

I.	Establishing Trademark Rights.....	5
A.	Trademark Distinctiveness.....	8
1.	Inherent Distinctiveness of Source and Acquired Distinctiveness of Source	10
a.	Inherent Distinctiveness of Source	10
i.	The Abercrombie Spectrum.....	10
	<i>Abercrombie & Fitch Co. v. Hunting World, Inc.</i>	10
ii.	Distinguishing Suggestive from Descriptive Marks	16
	<i>Zatarains, Inc. v. Oak Grove Smokehouse, Inc.</i>	17
	<i>Innovation Ventures, LLC v. N.V.E., Inc.</i>	19
	<i>Zobmondo Entertainment, LLC v. Falls Media, LLC</i>	21
iii.	Special Rules for Classification of Certain Kinds of Trademarks.....	30
♦	Descriptiveness of Geographic Terms	30
♦	Certification Marks and Collective Marks	31
♦	Surnames	34
♦	Non-English Words: The Doctrine of “Foreign Equivalents”	35
♦	Acronyms.....	36
♦	Domain Names and Top-Level Domain Designations...	36
b.	Acquired Distinctiveness of Source	37
	<i>Frosty Treats Inc. v. Sony Computer Entertainment America</i>	39
	<i>Cartier, Inc. v. Four Star Jewelry Creations, Inc.</i>	42
	<i>Board of Supervisors for Louisiana State University Agricultural & Mechanical College v. Smack Apparel Co.</i>	46
c.	Generic Marks	51
	<i>Frito-Lay North America, Inc. v. Princeton Vanguard, LLC</i>	54
	<i>Frito-Lay North America, Inc. v. Princeton Vanguard, LLC</i>	68
d.	Further Examples of <i>Abercrombie</i> Classifications	76
2.	The Distinctiveness Analysis of Nonverbal Marks	79
a.	Initial Supreme Court Approaches to the Analysis of Nonverbal Marks.....	80
	<i>Two Pesos, Inc. v. Taco Cabana, Inc.</i>	82
	<i>Qualitex Co. v. Jacobson Products Co., Inc.</i>	97
b.	Product Packaging Trade Dress and Product Configuration Trade Dress	105
i.	The Differing Distinctiveness Analysis of Product Packaging and Product Configuration	105
	<i>Wal-Mart Stores, Inc. v. Samara Bros., Inc.</i>	106

ii.	Distinguishing Product Packaging from Product Configuration	112
	<i>In re Slokevage</i>	112
	<i>McKernan v. Burek</i>	117
	<i>Best Cellars, Inc. v. Wine Made Simple, Inc.</i>	119
	<i>Fedders Corp. v. Elite Classics</i>	120
	<i>In re Brouwerij Bosteels</i>	121
	<i>Art Attacks Ink, LLC v. MGA Entertainment Inc.</i>	122
c.	Analyzing the Inherent Distinctiveness of Product Packaging Trade Dress.....	124
	<i>Fun-Damental Too, Ltd. v. Gemmy Industries Corp.</i>	126
	<i>Amazing Spaces, Inc. v. Metro Mini Storage</i>	130
	<i>Fiji Water Co., LLC v. Fiji Mineral Water USA, LLC</i>	140
	<i>Star Industries, Inc. v. Bacardi & Co. Ltd.</i>	142
d.	Analyzing the Acquired Distinctiveness of Nonverbal Marks.....	144
B.	Bars to Protection	146
1.	Functionality	148
a.	Foundational Cases.....	149
	<i>In re Morton-Norwich Products, Inc.</i>	149
	<i>Inwood Labs, Inc. v. Ives Labs, Inc.</i>	160
	<i>TraFFix Devices, Inc. v. Marketing Displays, Inc.</i>	162
b.	Utilitarian Functionality Case Law after <i>TraFFix</i>	169
i.	Federal Circuit	170
	<i>Valu Engineering, Inc. v. Rexnord Corp.</i>	170
ii.	Fifth Circuit.....	172
	<i>Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH</i>	172
iii.	Ninth Circuit	175
	<i>Apple, Inc. v. Samsung Electronics Co. Ltd.</i>	177
iv.	Seventh Circuit	184
	<i>Specialized Seating, Inc. v. Greenwich Industries, L.P.</i>	184
c.	Aesthetic Functionality	187
i.	Foundational Cases.....	189
	<i>Pagliero v. Wallace China Co.</i>	189
	<i>Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.</i>	191
ii.	Aesthetic Functionality and the Apparel Fashion Industry	196
	<i>Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.</i>	196
2.	Deceptive and Deceptively Misdescriptive Marks.....	206

a.	<i>Non-Geographic</i> Deceptive and Deceptively Misdescriptive Marks	206
b.	<i>Geographic</i> Deceptive and Deceptively Misdescriptive Marks...	208
3.	Scandalous and Disparaging Marks.....	217
a.	The Prohibition of the Protection of Scandalous and Disparaging Marks.....	218
b.	The Constitutionality of the Prohibition of the Protection of Scandalous and Disparaging Marks.....	220
	<i>In re Simon Shiao Tam</i>	221
4.	Marks that May Falsely Suggest a Connection	249
	<i>In re Nieves & Nieves LLC</i>	249
5.	Confusingly-Similar Marks Under Lanham Act § 2(d).....	258
C.	Use as a Prerequisite for Rights	259
	<i>Aycock Engineering, Inc. v. Airflite, Inc.</i>	262
	<i>Planetary Motion, Inc. v. Techsplosion, Inc.</i>	268
D.	The Trademark Registration Process.....	283
1.	Benefits of Registration	285
a.	Registration on the Principal Register.....	286
b.	Registration on the Supplemental Register.....	288
2.	Lanham Act § 1(b) Intent to Use Applications and the Bona Fide Intent to Use Requirement.....	289
	<i>M.Z. Berger & Co., Inc. v. Swatch AG</i>	289
3.	Process of Registration.....	299
a.	Application	299
b.	Examination.....	300
c.	Publication	301
d.	Opposition and the Trademark Trial and Appeal Board.....	301
e.	Registration.....	302
f.	Post-Registration Maintenance of the Registration	303
4.	Notice of Federal Registration	303
5.	The Madrid System.....	304
6.	Cancellation of Registration.....	306
7.	Incontestable Status and <i>Park 'N Fly</i>	310
	<i>Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.</i>	310
E.	The Territorial Extent of Trademark Rights.....	322
1.	The Territorial Extent of Rights in Unregistered Marks	322
	<i>United Drug Co. v. Theodore Rectanus</i>	323
2.	The Territorial Extent of Rights in Registered Marks	329

a.	Applications Filed on or after November 16, 1989: Constructive Use Priority as of Date of Application	329
b.	Applications Filed before November 16, 1989: Constructive Notice Priority as of Date of Registration	332
c.	Concurrent Use and Registration.....	332
d.	The <i>Dawn Donut</i> Rule	336
3.	National Borders and “Well-Known” Marks	338
a.	National-Border Limits on Trademark Rights	338
	<i>Person's Co., Ltd. v. Christman</i>	338
b.	The Well-Known Marks Doctrine	345
i.	The Well-Known Marks Doctrine in the Ninth Circuit.....	346
	<i>Grupo Gigante SA De CV v. Dallo & Co., Inc.</i>	346
ii.	The Well-Known Marks Doctrine in the Second Circuit.....	358
	<i>ITC Ltd. v. Punchgini, Inc.</i>	358
	<i>ITC Ltd. v. Punchgini, Inc.</i>	378

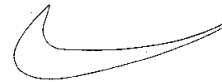
I. Establishing Trademark Rights

In order to qualify for trademark protection under U.S. federal law, a trademark must meet three basic requirements: (1) the trademark must be “distinctive” of the source of the goods or services to which it is affixed, (2) the trademark must not be disqualified from protection by various statutory bars to protection, the most significant of which is that the trademark not be “functional,” and (3) the trademark must be used in commerce.

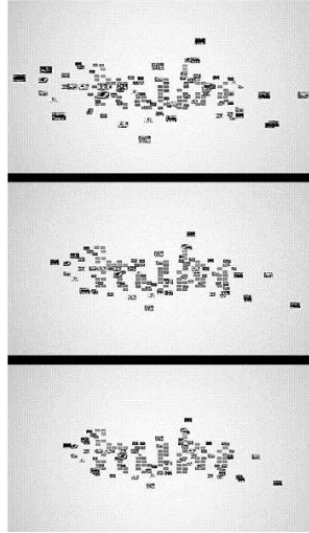
Note what is missing from this list of basic requirements for trademark protection. First, in order to qualify for protection under the Lanham Act, a trademark does not need to be registered at the PTO (though, as we will discuss in Part I.D, there are significant benefits to registration). Lanham Act § 32, 15 U.S.C. § 1114, protects *registered* marks from unauthorized uses that are likely to cause consumer confusion as to the true source of the unauthorized user’s goods. Lanham Act § 43(a), 15 U.S.C. § 1125(a), does the same for *unregistered* marks. (And Section 43(c), 15 U.S.C. § 1125(c), protects both registered and unregistered marks from trademark dilution). As a matter of tradition, trademark lawyers sometimes refer to unregistered mark protection under § 43(a) as “common law” protection of trademarks even though this protection is based on statutory federal law.

Second, a protectable trademark need not manifest itself in any particular form.¹ Consider the extraordinary variety of forms that trademarks (here, all registered) may take:

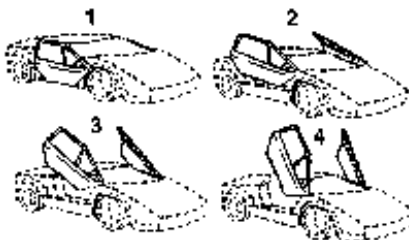
- Words: APPLE for computers (U.S. Reg. No. 1,078,312, Nov. 29, 1977); AMAZON for online retailing services (U.S. Reg. No. 2,832,943, April 13, 2004); NIKE for athletic shoes (U.S. Reg. No. 978,952, Feb. 19, 1974).
- Phrases: JUST DO IT for clothing (U.S. Reg. No. 1,875,307, Jan. 24, 1995).
- Two-dimensional still images: a “wing’ design” for sports bags (U.S. Reg. No. 1145473, Jan. 6, 1981)
- Two-dimensional moving images: for online entertainment services, “[t]he mark consists of a moving image mark, consisting of an animated sequence showing a series of rectangular video screens of varying sizes, that fly inward in whirlwind fashion, as if from the viewer’s location, toward the center of the viewer’s screen, where they coalesce into the word ‘HULU’. The drawing represents three (3) stills (freeze frames) from the animated sequence.” (U.S. Reg. No. 4,129,188, Aug. 3, 2010).



¹ See Jerome Gilson & Anne Gilson LaLonde, Cinnamon Buns, Marching Ducks, and Cherry-Scented Racecar Exhaust: Protecting Nontraditional Trademarks, 95 TRADEMARK REP. 773 (2005).

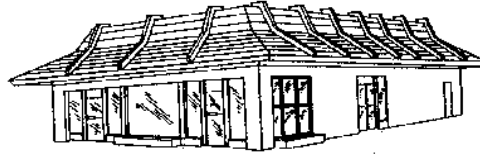


- Colors: the color canary yellow for adhesive stationary notes (U.S. Reg. No. 2,390,667, Oct. 3, 2000); the color brown for parcel delivery services (U.S. Reg. No. 2,131,693, Jan. 27, 1988).
- Sounds: Tarzan's yell for toy action figures (U.S. Reg. No. 2,210,506, Dec. 15, 1998); for canned and frozen vegetables where the mark consists of "the sound of a deep, male, human-like voice saying 'Ho-Ho-Ho' in even intervals with each 'Ho' dropping in pitch" (U.S. Reg. No. 2,519,203, Dec. 18, 2001).
- Scents: for office supplies where the mark consists of a vanilla scent (U.S. Reg. No. 3,143,735, Sept. 12, 2006).
- Textures: for wines where "[t]he mark consists of a velvet textured covering on the surface of a bottle of wine" (U.S. Reg. No. 3,155,702, Oct. 17, 2006).²
- Motions: for automobiles where "[t]he mark consists of the unique motion in which the door of a vehicle is opened. The doors move parallel to the body of the vehicle but are gradually raised above the vehicle to a parallel position." (U.S. Reg. No. 2,793,439, Dec. 16, 2003).

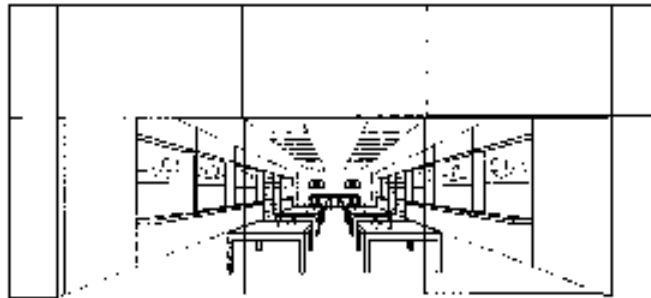


² See Christina S. Monteiro, *A Nontraditional Per-Spectrum: The Touch of Trademarks*, INTA BULL., June 15, 2010, at 4.

- Buildings exteriors: the design of a building for restaurant services (U.S. Reg. No. 1,045,614, Aug. 3, 1976).



- Building interiors: for retail consumer electronics services, “the mark consists of the design and layout of a retail store. The store features a clear glass storefront surrounded by a paneled facade consisting of large, rectangular horizontal panels over the top of the glass front, and two narrower panels stacked on either side of the storefront. Within the store, rectangular recessed lighting units traverse the length of the store’s ceiling. There are cantilevered shelves below recessed display spaces along the side walls, and rectangular tables arranged in a line in the middle of the store parallel to the walls and extending from the storefront to the back of the store. There is multi-tiered shelving along the side walls, and a oblong table with stools located at the back of the store, set below video screens flush mounted on the back wall. The walls, floors, lighting, and other fixtures appear in dotted lines and are not claimed as individual features of the mark; however, the placement of the various items are considered to be part of the overall mark.” (U.S. Reg. No. 4,277,914, Jan. 22, 2013).

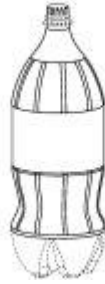


- Product shapes: for mobile phones, where “the mark consists of the configuration of a rectangular handheld mobile digital electronic device with rounded corners.” (U.S. Reg. No. 3,457,218, July 1, 2008).



- Product packaging: for soft drinks, “[t]he mark consists of a three dimensional configuration of a version of the Coca Cola Contour Bottle,

rendered as a two-liter bottle, having a distinctive curved shape with an inward curve or pinch in the bottom portion of the bottle and vertical flutes above and below a central flat panel portion.” (U.S. Reg. No. 4,242,307, Nov. 13, 2012).



The reader may be quite surprised to see that trademark rights can cover such a wide array of subject matter. This Part covers how these various marks have managed to qualify for trademark protection and why various other marks have failed to qualify. Section I.A devotes a great deal of attention to what is by far the most important requirement for trademark protection: that the trademark be “distinctive.” Section I.B then turns to the various statutory bars to protection, including the functionality bar, which disqualify marks from protection under the Lanham Act. Section I.C seeks to make sense of the “use in commerce” requirement for trademark protection. Section I.D reviews why it is worthwhile to register a mark at the PTO and how the registration process works. Section I.E addresses the geographic scope of the protection of registered and unregistered marks.

A. Trademark Distinctiveness

Lanham Act § 45; 15 U.S.C. § 1127

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

The § 45 definition of the term “trademark” emphasizes that a protectable trademark must be distinctive of source — it must “identify and distinguish... goods... and... indicate the source of the goods.” Note that in order to qualify for protection, a trademark need not indicate the precise manufacturing source of the goods. For example, the trademark TIDE for laundry detergent need not indicate in exactly which factory the particular bottle of laundry detergent was made or that Proctor & Gamble ultimately owns the TIDE brand. Instead, consumers need only know that all products bearing the same trademark originate in or are sponsored by

a single, albeit “unknown” or “anonymous,” source.³ This is sometimes known as the “anonymous source” theory of trademark protection.

