 641209 (E.D. Cal. 2000)

Jada Toys: 496 F.3d 974 (2007)

of the survey respondents, representing a significant segment of Nikepal's target customer group, associate Nike and/or its products and services when they encounter the mark NIKEPAL, thus perceiving the two marks as essentially the same. Accordingly, this factor favors Nike.

(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

The law does not require that use of the famous mark be absolutely exclusive, but merely "substantially exclusive." Therefore, a limited amount of third party use is insufficient to defeat a showing of 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.⁹

(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

⁹Nikepal also introduced evidence that the term "Nike" appears in dictionaries referring to the Greek goddess of victory, that the image of Nike the goddess appeared on some Olympic medals, and that the United States Government named one of its missile programs "Nike." However, Nikepal did not show that these uses were made in commerce in association with the sale or marketing of goods or services as required under the TDRA. (See 15 U.S.C. § 1125(c) (1) (providing that under the TDRA, only "use of a mark or trade name in commerce" is actionable as diluting a famous mark.))

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. Accordingly, the court finds that there is actual association between the NIKEPAL and NIKE marks and this factor favors Nike.

In conclusion, since the six factors considered in the likelihood of dilution analysis favor Nike, there is a likelihood that NIKE will suffer dilution if Nikepal is allowed to continue its use of NIKEPAL. Accordingly, Nike prevails on its federal and state dilution claims.

Dilution Lightning Round

In each case, what kind or kinds of trademark infringement are at stake: confusion about source, confusion about sponsorship, dilution by blurring, or dilution by tarnishment? Should a court find a violation of the trademark owner’s rights. (The respective marks are TIFFANY’S for jewelry, I CAN’T BELIEVE IT’S NOT BUTTER! for margarine, and NEW YORK STOCK EXCHANGE for securities-trading services.)





5 Problems

Ambush Marketing Problem

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

For the period during which an event is protected, no person may use a trade mark 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 orga-



Women wearing orange

nizer – 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?

Jack Daniel's Problem

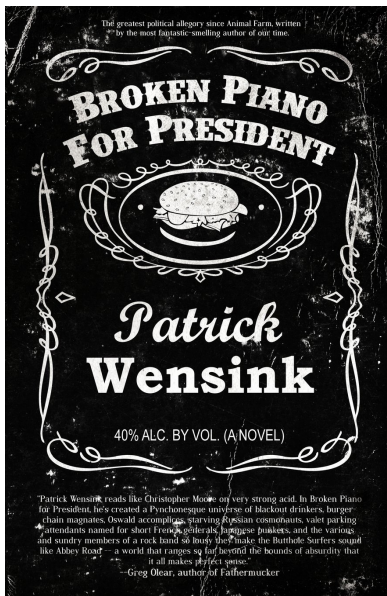
The image on the top is the world-famous label from JACK DANIEL'S whiskey. The image on the right is the front cover of a novel by Patrick Wensink. Infringement?

Paper Handbag Problem

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. Does Gucci have the right under trademark law to prevent the sale of these items bearing its trademarks?



Jack Daniel's logo



Broken Piano for President cover



GUCCI "handbags"

6 Secondary Liability

Inwood Laboratories, Inc. v. Ives Laboratories, Inc.

456 U.S. 844 (1982)

[Ives sold the drug cyclandelate under the trademark CYCLOSPAS-MOL. Ives marketed the drug, a white powder, to wholesalers, retail pharmacists, and hospitals in colored gelatin capsules. It used a blue capsule, imprinted with "Ives 4124," for its 200 mg dosage and a combination blue-red capsule, imprinted with "Ives 4148," for its 400 mg dosage. After Ives' patent on cyclandelate expired, several generic manufacturers, including the respondents, marketed cyclandelate 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 used.]

The generic manufacturers also follow a normal industry practice by promoting their products primarily by distribution of catalogs to wholesalers, hospitals, and retail pharmacies, rather than by contacting physicians directly. The catalogs truthfully describe generic cyclandelate as "equivalent" or "comparable" to CYCLOSPAS-MOL. In addition, some of the catalogs include price comparisons of the generic drug and CYCLOSPAS-MOL and some refer to the color of the generic capsules. The generic products reach wholesalers, hospitals, and pharmacists in bulk containers which correctly indicate the

manufacturer of the product contained therein.

A pharmacist, regardless of whether he is dispensing CYCLOSPASMOL or a generic drug, removes the capsules from the container in which he receives them and dispenses them to the consumer in the pharmacist's own bottle with his own label attached. Hence, the final consumer sees no identifying marks other than those on the capsules themselves.

[Ives sued for trademark infringement. It alleged that some druggists ignored physicians' written instructions to dispense only CYCLOSPASMOL and dispensed generic products instead, and that some druggists mislabeled generic drugs as CYCLOSPASMOL.] Ives contended that the generic manufacturers' use of look-alike capsules and of catalog entries comparing prices and revealing the colors of the generic capsules induced pharmacists illegally to substitute a generic drug for CYCLOSPASMOL and to mislabel the substitute drug CYCLOSPASMOL. Although Ives did not allege that the petitioners themselves applied the Ives trademark to the drug products they produced and distributed, it did allege that the petitioners contributed to the infringing activities of pharmacists who mislabeled generic cyclandelate.

As the lower courts correctly discerned, liability for trademark infringement can extend beyond those who actually mislabel goods with the mark of another. Even if a manufacturer does not directly control others in the chain of distribution, it can be held responsible for their infringing activities under certain circumstances. Thus, if a manufacturer or distributor 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, the manufacturer or distributor is contributorially responsible for any harm done as a result of the deceit.

It is undisputed that those pharmacists who mislabeled generic drugs with Ives' registered trademark violated § 32. However, whether these petitioners were liable for the pharmacists' infringing acts 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.

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

I. FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff is the registered owner of the Marlboro word mark and the Marlboro Roof Design label mark (collectively, the "Marlboro Marks"), which it uses in connection with its tobacco products. Plain-



Cyclandelate capsules



tiff initiated the present suit against numerous defendants, including Defendant Motohiro Miyagi (“Miyagi”).

Evidence submitted by Plaintiff, along with the Affidavits, indicates that Miyagi is a sales and distribution agent for Metrich International Company, a Chinese company that manufactures counterfeit cigarettes. Miyagi admits that, since 1999, he has been managing and arranging for the sale of these goods, which he knows are counterfeit. For his services, Miyagi receives a \$10.00 commission per case.

Plaintiff alleges that Miyagi orchestrated a conspiracy to illegally import 978 master cases of counterfeit Marlboro cigarettes into the United States.⁶ In August 2003, Miyagi obtained control over a large quantity of counterfeit Marlboro cigarettes manufactured by Metrich. The goods were stored in a warehouse in Curaçao, Netherlands Antilles. Miyagi was responsible for finding people to purchase the goods. To assist him, Miyagi contacted Florida-based Julian Balea and arranged for Balea, and his company, Synergy Trading Group, Inc., to advertise and offer the counterfeit cigarettes for sale to buyers in the United States. Acting as Miyagi’s agent, Balea advertised the counterfeit Marlboro cigarettes for sale on an Internet website.

William Lee and Felipe Castaneda, partners doing business together in El Paso, Texas, as the Kagro Company, responded to the Internet advertisement, and offered to buy the counterfeit cigarettes. According to the sales invoice, Balea, Lee, and Castaneda reached a deal whereby Kagro agreed to purchase 1,960 master cases of counterfeit Marlboro cigarettes. At his deposition, Balea testified that Miyagi dictated the terms of the deal and retained final authority to approve the transaction.

Once the deal was negotiated, Miyagi prepared to ship the counterfeit cigarettes from Curaçao to the United States. He enlisted the services of John Tominelli (“Tominelli”) and his company, Southeastern Cargo Services, Inc. (“Southeastern”), to inspect the goods in Curaçao. Miyagi traveled to Curaçao and attended the inspection. After inspecting the goods, Tominelli issued a report that listed their quantity, packaging, and freshness. In the report, the cigarettes were falsely described as “Made Under Authority of Philip Morris Products S.A., Neuchatel, Switzerland.” Once the inspection was complete, Miyagi released the counterfeit cigarettes to Tominelli, who shipped them to Lee and Castaneda in El Paso, Texas.

On October 8, 2003, the United States Bureau of Customs and Border Protection (“Customs”) notified Plaintiff that it seized a shipment of counterfeit Marlboro cigarettes at the Port of Houston, Texas. The cigarettes had been shipped from Curaçao and were destined for El

⁶In each master case, there are fifty cartons, and in each carton, there are ten packages of cigarettes. Each package contains twenty cigarettes.

Paso, Texas.

III. ANALYSIS

Plaintiff submits that Miyagi used the Marlboro Marks in commerce when he offered for sale, sold, and imported counterfeit cigarettes. The extent of Miyagi's participation in this venture, and specifically in these activities, remains unclear. It is well established that persons other than Miyagi directly conducted the relevant transactions. For example, Balea individually, and through his company, Synergy, organized the sales transaction by advertising the availability of the goods, contacting the buyers, and receiving the payment of funds. At his deposition, Lee testified that he dealt only with Synergy, and was unaware of Miyagi's existence. Tominelli performed the inspection and shipped the goods. Indeed, Miyagi's name appears on neither the sales invoice nor the inspection report. Thus, one may arguably question whether Miyagi directly imported counterfeit cigarettes. This finding, however, does not shield Miyagi from liability. The Court must look to whether Miyagi is liable for conduct that constitutes unlawful infringement under a theory of vicarious liability.

To hold a party liable for the infringing activities of another, a plaintiff must prove that the party had (1) a direct financial interest in the infringing activity, and (2) the right and ability to supervise the infringing party's acts or activities which caused the infringement. *Taylor Made Golf Co. v. MJT Consulting Group* (holding a defendant personally liable for infringement where he procured and inspected the goods and signed the purchase agreement, though another entity ultimately sold the goods); *Playboy Enters. v. Webbworld, Inc.* (holding an employer liable for an employee's infringement where the former had supervisory authority over the latter's activities).

There is undisputed evidence that Miyagi had a direct financial interest and control over the sale and importation of the counterfeit cigarettes into the United States. Miyagi admits Metrich paid him a commission for each case of cigarettes he sold.

There is also evidence that Miyagi had a right and ability to supervise Balea's unlawful activities. 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

Taylor Made: 265 F.Supp.2d, 732 (N.D. Tex. 2003)

Webbworld: 991 F.Supp. 543 (N.D. Tex. 1997)

of goods upon verification. Miyagi’s attempted disclaimer of responsibility on the grounds that he did not know the identity of the buyers or that they lived in the United States is undercut by his admission that he knew that “the buyers [were] located in Texas.” Thus, there is evidence that Miyagi used the Marlboro Marks in commerce when he, acting through Balea, sold and imported counterfeit cigarettes into the United States. Accordingly, the Court holds Miyagi actions constitute “use in commerce.”

Having shown that Miyagi used the Marlboro Marks in commerce when he sold and imported counterfeit cigarettes, Plaintiff is entitled to summary judgment against Miyagi for violating §§ 32 and 43(a) of the Lanham Act.

F Defenses

Lanham Act

15 U.S.C. § 1125
Lanham Act § 43
False designations of origin, false descriptions, and dilution forbidden

- (c) ...
- (3) *Exclusions.* – The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:
- (A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with—
- (i) advertising or promotion that permits consumers to compare goods or services; or
- (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.
- (B) All forms of news reporting and news commentary.
- (C) Any noncommercial use of a mark.

Note that these are statutory defenses to trademark *dilution*. They are all based on well-established defenses to trademark *infringement* first recognized by the courts. As you read the materials in this section, consider the extent to which the statutory codification does or does not track the common-law defenses recognized by the courts.

1 Descriptive Fair Use

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

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

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

Zatarain’s term FISH-FRI is a descriptive term that has acquired a secondary meaning in the New Orleans area. Although the trademark is valid by virtue of having acquired a secondary meaning, only that penumbra or fringe of secondary meaning is given legal protection. Zatarain’s has no legal claim to an exclusive right in the original, descriptive sense of the term; therefore, Oak Grove and Visko’s are still free to use the words “fish fry” in their ordinary, descriptive sense, so long as such use will not tend to confuse customers as to the source of the goods.

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 cor-

rect. We hold, therefore, that Oak Grove and Visko's are entitled to fair use of the term "fish fry" to describe their products; accordingly, Zatarain's claim of trademark infringement must fail.⁹

2 Nominative Fair Use

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

(Kozinski, J.)

The individual plaintiffs perform professionally as The New Kids on the Block, reputedly one of today's hottest musical acts. This case requires us to weigh their rights in that name against the rights of others to use it in identifying the New Kids as the subjects of public opinion polls.

BACKGROUND

No longer are entertainers limited to their craft in marketing themselves to the public. This is the age of the multi-media publicity blitzkrieg: Trading on their popularity, many entertainers hawk posters, T-shirts, badges, coffee mugs and the like — handsomely supplementing their incomes while boosting their public images. The New Kids are no exception; the record in this case indicates there are more than 500 products or services bearing the New Kids trademark. Among these are services taking advantage of a recent development in telecommunications: 900 area code numbers, where the caller is charged a fee, a portion of which is paid to the call recipient. Fans can call various New Kids 900 numbers to listen to the New Kids talk about themselves, to listen to other fans talk about the New Kids, or to leave messages for the New Kids and other fans.

The defendants, two newspapers of national circulation, conducted separate polls of their readers seeking an answer to a pressing question: Which one of the New Kids is the most popular? *USA Today's* announcement contained a picture of the New Kids and asked, "Who's the best on the block?" The announcement listed a 900 number for voting, noted that "any *USA Today* profits from this phone line will go to charity," and closed with the following:

New Kids on the Block are pop's hottest group. Which of the five is your fave? Or are they a turn off? ... Each call

⁹The district court also rejected Zatarain's claims of unfair competition under the Lanham Act § 43(a) and La. Rev. Stat. Ann. § 51:1405(A), relying upon the absence of any likelihood of confusion between the products of Zatarain's, Oak Grove, and Visko's. We affirm these conclusions also.

It would make no sense to characterize defendant's use as "fair" within the meaning of the Lanham Act for the purposes of a trademark infringement claim and at the same time characterize his use as "unfair" for the purpose of a section 43(a) unfair competition claim under the same statute.

costs 50 cents. Results in Friday's Life section.

The Star's announcement, under a picture of the New Kids, went to the heart of the matter: "Now which kid is the sexiest?" The announcement, which appeared in the middle of a page containing a story on a New Kids concert, also stated:

Which of the New Kids on the Block would you most like to move next door? STAR wants to know which cool New Kid is the hottest with our readers.

Readers were directed to a 900 number to register their votes; each call cost 95 cents per minute.¹



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

DISCUSSION

I

A.

A trademark is a limited property right in a particular word, phrase or symbol. And although English is a language rich in imagery, we need not belabor the point that some words, phrases or symbols better convey their intended meanings than others. See *San Francisco Arts & Athletics, Inc. v. U.S.O.C.* (Brennan, J., dissenting) ("[A] jacket reading 'I Strongly Resent the Draft' would not have conveyed Cohen's message."). Indeed, the primary cost of recognizing property rights in trademarks is the removal of words from (or perhaps non-entrance into) our language. Thus, the holder of a trademark will be denied protection if it is (or becomes) generic, i.e., if it does not relate exclusively to the trademark owner's product. [Examples cited: "shredded wheat" for cereal and "air shuttle" for hourly airline service.] This requirement allays fears that producers will deplete the stock of useful words by asserting exclusive rights in them. When a trademark comes to describe a class of goods rather than an individual product, the courts will hold as a matter of law that use of that mark does not imply sponsorship or endorsement of the product by the original holder.

San Francisco Arts & Athletics: 483 U.S. 522 (1987)

¹The *USA Today* poll generated less than \$300 in revenues, all of which the newspaper donated to the Berkeley College of Music. *The Star's* poll generated about \$1600.

A related problem arises when a trademark also describes a person, a place or an attribute of a product. If the trademark holder were allowed exclusive rights in such use, the language would be depleted in such the same way as if generic words were protectable. Thus trademark law recognizes a defense where the mark is used only “to describe the goods or services of [a] party, or their geographic origin.” 15 U.S.C. § 1115(b)(4). The “fair-use” defense, in essence, forbids a trademark registrant to appropriate a descriptive term for his exclusive use and so prevent others from accurately describing a characteristic of their goods. Once again, the courts will hold as a matter of law that the original producer does not sponsor or endorse another product that uses his mark in a descriptive manner. [Example cited: “ribbed” condoms.]

With many well-known trademarks, such as JELL-O, SCOTCH TAPE and KLEENEX, there are equally informative non-trademark words describing the products (gelatin, cellophane tape and facial tissue). But sometimes there is no descriptive substitute, and a problem closely related to genericity and descriptiveness is presented when many goods and services are effectively identifiable only by their trademarks. 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. In such cases, use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.

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.

Volkswagenwerk: 411 F.2d 350 (9th Cir. 1969)

A good example of this is *Volkswagenwerk Aktiengesellschaft v. Church*, where we held that Volkswagen could not prevent an automobile repair shop from using its mark. We recognized that in “advertising [the repair of Volkswagens, it] would be difficult, if not impossible, for [Church] to avoid altogether the use of the word ‘Volkswagen’ or its abbreviation ‘VW,’ which are the normal terms which, to the public at large, signify appellant’s cars.” Church did not suggest to customers that he was part of the Volkswagen organization or that his repair shop was sponsored or authorized by VW; he merely used the words “Volkswagen” and “VW” to convey infor-

mation about the types of cars he repaired. Therefore, his use of the Volkswagen trademark was not an infringing use.

The First Circuit confronted a similar problem when the holder of the trademark “Boston Marathon” tried to stop a television station from using the name:

The words “Boston Marathon” do more than call attention to Channel 5’s program; they also describe the event that Channel 5 will broadcast. Common sense suggests (consistent with the record here) that a viewer who sees those words flash upon the screen will believe simply that Channel 5 will show, or is showing, or has shown, the marathon, not that Channel 5 has some special approval from the [trademark holder] to do so. In technical trademark jargon, the use of words for descriptive purposes is called a “fair use,” and the law usually permits it even if the words themselves also constitute a trademark.

WCVB-TV v. Boston Athletic Ass’n. Similarly, competitors may use a rival’s trademark in advertising and other channels of communication if the use is not false or misleading..

Cases like these are best understood as involving a non-trademark use of a mark – a use to which the infringement laws simply do not apply, just as videotaping television shows for private home use does not implicate the copyright holder’s exclusive right to reproduction. Indeed, we may generalize a class of cases where the use of the trademark does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one. Such nominative use of a mark – where the only word reasonably available to describe a particular thing is pressed into service – lies outside the strictures of trademark law: Because it does not implicate the source-identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder. “When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth.” *Prestonettes, Inc. v. Coty* (Holmes, J.).

