

Chapter 1: Introduction to Trademark and Unfair Competition Law

Introduction to Trademark and Unfair Competition Law

A. Sources and Nature of Trademark Rights

- a. The Trademark Cases (SCUSA 1879, Miller, J.)
 - i. Procedure: Three consolidated cases
 - ii. Issue: Are the acts of Congress on the subject of trademarks founded on any rightful authority in the Constitution of the US? Yes.
 - iii. Holding:
 1. The right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons,
 2. Constitution
 - a. 8th Clause of Section 8 of the First Article: Manifestly intended to be an enumeration of the powers- to promote the progress of science and useful arts, by securing for limited times, to authors and inventors, the exclusive right to their respective writings and discoveries
 - i. The trademark recognized by the common law is generally the growth of a considerable period of use, rather than a sudden invention or mere adoption
 - b. 3rd Clause of Section 8 of First Article: The Congress shall have power to regulate commerce with foreign nations, and among the several States, and with the Indian tribes
 - i. Use of trademark is to identify a particular class or quality of goods so it is a useful and valuable aid or instrument of commerce, and its regulation by virtue of the clause belongs to Congress
 - c. Act of July 1870: Attempt by Congress to regulate the right of trademarks (statute relating to patents and copyrights can be inferred that the statute was also an exercise of power found in that clause of the Constitution)
- b. Hanover Star Milling Co. v. Metcalf (SCUSA 1916, Pitney, J.)
 - i. Essential element is the same in trademark and unfair competition cases (**trademark is a part of broader law of unfair competition** → property rights)
 1. Wrong for relief: Sale of the goods of one manufacturer or vendor for those of another
 - ii. Trademark is treated as merely a protection for the good will, and not the subject of property except in connection with an existing business
- c. Mishawaka Rubber & Woolen MFG. Co. v. S.S. Kresge Co. (SCUSA 1942)
 - i. The protection of trademarks is the law's recognition of the psychological function of symbols- trademarks valuable when owners able to exploit the marks
- d. Yale Electric Corp. v. Robertson (2d Cir. 1928)
 - i. One merchant shall not divert customers from another by representing what he sells as emanating from the second
- e. Prestonettes, Inc. v. Coty (SCUSA 1924, Holmes, J.)
 - i. Trademark infringement arising from Prestonette's use of trademark COTY in label information on Prestonettes perfume and powder products
 - ii. Not copyright- does not prohibit use of words, as long as it does not deceive the public
- f. Notes
 - i. Lanham Act- Since 1946

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1. Registration procedure changed in 1988
2. Changes pursuant to NAFTA in 1993
3. Changes pursuant to Trade-Related Aspects of Intellectual Property (TRIPS Agreement) in 1994
4. Changes pursuant to Trademark Law Treaty in 1998
5. Changes pursuant to Madrid Protocol in 2002
- ii. No state trademark and unfair competition law
- iii. Trademark as a tool
 1. Signifier- perceptible form of the mark
 2. Signified- semantic content of the mark, such as the goodwill
 3. Referent- product or service to which the mark refers
- iv. Structure of a mark
 1. Tangible symbol- signifier of origin
 2. Must be used in commerce to refer to goods or services
 3. Must identify and distinguish its referent
- g. Notes: Trademarks and Copyrights and Patents
 - i. Copyright: Original works of authorship fixed in a tangible medium of expression
 1. Works must be original
 2. Works must be independently created
 3. Display a minimal degree of creativity
 4. Lasts for the life of the author plus seventy years
 - ii. Patents
 1. Twenty years from the date of the filing of the patent application
 2. Rights only arise upon issuance of a patent
 3. More exclusive than copyrights

B. The Nature of Unfair Competition Law

- a. Int'l News Service v. Associated Press (SCUSA 1918, Pitney, J.)
 - i. INS copied the AP reports and relayed them to its member newspapers in the Midwest and on the West Coast
 - ii. SCUSA granted preliminary injunction prohibiting INS from distributing or publishing AP's reports
 - iii. INS:
 1. News is meant to be distributed and the purchaser has the right to communicate the news even for the purposes of selling it
 - iv. Holding:
 1. INS should consider the rights of the parties as competitors in the business instead of as a member of the public (can't transmit the news for commercial use, in competition with complainant)
 - a. INS was appropriating the expenditure of AP's labor, skill, and money for its own benefit
 - b. Unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news
 - i. Sic utere tuo- use your own as to not injure another's property
 2. Elements of unfair competition lacking because there is no attempt by defendant to palm off its goods as those of the complainant, but there is still unfair competition

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- a. Instead of selling its own goods as those of complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own
3. Actions for unfair competition under § 43(a) of Lanham Act not recognized when:
 - a. They would conflict with provisions of copyright law;
 - b. They would allow plaintiffs to circumvent limits imposed by other Supreme Court case law on causes of action for trademark infringement
- b. Dastar Corp. v. Twentieth Century Fox Film Corp. (SCUSA 2003)
 - i. Lanham Act intended to make actionable and deceptive and misleading use of marks and to protect persons engaged in commerce against unfair competition
 1. § 43(a) protects against unfair competition

C. Purposes of Trademark Law

- a. Purpose
 - i. Protect the public so that it may be confident that in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and which it wants to get
 - ii. To ensure that where the owner of a trademark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its appropriation by pirates and cheats
- b. Daniel M. McClure, Trademarks and Competition: The Recent History
 - i. *Scandia*: economic issues (7th Cir. 1985)
 1. Whether the words "Down Shoppe" used in Scandia's logo of a goose was merely descriptive or arbitrary or suggestive. No, mark was protectable
 2. Whether the trademark of the competitor, Euroquilt, was confusingly similar. Yes.
 - ii. *W.T. Rogers Co. v. Keene* (7th Cir. 1985)
 1. Generic names not subject to trademark protection because you can't monopolize a scarce input common in usage

D. Modern Marketing and Trademark Law

- a. Advertainment/product placement- Producers noticeably embed their products in television shows or movies
- b. Jerre B. Swann, Dilution Redefined for the Year 2002
 - i. The Transition of Brands from an Agricultural to an Industrial Economy
 1. Older culture- small entrepreneurs
 2. Newer culture- large corporations
 - ii. The Advent of the Information Age
 1. Integrated holistic experiences
 2. Unique brand name and cohesive brand identity most powerful pieces of information for consumers → symbols/signals
 - iii. Cognitive Psychology
 1. The Vulnerabilities of Modern Marks
 - a. Association with prestige and quality
 - b. Emotional and self-expressive needs
 - i. Confusion of the mark
 - ii. Bonding with brand
 - iii. Total identity, personality
- c. Alex Kozinski, Trademarks Unplugged (1993)
 - i. Growing tendency to use trademarks not just to identify products but also to enhance or adorn them, even to create new commodities altogether

- ii. Acquire certain functional characteristics that are different from and sometimes inconsistent with their traditional role as identifiers of source
 - iii. Where trademarks come to carry so much communicative freight, allowing the trademark holder to restrict their use implicates our collective interest in free and open communications
 - iv. Communicative functions
 - v. Public's right to make use of the word or image must be considered in the balance to decide what rights the owner is entitled to assert
- d. Graeme B. Dinwoodie (National) Trademark Laws and the (Non-National) Domain Name System (2000)
- i. Domain names challenge the conceptual boundaries of trademark law

E. An Illustration

- a. Elvis Presley Enterprises, Inc. v. Capece (5th Cir. 1998)
- i. Elvis Presley Enterprises (EPE) is the assignee and registrant of all trademarks, copyrights, and publicity rights belonging to the Presley estate (none registered for restaurant services)
 - ii. Capece registered for service mark VELVET ELVIS for use in restaurant and tavern business (Elvis inspired décor and references to him in ads)
 - iii. Plaintiff
 - 1. Focal point of the bar's name, décor, and advertisement is Elvis
 - 2. Unfair competition and Trademark infringement
 - a. Whether the defendant's use of a mark and image creates a likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question
 - b. **Factors for likelihood of confusion** (citing *Conan Properties, Inc. v. Conans Pizza, Inc.* (5th Cir. 1985))
 - i. **The type of trademark alleged to have been infringed (strength of the mark- distinctiveness of the mark, its tendency to identify the goods sold under the mark as emanating from a particular, although possibly anonymous source)**
 - 1. RULE: Confusion avoided when defendant uses plaintiff's mark as part of parody or social commentary
 - 2. Although the trademark is a strong mark and entitled to protection, it is doubtful that VELVET ELVIS would mislead consumers to believe that the bar is affiliated with EPE
 - ii. **The similarity of design between the two marks**
 - 1. GENERAL RULE: a subsequent user may not avoid likely confusion by appropriating another's entire mark and adding descriptive or non-distinctive matter to it.
 - 2. EXCEPTION: where the marks in their entireties convey two different meanings
 - 3. Defendant's mark falls within exception because each party's mark creates a very different overall impression
 - iii. **The similarity of the products or services**
 - 1. GENERAL RULE: The greater the similarity between products and services, the greater the likelihood of confusion

2. Confusion exists when one maker of a product might naturally be assumed to be the maker of another product
 3. Protection extended where it is clear that the plaintiff intends to expand his sales efforts to compete directly with the defendant or it is possible that the public will assume that the plaintiff's operations expanded
 4. Defendant's bar sufficiently dissimilar from any establishment EPE currently/plans to operate
 - iv. **The identity of the retail outlets and purchasers**
 - v. **The identity of the advertising medium utilized**
 - vi. **The defendant's intent**
 1. GENERAL RULE: If the mark was adopted with the intent of deriving benefit from the reputations of the senior user it may be sufficient to justify the inference that there is confusing similarity
 2. The defendant did not have intend to derive benefit from the reputation or goodwill of plaintiff
 - vii. **Evidence of actual confusion**
 1. GENERAL RULE: Plaintiff not required to prove any instances of actual confusion in order to be entitled to a finding of a likelihood of confusion, but absence of actual confusion after a long period of concurrent use of the marks raises a presumption against likelihood of confusion
 2. None of the plaintiff's witnesses acknowledged that the bar was associated with EPE
 - c. Additional factors in this case:
 - i. Attempt to parody the Elvis era and eclectic bars in the sixties
 - ii. Advertisements
 1. The ads lack a recognizable connection with defendant's parodic purpose- marketing scheme based on drawing power of the Presley name
 2. Style of advertising did confuse consumers as to the source of the bar's sponsorship
3. Dilution
- a. Protection to strong, well-recognized marks even in the absence of a likelihood of confusion and depends neither upon a showing of a competitive relationship nor a certain degree of correlation or association between the parties goods or services
 - b. Purpose: eliminate any risk of an erosion of the public's identification of a very strong mark with the plaintiff alone and prevent another user from diminishing the mark's distinctiveness, uniqueness, effectiveness, and prestigious connotations
 - c. **Two Types of Dilution**
 - i. **Blurring** (the gradual whittling away or dispersion of the identity and hold upon the public's mind of the mark or name by its use upon non competing goods
 - ii. **Tarnishment:** Plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product

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1. GENERAL RULE: must be supported by evidence that plaintiff's mark will suffer negative association from defendant's use
2. Despite tacky decorations, no evidence of tarnishment
4. Infringement of its common law and corresponding statutory right of publicity
 - a. Plaintiff- defendant's use of Elvis was an appropriation of Elvis' right of publicity
 - b. Use of pictures of Elvis in ads unlawful appropriation of the identity of Elvis
 - c. Use of Elvis memorability as décor doesn't amount to violation because it is not intended for the purpose of ads, selling, or soliciting the purchase of products, merchandise, goods or services
 - d. Service mark VELVET ELVIS does not amount to an unauthorized commercial exploitation of the identity of Elvis
 - i. Velvet paintings and sixties era not expression of Elvis' identity

Chapter 2: Creation of Trademark Rights

Distinctiveness

Restatement (Third) of Unfair Competition (1995) Section 9- A trademark is a word, name, symbol, device, or other designation, or a combination of such designation, that is distinctive of a person's goods or services and that is used to identify or distinguishes

Lanham Act Section 45- Trademark could be anything, service marks identify services

A. The Spectrum of Distinctiveness

- a. Abercrombie & Fitch Co. v. Hunting World, Inc. (2d Cir. 1976)
 - i. Both parties were selling clothes under the mark SAFARI, but the defendant also used marks SAFARI alone or with other words. When the plaintiff sued for infringement, the court was required *inter alia* to assess the validity of plaintiff's claimed marks
 - ii. **Four different categories** of terms with respect to trademark protection
 1. **Generic-** refers or has come to be understood as referring to the genus of which the particular product is a species
 - a. Cannot deprive competing manufacturers of the product of the right to call an article by its name
 2. **Descriptive-** if it forthwith conveys an immediate idea of the ingredients, qualities, or characteristics of the goods
 - a. Confers a monopoly not only of the mark but of the product by rendering a competitor unable effectively to name what it was endeavoring to sell
 3. **Suggestive-** if it requires imagination, thought and perception to reach a conclusion as to the nature of the goods; is entitled to registration without proof of secondary meaning
 4. **Arbitrary or fanciful**
 - iii. Analysis of trademarks to determine scope of protection
 1. Applied to specific types of clothing 'safari' has become a generic term
 - a. 'Safari' understood as contemporary American fashion apparel, names components of the safari outfit well-known to the clothing industry and to customers (usually jacket, hat, and suit)