A trademark will qualify as distinctive if either (1) it is “inherently distinctive” of source or (2) it has developed “acquired distinctiveness” of source. A mark is inherently distinctive if “its intrinsic nature serves to identify a particular source.” *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 210 (2000) (alterations omitted). The underlying assumption is that as a matter of consumer literacy, consumers will almost instantly recognize, even when they encounter the mark for the first time, that an inherently distinctive mark is a designation of source. After all, how else would a modern consumer make sense of the word “apple” as used in the sale of electronics that have nothing to do with apples? Inherently distinctive marks “almost *automatically* tell a customer that they refer to a brand,” *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159 162-63 (1995) (emphasis in original), and “immediately ... signal a brand or a product ‘source.’” *Id.* at 163.

Marks that lack inherent distinctiveness may nevertheless qualify as distinctive if they have developed “acquired distinctiveness,” otherwise known as “secondary meaning.” Over time, consumers may come to identify what might have seemed merely a description of the good or service (e.g., “American Airlines”) or merely a decoration on a product (e.g., three stripes on the side of an athletic shoe) as a designation of the source of that product. Indeed, consumers may come to identify the configuration of the product itself as a signifier of its source.

Here in Section I.A, we will spend considerable time reviewing how courts determine if a commercial sign qualifies as inherently distinctive or as possessing acquired distinctiveness. Before proceeding, two things should be kept in mind. First, some of the opinions below address the registrability of the marks at issue at the PTO while other opinions address the protectability under § 43(a) of marks that have never been registered. Recall that registration is not a prerequisite for trademark protection under the Lanham Act. Many significant trademark cases over past decades have involved unregistered marks. The important point for our purposes in this subsection is that the basic doctrine relating to the registrability of a mark is essentially the same as the doctrine relating to whether it may be protected regardless of its registration status. We may use opinions from either context to understand the distinctiveness requirement in trademark law.

Second, this subsection will first consider distinctiveness doctrine as it relates to verbal marks, and will then proceed to the considerably more difficult area of distinctiveness doctrine that covers non-verbal marks, such as logos, colors, product packaging, and product configuration (i.e., the shape of the product itself).

³ See McCarthy § 3.9 (“[T]he “source” identified by a trademark need not be known by name to the buyer. It may be anonymous in the sense that the buyer does not know, or care about, the name of the corporation that made the product or the name of the corporation which distributes it. But the buyer is entitled to assume that all products carrying the same trademark are somehow linked with or sponsored by that single, anonymous source.”).

1. Inherent Distinctiveness of Source and Acquired Distinctiveness of Source

a. Inherent Distinctiveness of Source

i. *The Abercrombie Spectrum*

The excerpt below, from *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976), analyzes some of the most fundamental terms and concepts in trademark law. Though *Abercrombie* is now a relatively old opinion, its influence on U.S. and even foreign trademark law cannot be overstated. It is the origin of the “*Abercrombie* spectrum” of trademark distinctiveness, a classification scheme that is used in a wide variety of areas of trademark doctrine.

The essential facts underlying the opinion are as follows. Plaintiff Abercrombie & Fitch Company (“A&F”) operated various sporting goods stores in New York City and elsewhere. It had multiple PTO registrations for its trademark SAFARI. Among these was a registration for SAFARI for cotton clothing, a registration for SAFARI for hats, and a registration for SAFARI for shoes. Defendant Hunting World, Incorporated (“HW”) began to sell at its New York City store sporting apparel, including hats and shoes, bearing the terms “Safari,” “Minisafari,” and “Safariland.” A&F sued on the ground that HW’s conduct would confuse consumers as to the true source of HW’s goods. At the core of the case was the question of whether A&F’s SAFARI trademark lacked distinctiveness of source on certain of A&F’s goods.

As you read the excerpt, consider the following questions:

- To the extent that a mark’s categorization somewhere along the *Abercrombie* spectrum bears directly on whether the mark will qualify for trademark protection, which borders between categories do you suspect are especially disputed?
- Where would you classify the trademark “safari” for clothing? for boots? for hats?

Abercrombie & Fitch Co. v. Hunting World, Inc.

537 F.2d 4, 9-11 (2d Cir. 1976)

FRIENDLY, Circuit Judge:

[1] It will be useful at the outset to restate some basic principles of trademark law, which, although they should be familiar, tend to become lost in a welter of adjectives.

[2] The cases, and in some instances the Lanham Act, identify four different categories of terms with respect to trademark protection. Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful. The lines of demarcation, however, are not always

bright. Moreover, the difficulties are compounded because a term that is in one category for a particular product may be in quite a different one for another,¹ because a term may shift from one category to another in light of differences in usage through time,² because a term may have one meaning to one group of users and a different one to others, and because the same term may be put to different uses with respect to a single product.

[3] A generic term is one that refers, or has come to be understood as referring, to the genus of which the particular product is a species. At common law neither those terms which were generic nor those which were merely descriptive could become valid trademarks, see *Delaware & Hudson Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 323, 20 L.Ed. 581 (1872) (“Nor can a generic name, or a name merely descriptive of an article or its qualities, ingredients, or characteristics, be employed as a trademark and the exclusive use of it be entitled to legal protection”). The same was true under the Trademark Act of 1905, *Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, 220 U.S. 446, 31 S.Ct. 456, 55 L.Ed. 536 (1911), except for marks which had been the subject of exclusive use for ten years prior to its enactment, 33 Stat. 726.³ While, as we shall see, the Lanham Act makes an important exception with respect to those merely descriptive terms which have acquired secondary meaning, see § 2(f), 15 U.S.C. § 1052(f), it offers no such exception for generic marks. The Act provides for the cancellation of a registered mark if at any time it “becomes the common descriptive name of an article or substance,” § 14(c). This means that even proof of secondary meaning, by virtue of which some “merely descriptive” marks may be registered, cannot transform a generic term into a subject for trademark. As explained in *J. Kohnstam, Ltd. v. Louis Marx and Company*, 280 F.2d 437, 440, 47 CCPA 1080 (1960), no matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise and what success it has achieved in securing public identification, it cannot deprive competing manufacturers of the product of the right to call an article by its name. We have recently had occasion to apply this doctrine of the impossibility of achieving trademark protection for a generic term, *CES Publishing Corp. v. St. Regis Publications, Inc.*, 531 F.2d 11 (1975). The pervasiveness of the principle is

¹ To take a familiar example “Ivory” would be generic when used to describe a product made from the tusks of elephants but arbitrary as applied to soap.

² See, e.g., *Haughton Elevator Co. v. Seeberger*, 85 U.S.P.Q. 80 (1950), in which the coined word ‘Escalator’, originally fanciful, or at the very least suggestive, was held to have become generic.

³ Some protection to descriptive marks which had acquired a secondary meaning was given by the law of unfair competition. The Trademark Act of 1920 permitted registration of certain descriptive marks which had acquired secondary meaning, see *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U.S. 315, 59 S.Ct. 191, 83 L.Ed. 195 (1938).

illustrated by a series of well known cases holding that when a suggestive or fanciful term has become generic as a result of a manufacturer's own advertising efforts, trademark protection will be denied save for those markets where the term still has not become generic and a secondary meaning has been shown to continue. *Bayer Co. v. United Drug Co.*, 272 F. 505 (2 Cir. 1921) (L. Hand, D. J.) [finding "aspirin" generic]; *DuPont Cellophane Co. v. Waxed Products Co.*, 85 F.2d 75 (2 Cir.) (A. N. Hand, C. J.), cert. denied, 299 U.S. 601 (1936) [finding "cellophane" generic]; *King-Seeley Thermos Co. v. Aladdin Industries, Inc.*, 321 F.2d 577 (2 Cir.1963) [finding "thermos" generic]. A term may thus be generic in one market and descriptive or suggestive or fanciful in another.

[4] The term which is descriptive but not generic⁴ stands on a better basis. Although § 2(e) of the Lanham Act, 15 U.S.C. § 1052, forbids the registration of a mark which, when applied to the goods of the applicant, is "merely descriptive," § 2(f) removes a considerable part of the sting by providing that "except as expressly excluded in paragraphs (a)-(d) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce" and that the Commissioner may accept, as prima facie evidence that the mark has become distinctive, proof of substantially exclusive and continuous use of the mark applied to the applicant's goods for five years preceding the application. As indicated in the cases cited in the discussion of the unregistrability of generic terms, "common descriptive name," as used in §§ 14(c) and 15(4), refers to generic terms applied to products and not to terms that are "merely descriptive." In the former case any claim to an exclusive right must be denied since this in effect would confer 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. In the latter case the law strikes the balance, with respect to registration, between the hardships to a competitor in hampering the use of an appropriate word and those to the owner who, having invested money and energy

⁴ See, e. g., *W. E. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656 (2 Cir. 1970). A Commentator has illuminated the distinction with an example of the "Deep Bowl Spoon":

"Deep Bowl" identifies a significant characteristic of the article. It is "merely descriptive" of the goods, because it informs one that they are deep in the bowl portion It is not, however, "the common descriptive name" of the article (since) the implement is not a deep bowl, it is a spoon "Spoon" is not merely descriptive of the article it identifies the article (and therefore) the term is generic.

Fletcher, *Actual Confusion as to Incontestability of Descriptive Marks*, 64 Trademark Rep. 252, 260 (1974). On the other hand, "Deep Bowl" would be generic as to a deep bowl.

to endow a word with the good will adhering to his enterprise, would be deprived of the fruits of his efforts.

[5] The category of “suggestive” marks was spawned by the felt need to accord protection to marks that were neither exactly descriptive on the one hand nor truly fanciful on the other, a need that was particularly acute because of the bar in the Trademark Act of 1905, 33 Stat. 724, 726, (with an exceedingly limited exception noted above) on the registration of merely descriptive marks regardless of proof of secondary meaning. See *Orange Crush Co. v. California Crushed Fruit Co.*, 54 U.S.App.D.C. 313, 297 F. 892 (1924). Having created the category the courts have had great difficulty in defining it. Judge Learned Hand made the not very helpful statement:

It is quite impossible to get any rule out of the cases beyond this: That the validity of the mark ends where suggestion ends and description begins.

Franklin Knitting Mills, Inc. v. Fashionit Sweater Mills, Inc., 297 F. 247, 248 (S.D.N.Y.1923), *aff'd per curiam*, 4 F.2d 1018 (2 Cir. 1925), a statement amply confirmed by comparing the list of terms held suggestive with those held merely descriptive in 3 *Callmann, Unfair Competition, Trademarks and Monopolies* s 71.2 (3d ed.). Another court has observed, somewhat more usefully, that:

A term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of goods. A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods.

Stix Products, Inc. v. United Merchants & Manufacturers Inc., 295 F.Supp. 479, 488 (S.D.N.Y.1968). Also useful is the approach taken by this court in *Aluminum Fabricating Co. of Pittsburgh v. Season-All Window Corp.*, 259 F.2d 314 (2 Cir. 1958), that the reason for restricting the protection accorded descriptive terms, namely the undesirability of preventing an entrant from using a descriptive term for his product, is much less forceful when the trademark is a suggestive word since, as Judge Lumbard wrote, 259 F.2d at 317:

The English language has a wealth of synonyms and related words with which to describe the qualities which manufacturers may wish to claim for their products and the ingenuity of the public relations profession supplies new words and slogans as they are needed.

If a term is suggestive, it is entitled to registration without proof of secondary meaning. Moreover, as held in the *Season-All* case, the decision of the Patent Office to register a mark without requiring proof of secondary meaning affords a rebuttable presumption that the mark is suggestive or arbitrary or fanciful rather than merely descriptive.

[6] It need hardly be added that fanciful or arbitrary terms⁵ enjoy all the rights accorded to suggestive terms as marks without the need of debating whether the term is “merely descriptive” and with ease of establishing infringement.

In the light of these principles we must proceed to a decision of this case.

Comments and Questions

1. *Is “safari” generic as to clothing, hats, and boots?* Judge Friendly found that safari was a generic term when used in connection with certain items of clothing and hats. Here is part of his reasoning:

It is common ground that A&F could not apply ‘Safari’ as a trademark for an expedition into the African wilderness. This would be a clear example of the use of ‘Safari’ as a generic term. What is perhaps less obvious is that a word may have more than one generic use. The word ‘Safari’ has become part of a family of generic terms which, although deriving no doubt from the original use of the word and reminiscent of its milieu, have come to be understood not as having to do with hunting in Africa, but as terms within the language referring to contemporary American fashion apparel. These terms name the components of the safari outfit well-known to the clothing industry and its customers: the ‘Safari hat’, a broad flat-brimmed hat with a single, large band; the ‘Safari jacket’, a belted bush jacket with patch pockets and a buttoned shoulder loop; when the jacket is accompanied by pants, the combination is called the ‘Safari suit’.

Abercrombie, 537 F.2d at 11-12. Judge Friendly determined that the term “safari” was not generic, however, when used in connection with boots; it was either suggestive or merely descriptive, and because the registration of SAFARI for boots had become “incontestable” (a concept we will discuss below), the mark was found in either case to be protected. *Id.* at 12. Nevertheless, HW was deemed to be making a “fair use” (another concept we will address below) of the term safari in connection with its boots and was thus found not to be infringing. *Id.* at 12-13.

We will devote much more attention to the question of genericism in Part I.A.1.c below.

⁵ As terms of art, the distinctions between suggestive terms and fanciful or arbitrary terms may seem needlessly artificial. Of course, a common word may be used in a fanciful sense; indeed one might say that only a common word can be so used, since a coined word cannot first be put to a bizarre use. Nevertheless, the term “fanciful”, as a classifying concept, is usually applied to words invented solely for their use as trademarks. When the same legal consequences attach to a common word, i. e., when it is applied in an unfamiliar way, the use is called “arbitrary.”

2. *What Abercrombie borderlines are the most disputed?* Under the *Abercrombie* spectrum, suggestive, arbitrary, and fanciful marks qualify as inherently distinctive and may be protected without a showing that the mark has developed secondary meaning as a designation of source. Descriptive marks do not qualify as inherently distinctive and require a showing of secondary meaning to be protected. Generic marks may not be protected regardless of any showing of secondary meaning. Thus, there are two significantly disputed borders in the *Abercrombie* spectrum, the border between generic and descriptive marks (addressed in Part I.A.1.c) and the border between descriptive and suggestive marks (addressed in the next subsection).

In practice, it rarely makes much difference whether the inherently distinctive mark is deemed suggestive, arbitrary, or fanciful. In the context of the likelihood of confusion analysis (discussed in Part II), many courts recite the rule that fanciful marks should receive a greater scope of protection than arbitrary marks, and arbitrary marks a greater scope of protection than suggestive marks, but again, it is not clear that these distinctions have had any effect on litigation outcomes. Indeed, courts not uncommonly group arbitrary and fanciful marks into the same category, as *Abercrombie* itself does.

3. *Coined terms that are not fanciful, but rather suggestive.* Not all coined terms qualify as fanciful. In *Surfvivor Media, Inc. v. Survivor Productions*, 406 F.3d 625 (9th Cir. 2005), the court analyzed the *Abercrombie* classification of the trademark SURFVIVOR for beach-themed products:

Because “Surfvivor” is a coined term, [plaintiff] Deptula contends that it should be treated as a fanciful mark. However, the mere fact that a mark consists of a coined term does not automatically render that mark fanciful. See *Interstellar Starship Servs. Ltd. v. Epix, Inc.*, 184 F.3d 1107, 1111 (9th Cir. 1999) (determining that the coined phrase “EPIX” for electronic pictures should not automatically be considered an arbitrary [or fanciful] mark). Fanciful marks have no commonly known connotation to the product at hand. By contrast, the term “Surfvivor” is highly evocative of the company’s beach-related products.