To be sure, this is not the classic fair use case where the defendant has used the plaintiff’s mark to describe the defendant’s own product. Here, the NEW KIDS trademark is used to refer to the New Kids themselves. We therefore do not purport to alter the test applicable in the paradigmatic fair use case. If the defendant’s use of the plaintiff’s trademark refers to something other than the plaintiff’s product, the traditional fair use inquiry will continue to govern. But, where the defendant uses a trademark to describe the plaintiff’s product, rather than its own, we hold that a commercial user is entitled to a

WCVB-TV: 926 F.2d 42 (1st Cir. 1991)

Prestonettes: 264 U.S. 359 (1924)

nominative fair use defense provided he meets the following three requirements: 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 reasonably necessary to identify the product or service;⁷ and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.

B.

The New Kids do not claim there was anything false or misleading about the newspapers' use of their mark. Rather, the first seven causes of action, while purporting to state different claims, all hinge on one key factual allegation: that the newspapers' use of the New Kids name in conducting the unauthorized polls somehow implied that the New Kids were sponsoring the polls. It is no more reasonably possible, however, to refer to the New Kids as an entity than it is to refer to the Chicago Bulls, Volkswagens or the Boston Marathon without using the trademark. Indeed, how could someone not conversant with the proper names of the individual New Kids talk about the group at all? While plaintiffs' trademark certainly deserves protection against copycats and those who falsely claim that the New Kids have endorsed or sponsored them, such protection does not extend to rendering newspaper articles, conversations, polls and comparative advertising impossible. The first nominative use requirement is therefore met.

Also met are the second and third requirements. Both *The Star* and *USA Today* reference the New Kids only to the extent necessary to identify them as the subject of the polls; they do not use the New Kids' distinctive logo or anything else that isn't needed to make the announcements intelligible to readers. Finally, nothing in the announcements suggests joint sponsorship or endorsement by the New Kids. The *USA Today* announcement implies quite the contrary by asking whether the New Kids might be "a turn off." *The Star's* poll is more effusive but says nothing that expressly or by fair implication connotes endorsement or joint sponsorship on the part of the New Kids.

The New Kids argue that, even if the newspapers are entitled to a nominative fair use defense for the announcements, they are not entitled to it for the polls themselves, which were money-making enterprises separate and apart from the newspapers' reporting businesses. According to plaintiffs, defendants could have minimized the intrusion into their rights by using an 800 number or asking readers to

⁷Thus, a soft drink competitor would be entitled to compare its product to Coca-Cola or Coke, but would not be entitled to use Coca-Cola's distinctive lettering.

call in on normal telephone lines which would not have resulted in a profit to the newspapers based on the conduct of the polls themselves.

The New Kids see this as a crucial difference, distinguishing this case from *Vokswagenwerk*, *WCVB-TV* and other nominative use cases. The New Kids' argument in support of this distinction is not entirely implausible: They point out that their fans, like everyone else, have limited resources. Thus a dollar spent calling the newspapers' 900 lines to express loyalty to the New Kids may well be a dollar not spent on New Kids products and services, including the New Kids' own 900 numbers. In short, plaintiffs argue that a nominative fair use defense is inapplicable where the use in question competes directly with that of the trademark holder.

We reject this argument. 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. See, e.g., *Universal City Studios, Inc. v. Ideal Publishing Corp.* (magazine's use of TV program's trademark "Hardy Boys" in connection with photographs of show's stars not infringing). 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. See *Job's Daughters*. 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.⁹ We fail to see a material difference between these examples and the use here.

Summary judgment was proper as to the first seven causes of action because they all hinge on a theory of implied endorsement; there was none here as the uses in question were purely nominative.

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


⁹Consider, for example, a cartoon which appeared in a recent edition of a humor magazine: The top panel depicts a man in medieval garb hanging a poster announcing a performance of "The New Kids on the Block" to an excited group of onlookers. The lower panel shows the five New Kids, drawn in caricature, hands tied behind their backs, kneeling before "The Chopping Block" awaiting execution. *Cracked* # 17 (inside back cover) (Aug. 1992). Cruel? No doubt — but easily within the realm of satire and parody.

Ideal Publishing: 195 U.S.P.Q. 761
(S.D.N.Y. 1977)

Appellant R. G. Smith, doing business as Ta'Ron, Inc., advertised a fragrance called 'Second Chance' as a duplicate of appellees' 'Chanel No. 5,' at a fraction of the latter's price.¹ Appellees were granted a preliminary injunction prohibiting any reference to Chanel No. 5 in the promotion or sale of appellants' product. This appeal followed.

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 Tahisia, \$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 Al 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.



The action rests upon a single advertisement published in 'Specialty Salesmen,' a trade journal directed to wholesale purchasers. The advertisement offered 'The Ta'Ron Line of Perfumes' for sale. It gave the seller's address as 'Ta'Ron Inc., 26 Harbor Cove, Mill Valley, Calif.' It stated that the Ta'Ron perfumes '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.' It repeated the claim of exact duplication in a variety of forms.

The advertisement suggested that a 'Blindfold Test' be used 'on skeptical prospects,' challenging them to detect any difference between a well known fragrance and the Ta'Ron 'duplicate.' One suggested challenge was, 'We dare you to try to detect any difference between Chanel #5 (25.00) and Ta'Ron's 2nd Chance. \$7.00.'

In an order blank printed as part of the advertisement each Ta'Ron fragrance was listed with the name of the well known fragrance which it purportedly duplicated immediately beneath. Below 'Second Chance' appeared '* (Chanel #5).' The asterisk referred to a statement at the bottom of the form reading 'Registered Trade Name of Original Fragrance House.'

Appellees conceded below and concede here that appellants 'have the right to copy, if they can, the unpatented formula of appellees' product.' Moreover, for the purposes of these proceedings, appellees

assume that 'the products manufactured and advertised by (appellants) are in fact equivalents of those products manufactured by appellees.' Finally, appellees disclaim any contention that the packaging or labeling of appellants' 'Second Chance' is misleading or confusing.⁴

I

The principal question presented on this record is whether 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. We hold that he may, and that such advertising may not be enjoined under either the Lanham Act or the common law of unfair competition, so long as it does not contain misrepresentations or create a reasonable likelihood that purchasers will be confused as to the source, identity, or sponsorship of the advertiser's product.

This conclusion is supported by direct holdings in *Saxlehner v. Wagner* and *Societe Comptoir de L'Industrie Cotonniere Etablissements Boussac v. Alexander's Dept. Stores, Inc.*.

Saxlehner: 216 U.S. 375 (1910)

Societe Comptoir: 299 F.2d 33 (2d Cir. 1962)

In *Saxlehner* the copied product was a 'bitter water' drawn from certain privately owned natural springs. The plaintiff sold the natural water under the name 'Hunyadi Janos,' a valid trademark. The defendant was enjoined from using plaintiff's trademark to designate defendant's 'artificial' water, but was permitted to use it to identify plaintiff's natural water as the product which defendant was copying. Justice Holmes wrote:

We see no reason for disturbing the finding of the courts below that there was no unfair competition and no fraud. 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 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 propo-

⁴Appellants' product was packaged differently from appellees', and the only words appearing on the outside of appellants' packages were 'Second Chance Perfume by Ta'Ron.' The same words appeared on the front of appellants' bottles; the words 'Ta'Ron trademark by International Fragrances, Inc., of Dallas and New York' appeared on the back.

sition 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.

In *Societe Comptoir*, the defendant used plaintiff's registered trademarks 'Dior' and 'Christian Dior' in defendant's advertising in identifying plaintiff's dresses as the original creations from which defendant's dresses were copied.¹ The district court refused to grant a preliminary injunction.

The appellate court considered plaintiff's rights under both the Lanham Act and common law. Noting that the representation that defendant's dresses were copies of 'Dior' originals was apparently truthful and that there was no evidence of deception or confusion as to the origin or sponsorship of defendant's garments, the court disposed of the claim of right under the Lanham Act as follows:

The Lanham Act does not prohibit a commercial rival's truthfully denominating his goods a copy of a design in the public domain, though he uses the name of the designer to do so. Indeed it is difficult to see any other means that might be employed to inform the consuming public of the true origin of the design.

We have found no holdings by federal or California appellate courts contrary to the rule of these cases. Moreover, the principle for which they stand – that use of another's trademark to identify the trademark owner's product in comparative advertising is not prohibited by either statutory or common law, absent misrepresentation regarding the products or confusion as to their source or sponsorship – is also generally approved by secondary authorities.

The rule rests upon the traditionally accepted premise that the only legally relevant function of a trademark is to impart information as to the source or sponsorship of the product. Appellees argue that protection should also be extended to the trademark's commercially more important function of embodying consumer good will created through extensive, skillful, and costly advertising. The courts, however, have generally confined legal protection to the trademark's source identification function for reasons grounded in the public policy favoring a free, competitive economy.

Preservation of the trademark as a means of identifying the trademark owner's products, implemented both by the Lanham Act and

¹Defendant described its dresses in newspaper advertisements as copies of Dior's original creations. Tags were hung on each garment reading 'Original by Christian Dior – Alexander's Exclusive – Paris—Adaptation.' 'Dior' or 'Christian Dior' appeared more than a dozen times in a singing commercial on defendant's television fashion show.

the common law, serves an important public purpose. It makes effective competition possible in a complex, impersonal marketplace by providing a means through which the consumer can identify products which please him and reward the producer with continued patronage. Without some such method of product identification, informed consumer choice, and hence meaningful competition in quality, could not exist. On the other hand, it has been suggested that protection of trademark values other than source identification would create serious anti-competitive consequences with little compensating public benefit.

As Justice Holmes wrote in *Saxlehner*, the practical effect of such a rule would be to extend the monopoly of the trademark to a monopoly of the product. The monopoly conferred by judicial protection of complete trademark exclusivity would not be preceded by examination and approval by a governmental body, as is the case with most other government-granted monopolies. Moreover, it would not be limited in time, but would be perpetual.

A large expenditure of money does not in itself create legally protectable rights. Appellees are not entitled to monopolize the public's desire for the unpatented product, even though they themselves created that desire at great effort and expense.

Disapproval of the copyist's opportunism may be an understandable first reaction, but this initial response to the problem has been curbed in deference to the greater public good. By taking his free ride, the copyist, albeit unintentionally, serves an important public interest by offering comparable goods at lower prices. Appellants' advertisement makes it clear that the product they offer is their own. If it proves to be inferior, they, not appellees, will bear the burden of consumer disapproval.²⁵

We are satisfied, therefore, that both authority and reason require a holding that in the absence of misrepresentation or confusion as to source or sponsorship a seller in promoting his own goods may use the trademark of another to identify the latter's goods.

3 Exhaustion

Champion Spark Plug Co. v. Sanders

331 U.S. 125 (1947)

²⁵In addition, if appellants' specific claims of equivalence are false, appellees may have a remedy under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). [Ed: On remand, the District 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 § 43(a). *Smith v. Chanel*, No. 45647 GBH, 1973 WL 19871, at *3 (N.D. Cal. May 22, 1973).]

Petitioner is a manufacturer of spark plugs which it sells under the trade mark 'Champion.' Respondents collect the used plugs, repair and recondition them, and resell them. Respondents retain the word 'Champion' on the repaired or reconditioned plugs. The outside box or carton in which the plugs are packed has stamped on it the word 'Champion,' together with the letter and figure denoting the particular style or type. They also have printed on them 'Perfect Process Spark Plugs Guaranteed Dependable' and 'Perfect Process Renewed Spark Plugs.' Each carton contains smaller boxes in which the plugs are individually packed. These inside boxes also carry legends indicating that the plug has been renewed. But respondent company's business name or address is not printed on the cartons. On each individual plug is stamped in small letters, blue on black, the word 'Renewed,' which at time is almost illegible.

We are dealing here with second-hand goods. The spark plugs, though used, are nevertheless Champion plugs and not those of another make. There is evidence to support what one would suspect, that a used spark plug which has been repaired or reconditioned does not measure up to the specifications of a new one. But the same would be true of a second-hand Ford or Chevrolet car. And we would not suppose that one could be enjoined from selling a car whose valves had been reground and whose piston rings had been replaced unless he removed the name Ford or Chevrolet. *Prestonettes* was a case where toilet powders had as one of their ingredients a powder covered by a trade mark and where perfumes which were trade marked were rebottled and sold in smaller bottles. The Court sustained a decree denying an injunction where the prescribed labels told the truth. Mr. Justice Holmes stated, "A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. *When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo."

Cases may be imagined where the reconditioning or repair would be so extensive or so basic that it would be a misnomer to call the article by its original name, even though the words 'used' or 'repaired' were added. But no such practice is involved here. The repair or reconditioning of the plugs does not give them a new design. It is no more than a restoration, so far as possible, of their original condition. The type marks attached by the manufacturer are determined by the use to which the plug is to be put. But the thread size and size of the cylinder hole into which the plug is fitted are not affected by the reconditioning. The heat range also has relevance to the type marks. And there is evidence that the reconditioned plugs are inferior so far as heat range and other qualities are concerned. But inferi-



Adequately disclosed and disclaimed?

ority 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* 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.

Hart v. Amazon.com, Inc.

--- F.3d ---, 2016 WL 3360639 (June 13, 2016)

Plaintiff's *pro se* complaint is at times difficult to understand, but his claims ultimately revolve around the same conduct: Amazon allegedly engaged in counterfeiting and displayed and sold counterfeit copies of his books featuring his tradename and trademark. Plaintiff claims that his trademarks include the name "Henrietta Press" and a symbol "comprised of an open book with pages emerging therefrom."

Plaintiff does not plausibly allege that the books sold through Amazon were anything other than authentic original copies protected under the first-sale doctrine. Even if Amazon's actions were not protected by the first-sale doctrine, Plaintiff's claim alleging consumer confusion fails for additional reasons. Amazon argues that the allegation that Amazon caused confusion by suggesting that Plaintiff is affiliated with Amazon fails to state a "false endorsement" claim under the Lanham Act.

Plaintiff's claim centers on individuals re-selling copies of his 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.

4 Expressive Use

Louis Vuitton Malletier v. Haute Diggity Dog

507 F.3d 252 (4th Cir. 2007)

Louis Vuitton Malletier S.A., a French corporation located in Paris, that manufactures luxury luggage, handbags, and accessories, commenced this action against Haute Diggity Dog, LLC, a Nevada corporation that manufactures and sells pet products nationally, alleging trademark infringement under 15 U.S.C. § 1114(1)(a), trademark dilution under 15 U.S.C. § 1125(c), copyright infringement under 17 U.S.C. § 501, and related statutory and common law violations. Haute Diggity Dog manufactures, among other things, plush toys on which dogs can chew, which, it claims, parody famous trademarks on luxury products, including those of Louis Vuitton Malletier. The particular Haute Diggity Dog chew toys in question here are small imitations of handbags that are labeled “Chewy Vuiton” and that mimic Louis Vuitton Malletier’s LOUIS VUITTON handbags.

I

Louis Vuitton Malletier S.A. (“LVM”) is a well known manufacturer of luxury luggage, leather goods, handbags, and accessories, which it markets and sells worldwide. In connection with the sale of its products, LVM has adopted trademarks and trade dress that are well recognized and have become famous and distinct. Indeed, in 2006, *Business Week* ranked LOUIS VUITTON as the 17th “best brand” of all corporations in the world and the first “best brand” for any fashion business.

LVM has registered trademarks for “LOUIS VUITTON,” in connection with luggage and ladies’ handbags (the “LOUIS VUITTON mark”); for a stylized monogram of “LV,” in connection with traveling bags and other goods (the “LV mark”); and for a monogram canvas design consisting of a canvas with repetitions of the LV mark along with four-pointed stars, four-pointed stars inset in curved diamonds, and four-pointed flowers inset in circles, in connection with traveling bags and other products (the “Monogram Canvas mark”). In 2002, LVM adopted a brightly-colored version of the Monogram Canvas mark in which the LV mark and the designs were of various colors and the background was white (the “Multicolor design”), created in collaboration with Japanese artist Takashi Murakami. For the Multicolor design, LVM obtained a copyright in 2004. In 2005, LVM adopted another design consisting of a canvas with repetitions of the LV mark and smiling cherries on a brown background (the “Cherry design”).

As LVM points out, the Multicolor design and the Cherry design attracted immediate and extraordinary media attention and publicity in magazines such as *Vogue*, *W*, *Elle*, *Harper’s Bazaar*, *Us Weekly*, *Life and Style*, *Travel & Leisure*, *People*, *In Style*, and *Jane*. The press published photographs showing celebrities carrying these handbags, including Jennifer Lopez, Madonna, Eve, Elizabeth Hurley, Carmen



LVM Multicolor bag

Electra, and Anna Kournikova, among others. When the Multicolor design first appeared in 2003, the magazines typically reported, “The Murakami designs for Louis Vuitton, which were the hit of the summer, came with hefty price tags and a long waiting list.” *People Magazine* said, “the wait list is in the thousands.” The handbags retailed in the range of \$995 for a medium handbag to \$4500 for a large travel bag. The medium size handbag that appears to be the model for the “Chewy Vuitton” dog toy retailed for \$1190. The Cherry design appeared in 2005, and the handbags including that design were priced similarly — in the range of \$995 to \$2740. LVM does not currently market products using the Cherry design.

The original LOUIS VUITTON, LV, and Monogram Canvas marks, however, have been used as identifiers of LVM products continuously since 1896.

During the period 2003-2005, LVM spent more than \$48 million advertising products using its marks and designs, including more than \$4 million for the Multicolor design. It sells its products exclusively in LVM stores and in its own instore boutiques that are contained within department stores such as Saks Fifth Avenue, Bloomingdale’s, Neiman Marcus, and Macy’s. LVM also advertises its products on the Internet through the specific websites www.louisvuitton.com and www.eluxury.com.

Although better known for its handbags and luggage, LVM also markets a limited selection of luxury pet accessories – collars, leashes, and dog carriers – which bear the Monogram Canvas mark and the Multicolor design. These items range in price from approximately \$200 to \$1600. LVM does not make dog toys.

Haute Diggity Dog, LLC, which is a relatively small and relatively new business located in Nevada, manufactures and sells nationally – primarily through pet stores – a line of pet chew toys and beds whose names parody elegant high-end brands of products such as perfume, cars, shoes, sparkling wine, and handbags. These include – in addition to Chewy Vuitton (LOUIS VUITTON) – Chewnel No. 5 (Chanel No. 5), Furcedes (Mercedes), Jimmy Chew (Jimmy Choo), Dog Perignonn (Dom Perignon), Sniffany & Co. (Tiffany & Co.), and Dogior (Dior). The chew toys and pet beds are plush, made of polyester, and have a shape and design that loosely imitate the signature product of the targeted brand. They are mostly distributed and sold through pet stores, although one or two Macy’s stores carries Haute Diggity Dog’s products. The dog toys are generally sold for less than \$20, although larger versions of some of Haute Diggity Dog’s plush dog beds sell for more than \$100.