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2. Safari has not become a generic term for boots or shoes- It is either suggestive or merely descriptive (components of an outfit when you go on a safari)
- iv. Holding:
 1. Dismissed complaint with respect to many uses of Safari by defendant as applied to clothes
- b. Restatement (Third) of Unfair Competition (1995)
 - i. Distinctive if:
 1. Inherently distinctive- identifies goods/services produced/sponsored by a particular person, known/anonymous
 2. Designation has become distinctive
- c. In re Oppedahl & Larson, LLP (Fed. Cir. 2004) (descriptive, no secondary meaning)
 - i. Procedure:
 1. Appellants filed an intent-to-use application to register the mark 'patents.com'
 2. PTO refused to register the mark and TTAB affirmed
 - a. Mark is merely descriptive of Appellants' goods under 15 U.S.C. § 1052(e)(1)
 - ii. Appellants
 1. Anti-dissection policy outlined in *Dial-A-Mattress* should apply to domain name marks as well (marks should be considered as a whole to determine the commercial impression of the mark)
 - a. PATENTS alone describe one feature of the goods that of tracking patent applications and issued patents. Adding ".com" further describes internet feature of identified goods so considering the mark as a whole strengthens descriptiveness finding
 - b. **TMEP 1209.03(M) Domain Names: TLDs generally serve no source-indicating function and their addition to an otherwise unregistrable mark typically cannot render it registrable**
 - i. Combining the two terms does not create a term capable of identifying the distinguishing applicant's services
 - ii. Commercial impression/source-identifying significance created by "Corp." and "Co." similar to ".com"
 - c. *Dial-A-Mattress* did not say that the Board cannot ascertain the meaning of each of the words or components that make up the entire mark
 - d. **Anti-dissection rule:** If two portions individually are merely descriptive of an aspect of appellant's goods, the PTO must also determine whether the mark as a whole, i.e., the combination of the individual parts, conveys any distinctive source-identifying impression contrary to the descriptiveness of the individual parts**
 2. Domain name registries no longer enforce the use of particular TLDs based on the type of entity seeking to register the domain name for companies
 - a. The overall impression still bears no trademark significance
 3. Domain name registries no longer enforce the use of particular TLDs based on the type of entity (i.e., ".com" for companies and ".org" for non-prof orgs)
 - a. Regardless, ".com" still conveys the impression of a company or commercial entity on the internet
 4. Domain names are inherently distinctive because they can only be associated with one entity or source at a time
 - a. The simple fact that domain names can only be owned by one entity does not of itself make them distinctive or source identifying

- b. No per se rule that would extend trademark protection to all Internet domain names regardless of their use

B. Descriptiveness and Secondary Meaning

a. Zatarain's, Inc. v. Oak Grove Smokehouse, Inc. (5th Cir. 1983)

i. Facts:

1. Zatarain held marks FISH-FRI (first use 1950, registered 1962) and CHICK-FRI (first use 1968, registered 1976)
2. Appellee Oak Grove began marketing their fish fry and chicken fry in March 1979 under marks FISH FRY and CHICKEN FRY
3. Appellee Visko's fish fry sold under Visko's FISH FRY
4. Other competitors: Boochelle's FISH AND VEGETABLE FRY, YOGI OYSTER SHRIMP and FISH FRY,

ii. Procedure:

1. Zatarain filed complaint against Oak Grove and Visko's (June 19, 1979) alleging trademark infringement and unfair competition
2. District Court
 - a. FISH FRI was protectable because it had secondary meaning
 - b. CHICK FRI was descriptive and no evidence of secondary meaning so it should be cancelled
 - c. Alleged infringers had a "fair use" defense to any asserted infringement of the term FISH-FRI and the registration of the term CHICK-FRI should be cancelled under § 37 of Lanham Act

iii. Holding: 5th Cir. Affirms

1. **Classifications of Marks**

- a. **Generic terms**- name of a particular genus or class of which an individual article or service is but a member (e.g., aspirin and cellophane generic)
- b. **Descriptive terms**- identifies a characteristic or quality of an article or service (e.g., color, odor, function, dimensions, or ingredients), may become valid only if it acquires a secondary meaning in the minds of the consuming public
 - i. 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

ii. **Test for Descriptiveness**

1. **Dictionary definition**- FISH FRI is fried fish
2. **Imagination test**- measures a relationship between the actual words of the mark and the product to which they are applied, if a term requires imagination, it is considered a suggestive term
 - a. No imagination req. to deduce mark used to fry fish
3. **Whether competitors would be likely to need the terms used in the trademark in describing their products**
 - a. Merchants other than Zatarain's might find the term FISH FRI useful in describing their products
4. **Extent to which a term actually has been used by others marketing a similar service or product**
 - a. When most companies select the same term to describe, it is most likely descriptive

- c. **Suggestive terms**- suggests some particular characteristics 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 (protected without proof of secondary meaning)
- d. **Arbitrary/fanciful terms**- bears no relationship to the products or services to which they are applied (protectable without proof of secondary meaning)
- 2. Classification
 - a. FISH FRI & CHICK FRI descriptive, FISH FRI has secondary meaning
- 3. **Secondary Meaning- consumer's attitude toward the mark**
 - a. **Factors considered (\$ spent)**
 - i. **Amount and manner of advertising**
 - ii. **Volume of sales**
 - iii. **Length and manner of use**
 - iv. **Proof of actual consumer confusion caused by another's use of the designation**
 - v. **Survey of prospective buyers**
 - vi. **Physical manner in which the designation is used**
 - b. FISH FRI has secondary meaning used to identify particular batter mix: Money invested, sales, two surveys conducted by experts
 - c. Zatarain conducted no direct advertising campaign to publicize CHICK FRI → No secondary meaning established → Cancellation
- 4. Fair Use: Even though FISH FRI was protectable, it was protected under the fair use doctrine
- b. Restatement (Third) of Unfair Competition (1995)
 - i. Secondary meaning does not connote a subordinate or rare meaning, it refers to a subsequent significance added to the original meaning of the term
 - ii. Proof of actual consumer confusion caused by another's use of the design

C. Generic Terms

- a. **Two ways for a term to be generic**
 - i. **Genus**: Inherently generic by virtue of their natural relationship to the products with which they are used (e.g., BEER for beer)
 - ii. **Genericide**: Common usage (e.g., ASPIRIN, once was protected but became generic because of public usage)
- b. Filipino Yellow Pages, Inc. v. Asian Journal Pubs, Inc. (9th Cir. 1999)
 - i. FYP is a publisher of a directory *Filipino Yellow Pages* and AJP publishes *Filipino Consumer Directory*, but periodically uses the term *Filipino Consumer Yellow Pages* in advertisements
 - ii. Procedure
 - 1. FYP filed complaint for trademark infringement and unfair competition
 - 2. AJP moved for summary judgment because Filipino Yellow Pages is generic
 - 3. FYP said Filipino Yellow Pages is descriptive with secondary meaning
 - 4. District court granted AJP's motion
 - iii. Whether combining the generic terms "Filipino" and "yellow pages" to form the composite term Filipino Yellow Pages creates a generic or a descriptive term
 - iv. Holding: Affirmed, mark not registerable
 - 1. **Burden of Proof**
 - a. **If mark is registered, presumption of validity places the burden of proving genericness upon the defendant**

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- ii. Holding:
 1. Escalator is recognized by the general public as the name for a moving stairway and not the source thereof
 2. Otis escalators uses the term escalators generally without any trademark significance
- e. Murphy Door Bed Co. v. Interior Sleep Systems, Inc. (2d Cir. 1989)
 - i. Murphy invented a wall bed and obtained a patent in 1918, and most wall beds were referred to as wall beds, concealed beds, disappearing beds, but sometimes Murphy beds. Murphy would ask anyone who referred to beds as Murphy bed to stop
 - ii. 1981 and 1982, PTO denied Murphy's trademark application because Murphy Beds became generic and it described characteristic of the bed
 - iii. Zarcone and Murphy agreed that Zarcone would exclusively distribute Murphy bed in 1981, after agreement terminated, Zarcone distributed bed that was Murphy bed design that Zarcone had manufactured as Muphy bed to a third party
 - iv. Procedure
 1. Murphy sued for trademark infringement and unfair competition
 2. District court said Murphy bed had secondary meaning (term symbolized a particular business, product, or company and was protectable)
 - a. The plaintiffs tried to police the use of the mark
 - b. Defendants claim burden improperly placed on them
 - i. **Where the public is said to have expropriated a term established by a product developer, the burden is on the defendant to prove genericness**
 - v. Holding
 1. Trademark infringement- Generic, not protectable
 - a. Defendants did establish the genericness of the term Murphy bed
 - i. Decision of PTO and TTAB accorded great weight
 - b. Murphy bed included in many dictionaries
 - c. Numerous examples of newspaper and magazine that use the phrase Murphy bed
 2. Unfair competition
 - a. Public generally would associate the term original with the first company to manufacture Murphy beds, not Zarcone
- f. Blinded Veterans Assn. v. Blinded American Veterans Found (D.C. Cir. 1989)
 - i. BVA or the Association is a non-prof org founded in 1945 by a group of WWII vets and BAVF or the Foundation was founded in 1985 by three former officials of BVA. Plaintiffs wanted to enjoin the BAVF or another corporation from using the words "blinded" and "veterans" in the name and using initials BVA as an acronym
 - ii. District Court
 1. Did not conclude that BAVF passed itself off as BVA but it disbelieved that BAVF president testified that it never occurred to him that BAVF and BVA had similar names and that BAVF does not plan on competing with BVA
 - iii. Holding: Even if "blinded veterans is generic" BAVF may be enjoined from passing itself off as BVA
 1. No unfair competition
 - a. BVA must prove that the likely effect of BAVF's actions is to induce the public to think that BAVF is BVA
 - b. 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 §43(a) of Lanham Act unless competitor fails to adequately identify

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itself as distinct from the first organization causes confusion or a likelihood of confusion

2. Blinded veterans is a generic term and not entitled to trademark protection but BVA may be entitled to protection against passing off
 - a. Court could order BAVF to adopt another name containing the term blinded veterans that is less likely to confuse if PAVF is passing itself as BVA

Notes

GENERAL RULE: To show secondary meaning the plaintiff must show that the primary significance of the term in the minds of the consuming public is not the product but the producer

If a term is generic in one market but not another, a court may craft an injunction permitting use by the defendants of the term in one market but not the other

Surveying generic usage

- Teflon survey- mini-course in the generic versus trademark distinction, followed by a test
- Thermos survey- asks the respondent how he or should would ask for the product at issue... the survey provides evidence that the brand name has become a generic term for the product category

- g. Peaceable Planet, Inc. v. Ty, Inc. (7th Cir. 2004)
 - i. Peaceable Planet makes plush animal toys filled with beans; Ty makes beanie babies
 - ii. Peaceable Planet started selling a camel named Niles in 1999 (sold thousands), next year, Ty also sold a camel named Niles and sold millions
 - iii. Procedure:
 1. District Court
 - a. Niles is a personal name, and therefore is descriptive but can't be protective unless it acquired secondary meaning
 - iv. Holding: Niles is a valid trademark
 1. Name rule: generally, personal names as a subset of descriptive marks
 2. Concerns for trademarking names
 - a. Reluctance to forbid a person to use his own name in his own business
 - b. Some names are so common that people will not infer that businesses with the same name are related
 - c. Preventing a person from using his name to denote his business may deprive consumers of useful information
 3. Name rule doesn't apply when public is unlikely to understand the personal name as a personal name
 - a. Here, Niles is a rare name, and therefore does not apply to personal rule
 - b. Ty argued that PP cannot monopolize the name Niles, but Ty could have named their camel something different

D. Distinctiveness of Nonverbal Identifiers: Logos, Packages, Product Design, and Colors

- a. Different Tests, Different Standards?

i. Test for inherent distinctiveness of logos

1. *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*- In determining whether a design is arbitrary or distinctive this court has looked to whether it has a 'common' basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere refinement of a commonly adopted and well-known form of

ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words.

- ii. Star Indus., Inc. v. Bacardi & Co., Ltd. (2d Cir. 2005)
 1. The parties produce alcoholic beverage. Plaintiff decided to develop orange flavored vodka like companies such as Stol. On the label, plaintiff put a large elliptical letter around their shield in hopes of consumers referring to their product as Georgi O.
 2. Procedure
 - a. Plaintiff filed a wordmark for “Georgi O”
 - b. PTO rejected because consumers would not view Georgi O as a composite phrase
 - c. No evidence that consumers referred to plaintiff’s produce as Georgi O, and it was an unsuccessful product (1996-2002)
 - d. 2001- Bacardi introduced Bacardi O, but they used Bacardi Limon since 1995, had similar O design on the bottle
 - e. 2002- Plaintiff filed suit
 - f. 2003- Plaintiff filed a design mark for “O”
 - g. District Court- O is not protectable trademark because it’s basic, but even if it was, no infringement because it would not be confused with Bacardi O design
 - i. There was lack of evidence that it produced a separate impression among consumers
 - ii. Mark not inherently distinctive and plaintiff did not demonstrate secondary meaning
 - h. 2004- PTO approved plaintiff’s O design mark
 3. Holding: District Court erred in holding plaintiff’s “O” design mark no protectable, but judgment for Bacardi because no confusion
 - a. **Test:** Guiding principle in distinguishing protectable from unprotectable mark is that no one enterprise may be allowed to attain a monopoly on designs that its competitors must be able to use in order to effectively communicate information regarding their products to consumers
 - i. Competitors can use nonstylized forms of O
 - b. A designed used in conjunction with other marks is separately protectable in its own right if it creates a separate and distinct impression from the impression created by the other mark
 - c. **Unshaded linear representations of common shapes or letters are referred to as basic → Stylized letters are not basic**
- b. Expanding the Types of Nonverbal Marks
 - i. Trade dress- used to refer to product packaging that identified the source of the product it was packaged
 - ii. Trademark- conventionally reserved for situations where the identifier of a product’s source was a word or pictorial symbol
- iii. Two Pesos, Inc. v. Taco Cabana, Inc. (SCUSA 1992)
 1. Facts
 - a. Both parties operate a chain of fast-food restaurants in TX
 - b. Taco Cabana operated since 1978 (San Antonio), Two Pesos started operating in 1985 (Houston), adopted similar motif to Taco Cabana’s trade dress, eventually started expanding in TX but not in San Antonio
 2. Procedure
 - a. District Court

