

Overview of US Trademark Law¹

Purposes

- ⇒ to distinguishing goods and services
- ⇒ **For Customers:** avoid consumer confusion, reduce search costs by means of association with product, consumer safety, expression of lifestyle
- ⇒ **For Producer/TM owner:** protection of goodwill and investments. Quality control
- ⇒ **Competitors:** protection from anti-competitive behavior.

Prerequisites for Trademark Protection (Validity Test)

Word, name, symbol, device or other designation that is

- distinctive of a person's goods or services (*infra I*) and is
- non functional (in case of trade dress protection, *infra II*) and
- used (*infra III*) in a manner that identifies those goods or services.

I. Distinctiveness

⇒ Ability of a sign to identify/distinguish goods or services

1. Words:

Abercrombie Spectrum (p. 51)

a) Generic

- ⇒ Ineligible for TM protection despite proof of secondary meaning. Reason: avoid confusion among customers, allow competitors to use terms that are in the public domain.
- ⇒ no TM protection, but maybe protection by means of unfair competition (passing off) (*Blinded Veterans*, p. 76).

- How to determine whether a sign is generic:
 - **"Who are you / What are you?" test.** If the term says *what* the product is, then it is generic.
 - **Genus/Species Test:** Referring to the genus of which the particular product is a species (genus is a broad class and the species is a single brand within the class)
 - **Rule** (1-888-m-a-t-r-e-s-s):
 - (1) identify genus of goods or service (genus/species determination)
 - (2) is the term sought to be registered understood by the relevant public primarily to refer to that genus of goods or services? (primary significance test). If so, then generic
- **Compound words:** e.g. screen wipe (Question: 'is generic + generic = generic')
 - 9th Circuit (*Filipino*, p. 69): yes, unless "deviation from natural usage or *unusual unitary combination*".
 - Fed. Circ (*Gould*): yes, unless the words, as combined, have *different meaning*
 - 1-888-m-a-t-r-e-s-s-, however, is more akin to a phrase, not a compound word.
- Not only primary dictionary definition can indicate genericness (*Mil-Mar*, "Warehouse", p. 73).
- **Genericide:** strong TM becomes common use and thus generic. To avoid:
 - The vendor should use two terms to designate the product, one which will be treated as generic and the other one which will be preserved as a trademark
 - More effective to separate these two terms by the word "brand" (e.g. "Aspirin brand Pain Reliever")
 - When generic usage is called to the vendor's attention, he should letters or otherwise make his displeasure known

b) Descriptive:

- ⇒ key question: whether granting immediate protection to the prospective TM would be fair to consumers and competitors or whether it would be preferable to demand the proof of secondary meaning before the protection is granted?

- If the TM provides direct information about some aspect of the goods and services
- 2nd m. required for TM protection: a manufacturer must show that in the minds of the relevant public, the primary significance of a term is to identify the source of the product rather than the product itself
 - Direct evidence by consumer survey, demonstrating consumer understanding of the alleged TM or individual testimony
 - Circumstantial evidence by (see *Yankee Candle*)
 - Lengthy exclusive use (Sec 2 (f): prima facie evidence if TM was used for 5 years)
 - Sales volume
 - Amount of advertising and related promotional activities that the TM owner has undertaken
 - Knowingly copying of the TM by others (very shaky argument)
- Test: (5th Circ. in *Zatarins*, "Fish-Fri", p. 58)
 - i. dictionary
 - relevant indication of the ordinary meaning of the word to the public. If ordinary meaning, then descr.
 - ii. Degree of consumer imagination
 - if significant imagination is required, the TM will be treated as suggestive
 - iii. Likely degree of competitor need
 - the higher the perceived need, the more likely descriptive
 - iv. extent of actual competitive use
 - the more use, the more likely descriptive