Haute Diggity Dog’s “Chewy Vuitton” dog toys, in particular, loosely resemble miniature handbags and undisputedly evoke LVM handbags of similar shape, design, and color.



Chewy Vuitton dog toy

In lieu of the LOUIS VUITTON mark, the dog toy uses “Chewy Vuiton”; in lieu of the LV mark, it uses “CV”; and the other symbols and colors employed are imitations, but not exact ones, of those used in the LVM Multicolor and Cherry designs.

II

LVM contends first that Haute Diggity Dog’s marketing and sale of its “Chewy Vuiton” dog toys infringe its trademarks because the advertising and sale of the “Chewy Vuiton” dog toys is likely to cause confusion.

To prove trademark infringement, LVM must show (1) that it owns a valid and protectable mark; (2) that Haute Diggity Dog uses a “re-production, counterfeit, copy, or colorable imitation” of that mark in commerce and without LVM’s consent; and (3) that Haute Diggity Dog’s use is likely to cause confusion. The validity and protectability of LVM’s marks are not at issue in this case, nor is the fact that Haute Diggity Dog uses a colorable imitation of LVM’s mark. Therefore, we give the first two elements no further attention. To determine whether the “Chewy Vuiton” product line creates a likelihood of confusion, we have identified several nonexclusive factors to consider: (1) the strength or distinctiveness of the plaintiff’s mark; (2) the similarity of the two marks; (3) the similarity of the goods or services the marks identify; (4) the similarity of the facilities the two parties use in their businesses; (5) the similarity of the advertising used by the two parties; (6) the defendant’s intent; and (7) actual confusion. See *Pizzeria Uno Corp. v. Temple*. These *Pizzeria Uno* factors are not always weighted equally, and not all factors are relevant in every case.

Because Haute Diggity Dog’s arguments with respect to the *Pizzeria Uno* factors depend to a great extent on whether its products and marks are successful parodies, we consider first whether Haute Diggity Dog’s products, marks, and trade dress are indeed successful parodies of LVM’s marks and trade dress.

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 amusement. Thus, a parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect. *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.* (finding the use of “Lardashe” jeans for larger women to be a successful and permissible parody of “Jordache” jeans).

Pizzeria Uno: 747 F.2d 1522 (4th Cir. 1984)

Jordache: 828 F.2d 1482 (10th Cir. 1987)

When applying the PETA criteria to the facts of this case, we 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. This parody is enhanced by the fact that “Chewy Vuiton” dog toys are

sold with similar parodies of other famous and expensive brands — “Chewnel No. 5” targeting “Chanel No. 5”; “Dog Perignonn” targeting “Dom Perignon”; and “Sniffany & Co.” targeting “Tiffany & Co.”

We conclude that the PETA criteria are amply satisfied in this case and that the “Chewy Vuiton” dog toys convey just enough of the original design to allow the consumer to appreciate the point of parody, but stop well short of appropriating the entire marks that LVM claims.

Finding that Haute Diggity Dog’s parody is successful, however, does not end the inquiry into whether Haute Diggity Dog’s “Chewy Vuiton” products create a likelihood of confusion. *See* ?? (“There are confusing parodies and non-confusing parodies. All they have in common is an attempt at humor through the use of someone else’s trademark”). The finding of a successful parody only influences the way in which the *Pizzeria Uno* factors are applied. Indeed, it becomes apparent that an effective parody will actually diminish the likelihood of confusion, while an ineffective parody does not. We now turn to the *Pizzeria Uno* factors.

A

As to the first *Pizzeria Uno* factor, the parties agree that LVM’s marks are strong and widely recognized. They do not agree, however, as to the consequences of this fact. LVM maintains that a strong, famous mark is entitled, as a matter of law, to broad protection. While it is true that finding a mark to be strong and famous usually favors the plaintiff in a trademark infringement case, the opposite may be true when a legitimate claim of parody is involved. As the district court observed, “In cases of parody, a strong mark’s fame and popularity is precisely the mechanism by which likelihood of confusion is avoided.”

We agree with the district court. It is a matter of common sense that 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. *See Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC* (noting that the strength of the TOMMY HILFIGER fashion mark did not favor the mark’s owner in an infringement case against TIMMY HOLEDIGGER novelty pet perfume). In this case, precisely because LOUIS VUITTON is so strong a mark and so well recognized as a luxury handbag brand from LVM, consumers readily recognize that when they see a “Chewy Vuiton” pet toy, they see a parody. Thus, the strength of LVM’s marks in this case does not help LVM establish a likelihood of confusion.

B

With respect to the second *Pizzeria Uno* factor, the similarities between the marks, the usage by Haute Diggity Dog again converts what might be a problem for Haute Diggity Dog into a disfavored conclusion for LVM.

Haute Diggity Dog concedes that its marks are and were designed to be somewhat similar to LVM's marks. But that is the essence of a parody — the invocation of a famous mark in the consumer's mind, so long as the distinction between the marks is also readily recognized. While a trademark parody necessarily copies enough of the original design to bring it to mind as a target, a successful parody also distinguishes itself and, because of the implicit message communicated by the parody, allows the consumer to appreciate it.

In concluding that Haute Diggity Dog has a successful parody, we have impliedly concluded that Haute Diggity Dog appropriately mimicked a part of the LVM marks, but at the same time sufficiently distinguished its own product to communicate the satire. 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.

This conclusion is reinforced when we consider how the parties actually use their marks in the marketplace. The record amply supports Haute Diggity Dog's contention that its "Chewy Vuiton" toys for dogs are generally sold alongside other pet products, as well as toys that parody other luxury brands, whereas LVM markets its handbags as a top-end luxury item to be purchased only in its own stores or in its own boutiques within department stores. These marketing channels further emphasize that "Chewy Vuiton" dog toys are not, in fact, LOUIS VUITTON products.

C

Nor does LVM find support from the third *Pizzeria Uno* factor, the similarity of the products themselves. It is obvious that a "Chewy Vuiton" plush imitation handbag, which does not open and is manufactured as a dog toy, is not a LOUIS VUITTON handbag sold by LVM. 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. Even if LVM were to make dog toys in the future, the fact remains that the products at issue are not similar in any relevant respect, and this factor does not favor LVM.

D

The fourth and fifth *Pizzeria Uno* factors, relating to the similarity of facilities and advertising channels, have already been mentioned. LVM products are sold exclusively through its own stores or its own boutiques within department stores. It also sells its products on the Internet through an LVM-authorized website. In contrast, “Chewy Vuiton” products are sold primarily through traditional and Internet pet stores, although they might also be sold in some department stores. The record demonstrates that both LVM handbags and “Chewy Vuiton” dog toys are sold at a Macy’s department store in New York. As a general matter, however, there is little overlap in the individual retail stores selling the brands.

Likewise with respect to advertising, there is little or no overlap. LVM markets LOUIS VUITTON handbags through high-end fashion magazines, while “Chewy Vuiton” products are advertised primarily through pet-supply channels.

The overlap in facilities and advertising demonstrated by the record is so minimal as to be practically nonexistent. “Chewy Vuiton” toys and LOUIS VUITTON products are neither sold nor advertised in the same way, and the de minimis overlap lends insignificant support to LVM on this factor.

E

The sixth factor, relating to Haute Diggity Dog’s intent, again is neutralized by the fact that Haute Diggity Dog markets a parody of LVM products. As other courts have recognized, 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. This factor does not favor LVM.

F

On the actual confusion factor, it is well established that no actual confusion is required to prove a case of trademark infringement, although the presence of actual confusion can be persuasive evidence relating to a likelihood of confusion.

While LVM conceded in the district court that there was no evidence of actual confusion, on appeal it points to incidents where retailers misspelled “Chewy Vuiton” on invoices or order forms, using two Ts instead of one. Many of these invoices also reflect simultaneous orders for multiple types of Haute Diggity Dog parody products, which belies the notion that any actual confusion existed as to the source of “Chewy Vuiton” plush toys. The misspellings pointed out

by LVM are far more likely in this context to indicate confusion over how to spell the product name than any confusion over the source or sponsorship of the “Chewy Vuiton” dog toys. We conclude that this factor favors Haute Diggity Dog.

In sum, the likelihood-of-confusion factors substantially favor Haute Diggity Dog. But consideration of these factors is only a proxy for the ultimate statutory test of whether Haute Diggity Dog’s marketing, sale, and distribution of “Chewy Vuiton” dog toys is likely to cause confusion. Recognizing that “Chewy Vuiton” is an obvious parody and applying the *Pizzeria Uno* factors, we conclude that LVM has failed to demonstrate any likelihood of confusion. Accordingly, we affirm the district court’s grant of summary judgment in favor of Haute Diggity Dog on the issue of trademark infringement.

III

LVM also contends that Haute Diggity Dog’s advertising, sale, and distribution of the “Chewy Vuiton” dog toys dilutes its LOUIS VUITTON, LV, and Monogram Canvas marks, which are famous and distinctive. It argues, “Before the district court’s decision, Vuitton’s famous marks were unblurred by any third party trademark use.” “Allowing defendants to become the first to use similar marks will obviously blur and dilute the Vuitton Marks.” It also contends that “Chewy Vuiton” dog toys are likely to tarnish LVM’s marks because they “pose a choking hazard for some dogs.”

A

We address first LVM’s claim for dilution by blurring.

We begin by noting that parody is not automatically a complete defense to a claim of dilution by blurring where the defendant uses the parody as its own designation of source, i.e., as a trademark. Although the TDRA does provide that fair use is a complete defense and allows that a parody can be considered fair use, it does not extend the fair use defense to parodies used as a trademark.

The TDRA, however, does not require a court to ignore the existence of a parody that is used as a trademark, and it does not preclude a court from considering parody as part of the circumstances to be considered for determining whether the plaintiff has made out a claim for dilution by blurring. Indeed, the statute permits a court to consider “all relevant factors,” including the six factors supplied in § 1125(c)(2)(B).

In sum, while a defendant’s use of a parody as a mark does not support a “fair use” defense, it may be considered in determining whether the plaintiff-owner of a famous mark has proved its claim that the defendant’s use of a parody mark is likely to impair the distinctiveness of the famous mark.

In the case before us, when considering factors (ii), (iii), and (iv), it is readily apparent, indeed conceded by Haute Diggity Dog, that LVM's marks are distinctive, famous, and strong. The LOUIS VUITTON mark is well known and is commonly identified as a brand of the great Parisian fashion house, Louis Vuitton Malletier. So too are its other marks and designs, which are invariably used with the LOUIS VUITTON mark. It may not be too strong to refer to these famous marks as icons of high fashion.

While the establishment of these facts satisfies essential elements of LVM's dilution claim, the facts impose on LVM an increased burden to demonstrate that the distinctiveness of its famous marks is likely to be impaired by a successful parody. Even as Haute Diggity Dog's parody mimics the famous mark, it communicates simultaneously that it is not the famous mark, but is only satirizing it. And because the famous mark is particularly strong and distinctive, it becomes more likely that a parody will not impair the distinctiveness of the mark. In short, as Haute Diggity Dog's "Chewy Vuiton" marks are a successful parody, we conclude that they will not blur the distinctiveness of the famous mark as a unique identifier of its source.

It is important to note, however, that this might not be true if the parody is so similar to the famous mark that it likely could be construed as actual use of the famous mark itself. Factor (i) directs an inquiry into the "degree of similarity between the junior mark and the famous mark." If Haute Diggity Dog used the actual marks of LVM (as a parody or otherwise), it could dilute LVM's marks by blurring, regardless of whether Haute Diggity Dog's use was confusingly similar, whether it was in competition with LVM, or whether LVM sustained actual injury. Thus, the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under the TDRA because the unauthorized use of the famous marks themselves on unrelated goods might diminish the capacity of these trademarks to distinctively identify a single source. This is true even though a consumer would be unlikely to confuse the manufacturer of KODAK film with the hypothetical producer of KODAK pianos.

But in this case, Haute Diggity Dog mimicked the famous marks; it did not come so close to them as to destroy the success of its parody and, more importantly, to diminish the LVM marks' capacity to identify a single source. Haute Diggity Dog designed a pet chew toy to imitate and suggest, but not use, the marks of a high-fashion LOUIS VUITTON handbag. It used "Chewy Vuiton" to mimic "LOUIS VUITTON"; it used "CV" to mimic "LV"; and it adopted imperfectly the items of LVM's designs. We conclude that these uses by Haute Diggity Dog were not so similar as to be likely to impair the distinctiveness of LVM's famous marks.

B

LVM's claim for dilution by tarnishment does not require an extended discussion. To establish its claim for dilution by tarnishment, LVM must show, in lieu of blurring, that Haute Diggity Dog's use of the "Chewy Vuitton" mark on dog toys harms the reputation of the LOUIS VUITTON mark and LVM's other marks. LVM argues that the possibility that a dog could choke on a "Chewy Vuitton" toy causes this harm. LVM has, however, provided no record support for its assertion. It relies only on speculation about whether a dog could choke on the chew toys and a logical concession that a \$10 dog toy made in China was of "inferior quality" to the \$1190 LOUIS VUITTON handbag. There is no record support, however, that any dog has choked on a pet chew toy, such as a "Chewy Vuitton" toy, or that there is any basis from which to conclude that a dog would likely choke on such a toy.

We agree with the district court that LVM failed to demonstrate a claim for dilution by tarnishment.

Louis Vuitton Malletier v. Warner Bros.**868 F. Supp. 2d 172 (S.D.N.Y. 2012)**

On December 22, 2011, Louis Vuitton Malletier, S.A. ("Louis Vuitton") filed a complaint against Warner Bros. Entertainment Inc. ("Warner Bros."), focusing on Warner Bros.' use of a travel bag in the film *The Hangover: Part II* that allegedly infringes upon Louis Vuitton's trademarks. Plaintiff's complaint asserts three claims for relief: (1) false designation of origin/unfair competition in violation of § 43(a) of the Lanham Act; (2) common law unfair competition; and (3) trademark dilution in violation N.Y. Gen. Bus. Law 360-l. On March 14, 2012, defendant filed a motion to dismiss the complaint with prejudice for failure to state a claim upon which relief can be granted pursuant to Fed.R.Civ.P. 12(b). The court has fully considered the parties' arguments, and for the reasons set forth below, defendant's motion is granted.

BACKGROUND

Louis Vuitton is one of the premier luxury fashion houses in the world, renowned for, among other things, its high-quality luggage, trunks, and handbags. Louis Vuitton's principle trademark is the highly-distinctive and famous Toile Monogram. Registered in 1932, this trademark, along with its component marks (collectively, the "LVM Marks"), are famous, distinctive, and incontestable.

Louis Vuitton has invested millions of dollars and decades of time and effort to create a global recognition that causes consumers to associate the LVM Marks with high-quality, luxury goods emanating exclusively from Louis Vuitton.

Warner Bros. is one of the oldest and most respected producers of motion pictures and television shows in the country and the world. In the summer of 2011, Warner Bros. released *The Hangover: Part II* (“the Film”), the sequel to the 2009 hit bachelor-party-gone-awry-comedy *The Hangover*. The Film has grossed roughly \$580 million globally as of the date of the Complaint, becoming the highest-gross R-rated comedy of all time and one of the highest grossing movies in 2011.

Diophy is a company that creates products which use a monogram design that is a knock-off of the famous Toile Monogram (the “Knock-Off Monogram Design”). The Diophy products bearing the Knock-Off Monogram Design have been extensively distributed throughout the United States, causing enormous harm to Louis Vuitton. Despite the inferior quality of Diophy’s products, demand for its products bearing the Knock-Off Monogram Design remains high because they are far less expensive than genuine Louis Vuitton products.

A. The Airport Scene

As alleged in the complaint, in one early scene in the Film the “four main characters in Los Angeles International Airport before a flight to Thailand for the character Stu’s bachelor party and wedding.” “[A]s the characters are walking through the airport, a porter is pushing on a dolly what appears to be Louis Vuitton trunks, some hard-sided luggage, and two Louis Vuitton Keepall travel bags.”) Alan, one of the characters, is carrying what appears to be a matching over-the-shoulder Louis Vuitton “Keepall” bag, but it is actually an infringing Diophy bag.¹ Moments later, Alan is seen sitting on a bench in the airport lounge and places his bag (i.e., the Diophy bag) on the empty seat next to him. Stu, who is sitting in the chair to the other side of the bag, moves the bag so that Teddy, Stu’s future brother-in-law, can sit down between him and Alan. (Id.) Alan reacts by saying: “Careful that is ... that is a Lewis Vuitton.” No other reference to Louis Vuitton or the Diophy bag is made after this point.



Still from *The Hangover: part II*

After the movie was released in theaters, Louis Vuitton sent Warner Bros. a cease and desist letter noting its objection to the use of the Diophy bag in the Film. Despite being informed of its objection, on December 6, 2011, Warner Bros. released the Film in the United States on DVD and Blu-Ray. The complaint alleges that “many consumers believed the Diophy [b]ag” used in the Film “was, in fact, a genuine Louis Vuitton,” and that Louis Vuitton consented to Warner Bros.’ “misrepresentation” that the Diophy bag was a genuine Louis

¹Warner Bros. does not dispute for the purposes of this motion that Louis Vuitton’s representations with respect to the source of the bag are accurate.

Vuitton product. Louis Vuitton claims that its harm has been “exacerbated by the prominent use of the aforementioned scenes and the LVM Marks in commercials and advertisements for the [F]ilm,” and that Alan’s “Lewis Vuitton” line has “become an oft-repeated and hallmark quote from the movie.” Louis Vuitton attaches to the complaint, as Exhibit E, what it claims are “[r]epresentative Internet references and blog excerpts” demonstrating that consumers mistakenly believe that the Diophy bag is a genuine Louis Vuitton bag.²

B. *The Present Motion*

It is instructive to consider what this case is about and what it is not. Louis Vuitton does not object to Warner Bros.’ unauthorized use of the LVM Marks or reference to the name Louis Vuitton in the Film. Nor does Louis Vuitton claim that Warner Bros. misled the public into believing that Louis Vuitton sponsored or was affiliated with the Film. Rather, Louis Vuitton contends that Warner Bros. impermissibly used a third-party’s bag that allegedly infringes on the LVM Marks. On the basis of Warner Bros.’ use of the allegedly infringing Diophy bag in the Film, Louis Vuitton asserts three causes of action: (1) false designation of origin/unfair competition in violation of 15 U.S.C. § 1125(a), (2) common law unfair competition,⁴ and (3) trademark dilution in violation of New York General Business Law § 360-1.

Warner Bros. now moves to dismiss the complaint in its entirety on the ground that its use of the Diophy bag in the Film is protected by the First Amendment under the framework established by *Rogers v. Grimaldi*.

Rogers: 875 F.2d 994 (2d Cir.1989)

DISCUSSION ...