Id. at 632. The court ultimately determined that the SURFVIVOR mark was suggestive. *See id.*

4. *Why choose a non-inherently distinctive descriptive mark?* Lawyers may advise their clients always to choose inherently distinctive marks (and ideally only fanciful marks) because such marks do not require any showing of secondary meaning to qualify for protection. Yet clients often prefer — and the marketplace is full of — descriptive marks, particularly marks that are descriptive in a laudatory sense (e.g., BEST BUY). Why should this be the case? In an opinion involving the trademark FASHIONKNIT, Judge Learned Hand offered one persuasive explanation:

I have always been at a loss to know why so many marks are adopted which have an aura, or more, of description about them. With the whole

field of possible coinage before them, it is strange that merchants insist upon adopting marks that are so nearly descriptive. Probably they wish to interject into the name of their goods some intimation of excellence, and are willing to incur the risk.

Franklin Knitting Mills, Inc. v. Fashionit Sweater Mills, Inc., 297 F. 247 (S.D.N.Y. 1923). See also *Aloe Creme Labs, Inc. v. Milsan, Inc.*, 423 F.2d 845, 165 U.S.P.Q. 37 (9th Cir. 1970) (“Apparently entrepreneurs can not resist the temptation to tie the name of their product to some disabling quality of description, geography, or vanity.”). The Gilson treatise discusses this issue thoroughly at § 2.01.

5. *Do misspellings make any difference?* In short, no. See *Restatement (Third) of Unfair Competition* (1995) § 14, cmt. a (“The misspelling or corruption of an otherwise descriptive word will not ordinarily alter the descriptive character of the designation.”); *Spex, Inc. v. Joy of Spex, Inc.*, 847 F. Supp. 567 (N.D. Ill. 1994) (SPEX for eyeglasses merely descriptive); *In re Quik-Print Copy Shops, Inc.*, 616 F.2d 523, 205 U.S.P.Q. 505 (C.C.P.A. 1980) (QUIK-PRINT for photocopy services merely descriptive). See also *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774, 780, 142 U.S.P.Q. 334 (2d Cir. 1964) (“That the terms used to comprise a trademark are misspelled, or represent the combination of several words or parts of words, or are otherwise so formed or malformed that the mark does not appear in any standard dictionary, will not preclude a finding of invalidity based on descriptiveness if the terms which are used, interpreted according to the basic rules of the English language, do sufficiently describe.”).

ii. Distinguishing Suggestive from Descriptive Marks

There are a number of reasons why a trademark owner would want to show that a mark on the border between descriptiveness and suggestiveness is in fact suggestive and thus inherently distinctive. First, as we will see in Part I.A.1.b, it can be difficult and costly to show that a mark deemed descriptive has developed secondary meaning as a designation of source. Second, as we will see in Part I.D, only inherently distinctive marks may be registered on an intent-to-use basis.

Where a mark falls along the border between suggestiveness and descriptiveness can be difficult to determine, and a court’s determination of the issue difficult to predict. Courts’ approaches vary, but all emphasize, as did Judge Friendly in *Abercrombie*, the question of the degree of “imagination” a consumer must use to connect the meaning of the mark to the characteristics of the goods. See, e.g., *Platinum Home Mortgage Corp. v. Platinum Financial Group, Inc.*, 149 F.3d 722, 47 U.S.P.Q.2d 1587 (7th Cir. 1998) (stating the Seventh Circuit’s “degree of imagination” test as “[I]f a mark imparts information directly it is descriptive. If it stands for an idea which requires some operation of the imagination to connect it with the goods, it is suggestive”, and quoting approvingly the district court’s reasoning that PLATINUM MORTGAGE is descriptive because “the mental leap . . . is

nearly instantaneous and... requires little imagination to associate 'platinum' with superiority and quality service").

Because the borderline between descriptive and suggestive marks is so important, three representative analyses are provided here for your consideration. To give you a sense of the relative importance of various opinions in the trademark law canon, it is worth noting that none of the opinions excerpted here have been nearly as influential as *Abercrombie*. They are provided instead as everyday examples from a variety of circuits of how courts draw (sometimes unpredictably) the border between suggestiveness and descriptiveness.

In reading these cases, consider the following questions:

- Which factors should be the most important to a court's determination of whether a mark is either descriptive or suggestive?
- How might you design a survey to aid a court in determining whether a mark is either descriptive or suggestive?
- How manipulable is the descriptiveness/suggestiveness analysis for a court that wants to reach what it considers to be the right result?
- As to the third excerpt, from the *Zobmondo* opinion, how would you rule in a bench trial on the issue of whether WOULD YOU RATHER...? is descriptive or suggestive given the evidence discussed in the excerpt?

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

698 F.2d 786, 792-93 (5th Cir. 1983)

[Plaintiff Zatarains, Inc. ("Zatarain's") used two registered trademarks: FISH-FRI for fried-fish batter and CHICK-FRI for fried chicken batter. Competitors, including Oak Grove Smokehouse, Inc. ("Oak Grove") and Visko's Fish Fry, Inc. ("Visco's"), used phrases like "FISH FRY" or "CHICKEN FRY" on the packaging of competing products to describe the contents of those products. Both sides of the dispute cross-appealed the outcome of the district court's bench trial].

Goldberg, Circuit Judge:

...

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

[2] We are mindful that “[t]he concept of descriptiveness must be construed rather broadly.” Callman § 70.2. Whenever a word or phrase conveys an immediate idea of the qualities, characteristics, effect, purpose, or ingredients of a product or service, it is classified as descriptive and cannot be claimed as an exclusive trademark. *Id.* § 71.1; see *Stix Products, Inc. v. United Merchants & Manufacturers, Inc.*, 295 F.Supp. 479, 488 (S.D.N.Y.1968). Courts and commentators have formulated a number of tests to be used in classifying a mark as descriptive.

[3] A suitable starting place is the dictionary, for “[t]he dictionary definition of the word is an appropriate and relevant indication ‘of the ordinary significance and meaning of words’ to the public.” *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d 3, 11 n.5 (5th Cir.1974). Webster’s Third New International Dictionary 858 (1966) lists the following definitions for the term “fish fry”: “1. a picnic at which fish are caught, fried, and eaten; 2. fried fish.” Thus, the basic dictionary definitions of the term refer to the preparation and consumption of fried fish. This is at least preliminary evidence that the term “Fish-Fri” is descriptive of Zatarain’s product in the sense that the words naturally direct attention to the purpose or function of the product.

[4] The “imagination test” is a second standard used by the courts to identify descriptive terms. This test seeks to measure the relationship between the actual words of the mark and the product to which they are applied. If a term “requires imagination, thought and perception to reach a conclusion as to the nature of goods,” *Stix Products*, 295 F.Supp. at 488, it is considered a suggestive term. Alternatively, a term is descriptive if standing alone it conveys information as to the characteristics of the product. In this case, mere observation compels the conclusion that a product branded “Fish-Fri” is a prepackaged coating or batter mix applied to fish prior to cooking. The connection between this merchandise and its identifying terminology is so close and direct that even a consumer unfamiliar with the product would doubtless have an idea of its purpose or function. It simply does not require an exercise of the imagination to deduce that “Fish-Fri” is used to fry fish. Accordingly, the term “Fish-Fri” must be considered descriptive when examined under the “imagination test.”

[5] A third test used by courts and commentators to classify descriptive marks is “whether competitors would be likely to need the terms used in the trademark in describing their products.” *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 379 (7th Cir.1976). A descriptive term generally relates so closely and directly to a product or service that other merchants marketing similar goods would find the term useful in identifying their own goods. Common sense indicates that in this case merchants other than Zatarain’s might find the term “fish fry” useful in describing their own particular batter mixes. While Zatarain’s has argued strenuously that Visko’s and Oak Grove could have chosen from dozens of other possible terms in naming their coating mix, we find this position to be without merit. As this court has held, the fact that a term is not the only or even the most common name for a product is not determinative, for there is no legal foundation that a product can be

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

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

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

[In a footnote, the court considered and rejected the argument that FISH FRY was generic as to fish-frying batter.]

Innovation Ventures, LLC v. N.V.E., Inc.

694 F.3d 723, 729-730 (6th Cir. 2012)

[Plaintiff Innovation Ventures, LLC, d/b/a Living Essentials (“LE”), produced a beverage under the mark 5-HOUR ENERGY. Defendant NVE began to produce a similar beverage under the mark 6 HOUR POWER. Plaintiff sued and defendant claimed that plaintiff's mark was merely descriptive. The parties' cross-moved for summary judgment.]



Boggs, Circuit Judge

...

[1] NVE claims that the term “5-hour ENERGY” is not a distinctive mark, but is a descriptive mark.¹ A descriptive mark, by itself, is not protectable. However, “[a] merely descriptive term ... can, by acquiring a secondary meaning, i.e., becoming distinctive of the applicant's goods ..., become a valid trademark.” *Induct-O-Matic Corp. v. Inductotherm Corp.*, 747 F.2d 358, 362 (6th Cir.1984). LE counters that the “5-hour ENERGY” mark is not descriptive, but rather is distinctive, due to the mark's suggestiveness. Such a mark “suggests rather than describes an ingredient or characteristic of the goods and requires the observer or listener to use imagination and perception to determine the nature of the goods.” *Id.* at 362.

[2] The “5-hour ENERGY” mark could be characterized as merely descriptive, in the sense that it simply describes a product that will give someone five hours of energy. But that is not the end of such an inquiry. The first question one would ask is *how* would the energy be transferred? Through food? Through drink? Through injections? Through pills? Through exercise? Also, one would ask what kind of energy is the mark referring to? Food energy (measured in Calories)? Electrical energy? Nuclear energy? With some thought, one could

¹ We note that, in contrast with its position in this case, in other litigation NVE has asserted that its own mark, “6 Hour POWER,” is an “inherently distinctive” mark. See Complaint at ¶ 12, *N.V.E., Inc. v. N2G Distrib., Inc. & Alpha Performance Labs*, No. 2:08-cv-01824 (D.N.J. Apr. 14, 2008) (“The 6 HOUR POWER mark distinguishes NVE as the source of these products, is inherently distinctive, and has also become distinctive through the acquisition of secondary meaning.” (emphasis added)).

arrive at the conclusion that the mark refers to an energy shot. But it is not as straightforward as NVE suggests. Such cognitive inferences are indicative of “suggestive” rather than descriptive marks.

[3] The nature of the “5-hour ENERGY” mark “shares a closer kinship with those marks previously designated as suggestive than those labeled merely descriptive because of the degree of inferential reasoning necessary for a consumer to discern” that the “5-hour ENERGY” mark relates to an energy shot. *Tumblebus v. Cranmer*, 399 F.3d 754, 763 (6th Cir.2005). The connection between “5-hour” and “ENERGY” is “not so obvious that a consumer seeing [5-hour ENERGY] in isolation would know that the term refers to” an energy shot rather than, for example, a battery for electronics, an exercise program, a backup generator, or a snack for endurance sports. *Ibid.* Connecting the mark “5-hour ENERGY” with the energy-shot product requires “imagination and perception to determine the nature of the goods.” *Induct-O-Matic*, 747 F.2d at 362.

[4] “The line between merely descriptive and suggestive marks is admittedly hazy and can be difficult to discern.” *Tumblebus*, 399 F.3d at 763. However, we disagree with NVE's contention that the mark is not distinctive and thus not protectable. The “5-hour ENERGY” mark is “suggestive.”

[The Sixth Circuit found other fact issues and remanded.]

Zobmondo Entertainment, LLC v. Falls Media, LLC

602 F.3d 1108, 114-1121 (9th Cir. 2010)

[This excerpt is quite lengthy and will require the reader to tolerate the particular procedural posture of the court’s analysis and the degree to which the excerpt anticipates several issues we will cover later in this text (such as the strength of the presumption of validity attending federal registration). Nevertheless, the courts’ especially thorough analysis will give the reader a keen sense of all the different arguments that can be mustered on the issue of suggestiveness/descriptiveness in an aggressively-litigated case.

The relevant facts are as follows: Plaintiff Zobmondo Entertainment, LLC (“Zobmondo”) and defendant Falls Media, LLC (“Falls Media”) both use the mark WOULD YOU RATHER...? in connection with books and board games based on the idea of posing decidedly bizarre either-or choices. For example, from Zobmondo: “Would you rather have your grandmother’s first name or her haircut?”; and from Falls Media “Would you rather be able to expedite the arrival of an elevator by pressing the button multiple times or have the ability to sound incredibly natural and sincere on answering machines?” Falls Media received a registration for its WOULD YOU

RATHER...? mark in July 2005. On cross-motions for summary judgment, the C.D. Cal. found that the WOULD YOU RATHER...? mark was descriptive. The Ninth Circuit here considers the issue on appeal.]

Gould, Circuit Judge

...

[1] Falls Media first contends that the district court erred by concluding that there was no genuine issue of material fact whether “WOULD YOU RATHER ... ?” is suggestive, concluding instead that the mark is merely descriptive. A suggestive mark is one for which “a consumer must use imagination or any type of multistage reasoning to understand the mark's significance ... the mark does not describe the product's features, but suggests them.” *Kendall-Jackson Winery, Ltd. v. E. & J. Gallo Winery*, 150 F.3d 1042, 1047 n. 8 (9th Cir.1998). By contrast, a merely descriptive mark “describes the qualities or characteristics of a good or service.” *Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985). It “define[s] qualities or characteristics of a product in a straightforward way that requires no exercise of the imagination to be understood.” *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1141-42 (9th Cir.2002)(quoting *Kendall-Jackson*, 150 F.3d at 1047 n. 8); see also *Union Nat'l Bank of Tex., Laredo, Tex. v. Union Nat'l Bank of Tex., Austin, Tex.*, 909 F.2d 839, 845 (5th Cir.1990) (“[I]n many cases, a descriptive term will be an adjective such as ‘speedy,’ ‘friendly,’ ‘green,’ ‘menthol,’ or ‘reliable.’ ”). “Whether a mark suggests or describes the goods or services of the trademark holder depends [on] what those goods or services are[, and w]e therefore adjudge a mark's strength by reference to the goods or services that it identifies....” *Entrepreneur Media*, 279 F.3d at 1142. In distinguishing between suggestive and descriptive marks, we are aware that “[d]eciding whether a mark is distinctive or merely descriptive is far from an exact science and is a tricky business at best.” *Lahoti*, 586 F.3d at 1197; 2 *McCarthy* § 11:66 (“The descriptive-suggestive borderline is hardly a clear one”), § 11:71 (observing that the descriptive-suggestive dichotomy is not “some kind of concrete and objective classification system”).

[2] Because Falls Media showed that “WOULD YOU RATHER ... ?” was registered without proof of secondary meaning, Falls Media was entitled to a presumption that the mark is inherently distinctive—i.e., suggestive—and the burden shifted to Zobmondo to show that the mark is “merely descriptive” by a preponderance of the evidence. Federal registration in itself does not mean that Falls Media can necessarily survive summary judgment solely on the basis of its registration. “[A]ssuming the defendant can demonstrate through law, undisputed facts, or a combination thereof that the mark is invalid, the evidentiary bubble [created by the federal registration] bursts and the plaintiff cannot survive summary judgment. In the face of sufficient and undisputed facts demonstrating [invalidity], the registration loses its evidentiary significance.” *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 783 (9th Cir.2002). Nonetheless, the presumption of validity is a strong

one, and the burden on the defendant necessary to overcome that presumption at summary judgment is heavy. See, e.g., *Americana Trading, Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1287 (9th Cir.1992) (reversing a district court's grant of summary judgment because the district court "gave insufficient weight to the presumptive effect of[the plaintiff's] federal registration.").... Nonetheless, while the registration adds something on the scales, we must come to grips with an assessment of the mark itself.