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- c) **Suggestive:**
 - ⇒ Requires imagination (thought/perception) to reach conclusion as to the nature of goods. "Roach Motel", "Greyhound"
 - ⇒ no 2nd m. required. Inherently distinctive.
 - d) **Arbitrary/fanciful :**
 - ⇒ inherently distinctive
 - A TM is arbitrary when it has a meaning but does not describe the product or service it identifies (e.g. Blue Diamond for nuts, Apple for Computers
 - Fanciful TM's convey no meaning at all, other than their trademark meaning, newly coined words and combination of letters and numbers (Xerox, Kodak).
2. **Domain Names**
- usually, ".com" does not have source identifying function (*Oppedahl*, "patents.com"), but in some cases might (*Steelbuilding.com*, p. 13 Supp, *Tennis.net*)
3. **Names:**
- ⇒ § 2(e): Rule: no TM for personal names without 2nd meaning
 - A word is a surname if that is its primary significance to the purchasing public
 - Does not apply if public is unlikely to understand TM as personal name (*Peacable Planet*, "Niles", p. 19 Supp)
 - Names of authors
 - [A]s 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 as a designation of the writer, that is, it also functions as a TM (*In Re First Draft*, "Fem Michaels", p. 34). Factors:
 - Author controls the quality of works
 - Controls use of the name
 - Evidence of **promotion and recognition** of author's name that identify author as source
4. **Symbols/Device**
- Overall impact of TM must be considered. Even if individual elements are descriptive, the combination of such elements in a symbol/device might render the sign inherently distinctive.
 - Conflicts of IP rights in case of subject matter covered by copyright , e.g. movie clips, television series
 - If material covered by copyright law has passed into the public domain, it cannot then be protected by the Lanham Act without rendering the Copyright Act a nullity. (*Comedy II Prods.* p.139)
 - Once © expires, public has a **right to copy even without attribution** (*Dastar* p. 143)
 - No reverse passing of
 - Origin means actual producer of the good, not the originator of the ideas embodied in the product
5. **Color alone**
- ⇒ Rule: cannot be inherently distinctive, protection only if 2nd m. (*Qualitex*, p. 102)
 - The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature (*Qualitex* p. 178)
 - functionality is meant to capture problems arising from the **color depletion** theory (*Brunswick* p. 174)
6. **Sound**
- jingles can be inherently distinctive (*Dell chime*)
 - songs as a whole may be inherently distinctive for goods and services, but not for the performer as a signature song (*Frito Lay*, (*Girl of Ipanema*), p. 133),
7. **Smell/scent**
- Can be inherently distinctive if unusual/never been done before and thus seen as source identifier (*In Re Clarke*, p. 129). In any case, protectible if 2nd meaning (assumed it is not functional).
8. **Trade Dress**
- ⇒ the total visual image of a product
- a) **Test:**
 1. categorize the trade dress as either
 - product packaging or
 - product design
 2. in close cases it assume product design (*Samara*, p. 118)
 - b) **Product Packaging (label)**
 - ⇒ Combination of packaging elements and overall appearance
 - ⇒ Can be inherently distinctive, since there are limitless ways to pack a product (no competitive need)
 - Test for inherent distinctiveness: i. no common basic shape/design, ii. unique/unusual in particular field, iii. more than mere refinement of well-known form, iii. capable of creating distinct commercial impression (*Seabrook* (packaging for frozen food), p. 91).
 - Service business: interior décor or exterior design features of the building (look & feel) = product packaging = inherently distinctive (*Two Pesos*, p. 101)
 - c) **Product Design**
 - ⇒ Features of the product itself.
 - ⇒ Cannot be inherently distinctive, since there are only limited ways to design product
 - Only TM if 2nd m., (*Walmart*, p. 113)
 - If TM is unitary (inseparable whole), it cannot be registered as TM (*Slokevage*, p. 28 Supp)
9. **Reverse Passing Off**
- see *Dastar*

II. Functionality

- ⇒ Protecting functional features would hamper competition (imitation is the lifeblood of competition)
- ⇒ Protecting functional packaging or product features under TM law would undermine the policies of the patent system; just novel and non-obvious inventions are patentable for a period of 20 years, TM protection is unlimited

De facto functionality: functional in the "lay sense", even though directed to performance, may be recognized as indication of source (e.g. Coke bottle)

De jure functionality: object *cannot* serve as TM because of risk of anti-competitive harm → utilitarian concerns

Courts apply the following tests to determine functionality:

In Re Morton Norwich (CCPA/ **Federal Circuit**, 1982, p. 155). Evidence of de jure functionality:

- Is there an expired utility patent that discloses the utilitarian advantage of the design?
- Does the designer tout the design's utilitarian advantages through advertising?
- Are there alternatives available to competitors to accomplish the same function?
- Particular design results from simple or cheap method of manufacturing

TrafFix (Supreme Court, 2001, p. 199):

(1) Utility Patent (i.e. design in question is described in claim, specification, prosecution history)

- Strong evidence of de jure functionality, unless design is ornamental, incidental or arbitrary
- Other than *Vornado* (10th Circ.): "Where 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." Thus, a design element becomes public domain even if it is not functional. (p. 181)

(2) Two part test for functionality:

a) Traditional functionality Test: (*Inwood*, p. 204). De jure functional if

- Feature essential to the use or purpose of the article, **or**
- If it affects costs and quality of the article.

=> If this conditions are satisfied, there is no need to analyze whether alternative design possibilities exist. If the answer to the *Inwood* test is no, then the Court must apply:

b) Aesthetic functionality Test (*Qualitex*). De jure functional if

- Exclusive use would put competitors at significant non-reputation-related disadvantage, i.e. there are no alternatives that would be as aesthetically pleasing.
- => availability of alternatives can be taken into account.