1. *First Amendment*

In *Rogers*, the Second Circuit held that the Lanham Act is inapplicable to “artistic works” as long as the defendant’s use of the mark is (1) “artistically relevant” to the work and (2) not “explicitly misleading” as to the source or content of the work. Louis Vuitton does not dispute that Warner Bros.’ challenged use of the mark is noncommercial, placing it firmly within the purview of an “artistic work” under *Rogers*. *a. Artistic Relevance*

²Although the Court takes as true the allegations of the complaint, none of the Internet references and blog excerpts attached to the complaint in Exhibit E show that anyone is confused or mistaken into believing that the Diophy bag was a real Louis Vuitton bag. In one blog post, a commenter notes that the luggage on the cart is real, but the bag carried by Alan is a “replica.” Although a few other posts and comments refer to the bags generally as Louis Vuitton bags, no one else specifically writes about Alan’s bag, let alone its authenticity.

⁴The standards for § 43(a) claims of the Lanham Act and common law unfair competition claims are almost indistinguishable.

The threshold for “artistic relevance” is purposely low and will be satisfied unless the use has no artistic relevance to the underlying work whatsoever. The artistic relevance prong ensures that the defendant intended an artistic – i.e., noncommercial – association with the plaintiff’s mark, as opposed to one in which the defendant intends to associate with the mark to exploit the mark’s popularity and good will. See *Rogers* (finding that the defendant satisfied the artistic relevance prong where its use of the trademark was “not arbitrarily chosen just to exploit the publicity value of [the plaintiffs’ mark] but instead ha[d] genuine relevance to the film’s story”).

Warner Bros.’ use of the Diophy bag meets this low threshold. Alan’s terse remark to Teddy to “[be] [c]areful” because his bag “is a Louis Vuitton” comes across as snobbish only because the public signifies Louis Vuitton – to which the Diophy 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.

Louis Vuitton contends that the Court cannot determine that the use of the Diophy bag was artistically relevant until after discovery. Specifically, Louis Vuitton maintains that it should be able to review the script and depose the Film’s creators to determine whether Warner Bros. intended to use an authentic Louis Vuitton bag or Diophy’s knock-off bag. However, the significance of the airport scene relies on Alan’s bag – authentic or not – looking like a Louis Vuitton bag. Louis Vuitton does not dispute this was Warner Bros.’ intention, and therefore the discovery it seeks is irrelevant. The Court is satisfied that Warner Bros.’ use of the Diophy bag (whether intentional or inadvertent) was intended to create an artistic association with Louis Vuitton, and there is no indication that its use was commercially motivated. ¹¹

¹¹For this reason, the present case is distinguishable from the cases cited by Louis Vuitton. In those cases, the court disbelieved the defendant’s claim that a communicative message was intended and/or expressed concern that the mark’s use was commercially motivated. See *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, (D. Minn. 1998) (defendant movie producers’ position was that their proposed movie title [Ed: *Dairy Queens*] was not “designed to evoke or even suggest any relationship at all to [plaintiff’s] trademarked name or any of its products”); *Sherwood 48 Assocs. v. Sony Corp. of Am.*, 76 Fed. Appx. 389, 392 (2d Cir. 2003) (plaintiffs alleged that the defendant altered the plaintiffs’ marks “to generate revenue for their film,” and the defendant had not pled that the alteration had “at least some artistic relevance in order to assert a valid First Amendment defense” [Ed: the producers of the movie *Spider-Man* digitally altered the exterior of three

Accordingly, the Court concludes that the use of the Diophy bag has some artistic relevance to the plot of the Film.

b. Explicitly Misleading

Since using the Diophy bag has some relevance to the Film, Warner Bros.' use of it is unprotected only if it explicitly misleads as to the source or the content of the work. The relevant question is whether the defendant's use of the mark is misleading in the sense that it induces members of the public to believe the work] was prepared or otherwise authorized by the plaintiff. Only a particularly compelling finding of likelihood of confusion can overcome the First Amendment interests.

Rogers and the cases adopting its holding have consistently framed the applicable standard in terms of confusion as to the defendant's artistic work. *See Rogers* ("The title 'Ginger and Fred' contains no explicit indication that Rogers endorsed the [defendant's] film or had a role in producing it.").

It is not a coincidence that courts frame the confusion in relation to the defendant's artistic work, and not to someone else's. This narrow construction of the Lanham Act accommodates the public's interest in free expression by restricting its application to those situations that present the greatest risk of consumer confusion: namely, when trademarks are used to dupe consumers into buying a product they mistakenly believe is sponsored by the trademark owner. When this concern is present it will generally outweigh the public's interest in free expression. However, if a trademark is not used, in any direct sense, to designate the source or sponsorship of the defendant's work, then "the consumer interest in avoiding deception is too slight to warrant application of the Lanham Act.

Here, the complaint alleges two distinct theories of confusion: (1) that consumers will be confused into believing that the Diophy bag is really a genuine Louis Vuitton bag; and (2) that Louis Vuitton approved the use of the Diophy bag in the Film. However, even drawing all reasonable inferences in the light most favorable to Louis Vuitton, as the Court is required to do, neither of these allegations involves confusion as to Warner Bros.' artistic work. Specifically, Louis Vuitton does not allege that Warner Bros. used the Diophy bag in order to mislead consumers into believing that Louis Vuitton produced or endorsed the Film. Therefore, the complaint fails to even allege the

buildings in a scene filmed in New York's Times Square.); *Parks v. LaFace Records*, 329 F.3d 437, (6th Cir 2003) (finding that "reasonable persons could conclude that there is no relationship of any kind between Rosa Parks's name and the content of the song [Ed: "Rosa Parks" by OutKast]," and noting that the "marketing power" of the song's title "unquestionably enhanced the song's potential sale to the consuming public").

type of confusion that could potentially overcome the *Rogers* protection.

Even if the Court assumes, *arguendo*, that Louis Vuitton has stated a cognizable claim of confusion, its claim would fail anyway. The Second Circuit in *Rogers* emphasized that when First Amendment values are involved, courts should narrowly construe the Lanham Act and weigh the public interest in free expression against the public interest in avoiding customer confusion. As such, where an expressive work is alleged to infringe a trademark, the likelihood of confusion must be particularly compelling.

The Court concludes that Louis Vuitton's allegations of confusion are not plausible, let alone "particularly compelling." First, it is highly unlikely that an appreciable number of people watching the Film would even notice that Alan's bag is a knock-off. *Cf.* . ?? (no confusion of plaintiff sponsoring defendant's film where "it would be difficult for even a keen observer to pick out [plaintiff's] trademark" since "it appears in the background of the scene" and "occupies only a minute fraction [of] the frame for three segments lasting approximately three seconds each"). In this regard, Louis Vuitton is trying to have it both ways: arguing that the Diophy bags are so similar as to create consumer confusion but at the same time so obviously dissimilar that someone watching the Film would notice the slightly different symbols used on the Diophy bag. Yet, the Diophy bag appears on screen for no more than a few seconds at a time and for less than thirty seconds in total, and when it is on screen, it is usually in the background, out of focus, or partially obscured by other things. Like the appearance of the plaintiff's mark in ??, the Court finds that the difference between the authentic and knock-off bag is so difficult to even notice, that a claim of confusion under the Lanham Act is simply not plausible. 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. However, this assumes that the fictional Alan character knew that his bag was a knock-off; otherwise, he would simply be (innocently) misinformed about the origin of his bag. For these reasons, the Court concludes that the likelihood of confusion is at best minimal, and when balanced against the First Amendment concerns implicated here, it is not nearly significant enough to be considered particularly compelling.

Louis Vuitton maintains that the *Rogers* test cannot be assessed

on a motion to dismiss. The Court disagrees. Although many courts have considered the Rogers test on a summary judgment motion, not on a motion to dismiss, the circuit has never stated that a court cannot properly apply the *Rogers* test (or the likelihood of confusion factors) on a motion to dismiss. In fact, the Second Circuit has suggested that it would be appropriate where the court is satisfied that the products or marks are so dissimilar that no question of fact is presented. In the context of a motion to dismiss, courts have disposed of trademark claims where simply looking at the work itself, and the context in which it appears, demonstrates how implausible it is that a viewer will be confused into believing that the plaintiff endorsed the defendant's work (and without relying on the likelihood of confusion factors to do so). *See, e.g., Stewart Surfboards, Inc. v. Disney Book Group, LLC* (no likelihood of confusion that readers would believe that plaintiff surfboard manufacturer endorsed a Hannah Montana book because one of its surfboards appeared on the back cover); ?? (no likelihood of confusion that viewers would believe plaintiff pinball machine owner endorsed the movie "What Women Want" because it appeared in the background of a few scenes); *Burnett v. Twentieth Century Fox Film Corp.* (no likelihood of confusion that viewers would believe plaintiff Carol Burnett endorsed a Family Guy sketch making fun of her); *cf. Wham-O, Inc. v. Paramount Pictures Corp.* (denying preliminary injunction without discovery where no likelihood of confusion that viewers would believe that plaintiff maker of the Slip 'N Slide endorsed the movie "Dickie Roberts: Former Child Star" because the protagonist (mis)used the toy water slide in one scene of the movie).

Here, there is no likelihood of confusion that viewers would believe that the Diophy bag is a real Louis Vuitton bag just because a fictional character made this claim in the context of a fictional movie. Neither is there a likelihood of confusion that this statement would cause viewers to believe that Louis Vuitton approved of Warner Bros.' use of the Diophy bag. In a case such as this one, no amount of discovery will tilt the scales in favor of the mark holder at the expense of the public's right to free expression.

Therefore, even assuming, *arguendo*, that Louis Vuitton could state a cognizable claim of confusion, Warner Bros.' use of the Diophy bag is protected under Rogers because it has some artistic relevance to the Film and is not explicitly misleading.

5 Miscellaneous

Lanham Act

Stewart Surfboards: No. 10-cv-2982, slip. op. (C.D. Cal. May 11, 2011)

Burnett: 491 F.Supp.2d 962 (C.D. Cal. 2007)

Wham-O: 286 F. Supp. 2d 1254 (N.D. Cal. 2003)

§ 32

... innocent infringement by printers and publishers

- (2) Notwithstanding any other provision of this chapter, the remedies given to the owner of a right ... of this title shall be limited as follows:
 - (A) 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.
 - (B) 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 the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

Trademark Defenses Lightning Round

Do the following uses qualify for any trademark defenses? For your reference, the relevant marks are LITTLE LEAGUE for children's sports; FORD for cars; 7-11 for groceries; FEDEX for delivery services; GOT MILK for milk; MARLBORO for cigarettes; LISTERINE for mouthwash; M&MS for chocolate candy, and the angry monkey design for an "on-line retailer store featuring clothing, namely, patches, t-shirts, hats, bags and pouches and tactical gear." It may help to note that "I wish I knew how to quit you" is a line of dialogue from *Brokeback Mountain*, and observe that black text on the white portion of Target bottle of mouthwash reads "Compare to FRESH-BURST® LISTERINE®." (Hint: it never hurts to start by articulating the applicable theory or theories of infringement against which a defense is needed.)

CHRISTIAN LITTLE LEAGUE

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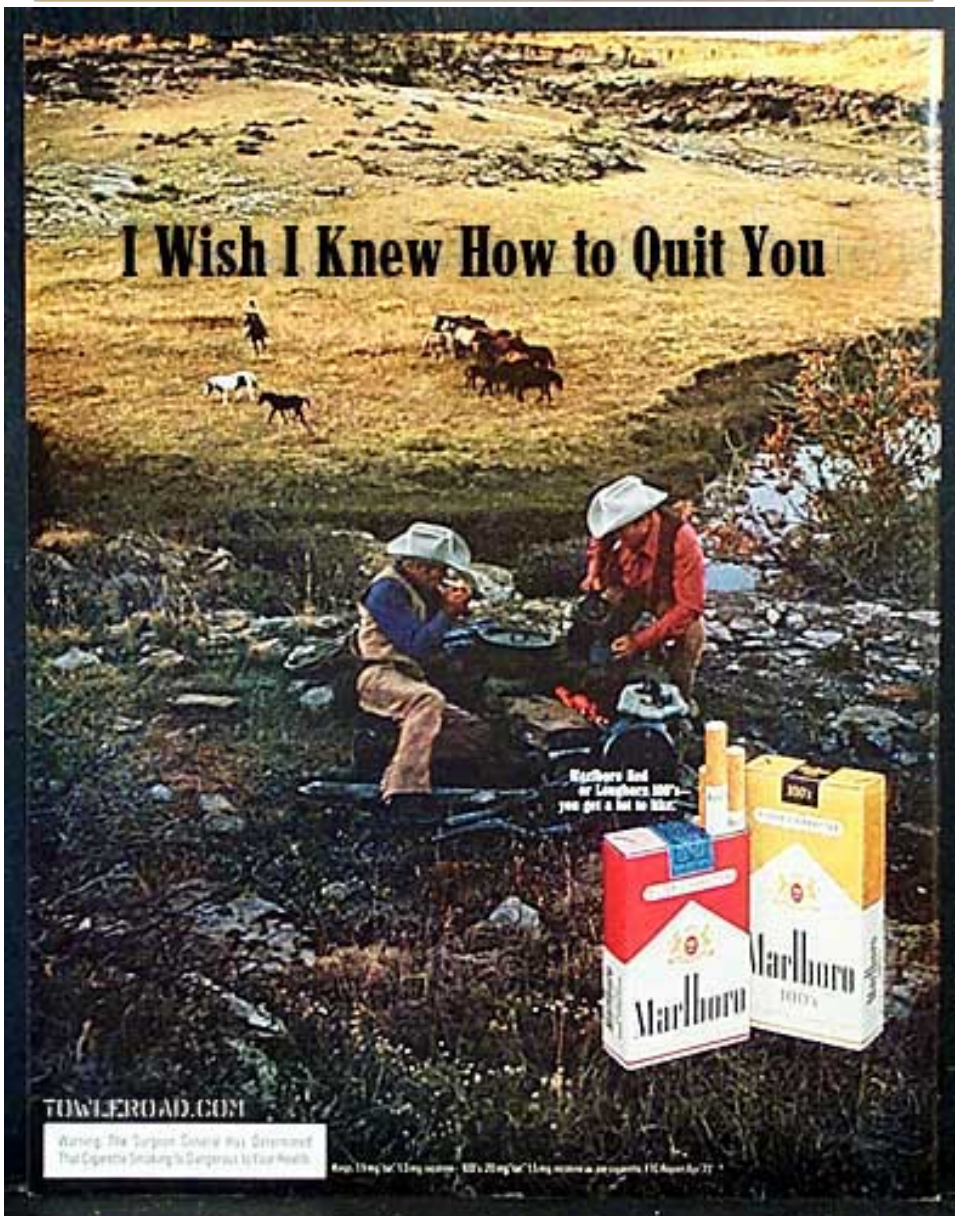
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G Other Identifier Registries

One of the core concepts of trademark law – a registry that assigns exclusive rights in names or other identifiers – shows up in some other contexts, as well. In each case, query what work if any trademark law is doing and what lessons if any trademark law can teach.

1 Phone Numbers

Holiday Inns, Inc. v. 800 Reservation, Inc. 86 F.3d 619 (6th Cir. 1996)

Holiday Inns, Inc., filed this Lanham Act suit against the defendants, alleging unfair competition and infringement of its trademark telephone number, 1-800-HOLIDAY, known as a “vanity number.” Since 1952, Holiday Inns has operated an international chain of hotels through both franchise agreements and on its own, utilizing the name “Holiday Inn.” Holiday Inns, Inc. owns registration in the United States Patent and Trademark Office for several service marks, including the “Holiday Inn” mark, which was registered in 1954. Holiday Inns has invested a great deal of time, money, and effort to increase the traveling public’s awareness of its 1-800-HOLIDAY phone number, which can be dialed to secure reservations or to obtain information about lodging facilities. According to the vice president of Holiday Inns’s marketing, the company’s vanity number is included in virtually all of its extensive media, print, and radio advertisements. The telephone number is not, however, officially registered as a trademark.

The defendants, Call Management Systems, Inc. (a consulting firm that obtains and services 1-800 telephone numbers for businesses), 800 Reservations, Inc. (an agency that makes reservations for a number of hotel chains, including Holiday Inns), and Earthwinds Travel, Inc. (a travel agency) had secured the use and were engaged in using a telephone number that potential Holiday Inns customers frequently dial by mistake when they unintentionally substitute the number zero for the letter "O." That number, 1-800-405-4329, corresponds to the alphanumeric 1-800-H[zero]LIDAY, known in the trade as a "complementary number." It is referred to in this opinion as "the 405 number" to distinguish it from the Holiday Inns numeric, 1-800-465-4329.

Albert H. Montreuil, the 50% owner of Call Management, admitted that through his experience with Call Management and its 1-800 numbers, he became aware of the fact that consumers frequently misdial vanity numbers. The most common mistakes made by consumers occur when they dial the number "0" (zero) for the letter "O" and the number "1" (one) for the letter "I." Indeed, the phenomenon of misdialed vanity numbers is apparently so well known that businesses and hotel chains like the Marriott and Red Roof Inns, for example, subscribe to both their vanity and complementary numbers in order to ensure receiving calls from all their potential customers. Holiday Inns, however, neglected to take this precaution and did not reserve any complementary numbers.

When Montreuil discovered that numbers complementing 1-800-HOLIDAY had not been reserved, he decided, in May 1993, to reserve them for Call Management. In fact, Montreuil freely admitted during the preliminary injunction hearing that his "sole purpose" in choosing the 405 number was to intercept calls from misdialed customers who were attempting to reach Holiday Inns, and he acknowledged that his company reaped benefits in direct proportion to Holiday Inns's efforts at marketing 1-800-HOLIDAY for securing reservations.

The few courts that have addressed similar issues have agreed that telephone numbers may be protected as trademarks and that a competitor's use of a confusingly similar telephone number may be enjoined as both trademark infringement and unfair competition. See, e.g., *Dial-A-Mattress Franchise Corp. v. Page*. In *Dial-a-Mattress*, the plaintiff was the customer of record for the local telephone number 628-8737 in the various area codes of the New York metropolitan region. Dial-A-Mattress Franchise Corp. had advertised extensively its services and its phone number in the area with the phrase "DIAL-A-MATTRESS and drop the last 'S' for savings." The defendant, Page, obtained the right to use 1-800-628-8737 (or 1-800-MATTRES) and promoted his number as 1-800-MATTRESS.

The Second Circuit held that although the term "mattress" is a

Dial-a-Mattress: 880 F.2d 675 (2d Cir. 1989)

generic term generally not entitled to protection under trademark law, telephone numbers that correlate with generic terms may be entitled to protection. It further determined:

Defendant's use of the telephone number 1-800-628-8737 was confusingly similar to plaintiff's telephone number 628-8737 in those area code regions in which plaintiff solicited telephone orders, especially in view of defendant's identification of its number as 1-800-MATTRESS after plaintiff had promoted identification of its number as (area code)-MATTRES.