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- i. TC sued TP in Dist. Ct. for trade dress infringement under §43(a) of the Lanham Act, 155 U.S.C. § 1125(a), and for theft of trade secrets under TX common law
 - b. Court of Appeals
 - i. Rejected TP's argument no secondary meaning → no inherent distinctiveness
 - ii. Requiring secondary meaning only when trademark not sufficiently distinctive contrary to protecting unregistered trademark where secondary meaning is shown
3. Issue
 - a. Whether the trade dress of a restaurant may be protected under § 43(a) of the Lanham Act, based on a finding of inherent distinctiveness, without proof that the trade dress has secondary meaning. Yes.
 - i. **Trade dress is a total image of the business, which may include shape and general appearance of the exterior, identifying sign, the interior kitchen floor plan, the décor, the menu, the equipment used to serve food, uniforms, and other features**
4. Holding: White
 - a. **General rule**
 - i. An identifying mark is distinctive and capable of being protected if it either: 1) is inherently distinctive; or 2) has acquired distinctiveness through secondary meaning
 - ii. Only nonfunctional, distinctive trade dress is protected under § 43(a)
 1. A design is legally functional, thus unprotectible, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection
 - b. Petitioner conceded that it is possible for a trade dress to be inherently distinctive because it argued that the jury finding of distinctiveness contradicts its finding of no secondary meaning
 - c. *Vibrant Sales, Inc. v. New Body Boutique, Inc.* (1981)- unregistered marks did not enjoy presumptive source association and could not qualify for protection under §43(a) without proof of secondary meaning
 - d. *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, (CA5, 1981)
 - i. Trademark law requires a demonstration of secondary meaning only when the claimed trademark is not sufficiently distinctive of itself to identify the producer; same principle applies to trade dresses
 - e. Rationale:
 - i. Trademark protection is good because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation
 1. By making more difficult the identification of a producer with its product, a secondary meaning requirement for a nondescriptive trade dress would hinder improving or maintaining the producer's competitive position
 - a. Creates burdens on the startup of small companies
5. Concurrence: Stevens

Trademarks

- a. Text of § 43(a) does not create a cause of action for infringement of unregistered trademark/ trade dress and that those marks should receive same protection as registered marks
 - b. §43 talk about “false description or representation” like “a false designation of origin”
 - i. False advertising- representing that goods or services possessed characteristics that they did not actually have
 - ii. Common-law tort of passing off- representing one’s goods as those of another
 1. Secondary meaning and inherent distinctiveness an element
 - c. §43 interpreted to create unfair competition
 - d. Although Congress did not specify whether secondary meaning required under §43(a), legislative intent suggest that secondary meaning is not requirement
6. Concurrence: Thomas
- a. Relies on language of § 43(a)
 - b. First user of arbitrary package should be entitled to the presumption that the package represents him without having to show that it does so in fact
- iv. Qualitex Co. v. Jacobson Products Co., Inc. (SCUSA 1995)
1. Facts:
 - a. 1950s Qualitex used green-gold pads for use on dry cleaning presses
 - b. 1989- Jacobson started using similar green
 - c. 1991- Qualitex registered a green-gold color on press pads
 2. Procedure:
 - a. Qualitex sued for trademark infringement, unfair competition
 - b. District court- Qualitex wins
 - c. 9th Circuit- Color can’t be a trademark, but upheld judgment under § 43(a)
 3. Issue:
 - a. Whether color can be trademarked
 4. Holding: Breyer
 - a. Trademark has a broad definition- universe of things
 - b. Color is capable of allowing a person to identify and distinguish goods from those manufactured or sold by others
 - c. Jacobson- Law should forbid use of color alone as trademark
 - i. Permitting color as trademark would produce uncertainty and unresolvable court disputes about what shades of color a competitor may lawfully use
 1. Color could be compared and colors are already protected as a part of a design of a word mark
 - ii. Colors are in limited supply
 1. Trademark doctrine of functionality normally would prevent anticompetitive consequences
 - iii. Older cases- SCUSA suggested that the product including the coloring matter is free to all who make it → lower courts interpreted it as forbidding protection for color alone
 1. These cases interpreted law before 1946, when Congress enacted Lanham Act; Trademark logic applies to color as well
 2. Owens-Corning
 3. PTO adopted a clear policy permitting registration of color

4. Trademark Commission wrote a report to not preclude registration of things such as color, shape, smell, sound
- iv. There is no need to permit color alone to function as a trademark because a firm already may use color as part of a trademark
 1. A firm might want to use color instead of color as a part of a design in certain circumstances
- c. The Design/Packaging Distinction
 - i. Post-Two Pesos Circuit Split in the Test of Inherent Distinctiveness of Trade Dress
 - ii. The protection of packaging trade dress after Two Pesos and Qualitex
 - iii. The Supreme Court Enters the Frays: Product Design Trade Dress
 1. Walmart Stores, Inc. v. Samara Brothers, Inc. (SCUSA 2000)
 - a. Facts
 - i. Respondent designs and manufactures children's clothing
 - ii. Respondent sold spring/summer one-piece seersucker outfits, and Walmart contracted with Judy-Philippine to manufacture similar outfits. Walmart sent Judy photos and Judy copied the outfits with minor modification. The clothes had some copyrighted elements.
 - b. Procedure:
 - i. Samara brought this action for copyright infringement, consumer fraud, unfair competition under NY law, infringement of unregistered trade dress under § 43 (all other defendants except Walmart settled)
 - ii. District Court- jury trial found for Samara on all claims
 - iii. Second Circuit- design trade was inherently distinctive, affirmed
 - c. Issue: Under what circumstances a product's design is distinctive.
 - d. Holding: Scalia
 - i. Product design is limited
 - ii. Trade dress now expanded to encompass the design of a product
 - iii. Courts imposed requirement for producer to show that trade dress is distinctive (even though §43 text doesn't say) since without distinctiveness the trade dress would not cause confusion
 1. **Mark can be distinctive in two ways**
 - a. **Inherently distinctive** if its intrinsic nature serves to identify a particular source
 - i. Design is not inherently distinctive
 - ii. Consumer predisposition to equate the feature with the source does not exist
 - b. **Mark has acquired distinctiveness** if it has developed secondary meaning- which occurs when in the minds of the public, the primary significance of a mark is to identify the source of the product rather than the product itself
 - i. The availability of other protections greatly reduces any harm to the producer that might ensue from the conclusion that a product design cannot be protected under § 43(a) without a showing of a secondary meaning
 - iv. Product design is not intended to identify the source, but to render the product itself more useful or more appealing
 - v. Samara

1. Two Pesos says product-design trade dress can be inherently distinctive
 - a. Décor of a restaurant is not a product design
 - i. This line of distinguishing product design and trade dress will force courts to draw difficult lines
 - ii. Frequency and difficulty of having to distinguish between product design and packaging will not be frequent
 - iii. **Courts could classify ambiguous trade dress as trade design and require secondary meaning**
- d. Trade Dress Protection After Walmart
 - i. In re Slokevage (Fed. Cir. 2006)
 1. Slokevage filed application to register configuration of design for “pants, overalls, shorts, culottes, dresses, skirts” that consists of a label with words FLASH DARE! in a v-shaped background with cut-out areas
 2. Slokevage has design patent for cut-out area design and supplemental register a design mark for the cut out area, and word mark FLASH DARE!
 3. Procedure
 - a. Examiner initially refused registration
 - i. Constituted a clothing configuration that is not inherently distinctive
 - ii. Slokevage’s reference to the trade dress as a cut-away flap design constitutes product design
 - b. Board affirmed refusal
 4. Issue
 - a. Whether trade dress is product design or product packaging
 5. Slokevage
 - a. Board erred in determining that the trade dress for which she seeks protection is product design and thus that it cannot be inherently distinctive
 - i. *Walmart* does not provide guidance on how to determine whether trade dress is product design
 1. *Walmart* case that classified as product design different from Slokevage’s trade dress because *Walmart* trade dress implicated overall appearance of product and theme, and her design involves one component
 6. PTO
 - a. *Walmart* correctly design of clothing is a product design
 - b. Trade dress consists of design elements on a line of garments common to the overall design of a variety of garments
 - c. Product design cannot be inherently distinctive because consumers perceive product design as making the product more useful or desirable rather than indicating source
 - d. Even if it were a close case as to whether Slokevage’s trade dress constitutes product design, *Walmart* said in close cases, trade dress should be categorized as product design and require proof of acquired distinctiveness for protection
 7. Holding

Trademarks

- a. Slokevage's trade dress constitutes product design and therefore cannot be inherently distinctive
- b. Cut out area is a design incorporated into the garment itself
- ii. Yankee Candle Co., Inc. v. Bridgewater Candle Co., Inc. (1st Cir. 2001)
 1. Facts
 2. Procedure
 - a. Yankee sued Bridgewater for copyright infringement and trade dress infringement
 - b. District court granted summary judgment to Bridgewater
 - i. Yankee
 1. By copying Yankee's method of shelving and displaying candles in its stores, called the Vertical Display System
 2. By copying the overall look and feel of Yankee's line of candles
 3. By copying the design of Yankee's merchandise catalog, specifically its one fragrance per page layout
 - c. Court of appeals affirmed with respect to copyright claims, considered trade dress claim
 3. Yankee
 - a. District court ignored combination claim defining its trade dress as the combination of its Housewarmer series of labels, its choice of candle sizes and styles, its Vertical Design System, and its catalog layout → District Court failed to analyze the "look and feel" of the entire Yankee product
 - i. This court agrees but reaches the same decision as the district court
 - b. District court erroneously defined its trade dress as produce design/configuration and proceeded to secondary meaning without considering that the dress might be inherently distinctive
 - i. Distinct combination of elements are arbitrary and thus inherently distinctive and entitled to trademark protection
 1. Yankee's combination is product design/configuration and thus it must show secondary meaning
 - ii. All the trappings associated with the sale of the candle constitute product packaging
 1. Labels may be inherently distinctive but when combined with actual candle features, candle containers, catalog, and in-store display system, the claim is no longer product-packaging
 2. Claim closer to product design/configuration because Yankee didn't make claim to overall appearance of store, just the product → Follow *Walmart's* advice and show secondary meaning when borderline
 3. Disagrees with District Court's finding that labels were product configuration/design, and thus not inherently distinctive as a matter of law
 - a. Detachable labels are product packaging and inherently distinctive, but label elements highlighted by Yankee do not meet the inherent distinctiveness test of *Abercrombie* so agrees with District Court's decision
 - b. **Inherent Distinctiveness (*Seabrook*)**

- i. Whether the design was a common or basic one
 - ii. Whether it was unique or unusual in the field
 - iii. Whether it was a refinement of a common form of ornamentation
 - iv. Whether it was capable of creating a commercial impression distinct from the accompanying words
 - c. The labels differ significantly from one another
 - i. **To seek protection for a series or line of products**, it must show that appearance of the several products is sufficiently distinct and unique
 - d. Yankee's label is a combination of functional and common features
 - c. It introduced sufficient evidence of secondary meaning
 - i. "Look for" advertising campaign
 1. "Look for" advertising is such that encourages consumers to identify the claimed trade dress with the particular producer
 - a. Merely featuring the relevant aspect of the product in advertising is no more probative of secondary meaning than are strong sales
 - b. The ad did not emphasize any particular element of its trade dress
 - ii. Continuous and virtually exclusive use of its trade dress since 1995
 - iii. High sales figures for Housewarmer candles
 - iv. Evidence from Bridgewater's files indicating that retailers identify a resemblance between Bridgewater's styles and Yankee's
 - v. Testimony by a Bridgewater's sales agent as to the distinctiveness of the Yankee trade dress
 - vi. Testimony by Bridgewater and Yankee employee as to the distinctiveness of Yankee's claimed trade dress
 - vii. Evidence of actual consumer confusion between Bridgewater and Yankee products
 - viii. Evidence of intentional copying by Bridgewater
 1. The relevant intent is not just the intent to copy, but to pass off one's goods as those of another
 - ix. No direct evidence- surveys or consumer testimony

E. The Edge of Trademark Protection: Subject-Matter Exclusions?

- a. Exotic Source-Identifiers
 - i. In re Clarke (TTAB 1990)
 1. Applicant Celia Clark does business under OSEWEZ mark for sewing thread and embroidery yarn. The mark is a drawing- "high impact, fresh, floral fragrance reminiscent of Plumeria blossoms."
 2. Procedure:
 - a. Examining Attorney refused registration

- i. Applicant's asserted mark does not function as a trademark because it does not identify or distinguish applicant's goods from those of others
 1. Fragrance mark is analogous to other forms of product ornamentation in that it is not the type of matter which consumers would tend to perceive as an indication of origin
 2. The rarity of usage of fragrance as a feature of applicant's goods weighs against registration (rather consumers will think fragrance is a pleasant feature)
 3. Applicant did not promote specific scent
 - ii. Applicant's alleged mark was de jure functional, assertedly because of the competitive need for free access to pleasant scents or fragrances (later withdrawn)
 - b. Applicant submitted a declaration- no other company has ever offered any scented embroidery yarn and she placed advertisements stressing that her company is the source of sweet-scented embroidery products (aka Russian embroidery/punch embroidery)
 3. Holding:
 - a. Applicant has demonstrated that the scented fragrance does not function as a trademark for her thread and embroidery yarn
 - b. No reason why fragrance is not capable of serving as a trademark to identify and distinguish a certain type of product
 - c. Fragrance is a feature supplied by applicant
 - d. Applicant has emphasized this characteristic of her goods in ads
 - e. Applicant demonstrated that customers, dealers, distributors of her scented yarns and threads have come to recognize applicant as the source of her goods
 - f. Failure to promote specific is not significant and applicant still established prima facie case that her goods are distinctive
 - ii. Notes:
 1. Sounds- TTAB, "registration of sounds as trademarks for goods that make sound in their normal course of operation is only available only on a showing of secondary meaning"
- b. Subject Matter Protected by Copyright
 - i. Why trademark claims instead of copyright claims
 1. Even if the plaintiff still owns copyright in the work in question, the scope of rights differs
 2. Plaintiff may not own the copyright
 - a. Work-for-hire doctrine
 - b. Copyright transferred to another person
 3. Copyright may not subsist in the work
 - a. Failed to meet the originality requirements
 - b. Copyright expired
 - c. Work fell into public domain
 - ii. Oliveira v. Frito-Lay, Inc. (2d Cir. 2001)
 1. Procedure:
 - a. District Court: Dismissed Oliveira' complaint
 - i. "There is no federal trademark protection for a musical work" because protection of a musical work falls under the rubric of copyright → *did not address trademark infringement claim*