Valu Engineering (**Federal Circuit**, 2002, p. 208):

Even after *TrafFix*, Federal Circuit C still applies all Morton-Norwich factors. In particular, it looks at available alternatives in either case (not only in cases of aesthetic functionality).

⇒ "Mash it all Test"

Eppendorf, (5th Circ. 2002 p. 215)

1. Traditional functionality (according to *Inwood* Test)? If there's none, then
 2. Aesthetic functionality/comparable alternatives (according to *Qualitex/TrafFix*).?
- ⇒ "Sequential Filter Test"

Abercrombie (6th Circ. 2002 p. 217)

1. Traditional functionality (according to *Inwood* Test)? **OR**
 2. Aesthetic functionality/comparable alternatives (according to *Qualitex/TrafFix*)?
- ⇒ "Either/Or Test"

III. Use

- ⇒ use is necessary for *obtaining* tm rights, and for *maintaining* tm rights.
- ⇒ prevent warehousing, protect first user of trademark

A. Use in order to obtain rights (determine priority / first to use)

1. Actual use (§2(a))

- Mendes-Test:
 1. adoption of the TM by the producer, and
 2. use in a way sufficiently public to identify or distinguish marketed goods, i.e. in the ordinary course of interstate trade. No sales are necessary.Totality of circumstances test (*Planetary motion*, p. 230).
 - o Amount of advertising in the US
 - o Amount of sales in the US
 - o Amount of shipments in the US
- Tacking: to claim priority in a TM based on first use date of a **similar, but technically distinct TM** (*Brookfield*, p. 240).
 1. TM must create same continuing commercial impression
 2. later TM should not materially differ from or alter character of tacked TM
- Analogous use: even though tm is not used "in connection with goods & services, e.g. anonymous advertisement (NLIFE), can be a bar to another's registration
 - o can be successful only where the analogous use is of such a nature and extent as to create public identification of the target term with the opposer's product or service (*Otto Roth rule*, p. 240)
 - o Direct evidence (consumer survey) not required – indirect evidence about the opposer's use of the word can suffice
 - o Analogous use must have substantial impact on the public (p. 249):
 1. open and notorious public use
 2. directed to targeted public
 3. sufficient to inform of present or future availability.

2. **Constructive use (§7c)**
 - a) **US applicants**
 - bona fide intent to use
 - proof of actual use within 6 months(extension available for up to 24 months in addition upon a showing of good cause).

⇒ Application date = date of priority
 ⇒ You can't use your ITU offensively in the litigation, just before the PTO, you can use it defensively in litigation (Warner case p. 261).
 - b) **International applicants**
 - Bona fide intent to use
 - No proof of actual use required to obtain registration (§44e), but obligation to use TM, otherwise abandonment > 3 years
 - Applicant must still satisfy all other US obligations, even if potentially conflicts with Paris Convention (*In re Rath*, p. 51 Supp.)

⇒ Application date = date of priority in country of origin, if filed within 6 months (§ 44d)
3. **Surrogate uses**
 - a) **Use by related companies and franchisee (§5)**
 - **Parent/sub** – generally use is attributed to the parent if there is a **substantial relationship** between the using entity and the controlling entity.
 - **Licensee/licensor** – if K provides for **quality control**, will attribute to licensor.
 - b) **Use by the public**
 - (Coca Cola, p. 274, "Coke", "March Madness", p. 278, "Cherry Red Stapler", p. 280).

B. Use in order to maintain rights

Trademark must be used in connection with goods or services, or it falls back in the public domain, free for others to use.

1. **Abandonment (§45(1)), if:**
 - TM owner discontinues use and has no intent to resume use within reasonably foreseeable future (*Emergency One*, p. 281 "Americian Eagle")
 - Depends on nature of industry and facts of case
 - Presumption of abandonment after 3 y of non-use
 - Can be rebutted by the TM owner
 - TM holder must come forward with evidence to **rebut presumption**, showing either actual use or an intent to resume
 - Ultimate burden of proof of abandonment is always on the challenger
 - No **residual goodwill** (*Ferrari* "Daytona Spider", p. 63)
 - The mind set of the consuming public is equally important
 - If the public after abandonment still associates the TM with the good/service, protection of the TM is appropriate to avoid consumer confusion
2. **Failure to Control Use (§45(2))**
 - Abandonment if licensor does not retain sufficient control over tm, e.g. by naked licensing (*Stanfield*, p. 295). Reason: When consumer purchase trademarked goods they expect consistency. If the licensee produces inferior goods than the licensor, consumers will be likely disturbed
 - A particular level of quality is not required, just the same modest quality that the licensor used to offer
 - Exercise of actual control rather than a theoretical or legal right of control is determinative (*University Bookstore*)

IV. Registration

Why registration:

- ⇒ Nationwide Protection from date of Application
- ⇒ Incontestability: if registered TM used continuously for 5 years, limited challenges to registrant's right to use TM
- ⇒ Constructive Notice to others, prevention of registration of any TM that PTO considers likely to cause consumer confusion
- ⇒ Treble Damages for deliberate infringement of registered TM
- ⇒ Evidentiary advantages as registered TM is prima facie valid
- ⇒ Confirms ownership and validity to simplify auditing and clearing title in sale of product line or company.
- ⇒ In doubt, let it be registered

A. Exclusions from Registration (§ 2 a)

1. **Scandalous**
 - Is the meaning scandalous, i.e. shocking to the sense of truth, decency, or propriety to, or give offense to in the view
 - of substantial composite of **general public** (contemporary attitudes) ("Old Glory condoms")
 - Two-step test (p. 323)
 - Determine the likely meaning (dictionary) and
 - determine whether, in view of the likely meaning, the matter is scandalous to a substantial composite of the general public (p. 323)
 - ⇒ Must also consider (1) the relationship between the matter and any other element that makes up the TM in its entirety and (2) the goods and/or services and the manner in which the TM is used (p. 323)
 - ⇒ Dictionaries alone likely not sufficient because scandalousness will depend on word's connotations (p. 323)
 - ⇒ Intent to shock (or lack thereof) is relevant, but not determinative.

2. **Disparaging/contempt/disrepute**

- Ascertain the likely meaning and
- determine whether that meaning may be disparaging , i.e. be dishonorable/degrading in the view of substantial composite of the referenced group at the time of registration
- “May” language suggests that intent is not determinative
- Factors (p. 325)
 - o Dictionary definitions
 - o Relationship between subject matter in question and other elements that make up the TM in its entirety
 - o Nature of goods and/or services
 - o Manner in which the TM is used in the marketplace in connection with goods and/or services

3. **Deceptive/descriptive/misdescriptive**

	Deceptive	Deceptively misdescriptive	Descriptive
TMs other than geographic	§2(a) <ul style="list-style-type: none"> • misdescriptive ² • prospective purchasers likely to believe misdescription³ • misdescription material to the purchasing decision⁴ “Lovee Lamb”, “Organik”	§2(e)(1) <ul style="list-style-type: none"> • misdescriptive • prospective purchasers likely to believe misdescription • misdescription not material to the purchasing decision) “Glass Wax”, “Cotton Cola”	§2 conveys an immediate idea of the characteristics of goods (c.f. Abercrombie Spectrum)
Geographic TMs	§2(e)(1) (deceptive) and §2(e)(3) geographically deceptively misdescriptive <ol style="list-style-type: none"> 1. Primary significance of TM is generally known geographic location⁵ 2. purchasers likely to make goods/place or services/place association⁶ 3. goods do not come from that place 4. misdescription is material to the purchasing decision) ⇒ There is no longer any difference between (e)(1) and (e)(3) due to NAFTA amendment (<i>California Innovations</i> , p. 349). “California Innovations”		§ 2(e)(2) <ol style="list-style-type: none"> 1. primary significance is geographic⁷, 2. purchasers likely to make goods/place or services/place association, and 3. goods actually come from this region “Appalachian Log Homes”
2 nd meaning possible	No!	<ul style="list-style-type: none"> • No in case of geographic TMs, yes in case of other TMs. 	Yes

4. **Primarily merely a surname (§ 2 (e))**

⇒ Everyone should be able to use his own name in business. Thus no registration unless 2nd meaning.

- A sign is primarily merely a surname If the overall impact on the consuming public has a surname meaning
- If the TM has both a surname meaning and some other well knowing meaning in English, it will not be considered a primarily merely a surname. A name can be considered arbitrary (e.g. KING brand razors) and thus be protected as a TM without showing of a 2nd meaning
- **Factors** (p. 359)
 1. Whether surname is **rare** (if , consumer unlikely to think that it is a surname). Primary source of evidence: phone books
 2. Whether anyone **connected with the applicant** has the TM as a surname (indication of surname)
 3. Whether term has any other recognized meaning
 4. Whether the term has the **look and feel** of a surname
- Historical names: not “merely” surnames (consumers think of their image rather than that they run the business)
- Surname+ generic term (e.g. O’Connor Computers)
 - o Still “primarily” merely a surname

B. **Incontestability**

- § 15 (requirements)
 - Continuous use for 5 years
 - remains in use
 - affidavit
- § 14 (petition at the PTO to cancel TM) and § 33 (defenses to incontestability in litigation)
- incontestable TMs cannot be challenged on basis of descriptiveness (*Park ‘N Fly*, p. 370) or prior use

² The TM falsely indicates specific characteristics of good (e.g. to be a lamb skin, when it’s not)

³ consumers are likely to assume that TM conveys the respective information about product (e.g. they believe that “lamb” is meant to refer to lamb skin, since there are lamb skin seat covers available).