Despite Holiday Inns's reliance upon the *Dial-a-Mattress* decision, we find the instant case and the Second Circuit opinion clearly distinguishable. In *Dial-a-Mattress*, for example, the defendant intentionally promoted his vanity number and actively caused confusion; in our case, the defendants engaged in only minimal advertisement of their travel agency and never promoted a vanity number.

The defendants, on the other hand, cite cases which suggest that the active promotion of a deceptively similar vanity number is necessary before the trial court can conclude that unlawful infringement has occurred. In *American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp.*, for example, the defendant falsely advertised its airline reservation service as an airline company in the yellow pages and listed its company name as "A 1-800-A-M-E-R-I-C-A-N." In finding a Lanham Act violation, the court clarified that the defendant's "wrongful conduct lies in its misleading use of the 'Airline Companies' yellow-pages listing rather than its mere use of its telephone number [1-800-AMERICAN] as such." In other words, the court issued an injunction because the defendant's publicity efforts misled the public and not because the defendant activated a 1-800 number that appeared confusingly similar to the trademark, "American Airlines." See also *Murrin v. Midco Communications, Inc.* (granting a limited injunction forbidding the advertisement or use of the vanity number 1-800-LAWYER with "dial" or with any symbols resembling dots or hyphens between the letters "LAWYERS" but explicitly rejecting the argument that any use of the phone number 529-9377 – which spells "lawyers" on the telephone keypad – constitutes infringement upon Murrin's "Dial L.A.W.Y.E.R.S." service mark).

We conclude that although Holiday Inns owns trademark rights in its vanity number 1-800-HOLIDAY, it cannot claim such rights to the 405 number. It follows that the defendant, Call Management, is the rightful assignee of the telephone number 1-800-405-4329.

Diana Lock, Toll-Free Vanity Telephone Numbers: Structuring a Trademark Registration and Dispute Settlement Regime

American Airlines: 622 F.Supp. 673 (N.D. Ill. 1985)

Murrin: 726 F. Supp. 1195 (D. Minn. 1989)

87 Cal. L. Rev. 371 (1999)

In recent years, the demand for toll-free telephone numbers has skyrocketed. AT&T released the first 800 toll-free numbers for large businesses in 1967, and competitors followed after the breakup of the Bell System in 1984. The popularity of vanity numbers did not gain momentum until 1986, however, when the widespread use of vanity license plates in California prompted Pacific Bell to allow matching phone numbers. At the same time, changes in technology enabled companies to use one number on a nationwide basis. In 1993, the FCC ordered phone companies to make 800 numbers portable. Portability allows businesses to take their toll-free numbers with them when they switch carriers. With the advent of portability, the market for toll-free telephone numbers exploded. Today, over 90 percent of the 7.78 million possible combinations of 800 numbers are no longer available. About 6.3 million are working phone numbers, and the remainder are reserved, assigned, disconnected, or otherwise unavailable.

In March of 1996, the diminishing supply of 800 numbers precipitated the release of the toll-free 888 service access code (SAC) by long-distance carriers. The available numbers with an 888 SAC, in turn, quickly disappeared. Businesses and individuals snatched up approximately 400,000 numbers per month, causing the eight million available 888 numbers to become unavailable within two years. On April 5, 1998, the 877 SAC joined the pool of toll-free numbers. Due to the high demand for toll-free numbers, 877 numbers will remain available for less than two years before carriers introduce the 866 prefix, followed by the 855 SAC, and so on, to meet demand.

The release of the 888 and 877 numbers produced three principal problems that remain unresolved. First, businesses with 800 vanity numbers fear that competitors will reserve identical mnemonics in the new toll-free prefixes, and thereby cause consumer confusion and dilution of their trademarks. To prevent others from exploiting consumer confusion and free-riding on the goodwill established by their investments in the advertisement and promotion of 800 numbers, many businesses with vanity 800 numbers claimed a proprietary interest in corresponding 800 numbers and lobbied for a right of first refusal. The FCC responded to industry concerns by suppressing the use of 374,199 numbers with the 888 prefix pending a decision about treatment of corresponding numbers. The FCC recently conferred a right of first refusal on businesses for the set-aside vanity 888 numbers, but the agency conditioned the right on the active investment, advertisement, and use of the numbers. This prevents a business from hoarding a set-aside number merely to prevent use by competitors. Contrary to the FCC response to the 888 SAC, carriers will release all future toll-free numbers, including the 877 and 866 SACs, on a first-come, first-served basis. As a result, businesses that

For the FCC's reasoning, see *In the Matter of Toll Free Service Access Codes Fourth Report and Order*, 13 FCC Rcd. 9058 (1998). Among other things, the FCC also considered but rejected the use of lotteries and auctions to assign toll-free numbers.

use 800 vanity numbers and are unable to reserve equivalent numbers in the 877 and 866 SACs, will remain vulnerable to a threat of consumer confusion, free riding, and black-market brokers.

Second, a practical problem arose from the release of the 888 SAC that reflected the existence of actual consumer confusion. Businesses with 800 vanity numbers received a flood of wrong number calls. Because carriers bill the holders of toll-free numbers on a per-minute basis for incoming calls, in addition to a flat monthly fee, the calls were costly mistakes.

Jahn v. 1-800-Flowers.com, Inc.

284 F.3d 807 (7th Cir. 2002) (Easterbrook, J.)

When Madison Truck Brokers subscribed to an incoming-toll-free number in 1976, AT&T assigned it 800 356-9377 at random. Madison Truck Brokers and its successor Capitol Warehousing Corporation used the number in their transportation business until 1982, when they expanded into floral delivery. William Alexander thought that 800-FLOWERS would be the ideal toll-free number for a florist — and someone typing that sequence on a phone's keypad will reach 800 356-9377.

Alexander approached Curtis Jahn, the owner of Capitol Warehousing, with a proposal to test-market floral sales via the 800-FLOWERS number. Jahn and investors recruited by Alexander organized 800-Flowers, Inc. to explore the idea and, if events justified, to run a national flowers-by-phone business. Advertisements in New Orleans produced enough calls to encourage further exploration. (The record does not reveal how the venture separated the flower-related calls from truck-related calls, for every call to that number reached Capitol Warehousing's office.) After an infusion of additional capital and resolution of litigation brought by another corporation that claimed trademark rights to "800-FLOWERS" (though the rival lacked the phone number to go with the idea), the business was launched nationwide. At Jahn's request, AT&T transferred the phone number to 800-Flowers, which became the subscriber and paid all bills. In a move that he may now regret, Jahn took not only an equity stake in the new corporation but also a royalty interest in revenues derived from phone sales.

In this suit under the diversity jurisdiction, Jahn accuses 800-Flowers of failing to pay his full royalty under the 1986 agreement. Defendants responded that payment is illegal under a regulation forbidding the sale of phone numbers. The district court concluded that the royalty interest reflects at least in part the value of the 800-FLOWERS number. Given the district court's uncontested finding that Jahn's royalty interest represents the sale of a telephone number, we may assume that the 1982 and 1986 transactions would violate fed-

eral law if implemented today. The governing regulation provides:

- (a) As used in this section, hoarding is the acquisition by a toll free subscriber ... of more toll free numbers than the toll free subscriber intends to use for the provision of toll free service. The definition of hoarding also includes number brokering, which is the selling of a toll free number by a private entity for a fee.
- (1) Toll free subscribers shall not hoard toll free numbers.
 - (2) No person or entity shall acquire a toll free number for the purpose of selling the toll free number to another entity or to a person for a fee.
 - (3) Routing multiple toll free numbers to a single toll free subscriber will create a rebuttable presumption that the toll free subscriber is hoarding or brokering toll free numbers.

47 CFR § 52.107
Hoarding

The district court bypassed the question whether § 52.107 proscribes sales that occurred before its adoption. For reasons explained presently, the answer matters – and it is a simple “no.” Federal regulations do not, indeed cannot, apply retroactively unless Congress has authorized that step explicitly. No statute authorizes the fcc to adopt regulations with retroactive effect, and § 52.107 does not purport to affect transactions entered into before 1997. Defendants say that § 52.107 just restates prior law, but this position is untenable. Relevant prior law, from the phone companies’ tariffs, was that subscribers do not own telephone numbers assigned to them. This meant that the carriers could change numbers without liability to the subscribers. It did not mean that subscribers were forbidden to transact about whatever interests they enjoyed in the use of numbers currently assigned. Consider Internet domain names. These are rented by the year from administrators (one per top domain), yet there is a thriving market in these addresses. This is true of other leaseholds: a lessee does not own the premises but may transfer his possessory interest for whatever price the traffic will bear, unless the lease forbids assignments and subleases. A football team does not own its players but may trade their contracts. And broadcast licenses may be sold despite the mantra that the airwaves are a public resource. If broadcast licenses may be sold even though they are not “property” of the licensees, then telephone numbers could be sold until 1997 even though they, too, are not the subscribers’ property. Jahn could not have compelled AT&T to transfer the number to 800-Flowers, but it proved willing to do so, and no rule of federal law in force at the time prevented the firm from compensating Jahn for his assistance in securing this transfer.

2 Radio Callsigns

In re WSM, Inc.

225 U.S.P.Q. 883 (TTAB 1985)

WSM, Incorporated adopted the call letters “WSM” for its radio station in 1925 and claims use of “WSM” as a service mark for radio broadcasting services in interstate commerce since 1925. Its application to register the letters as a service mark was refused. The Examining Attorney concedes that the letters sought to be registered are used by applicant as a service mark, but takes the position that applicant is not the owner of the mark because the Federal Communications Commission (FCC) licenses applicant to broadcast, approves applicant’s call letters, and retains the power to revoke the license to broadcast along with the call letters used to identify the station. Thus under the Examining Attorney’s theory the applicant cannot control the use of the mark, and as such is not its owner. Applicant appealed when the refusal was made final.

The Examining Attorney has apparently misunderstood the nature of the relationship between the FCC and applicant. The FCC licenses applicant to broadcast from a specified geographic location on a specified frequency at a specified power during specified times. The FCC exercises its authority to “designate” call letters for licensed broadcasters by permitting the broadcasters to request whatever call letters they like. Prior to 1984 the requests were granted unless: (1) another station had the same call letters, (2) the requested call letters were not in good taste, or (3) the requested letters were phonetically and rhythmically similar to existing call letters of stations in the same area, so that the stations would likely be confused. Prior to 1984 the FCC administered a system whereby one licensed station could object to the approval of another station’s call letters, but only if both stations were to serve the same area. These disputes between broadcasters were resolved by the FCC. The interests of anyone who was not a broadcaster were never considered by the FCC.

In 1984 the FCC rules regarding call letter approval and conflicts were changed. The agency will now grant a request for particular call signs if the identical call sign is not already in use by someone else, and the FCC is no longer a forum for the resolution of disputes between stations. Section 73.3550(g) of the FCC Rules now provides as follows:

Applicants may request call signs of their choice if the combination is available. Objections to the assignment of requested call signs will not be entertained at the FCC. However, this does not hamper any party from asserting such rights as it may have under private law in some other

forum. Should it be determined by an appropriate forum that a station should not utilize a particular call sign, the initial assignment of a call sign will not serve as a bar to the making of a different assignment.

It is clear that the FCC is not the owner of the call letters used by the broadcasters which it regulates. The right to broadcast is what the agency licenses to broadcasters. The right to use the call letters is not licensed in a trademark sense. The FCC neither adopts nor uses call letters as service marks, so it does not own any such marks. Even prior to its new rules the agency did not assert ownership of call letters. It acted only as a third party to resolve disputes between the owners of the call letters, the broadcasters who actually use them.

The relationship between broadcasters and the FCC is analogous to other areas of commerce where businesses are regulated by government agencies. Pharmaceutical manufacturers, for example, operate under complex regulations established and administered by a federal agency. The right to market a particular drug is granted by the agency and may be withdrawn by the agency for particular health or safety reasons at any time. The ownership of the trademarks used to identify these goods is obtained by the manufacturers through adoption and use, just as with any other trademark or service mark. The fact that sales are regulated by the agency and the agency may withdraw the right to market the goods has no bearing on the manufacturers' ownership of, and right to register, these trademarks during the time while they are in lawful use. If and when the agency rules that a manufacturer may no longer sell a particular product, the use of the mark in connection with that product ceases. If that or a similar product is not sold again the manufacturer will no longer be able to maintain trademark rights with respect to that particular kind of product. As with any other goods or services, the rights in the marks are tied to use.

In the case at hand the applicant obtained whatever rights it has in its service mark by adopting it and using it to identify its broadcasting services. The FCC neither selected the mark for applicant nor used it to identify any services. While the agency may withdraw applicant's license to broadcast, it cannot, under its rules, unilaterally direct applicant to change its service mark or adopt another one. If the FCC withdraws the broadcast license and applicant is therefore unable to continue rendering broadcast services under the mark, the issue of abandonment of the mark would arise, but as long as applicant uses the mark to identify its services which are lawfully rendered in commerce, applicant is the owner of its service mark.

In summary, we hold that through the adoption and use of the service mark "WSM" the applicant is the owner of the mark within the

meaning of Section 1(a) of the Act and is therefore entitled to register it.

3 Business Names

Recall also *Galt House's* discussion of the trademark-priority effect of incorporating a business name, viz. absolutely nothing.

States regulate the *official names* of corporations, and other organizations, and they also regulate *assumed names* people use when they're in business under a name other than their own (also referred to as "doing business as" or "d/b/a"). Typically, both kinds of names must be registered; in fact, official names are part of the incorporation paperwork. In both cases there aren't many limits on the names that can be registered – but there are a few.

Model Business Corporation Act (2010)

§ 4.01(b)
Corporate Name

[A] corporate name must be distinguishable upon the records of the secretary of state from (1) the corporate name of a corporation incorporated or authorized to transact business in this state ...
cmt. 2 *Names That Are "Distinguishable upon the Records of the Secretary of State"*. –

The revision of the Model Act is based on the fundamental premise that its name provisions should only ensure that each corporation has a sufficiently distinctive name so that it may be distinguished from other corporations upon the records of the secretary of state. The general business corporation statute should not be a partial substitute for a general assumed name, unfair competition, or antifraud statute. As a result, the Model Act does not restrict the power of a corporation to adopt or use an assumed or fictitious name with the same freedom as an individual or impose a requirement that an "official" name not be "deceptively similar" to another corporate name (a requirement of earlier versions of the Model Act). Principles of unfair competition, not the business corporation act, provide the limits on the competitive use of similar names.

The phrase "distinguishable upon the records of the secretary of state" is drawn from section 102(a)(1) of the Delaware General Corporation Law. The principal justifications for requiring a distinguishable official name are (1) to prevent confusion within the secretary of state's office and the tax office and (2) to permit accuracy in naming and serving corporate defendants in litigation. Thus, confusion in an absolute or linguistic sense is the appropriate test under the Model Act, not the competitive relationship between the corporations, which is the test for fraud or unfair competition. The precise scope of "distinguishable upon the records of the secretary of state" is an appropriate subject of regulation by the office of secretary of state in order to ensure uniformity of administration. Corporate names

that differ only in the words used to indicate corporateness are generally not distinguishable. Thus, if ABC Corporation is in existence, the names “ABC Inc.,” “ABC Co.,” or “ABC Corp.” should not be viewed as distinguishable. Similarly, minor variations between names that are unlikely to be noticed, such as the substitution of a “,” for a “.” or the substitution of an Arabic numeral for a word, such as “2” for “Two,” or the substitution of a lower case letter for a capital, such as “d” for “D,” generally should not be viewed as being distinguishable.

The elimination of the “deceptively similar” requirement that appeared in earlier versions of the Model Act is based on the fact that the secretary of state does not generally police the unfair competitive use of names and, indeed, usually has no resources to do so. For example, assume that “ABC Corporation” operates a retail furniture store in Albany, New York, and another group wants to use the same name to engage in a business involving imports of textiles in New York City. An attempt to incorporate a second “ABC Corporation” (or a very close variant such as “ABC Corp.” or “ABC Inc.”) should be rejected because the names are not distinguishable upon the records of the secretary of state. If the second group uses a distinguishable official name, like “ABD Corporation,” it probably may lawfully assume the fictitious name “ABC Corporation” to import goods in New York City if it files the assumed name certificate required by New York law. In these situations, the secretary of state will usually not know in what business or in what geographical area “ABC Corporation” is active or what name ABD Corporation is actually using in its business; the secretary of state simply maintains an alphabetical list of “official” corporate names as they appear from corporate records and decides whether a proposed name is distinguishable from other “official names” by comparing the proposed name with those on the list. This assumes that there is either no assumed name statute or that if there is such a statute it requires only local filing in counties or, as in New York, a central filing which does not become part of the corporate records maintained by the secretary of state’s office. These assumptions are generally if not universally correct.

Harvard Business Services v. Coyle

1997 Del. Super. LEXIS 70 (1997)

Plaintiff is a corporation engaged in the business of incorporating companies and of acting as registered agent for such corporations. Harvard has sought a writ of mandamus from this Court to compel Defendants, the Director of the Division of Corporations and the Secretary of State, to accept for filing a restated certificate of incorporation of a corporation proposed by Harvard to be called “Bank Financial Services, Inc.”

Generally, the formation of banking companies is governed by

special statutes and such businesses are not permitted to incorporate under general incorporation acts. Notably, 8 Del. C. § 395 precludes the use of the word "trust" in the name of any corporation other than those regulated under the banking laws. At least one commentator has found it "curious" that there is no statutory prohibition on the use of the word "bank" similar to the "trust" prohibition.

The Secretary has an interest in furthering this general legislative goal of preventing misconceptions by the public about the functions of Delaware corporations. To further that goal, the Secretary has an interest in restricting the use of the word "bank."

Surely, if an incorporator attempted to incorporate in Delaware using obscene or libelous language in the proposed corporate name, the Secretary would have the discretion to refuse such a filing. Similarly, if a proposed corporation's name consisted of five hundred words, the Secretary would have the authority to refuse to accept the certificate of incorporation for filing if the overly lengthy corporate name would cause undue confusion or difficulty in administration. This discretion is not delineated in the statute, but seems implicit in the Secretary's duty to accept corporate filings.

This Court finds that although there is no explicit statutory restriction on the use of the word "bank" in the name of a corporation not in fact exercising banking powers, the Secretary does possess some limited, implied discretion when considering a proposed corporate name which includes the word "bank" but where that corporation cannot engage in the business of banking.

Cooper v. Goodman

65 Misc. 2d 939 (N.Y. Sup. Ct. 1971)

Petitioner offered for filing certificates of doing business under the names of 'The Brothel', 'The Garden of Erotic Pleasures', 'Theatre O', and 'Club Orgy'. Section 130 of the General Business Law requires that a person doing business under an assumed name must file a certificate designating the person conducting such business.

The County, Clerk refused to file said certificates because they would be employed for deceptive purposes indicating that some kind of illegal or otherwise obscene activity may be expected within the establishments so described.