[3] We have generally applied one or two "tests" to differentiate between suggestive and merely descriptive marks. Because the district court found the application of these tests, the imagination test and the competitors' needs test, important to its summary judgment inquiry, we examine each in turn. We stress that these tests are only "criteria offer[ing] guidance," *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d 902, 911 (9th Cir.1995), and that the burden to show that there is no genuine issue of material fact is on the moving party, *Zobmondo*, while the non-moving party, *Falls Media*, gets the benefit of reasonable inferences.

[4] The first, and clearly the most-used, test is known as the "imagination" test, and asks whether "imagination or a mental leap is required in order to reach a conclusion as to the nature of the product being referenced." *Rudolph Int'l, Inc. v. Realys, Inc.*, 482 F.3d 1195, 1198 (9th Cir.2007). For example, the mark "ENTREPRENEUR" as applied to a magazine was descriptive, not suggestive, because "an entirely unimaginative, literal-minded person would understand the significance of the reference." *Entrepreneur Media*, 279 F.3d at 1142. On the other hand, "ROACH MOTEL" was held suggestive because "an ordinary consumer having read or heard on television the words 'roach motel' would remember the conception ... a fanciful abode for roaches in an establishment normally frequented by human [travelers]." *Am. Home Prods. Corp. v. Johnson Chem. Co.*, 589 F.2d 103, 107 (2d Cir.1978). We have said that the imagination test is our "primary criterion" for evaluating distinctiveness. *Self-Realization*, 59 F.3d at 911.

[5] The district court determined that the imagination test indicated that "WOULD YOU RATHER ... ?" is merely descriptive as a matter of law because it requires "no imaginative or interpretive leap to understand that this phrase is the main aspect of the game to which it is affixed." *Falls Media* argues that the district court erred because multistage reasoning is needed to link the mark to the "essential nature of these products ... that the choices are ridiculous, bizarre, or themed and that they are limited to a two-option format."

We reject *Falls Media's* argument in part. The imagination test does not ask what information about the product could be derived from a mark, but rather whether "a mental leap is required " to understand the mark's relationship to the product. *Rudolph Int'l*, 482 F.3d at 1198. Our prior precedent makes it clear that merely descriptive marks need not describe the "essential nature" of a product; it is enough that the mark describe some aspect of the product. See, e.g., *Bada Co. v.*

Montgomery Ward & Co., 426 F.2d 8, 11 (9th Cir.1970) (holding the mark “Micro-Precision” merely descriptive when applied to wheel balancers and weights).

[6] But we conclude that the district court erred in concluding that the imagination test indicates that “WOULD YOU RATHER ... ?” is merely descriptive as a matter of law. We cannot look the entire mark up in a dictionary; there is no literal meaning of the “WOULD YOU RATHER ... ?” phrase, given that the words precede an ellipse; one may infer that there is a question, but only imagination can tell us that the question will serve up a bizarre or humorous choice. See *Surgicenters of Am., Inc. v. Med. Dental Surgeries, Co.*, 601 F.2d 1011, 1015 n. 11 (9th Cir.1979) (“While not determinative, dictionary definitions are relevant and often persuasive in determining how a term is understood by the consuming public”); cf. *Entrepreneur Media*, 279 F.3d at 1142 (holding that “Entrepreneur” is merely descriptive as the name of a magazine because an “entirely unimaginative, literal-minded person” would understand its meaning). On the one hand, consumers who already understand the phrase “WOULD YOU RATHER ... ?” to refer specifically to a game of questions involving bizarre or humorous choices might not consider the mark very suggestive as the name of a board game, but to consumers who do not share such an understanding, “WOULD YOU RATHER ... ?” is simply the first three words of an open-ended question. For those consumers, the mark “WOULD YOU RATHER ... ?” may not “describe” anything, except that a question is asked, and may indeed require imagination and multistage reasoning to understand the mark's relationship to the game to which it is affixed. See *Rudolph Int'l*, 482 F.3d at 1198; *Self-Realization*, 59 F.3d at 911 (observing that the mark “recovery” in the self-help context is descriptive, but the same mark is suggestive when used as the name of a business teaching counselors to teach self-help because “[the] extra step constitutes the difference between descriptiveness and suggestiveness”). Given the record before us, which lacks comprehensive consumer surveys, we cannot say with confidence precisely what consumers will understand the phrase “WOULD YOU RATHER ... ?” to mean, nor are we confident that our own understanding of the phrase is an adequate substitute.¹ With respect to a registered mark ... the putative infringer's burden is not simply to show that the mark describes a feature of the trademark holder's product; rather, it must show that consumers regard the mark as merely descriptive of that product.” *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 119 (1st Cir.2006). When we give all reasonable inferences to Falls Media, and credit its evidence as true, we conclude that the imagination test is

¹ The underlying issue is the standard of meaning “prevalent among prospective purchasers of the article.” *Bada*, 426 F.2d at 11. On that basis, some terms may not be susceptible to abstract “imagination test” analysis at summary judgment, and instead the application of the imagination test will be informed by expert testimony offered at trial suggesting how consumers will view this phrase on a board game.

inconclusive by itself to determine if the challenged mark is descriptive or suggestive of a board game.

[7] The second test, known as the “competitors’ needs” test, “focuses on the extent to which a mark is actually needed by competitors to identify their goods or services.” *Rodeo Collection, Ltd. v. W. Seventh*, 812 F.2d 1215, 1218 (9th Cir.1987). If competitors have a great need to use a mark, the mark is probably descriptive; on the other hand, if “the suggestion made by the mark is so remote and subtle that it is really not likely to be needed by competitive sellers to describe their goods or services[,] this tends to indicate that the mark is merely suggestive.” *Id.* The competitors’ needs test is related to the imagination test, “because the more imagination that is required to associate a mark with a product or service, the less likely the words used will be needed by competitors to describe their products or services.” *Id.*

[8] The district court concluded that the competitors’ needs test was “difficult to apply in this case” and declined to consider it because these tests “are merely factors to consider” and other tests favored Zobmondo. Falls Media argues that this was error, and in this case we agree. Drawing all inferences in favor of Falls Media, the competitors’ needs test strongly favored Falls Media’s argument that “WOULD YOU RATHER ... ?” is suggestive. Falls Media proffered significant evidence suggesting that its competitors do not need to use “WOULD YOU RATHER ... ?” to fairly describe their products. Perhaps most important is the experience of Zobmondo itself. Zobmondo identified 135 possible alternative names for its game during development. Also, Zobmondo marketed and sold its game and a related book for a period of time without using the phrase “WOULD YOU RATHER ... ?” (instead using the name “The Outrageous Game of Bizarre Choices”), and another board game company used the name “Would You Prefer?” during the same time period. These titles are not linguistically inferior to “WOULD YOU RATHER ... ?”. Cf. *Entrepreneur Media*, 279 F.3d at 1143 (observing that others need the term “entrepreneur” because “[w]e are not aware of, nor has EMI suggested, any synonym for the word”). In the face of this evidence, credited as true on summary judgment, it’s difficult to say that Zobmondo necessarily needs to use “WOULD YOU RATHER ... ?” for its version of the board game of bizarre or humorous choices.

[9] Zobmondo argues that “WOULD YOU RATHER ... ?” is needed to fairly describe its products because the meaning of the phrase “WOULD YOU RATHER ... ?” is entrenched in the minds of consumers in a way that renders other possible marks inherently inferior. This argument, however, depends on a disputed issue of fact regarding the meaning of the phrase to consumers, an issue that we have already suggested cannot adequately be decided at summary judgment on the basis of abstract theorizing alone. Giving all reasonable inferences from the evidence in favor of Falls Media, competitors do not need to use “WOULD YOU RATHER ... ?” to describe their products. They can say “Would you prefer” or “Would you most like” or use some other verbal formula to convey a choice of alternatives.

[10] The district court also employed a third test, known as the “extent-of-use” test, which evaluates “the extent to which other sellers have used the mark on similar merchandise.” 2 McCarthy § 11:69; see also 555-1212.com, Inc. v. Commc’n House Int’l, Inc., 157 F.Supp.2d 1084, 1089 (N.D.Cal.2001) (“[I]n determining whether a word has a descriptive or suggestive significance as applied to a commercial service, it is proper to take notice of the extent to which others in a similar commercial context use the word.”). Zobmondo introduced evidence of six published books with the words “would you rather” in the title, as well as printouts from Google.com search results using the phrase. Falls Media argues that the district court improperly credited this disputed evidence over Falls Media’s objections without considering whether the words “would you rather” were used as a trademark and without making all inferences in Falls Media’s favor.

[11] We are not aware of any prior case in our circuit employing the extent-of-use test as a controlling measure of trademark validity, and we need not do so here. If, as we see it, a summary judgment is disfavored by both the imagination test and the needs test, then extent of use at most could only be one factor to be considered, and could not command a summary judgment in the face of disputed facts about how a mark might be perceived by consumers. Extensive use of a mark by third parties might indicate that the mark is merely descriptive of a given class of products. See, e.g., Sec. Ctr., Ltd. v. First Nat’l Sec. Ctrs., 750 F.2d 1295, 1300 (5th Cir.1985) (concluding that the mark “security center” is descriptive in part because of “the number of enterprises throughout the nation that use ‘security center’ in some form”). But having determined for purposes of summary judgment that the imagination test is inconclusive and that the competitors’ needs test favors suggestiveness, we are not persuaded that the result of the extent-of-use test, based on Zobmondo’s proffered evidence, renders “WOULD YOU RATHER ... ?” merely descriptive as a matter of law. Zobmondo’s evidence of third party use is relevant, and may be considered by the trier of fact. But it must be measured, not merely against the results of abstract theoretical tests, but against the presumption of validity afforded to Falls Media’s registered mark and against any other evidence of distinctiveness that Falls Media has proffered.

[12] The district court relied on the following evidence in concluding that “WOULD YOU RATHER ... ?” is merely descriptive:

- A statement by Falls Media’s literary agent that the mark was “an utterly obvious title” for books “[b]ecause it was a clear explanation of the content of the book.”
- A statement by Falls Media’s sales agent that “WOULD YOU RATHER ... ?” is a better name than “Zobmondo” because “somebody looking at Zobmondo would not know that it contains would you rather questions.”
- A statement by James Pressman, who optioned Falls Media’s game, that “WOULD YOU RATHER ... ?” was a good name for the product because “it

gave you a good idea of what the game was all about” because “the questions always started with would you rather.”

- An e-mail from Gomberg stating that “most people that make the purchase [of a ‘WOULD YOU RATHER ... ?’ game] do it because they're familiar with the concept—as opposed to the actual game play or content.”
- Zobmondo's evidence of books, websites, and copyright registrations suggesting that the “WOULD YOU RATHER ... ?” concept predates Falls Media's trademark application.

[13] We agree with the district court that this evidence collectively has some persuasive weight, but we do not believe it is “so one-sided that there can be no doubt about how the question [regarding the distinctiveness of the mark] should be answered.” *Packman v. Chi. Tribune Co.*, 267 F.3d 628, 637 (7th Cir.2001). That “WOULD YOU RATHER ... ?” is an “utterly obvious” title for a book does not necessarily mean the mark is an equally obvious title in the context of a board game. See 2 McCarthy § 11:71 (“It must be kept in mind that a term that is in one category for a particular product may be in a quite different category for another product.”). The statement that “WOULD YOU RATHER ... ?” is more descriptive than “Zobmondo” does not exclude the possibility that it is still suggestive, nor does Pressman's comment that “WOULD YOU RATHER ... ?” gives a person a “good idea” of what the game is about; a mark can be suggestive and still convey information about a product. See, e.g., 2 McCarthy § 11:72 (listing marks that have been found “suggestive,” including “CITIBANK” for an urban bank, “CLASSIC COLA” for a soft drink, “DIAL-A-MATTRESS” for mattress sales, and “FLORIDA TAN” for suntan lotion). Gomberg's e-mail that purchasers are generally familiar with the “WOULD YOU RATHER ... ?” concept says nothing about how board-game consumers—a larger group than ultimate purchasers of the “WOULD YOU RATHER ... ?” game—understand the mark. Viewing this evidence in the light most favorable to Falls Media, all of this evidence suggests only Falls Media's belief regarding how consumers perceive the mark, and is not necessarily conclusive of how consumers in fact perceive the mark. And Zobmondo's evidence of third-party use, without contextual information such as sales figures and distribution locations, falls short of establishing a long-standing consumer understanding of the “WOULD YOU RATHER ... ?” concept for purposes of summary judgment.² See *Scarves by Vera, Inc. v. Todo Imports Ltd.*, 544 F.2d 1167, 1173 (2d Cir.1976) (observing that “[t]he significance of third-party trademarks depends wholly upon their usage” including whether the

² Zobmondo has established that collections of bizarre questions beginning with the words “would you rather” were posed in printed media before Falls Media began using the phrase as a mark. But this does not establish that there is no genuine issue of material fact that these types of questions were understood by consumers to be part of a “WOULD YOU RATHER ... ?” game of questions.

marks “were actually used by third parties, that they were well promoted or that they were recognized by consumers”).

[14] Falls Media has not rested solely on its federal registration to survive summary judgment. Falls Media proffered the testimony of a game-industry expert, Philip E. Orbanes, who said that “WOULD YOU RATHER ... ?” had never been used as the title of a board game before Zobmondo’s entry into the market. The district court concluded that this testimony was “entirely irrelevant” because the issue was whether the societal concept of a “WOULD YOU RATHER ... ?” dilemma predated Falls Media’s use of the mark. We disagree. The ultimate issue at summary judgment was whether the mark “WOULD YOU RATHER ... ?” should receive trademark protection as applied to Falls Media’s board and card games. The fact that the mark had not been used previously to describe a board game is relevant to that inquiry; it suggests that competitors do not find the mark useful in describing their products. See, e.g., *Sec. Ctr.*, 750 F.2d at 1300 (“We look into actual and likely use of a mark in order to determine whether its protection, i.e., its exclusion from the language freely available for commercial use, interferes with competition among providers of the same product or service.”). Zobmondo asks us to conclude that the mark is merely descriptive on a board game because of Zobmondo’s showing that consumers’ understanding of the “WOULD YOU RATHER ... ?” game concept predates the parties’ use of the mark. But that idea does not render Orbanes’s testimony irrelevant. To the contrary, Orbanes’s testimony about lack of third-party use on games tends to negate the inference that Zobmondo seeks to establish: that the mark is widely understood by consumers to refer to a type of question game.

[15] Other evidence in the record also supports Falls Media’s claim that “WOULD YOU RATHER ... ?” could be seen by consumers as suggestive. For example, that Zobmondo included descriptive information on its game boxes after it began using the “WOULD YOU RATHER ... ?” mark may suggest that Zobmondo itself thought that the mark did not fully describe its products.³ And Zobmondo’s attempt to acquire trademark rights in the mark supports an inference that Zobmondo believed, at one time, that the mark was inherently distinctive.⁴ This evidence is no

³ . Several Zobmondo game boxes follow up the mark “WOULD YOU RATHER ... ?” with the tag-line “the game of mind-boggling questions.” Another Zobmondo game box includes sample questions. The need to explain what a “WOULD YOU RATHER ... ?” question entails cuts against Zobmondo’s argument that “WOULD YOU RATHER ... ?” is a well-established, culturally-pervasive concept.

⁴ Zobmondo argues that its trademark applications were filed by Horn before he had obtained legal advice about the distinctiveness of marks. Maybe so, but this is a contested fact, and, whatever might be the conclusion on that after trial and findings of fact, for purposes of summary judgment we must give all reasonable inferences in favor of Falls Media. For these summary judgment purposes, Falls

less relevant to the distinctiveness inquiry than the evidence that persons associated with Falls Media thought the mark provided descriptive information. Both the evidence of Zobmondo's trademark applications and the evidence that some persons in business relations with Falls Media thought the mark descriptive demonstrate that there is a factual contest at bottom in assessing the descriptiveness or suggestiveness of the "WOULD YOU RATHER ... ?" mark, rendering that issue unsuitable for a summary judgment determination.