⁴ i.e. customers are likely to pay more to get a genuine lamb skin instead of a replica.

⁵ i.e. meaningful segment of purchasing public would consider the place to be noted for specific goods/services.

⁶ i.e. consumers are likely to believe that place identified by the TM indicates the origin of the goods bearing the TM, e.g. because the place is known for the product (Swiss chocolate) or because the place is a major manufacturing area (e.g. Chicago, as opposed to Yukon).

⁷ there is a geographical connotation to meaningful segment of purchasing public

Scope and Enforcement of TM Rights

I. Geographic Limitations

A. Domestic Scope (Conflict between Common Law trademarks)

- The first person to use a TM (senior user) in trade is the owner
- **TeaRose Doctrine, *Rectanus*, p. 381**). Defense of junior user if he uses
 - the same or confusingly similar TM in a remote (wholly separate) geographical area
 - in good faith (i.e. with no knowledge or notice that another person has made an earlier use somewhere in the US)
 - outside the senior user's zone of natural expansion
 - => a senior user may eject the good faith remote user, if , at the time the junior user began to use the TM, the senior user logically and foreseeable would eventually expand in this territory, given the nature of his business and his history of prior expansion. => gives a "puffing zone" to the senior user.

B. Domestic Scope (National Conflict between registered trademarks and common law trademarks)

- Senior user's registration serves as constructive notice (§22, no one claim use in good faith) . **Gives nationwide protection, but no remedy** (injunction) against junior user without likelihood of confusion, i.e
- if senior user is **not likely**, in the normal course of business, **to expand** use into junior user's market (zone of natural expansion (consumer point of view) (*Dawn Donut*, p. 387)
 - or if senior user has **not yet penetrated the market** (producer's point of view) (*Healthcom*, p. 391). Factors (*Sweetart*, p. 394):
 - dollar value of sales in this territory
 - number of customers (in relation to the total population of the territory)
 - potential growth
 - length of sales
 - or in cases of laches/acquiescence (*Whataburger*, p. 81 Supp.). Test (p. 84 Supp.)
 - Owner knew of senior user
 - delay inexcusable
 - prejudice

C. International Scope (Territoriality Principle)

1. Scope of foreign TM rights in the US

Foreign use is not deemed use in commerce in the US (territoriality principle) thus does get US TM protection, unless

- US use merely nominal to block entry of foreign TM owner
- a foreign TM is famous/well-known, i.e. **substantial** percentage of relevant US market is familiar with foreign TM (*Grupo Gigante*, p. 87 Supp.) (2nd meaning "plus" requirement). Factors relevant in assessment:
 - 1. Intentional copying of TM by defendant
 - 2. Whether customers of the American firm are likely to think they are patronizing the foreign firm
- a foreign **service TM** is displayed in advertisements in the US and services are rendered in US commerce or foreign commerce (*Bancorp*, 4th Circuit, p. 406)
 - commerce also includes **foreign commerce**
 - **Foreign commerce** = trade between US subjects and subjects of a foreign nation
 - Location of the foreign commercial enterprise is of no concern under the Commerce Clause – the **parties engaged in the trade** are key, not the locale
 - Dissent: more protection for foreign uses without registration

2. Scope of extra-territorial enforcement of U.S. trademark rights

US Courts can have subject matter jurisdiction over infringing conduct abroad and apply US law, if:

Supreme Court (1952), (p. 433) "Bulova" Factors	2 nd Circ. Bulova Interpretation in Vanity Fair Mills (1956), 4 th and 11 th Circ. follows	2 nd Circ. Sterling Drug (1994) reviewing injunction against "spill over" advertising	9 th Circ. Wells Fargo (1977)/ 5 th Circ. adopted with primacy to Bulova factors	1 st Circ. McBee (2005)
1. effect on commerce in the US 2. US citizen as defendant 3. No conflict with Mexican law	1. <i>Substantial</i> effect on commerce in the US 2. US citizen is a defendant 3. No conflict with valid foreign TM rights and no valid foreign tm registration	Reaffirmed Vanity Fair; however the strict test unnecessary demanding when the plaintiff seeks the more modest goal of limiting foreign uses that reach the US.	Rejected Vanity test, substantial effect not required!	1. Consider citizenship of accused infringer, than US Courts have jurisdiction. If defendant foreigner, then we look further 2. Jurisdiction only if a substantial effect on US commerce 3. Comity/ Conflict with foreign law irrelevant for personal jurisdiction (relevant to decline subject matter jurisdiction)
Necessary Conditions or balancing test?	Absence of one of the factor might well be determinative and absence of both is certainly fatal		Each Bulova factor is just one consideration to be balanced. Absence of two factors not necessarily fatal	Does not balance the Bulova factor, instead disaggregates the Bullova test

II. Infringement by Likelihood of Confusion

Whether defendant's use of its tm is likely to cause consumers to be confused as to the source/affiliation/sponsorship of goods or services?