1. 2d Cir. sees no reason why a musical composition should be ineligible to serve as a symbol or device to identify a person's goods or services (particular sound or songs from commercials, tunes)
 - ii. Dilution claim: Dismissed because there is no federal trademark protection for a musical work
 1. Defendants granted summary judgment
 - iii. Trademark claim: No reasonable jury could find that the defendant's use of plaintiff's performance in their commercial implied an endorsement by plaintiff of Frito-Lay' chips
2. Oliveira (aka Astrud Gilberto):
 - a. She was the lead singer and the success in recording led to her being known as the girl from Ipanema and is identified by the public with the 1964 recording
 - b. First Amended Claim
 - i. False Implied Endorsement in Violation of 15 U.S.C. §1125(a) (§ 43(a) of Lanham Act)
 - c. Second Amended Complaint
 - i. Plaintiff's performance of her signature song constitutes Plaintiff's unregistered trademark
 1. Defendants infringed her trademark rights under §43(a) of the Lanham Act by using 1964 recording of Gilberto singing "The Girl from Ipanema"
3. Issue: Whether a musical composition could serve as a trademark for itself. No.
4. Holding: Affirms dismissal of complaint
 - a. *Sinatra v. Goodyear*: Granting trademark to a song itself would stretch the definition of trademark too far and would cause disruptions as to reasonable commercial understandings
 - i. No need now for altering commercial understanding now
 - ii. Congress can consider whether to extend trademark protections
 - b. No precedent throughout history of trademark supporting notion that a performing artist acquires a trademark for performance
 - i. Possible to trademark signature performance
 - c. *White v. Samsung*: Courts have protected in the past, "persona" of an artist against *false implication of endorsement* generally resulting from the use of look-alikes or sound-alikes
 - d. Artists are already protected from contracts → Conflicts of rights
- iii. Comedy III Productions, Inc. v. New Line Cinema (9th Cir. 2000)
 1. Facts:
 - a. Defendant released "Long Kiss Goodnight" contained a clip from The Three Stooges (owned by Comedy III) playing on a television set in the background of an interior scene for less than 30 sec
 2. Procedure:
 - a. Comedy III sued New Line under § 43(a) of the Lanham Act
 - i. Comedy III
 1. The clip is particularly distinctive of The Three Stooges' comedy
 - b. District Court dismissed complaint

3. Issue: Whether Comedy III has articulated a trademark interest in the clip which would prevent New Line from using it in a motion picture without Comedy III's permission
 4. Holding: Affirmed- dismissed complaint
 - a. The footage was covered by the Copyright and the Lanham Act cannot be used to circumvent copyright law
 - b. New Line was not legally obligated to pay Comedy III a fee
 - c. *White* involved imitating celebrity persona to sell a product
 - i. Here, no selling of product using Three Stooges
 - d. New Line never mentioned the name of The Three Stooges in either the film or its marketing and neither party suggests that the name of The Three Stooges that is the mark being contested here
- iv. In re First Draft Inc. (TTAB 2005)
1. Procedure:
 - a. First Draft applied to register FERN MICHAELS for a series of fictional books
 - b. Examiner rejected because FERN MICHAELS only identifies the author of applicant's books and does not function as a mark (FERN MICHAELS is a pseudonym of Mary Ruth Kuczki, used since 1975)
 - i. TMEP 1202.09: author's name generally does not function as a trademark
 1. *Norcross* Rationale:
 - a. Right of others to reproduce work upon expiration of copyright
 - b. To register the name as a trademark would enable applicant to perpetuate her monopoly
 - c. Applicant appeals to TTAB
 2. Holding: Applicant wins, reversed
 - a. *Polar Music* (Applicant favored): ABBA was registrable because the name assures quality of goods
 - i. As a general rule, an author's name is not registrable for a single work but may be registrable for a series of written works, when there is sufficient other indicia that the name serves more than a designation of the writer, that is, it also functions as a mark
 1. Author controls the quality of her distributed written works
 2. Controls use of her name
 - b. *Scholastic* (Board favored): THE MAGIC SCHOOL BUS represents a source to purchasers
 - i. Whether a designation would be perceived as a mark and not the ramification for third-parties that might eventually want to reproduce a work
 - c. McCarthy: Author's name should not be registrable because a personal name is essentially descriptive
 - d. Here, the applicant had a book series, but had insufficient evidence of quality control, promotion and recognition (failed *Polar Music* test and alternative *Scholastic* test)
- v. Dastar Corp. v. Twentieth Century Fox Film Corp. (2003, Scalia, J.)
 1. Issue:
 - a. Whether §43(a) prevents the unaccredited copying of a work
 - b. What §43(a)(1)(A) of Lanham Act means by the origin of goods

Trademarks

- i. Producer of the tangible goods that are offered for sale (not author of any idea, concept, or communication)
 2. Facts:
 - a. Gen. Eisenhower wrote Crusade in Europe
 - b. Doubleday published the book, registered copyright in 1948, granted exclusive television rights to an affiliate of Fox
 - c. Fox arranged for Time to produce TV series, Crusade in Europe, based on the book, and Time assigned copyright in the series to Fox
 - d. Copyright expired in 1977, Fox did not renew, TV series in public domain
 - e. 1988- Fox reacquired TV rights with right to distribute and sublicense others to distribute
 - f. SFM Entertainment and New Line Home Video acquired from Fox exclusive rights to distribute Crusade on video
 - i. SFM repackaged series on video tape
 - ii. New Line distributed the video tapes?
 - g. 1995- Dastar released a video set entitled WWII Campaigns in Europe
 - i. Dastar purchased 8 beta cam tapes of the original version of the Crusade TV series (in public domain), copied, then edited the series. Series is little more than half as long as original Crusade series
 1. New opening, credit, closing, new chapter-title series, narrated intros, moved recap to the beginning and made it preview, removed references to book
 2. Made no references to Crusade TV series
3. Procedure:
 - a. Fox, SFM, New Line brought action alleging that Dastar's sale of its Campaigns video infringes Doubleday's copyright in Gen. Eisenhower's book, and their exclusive TV rights in the book
 - i. Amended claims to add Dastar's sale of Campaigns w/o proper credit constitutes reverse passing off in violation of §43(a) and in violation of state unfair-competition law
 - b. District Court
 - i. Fox wins on all three counts
 1. Lanham Act ultimate test under both whether the public is likely to be deceived or confused
 - c. 9th Cir.
 - i. Affirmed for Fox on Lanham Act claim
 1. Dastar copied substantially the entire Crusade in Europe and labeled product with different name and marketed it w/o attribution to Fox and therefore committed bodily appropriation of Fox's series
 - ii. Reversed as to copyright claim
4. Holding:
 - a. Origin in the context of Lanham Act is incapable of connoting the person or entity that originated the ideas or communications that goods embody or contain
 - i. Without a copyrighted work as a basepoint, the word origin has no discernible limits (i.e., line of origin)
 1. Neither SFM or New Line had anything to do with production of Crusade TV series (licensed to distribute)

2. Fox's involvement with creation of TV series limited
3. Time was not an exclusive creator
4. Footage of Crusade came from the military
- ii. Consumers don't care about who actually created a product, just to help make purchasing decisions and help producer make financial gains
- b. Balance of crediting
 - i. Liability for failing to credit the creator and liability for crediting the creator for implying sponsorship or approval
- c. Reading §43 as creating a cause of action for plagiarism without attribution hard to reconcile with precedent cases (e.g., *Walmart*)
 - i. Designs not protected so Samara would had to argue that it was origin of designs
- d. For merely saying saying it is the producer of the video, no Lanham Act liability attaches to Dastar
- e. Dastar was the origin of the products sold as its own
- vi. Bretford Mfg., Inc., v. Smith Sys. Mfg. Corp. (7th Cir. 2005, Easterbrook)
 1. Facts:
 - a. Bretford makes computer tables under the name Connections with one leg on each end (Y-shaped), Bretford calls it the V-design table
 - b. Smith System, one of Bretford's competitors, decided to copy the sleeve and brace for its own line of computer tables
 2. Bretford:
 - a. V-shaped design is its product's trade dress under §43(a)
 - b. Smith System infringed its trade dress
 - c. Smith System engaged in "**reverse passing off**" when it incorporated some Bretford hardware into a sample table that it showed purchasing officials
 3. Procedure:
 - a. District Court
 - i. Smith System wins
 1. *Walmart v. Samara* (2000)
 2. *Dastar Corp. v. Fox* (2003)
 - a. Whether the consumer knows who has produced the finished product
 - b. Injury must be a trademark loss: It must come from a misrepresentation of the goods' origin
 - ii. V-shaped legs do not signal Bretford as a source
 1. No evidence that leg design prompts Bretford in buyers' minds
 2. No surveys, no evidence of actual confusion
 3. Buyers asking for tables with V-shaped legs imply that the leg design is functional
 4. Issue:
 - a. Whether Smith System is entitled to copy Bretford's design; if yes,
 - b. Whether it was nonetheless wrongful for Smith System to use Bretford components in a sample table shown to the Dallas buyers
 5. Holding:
 - a. *Dastar*: Injury must be a trademark loss (customers deceived)

- b. Creators of certain artistic works are entitled to control how their work is presented or altered by others
- c. Once Bretford sold its goods, it had no control over how customers used their components and the Lanham Act does not include any version of the derivative work right in copyright

Chapter 3: Functionality

A. An Introduction to the Concept of Functionality

- a. Purpose of Functionality Doctrine
 - i. Prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. . . if a product's functional features could be used as trademarks, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever.
- b. Functionality Doctrine Timeline
 - i. 1981- In Wood (SCUSA); Morton-Norwich (Fed Cir.)
 - ii. 1995- Qualitex (SCUSA); Vornado (10th Cir.)
 - iii. 1998- Congress
 - iv. 2001- Traffix (SCUSA) *First case that turned on functionality
 - v. 2002- Value- Eng (Fed. Cir.)
 - vi. 2006- A-G (9th Cir.); Abercrombie (6th Cir.); Eppendorf (5th Cir.)
- c. Inwood (SCUSA 1982)
 - i. Procedure:
 - 1. Contributory infringement from drug manufacturer A (patent) to drug manufacturer B (generic); Drug manufacturer B wins
 - 2. **A product feature is functional if:**
 - a. **It is essential to the use or purpose of the article; or**
 - b. **If it affects the cost or quality of the article**
- d. In re Morton-Norwich Products, Inc. (C.C.P.A. 1982) Spray bottle case
 - i. Procedure:
 - 1. Applicant obtained design patent (Feb. 3, 1976), and patent (July 31, 1973)
 - 2. Applicant filed for trademark on April 21, 1977
 - a. Container configuration as a trademark for spray starch, soil, and stain removers, spray cleaners for household use, liquid household cleaners and general grease removers, and insecticides
 - 3. Examiner rejected
 - a. First rejection- There is no evidence that it has become distinctive or has acquired a secondary meaning, that it is merely functional
 - b. Second rejection- requested applicant to amplify the description of the mark that any portion of the mark considered to be non functional is incorporated in the description
 - i. Applicant furnished two affidavit that consumers associate the package design with applicant's products
 - ii. Overall configuration of the container is distinctive and there are several other containers with different appearance that function the same way
 - iii. Results of survey for evidence of distinctiveness

- c. Examiner dismissed all evidence as not persuasive... design still functional
- 4. TTAB- Affirmed examiner- Mark is functional
 - a. Well-settled that the configuration of a container may be registrable for the particular contents thereof if the shape is nonfunctional in character, and is inherently distinctive, or has acquired secondary meaning as an indication of origin for such goods
 - b. Applicant's container is function and unregistrable despite any secondary meaning, not every word or configuration that has secondary meaning is protected as trademark
- 5. Appeal from TTAB ex parte decision
- ii. Issue:
 - 1. Is the design functional
 - 2. Whether the configuration has the capacity to and does distinguish its goods in the marketplace from the goods of others
 - 3. Whether to remand
- iii. Holding: Reverse holding on functionality and remand for determination of distinctiveness
 - 1. General Rule: Container and product can function as a trademark but the design must be nonfunctional (common law driven)
 - a. Rationale: when a design is nonfunctional, the right to compete through imitation gives way, presumably upon balance of that right with the originator's right to prevent others from infringing upon an established symbol of trade identification
 - 2. Trademark/Product Separateness Rationale
 - a. Configuration of the container of the goods
 - b. Rule is that trademark must be something other than, and separate from, the merchandise to which it is applied → Entire design of an article (or its container) could without other means of identification, function to identify the source of the article and be protected as a trademark
 - 3. Functionality refers to the design, not the thing itself
 - 4. *American-Marietta Co.*: Nonfunctional if the features of the original goods that are not in any way *essential* to their use → Particular design of the whole assembly of those parts must be essential
 - a. *Essential*: necessary elements of mechanical construction, essential to the practical operation of a device, and which cannot be changed without either lessening the efficiency or materially increasing expense (i.e., the need to copy those articles)
 - i. Whether the consuming public has an interest in making use of one's design, superior to one's interest in being its sole vendor
 - 5. **Factors to determine functionality**
 - a. **Existence of utility patent**
 - b. **Advertising claiming usefulness**
 - c. **Other alternatives to design**
 - i. **But if alternative designs are limited, it may be functional**
 - d. **Merely simple, cheaper method of manufacturing article**
 - 6. Bottle performs intended function but not enough to render the design functional
 - a. PTO did not show evidence to support that bottle shape was required
 - b. No particular housing design necessary to have a pump-type sprayer
 - 7. Overall composite design comprising both bottle and spray top is protectable