[16] Looking at the totality of evidence proffered by Zobmondo and Falls Media and taking into account the "strong presumption" accorded to Falls Media's federal registration, we conclude that there is a genuine issue of material fact whether "WOULD YOU RATHER ... ?" is inherently distinctive to consumers.

Here are a few further examples of marks classified either as descriptive or suggestive. You are strongly encouraged to decide for yourself how you would predict the court ruled before consulting the actual outcome:

- 100% and 100% TIME RELEASE MOISTURIZER for skin moisturizer. *See Estee Lauder, Inc. v. The Gap, Inc.*, 108 F.3d 1503 (2d Cir. 1997) (affirming the district court's finding the mark to be suggestive; "The phrase '100% Time Release Moisturizer' could be read to indicate the purity of the moisturizing content of Lauder's product, or to imply an enduring effect. Or, as the district court found, it could be read as indicating that the bottle contains nothing but time-release moisturizer or that the product moisturizes continuously until removed or worn off. All of these interpretations require some stretch of the imagination. And of course, as the court found, if the term '100%' is simply viewed as the brand of time-release moisturizer, it plainly is suggestive.").
- 555-1212.COM for use in "providing databases featuring telephone and directory information accessible via electronic communication networks." *See 555-1212.com, Inc. v. Communication House Intern., Inc.*, 157 F. Supp. 2d 1084, 1089 (N.D. Cal. 2001) ("No imagination is necessary to figure out that 555-1212-com is a directory assistance web site. Plaintiff's web site provides databases featuring telephone and directory information accessible via electronic communication networks. Much like the telephone number '411' for local calls, '555-1212' is the number one would dial (after an area code) to seek out telephone and directory information services

Media is entitled to the inference that Zobmondo's trademark applications are to a degree an admission that at the time Zobmondo viewed the mark as suggestive.

outside of one's local area code. To the average consumer, '555-1212.com' would indicate a commercial web site on the Internet which provides similar telephone and directory information.”).

- COASTAL WINE for wine made near a coast. *See Callaway Vineyard & Winery v. Endsley Capital Group, Inc.*, 63 U.S.P.Q.2d 1919 (TTAB 2002) (finding the mark to be descriptive since the mark describes “a significant feature of applicant's goods, namely the place or establishment where applicant produces its wine”).
- 24 HOUR FITNESS for fitness facility. *See 24 Hour Fitness USA, Inc. v. 24/7 Tribeca Fitness, LLC*, 277 F. Supp. 2d 356 (S.D.N.Y. 2003) (finding that the mark “describe[s] a physical training-related facility that is available, if not around the clock, at least for substantial periods of time on a regular basis.”).
- XTREME LASHES for artificial eyelashes. *See Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221 (5th Cir. 2009) (finding the mark to be suggestive; “The consumer must exercise some imagination to associate ‘xtreme lashes’ with ‘artificially elongated eyelashes.’”).

iii. Special Rules for Classification of Certain Kinds of Trademarks

There are many special rules that guide the *Abercrombie* classification of certain kinds of trademarks. Nearly all of them are detailed in the PTO's *Trademark Manual of Examining Procedure* (“TMEP”), which is an excellent resource for the trademark lawyer, particularly one who specializes in trademark “prosecution,” i.e., the process of registering trademarks at the PTO (tmep.uspto.gov). Among the most important of these special rules are the following:

♦ Descriptiveness of Geographic Terms

As we will see through the course of this Part, Lanham Act § 2, 15 U.S.C. §1052, has several provisions giving special treatment to geographic terms. Consider for the moment § 2(e)(2), which provides: “No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it ... (e) Consists of a mark which ... (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title.”

Such “primarily geographically descriptive” marks may only be registered or otherwise protected upon a showing of secondary meaning (with one important exception that we will address in a moment). Lanham Act § 2(f), 15 U.S.C. §1052(f). The TTAB has established a relatively straightforward three-part test for determining whether a mark is “primarily geographically descriptive.” The mark will fall into this category if: “(1) the primary significance of the mark is a generally

known geographic location; (2) the goods or services originate in the place identified in the mark; and (3) purchasers would be likely to believe that the goods or services originate in the geographic place identified in the mark.” TMEP §1210.01(a). *See, e.g., In re Carolina Apparel*, 48 USPQ2d 1542 (TTAB 1998) (finding CAROLINA APPAREL for clothing stores in North Carolina to be primarily geographically descriptive); *In re Brouwerij Nacional Balashi NV*, 80 U.S.P.Q.2d 1820 (TTAB 2006) (finding BALASHI BEER and BALASHI for beer made in the Balashi neighborhood of the Santa Cruz district of Aruba to be not primarily geographically descriptive where the term is “so obscure or remote that purchasers of beer in the United States would typically fail to recognize the term as indicating the geographical source of applicant’s goods.”); *University Book Store v. Board of Regents of University of Wisconsin System*, 33 U.S.P.Q.2d 1385 (TTAB 1994) (finding WISCONSIN BADGERS for apparel to be not primarily geographically descriptive where consumers would not perceive the primary significance of the mark as a whole as designating a particular geographic location).

The third prong of the PGD test calls for evidence that consumers would make a “goods/place association” (or “service/place association”) between (1) the geographic location referred to by the mark and (2) the goods sold under the mark. Note, importantly, that if the geographic location is “neither obscure nor remote,” TMEP §1210.04, and the goods actually originate from that location, then this goods/place association may ordinarily be presumed. *See, e.g., In re Spirits of New Merced, LLC*, 85 U.S.P.Q.2d 1614 (TTAB 2007) (finding YOSEMITE BEER to be primarily geographically descriptive where the registration applicant’s beer was brewed near Yosemite National Park and applicant failed to overcome presumption of goods/place association; “[s]ince the goods originate at or near [Yosemite National Park], we can presume an association of applicant’s beer with the park.”). *But see In re Mankovitz*, 90 USPQ2d 1246 (TTAB 2009) (finding THE MONTECITO DIET for a diet system to be not primarily geographically descriptive where evidence of goods/place association consisted only of the fact that the registration applicant lived in Montecito, California; “it would be speculation on our part to reach the conclusion that the goods or services originate there or that the public would understand that there is a goods/place relationship”).

♦ Certification Marks and Collective Marks

“Certification marks” and “collective marks” are special forms of trademarks in the Lanham Act, and when they take the form of geographic designations, the distinctiveness analysis of them is unique in the statutory scheme. As explained in more detail below, Lanham Act § 2(e)(2) establishes that proprietors of certification or collective marks that take the form of “indications of regional origin” need not establish that the indication of regional origin has secondary meaning in order to register the indication as trademark.

Lanham Act § 45 defines a certification mark as follows:

The term "certification mark" means any word, name, symbol, or device, or any combination thereof—

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this Act,

to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

As the § 45 definition suggests, certification marks may take a variety of forms, including:

- certifications of a good's quality (e.g., the UL mark of Underwriters Laboratories, Inc., Reg. No. 0,782,589 (Dec. 29, 1964); the U-in-a-circle mark of the Orthodox Union, Reg. No. 0,636,593 (Oct. 30, 1956))
- certifications of the regional origin of a product (e.g., the "Grown in Idaho" mark of the State of Idaho Potato Commission, Reg. No. 4,221,403 (July 24, 2012); the ROQUEFORT mark of the Community of Roquefort, France, Reg. No. 0571798 (Mar. 10, 1953))
- certifications that a product was union-made (e.g., the International Union of Painters and Allied Trades mark indicating that the designated services were performed by union members, Reg. No. 2,749,294 (Aug. 12, 2003))





Various specific rules apply to certification marks. First, certifying organizations may not themselves produce goods or services to which the certification mark is applied. *See* Lanham Act § 14(5)(B), 15 U.S.C. § 1064(5)(B). In other words, certifying organizations can only function as certifiers of other entities' goods or services, not as producers of certified goods or services. Second, certifying organizations must restrict the use of their mark only to certify goods or services that meet the certification standards. *See* Lanham Act § 14(5)(A) & (C), 15 U.S.C. § 1064(5)(A) & (C). Third, certifying organizations must not "discriminately refuse[] to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies." *See* Lanham Act § 14(5) (D), 15 U.S.C. § 1064(5) (D).

In contrast to certification marks, collective marks are used by members of the collective to identify their goods and services as made by collective members. In other words, the "anti-use-by-owner" rule that applies to certification marks—i.e., the rule that the owner of the certification mark may not itself sell goods or services bearing the certification mark—does not apply to collective marks.⁵ Lanham Act § 45 defines collective marks as follows:

The term "collective mark" means a trademark or service mark—

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

and includes marks indicating membership in a union, an association, or other organization.

As the TTAB explained in *Aloe Creme Laboratories, Inc. v. American Society for Aesthetic Plastic Surgery, Inc.*, 192 U.S.P.Q. 170 (TTAB 1976),

⁵ The distinction between certification and collective marks is sometimes very fine, leading McCarthy to lament that "[t]he problem with collective trademarks and service marks is that they are almost indistinguishable from certification marks." MCCARTHY § 19:99. McCarthy suggests that one advantage (or disadvantage) of collective marks is that they offer a way to avoid the strict requirements for the operation of certification marks established in Lanham Act § 14(5).

[t]here are two basic types of collective marks. A collective trademark or collective service mark is a mark adopted by a “collective” (i.e., an association, union, cooperative, fraternal organization, or other organized collective group) for use only by its members, who in turn use the mark to identify their goods or services and distinguish them from those of nonmembers. The “collective” itself neither sells goods nor performs services under a collective trademark or collective service mark, but the collective may advertise or otherwise promote the goods or services sold or rendered by its members under the mark. A collective membership mark is a mark adopted for the purpose of indicating membership in an organized collective group, such as a union, an association, or other organization. Neither the collective nor its members uses the collective membership mark to identify and distinguish goods or services; rather, the sole function of such a mark is to indicate that the person displaying the mark is a member of the organized collective group. For example, if the collective group is a fraternal organization, members may display the mark by wearing pins or rings upon which the mark appears, by carrying membership cards bearing the mark, etc. Of course, a collective group may itself be engaged in the marketing of its own goods or services under a particular mark, in which case the mark is not a collective mark but is rather a trademark for the collective’s goods or service mark for the collective’s services.

Id. at 173-74.

As stated above, proprietors of certification or collective marks that function as “indications of regional origin” need not show secondary meaning to register their marks. A mark’s ability to qualify as a regional certification or collective mark turns on “whether the public understands that goods bearing the mark come only from the region named in the mark, not whether the public is expressly aware of the certification function of the mark per se.” TMEP § 1306.05(a). See also *Institut Nat’l Des Appellations D’Origine v. Brown-Forman Corp.*, 47 USPQ2d 1875 (TTAB 1998).

♦ Surnames

Just as it does with geographic marks, § 2 of the Lanham Act, 15 U.S.C. §1052, also explicitly addresses the protectability of surnames and classifies them essentially as descriptive marks. It states: “No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it ... (e) Consists of a mark which ... (4) is primarily merely a surname.” Surnames may be registered only upon a showing of acquired distinctiveness under § 2(f), 15 U.S.C. §1052(f). As the TMEP explains, § 2(e)(4) “reflects the common law that exclusive rights in a surname per se cannot be established without evidence of long and exclusive use

that changes its significance to the public from that of a surname to that of a mark for particular goods or services. The common law also recognizes that surnames are shared by more than one individual, each of whom may have an interest in using his surname in business; and, by the requirement for evidence of distinctiveness, the law, in effect, delays appropriation of exclusive rights in the name.” TMEP §1211.

But what qualifies as “primarily merely a surname”? “Fiore,” “Hackler,” and “Bird” are used as surnames, but they have been deemed not “primarily merely a surname” under trademark law. *In re Isabella Fiore LLC*, 75 USPQ2d 1564 (TTAB 2005); *In re United Distillers plc*, 56 USPQ2d 1220 (TTAB 2000); *Fisher Radio Corp. v. Bird Elec. Corp.*, 162 USPQ 265 (TTAB 1969). The TTAB has established five factors to be considered in determining whether the relevant purchasing public perceives the primary significance of a term to be that of a surname: (1) whether the surname is rare; (2) whether the term is the surname of anyone connected with the applicant; (3) whether the term has any recognized meaning other than as a surname; (4) whether it has the “look and feel” of a surname; (5) [in cases of stylized, rather than standard character marks,] whether the stylization of lettering is distinctive enough to create a separate commercial impression. *In re Benthin Mgmt. GmbH*, 37 USPQ2d 1332, 1333-1334 (TTAB 1995) (finding that the mark BENTHIN in stylized lettering inside an oval design would not be perceived as primarily merely a surname). If it is determined that the relevant purchasing public does not perceive a term as a surname, then the term would likely be classified as either arbitrary or suggestive, or possibly even as fanciful. In any case, the term would qualify as inherently distinctive of source.

What about historic surnames? “A term with surname significance may not be primarily merely a surname if that term also identifies a historical place or person.” TMEP §1211.01(a)(iv). See, e.g., *Lucien Piccard Watch Corp. v. Since 1868 Crescent Corp.*, 314 F. Supp. 329, 331 (S.D.N.Y. 1970) (finding that DA VINCI for jewelry and leather goods is not primarily merely a surname for purposes of Section 2(e)(4)). But see *In re Champion Int’l Corp.*, 229 USPQ 550, 551 (TTAB 1985) (finding MCKINLEY to be primarily merely a surname despite being the surname of William McKinley, the 25th President of the United States).

♦ Non-English Words: The Doctrine of “Foreign Equivalents”

“The foreign equivalent of a merely descriptive English word is no more registrable than the English word itself.” TMEP §1209.03(g). Thus, “lait,” “leche,” and “Milch” as brand names for milk would be deemed generic, and “frais,” “fresca,” and “frisch” as brand names for milk would likely be deemed descriptive and require secondary meaning to be protected. See, e.g., *In re Tokutake Indus. Co.*, 87 USPQ2d 1697 (TTAB 2008) (finding AYUMI, meaning “walking,” and its Japanese character equivalent to be merely descriptive for footwear); *In re Oriental Daily News, Inc.*, 230 USPQ 637 (TTAB 1986) (finding Chinese characters meaning “Oriental Daily News” to be merely descriptive of newspapers).

The doctrine of foreign equivalents is riddled with limitations and exceptions, however. Among these are, first, that “[t]he doctrine should be applied only when it is likely that the ordinary American purchaser would stop and translate the foreign word into its English equivalent.” See *In re Pan Tex Hotel Corp.*, 190 U.S.P.Q. 109 (TTAB 1976) (finding that LA POSADA for a hotel and restaurant is not descriptive because it is unlikely that consumers will translate the name into English). But see *In re Hag Aktiengesellschaft*, 155 U.S.P.Q. 598 (TTAB 1967) (finding KABA, meaning coffee in Serbian and Ukrainian, to be descriptive for coffee). Cf. *Palm Bay Imports v. Veuve Clicquot*, 396 F.3d 1369 (Fed. Cir. 2005) (finding that VEUVE CLICQUOT is not confusingly similar to “The Widow,” since most American consumers won’t know that “veuve” means “widow” in French). Second, “foreign words from dead or obscure languages may be so unfamiliar to the American buying public that they should not be translated into English for descriptiveness purposes.” TMEP §1209.03(g). This limitation appears to be very rarely applied, however. Third, as the TMEP tries to explain, “marks comprised of a term from a foreign language used with an English term may be found registrable if the commercial impression created by the combination differs from that which would be created by two English words.” The representative case here is *In re Johanna Farms Inc.*, 8 USPQ2d 1408 (TTAB 1988) (finding LA YOGURT for yogurt to be registrable without showing of secondary meaning). See also *In re Le Sorbet, Inc.*, 228 U.S.P.Q. 27 (TTAB 1985) (finding LE SORBET for sorbet to be descriptive because it is a foreign-language term preceded by a foreign-language article).