Obviously, the assumed names on the certificates were adopted for the purpose of obtaining publicity, public attention, and curiosity with the expectation they would promote business for the establishments. In fact, they may invite the attention of the Police Department, which would cause the establishments to be under police surveillance. In such case the public would be protected from illegal activities.

The filing of a certificate does not imply governmental approval of the assumed name or of the business activity. The filing is statuto-

"The obvious purpose of the Fictitious Names Act is to protect persons giving credit in reliance on the assumed or fictitious name and to definitely establish the identity of the individuals owning the business for the information of those who might have dealings with the concern." *textitFremd v. Horne*, 1990 WL 362051 (Pa. Com. Pl. 1990)

rily required for the purpose of identifying the person operating the business under such assumed name.

It has not been shown that the assumed names are in contravention of any provision of law. While the names are distasteful, that is not a sufficient reason to deny their filing.

4 Ticker Symbols

Eric Levenson, Investors Buy Up Worthless Stock After Confusing It for an Actual Successful Company

The Atlantic

Shortly after Google announced its deal to acquire thermostat-maker Nest Labs for \$3.2 billion, shares of NEST started trading like gangbusters. Unfortunately, NEST is not the stock symbol for Nest Labs.

NEST actually represents the stock of Nestor Inc, an essentially bankrupt company that has seen almost no stock activity since selling off its assets in 2009. No one is quite sure why the stock is even still available to trade, but confused investors (or perhaps some unscrupulous ones) rushed to buy it up, mistakenly believing they were getting in on Google's Next Big Thing. Nestor's stock price went up 1900 percent for the day, and reached a high of 10 cents after years of trading for less than a penny a share. Economics blogger [Kid Dynamite](#) noticed the stark increase in trading, and posted this graph on his site. Notice the volatile rise after a long period of quiet.



Nestor stock price before and after Nest acquisition announcement

FINRA Uniform Practice Advisory # 39 -13 (Oct. 7, 2013)

On Friday, October 4, 2013, the Financial Industry Regulatory Authority, Inc. halted trading in the securities of Tweeter Home Entertainment Group (former OTC Symbol: TWTRQ). FINRA determined to impose a temporary halt because FINRA believed that trading in the TWTRQ security demonstrated a widespread misunderstanding related to the possible initial public offering of an unrelated security.

For the avoidance of further confusion, FINRA has determined to effect a symbol change for the common stock of Tweeter Home Entertainment Group. Members hereby are advised that the symbol for Tweeter Home Entertainment Group has been changed from TWTRQ to THEGQ and that quoting and trading in Tweeter Home Entertainment Group's securities will resume under the new symbol, THEGQ, effective October 8, 2013 at 9:30:00 a.m. E.T.

Twitter's IPO prospectus, which proposed the symbol TWTR, was dated October 3, 2013.

Central Parking Corp. v. Park One Inc.

No. Civ.A. 97-2638, 1997 WL 655925 (E.D. La. Oct. 20, 1997)

In July, 1997, Southern Parking System, Inc., a parking lot management services company, became Park One Incorporated. The selection of the name "Park One Incorporated" and the use of "pk1" as its symbol came as the result of an extensive name search. Numerous names were suggested; one name, "Trans Park," was eventually decided on and pursued until it was discovered that another company held a federal trademark on the name. The second efforts at a name search produced the "Park One Incorporated" name and the "pk1" logo, an abbreviation of the full length name. Prior to final selection, Park One's attorney did a trademark search to ascertain that the logo was not identical to nor too closely related to an existing trademark.

Central Parking Corporation is also engaged in parking management services. The letters "PK" designate Central's stock on the New York Stock Exchange; since October of 1995, Central has used the "PK" mark in its advertising and marketing to show the symbol under which its stock is traded. There is no evidence that Central has used this mark outside its reference as its NYSE symbol. Central has sued Park One for service mark infringement and seeks Park One's cessation of use of the "pk1" logo in its Motion for Preliminary Injunction.

By Central's own admission the letters "PK" were selected as the NYSE symbol because of its association with "parking" and because it was the closest combination of letters approximating the word. While Central argues that "PK" is a service mark, the evidence shows that "PK" designates its New York Stock Exchange listing and is not a service mark of the company. To the contrary, the "converging arrowhead" mark has been federally registered by Central and is the pervasive logo in its business. The "PK" mark tends to describe the services offered rather than to identify or distinguish a particular company.

Central's clients are typically savvy business people who require more than a logo before entering into complex and long term contracts. Thus, they are not likely to be confused by Park One's use of "pk1" while "PK" is the NYSE symbol for Central.

Exxon Corp. v. Xoil Energy Resources, Inc.
552 F. Supp. 1008 (S.D.N.Y. 1981)

EXXON is one of the world's larger business enterprises, engaged in virtually every aspect of the oil and gas business, from exploratory and developmental well drilling to refining and retail marketing. In 1972 plaintiff adopted the trade name "EXXON", a coined term first registered as a trademark in 1968.

XOIL Energy Resources, Inc. are in the business of providing interests in tax shelters related to exploratory and developmental oil and gas well drilling. Plaintiff claims that defendants' use of the name XOIL in connection with oil and gas (or energy) enterprises,

will cause irreparable harm because it will be likely to cause the public to confuse the name XOIL with EXXON.

The symbol "XON" is used by the various stock exchanges where Exxon securities are traded as a ticker symbol to designate those securities. Plaintiff contends that "XON" has come to identify goods (viz., stock and other securities) sold by, sponsored by or originating with the plaintiff, and is entitled to protection from marks or designations which are confusingly similar. Plaintiff also argues that defendants' securities are traded in the over-the-counter market, and that the symbols for defendants' securities, "XOIL" and "XPLR", will be confused with Exxon's ticker symbol "XON". In the absence of any evidence that the symbol "XON" is known at all outside of that small segment of the public which consists of the employees of stock exchanges, investment brokerage firms and their customers, and investment advisors and their advisees, I continue my examination of the degree of similarity of the ticker symbols "XON", "XOIL", and "XPLR" to their usage in the stock business.

The securities of at least six companies (other than plaintiff or defendants) traded on various exchanges or in the over-the-counter market are designated by symbols involving the letter "X". At least one of these companies is engaged in the oil business:

Company Name	Exchanges on Which Traded	Ticker Symbol
Excel Energy	Over-the-Counter	EXLL
Ex-Cello-Corp.	New York, Boston	XLO
Exolon Co.	Boston	EXL
XOMOX Corp.	Over-the-Counter	XOMX
XONICS, INC.	Philadelphia, American	XOX
Xtra Corp.	New York, Boston	XTR

For those who recognize and use such symbols, the addition, deletion or change of a single letter is obviously more than sufficient to enable those active in the securities field to differentiate between the various symbols. I also note that most of the symbols cannot be pronounced easily, and infer that they are used primarily in written communications, or are spelled out whenever spoken. Obviously these two forms of usage would tend to reduce the likelihood of confusion stemming from visual similarity.

"XPLOR" and "XOIL" are much more similar to plaintiff's marks aurally than visually. "Exxon", "XOIL", and "Xplor" all commence with an "X" or "ex" sound: "X" and "ex" are phonetically indistinguishable. "Exxon" and "Xplor" are also easily distinguishable when heard. While there is a degree of aural similarity between "XOIL" on the one hand, and "Exxon" on the other, the nature of defendants' business is such that every transaction involves, at some point, a written instrument. There could not be, under such circumstances, such reliance on the sounding of the name "XOIL" as to make aural simi-

larity an important factor.

The symbol "XON" is used in the securities markets to identify securities of the plaintiff. Plaintiff did not create this symbol, nor has it registered or promoted this symbol as a trademark. No products other than securities are identified by this symbol. Nor has any evidence been introduced that plaintiff itself uses this mark on securities when it sells them. Thus unlike the trademarks involved in this case, the symbol "XON" is not owned by, used to sell products by, or even created by plaintiff. Furthermore, while the symbol "XON" has a well-established secondary meaning in the investment community, it has no significance outside that community, the size of which must be considered small in relation to the general population. I find the strength of the symbol "XON" to be quite strong in the investment community but so small as to be insignificant in the general population.

As to the ticker symbol "XON", the relevant public is accustomed to distinguishing ticker symbols one from another. In the context of the securities market and those who are active in that market, there are not such similarities between the symbol for plaintiff's securities ("XON") and the symbols for those of defendants ("XOIL" and "XPLR") as to lead to any confusion.

Quite apart from other infirmities in plaintiff's claims of infringement with respect to the ticker symbol "XON" there is a lack of proximity of product between the stocks and securities to which that symbol pertains and the securities of defendants with the symbol "XOIL". XOIL is a non-listed stock and trades in the over-the-counter market while Exxon stock is listed on the principal exchanges. Plaintiff's stock has sold in the \$70 per share range during this suit, while the price of defendants' XOIL stock has ranged from \$4 per share at issuance to \$16 per share. Since the securities of these two companies do not sell in the same price range or in the same markets, I conclude that they are not in close proximity.

Plaintiff argues that purchasers over-the-counter of XOIL Energy Resources, Inc. stock, at a relatively low price, do not partake of the sophistication of investors in limited partnerships. Plaintiff also suggests that those who invest in defendants' over-the-counter stock and in its limited partnerships may in fact be quite unsophisticated, and be directed to those investments by their brokers. I do not credit these arguments. A market is not rendered less sophisticated because business in that market is ordinarily transacted through brokers. To the contrary, the brokers render a market, if anything, more sophisticated: professional buyers are less likely to be subject to confusion.

858 F. Supp. 1028 (C.D. Cal. 1994)

Trading symbols are used within the securities business to identify a specific publicly traded security; in particular trading symbols play an important role in the technical execution of trading transactions on the floor of the NYSE.

Medtronic was founded in 1949. It manufactures and sells a variety of medical products, including cardiac pacemakers, artificial heart valves, cardiopulmonary products and interventional vascular products.

Since the early 1960s, Medtronic's securities have been publicly traded. At first they were traded over the counter. Then, beginning on February 5, 1971, Medtronic's securities were traded on NASDAQ under the trading symbol MDTR.

On November 21, 1977 Medtronic began the listing of its stock on the NYSE and its listing has remained there until the present time. All stocks listed on the NYSE are assigned a unique trading symbol which must comprise three or fewer letters. Since they were first listed on the NYSE, Medtronic's securities have been identified by the trading symbol MDT.

When a company is accepted for listing on the NYSE, it is asked to submit three alternative choices for a three letter trading symbol. If the requested symbol is available, the NYSE assigns it to the listing company. A trading symbol is not available if it is already in use by a listing company on either the NYSE or a number of other regional exchanges. Approximately two-thirds of the first choices for NYSE trading symbols are not available because they are already in use. The sole criterion used by the NYSE in assigning a trading symbol and the only ground on which a trading symbol will be denied is the availability of a symbol.

The parties do not dispute that Medtronic's motive for choosing the MDT trading symbol was to obtain a trading symbol as close as possible to its former NASDAQ trading symbol. The parties also do not dispute that the assignment of the MDT trading symbol to Medtronic was made in good faith, without any intent by either Medtronic or the NYSE to violate any trademark or trade name held by MDT Corp.

On July 1, 1988, MDT Corp. applied to list its publicly traded securities on the New York Stock Exchange and on August 5, 1988, the NYSE accepted MDT Corp.'s securities for listing. At that time, the NYSE informed MDT Corp. that its first choice for a trading symbol was not available because it was already being used to identify the stock of Medtronic.

Starting in February of 1989, MDT Corp. began attempts to convince Medtronic to change its NYSE trading symbol. Medtronic never agreed to MDT Corp.'s demands, and since March 1989 has

consistently and repeatedly expressed to MDT Corp. that it was unwilling to relinquish the MDT trading symbol. Similarly, since 1988, NYSE has consistently and repeatedly expressed to MDT Corp. that it would not change Medtronic's MDT trading symbol without Medtronic's consent.

In November 1977, when the MDT trading symbol was assigned to Medtronic by the NYSE, MDT Corp. was not publicly traded and was little known in the public securities industry. MDT Corp. did not go public until January 1987 when it listed its securities on NASDAQ under the trading symbol MDTC. That was ten years after the MDT trading symbol was assigned to Medtronic by the NYSE.

Until January 1987, MDT Corp. shares were never publicly traded, there 1032*1032 were no publicly available reports from brokerage or investment firms concerning trading in MDT Corp. shares, there were no third party listings or brokerage reports of trades of MDT Corp. shares, no trading symbol existed to identify MDT Corp. shares, and MDT Corp. did not participate as an issuer in the market for publicly traded securities.

Although MDT Corp. is the senior user of the MDT mark in the medical products field, Medtronic, not MDT Corp., is the senior user of the MDT mark within the context of the publicly traded securities market.

The doctrine of *Inwood Laboratories* requires that, to be liable for contributory infringement, a party must have actively "suggested, even if only by implication" the infringement. MDT Corp. has not argued, and indeed cannot argue, that either Medtronic or the NYSE has in any way suggested, or even implied, that anyone should use MDT the trading symbol as anything but a trading symbol. Instead, MDT Corp. appears to interpret *Inwood Laboratories* to impose an affirmative duty on innocent third party users of a mark to police the mark for its owner. No such duty exists.

Comments of James Angel on General Portability Filing available online (2007)

As both an empirical researcher in finance and a personal investor, I deal with stock exchange ticker symbols almost every day. I am pleased that the topic of ticker symbols has come up, because there is a need for improvements in the present system to prevent consumer confusion. Here are my comments on the exchange symbology plans. In brief:

- Just as with phone numbers, the rights to a particular ticker symbol should belong to the issuers, not the exchanges. Issuers generally expend considerable resources to associate their corporate brand image with a particular set of characters, and their

claims should prevail over the far weaker claims of any particular exchange.

- Changing ticker symbols cause investor confusion, leading to errors in both research and trading. Allowing issuers to keep their ticker symbols when they change exchanges will lead to fewer costly trading mistakes.
- Perpetual reservation of unused ticker symbols is a bad idea. Unused tickers should be available to any legitimate issuer seeking to use them on a first come, first served basis.

Introduction: Who owns the alphabet?

In the beginning, there was the stock ticker. Each exchange used its own symbology for the instruments it traded. A stock traded on multiple exchanges could have multiple tickers. Or the same ticker could mean different stocks on different exchanges. For example, AT&T (then known as American Bell) first traded on the Boston Exchange under the ticker symbol T in 1888. When AT&T listed on the NYSE, it used the ticker symbol ATT and did not use the single letter T on the NYSE until 1931.

This is still the international practice today. For example, the ticker symbol FUN on the NYSE represents Cedar Fair, L.P., a maker of amusement parks. The symbol FUN on the TSX in Toronto is Fun Technologies PLC. This creates a lot of fun for investors and researchers who deal with the stocks that are dually listed in the U.S. and Canada.

To deal with this confusion in the United States, Standard and Poor's came up with a standard alphabet-only system of U.S. ticker symbols which became the industry standard.

The NYSE, AMEX, and regional exchanges traditionally used one, two, or three character ticker symbols to identify stocks. The NASDAQ has traditionally used four or five character ticker symbols. When a firm switched its stock listing from the NASDAQ to the AMEX or NYSE, it would have to change its ticker symbol to a shorter ticker symbol. Likewise, when a stock moved from the NYSE or AMEX to the NASDAQ, it had to adopt a longer four or five character ticker symbol. However, when stocks switched from the AMEX to the NYSE they usually kept their shorter ticker symbol. Thus, there is a long precedent of firms keeping their ticker symbols when they switch exchanges.

Now NASDAQ wants to use shorter ticker symbols and its competitors don't want to let it. NASDAQ and its allies have proposed setting up a plan under the NMS rules to divvy up stock symbols among the exchanges. The NYSE and its allies have proposed a competing plan to keep the shorter ticker symbols all to themselves. This

brings up an interesting question: Who owns the alphabet, the exchanges or the issuers?

Issuers have the strongest claim to any particular ticker symbol.

The economic issues involved are very similar to those involved with trademarks. I am not now, nor have I ever been, an attorney, so I will not make a legal argument here. I will instead make an economic argument as to how the rights to a particular ticker symbol should be decided.

Trademark protection is quite broad and covers the use of such a trademark in many other applications. The same economic considerations that led society to create trademark protection can also be applied to the more limited case of who should have the right to a particular letter combination for use as a ticker symbol.

There are two issues here: First, should an issuer that moves its listing from one exchange to another exchange have the right to take its ticker symbol with it? Does the ticker symbol belong to the exchange or the firm? And second, should a group of exchanges, or anyone else for that matter, have an exclusive right to certain letter combinations even when those combinations are not in use? Is a one-, two-, or three- character ticker symbol such a unique signal of the AMEX, NYSE, and regional exchanges that they should be able to preclude NASDAQ-listed firms from using them? The proposed NMS plans give certain exchanges the right to reserve some symbols indefinitely even through they have no current plans to use them.

Companies often go to great efforts to come up with ticker symbols that appeal to investors. Sometimes ticker symbols reflect the name of the company (AAPL or IBM for example). Other ticker symbols have other associations with the issuer. Dynamic Materials, which is engaged in explosive metal working, has ticker symbol BOOM while Anheuser-Busch, the maker of Budweiser, uses ticker symbol BUD. Southwest Airlines started its operations at Love Field and thus uses the ticker LUV. The post- bankruptcy US Airways chose LCC to signify that it is a Low Cost Carrier. Oftentimes these symbols are seen as part of a firm's identity.

Corporations sometimes include their ticker symbols in their advertising campaigns as a way to alert their customers that their stock is publicly traded. When companies change their names, they often change their ticker symbols as well. Sometimes the firm's identity and ticker symbol have become so intertwined that the company changes its name to match its ticker. X was used for U.S. Steel long before it changed its name to USX.

Over time, investors tend to associate a particular ticker symbol far more with a particular company than with a particular exchange. Thus, in terms of reducing investors' search and transaction costs, it

makes sense to award the rights to a particular ticker symbol to the issuer that has been using the ticker symbol.

It also makes economic sense to expand the pool of potential ticker symbols for all issuers by giving all exchange-listed issuers full access to all combinations of ticker symbols from one to five characters. Ford Motor Company may well prefer the ticker FORD as it will cause less confusion to investors than F. This will allow issuers to pick tickers that better match the issuer to the symbol, thus reducing communication costs and search costs.

Thus, the claim of any particular exchange or group of exchanges to the entire class of shorter ticker symbols is quite weak. In general, listed companies have expended far more resources in associating a particular ticker symbol with their company than has anyone else. It thus makes sense to allow issuers to keep their ticker symbols if they choose to switch their listing from one market to another. There is no good reason why an Amex or NYSE-listed firm should not be able to keep its ticker symbol if it moves to NASDAQ. Likewise, there is no good reason why a NASDAQ-listed firm should not be able to keep its longer ticker if wants to move to the AMEX or NYSE.

Shorter ticker symbols should go to the more actively traded stocks, if they want them.