Trademarks

8. The board intermixed functionality and distinctiveness
 - a. Even if inherently distinctive, could still be functional
- e. Federal Circuit Test
 - i. De Facto- Utilitarian, superior in function or economy of manufacture, can be protected
 - ii. De Jure- Legal conclusion, means functional
- B. The Scope of the Functionality Doctrine- **Aesthetic Functionality**
 - a. Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co., Inc. (2d Cir. 1990)
 - i. Facts:
 1. Wallace has a trademark for word mark GRANDE BAROQUE and applied for trademark registration for the GRANDE BAROQUE pattern on Dec. 11, 1989
 - a. Sterling silver, ornate, massive and flowery with indented, flowery roots and scrolls and curls alongside the shaft, and flower arrangements along the front of the shaft
 2. Godinger advertised silver-plated serving pieces under the name 20TH CENTURY BAROQUE
 3. Dimensions different, Wallace is more expensive, and Godinger pattern extends further down, and is bulkier
 4. A wholesale customer saw the ad, was confused, contacted Wallace
 - ii. Procedure
 1. Wallace filed trademark and state unfair competition claims, filed motion for temporary restraining order and sought injunction
 2. District court
 - a. Denied preliminary injunctive relief
 - b. GRANDE BAROQUE design was functional
 - i. The pattern is not arbitrary, all “Baroque” style silverware use essentially the same scrolls and flowers, and they are not indicia of source
 - c. Relied on *Pagliari*
 - i. Pagliari v. Wallace China Co. (9th Cir. 1952)
 1. Design that was an important ingredient in the commercial success of a product was de jure functional and thus unprotected even if that feature was aesthetic
 2. Decorative design of hotel china aesthetically functional because it was an essential selling feature of the product
 - iii. Issue: Whether the doctrine of functionality applies to features of a product that are purely ornamental but that are essential to effective competition.
 - iv. Holding:
 1. Affirms decision but does not rely on *Pagliari* because *Pagliari* requires commercial success of an aesthetic feature to destroy trademark interest, and *Pagliari* test discourages development of pleasing designs
 2. District Court still passes the test in *Stormy Clime*: (design of jackets with side vents in the jackets) design feature not be given trade dress protection where use of that feature is necessary for effective competition
 - a. Distinguishable because *Stormy Clime* had both aesthetic and utilitarian features
 3. There may come a point where the design feature is so important to the value of the product to consumers that continued trademark protection would deprive them of competitive alternatives

Trademarks

4. Whatever secondary meaning Wallace's baroque silverware pattern may have acquired, Wallace may not exclude competitors from using those baroque design elements necessary to compete in the market for baroque silverware
 5. *Owners may not use the mark as a means of excluding competitors from a substantial market
 - a. Wallace seeks trademark protection for basic elements of a style that is part of the public domain
 6. Where an ornamental feature is claimed as a trademark and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs, the aesthetic functionality doctrine denies such protection
 7. If Wallace were able to show secondary meaning in a precise expression of baroque style, competitors might be excluded from using an identical or virtually identical design (assuming alternative baroque designs available)
- b. Brunswick Corp. v. British Seagull Ltd. (Fed. Cir. 1994)
- i. Facts:
 1. Mercury manufactures and sells marine outboard engines and colors them black, but they are not the only engines that are black
 2. 1998- Mercury filed to register the color black for outboard engines
 - ii. Procedure: Inter parties opposition proceeding relating to engine color
 1. British Seagull Ltd. and Outboard Marine Corp. filed for opposition
 2. Board
 - a. Black is not functional in a sense that it makes the engine work better, but it is more desirable to consumers because its color is more compatible with a wider variety of boat colors and they appear smaller
 - b. The color black, as applied to the engines, was de jure functional because of the competitive need
 - iii. Holding:
 1. Agrees with the Board's conclusion that the engine color is de jure functional
 2. *Owens-Corning* (Fed. Cir. 1985): pink fibrous glass insulation
 - a. No other insulation manufacturer colored any of its products
 - b. No reason to dye the insulation pink
 - c. Owens-Corning alone undertook the additional, unnecessary step of coloring the insulation
 3. There is a competitive need for the color black; registration of Mercury's proposed mark would hinder competition
 4. Whether alternative colors available- color depletion theory is not a per se bar to registration of color marks, but if the use of color on the applicant's goods serves a non-trademark purpose that hinders competition, the de jure functionality doctrine precludes trademark protection
- C. The Modern Supreme Court Approach to Functionality
- a. Qualitex Co. v. Jacobson Prods. Co., Inc. (SCUSA 1995) Greengold color
 - i. Rationale:
 1. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever because trademarks may be renewed in perpetuity
 - ii. **Functional if: a) Essential to the use or purpose of the article; or b) if it affects the cost or quality of the article**
 1. Essential if: Exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage

Trademarks

- iii. Functionality does not create absolute bar to the use of color alone as a mark because color not essential to a product's use or purpose and does not affect cost or quality
 1. *But see Brunswick Corp. v. British Seagull Ltd.* (Fed. Cir. 1994) (use of black as trademark on outboard boat motors barred)
 2. Drug cases- public health policy
 - iv. Restatement: if a design's aesthetic value lies in its ability to confer a significant benefit that cannot practically be duplicated by the use of alternative designs, then the design is functional
- b. Vornado Air Circulation Sys., Inc. v. Duracraft Corp. (10th Cir. 1995)
- i. Facts:
 1. Two house hold fan grills with spiral vanes
 2. Vornado began selling fans with spiral grills in 11/1988 (was only fan company using spiral grill)
 3. Vornado's founders obtained utility patent (5/22/1990) and claimed a fan of multiple features, including spiral grill. The fans were not patentable because of the spiral grill, but because of its spacing and dimensions
 4. 2/22/1994- Vornado reissued patent on fans (not grill) expanding their claims to include arcuate-shaped grill vane structure
 5. Vornado advertised grill as "Patented AirTensity™ Grill"
 6. 8/1990- Duracraft began offering inexpensive electric household fan called "Turbo Fan" that had a spiral vane structure copied from Vornado's more expensive fan models (overall significantly different look)
 - ii. Procedure:
 1. Vornado sued alleging that Duracraft intentionally copied Vornado's grill design
 - a. Both parties agreed Turbo Fan did not infringe Vornado's patents
 2. Vornado
 - a. Curved vanes in the Patented AirTensity Grill were nonfunctional so they were protected
 - b. Main SCUSA cases that Duracraft relies (*Sears, Compco, Bonito Boats*) are distinguishable
 - c. Supreme Court and Congress both said Section 43(a) applies to product shapes
 - d. Functionality doctrine properly reconciles the Patent Act with the Lanham Act, for if a product feature is not necessary to competition, no patent law purpose is served by allowing it to be copied
 3. Duracraft
 - a. Useful product features, may not be protected as trademarks/trade dress and thereby be permanently monopolized by a single producer
 4. District Court
 - a. Because the spiral structure of the household fan grill is legally nonfunctional, the grill can serve as trade dress
 - i. No competitive difference because both fans perform similarly
 - ii. Other feasible designs
 - iii. Spiral grill not cheaper to manufacture
 - iv. No aesthetic functionality
 - v. Duracraft will not suffer a marketing disadvantage if it could not use the spiral grill
 - vi. Grill's value lay not in its operational attributes but in its appearance → creatively suggests Vornado's identity

- b. Grill could be protected under Lanham Act § 43(a) against copying because copying would confuse customers
- iii. Issue: Whether a product configuration is entitled to trade dress protection when it is or has been a significant inventive component of an invention covered by a utility patent.
- iv. Holding:
 - 1. Not every nonfunctional configuration is eligible for protection
 - 2. District Court's injunction prevents Duracraft from practicing full invention embodied in the patented fans of plaintiff Vornado after utility patent expires
 - a. When a product configuration is a significant inventive component of an invention covered by a utility patent, so that without it the invention cannot fairly be said to be the same invention, patent policy dictates that it enter into the public domain when the utility patents on the fans expire
 - 3. Supreme Court precedents repeatedly held that right to copy must prevail
 - a. *Kellogg* cereal shape- Kellogg can also distinguish its product by using a different carton, label, company name, and biscuit size
 - 4. Legislative history
 - a. District Court read too much into Senate report concluding that the Congress intended to grant trademark/trade dress protection to nonfunctional product configurations
 - b. But nonfunctional configuration does not necessarily include those covered by utility patents → Goes against policy, that protecting nonfunctional component as trademark would impermissibly interfere with the patent law
 - c. Senate report never mentioned patent law concerns
 - 5. Vornado's argument would mean that any product qualifying for a utility patent would automatically be functional
 - a. Functionality defined in terms of competitive need
 - i. If competitors need to be able to use a particular configuration in order to make an equally competitive product, it is functional, but if they do not, it may be nonfunctional
 - b. Usefulness in patent does not require product to be better than alternatives
 - 6. Patent act – temporarily reduces competition
 - a. Purpose
 - i. Rewards invention
 - ii. Promotes further innovation and permits public to practice after patent expires
 - iii. Ideas in public domain remain there for use
 - b. Framers did not require inventor to demonstrate an invention's superiority to existing products in order to qualify as a patent
 - i. Inventor's supply of ideas to experiment would diminish if the inventor had to do a competitive market analysis
 - ii. Undermines the principle that ideas of public domain should stay there, impinges seriously upon patent's goals
 - 7. Trademark- enhances competition
 - a. Purpose
 - i. Consumers not be confused, misled, or deceived as to whose product they are buying
 - ii. Seller's goodwill or investment in their reputation for quality be protected
 - b. Not absolute right to trademark protection

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8. There exists other ways to identify product
9. Because Patented AirTensity Grill is a significant inventive element of Vornado's patented fans, it cannot be protected as trade dress
- c. Traffix Devices, Inc. v. Marketing Displays, Inc. (SCUSA 2001)
 - i. Facts:
 1. MDI had a utility patent for sign stands. Once the patent expired, TrafFix started selling sign stands with similar visible spring mechanism.
 2. MDI marketed stands as WindMaster and TrafFix used WindBuster
 - ii. Procedure:
 1. MDI brought suit for trademark infringement, trade dress infringement
 2. District Court ruled against MDI on trade dress claim
 - a. No secondary meaning
 - b. Dual-spring design was functional
 3. Court of Appeals reversed
 - a. District Court committed legal error by looking only to the dual-spring design
 - iii. Issue:
 1. Whether the existence of an expired utility patent forecloses the possibility of the patentee's claiming trade dress protection in the product's design
 - iv. Holding: Not protectable
 1. General Rule: In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional
 2. **Where the expired patent claimed the feature in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device**

D. Post-*TrafFix* Applications of the Functionality Doctrine

- a. Utilitarian Features
 - i. Valu Engineering, Inc. v. Rexnord Corp. (Fed. Cir. 2002)
 1. Facts:
 - a. 1993- Valu filed three applications seeking registration of conveyor guide rail configuration in ROUND, FLAT, and TEE cross-sectional designs as trademarks on the Principal Register
 - b. Valu uses the marks in commerce as "Conveyor Guide Rails"
 2. Valu:
 - a. The cross-sectional designs acquired distinctiveness under §1052(f)
 - b. Board erred in confining its functionality analysis to a single use
 - c. Board improperly confined its functionality analysis to Valu guide rails composed of specific materials
 3. Rexford :
 - a. All three guide rail designs were de jure functional and thus unregistrable
 - b. Functionality was on the "wet" areas of bottling and canning plants. Wet because machinery, including conveyor and rails, is frequently washed with disinfectants containing bactericides, for sanitation and spillage Machinery in wet areas are usually formed of noncorrosive materials, such as steel and plastic
 4. Procedure:
 - a. Rexnord filed opposition to registration of Valu's cross-sectional design

- b. TTAB sustained opposition to registration of Valu's cross-sectional designs of conveyor guide rails as trademark of the Principal Register
 - i. Valu's cross-sectional designs of conveyor guide rails are de jure functional
 - 1. An abandoned utility patent application filed by Valu but rejected under §103 disclosed certain utilitarian advantages of Valu's guide rail designs, and that those advantages result from the shape of the guide rail designs
 - 2. Value's advertising materials tout the utilitarian advantages of Valu's guide rail designs
 - 3. The limited number of basic guide rail designs should not be counted as alternative designs because they are dictated solely by function
 - 4. Valu's guide rail designs result in a comparatively simple or cheap method of manufacturing
- 5. Issue: Whether the Board erred in confining functionality analysis to a particular use, rather than considering all potential uses for the marks
- 6. Holding: Board's decision affirmed- Board properly limited itself to a single application
 - a. **Functionality is a functionality of fact, and depends on the totality of the evidence**
 - b. To determine whether a particular product design is de jure functional, we have applied the four *Morton-Norwich* Factors
 - i. But did *TrafFix* alter *Morton Norwich* factors? No.
 - 1. **Morton-Norwich Four Factors**
 - a. **Existence of an expired utility patent**
 - b. **Advertising**
 - c. **Other alternatives**
 - d. **Simple or cheap method of manufacturing the article**
 - 2. *TrafFix* relied on *Inwood Laboratories* and *Qualitex*
 - 3. *TrafFix* reaffirmed the traditional rule of *Inwood* that a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article; once a product feature is functional there is no need to consider competitive necessity or other design possibilities
 - c. Valu's guide rails are *de jure* functional
 - i. Functionality rests on utility → effective competition
 - 1. Here, Rexford provided substantial evidence showing the wet areas of bottling and canning plants comprise a significant segment of the market for Rexford's and Valu's rails.
- ii. Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH (5th Cir. 2002)
 - 1. Procedure:
 - a. Eppendorf, a German company that manufactures medical and laboratory equipment, sought trade dress protection for a line of disposable pipette tips and dispenser syringes
 - b. District Court enjoined defendant from similar design to Eppendorf's syringes

- c. Court of Appeals for Fifth Circuit reversed
- 2. Holding:
 - a. **Two tests for functionality**
 - i. **If it is essential to the use or purpose of the article or affects the cost or quality of an article (*In wood*)**
 - ii. **Competitive necessity (expansion of first test, no need to consider if can't get past the traditional test)**
 - b. The fins are an arbitrary flourish which serve no purpose in the combitips
 - i. Fins are essential to the operation of the combitips, they are functional as a matter of law (de jure)
- b. Aesthetic Feature
 - i. Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters (6th Cir. 2002)
 - 1. Procedure:
 - a. Abercrombie brought trade dress claim against American Eagle Outfitters based on defendant's alleged copying of designs of certain articles of clothing, its store setup, and its Quarterly catalog.
 - b. District Court granted summary judgment in favor of American Eagle
 - 2. Holding:
 - a. Clothes and store set up not protectable
 - i. If the law grants protection to Abercrombie, then it would leave competitors at a significant non-reputational competitive disadvantage and would prevent effective competition in the market
 - ii. Competitors would be forced to spend money to design around Abercrombie's creations
 - b. Quarterly catalogue was protectable
 - i. Catalog's overall design is not functional
 - ii. There are infinite variety of options to advertise
 - c. Two forms of functionality
 - i. Traditional functionality (*In wood*)
 - ii. Non-reputation related disadvantage (*Aesthetic Functionality*)
 - d. Tests of aesthetic functionality under the competition theory
 - i. Comparable alternatives test
 - 1. Whether trade-dress protection of certain features would nevertheless leave a variety of comparable alternative features that competitors may use to compete in the market. If such alternatives do not exist, the feature is functional; but if such alternatives do exist, then the feature is not functional
 - ii. Effective competition test
 - 1. Whether trade dress protection for a product's feature would hinder the ability of another manufacturer to compete effectively in the market for the product. If such hinderance is probable, then the feature is functional and unsuitable for protection. If the feature is not likely impediment to market competition, then the feature is nonfunctional and may receive trademark protection
 - ii. Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc. (9th Cir. 2006)