♦ Acronyms

The general rule is that an acronym will be classified as descriptive or generic if (1) the wording it stands for is merely descriptive of or generic as to the goods or services, and (2) relevant purchasers understand the acronym to be “substantially synonymous” with the merely descriptive or generic wording it represents. TMEP § 1209.03(h). See, e.g., *In re Thomas Nelson, Inc.*, 97 USPQ2d 1712, 1715 (TTAB 2011) (finding NKJV to be substantially synonymous with merely descriptive term “New King James Version” and thus merely descriptive of bibles); *Baroness Small Estates, Inc. v. Am. Wine Trade, Inc.*, 104 USPQ2d 1224, 1230-31 (TTAB 2012) (finding CMS to be inherently distinctive on the ground that it is not substantially synonymous with the grape varieties cabernet, merlot, and syrah and is thus not merely descriptive of wine).

♦ Domain Names and Top-Level Domain Designations

The general rule is that a trademark is unprotectable if it consists simply of a generic term followed by a top-level domain designator (such as “.com”, “.org”, or “.biz”), and protectable only upon a showing of secondary meaning if the mark consists of a merely descriptive term followed by a TLD designator. The theory is that a domain name “function[s] to indicate an address on the World Wide Web,

and, therefore, generally serve[s] no source-indicating function.” TMEP §1209.03(m). Just as a company cannot claim trademark protection for its street address without showing that the address has developed secondary meaning (e.g., “1 Infinite Loop, Cupertino, CA 95014”), so the company cannot claim its descriptive domain name as a protectable trademark without showing the same. *See, e.g., In re Oppedahl & Larson LLP*, 373 F.3d 1171 (Fed. Cir. 2004) (finding PATENTS.COM to be merely descriptive of the applicant’s goods, consisting of “software for tracking patent applications and issued patents” by means of the Internet); *In re Steelbuilding.com*, 415 F.3d 1293, 1297 (Fed. Cir. 2005) (finding STEELBUILDING.COM to be “highly descriptive” but not generic for “computerized on line retail services in the field of pre-engineered metal buildings and roofing systems”). And if the domain name is generic, it is unredeemable. *See, e.g., In re 1800mattress.com IP, LLC*, 586 F.3d 1359 (Fed. Cir. 2009) (finding MATTRESS.COM to be generic for “online retail store services in the field of mattresses, beds, and bedding”); *In re Reed Elsevier Properties, Inc.*, 482 F.3d 1376, 82 U.S.P.Q.2d 1378 (Fed. Cir. 2007) (finding LAWYERS.COM to be generic for “online interactive database information exchange in the fields of law, legal news, and legal services”).

b. Acquired Distinctiveness of Source

A descriptive, and thus non-inherently distinctive, mark may qualify for protection if it is shown to have developed “acquired distinctiveness” or “secondary meaning” (the two terms mean the same thing) as a designation of source. For example, though the term “American Airlines” is highly descriptive of an airline service based in the U.S., the term has developed enormous secondary meaning as a designation of source through use and advertising. As the Supreme Court commented in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000), the term “secondary meaning” is not as clear as it could be:

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

Id. at 211 fn. Indeed, most trademark practitioners still continue as a matter of tradition to use the term “secondary meaning” rather than “acquired distinctiveness.”

Each circuit typically uses its own multifactor test to determine if a mark has developed secondary meaning. Here are some examples of these tests:

- Second Circuit: “(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark’s use.” *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 n.4 (2d Cir. 1997).
- Third Circuit: “We have identified an eleven-item, non-exhaustive list of factors relevant to the factual determination whether a term has acquired secondary meaning: (1) the extent of sales and advertising leading to buyer association; (2) length of use; (3) exclusivity of use; (4) the fact of copying; (5) customer surveys; (6) customer testimony; (7) the use of the mark in trade journals; (8) the size of the company; (9) the number of sales; (10) the number of customers; and, (11) actual confusion.” *E.T. Browne Drug Co. v. Cococare Products, Inc.*, 538 F.3d 185, 199 (3d Cir. 2008).
- Seventh Circuit: “(1) the amount and manner of advertising; (2) the sales volume; (3) the length and manner of use; (4) consumer testimony; and (5) consumer surveys.” *Platinum Home Mortgage Corp. v. Platinum Financial Group, Inc.*, 149 F.3d 722, 728 (7th Cir. 1998).
- Ninth Circuit: “Secondary meaning can be established in many ways, including (but not limited to) direct consumer testimony; survey evidence; exclusivity, manner, and length of use of a mark; amount and manner of advertising; amount of sales and number of customers; established place in the market; and proof of intentional copying by the defendant.” *Art Attacks Ink, LLC v. MGA Enter., Inc.*, 581 F.3d 1138, 1145 (9th Cir. 2009). *See also Japan Telecom, Inc. v. Japan Telecom Am., Inc.*, 287 F.3d 866, 62 U.S.P.Q.2d 1593 (9th Cir. 2002) (listing secondary meaning factors as “(1) whether actual purchasers of the product bearing the claimed trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark, and (4) whether use of the claimed trademark has been exclusive.”).

The three opinion excerpts that follow offer examples of courts’ analyses of whether a non-inherently distinctive mark has developed sufficient secondary meaning to qualify for protection. In reading these excerpts, consider the following questions:

- What proportion of consumers in the relevant population should courts require to perceive the mark as possessing secondary meaning for the mark to qualify for protection? 25%? 50? 75%? Relatedly, how should courts determine what constitutes the relevant population of consumers?
- How would you devise a survey to test for secondary meaning?
- Among the factors courts use to determine secondary meaning, which do you predict are the most important and which do you think *should be* the most important?

- Why should “length and exclusivity of use” matter for purposes of establishing secondary meaning?
- Imagine a situation in which Company David, after a great deal of market research, adopts an especially good descriptive mark and initiates a small-scale launch of the descriptive mark in the marketplace. Company Goliath then becomes aware of Company David’s mark, adopts the mark as its own, and immediately spends enormous resources building up secondary meaning in the mark, so that when consumers see the mark, they think of Company Goliath. Which company should be granted rights in the mark? And is this in your view an equitable or efficient outcome?

Frosty Treats Inc. v. Sony Computer Entertainment America

426 F.3d 1001, 1003-1006 (8th Cir. 2005)

Morris Sheppard Arnold, Circuit Judge

[1] A group of affiliated companies, Frosty Treats, Inc., Frosty Treats of Louisville, Inc., Frosty Treats Wholesale, Inc., and Frosty Treats of Atlanta, Inc., collectively known as “Frosty Treats,” sued Sony Computer Entertainment America, Inc., (SCEA) asserting, inter alia, claims under state and federal law for trademark infringement and dilution, and for unfair competition. Frosty Treats premised these claims upon SCEA’s depiction of an ice cream truck and clown character in SCEA’s Twisted Metal video game series. Frosty Treats contends that because the ice cream truck in those games bears a clown graphic that it alleges is similar to the one on its ice cream trucks, and, in the final game, is labeled with its brand identifier, “Frosty Treats,” the games create a likelihood of confusion as to Frosty Treats’s sponsorship of or affiliation with the games. See 15 U.S.C. § 1125(a). The district court granted SCEA’s motion for summary judgment on all of Frosty Treats’s claims, and Frosty Treats appeals. We affirm.

[2] Frosty Treats asserts that the district court erred by finding that there were no genuine issues of material fact and holding as a matter of law that the “Frosty Treats” mark was not protectable....

[3] We review a grant of summary judgment de novo, applying the same standards as the district court....

I.

[4] Frosty Treats argues first that the district court erred by holding that its “Frosty Treats” mark is not entitled to trademark protection because it is generic, or, in the alternative, descriptive without secondary meaning. Frosty Treats asserts that the mark is suggestive, or, at worst, descriptive with an acquired secondary meaning, and therefore protectible. We disagree. At best, the “Frosty Treats” mark is

descriptive, and there is no basis for concluding that it has acquired secondary meaning.

[5] The stylized words “Frosty Treats” appear toward the rear of the passenger's side of plaintiffs' ice cream vans as pink capital letters with frost on the upper portion of each letter. See Figure 1 (depicting the “Frosty Treats” decal). The decal on which these words appear is approximately nine inches wide by four inches high and is surrounded by decals of the frozen products that the Frosty Treats vans sell. See Figure 2 (depicting a typical Frosty Treats van).



Figure 1.

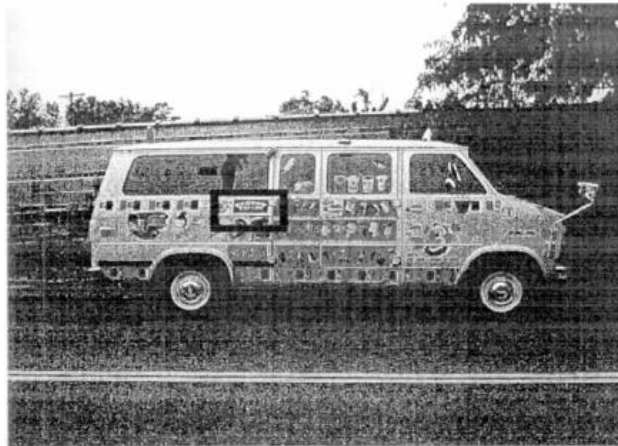


Figure 2.

[6] To determine whether this mark is protectible, we must first categorize it. “A term for which trademark protection is claimed will fall in one of four categories: (1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary or fanciful.” *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1325 (8th Cir.1984). A generic mark refers to the common name or nature of an article, and is therefore not entitled to trademark protection. *Co-Rect Prods., Inc. v. Marvy! Adver. Photography, Inc.*, 780 F.2d 1324, 1329 (8th Cir.1985). A term is descriptive if it conveys an “immediate idea of the ingredients, qualities or characteristics of the goods,” *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780, 785–86 (8th Cir.1995), and is protectible only if shown to have acquired a secondary meaning. *Co-Rect Prods.*, 780 F.2d at 1329. Suggestive marks, which require imagination, thought, and perception to reach a conclusion as to the nature of the goods, and arbitrary or fanciful marks, are entitled to protection regardless of whether they have acquired secondary meaning. See *id.*

[7] If it is not generic, the phrase “Frosty Treats” is, at best, descriptive. Frosty Treats is in the business of selling frozen desserts out of ice cream trucks. “Frosty Treats” conveys an immediate idea of the qualities and characteristics of the goods that it sells. No imagination, thought, or perception is required to reach a conclusion as to the nature of its goods. To prevail, therefore, Frosty Treats must demonstrate that the mark has acquired a secondary meaning. “Secondary meaning is an association formed in the minds of consumers between the mark and the source or

origin of the product.” *Id.* at 1330. To establish secondary meaning, Frosty Treats must show that “Frosty Treats” serves to identify its goods and distinguish them from those of others. *Id.* Secondary meaning does not require the consumer to identify a source by name but does require that the public recognize the mark and associate it with a single source. *Stuart Hall*, 51 F.3d at 789; see *Heartland Bank v. Heartland Home Fin., Inc.*, 335 F.3d 810, 818–19 (8th Cir.2003) (Smith, J., concurring).

[8] The record, when viewed in favor of Frosty Treats, demonstrates that SCEA is entitled to judgment as a matter of law on this issue. Frosty Treats has failed to put forth more than a scintilla of evidence that the public recognizes its “Frosty Treats” mark and associates it with a single source. Frosty Treats claims that its survey evidence demonstrates that the term “Frosty Treats” has acquired secondary meaning, but, if anything, it indicates the opposite. In the survey, respondents were shown images of the Frosty Treats ice cream van and asked, “Are you familiar with or have you ever seen or heard of this before?” Forty-seven percent responded affirmatively. They were then asked what they knew about the van. The respondents most frequently mentioned that it sold ice cream. Only one percent of the respondents in the survey mentioned Frosty Treats by name. There is no indication in the record that the survey respondents (apart from the one percent) were familiar with the vans because of the small nine-by-four-inch “Frosty Treats” decal on the rear portion of the side of the van, the only place where the phrase “Frosty Treats” appears on the vehicle. This decal, moreover, is surrounded by numerous other decals comprising the van’s menu board. See Figure 2. Frosty Treats’s survey provides no basis to conclude that the respondents associated the van with a single source as opposed to simply a generic ice cream truck.

[9] Although direct evidence such as consumer testimony or surveys are most probative of secondary meaning, it can also be proven by circumstantial evidence. See *Heartland Bank*, 335 F.3d at 819–20 (Smith, J., concurring). Circumstantial evidence such as the exclusivity, length and manner of use of the mark; the amount and manner of advertising; the amount of sales and number of customers; the plaintiff’s established place in the market; and the existence of intentional copying could also establish secondary meaning. See *id.* (citing 2 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* §§ 15:30, 15:60, 15:61, 15:66, 15:70 (4th ed.1999)). But the circumstantial evidence that Frosty Treats offered to establish secondary meaning also fails to raise a genuine issue of material fact.

[10] We recognize that the application of some of these criteria to the facts of this case may militate in favor of a finding of secondary meaning in the mind of a reasonable juror. For instance, there is evidence that Frosty Treats has used the term in a continuous and substantially exclusive manner since 1991. *Cf. Stuart Hall*, 51 F.3d at 789–90. Furthermore, the record reflects that Frosty Treats, although a relatively small company, is nevertheless one of the largest ice cream truck street vendors in the nation.

[11] On the other hand, there is no evidence that SCEA intentionally copied the term. Most significantly, the record does not contain sufficient evidence for a juror to conclude that Frosty Treats engages in advertising or publication of the “Frosty Treats” mark to an extent that would be effective in having the public recognize it and equate it with a single source. See *Co-Rect Prods.*, 780 F.2d at 1330; *Heartland Bank*, 335 F.3d at 820 (Smith, J., concurring). In fact, Frosty Treats does not even prominently display the “Frosty Treats” mark on its street-vending vans, which according to its brief is the primary way that it advertises the phrase. As mentioned earlier, the phrase appears on the vans as a nine-by-four-inch decal that is surrounded by numerous other decals of frozen desserts.

[12] Furthermore, SCEA submitted indirect evidence that the term “Frosty Treats” has not acquired secondary meaning. SCEA's expert conducted a survey of 204 children and 200 adults who had purchased ice cream from an ice cream truck in Frosty Treats's largest markets. When asked to volunteer the names of any ice cream trucks that they had purchased ice cream from, not one recalled the name “Frosty Treats.” The evidence as a whole simply does not provide a sufficient basis for concluding that the phrase “Frosty Treats” has acquired a secondary meaning. Accordingly, it is not protectible under trademark law.

[The court went on to find, *inter alia*, that there was no likelihood of confusion as to the source or sponsorship of SCEA's video game.]

Cartier, Inc. v. Four Star Jewelry Creations, Inc.
348 F.Supp.2d 217, 228-231 (S.D.N.Y. 2004)

[Defendant Four Star Jewelry Creations produced knockoffs of certain of plaintiff Cartier's watches. Defendant argued that plaintiff's watch designs did not possess secondary meaning as designations of source and thus were unprotectable under trademark law.]

MOTLEY, District Judge

...

2. Consumer Recognition: the Expert Reports

[1] Defendants and Plaintiff both conducted surveys to test the secondary meaning of the four families of Cartier watches at issue. Simply stated, the parties retained experts to poll the public as to whether they associated the Panthere, Pasha, Tank Americaine, and Tank Francaise, or more specifically, their watch designs, with Cartier.

a. Defendants' Expert: Mr. Harry O'Neill

[2] Defendants retained Mr. Harry O'Neill, Vice Chairman of Roper ASW.¹ Mr. O'Neill's report is hereinafter referenced as the "Roper Report."

[3] The Roper Report was created by intercepting shoppers at six shopping malls throughout the country: Atlanta, Boston, Chicago, Dallas, Los Angeles and San Francisco. O'Neill attempted to pick malls with "relatively upscale stores" in order to maximize the likelihood of identifying survey participants who represented the appropriate population. O'Neill concluded that a mall that was anchored by Sears or Kmart, for example, would be unlikely to be frequented by consumers in the luxury watch market.