A. use in commerce

use in connection with sale of goods and services?

- registering phone number not "use" (*Holiday Inn*, p. 460)
- Use of ad words might be use (*Google*, p. 114 Supp.)
- Gripe site not use in commerce (*Bosley*, p. 128 Supp.)

B. likely to cause confusion (l.o.c.)

⇒ misleading the consumer into purchasing the "wrong" product

1. In General

⇒ see table on p. 470-471. Basic framework:

- Intent?
- Existence of actual confusion?
- Market Factors ("What is the market like?")

2. Some Factors in more detail

- Strength of TM
 - ⇒ the stronger the plaintiff's TM (arbitrary/fanciful TMs), the more likely it is that consumers, seeing the defendant's allegedly similar TM, will believe that the defendant is associated with the plaintiff
 - **Family of TMs**: public must associate not only the individual TM but also the common characteristic of the family with the TM owner (*McDonalds*, p. 478)
 - Problem of niche fame (*Veuve Clicquot*), What is the relevant market? Connoisseurs or regular customer.
- Similarity
 - of the parties products/services:
 - Take into account how consumer will encounter both TMs in commerce (e.g. next to each other in shelf, or only one brand in one store) (*Libman*, "brooms", p. 485)
 - side by side comparison is usually not appropriate because prospective purchaser does not ordinarily carry a sample of the product he knows
 - of the parties **TMs**:
 - in case of **competing goods**: the closer the TMs, the more likely it is that confusion will occur
 - consider the **Anti dissecting rule** in case of TMs that consist of multiple words
 - sight/sound/meaning test:
 - The TMs can be found confusingly close depending on how good is marketed or sold (logos, on radio, ordered orally only "one Bud (or Bit) please", etc.) or how meaning is remembered ("Tornado" and "Cyclone").
 - Sliding scale: the more similar the goods, the less similarity in TM is required for l.o.c., and vice versa.
- Bad Faith
 - bad faith is more likely if TM is arbitrary/fanciful. Harder to prove in case of acquired distinctiveness.
- Buyer Sophistication
 - Specialist or laymen?
 - price is strongest indication. The cheaper, the less sophistication/attention of customer.
 - Mixed buyer classes: "lowest common denominator", or even "moron in a hurry" standard? ☺
- Actual confusion
 - not required to establish l.o.c., but required to get damages. Usually highly persuasive.
 - usually demonstrated by survey.

3. l.o.c. on the Internet

- Internet Trinity (*Goto.com*, 9th Circ., p. 506)
- Similarity of TM
- Relatedness of goods/services
- simultaneous use of Web as marketing channel.

4. l.o.c. in case of Private Label Goods

⇒ Common practice of putting knock-off goods right next to original in shelf (e.g. Walgreen pain relief next to Tylenol)

- Permitted since pro-competitive/reduces search costs for consumer. Side-by-side comparison might reduce l.o.c.

5. l.o.c. in case of Promotional Goods

⇒ e.g. sale of "Cubs" T-shirts, embroidered logos, etc.

- There is confusion because public might assume endorsement of sale by sports team.
- criticized, since creating "rights in gross" for sports teams. Other approach: just register TM for relevant classes

6. Initial Interest confusion

⇒ Use TM to create initial customer interest in product, even if customer realizes, prior to purchase, that product was not manufactured by TM owner. (putting "BLOCKBUSTER next exit" sign on highway, but leading to a HOLLYWOOD RENTAL, "bait & switch"/"foot in the door" approach).

- Use of TM in **meta-tag** to divert consumers on webpage can constitute initial interest confusion (*Brookfield*, p. 521).
- No application of initial interest confusion approach to **gripe sites** (*Fallwell.com*, p. 146 Supp.)
- Use of TM as **keywords in web advertising** applied the multifactor test (*Playboy Enterprises*, p. 528)
- Declined initial interest confusion approach for **non internet context** (*Gibson*: no application for trade dress)

7. Post-Sale confusion

⇒ use of TM leads individuals (*other than the purchaser!*) mistakenly to believe that product was manufactured by TM owner (single cutaway guitars / replications of Ferrari Testarossa).

- Could apply (*Ferrari*, p. 535), but could also be too broad, e.g. in case of trade dress (*Gibson*, p. 152 Supp.).

8. Reverse Confusion

⇒ Junior user with market power saturates market with similar TM and overwhelms senior user. Public comes to assume the senior user's products are really the junior user's.

- protection of smaller senior users against larger, more powerful companies (*A&H Sportswear*, p. 542).
- might, if given too much credence, allow sleepy senior user to reap on junior user's marketing efforts.