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1. Issue: Whether the Lanham Act prevents a maker of automobile accessories from selling, without a license or other authorization, products bearing exact replicas of the trademarks of these famous car companies
2. Auto-Gold:
 - a. As used on its key chains and license plate covers, the logos and marks of Volkswagen and Audi are aesthetic functional elements of the product, that is, they are actual benefit that the consumer wishes to purchase and are thus unprotected by the trademark laws
3. Holding: Not functional
 - a. There is no evidence that VW and Audi trademarks are functional under the utilitarian definition in *Inwood Lab* as applied in 9th Cir. In *Talking Rain*
 - b. Whether VW and Audi’s marks, as they appear on Auto Gold’s products, perform some function such that exclusive use of marks would put competitors at a significant non-reputation-related disadvantage
 - i. **Aesthetic functionality has been limited to product features that serve an aesthetic purpose wholly independent of any source-identifying function**
 - ii. Alleged aesthetic function is indistinguishable from the tied to the mark’s source-identifying nature
 - iii. The demand for Auto Gold’s product is inextricably tied to the trademarks themselves
 - c. The Relationship Between the Tests
 - i. *Inwood*: Mechanical features
 - ii. Competitive necessity: Aesthetic features
 - iii. **Post Traffix Tests**

Valu (Fed. Cir.)	Eppendorf (5 th Cir.)	Abercrombie (6 th Cir.)	Auto Gold (9 th Cir.)
Morton-Norwich 4 Factor Test is still good law- Factor 3: Alternative design is relevant to analysis of functionality	2 Tests: 1) traditional law (Inwood), additional design (not incidental) are irrelevant; 2) competitive necessity, additional design ok	Two forms of functionality: 1) Traditional functionality (Inwood); 2) Non-reputation related disadvantage (<i>Aesthetic Functionality</i>)	Two tests of Functionality: 1) utilitarian; 2) <i>aesthetic functionality</i> . (Agrees with 5 th and 6 th Cir.)

Chapter 5: Registration

A. The Registration Process

- a. Overview of Relevant Provisions
 - i. Examination v. Registration
 1. Pure registration model (systems in place in many civil law countries)
 2. Examination procedure examines applications in some detail for compliance with both formal and substantive requirements
 - a. U.S. registration is closer conceptually in character to an examination system
 - b. Ex parte adjudication scheme
 - ii. Advantages of Principal Register Registration
 1. Prima facie evidence of:

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- a. The validity of the registered mark and the validity of the registration
 - b. The registrant's ownership of the mark
 - c. The registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration
 2. Owners do not bear the burden of establishing non-functionality
 3. Provides notice to the public of the existence and nature of the claimed rights
 4. Lanham Act §33(a)/§7(b) presumptions of validity, ownership, and exclusive right to use become conclusive if the registration attains incontestable status
 - iii. Principal Register v. Supplemental Register
 1. Supplemental Register primarily used as a mechanism to assist U.S. applicants in acquiring foreign trademark registrations
 - a. Needed to (basis for) acquire foreign trademark registrations
 - b. May not need it as basis for foreign trademark registration if Madrid Protocol comes fully into effect
 - iv. Key parts of the application
 1. List of particular goods/services on or in connection with which the applicant uses or intends to use the mark
 2. Drawing of the mark
 3. A filing basis
 4. A specimen showing the use of the mark in connection with the goods/services
 5. Filing basis
 - a. Actual use
 - b. Bona fide intention to use
 - c. A claim of priority
 - d. Registration of a mark in the applicant's country
 - v. Publication
 - vi. Opposition
 - vii. Fraudulent procurement
 - b. Post-Registration Actions
 - i. Notice ®
 - ii. Maintenance and Renewal
 - iii. Cancellation
- B. Exclusions from Registration
- a. Overview
 - i. Prohibition against protecting generic marks
 - ii. Merely descriptive marks not protectable unless secondary meaning is shown
 - iii. Functional matter is not protectable
 - b. Scandalous, Disparaging, and Deceptive Marks Under § 2(a)
 - i. No trademark shall be refused registered unless it is: immoral, deceptive, scandalous
 - ii. Harjo v. Pro-Football Inc. (TTAB 1999)
 1. Facts:
 - a. Petitioners (Indians) wanted to cancel WASHINGTON REDSKINS (Reg. 1967), REDSKINS (Reg. 1970s), and REDSKINETTES (Reg. 1990)
 2. Issue
 - a. Whether, at the times respondent was issued each of its challenged registrations, the respondent's registered marks consisted of or comprised scandalous matter, or matter which may disparage Native American persons, or matter which may bring Native American persons into contempt or disrepute
 3. Holding

- a. Scandalous matter: giving offense to the conscience or moral feelings
 - i. **Two step process to determine whether matter is scandalous**
 1. Likely meaning of the matter in question
 - a. Meaning ascertained considering
 - i. The relationship between that matter and any other element that makes up the mark in its entirety
 - ii. The goods and/or services and the manner in which the mark is used in the market place in connection with those goods and/or services
 2. Whether, in view of the likely meaning, the matter is scandalous to a substantial composite of the general public
 - ii. Here, not scandalous because not shocking or offensive to a substantial composite of the general population
 - b. Disparaging matter: disparagement has an identifiable object which, under § 2(a) of Trademark Act, may be persons, living or dead, institutions, beliefs, or national symbols
 - i. **Two step process to determine disparaging:**
 1. What is the meaning of the matter in question, as it appears in the marks and as those marks are used in connection with the services identified in the registrations
 2. Is this meaning one that may disparage Native Americans?
 - c. While § 2(a) precludes registration of matter that is scandalous, it does not preclude registration of matter that is disparaging, it precludes registration of matter that may be disparaging.
- iii. In re Budge Manufacturing Co., Inc. (Fed. Cir. 1988)
 1. Applicant wanted to register LOVEE LAMB for car seat covers
 2. TTAB refused to register mark because it was deceptive (since it gave consumers impression that this was made of lamb)
 3. **Standard for § 2(a) deceptiveness**
 - a. **Is the term misdescriptive of the character, quality, function, composition or use of the goods**
 - i. LAMB is misdescriptive because it's not made of lamb
 - b. **If so, are prospective purchasers likely to believe that the misdescription actually describes the goods**
 - i. Seat covers can/are made from natural lambskin, and Applicant makes real lambskin seat covers
 - c. **If so, is the misdescription likely to affect the decision to purchase?**
 - i. Natural lambskin is much more expensive
- c. Geographic Marks
 - i. Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc. (6th Cir. 1989)
 1. Facts
 - a. Burke-Parsons-Bowlby Corp.- Owner of mark "Appalachian Log Structures"
 - b. Applied in December 1981 and established secondary meaning by showing that it spent \$100k in advertising and \$2M in sales of log residences
 - c. Advertised from Jan. 1980
 - d. Home show April 1981

- e. Dealership Jan. 1981
 - f. June 1981- Dealership in FL
 - g. Registered in August 1983 under § 1052(f)
 - h. Advertised in home shows, guides, magazines
 - i. Makes builds slog structures including commercial buildings and log residences; Can be a do-it-yourself
 - j. Competitor used mark “Appalachian Log Homes”
 - k. Began using name August 1981 in east TN
 - l. Builds only handcrafted log homes using Western Hemlock logs with flat hand-hewn surface and connecting dovetail notches on the logs
 - m. Cannot be a do-it-yourself
2. Procedure
 - a. Burke-Parsons sought to enjoy Competitor from using Appalachian Log Homes
 - b. District Court for Eastern District of TN entered judgment for Appalachian Log Homes
 - c. Appalachian Log Structures was primarily geographically descriptive term that could not be protected unless it acquired secondary meaning
 - d. Short duration of use of the trademark rebutted finding of secondary meaning by PTO
 - e. Competitor appealed
 - f. 6th Cir. Affirms in favor of Competitor
 3. Issue
 - a. Whether Appalachian Log Structures is a primarily geographically descriptive term
 4. Holding
 - a. Geographically Descriptive
 - b. Dr. Leonard W. Brinkman- Appalachian refers to area extending from the southern part of NY to central part of AL
 - c. Appalachian log structures refers to either the origin of the log structures or to a particular style of log structures
 - d. Log is generic
 - e. Structure is descriptive
 - f. Appalachian Log Structures is primarily geographically descriptive
 - g. Protected mark has no relationship to the source of the goods since none of the goods were manufactured in the geographic area described
 - h. *World Carpets, Inc. v. Dick Littrell’s New World Carpets*
 - i. Where it is determined that the mark is perceived by potential purchasers describes the geographic origin of the goods the mark is primarily geographically descriptive
 - i. *Nantucket/ World Carpets*
 - i. To clarify whether the mark is primarily geographically descriptive, it is valuable to examine the possibility that the geographic term is minor, obscure, remote, or unconnected with the goods]
 - j. Though more than a geographic name is required in order to meet the primarily geographically descriptive category, there is no requirement that the challenger to a trademark demonstrate that the area is noted for the goods in question
 - k. Secondary Meaning

- i. Purpose of requiring secondary meaning is to give effect to those geographic marks which no longer cause the public to associate the goods with a particular place but to associate the goods with a particular source
 - ii. Secondary meaning is provided when by a preponderance of the evidence it can be determined that the attitude of the consuming public toward the mark denotes a single source
 - l. Evidence
 - i. Long term usage
 - ii. Considerable effort and expenditure of money toward developing a reputation and good will for the trademark
 - iii. Sales volume (relevant but not necessarily sufficient)
 - iv. Advertising expense
 1. When advertising expenditures are required to merely survive in the competitive market, advertising expenditures cannot be used to prove secondary meaning
 - v. *WLWC Centers*: 3 years insufficient to prove that the mark acquired secondary meaning
 - vi. Though Burke-Parsons' advertising expenditures for the mark are relevant, there is no evidence to establish the amount as extensive or to distinguish it as beyond that necessary to survive in the market
 - vii. No evidence establishes that it occurred before appellee began using its name
 - m. Concurrence:
 - i. Ultimate burden of proof rested upon the plaintiff
 - ii. It was not clearly erroneous for the district court to conclude that plaintiff had failed to meet this burden
 - n. Dissenting
 - i. Majority erred in finding no secondary meaning
 - ii. There is a strong presumption in favor of the PTO finding that BPB established secondary meaning, and district court could find the defendant to have rebutted this presumption only if the defendant offered convincing proof that the PTO determination was erroneous
 - iii. While the length of time the mark has been used is undoubtedly a relevant factor, it is only one of several to be considered
- ii. In re California Innovations, Inc. (Fed. Cir. 2003)
 1. Facts:
 - a. Applicant filed for CALIFORNIA INNOVATIONS and a design for various products (insulated bags and wraps) but products did not originate in California
 2. Procedure:
 - a. PTO examiner refused b/c mark was geographically deceptively misdescriptive under § 1052(e)(3)
 - b. TTAB upheld refusal
 - c. Appealed to Fed. Cir.
 - d. Reversed; Fed. Cir. allows registration under § 2(e)(4)
 3. Holding:

- a. Mark deceptive under § 1052(a) cannot receive protection under Lanham Act
 - b. **To deny a geographic mark protection under § 1052(a), the PTO must established that:**
 - i. **The mark misrepresents or misdescribes the goods**
 - ii. **The public would likely believe that misrepresentation**
 - iii. **The misrepresentation would materially affect the public's decision to purchase the goods**
 - c. Primarily geographically deceptive = deceptively misdescriptive → supplemental register
 - d. The PTO's burden is to establish that there is a reasonable predicate for its conclusion that the public would be likely to make the particular goods/place association on which it relies... the issue is not the fame or exclusivity of the place name, but the likelihood that a particular place will be associated with particular goods
 - e. A mere inference of place not enough to establish the deceptiveness that brings the harsh consequence of non-registrability under the amended Lanham Act
 - f. NAFTA changes → PTO must deny registration under §1052(e)(3) if:
 - i. The primary significance of the mark is a generally known geographic location
 - ii. The consuming public is likely to believe the place identified by the mark indicates the origin of the mark bearing the mark, when in fact the goods do not come from that place
 - iii. The misrepresentation was a material factor in the consumer's decision
- d. Name Marks
- i. In re United Distillers, PLC (TTAB 2000)
 - 1. HACKLER... is this merely a surname?
 - 2. **Factors considered in determining whether a term is primarily merely a surname:**
 - a. **Whether the surname is rare (telephone book evidence)**
 - b. **Whether anyone connected with the applicant has involved term as a surname**
 - c. **Whether the term has any other recognized meaning (dictionary)**
 - d. **Whether the term has the look and feel of a surname**
 - 3. HACKLER can be registered
 - ii. In re Sauer (TTAB 1993)
 - 1. Applicant applied to register BO BALL, but examiner and TTAB refused to register it.
 - 2. **Four part test under Section 2(a)**
 - a. **The mark must be shown to be the same as or a close approximation of the person's previously used name or identity**
 - b. **It must be established that the mark (or part of it) would be recognized as such**
 - c. **It must be shown that the person in question is not connected with the goods or services of the applicant**
 - d. **The person's name or identity must be sufficient fame that when it is used as part or all of the mark on applicant's goods, a connection with**

that person is likely to be made by someone considering purchasing the goods

3. Holding: BO BALL cannot be registered
 - a. Bo Jackson is a widely known ball player (frequently referred to as Bo), an association between him and the goods or with applicant's business would be assumed by purchasers of such products