[4] At the malls, shoppers were intercepted and screened to determine their eligibility to participate. Shoppers who were under 18, did not have their glasses or contact lenses available but relied on them, or who worked for an advertising company, market research company, or watch retailer or manufacturer were ineligible to be surveyed. *Id.* Shoppers were further asked whether or not they owned a watch worth at least \$2,500. If so, they were qualified to answer the survey's questions. If not, they were asked: "How likely is it that you would consider buying a fine watch—one that would cost at least \$2,500—in the next couple of years—very likely, fairly likely, not very likely or not at all likely?" Those who responded indicated that they were "very likely" or "fairly likely" qualified to participate.

[5] Eligible participants were then shown pictures of a Cartier Tank Francaise, a Cartier Tank Americaine, a Cartier Panthere, and five other watches made by other manufacturers, namely, Chopard, Rolex, Tag Heuer, Movado and Bvlgari. With each picture, a participant was asked: "Do you associate this style or design with the watches of one or more than one company?" If so, although unnecessary to establish secondary meaning, as an "added extra attraction," participants were asked a second, follow-up question as to whether they recognized to which particular company the watch belonged.

[6] The results of the Roper study are as follows: 38% of the respondents associated the style or design of the Tank Americaine with one company (with 13% correctly identifying Cartier as that company); 34% of the respondents said that they associated the style or design of the Tank Francaise with one company (with 13% correctly identifying Cartier as that company); 31% associated the Panthere style or design with one company (with 13% correctly identifying Cartier as that company). Based on these figures in the Roper Report, O'Neill concludes that a significant portion of the purchasing public does not associate the style or design of the watches at issue with Cartier.

[7] What is noteworthy to the Court, however, is the considerable discrepancy in findings at the Atlanta mall vis a vis the results obtained in surveying shoppers at

¹ Roper ASW was the name of the company at the time of the survey.

the other five malls. Of the six malls involved in creating the Roper Report, only the Atlanta mall was anchored by upscale retail establishments. Whereas the Atlanta Mall was anchored by Neiman Marcus and Bloomingdales, the Boston mall was not anchored by any high-end stores, although there was one within five minutes' walking distance, the Chicago mall was anchored by Marshall Fields and Carson Pirie Scott and the Dallas mall was anchored by a Dillar Folis and a Mervins. Further, in Atlanta, 69% of survey respondents owned a watch worth at least \$2,500, compared to the 41% of respondents at the other locales. For those who did not already own a fine watch, 55% of the participants were "very likely" to purchase one in the near future, compared to 15% of the participants who answered in similar fashion at the other malls. Accordingly, the court concludes that the population of survey respondents at the Atlanta mall was the most representative of the Cartier consumer population. Here, 63% of the participants associated the style and design of the Tank Francaise with one company, 60% of respondents associated the Tank Americaine with one company, and 60% associated the style or design of the Panthere with one company.

b. Plaintiffs' Expert: Dr. Sidney Lirtzman

[8] Dr. Lirtzman criticized the Roper Report on the grounds that it surveyed the wrong population insofar as it failed to distinguish between those "very likely" to purchase an expensive, luxury timepiece in the near future, and those who were "fairly likely" to make such a purchase. He testified that the survey results from Atlanta indicate that if the Roper Report had been conducted exclusively at "high end malls" and included only those persons more resolute about their intentions of buying a fine watch, the numbers of participants identifying the style or design of the three Cartier watches with one company would have been higher.

[9] To support this conclusion, Lirtzman conducted his own survey designed to parallel O'Neill's, with the exception of two important differences: Lirtzman only interviewed individuals who either already owned a luxury watch or were "very likely" to purchase a watch in the next year, whereas the Roper Report includes respondents who were "very likely" to purchase a watch "in the near future" and persons who were "fairly likely" to purchase such a luxury watch "in the next couple of years." Further, Lirtzman intercepted individuals while they were shopping not in shopping malls, but in Tourneau Watch Company stores, two in Manhattan and one in the Roosevelt Field Mall on Long Island, NY, one in Costa Mesa, CA, and one in Century City in Los Angeles, CA. Tourneau is an authorized dealer of Cartier watches. In light of this relationship, the Tourneau stores feature prominent posters of Cartier watches as well as display cases with Cartier watches.

[10] The Lirtzman study also included a few less significant alterations from O'Neill's study. Lirtzman asked if the participants associated the watch's design with a particular source, as opposed to asking about whether the participant associated the "design or style" with a particular source. Because it is irrelevant to establishing

secondary meaning, Lirtzman also did not ask O'Neill's second question as to whether the participant could identify which company she or he associated with the watch's design. The Lirtzman study was also limited to the Tank Francaise and the Panthere because these watches were the least recognized according to the Roper Report. Lirtzman showed participants pictures of the Tag Heuer and Movado watches, like the Roper Report, achieving the same percentages for recognition of these watches among participants, but excluded the other controls. Finally, the photographs shown to survey participants in Lirtzman's study are increasingly clear and more uniform than those shown to participants in the Roper study.

[11] The results of Lirtzman's study are as follows: 61% of the survey respondents associated the Tank Francaise's design with a particular source and 63% of the survey respondents associated the Panthere with a particular source. Lirtzman concludes from this result and the Atlanta results in the Roper Report that surveying individuals who either own or are very likely to purchase a luxury watch establishes consumer recognition of the Cartier watch families at issue in the range of 50 to 60%.

[12] Defendants' principal objection to Lirtzman's report is that in light of the Cartier posters at Tourneau and the fact that its watches are among those displayed in Tourneau's cases, the result of the study are biased. The court, however, disagrees. There are a panoply of luxury watches prominently featured at Tourneau, both in the display cases and on the walls as posters and murals; Tourneau changes its displays every few months; and there are 110 brands sold at Tourneau, all of which have multiple lines or models within them. The Cartier case, for example, contains six to a dozen watch models, including the watches at issue. As such, while Cartier is sold at Tourneau and is displayed among the many images a consumer perceives while shopping there, the likelihood that a survey participant's reaction to the Tank Francaise and Panthere would have been so influenced is so minimal as to have little to no effect on the probative value of Lirtzman's report.

[13] Moreover, the court credits the testimony of Dr. Lirtzman that valid market research does not require a secondary meaning survey to be conducted in a vacuum given the nature of the questions posed to the survey participants. At Tourneau, consumers were asked questions in an environment in which one would actually purchase a luxury timepiece. Images of the products to be sold are customary in such an environment. Had the Lirtzman's pollsters asked about particular brands of the watches shown to participants surrounded by promotional images, this would raise the specter of potential bias; but here, where the question was simply whether a participant associated the watch with a particular company, without asking which one, no such concern arises.

[14] Therefore, in light of a) the results obtained by defendants' expert in Atlanta, where the survey was undoubtedly taken in a mall where higher-end merchandise is sold, meaning, an environment more consistent with Cartier's consumer population, and where the respondents were increasingly likely to either

own or purchase a luxury time piece in the immediate future; b) plaintiffs' survey showing that the Atlanta results are more likely to be accurate than those obtained in other fora; and c) the Court's concerns about the absence of persons within the age group 18–34 or mistakes in tabulating their survey results in the Roper Report, the court adopts the testimony of Dr. Sidney Lirtzman, finding that the results obtained in Atlanta and in the Lirtzman Report are representative of the secondary meaning of the watches at issue.

[The court ultimately found secondary meaning in all four Cartier watch designs and infringement by defendant of those designs.]

In the following case, *Board of Supervisors for Louisiana State University Agricultural & Mechanical College v. Smack Apparel Co.*, 550 F.3d 465 (5th Cir. 2008), the plaintiffs Louisiana State University, the University of Oklahoma, Ohio State University, the University of Southern California, and Collegiate Licensing Company (the official licensing agent for the universities) brought suit against defendant Smack Apparel for its unauthorized sale of apparel bearing the universities' colors and various printed messages associated with the universities (but not bearing the universities' names or mascots). The Eastern District of Louisiana granted the plaintiffs' motion for summary judgment on the issue of trademark infringement. Excerpted below is the Fifth Circuit's discussion of whether the universities' colors carry secondary meaning as designations of source.

Note that we will soon return to the protectability of colors as trademarks in Part I.A.2.a when we consider *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159 (1995). Our focus here is on the issue of secondary meaning, specifically, on the capacity of university colors to serve as designations of source of goods bearing those colors.

Board of Supervisors for Louisiana State University Agricultural & Mechanical College v. Smack Apparel Co.

550 F.3d 465, 475-478 (5th Cir. 2008)

REAVLEY, Circuit Judge:

...

[1] The parties correctly agree that a color scheme can be protected as a trademark when it has acquired secondary meaning and is non-functional. *Qualitex Co. v. Jacobson Prods. Co.*¹ Although the parties discuss color at length in their briefs,

¹ 514 U.S. 159, 163–64 (1995).

the Universities do not claim that every instance in which their team colors appear violates their respective trademarks. Instead, the claimed trademark is in the colors on merchandise that combines other identifying indicia referring to the Universities. It is appropriate therefore to consider not only the color but also the entire context in which the color and other indicia are presented on the t-shirts at issue here.

[2] Smack contends that the claimed marks are too broad to encompass a trademark because the concept of color along with other identifying indicia is not distinctive. We disagree. As noted, the statute contemplates that a trademark may include any word, name, or symbol “*or any combination thereof*.”² The Supreme Court has recognized that the Lanham Act describes the universe of permissible marks “in the broadest of terms.”³ Because the Court recognizes that trademarks may include color, we see no reason to exclude color plus other identifying indicia from the realm of protectible marks provided the remaining requirements for protection are met. Thus, the first step here is to ask whether the Universities’ claimed marks have acquired secondary meaning.

[3] Secondary meaning “occurs when, ‘in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.’ ” *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*⁴ The inquiry is one of the public’s mental association between the mark and the alleged mark holder. *Sno-Wizard Mfg., Inc. v. Eisemann Prods. Co.*⁵ A mark has acquired secondary meaning when it “has come through use to be uniquely associated with a specific source.” *Pebble Beach Co. v. Tour 18 I Ltd.*⁶ We have applied a multi-factor test for determining secondary meaning. The factors include: “(1) length and manner of use of the mark or trade dress, (2) volume of sales, (3) amount and manner of advertising, (4) nature of use of the mark or trade dress in newspapers and magazines, (5) consumer-survey evidence, (6) direct consumer testimony, and (7) the defendant’s intent in copying the trade dress.”⁷ These factors in combination may show that consumers consider a mark to be an indicator of source even if each factor alone would not prove secondary meaning.⁸

² 15 U.S.C. § 1127 (emphasis added).

³ *Qualitex*, 514 U.S. at 162.

⁴ 529 U.S. 205, 211 (2000) (citation omitted).

⁵ 791 F.2d 423, 427 (5th Cir.1986) (“[T]he prime element of secondary meaning is ‘a mental association in buyers’ minds between the alleged mark and a single source of the product.’ ” (citation omitted)).

⁶ 155 F.3d 526, 536 (5th Cir.1998) (internal quotation marks omitted), *abrogation on other grounds recognized by Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 356 (5th Cir.2002).

⁷ *Pebble Beach*, 155 F.3d at 541.

⁸ *Id.*

[4] There is no dispute in this case that for a significant period of time the Universities have been using their color schemes along with other indicia to identify and distinguish themselves from others. Smack admits in its brief that the Universities' colors are well known among fans "as a shorthand nonverbal visual means of identifying the universities." But according to Smack, the longstanding use of the school colors to adorn licensed products is not the same as public recognition that the school colors identify the Universities as a unique source of goods. We think, however, that the factors for determining secondary meaning and an examination of the context in which the school colors are used and presented in this case support the conclusion that the secondary meaning of the marks is inescapable.

[5] The record shows that the Universities have been using their color combinations since the late 1800s.⁹ The color schemes appear on all manner of materials, including brochures, media guides, and alumni materials associated with the Universities. Significantly, each university features the color schemes on merchandise, especially apparel connected with school sports teams, and such prominent display supports a finding of secondary meaning.¹⁰ The record also shows that sales of licensed products combining the color schemes with other references to the Universities annually exceed the tens of millions of dollars.¹¹ As for advertising, the district court held that the Universities "advertise items with their school colors in almost every conceivable manner"^{F12} It is not clear from the summary judgment evidence where and how the Universities advertise their merchandise, but they certainly do use their color schemes and indicia in numerous promotional materials aimed at students, faculty, alumni, and the public in general, which strengthens the conclusion that the color schemes and indicia viewed in context of wearing apparel also serves as an indicator of the Universities as the source or sponsor of the apparel. Furthermore, the district court correctly observed that the school color schemes have been referenced multiple times in newspapers and magazines and that the schools also frequently refer to themselves using the colors.¹³ The district court did not specifically refer to any consumer-survey evidence or direct consumer testimony, but it noted that Smack admitted it had

⁹ OSU adopted its school colors in 1878, while LSU has been using its colors since 1893, and OU and USC since 1895.

¹⁰ See *Pebble Beach*, 155 F.3d at 541–52 (prominent display of golf hole's trade dress in advertising supported finding of secondary meaning as a designator of source).

¹¹ For example, LSU sells between \$10 and \$20 million worth of goods each year, while the annual sales volume for the other schools is approximately \$13 million for USC, \$20 million for OU, and \$50 million for OSU.

¹² *Bd. of Supervisors*, 438 F.Supp.2d at 658.

¹³ For example, LSU and third parties have referred to that university as the "Purple and Gold."

incorporated the Universities' color schemes into its shirts to refer to the Universities and call them to the mind of the consumer. Thus, Smack itself believed that the Universities' color schemes had secondary meaning that could influence consumers, which further supports the conclusion that there is secondary meaning here.¹⁴ Given the longstanding use of the color scheme marks and their prominent display on merchandise, in addition to the well-known nature of the colors as shorthand for the schools themselves and Smack's intentional use of the colors and other references, there is no genuine issue of fact that when viewed in the context of t-shirts or other apparel, the marks at issue here have acquired the secondary meaning of identifying the Universities in the minds of consumers as the source or sponsor of the products rather than identifying the products themselves.

[6] We think this conclusion is consistent with the importance generally placed on sports team logos and colors by the public. We have previously noted, although not in the context of secondary meaning, that team emblems and symbols are sold because they serve to identify particular teams, organizations, or entities with which people wish to identify. *See Boston Prof'l Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*¹⁵ We think this desire by consumers to associate with a particular university supports the conclusion that team colors and logos are, in the minds of the fans and other consumers, source indicators of team-related apparel. By associating the color and other indicia with the university, the fans perceive the university as the source or sponsor of the goods because they want to associate with that source.

[7] Smack argues that because photographs of businesses near the campuses of the Universities show use of school colors by those businesses, consumers in college towns merely associate school colors with "support of the home team." Smack cites no authority or supporting evidence for its contention, however. Moreover, the fact that other businesses in college towns may use the same colors as a local university does not create an issue of fact as to the secondary meaning of the colors used in merchandise that the Universities indisputably produce, especially given Smack's admission of intentional use of the colors to influence consumers.

¹⁴ *See also Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 663 (7th Cir.1995). We also note that the record does contain survey evidence compiled by the Universities indicating that approximately thirty percent of consumers interviewed believed two of Smack's t-shirts were produced or sponsored by the Universities. We have indicated that survey evidence often may be the most direct and persuasive evidence of secondary meaning. *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 269 (5th Cir.1999). Nevertheless, Smack moved in limine to exclude the Universities' survey evidence, and the district court found it unnecessary to rule on the motion because of the other evidence in the record. Because no party has raised the issue, we express no opinion on the correctness of the district court's belief and merely note the presence of the survey evidence in the record.

¹⁵ 510 F.2d 1004, 1011 (5th Cir.1975).

[8] Smack also argues that because the Universities grant licenses to many licensees, a consumer may not identify a university as the *single* source of the product. The fact that the Universities may grant licenses to many licensees to sell authorized products does not negate the fact that the schools are still the sources of the marks.¹⁶ We conclude that the record establishes secondary meaning in the marks here.