In any language, the most frequently used words are typically the shortest ones. This reduces the “cost” of using the language. Similarly, the shortest ticker symbols should be used for the most frequently traded securities, as shorter ticker symbols require less typing and may be easier to remember. This reduces the time it takes investors to type in ticker symbols and reduces the mental bandwidth needed to remember the tickers. Some of the most actively traded securities are NASDAQ listed, so economic efficiency would dictate that such actively-traded NASDAQ stocks could also be able to use shorter ticker symbols if they want them.

Traditionally, the exchanges used shorter ticker symbols for the larger and more actively traded stocks. T stands for ATT (“Telephone”) and F for Ford. Thus, shorter ticker symbols have a certain cachet associated with larger issues. However, the shorter ticker symbols are no longer exclusively used by the most actively traded shares. Barnes Group Inc., ticker symbol B, has a three-month average daily volume of only 384,863 shares.

Shorter ticker symbols can also lead to investor confusion as well. Automated news search engines that search for a stock symbol sometimes bring up numerous false hits when searching for shorter ticker symbols. Longer ticker symbols that are not recognized words yield fewer false hits. Googling the letters MSFT yields 7.3 million hits, most of which are relevant to Microsoft. Googling the letter A yields

7.3 billion hits, most of which have nothing to do with Agilent. Thus, some issuers will wisely choose to avoid shorter ticker symbols.

Ticker symbol portability is a good because it will reduce investor confusion.

Speaking as both an investor and researcher, I can attest that mutating ticker symbols can be a large source of confusion and costly investment mistakes. When a ticker symbol changes, data vendors do not always catch the change. I have personally run across many instances in which data vendors have proffered up incorrect charts or incorrect accounting information because of a missed symbol change. Reducing the number of ticker symbol changes will be a plus for investors, and will reduce costs to the legions of unsung heroes in the back offices who keep track of these things.

Ticker symbol portability will reduce the confusion to investors and researchers that comes from changing ticker symbols. This is similar to the rights to a particular telephone number. In the bad old days, a phone company (either landline or mobile) would assign a number to a customer. If a customer switched to another provider, the customer had to give up the old number and get a new number from the new provider. This was, to say the least, a nuisance. Now the practice is that customers can keep their phone numbers when they switch providers. This is in line with economic efficiency as it reduces the overall costs to the economy when everyone has to keep track of new phone numbers. It also enhances competition between phone companies. In the same manner, companies should be able to take their ticker symbols with them when they switch exchanges. This ticker symbol portability will result in fewer costs for issuers and investors.

As such, I don't think that NASDAQ's proposal for three-character portability goes far enough, and that such exchange ticker symbol portability should extend to one- and two- (as well as three-, four-, and five-) character tickers.

Exchanges should not be allowed to sit on unused symbols.

However, in order for trademarks to be recognized as intellectual property (in which case others are precluded others from using them), they generally need to be used. This makes economic sense because parking unused trademarks reduces the potential benefits to consumers and producers that would occur if someone else used the unused property. Thus, NASDAQ should not be allowed to park the symbol FORD if Ford Motor Company wanted to use it on another exchange. The features in both proposed plans that allow the exchanges to permanently reserve ticker symbols should not be approved.

Symbols should be allocated on a “first-come, first-served” basis.

If a ticker symbol is not in use, then it should be available to any legitimate issuer that wants to use it. Symbols should be available to issuers on a “first-come, first served” basis with a “Use it or lose it” feature.

An issuer wishing to use a symbol could request the symbol, and then would have a given length of time in which to actually use the symbol. Use of the symbol would include actually trading the security, or filing a listing application with an exchange, or a registration statement with the SEC in anticipation of trading on an exchange.

Some tickers should be off limits.

Although issuers should, in general, be able to choose any symbol they want, there are legitimate reasons why some tickers should not be issued.

One exception to the “first-come, first-served” principle would be for tickers that are so close to existing trademarks that allowing others to grab them would sow confusion among investors. Thus, it should not be permissible for someone other than Ford Motor Company to grab the ticker FORD.

Words that many people find offensive should not be used as ticker symbols. Thus, examples include ****, ****, ****, and <expletive deleted.>

Symbols that are too close to an existing symbol, either in meaning or on the keyboard, could also be precluded if common typos would cause traders to make more “fat fingers” mistakes. For example, it would not be a good idea to use both “FORM” and “FROM” as ticker symbols.

Abandoned tickers should be unavailable for a six-month waiting period to prevent confusion.

When a company abandons a desirable ticker, it is often recycled quickly. For example, when Chrysler was taken over by Daimler to become DaimlerChrysler, its ticker symbol C was in use for Citigroup within a few weeks. Many investors keep track of portfolios as lists of ticker symbols, and reassigned ticker symbols cause lots of headaches. I have personally experienced situations in which data vendors did not catch the switch, and supplied bad data to in the way of bad price charts, or worse yet, bad accounting data.

When a ticker symbol is abandoned, there should be a six-month waiting period before it can be reassigned. This will give investors time to adapt to the switch.

The Plan needs a dispute resolution mechanism.

There will be inevitable disputes that arise over the rights to various ticker symbols, and the Plan should come up with a method for resolving disputes. For example, one issuer may claim that it should have the rights to a particular ticker symbol as it has already trademarked that word. Or there may be a dispute as to whether a particular claimant has actually used a ticker symbol to retain rights to it. The dispute resolution mechanism of the plan should look at the facts and circumstances in each particular case.

Not to be confused with the Office of the Comptroller of the Currency.

The **National Market System Plan for the Selection and Reservation of Securities Symbols**, a/k/a the "Symbols Reservation System," is a joint agreement among fifteen national exchanges. It is operated by the Options Clearing Corporation. It allows for symbols of up to five characters. One-to-three character symbols are reserved for stocks traded on a national exchange; four-and-five character symbols can be used for any security or index. In general, symbols are portable between exchanges:

If an [exchange] lists a security or product that previously was listed on another [exchange], the New [exchange] shall have the rights to that symbol unless, in its discretion, it consents to the symbol being retained by the Former [exchange].

Each exchange may have up to 40 perpetual reservations and 3,000 temporary reservations – the symbol must be either used or released within two years. If an exchange stops using a symbol (i.e. because a company has merged or been delisted), it can retain the symbol for up to two years. As for reuse:

A symbol, nonetheless, may not be reused to identify a new security (other than the security that has been trading under such symbol) within 90 calendar days from the last day of its use to identify the old security, without the consent of the party that released the symbol. A party may not reuse (or consent to the reuse of) a symbol to identify a new security unless the party reasonably determines that such use would not cause investor confusion.

5 ISBNs

ISBN.org, FAQs: General Questions
Available at ISBN.org website

What is an ISBN?

The International Standard Book Number (ISBN) is a 13-digit number that uniquely identifies books and book-like products published internationally.

What is the purpose of an ISBN?

The purpose of the ISBN is to establish and identify one title or edition of a title from one specific publisher and is unique to that edition, allowing for more efficient marketing of products by booksellers, libraries, universities, wholesalers and distributors.

What is the format of the ISBN?

Every ISBN consists of thirteen digits and whenever it is printed it is preceded by the letters ISBN. The thirteen-digit number is divided into four parts of variable length, each part separated by a hyphen.

- Group or country identifier which identifies a national or geographic grouping of publishers;
- Publisher identifier which identifies a particular publisher within a group;
- Title identifier which identifies a particular title or edition of a title;
- Check digit is the single digit at the end of the ISBN which validates the ISBN.

What is the format of the new ISBN-13?

Every ISBN will consist of thirteen digits in 2007. The thirteen digit number is divided into five parts of variable length, each part separated by a hyphen.

- The current ISBN-13 will be prefixed by "978"
- Group or country identifier which identifies a national or geographic grouping of publishers;
- Publisher identifier which identifies a particular publisher within a group;
- Title identifier which identifies a particular title or edition of a title;
- Check digit is the single digit at the end of the ISBN which validates the ISBN.

Who can assign ISBNs to a publisher?

There are over 160 ISBN Agencies worldwide, and each ISBN Agency is appointed as the exclusive agent responsible for assigning ISBNs to publishers residing in their country or geographic territory. The United States ISBN Agency is the only source authorized to assign ISBNs to publishers supplying an address in the United States, U.S.

Virgin Islands, Guam and Puerto Rico and its database establishes the publisher of record associated with each prefix.

Once an ISBN publisher prefix and associated block of numbers has been assigned to a publisher by the ISBN Agency, the publisher can assign ISBNs to publications it holds publishing rights to. However, after the ISBN Agency assigns ISBNs to a publisher, that publisher cannot resell, re-assign, transfer, or split its list of ISBNs among other publishers. These guidelines have long been established to ensure the veracity, accuracy and continued utility of the international ISBN standard.

As defined by the ISO Standard, the ISBN publisher prefix (or "root" of the ISBN) identifies a single publisher. If a second publisher subsequently obtains an ISBN from the assigned publisher's block of ISBNs, there will be no change in the publisher of record for any ISBN in the block as originally assigned.

If you are a new publisher, you should apply for your own ISBN publisher prefix and plan to identify and circulate your books properly in the industry supply chain. You may encounter offers from other sources to purchase single ISBNs at special offer prices; you should be wary of purchasing from these sources for the reasons noted above. There are unauthorized re-sellers of ISBNs and this activity is a violation of the ISBN standard and of industry practice. A publisher with one of these re-assigned ISBNs will not be correctly identified as the publisher of record in Books In Print or any of the industry databases such as Barnes and Noble or Amazon or those of wholesalers such as Ingram. If you have questions, contact the US ISBN Agency for further advice.

6 License Plates

Nevada Administrative Code

Nev. Admin. Code § 482.320
Nomenclature used

1. The letter "O," the letter "I" and the letter "Q" must not be used alone but may be used with a combination of other letters and numbers if the combination does not create confusion between the letter "O" or "Q" and the number "0" or between the letter "I" and the number "1."
2. Only letters, numbers and spaces may be used on personalized prestige license plates. Letters, numbers and spaces may be used in any combination not prohibited by this section or NRS 482.3667.
3. A blank plate will not be issued.
5. No more than seven characters may be on any one personalized prestige license plate.

Which provisions of Nevada's vanity plate rules are constitutional given *Tam*, *??*, and *???*

6. No combination of letters, numbers or spaces is allowed if it:
 - (a) Creates confusion with any combination on other license plates.
 - (b) Expresses contempt, ridicule or superiority of: (1) Race; (2) Ethnic heritage; (3) Religion; or (4) Gender.
 - (c) Contains any connotation that is sexual, vulgar, derogatory, profane or obscene.
 - (d) Contains a direct or indirect reference to a (1) Drug or drug paraphernalia; or (2) Gang.
 - (e) Makes a defamatory reference to a person or group.
7. The person who first applies for a particular letter or number or combination of letters, numbers or spaces and pays the prescribed fee for registration and for the personalized prestige license plates has priority to receive plates with that particular letter or number or combination of letters, numbers or spaces once the application has been accepted by the Department.

Any letter or number or combination of letters, numbers or spaces which is available for issuance may be reserved for a period of 30 days after the date on which the applicant makes his or her reservation with the Department. If license plates are to be manufactured in a new format, the Director will extend the period of a reservation long enough to allow an applicant to receive plates in the new format.

Nev. Admin. Code § 482.340
Reservations

7 Domain Names

Trademark Manual of Examining Procedure

A mark comprised of an Internet domain name is registrable as a trademark or service mark only if it functions as an identifier of the source of goods or services. Portions of the uniform resource locator ("URL"), including the beginning, ("http://www.") and the top-level Internet domain name ("TLD") (e.g., ".com," ".org," ".edu,") function to indicate an address on the World Wide Web, and, therefore, generally serve no source-indicating function.

1209.03(m)
Domain Names

The TLD typically signifies the type of entity using the domain name. For example, the TLD ".com" signifies to the public that the user of the domain name constitutes a commercial entity, ".edu" signifies an educational institution, ".biz" signifies a business, and ".org" signifies a non-commercial organization. TLDs designated for types of entities using the TLDs must be treated as non-source-indicating. As the number of available TLDs is increased by the Internet Corporation for Assigned Names and Numbers ("ICANN"), or if the nature of

theDot: 101 USPQ2d 1062 (TTAB 2011)

new TLDs changes, the examining attorney must consider any potential source-indicating function of the TLD and introduce evidence as to the significance of the TLD. Cf. *In re theDot Commc'ns Network LLC* (finding “.music conveys the commercial impression of a top-level domain name similar to .com, .net, etc.,” and that consumers would understand it to be a TLD in the field of music based on the current marketing environment which included evidence of a concerted effort to obtain TLD status for .music).

Because TLDs generally serve no source-indicating function, their addition to an otherwise unregistrable mark typically cannot render it registrable. [Examples held generic included MATTRESS.COM, HOTELS.COM, LAWYERS.COM, PATENTS.COM, BLINDSAND-DRAPERY.COM, OFFICE.NET, and BONDS.COM.]

Only in rare instances will the addition of a TLD indicator to a descriptive term operate to create a distinctive mark. There is no bright-line, per se rule that the addition of a TLD to an otherwise descriptive mark will never, under any circumstances, operate to create a registrable mark. If the TLD is capable of indicating a source, the addition of the source-indicating TLD to an otherwise unregistrable mark may render it registrable.

Example: The addition of the TLD “.PETER” to CLOTHES to form the mark CLOTHES.PETER would create a registrable mark.

Philip Morris USA Inc. v. Computer Services, Inc.

No. D2017-0847 (WIPO 2017)

2. The Domain Name and Registrar

The disputed domain name <marlborosucks.com> is registered with GoDaddy.com, LLC (the “Registrar”).

4. Factual Background

The Complainant manufactures, markets and sells cigarettes in the United States, including cigarettes branded under its MARLBORO MARKS. Additionally, the Complainant has registered the domain name <marlboro.com> which resolves to the Complainant’s website which provides information regarding the Complainant, its products and special offers for age-verified smokers 21 years or older.

The Complainant recently learned of the existence of the disputed domain name as a result of having conducted a search of the Internet for domain names that, it believes, might infringe its rights in its mark MARLBORO MARKS.

The disputed domain name does not resolve to any website. Upon entering the name into a browser, the time period, within which a

connection to a web server must occur, subsequently simply times out with, as the Complainant experienced, the browser generating and displaying an error message stating: “This site can’t be reached” (or similar, depending upon the type of browser used, e.g., Firefox or Safari).

The Respondent contends that First Amendment considerations, under the US Constitution, may trump the Complainant’s trademark rights. Specifically, the Respondent cites to decisions of various US Federal Courts (*Bosley Medical Institute v. Kremer* [other citations omitted]) where in each case a domain name, which included a third-party mark, resolved to a website, commonly called a “gripe site”. The site, noncommercial in nature and established by a disgruntled customer, provided content critical of the products or services provided to that customer by the owner of the corresponding mark. Because the site merely provided critical commentary, in each instance the corresponding court did not view the use of the name as cybersquatting and upheld that use as a valid exercise of free speech under the First Amendment.

Bosley: 403 F.3d 672 (9th Cir. 2005)

The Respondent further states that he has not used the disputed domain name commercially and, as a result, the Complainant is unable to prove bad faith and accordingly the Complaint should be dismissed. He concludes by contending: “There is zero proof of cybersquatting or commercial use of the domain marlborosucks.com and this complaint should be thrown out immediately. ... I would like this case resolved immediately so that I can proceed with my plans for the domain”.

6. Discussion and Findings

A. Identical or Confusingly Similar

The Panel finds that the disputed domain name is confusingly similar to the Complainant’s mark MARLBORO MARKS.

The term “sucks” is a well-known pejorative descriptive word most often, in the Internet community, signifying or otherwise associated with sharp criticism. The Panel takes judicial notice of the fact that a domain name which contains the term “sucks” appended to a mark (e.g., in the form of (mark + sucks).gTLD), typified by the disputed domain name here, generally serves as a signal to an Internet viewer that a website accessed through such a name contains content highly critical, often caustic, in some fashion towards an owner of the mark and/or the goods or services which the owner provides.

Consequently, from a simple comparison of the name to the Complainant’s mark MARLBORO MARKS, no doubt exists that the disputed domain name is confusingly similar to the mark. The name <marlborosucks.com> consists of the term MARLBORO followed by

the well-known term “sucks”. The name also contains the generic Top-Level Domain (gTLD) “.com”. The addition of the gTLD is generally irrelevant in assessing confusing similarity or identity under paragraph 4(a)(i) of the Policy and thus ignored.

It has become very well-established in UDRP precedent, including numerous decisions previously rendered by this Panel, that a minor variation to a mark is usually insufficient in and of itself, when used in forming a domain name, particularly a Second-Level Domain (SLD), that results from modifying the mark, to confer requisite and sufficient distinctiveness to the resulting domain name to avoid a finding of confusing similarity. Here, the Respondent’s incorporation of the term “sucks” to form the SLD clearly constitutes such a minor variation and, as such, does not avoid a finding of confusing similarity. [Extensive string cite omitted.]

B. Rights or Legitimate Interests

Based on the evidence of record here, the Panel finds that no basis exists which would appear to support a claim of rights or legitimate interests by the Respondent to the disputed domain name under paragraph 4(c) of the Policy.

The Complainant has never authorized the Respondent to utilize any of the Complainant’s MARLBORO MARKS Marks and does not have any relationship, affiliation or connection whatsoever with the Respondent.

Further, the Respondent never did and does not now use nor has ever made any demonstrable preparations to use the disputed domain name to resolve to an operational website through which it does or will make *bona fide* offerings of any goods or services. Passively holding a domain name, which infringes the trademark rights of another, for nearly an 8 year period does not qualify, on any basis, as a *bona fide* offering of goods and services.

Moreover, the evidence of record clearly reflects that the Respondent is not commonly known by the disputed domain name or any of the Complainant’s MARLBORO Marks.

C. Registered and Used in Bad Faith

The Panel finds that the Respondent’s actions, with respect to the disputed domain name, constitute bad faith registration and use.

The Panel believes the Respondent was well aware of the Complainant and its mark MARLBORO, and the substantial reputation, goodwill and fame which that mark acquired and the exclusive rights which the Complainant held in its MARLBORO Marks when the Respondent registered the disputed domain name. Nevertheless, the Respondent held the name, without ever using it to resolve to an operational website, for a period now reaching nearly 8 years. Even

now, the Respondent merely states that it has “plans” to use the name without defining, with any degree of specificity whatsoever, what those plans are, and when and how they will be implemented. Such a vague assertion leads the Panel to believe that the Respondent has no concrete plans at all to ever use the name to resolve to an operational website and, during the course of holding the name for nearly 8 years, never did.

The disputed domain name, being a “sucks”-based name, could, under a proper set of circumstances, legitimately serve as an address of a noncommercial, operational website, e.g., a so-called gripe site, through which the Respondent posts content critical of the Complainant and/or its cigarette products offered under its mark MARLBORO. However, none of those circumstances has apparently ever existed here and certainly do not now exist. This is plainly evident as one absolutely crucial threshold requirement is glaringly absent: legitimate use. Apart from any illegitimate use, the Respondent has simply never used and does not now use the domain name at all. It merely passively holds the name and has done so for nearly 8 years.