C. Incontestability

- a. § 33(a) Requirement for incontestability: the registered mark has been in continuous use for five years from the date of registration, and that it remains in use at the time when incontestability is claimed.
- b. § 14, Congress provided a 5 year time limit for initiative cancellation proceedings, subject to exceptions specified in Lanham Act §14(3)-(5)
- c. Park 'N Fly, Inc. v. Dollar Park and Fly, Inc. (SCUSA 1985)
 - i. Facts:
 1. Park N' Fly registered its mark in 1971
 2. Filed for incontestability
 - ii. Procedure:
 1. Park N' Fly filed infringement action in 1978
 2. Dist. Court: Park N' Fly not generic, it is merely descriptive, but there was no challenge on it because there was incontestability, and there was likelihood of confusion
 - a. Dollar Park and Fly: Mark is generic
 3. 9th Cir. Reversed: Incontestability should be used defensively, not offensively
 - iii. Holding:
 1. Descriptiveness cannot be asserted against incontestable registrations
 2. **Defenses for incontestability (§33(b))**
 - a. **Generic- even if incontestability, still not protectable**
 - b. **Abandonment**
 - c. **Fraud**
 - d. **Functionality**

Chapter 7: Confusion-Based Trademark Liability Theories

A. Evolution of the Confusion Standard

- a. Borden Ice Cream Co. v. Borden's Condensed Milk Co. (7th Cir. 1912)
 - i. Facts:
 1. Borden's Condensed Milk Co. was incorporated in NJ on May 31, 1899
 - a. Name taken from Gail Borden, who found the business in 1857, and was identified universally with the business of milk and milk products
 2. Appellee manufactured and sold all products of milk under BORDEN mark, but the charter of the company contained no express authority to sell ice cream.
 - a. BORDEN did sell confectioners for manufacturing ice cream
 3. May 25, 1911, Appellant applied for a license to incorporate under the name Borden Ice Cream Company in IL
 - a. Charles Borden is not the principal person connected with the company
 - ii. Procedure:
 1. Appellee sued appellant to enjoin them from marketing ice cream under BORDEN mark
 2. District Court granted injunction

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- a. Whether or not, the name used by the defendant had come previously to indicate and designate the complainant's goods (whether defendant was passing off his goods as the complainant's goods)
 - b. Whether the public is likely to be deceived as to the market or seller of the goods
3. Appellants appealed
- iii. Holding: No infringement
 1. The old company will not in any way come into competition with the commercial ice cream proposed to be put on the market by the new company
 2. If the rights of the original proprietor are in no wise interfered with, the deception of the public is no concern of a court of chancery
 3. Trial court had no right to interfere unless the property rights of that concern are interfered with
 4. Non-exclusive trade-names are public property in their primary sense
 5. Secondary meaning has no legal significance, unless the two persons make or deal in the same kind of goods
 - a. The name BORDEN never had been associated with ice cream, and by making ice cream, the appellants do not come into competition with the appellee.
 - b. In the absence of competition, the old company cannot assert the rights accruing from what had been designated as the secondary meaning of the word BORDEN
 6. Even if the old company intended to use, it is the party who *uses it first* as a brand for his goods, and builds up a business under it, who is entitled to protection
 7. Old company sells condensed milk to ice cream manufacturers, but prospective loss of sales is too speculative
- b. Fleischmann Distilling Corp. v. Maier Brewing Co. (SCUSA 1963)
 - i. Facts:
 1. Plaintiff Fleischmann imported and sold BLACK & WHITE Scotch whisky in the US; Plaintiff Buchanan held a federal registration of BLACK & WHITE for Scotch whisky
 2. Maier manufactured BLACK & WHITE beer and sold it to defendant Ralphs Grocery
 - ii. Procedure:
 1. Plaintiffs sued for trademark infringement
 2. Trial court held for defendants
 - a. No real competition between the parties
 - i. Lack of real competition → unlikely that consumers will be confused
 3. Plaintiff appealed
 - iii. Issue:
 1. Whether the use by the defendants of the name BLACK & WHITE on their beer is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services
 - iv. Holding: Infringement
 1. Earlier Trademark Act (1905) → infringement only if the infringement was used on goods of the same descriptive properties as the registrant's goods
 2. Lanham Act (1946) → infringement even if no actual competition between the parties; prohibits use without the registrant's consent where use is likely to cause

Trademarks

confusion or deceive purchasers as to the source of origin of such goods or services

3. There is no requirement that the infringers' goods be of the same descriptive properties as the mark owners'
4. BLACK & WHITE mark is a strong mark
5. Other businesses that use BLACK & WHITE are remote from liquor business
6. Likelihood of Confusion
 - a. Both are in alcoholic beverage industry
 - b. Black & White Scotch is one of the most popular brands
 - c. Defendants may have chosen the name to capitalize upon the popularity of the name chosen
 - i. Though plaintiffs not required to prove a wrongful intent, if evidence show or there is inference that a name was adopted deliberately to obtain some advantage from the good will, then the inference of likelihood of confusion is readily drawn, for the very act that the adopter has indicated that he expects confusion and resultant profit
7. Maier had 21 other separate labels they could have used
8. Are the uses related so that they are likely to be connected in the mind of a prospective purchaser?
 - a. Both marks fall in alcoholic beverage industry and are so related to fall within the mischief which equity should prevent

B. The Actionable "Use" Prerequisite

a. 1-800 Contacts, Inc. v. WhenU.com, Inc. (2d Cir. 2005)

i. Facts:

1. WhenU provides software called SaveNow, which is voluntarily downloaded by a user. SaveNow generates pop-up advertisement windows relevant to specific activities users are engaged in
2. 1-800 alleges that WhenU's conduct infringes 1-800's trademarks in violation of §§ 32(1), 43(a) of Lanham Act by delivering advertisements of 1-800's competitors to users who have intentionally accessed 1-800's website

ii. Procedure:

1. District Court held that 1-800 had demonstrated a likelihood of success on its trademark infringement claims and issued a preliminary injunction prohibiting WhenU from utilizing 1-800's marks
2. WhenU appeals
 - a. WhenU's use of 1-800's marks is not within the meaning of the Lanham Act

iii. Holding: 1-800 failed to establish use

1. SaveNow Directory

- a. WhenU does not use 1-800's mark in the manner ordinarily at issue in an infringement claim: It does not place 1-800 trademark on any goods or services in order to pass them off as emanating from or authorized by 1-800
- b. WhenU does not reproduce or display 1-800's trademarks. WhenU reproduces 1-800's website address
 - i. District court incorrectly found that addition of "www" and ".com" and the omission of the hyphen and a space were insignificant because it transforms the trademark

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- ii. WhenU used the web address to use the website address, not to bear any resemblance to 1-800's trademark
 1. Does not create a possibility of visual confusion with 1-800's mark
 - c. A company's internal utilization of a trademark in a way that does not communicate with the public does not violate Lanham Act
 2. Pop-Up Ads
 - a. Issue:
 - i. Whether the placement of pop-up ads on a C-user's screen and contemporaneously with either the 1-800 website or a list of search results obtained by the user's input of the 1-800 website address constitutes "use" under the Lanham Act
 - b. WhenU's pop-up ads do not display the 1-800 trademark
 - c. WhenU's pop-up ads appear in a separate window that is branded with WhenU mark
 - d. WhenU's pop-up ad is not contingent upon or related to 1-800's trademark
 - i. Pop-up ads can appear because of a search term
 - ii. 1-800 happened to use a trademark similar to its web address
 3. WhenU's alleged effort to capitalize on user's attempt to access 1-800 website → Absent improper use of 1-800's mark, such conduct does not violate the Lanham Act
 - a. WhenU uses a marketing strategy about available deals
 4. WhenU does not alter or affect 1-800's website in any way, or divert or misdirect users
 5. WhenU does not link trademarks to any particular competitor's ads, and a customer cannot pay to have its pop-up ad appear on any specific website or in connection with any particular trademark
 6. 1-800 is unable to precisely explain how WhenU "uses" its trademark
 - b. Rescuecom Corp. v. Google Inc. (2d Cir. 2009)
 - i. Facts:
 1. Rescuecom has a registered federal trademark (1998), offers on-site computer services and sales
 - a. Advertises over the Internet using web-based services including Google
 2. Google provides a list of links to website; and shows context-based advertising
 - a. Two programs
 - i. Adwords
 1. Advertisers purchase terms
 - ii. Key Suggestion Tool
 1. Recommend keywords to advertisers to be purchased
 - ii. Rescuecom
 1. Users may be misled to believe that the ads that appear are affiliated with Rescuecom
 - iii. Procedure:
 1. District Court dismissed Rescuecom's claims
 - a. *1-800 Contacts* compels the conclusion that *Google's allegedly infringing activity does not involve use of Rescuecom's mark in commerce*, which is an essential element of an action under the Lanham Act
 2. Rescuecom appealed to the second circuit
 - iv. Holding:
 1. *1-800 Contacts* and the present case is materially different

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- a. 1-800 did not use, reproduce, or display the plaintiff's mark at all
 2. Google's altered search results did not constitute trademark use
 3. Plaintiff's trademark is not displayed in any of the sponsored links about which plaintiff is concerned
 4. Google's internal use of plaintiff's trademark was not a trademark use
 - c. Bosley Medical Institute, Inc. v. Kremer (9th Cir. 2005)
 - i. Kremer began using BosleyMedical.com to post negative testimonials about hair transplant experience from Bosley.
 - ii. Where use of a mark is not in connection with a sale of goods or services (e.g., it is in connection with the expression of consumer's opinion about goods and services), it is not prohibited as unauthorized use of a trademark
- C. The Factors Analysis for Likelihood of Confusion
- a. AMF v. Sleekcraft (9th Cir. 1979)
 - i. Procedure:
 1. Owner of registered trademark on recreational boats brought trademark infringement action against competing boat manufacturer.
 2. District Court found plaintiff's trademark was valid but not infringed and denied plaintiff's request for injunctive relief.
 3. Plaintiff appealed → Reversed
 - ii. Holding:
 1. Under all the circumstances, defendant's use of the mark "Sleekcraft" for its line of high-speed, sporty recreational boats infringed plaintiff's registered mark "Slickcraft."
 2. Where trademark owner's line of recreational boats was not competitive with alleged infringer's line of boats, it was necessary to consider all relevant circumstances in assessing the likelihood of confusion between the marks.
 - a. Factors
 - i. Strength of mark
 1. Slickcraft is assumed to be suggestive
 - ii. Similarity of marks
 1. Sight, sound, and meaning
 - a. District court said it was different, but the 9th Cir. Says this is similar
 - iii. Proximity of goods
 1. Although not competitive, their functional features and use are similar
 - iv. Actual confusion
 1. No evidence of actual confusion
 3. In view of defendant's substantial investment of time and money to build and preserve the good will of its mark and because a complete prohibition against defendant's use of the "Sleekcraft" name was unnecessary to protect against encroachment of plaintiff's mark, plaintiff was entitled to a limited mandatory injunction.
 - b. Virgin Enterprises Ltd. v. Nawab (2d Cir. 2003)
 - i. Facts:
 1. Virgin owns incontestable registrations for VIRGIN. Plaintiff also advertise wireless communication services (not phones) under the name VIRGIN MOBILE
 2. Defendants sell wireless communication products under the name VIRGIN WIRELESS to be used for wireless telecommunications and retail telephone sales
 - a. Lawyer told them mark VIRGIN was available

- ii. Procedure:
 1. Virgin sued Nawab and moved for preliminary injunction
 2. District court denied relief
 - a. Plaintiff's registrations did not claim the use of the VIRGIN mark in telecommunications services or in the associated retail sale of wireless telephone and accessories
 - b. Defendants were first to use VIRGIN for telecommunications and the first attempt to register VIRGIN for telecommunications and retail telephone sales
 - c. Dissimilarity in appearance between the parties' logos
 - d. Difference in plaintiff's huge stores and defendant's small retail outlets
 - e. Defendant's substantial resources in pursuing their trademark applications and establishing their retail presence
 3. Virgin appealed
- iii. Holding:
 1. Party seeking preliminary injunction must show:
 - a. Probability of irreparable harm in the absence of relief; and
 - i. Likelihood of success on the merits; or
 - ii. Serious questions going to the merits and a balance of hardships tipping decidedly in its favor
 2. **Polaroid factors support plaintiff's position**
 - a. Defendant's good/bad faith and the quality of defendant's products are pertinent to issues other than likelihood of confusion
 - b. Strength of the plaintiff's mark**
 - i. Inherent strength (inherent distinctiveness)
 1. Arbitrary/fanciful
 - a. Market efficiency, avoid confusion
 - b. Identification
 2. Plaintiff's VIRGIN mark is arbitrary and fanciful because the word "virgin" has no intrinsic relationship whatsoever to selling such equipment
 - ii. Acquired distinctiveness: fame, or extent to which prominent use of the mark in commerce has resulted in a high degree of consumer recognition
 1. Plaintiff's VIRGIN mark is also famous
 2. The fame of the mark increased the likelihood that consumers seeing defendant's shop selling telephones under the mark VIRGIN would assume incorrectly that defendants' shops were a part of plaintiff's organization
 - c. Similarity of marks**
 - i. The parties' marks were identical to the extent that both consisted of the same word "virgin"
 - ii. The difference in appearance were minor
 - iii. Confusion by listening to the advertisement
 - d. Proximity of the products and likelihood of bridging the gap**
 - i. Plaintiff sold similar items of consumer electronic equipment
 - ii. The goods are sold in the same channels of commerce
 - iii. There was a likelihood that plaintiff would in the reasonably near future begin selling those products