- **Test:** similar to regular I.o.c. test, but also differences (see *A&H Sportswear*, p. 548)

III. Infringement by Dilution/Cybersquatting

A. Dilution

- ⇒ § 43 (c)
- ⇒ Affords protection to famous TMs regardless of competition or likelihood of confusion.
- ⇒ Protects the famous TM's uniqueness and selling power.

Requirements =>§43 (c)

1. Famous TM

- ⇒ Kodak, Rolls Royce, Camel, Coca Cola, Dupont, Nike
- ⇒ "TM is widely recognized by *general consuming public*" (i.e. no niche fame).
- ⇒ Dilution applies both for TM with inherent or acquired distinctiveness.

Factors §43 (c)(2)(A) and *Star Markets*, p. 582:

- duration of advertising
- extent of sales of goods (volume, geographic)
- actual recognition
- federal registration

2. Use by infringer in commerce

3. Blurring

- ⇒ "association that impairs the distinctiveness of famous TM" (§43 (c)(2)(B)).
- ⇒ weakens the TM's ability to bring to mind a particular product, that of the trademark owner, since various uses.
 - Factors under §43 (c)(2)(B):
 - similarity
 - degree of distinctiveness of famous TM (numerous third party use may indicate a weakened TM, *Nabisco*, p. 596).
 - degree of recognition of famous TM
 - intent of junior user to make association with famous TM
 - actual associations between sign and famous TM

4. Tarnishment

- ⇒ "association that harms reputation of famous TM" (§43 (c)(2)(C)).
- ⇒ use undermines the positive association the owner has built up. Appearance of TM in distasteful or inappropriate that lessens its commercial appeal
 - association with drugs, nudity or sex (*Adults "R" Us*, p. 592).
 - No tarnishment if association with guns (*Guns Are Us*, p. 594).

5. No exclusion

- fair use (comparative advertising, parody, criticism) (SEE BELOW)
- news reporting
- noncommercial use.

B. Anti-Cybersquatting

- ⇒ § 43 (d)
- ⇒ Dilution only protects famous TM. ACPA Act meant to address this problem in the context of Internet.

1. In Personam Action, §43 (d)(1)

- Action against individual if
 - 1. individual registers/traffics/uses domain name that is
 - identical/confusingly similar with distinctive TM (at time of registration)
 - identical/confusingly similar/dilutive with famous TM (at time of registration)
 - 2. individual has bad faith intent to profit. Factors to be considered, see §43 (d)(1)(B)

2. In Rem Action, §43 (d)(2)

- Action against domain names, at place where registrar is located.
 - 1. TM owner is not able to obtain in personam jurisdiction under (d)(1) or not able to find individual under (d)(1)
 - 2. any cause of action under § 43 (I.o.c. or dilution), i.e. even if no bad faith (*Harrods*, p. 643).

3. UDRP

- Form of private arbitration for .com and other gTLD, see p. 663 book. Can be appealed to court of competent jurisd.

4. Reverse Hijacking

- § 32 (2)(D)(v)
- Possibility of domain name owner (registrant) to bring action before US court based on TM owners abuse of UDRP system if
 - registrant sues
 - domain name has been suspended, disabled, or transferred under a "policy" (e.g. UDRP)
 - TM owner has been notified of reverse hijacking claim
 - registration of domain name is not unlawful (under US law, *Barcelona.com*, p. 675)
 -

IV. Defenses

A. Fair use

1. Classic ("descriptive") Fair Use

- ⇒ § 33 (b)(4) (use which is descriptive and in good faith)
- ⇒ Fair use is affirmative defense, i.e. plaintiff must demonstrate i.o.c., defendant must show fair use (*KP Permanent*, "micro color", p. 181 Supp.)
- ⇒ serves as antidote for overly broad protection of descriptive incontestable TM's (*Park N'Fly*)

use of TM which is

- fair and in good faith
- only to describe to users the goods or services or their geographic origin

2. Nominative Fair use

use of TM to describe TM owner's product, even if third parties goal ultimate goal is to describe own product.

e.g. "as good as Chanel", "I repair Volkswagen", "

- ⇒ pro-competitive: competitors must be able to tell public what they are offering. Lowers barriers to market entry.
- ⇒ Public benefits because it can compare products/knows that equivalent product is on market. .