Each of the federal cases which the Respondent cites for the proposition that free speech rights attach to a sucks-based domain name is not only clearly distinguishable from the present facts but is irrelevant to those facts simply because in each such case the name at issue was actually used by a defendant as an address of an operational noncommercial website providing critical comment, an aspect totally missing here. Specifically, in *Bosley*, a disgruntled customer registered and used a domain name incorporating plaintiff’s mark for a website detailing investigation against plaintiff and other information “highly critical” of plaintiff).

Thus, the Panel concludes that the Complainant has provided sufficient proof of its allegations, with respect to the disputed domain name, to establish a case under paragraph 4(a) of the Policy upon which the relief it now seeks can be granted.

7. Decision

Accordingly, under paragraphs 4(i) of the Policy and 15 of the Rules, the Panel grants the relief sought by the Complainant.

The disputed domain name, <marlborosucks.com>, is to be transferred to the Complainant.

Peter L. Michaelson Sole Panelist Date: June 15, 2017

8 Online Accounts

Twitter Rules

We reserve the right to reclaim usernames on behalf of businesses or individuals that hold legal claim or trademark on those usernames. Accounts using business names and/or logos to mislead others may be permanently suspended.

You may not engage in username squatting. Accounts that are inactive for more than six months may also be removed without further notice. Some of the factors we take into consideration when determining what conduct is considered to be username squatting are:

- the number of accounts created;
- creating accounts for the purpose of preventing others from using those account names;
- creating accounts for the purpose of selling those accounts; and
- using feeds of third-party content to update and maintain accounts under the names of those third parties.

Trademark policy

Using another's trademark in a manner that may mislead or confuse others about your brand affiliation may be a violation of our trademark policy.

Referencing another's trademark is not automatically a violation of Twitter's trademark policy. Examples include:

- Using a trademark in a way that is outside the scope of the trademark registration (e.g. territory, or goods and services identified in the registration).
- Nominative and other fair uses of trademarks are protected uses under our trademark policy, so long as the account is clearly distinguished from the trademark owner. This includes use by resellers in certain regions and accounts engaging in parody, commentary, or news.

Impersonation policy

Twitter accounts portraying another person in a confusing or deceptive manner may be permanently suspended under the Twitter impersonation policy.

An account will not be removed if:

- the user shares your name but has no other commonalities, or
- the profile clearly states it is not affiliated with or connected to any similarly-named individuals.

Accounts with similar usernames or that are similar in appearance (e.g. the same avatar image) are not automatically in violation of the impersonation policy. In order to be impersonation, the account must also portray another person in a misleading or deceptive manner.

Parody, commentary, and fan account policy

<https://support.twitter.com/articles/106373>

Users are allowed to create parody, newsfeed, commentary, and fan accounts on Twitter, provided that the accounts follow the requirements below.

- **Bio:** The bio should indicate that the user is not affiliated with the account subject by stating a word such as "parody," "fake," "fan," or "commentary," and be done so in a way that would be understood by the intended audience.
- **Account name:** The name should not be the exact name of the account subject without some other distinguishing word, such as "not," "fake," or "fan," and be done so in a way that would be understood by the intended audience.

9 Stage Names

Professional Name Policy Actors Equity, adopted 1986

The Association shall not enroll an applicant under a name, nor shall a member use a name which is the same as, or resembles (so closely as to tend to be confused with), the name of an existing enrolled member, except that an applicant may enroll under and use such name professionally upon proof of consent by the existing member, or a finding by the National Council that under the circumstances there is no likelihood of confusion, or that there are extenuating circumstances.

Administratively, the following procedures will be followed:

- If an applicant or member must change or alter his/her name to distinguish it from an existing member, he/she may change the first and/or last name completely or add a full middle name. (Note: The use of a middle initial under these circumstances is not acceptable.)
- If a member requests a Temporary Withdrawal/Suspended Payment inactive status, and if after (5) years he/she has not returned to active status with AEA, any claim to the sole use and possession which he/she may have to any name or names within the jurisdiction of Actors' Equity Association is hereby declared null and void.
- If a member loses or resigns membership for any reason, he/she may lose the exclusive right to the professional name.

Please note:

- All contracts, billings, programs and insurance cards must show your professional name as recorded with Actors' Equity Association.

- The use by a member of a name in violation of the above rules shall be an offense for which a member may be disciplined in accordance with the pertinent Constitution Article.

**David Fagundes, *Talk Derby to Me: Intellectual Property Norms
Governing Roller Derby Pseudonyms*
90 Tex. L. Rev. 1093 (2012)**

Nicknames are common in all sports, but contemporary women's roller derby has taken this to a new level by publicly identifying skaters almost exclusively by means of facetious pseudonyms called "derby names" or "skate names." An ideal derby name typically has three components: it sounds something like a real name (i.e., has a plausible first name-last name construction), it connects to derby in some meaningful way (i.e., it suggests that the skater is fierce, fast, or tough), and it creates some sense of an overall persona. L.A. Derby Dolls blocker Tara Armov furnishes an example of a derby "A-name." "Tara" is a standard woman's first name, while "Armov" is a plausible-sounding last name. The name also suggests that Tara is tough enough that she'll tear your arm off. And the vaguely Slavic overtones of her moniker suggest an Eastern Bloc motif that Tara plays up by using faux Cyrillic lettering on her helmet.

The practice of using pseudonyms has created a patchwork of derby names that are simultaneously fierce and funny. Derby names may refer to great actresses (Grace Killy, Sophia LoRenegade), not-so-great actresses (Gori Spelling), or miscreant heiresses (Paris Kill-ton).⁴⁸ Pseudonyms invoke ancient art (Venus de Maul'r) and pop culture (Killo Kitty) alike. Skaters name-check favorite bands (Joy Collision) or musicians both popular (Beonslay) and niche (Stiv Skator49). Multiple monikers may reference the same public figure (Kristi Yamagotcha, Kristi Imahootchie). Some names don't refer to people or things but are just amusing puns (Anne R. Kissed, Anna Notherthing). A skate name may refer back to derby itself (Helen Wheels, Axles of Evil). Names can emphasize a skater's fierceness (Eva Destruction, Anita Kill) or downplay it (Sparkle Plenty). Some derby sobri- quets could function easily as porn names (Tae Kwon Ho), a few are outright gynecological (Vulvarine), and still others are just gross (Emma Rhoids). Political events both happy (Paris Troika) and tragic (Blanche Davidian) may be invoked. A few require a bit of historical knowledge (Reyna Terror) or literary awareness (Penny Dreadful, Madame Ovary) to decode. Derby names may pay homage

⁴⁸The celebrities who are name-checked by derby girls have not, to my knowledge, complained about the unauthorized plays on their names. Tori Spelling has actually reached out to Gori Spelling and seems enthusiastic about having a derby doppelganger.

to the spirit of a place you love (Louise Ze Animal, Fleur de Lethal, Dumaine Attraction⁵⁰). Almost all skate names are in English, but some allude to phrases more familiar to foreign ears (Bette Noir, Fox Sake). Names chosen at the early dawn of derby's resurgence tended to be more abstract and conceptual (Suzy Snakeeyes, Tawdry Tempest), while a few are simply inscrutable (Lux, V. Lee). My personal favorite is Raven Seaward of the L.A. Derby Dolls, whose name was inspired by the television show *Arrested Development*.

Derby pseudonyms are at least as important to the skaters who adopt them as they are to the viewing public. First, nicknames serve a simple, trademark-like function of facilitating derby girls' notoriety to the viewing public by differentiating skaters from one another. Obviously, standard government names can serve this function as well, but derby names are often particularly good source identifiers because they are tied to aesthetic features that fill out distinct personas. And unlike real names (and standard trademarks), derby names also serve an identity-concealing function in that they can separate a competitor's derby persona from her real-life identity, obscuring the latter from derby fans and the world more generally. This is important for skaters who have professional careers (law, medicine) in which participating in derby as an extracurricular activity may be looked down on.⁶¹ Relatedly, made-up names can also decrease the chances that overzealous fans (or, more concerningly, stalkers) will be able to identify and track down skaters.

Second, skate names facilitate skaters' abilities to develop identities within the roller derby world. Many participants are drawn to derby because it provides a welcome contrast to the everyday grind and provides a space that permits them to explore aspects of their personalities that cannot find expression in their daily lives.

Finally, derby names are inextricably bound up with the sense of community that the sport provides for its participants. Once a skater secures a name, it's how other people in the derby world will refer to her in all settings – not only during bouts, but at practices, social events, and online – so much so that even teammates may not know one another's real names. You know you've left workaday life behind and entered the insular derby community (whether at a practice, a team dinner, or a night out at a bar) when people stop calling you "Jane Smith" and instead refer to you as "Sasha Haughtbich."

Even though derby names are theoretically unlimited, skaters frequently choose names that turn out to be identical (or very similar to) ones that other derby girls have thought of first. Countless skaters have likely thought of the outstanding name "Princess Slay-Ya," for

⁶¹One skater who works as a lawyer explained that when she appears in court, she doesn't want the judge imagining her in skates and fishnets.

example, but it was first used by (and thus exclusively belongs to, for reasons we shall shortly see) one of the Kansas City Roller Warriors. One might suppose that because derby comprises a basically decent community where people share common interests and make close friends, there would be no objections if other skaters decided to use names identical or very similar to preexisting ones.

Nope. However much derby may embody communal sharing norms in many respects, name usage represents a glaring exception. Derby girls react with anxiety and rancor to the discovery that others have sought to skate under names similar to theirs. Name repetition, and even similarity, triggers rage in skaters who feel they have superior rights in their derby aliases: “When you bite on someone’s style you look like a douche and so uncool. Just imagine finding out at 2:30am in a bar when you are not completely sober that the person you are talking to has an almost identical name as yours. SUPER ANNOYING.”

Derby girls care about maintaining the uniqueness of their aliases for three primary reasons. First, names in derby function as trademarks do in the commercial world: they ensure that skaters will not be confused with one another and that the viewing public can tell skaters apart. This is particularly true in the context of actual bouts, when announcers rely on derby names to relay action to spectators over a public-address system. As competition becomes increasingly interleague, the chances that two identically named skaters in leagues thousands of miles apart could skate against one another no longer seem so slim.

Second, and probably more importantly, though, skaters care about the uniqueness of their names despite their lack of discernible market value because skate names are a repository for the identities that skaters work so hard to create in a subculture that is profoundly important to them. Using a skater’s preexisting name – or even using a name very similar to a skater’s preexisting name – effects a dignitary harm on several levels. First, it may detract from the hard-earned social capital that a skater has built up within the derby world, even where the senior skater’s fame is sufficiently strong that no one is likely to confuse the junior skater with her. Second, overlapping name use violates one of the central tenets of the derby world, the “don’t be a douchebag rule,” so that not honoring the uniqueness of a preexisting skate name communicates disrespect in the same way as an intentional, if costless, trespass to land. Finally, names are typically a product of careful thought and effort, so that they express not just the holder’s identity, but also her cleverness. Having multiple skaters use the same sobriquet dilutes that sense of ingenuity by making it seem commonplace.

Third, the gravity with which name infringement is treated in

the derby world may seem puzzling because derby nicknames are theoretically infinite, so that overlap need only spur skaters to pick a new one from an inexhaustible commons. Many skaters contest whether derby names actually do comprise an inexhaustible commons. Newer roller girls in particular often complain that with existing names numbering in the five figures, it's often necessary to think of many possible nicknames before finding one that is unclaimed, so that newer skaters often have to settle for a sixth-choice skate name. Not all names are created equal. Even if there is an infinitude of possible names, only some of those names will suit a skater's personality and style, so that a world in which skate names must be unique may well cause a newer skater to experience a much lower chance of being able to claim a name that truly suits her.

The roller derby world has eschewed trademark and other IP law almost completely as a means of protecting skate names, turning instead to its own skater-created and -operated system of name regulation and registration.

As demand for names increased, and casual enforcement increasingly failed, derby name regulation godmother and former Women's Flat Track Derby Association president Hydra stepped in to create the ur-version of what has since become known as the Master Roster. The Master Roster began as a humble Excel spreadsheet that noted the same basic data about names that it still does today: a skater's derby name, the date that the name was entered on the Master Roster, and the skater's team affiliation. In early 2006, there were 2,585 registered names on the Master Roster, and the increasing pace of submission required the Roster's administrators to release an updated version of the spreadsheet every week. Soon after, the administrators released an online version of the Master Roster with a search algorithm that enabled skaters to evaluate whether their proposed name was similar to a preexisting one and even how close the proximity was. This new functionality and increased accessibility enhanced the efficiency of name registration significantly, and by late 2007, the number of registered names had already exceeded 10,000. This version of the Master Roster remains publicly available online.

Three core principles govern derby name regulation. First is a uniqueness requirement: only one skater can skate under a given name. The second instantiates the idea of priority: where two names are identical or excessively similar, the skater with the earlier claim to the name has the right to use it. The third creates elemental standards for resolving overlapping name conflicts: where two names are reasonably similar, the second skater must ask the first skater for permission to use the name. This permission must be in writing and submitted to the Master Roster's administrators in order to authenticate it. Names that are very similar to preexisting names but that

have been approved via written permission by the senior skater are listed on the Master Roster with the note “(cleared).”

The Master Roster’s name search feature allows users to determine the degrees of similarity between a proposed name and existing names, and this result strongly determines the likelihood that a name will be accepted or rejected. The derby name checker returns one of five results, alerting users that a proposed moniker’s degree of similarity to preexisting ones is either “very high,” “high,” “medium,” “low,” or “very low.” Names of very high similarity are “almost guaranteed to be rejected,” while names of very low similarity are likely to be accepted. For example, inputting the name “Nurse Wretched” into the name checker returns the result that the name is identical to a preexisting name (“Nurse Wretched”), of high similarity to another preexisting name (“Nurse Ratchet”), and of low similarity to yet another one (“Wretched”). This name would almost certainly be rejected by the Master Roster’s administrators. These results are advisory rather than dispositive, though: the administrators retain discretion over the acceptance and rejection of all proposed derby names, which is particularly salient in cases where a name has a nontrivial degree of similarity to a preexisting one.

The Master Roster’s substantive rules are supported by a number of formal registration procedures. For instance, skaters are advised not to submit a name until they have been participating in derby for at least a couple of months in order to avoid wastefully registering a name to beginning skaters who end up dropping out or failing to make a team. The submission of names to the Master Roster is initially organized by a designated skater within each league, a “name wrangler,” who aggregates the names of qualifying new skaters, vets them for validity, and submits them in batches to the Master Roster administrators. Priority in cases of identical submissions is determined by the date stamp on the e-mail received by the Master Roster’s administrators. In other words, registration is a matter of filing priority, not actual use, so that if two skaters simultaneously seek to register the same name, the Master Roster’s administrators will register the first submission they receive, regardless of which skater adopted the name first.

The process of adding names to the registry raises a correlative problem: what to do with names of skaters who have quit or retired? This problem looms more and more as the number of derby girls grows ever larger and names grow ever scarcer. Skaters (and name wranglers) are encouraged to notify the Master Roster’s administrators when they are no longer using their names, and leagues often submit lists of names to the Master Roster that are to be deleted. Name removal does not happen as often as it should, and certainly not as often as name addition happens, for several reasons. First, in-

centives to retire one's own name are weak. There are no ways to sanction skaters who have left derby without doing the courtesy of notifying the Master Roster that their names are now available. Second, skaters often change their minds about retirement, so any derby girl who has even a sliver of interest in returning to the sport will be disinclined to give up her name. And third, even when disused names are purged from the Master Roster, skaters may not want a "used" name because using it may seem derivative rather than original and because it may have unwanted associations with its prior user. As a result of all this, turnover in names tends to be slow, and the Master Roster contains many names of skaters who have become inactive, despite best efforts by name wranglers and list administrators.

Assuming that there is agreement that two names are in conflict (i.e., where they are either identical or substantially similar), an additional issue remains: How are a skater's superior name rights enforced? The Master Roster administrators can decline to register a name, but as an informal organization, they lack any coercive force, so a skater who consciously uses an overlapping name cannot be fined or thrown in jail. And yet despite the total absence of formal coercive sanctions, the incidence of repetitive name use is small, thanks to informal enforcement norms. This raises two related puzzles: How do skaters enforce rules governing derby name uniqueness, and why is the level of compliance so high?

The answer to the how question is straightforward. The primary means of enforcement is simply personal contact and interaction that relies on skaters' strong incentives to maintain the uniqueness of their own names. These exchanges usually take the form of an e-mail exchange between the skater who wants to use a name and the one who has registered a similar one. Skaters exhibit a high degree of deference to the first-to-register rule. The dog that didn't bark in this context is the number of times that skaters use the Master Roster to determine that their proposed name is too similar to a preexisting one and defer to the system by simply seeking another name. While it's impossible to measure absence of evidence, the number of times the Master Roster (while far from perfectly effective) successfully fends off name conflicts is almost certainly far greater than the number of name conflicts it fails to deter.

the informal sanctions that skaters inflict on one another for violating name-uniqueness norms effectuate compliance to a large extent. Skaters unanimously agree that choosing a name that has clearly been adopted by another skater—even a skater in another league—without permission would be egregiously socially unacceptable within the derby community and lead to ostracism. And since being part of a community is central to the derby experience, the

kind of shaming that flouting name-priority norms would engender would undermine entirely the advantages of being part of derby in the first place.

If these sanctions do not work, there is always the oldest form of self-help: violence. Skaters have (perhaps facetiously) invoked threats of physical harm against those who fail to respect the derby world's rules and norms of name usage. As one rollergirl put it, "sure there's no laws in place – you don't even have to register your derby name – it's COURTESY. Ref might not see you smash me in the face—but I know, and trust me baby, I'm comin for ya." Added another, "I totally agree with the not stealing/copying of names Someone once said imitation was the best form of flattery. . . . So flatter me and then let me kick your a\$\$." These threats are just talk, after all, and should be taken with a grain of salt. There is no evidence (that I've seen, anyway) of a derby girl beating up someone who used her name without permission. But in a sport where skaters are skilled at using full-body blocks at high speeds in the course of competition, the idea of using violence to lay down the law against those who flout shared norms about name usage certainly does not seem completely implausible.

Instances of formal regulation represent attempts to protect derby girls' names and identities from infringement by actors external to the derby world. Ivanna S. Pankin registered her name as a trademark largely because she wanted to make sure that competitors outside the derby world could not free ride on her business goodwill. Babe Ruthless's concern about unauthorized use of her moniker was directed at a film production company, not at another roller derby girl. In these and other instances, the Master Roster did sufficient work to assure the skaters that no one else would compete under their derby names. It remains necessary to invoke formal law only outside contexts that, and against individuals who, are not governed by roller derby's name-exclusivity norms.