1. Plaintiff had begun marketing telephone services in England, which would operate in US
- iv. District court did not assess proximity of the goods
- v. Correct test: How far a valid trademark shall be protected with respect to goods other than those to which its owner has applied it
- e. **Actual confusion**
 - i. Affidavit of former employee of defendant Cel-Net, stated that individuals used to ask him if the kiosk at the mall was affiliated with plaintiff's VIRGIN stores
- f. **Sophistication of consumers**
 - i. Where the purchasers of a product 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
 - ii. Neither side submitted evidence, court made no finding favoring either side
- c. McDonald's Corp. v. McDental (N.D.N.Y., 1993)
 - i. Facts
 1. Plaintiff is a Delaware corporation with principal place of business in Oak Brook, Illinois
 2. Defendant is a NY professional corporation located in Plattsburgh, NY that provides dental services under the name McDental
 - a. Defendant operated under McDental since business opened in March 20, 1981 in Plattsburgh
 - b. Soon after, Defendant obtained a state service mark for the name McDental from NY
 - c. 1985, Defendant opened a second McDental office in South Burlington, Vermont
 - ii. Procedure:
 1. McDonalds sued for trademark infringement
 2. Defendant argued that in 1981 Plaintiff' family of "Mc" marks combined with generic words was not substantial enough to entitle it to enjoin the use of McDental, even if it were, no likelihood of confusion
 - iii. Issues:
 1. Whether plaintiff owns trademark rights in a family of marks featuring the prefix "Mc" connected to generic non-food terms
 2. Whether there is any likelihood that ordinary consumers are likely to be confused as to the source of Defendant's services
 - iv. Holding:
 1. Two steps:
 - a. Whether plaintiff possesses a trademark entitled to protection
 - b. Is there a likelihood of confusion
 2. McDonalds obtained federal registrations for several "Mc" marks that are both food-related and non-food/generic
 3. *McBagel* Factors for family of marks: The existence of a family of marks is a question of fact based on the distinctiveness of the common formative component and other factors, including the extent of the family's use, advertising, promotion, and its inclusion in a number of registered and unregistered marks owned by a single party
 - a. Recognition among purchasing public that the common characteristic is indicative of a common origin of the goods

4. Family of Marks

- a. Defendant: McDonald's did not possess a family of marks featuring "Mc" in 1981, and they had notice of infringement in 1981
- b. Plaintiff: Should look at family of marks from present standpoint
- c. Court: Because plaintiff is seeking injunction and injunctive relief is prospective, strength of family of marks is measured from present standpoint
- d. *Quality Inn*: Not all generic words coupled with "Mc" is precluded by McDonalds, and each case should be tested individually
 - i. The marks that are owned by McDonald's and that were formulated by combining "Mc" and a generic word are fanciful and enjoy a meaning that associates the product immediately with McDonald's and its products and service

5. Likelihood of Confusion

- a. Whether there exists a likelihood that an appreciable number of ordinarily prudent purchasers will be misled, or indeed simply confused, as to the source of the goods in question
- b. Strength of the mark**
 - i. Plaintiff submitted exhibits and testimony attesting to the widespread familiarity of the public with plaintiff's use of "Mc" language → Plaintiff's mark is strong
- c. Evidence of confusion**
 - i. Plaintiff submitted survey evidence through a witness
 1. 30% of population associated Defendant's name with Plaintiff, which is enough to be substantial under *Quality Inn*
 - ii. Former employee of Defendant said public was confused
- d. Similarity between the two marks**
 - i. Defendant cannot distinguish the two on the basis that it is the "dental" and not the "mc" that makes the name instantly recognized
- e. Proximity of the products and the likelihood that plaintiff will bridge the gap**
 - i. There is no connection between dental services and fast food
 - ii. Ronald McDonald charity houses: Plaintiff included toothbrushes and other similar products in Happy Meals
 - iii. There was no bridging the gap
- f. Intent of Drs. Druck and Gerner and good faith in choosing the name McDental**
 - i. Dr. Gerner was quoted in a news article saying that their name should be compliment to McDonalds
 - ii. Dr. Druck framed and displayed McDonalds' complaint in the office
 - iii. Drs. Consulted a non-trademark attorney because they had indeed considered the similarity
 - iv. Defendants did not have good faith

D. Confusion Away from the Point of Sale

a. Initial Interest Confusion

- i. Playboy Enters., Inc. v. Netscape Commc's Corp. (9th Cir. 2004)

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1. Consumers were initially confused as to whether banner links lead to Playboy websites (because it appeared after users search for Playboy), but the consumers were not confused once they were on the website
 2. Initial interest confusion: customer confusion that creates initial interest in a competitor's product
 - a. Harm: competitor gained a customer by appropriating the goodwill that Playboy developed in its mark
 3. Factors
 - a. Actual confusion (survey showed that most were confused)
 - b. Marketing channel (equal since countless companies use internet)
 - c. Consumer sophistication (consumer seeking adult-oriented materials easily diverted to other options that are graphic and appear more quickly)
 - d. Defendant's intent (defendants did nothing to alleviate confusion even when asked to)
 4. Concurrence: Berzon
 - a. Wanted to overrule *Brookfield* because even though customers who arrive at the Blockbuster realize that it is not West Coast Video, they were initially misled and confused
- b. Post-Sale Confusion
- i. Ferrari S.P.A. Esercizio v. Roberts (6th Cir. 1991)
 1. Roberts manufactured kit that replicated exterior features of Ferrari.
 2. Ferrari has burden to show likelihood of confusion under §43(a).
 3. Individuals examining the counterfeits, believing them to be genuine Ferrari, might find themselves unimpressed with the quality of the item and consequently be inhibited from purchasing the real car
 4. Others may be discouraged to acquiring genuine because the items become too commonplace and no longer possess the prestige once associated with them.
- E. Reverse Confusion
- a. Occurs when the junior user saturates the market with a similar trademark and overwhelms the senior user
 - b. A&H Sportswear, Inc. v. Victoria's Secret Stores, Inc. (3d Cir. 2000)
 - i. A&H trademarked MIRACLESUIT for control swimwear before VS used MIRACLE BRA in connection with its swimsuits.
 - ii. Factors for likelihood of confusion in reverse confusion
 1. Attentiveness of consumers
 2. Degree to which the channels of trade and advertisement overlap
 3. Considering the similarity of the targets of the parties' sales efforts
 4. Similarity of products
 - a. Lower court analyzed similarity for the direct confusion claim
 - b. Consumers may think that Miraclesuit is associated with VS because Miraclesuit is a disclaimer; but VS has a disclaimer
 5. Strength of the marks
 - a. Commercial strength
 - i. A court should analyze the "commercial strength" factor in terms of:
 1. The commercial strength of the junior user as compared to the senior user
 2. Any advertising or marketing campaign by the junior user that has resulted in a saturation in the public awareness of the junior user's mark

- ii. If the greater advertising originates from the junior user, reverse confusion is more likely.
 - b. Distinctiveness or conceptual strength
 - i. A strong mark should weigh in favor of a senior user
 - 6. The intent of the defendant
 - a. Reverse confusion doctrine designed to prevent larger company (junior) from adopting the mark with the deliberate intent of pushing its rival out of the market
 - 7. Actual confusion
 - a. No strict bar to use direct confusion evidence in a reverse confusion case
- F. Indirect and Vicarious Theories of Infringement Liability
 - a. Inwood Laboratories, Inc. v. Ives Laboratories, Inc. (SCUSA 1982)
 - i. Ives had expired patent for cyclandelate and trademarked CYCLOSPASMOL (blue/blue-red pills). Ives alleged that petitioners were mislabeling generic with its products.
 - ii. Issue:
 - 1. Whether a manufacturer of a generic drug, designed to duplicate appearance of a similar drug marketed by a competitor under a registered mark, can be vicariously liable for infringement of that trademark by pharmacists who dispense the generic drug
 - iii. Holding:
 - 1. There was no contributory infringement
 - a. Petitioners were not in a position directly to suggest improper drug substitutions
 - b. Mislabeling occurred too infrequently
 - 2. **Two ways in which defendant may become contributorily liable for the infringing conduct of another**
 - a. **If the service provider intentionally induces another to infringe a trademark**
 - b. **If the service provider continues to apply its service to one whom it knows or has reason to know is engaging in trademark infringement**
 - 3. Second Circuit should not have interpreted evidence, the standard of review is clearly erroneous
 - b. Tiffany (NJ) Inc., v. eBay Inc. (2d Cir. 2010)
 - i. Tiffany sued eBay for not preventing eBay sellers from selling counterfeit Tiffany goods (i.e., for culpably facilitating the infringing conduct of the counterfeiting vendors)
 - ii. Holding:
 - 1. There was no direct trade infringement because use of another's mark is permissible where the mark is necessary to identify the other's products and the use does not imply endorsement or affiliation
 - 2. **Inwood applies**- Tiffany only argued 2nd prong
 - a. **If the service provider continues to apply its service to one whom it knows or has reason to know is engaging in trademark infringement**
 - i. Tiffany's general allegations of counterfeiting failed to provide eBay with the knowledge required under *Inwood* and did not impose upon eBay an affirmative duty to remedy the problem.
 - 3. Willful Blindness
 - a. Standard: a person must suspect wrongdoing and deliberately fail to investigate; it is equivalent to actual knowledge for purposes of the Lanham Act

Chapter 8: Non-Confused-Based Trademark Liability Theories

A. Dilution Protection

a. Notes:

- i. Does not require a likelihood of consumer confusion

b. The Forms of Dilution

i. Tarnishment

1. Toys R Us, Inc. v. Akkaoui (N.D. Cal. 1996)

- a. Defendant sold sexual devices as “Adults R Us” on adultsrus.com

b. Procedure:

- i. Plaintiff sought injunction because of dilution under 15 U.S.C. § 1125 (1995)

c. Holding: There is tarnishment

- i. Toys R Us is a family of marks (“R Us” Family) and is famous
- ii. Congress intended to protect famous marks
- iii. Plaintiffs showed that “Adults R Us” dilutes their trademark and they will likely suffer irreparable harm

2. Toys R Us, Inc. v. Feinberg (SDNY 1998)

- a. Defendant sells guns under “We Are Guns” and “Guns Are Us” on gunsareus.com

b. Holding:

- i. Tarnishment when involving drugs, nudity, sex
- ii. Defendants less likely to be confused with Toys R Us
 1. Mostly in MA, small operation, different market
- iii. Not stylized “R” v. “are”

3. V Secret Catalogue, Inc. v. Moseley (6th Cir. 2010)

- a. Moseley operated Victor’s Little Secret, formerly Cathy’s Little Secret, and sold sex products. COL Baker submitted affidavit because he was offended by how Defendant tarnished Plaintiff’s mark

b. Procedure:

- i. Victoria’s Secret sued Moseley

c. Holding:

- i. Strength of Plaintiff’s Mark
 1. Lower threshold for “likelihood of confusion”- better for producers/more famous mark holders

d. Dissent:

- i. Plaintiff failed to show sufficient evidence that Defendant’s use of the mark affects the plaintiff

ii. Blurring

1. Starbucks Corp. v. Wolfe’s Borough Coffee, Inc. (2d Cir. 2009)

- a. Defendant Black Bear, a small operation in NH, had a blend called “Charbucks Blend,” “Mister Charbucks”

b. Procedure:

- i. Starbucks sues
- ii. District court found for Defendant
 1. No infringement
 2. District court heavily weighed similarity of the marks

c. Holding:

- i. Factors in determining dilution by blurring**

1. **The degree of similarity between the mark or trade name and the famous mark**
 - a. Defendant's mark is not similar
2. **The degree of inherent or acquired distinctiveness of the famous mark**
3. **The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark**
4. **The degree of recognition of the famous mark**
5. **Whether the user of the mark or trade name intended to create an association with the famous mark**
 - a. Defendant did try to create association
6. **Any actual association between the mark or trade name and the famous mark**

Chapter 9: Permissible Uses of Another's Trademarks

A. Fair Use of Another's Trademark

a. Descriptive Fair Use

i. KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc. (SCUSA 2004)

1. Facts:

- a. KP started using "microcolor" since about 1990 or 1991, and Lasting Impressions was using it as "micro color"
- b. Lasting registered "Micro Colors" in 1993, and it became incontestable in 1999

2. Procedure

- a. Lasting asked KP to stop using
- b. KP sued Lasting in CD of CA, seeking declaratory judgment that there is no exclusive right to "micro color"
- c. Lasting counterclaimed that KP infringed
- d. KP sought summary judgment using statutory affirmative defense of fair use pursuant to § 1115(b)(4)
- e. District Court found for KP
- f. Court of Appeals for Ninth Circuit reversed and remanded
 - i. Ninth Circuit thought it was error not to consider likelihood of confusion

3. Holding:

- a. Under § 1115(b), Incontestability under § 1065 gives exclusive right to use, but must still prove infringement as defined in § 1114
 - i. Nothing about likelihood of confusion in setting out elements of the fair use defense in § 1115(b)(4)
- b. It is only when a plaintiff has shown likely confusion by a preponderance of the evidence that a defendant could have any need of an affirmative defense
 - i. KP does not have to negate confusion
- c. The right to describe is the reason that descriptive terms qualify for registration as trademarks only after taking on secondary meaning as distinctive of the applicant's goods

ii. New Kids on Block v. News Am. Publ'g Inc. (9th Cir. 1992)

1. Facts:

- a. New Kids brought suit against newspapers for infringement from use of group's trademark in polls on group's popularity
- b. New Kids had a 900 number for fans, and the polls were also on a 900 number for voting
2. Procedure:
 - a. District court granted newspaper's motion for summary judgment
3. Holding:
 - a. Newspapers are entitled to nominative fair use defense
 - b. Fact that newspapers used toll telephone numbers to conduct poll which competed with services offered by group did not make defense unavailable
 - c. It is often impossible to refer to a particular product for purposes of comparison, criticism, point of reference, or any other such purpose without using the mark
 - d. **Commercial user is entitled to a nominative fair use defense if he meets three requirements**
 - i. **Product or service in question must be one not readily identifiable without use of the trademark**
 - ii. **Only so much of the mark or marks may be used as is reasonably necessary to identify the product or service**
 - iii. **The user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder**
- iii. Toyota v. Tabari (9th Cir. 2010)
 1. Facts:
 - a. Defendant was selling Lexus on buy-a-lexis.com and buyorleaselexus.com
 - b. Toyota asked defendants to stop using the mark, defendant stopped using Lexis except for the domain name
 2. Procedure:
 - a. District Court found infringement after bench trial- asked defendant to stop using their domain names and enjoined them from using the Lexis mark in any other domain name
 3. Holding:
 - a. District Court analyzed *Sleekcraft* 8 factor likelihood of confusion test- but *Sleekcraft* analysis doesn't apply where a defendant uses the mark to refer to the trademarked good itself
 - b. District Court's holding was too broad because Defendants should be able to use trademark in a way that the domain name would not confuse consumers
 - c. Consumers are sophisticated and would think that domain names that are trademark.com would be the domain name associated with the trademark rights holder
 - d. District Court should determine scope and timing of any infringement on remand and apply *Sleekcraft*
 - i. But Toyota must bear the burden of establishing that the Tabaris' use of the Lexis mark was not nominative fair use