9 th Circuit (<i>New Kids on the Block/Jardine</i> , p. 701)	3 rd Circuit (<i>Lending Tree</i> , p. 189 Supp.)
No likelihood of confusion test.	1. Likelihood of Confusion (focusing on price of goods, length of use without confusion and defendant's intent), c.f. p. 193 Supp.)
a) Plaintiff's good/service not readily identifiable without use of TM	2. a) Use necessary to describe <u>both plaintiff's goods/services and defendant's goods/services.</u>
b) only so much of TM used as reasonably necessary to identify <u>defendant's</u> product or service	b) only so much of TM used as reasonably necessary to describe plaintiff's goods/services (quantitatively, e.g. plaintiff's TM in stylized lettering, or in plain lettering only)
c) nothing that suggests sponsorship or endorsement by TM owner (<i>Jardine</i> , Beach Boys, p. 706, wrongly indicated sponsorship).	c) language reflects true and accurate relationship between plaintiff and defendant's goods/services

B. First Sale

First sale doctrine: First unrestricted sale exhausts certain of TM owner's right with respect to this physical embodiment (e.g. right to sell, right to import, right to repair and resell)..

US rule

- Right to import goods bearing the TM. Not exhausted, unless
 - foreign source and US Tm holder are related companies and common ownership/control
 - goods are the same or not materially different (i.e. not significant to consumer when purchasing the product) from goods sold in US.
- Right of repair/recondition and sell as second-hand
 - permitted (*Champion Spark Plugs*, p.720). Inferiority immaterial if article is clearly and distinctively sold as repaired and TM owner not identified with inferior qualities resulting from reconditioning.
- Right to rebottle/resell and indicate that the contents were the original TM owner's products
 - Permitted (*Coty*, p. 714), as long as accurate/truthful

C. Parody

- ⇒ TM rights extend only to commercial uses and do not entitle owner to quash unauthorized use of the TM by another who is communicating ideas or expressing points of view.

Use of another person's TM, is protected by the First Amendment if the speech is not purely commercial, i.e. (*Mattel*, Barbie Girl, p. 746)

- use includes protected expression, e.g. humor, visual verbal editorial comment, or parody and
- commercial purpose is inextricably entwined with these expressive elements.
- (in case of titles) context between title and expressive content

V. False Advertising

⇒ § 43(a)(1)(B)

- False statement
 - Literally false
 - Consumer confusion is presumed
 - "tests prove": Plaintiff must only prove that tests were unreliable
 - "my product is better". Plaintiff must prove that statement is actually false.
 - literally true/ambiguous, but convey false impression
 - evidence of consumer confusion necessary (normally by survey), unless infringer acts in bad faith.
- deceives or has tendency to deceive substantial segment of consumers
- deception is material
- false statement in interstate commerce
- likelihood of harm to plaintiff.

VI. False Endorsement/False Attribution

⇒ § 43(a)(1)(A)

False Endorsement

- incorrect assumption that someone endorsed product

False Attribution

- incorrect assumption that someone contributed/participated.
- Possessory Credit: assumption that someone participated (c.f. *King*, p. 802).
- "Based Upon" Credit: movie was based upon book

VII. Right of Publicity

Factors (*White*, p. 832)

- Plaintiff's identity has been used
- to advantage of defendant
- without plaintiff's consent
- with resulting injury

VIII. Remedies

A. Incunctive Relief

1. Preliminary Injunction

⇒ immediately appealable, equitable remedy

- Requirements (*GoTo*, p. 869)

OR

1. Probability of success on the merits (e.g. I.o.c. or dilution) and	1. Serious questions going to the merits, but
2. Possibility of irreparable harm <ul style="list-style-type: none">• usually presumed.	2. Balance of hardships sharply in favor of plaintiff.
3. Payment of Bond by Plaintiff	3. Payment of Bond by Plaintiff

- Equitable defenses
 - laches: TM owner knowingly allowed infringing TM to be used without objection for a lengthy period of time.
 - unclean hands: Behaviour of plaintiff

2. Permanent Injunction

⇒ Routinely granted
⇒ often modified from absolute grant to tailored solution (e.g. disclaimer)
⇒ "Safe distance rule": If defendant is in contempt of court order, court might grant injunction that is broader than what is actually infringing.

B. Monetary Relief

⇒ § 35(a)

1. Actual Damages of plaintiff

⇒ =Position of plaintiff but for the infringement, e.g. p's lost profits.

- Granted if
 - proof of sale the plaintiff would have made but for infringement
 - proof of *defendant's* profits as proxy for p's lost sales.

2. Accounting of defendant's profits

⇒ what benefit did defendant reap (unjust enrichment). Punitive aspect.

- Granted if
 - Willful infringement ("infringement is willfully calculated to exploit advantage of established TM", *Lindy*, p. 879)
 - Actual confusion (?), *Bausch*, p. 885
 - Deterrence policy (only 9th circuit (?))("permitted if infringement yields financial rewards).

3. Attorney's fees and Treble Damages

- Granted under exceptional circumstances, e.g.
 - malicious, fraudulent, deliberate or willful

⇒ no damages prior to notice or attachment of ©. No notice required in case of common law TMs.

Geographic Boundaries

of United States Courts of Appeals and United States District Courts