[The Fifth Circuit went on to affirm the E.D.La.'s disposition of the case in all respects].

Comments and Questions

1. *Necessary proportion of relevant consumer population perceiving secondary meaning.* Courts generally require that a “substantial” proportion of the relevant consumer population perceive the descriptive mark as a designation of source for that mark to qualify for protection. *See, e.g., Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 168 (2d Cir. 1991) (“The plaintiff is not required to establish that *all* consumers relate the product to its producer; it need only show that a substantial segment of the relevant consumer group makes this connection.”). But what proportion is substantial? If survey evidence is presented, courts have generally been satisfied, as in the *Cartier* case above, with a proportion at or above 50%. *See, e.g., Harlequin Enterprises, Ltd. v. Gulf & Western Corp.*, 644 F.2d 946 (2d Cir. 1981) (finding 50% association to be probative of secondary meaning in book cover design); *Spraying Systems Co. v. Delavan*, 975 F.2d 387, 394 (7th Cir. 1992) (“While a 50-percent figure is regarded as clearly sufficient to establish secondary meaning, a figure in the thirties can only be considered marginal.”); *Boston Beer Co. Ltd. Partnership v. Slesar Bros. Brewing Co.*, 9 F.3d 175, 183 n.5 (1st Cir. 1993). (characterizing a 36% showing of association as “hardly overwhelming”).

More generally, courts may require more compelling evidence of secondary meaning for marks that are highly descriptive. *See* MCCARTHY § 15:28 (“[A]s a general rule of thumb, the more descriptive the term, the greater the evidentiary burden to establish secondary meaning. That is, the less distinctive the term, the greater the quantity and quality of evidence of secondary meaning needed to prove the requisite degree of distinctiveness.”).

2. *The statutory mechanism for registration of descriptive marks with secondary meaning.* Lanham Act §§ 2(e) & 2(f), 15 U.S.C. §§ 1052(e) & (f), provide for the registration of descriptive marks with secondary meaning. The relevant portions of § 2 read as follows:

¹⁶ *Cf. Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1121 (5th Cir.1991) (“An owner may license its trademark or trade dress and retain proprietary rights if the owner maintains adequate control over the quality of goods and services that the licensee sells with the mark or dress.”).

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it...

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

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

15 U.S.C. §1052.

3. *The “primary significance” of a mark as a designation of source.* In a footnote in *Inwood Labs, Inc. v. Ives Labs, Inc.*, 56 U.S. 844, 851 n.11 (1982), the Supreme Court complicated things considerably when it explained: “To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.” What does this mean? That to qualify for protection, the “primary significance” of a descriptive term must be its “secondary meaning” as a designation or source? Must courts find that the descriptive term signifies source to a greater degree than it describes the product? Cf. GILSON §2.09[2] (“To establish secondary meaning in an inherently nondistinctive term, the plaintiff must show that the primary significance of the term in the public mind is not the product but its producer.”). Note the subtly different wording of Judge Easterbrook’s approach to the matter in *Bretford Mfg., Inc. v. Smith Sys. Mfg. Corp.*, 419 F.3d 576 (7th Cir. 2005), where he explained that secondary meaning (in this case, for product design) occurs when “consumers understand the design elements to signify the goods’ *origin* and not just its attributes.” *Id.* at 579 (emphasis in original). The phrase “and not just its attributes” arguably rejects, as nearly all courts do, any kind of strict “primary significance” test in the descriptiveness context.

c. Generic Marks

Trademarks may be deemed generic either (1) because they are born generic, *see, e.g., Schwan's IP, LLC v. Kraft Pizza Co.*, 460 F.3d 971, 79 U.S.P.Q.2d 1790 (8th Cir. 2006) (finding BRICK OVEN for frozen pizza to be generic); *Ale House Management, Inc. v. Raleigh Ale House, Inc.*, 205 F.3d 137, 54 U.S.P.Q.2d 1040 (4th Cir. 2000) (finding ALE HOUSE for chain of restaurants serving food and beer to be generic); *Continental Airlines Inc. v. United Air Lines Inc.*, 53 U.S.P.Q.2d 1385, 1999 WL 1421649 (TTAB 2000) (finding E-TICKET for electronic ticketing services to be generic); *Nat'l Conf. of Bar Examiners v. Multistate Legal Studies, Inc.*, 692 F.2d 478, 487 (7th Cir.1982) (finding MULTISTATE BAR EXAMINATION for legal testing services to be generic), or (2) because they lose their source distinctiveness through a process of “genericide,” *see, e.g., Haughton Elevator Co. v. Seeberger*, 85 U.S.P.Q. 80 (Comm'r

Pat. 1950) (cancelling registration of ESCALATOR mark for moving staircases); *Bayer Co. v. United Drug Co.*, 272 F. 505, 510 (D.N.Y. 1921) (finding as to the mark ASPIRIN for acetyl salicylic acid that “[a]mong consumers generally the name has gone into the public domain”); *King-Seeley Thermos Co. v. Aladdin Indus. Inc.*, 321 F.2d 577 (2d Cir. 1963) (finding “thermos” with a lower-case “t” for vacuum-insulated containers bottles to be generic, but “Thermos” with an upper-case “T” to be a valid trademark).

There are a variety of simple rules of thumb that inform courts’ determination of whether a mark is generic or descriptive. *Abercrombie* outlined a genus/species distinction: “A generic term is one that refers, or has come to be understood as referring, to the genus of which the particular product is a species.” *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). There is also the “who-are-you/what-are-you” distinction:

In determining whether a term is generic, we have often relied upon the “who-are-you/what-are-you” test: “A mark answers the buyer’s questions ‘Who are you?’ ‘Where do you come from?’ ‘Who vouches for you?’ But the [generic] name of the product answers the question ‘What are you?’ ” *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1391 (9th Cir.1993) (quoting 1 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 12.01 (3d ed.1992)). Under this test, “[i]f the primary significance of the trademark is to describe the *type of product* rather than the *producer*, the trademark [is] a generic term and [cannot be] a valid trademark.” *Anti-Monopoly, Inc. v. General Mills Fun Group*, 611 F.2d 296, 304 (9th Cir.1979) (emphases added)

Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc., 198 F.3d 1143, 1147 (9th Cir. 1999). Courts will also rely on the proposition that a mark is generic if it is the “common descriptive name” of the good or service to which it is affixed. *See, e.g., San Francisco Arts & Athletics, Inc. v. U.S. Olympic Committee*, 483 U.S. 522, 532 n. 7 (1987) (“A common descriptive name of a product or service is generic. Because a generic name by definition does not *distinguish* the identity of a particular product, it cannot be registered as a trademark under the Lanham Act.” (emphasis in original)).

But while the basic principles underlying the genericness analysis are straightforward, distinguishing between a highly descriptive mark and a generic mark can be exceedingly difficult in close cases, and the stakes in such cases can be exceedingly high.¹ Recall that even a “highly descriptive” mark will qualify for

¹ Is “App Store” a generic term for an online platform selling apps? *See Apple, Inc. v. Amazon.com Inc.*, No. 11 Civ. 1327, 2011 WL 2638191, at *7 (N.D. Cal. July 6, 2011) (“The court assumes without deciding that the ‘App Store’ mark is protectable as a descriptive mark that has arguably acquired secondary meaning.” But the court

protection upon a showing of secondary meaning. A generic mark, by contrast, is unredeemable; it will never receive protection under any circumstances. Genericness doctrine, meanwhile, can be quite malleable.

The following two opinions arose out of a recent dispute between the giant snackfood maker Frito-Lay North America, Inc. and an upstart competitor, Princeton Vanguard LLC, who introduced “Pretzel Crisps” into the market. The first opinion, *Frito-Lay North America, Inc. v. Princeton Vanguard, LLC*, 109 U.S.P.Q.2d 1949 (TTAB 2014), is from the Trademark Trial and Appeal Board. As discussed more fully in Part I.D.2.d, the TTAB is an administrative board within the Patent and Trademark Office that, among other things, acts as a trial court in opposition proceedings at the PTO (in which an interested party may oppose the registration of an applicant’s mark). In the opinion below, Princeton Vanguard applied to register the mark PRETZEL CRISPS for pretzel crackers. Frito-Lay opposed this application on the grounds that (1) PRETZEL CRISPS is generic for pretzel crackers, and in the alternative, (2) the mark is merely descriptive without secondary meaning. Both parties submitted summary judgment motions and then agreed to proceed to trial before the TTAB on the evidence presented with these motions. The TTAB held a one-day hearing at the request of Princeton Vanguard.

The second opinion, *Frito-Lay North America, Inc. v. Princeton Vanguard, LLC*, No. 14 Civ. 1517, __ F.3d __, 114 U.S.P.Q.2d 1827 (Fed. Cir. May 15, 2015), reversed and remanded the TTAB’s opinion primarily on the ground that the TTAB applied the wrong test to determine genericness. Though reversed, the TTAB’s opinion is preserved here and placed first for several reasons. First, it presents an excellent survey of the kinds of evidence that courts consider in determining genericness. Second, the Federal Circuit merely remanded the dispute back to the TTAB to apply the correct legal standard to the evidence of record set forth in the TTAB’s initial opinion. Applying that standard, how should the TTAB ultimately rule? (Third, perhaps the Federal Circuit was just wrong. Did the TTAB’s opinion deserve a remand?)

found, on Apple’s preliminary injunction motion, that Amazon’s use of “App Store” to describe its app store did not create a likelihood of confusion.).



1

Frito-Lay North America, Inc. v. Princeton Vanguard, LLC
109 U.S.P.Q.2d 1949 (TTAB 2014)

Opinion by Ritchie, Administrative Trademark Judge:

...

[1] There is a two-part test used to determine whether a designation is generic: (1) what is the genus of goods at issue? and (2) does the relevant public understand the designation primarily to refer to that genus of goods? *H. Marvin Ginn Corp. v. Int'l Assn. of Fire Chiefs, Inc.*, 782 F.2d 987, 990 (Fed. Cir. 1986). The public's perception is the primary consideration in determining whether a term is generic. *Loglan Inst. Inc. v. Logical Language Group Inc.*, 902 F.2d 1038, 22 USPQ2d 1531, 1533 (Fed. Cir. 1992). Evidence of the public's understanding of a term may be obtained from any competent source, including testimony, surveys, dictionaries, trade journals, newspapers and other publications. *Loglan Inst.*, 22 USPQ2d at 1533; *Dan Robbins & Associates, Inc. v. Questor Corp.*, 599 F.2d 1009, 202 USPQ 100, 105 (CCPA 1979). It is plaintiff's burden to establish that PRETZEL CRISPS is generic by a preponderance of the evidence. *Magic Wand Inc. v. RDB, Inc.*, 940 F.2d 638, 19 USPQ2d 1551, 1554

¹ From <http://pretzelcrisps.com/deli-style-test/>.

(Fed. Cir. 1991); *Alcatraz Media, Inc. v. Chesapeake Marine Tours Inc. dba Watermark Cruises*, 107 USPQ2d, 1750, 1761 (TTAB 2013).

A. The genus of goods at issue.

[2] There is no dispute that the category of goods here is adequately defined by defendant's identification of goods in the application and subject registration, "pretzel crackers." See *Magic Wand*, 19 USPQ2d at 1552 ("[A] proper genericness inquiry focuses on the description of [goods or] services set forth in the [application or] certificate of registration.").

B. The relevant public.

[3] The second part of the genericness test is whether the relevant public understands the designation primarily to refer to that class of goods. The relevant public for a genericness determination is the purchasing or consuming public for the identified goods. *Magic Wand*, 19 USPQ2d at 1553. Because there are no restrictions or limitations to the channels of trade or classes of consumers for pretzel crackers, the relevant consuming public comprises ordinary consumers who purchase and eat pretzel crackers.

C. Public perception

[4] To determine the public perception of the term "PRETZEL CRISPS" as it applies to "pretzel crackers," we first must decide how to analyze the term. It is well settled that we may analyze the component parts of a proposed mark as a step on the way to an ultimate determination that the proposed mark as a whole is generic. See *1800Mattress.com IP*, 586 F.3d 1359, 92 USPQ2d 1682, 1684 (explaining that the Board appropriately considered the separate meanings of "'mattress' and '.com'" when determining that the combination "mattress.com" was generic); *In re Hotels.com LP*, 573 F.3d 1300, 1304, 91 USPQ2d 1532, 1535 (Fed. Cir. 2009) (affirming the Board's finding that "the composite term HOTELS.COM communicates no more than the common meanings of the individual components"). Thus, in cases where the proposed mark is a compound term (in other words a combination of two or more terms in ordinary grammatical construction), genericness may be established with evidence of the meaning of the constituent words, and where "the terms remain as generic in the compound as individually, and the compound thus created is itself generic." *In re Gould Paper Corp.*, 834 F.2d 1017, 5 USPQ2d 1110, 1112, (Fed. Cir. 1987); accord *In re American Fertility Soc'y*, 188 F.3d 1341, 1347, 51 USPQ2d 1832, 1836 (Fed. Cir. 1999). By contrast, "where the proposed mark is a phrase (such as 'Society for Reproductive Medicine'), the board 'cannot simply cite definitions and generic uses of the constituent terms of a mark'; it must conduct an inquiry into 'the meaning of the disputed phrase as a whole.'" *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 57 USPQ2d 1807, 1810 (Fed. Cir. 2001), citing *Am.*

Fertility, 188 F.3d at 1347, 51 USPQ2d at 1836; see also *In Re Country Music Ass'n, Inc.*, 100 USPQ2d 1824, 1828 (TTAB 2011).

[5] Plaintiff argues that “PRETZEL CRISPS” is a compound term under the *Gould* standard, whereas defendant, citing to *Am. Fertility*, argues that ““PRETZEL CRISPS” is a phrase, comprised of terms that “had not previously been used in a unified fashion” and “did not exist in the public lexicon prior to the launch of Snack Factory's PRETZEL CRISPS crackers in 2004.” Thus, we must decide whether the term “PRETZEL CRISPS,” when applied to “pretzel crackers,” is a unified term having a meaning beyond the sum of its parts as argued by defendant, or rather maintains the meaning of its constituent terms as argued by plaintiff.

[6] In analyzing the term, we find no additional meaning added to “PRETZEL CRISPS” in relation to “pretzel crackers,” when the individual terms are combined. As noted, compound words that do not add new meaning may be analyzed by their constituent terms. See *1800Mattress.com*, 92 USPQ2d at 1684, citing *Am. Fertility*, 51 USPQ2d 1832 (“[I]f the compound word would plainly have no different meaning from its constituent words, and dictionaries, or other evidentiary sources, establish the meaning of those words to be generic, then the compound word too has been proved generic. No additional proof of the genericness of the compound word is required.”). Indeed, the Federal Circuit in *American Fertility* specifically confirmed *Gould's* applicability to situations dealing with “compound terms formed by the union of words,” which is the situation presented in this case. 51 USPQ2d at 1837. We therefore analyze the term as a compound term, using the ordinary grammatical construction.

[7] There is no question that the term “pretzel” in “PRETZEL CRISPS” refers to a type of pretzel, and therefore is generic for pretzels and pretzel snacks, including “pretzel crackers.” We therefore discuss the meaning and effect of the term “crisps.” Defendant agrees that there are certain foods that may be ““crisps” but argues that crackers are not appropriately identified as such. Plaintiff, on the other hand, argues that the term “crisp” has come to be known as one name for a “cracker,” and a “pretzel crisp” is therefore a “pretzel cracker.” In undertaking our analysis, we keep in mind that while we look to the “primary significance” of the term, what matters is the mark in relation to the identified goods, and we note that all possible generic names for a product must reside in the public domain. See J Thomas McCarthy, 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 12:9 (4th ed. 2013). (“Any product may have many generic designations. Any one of those is incapable of trademark significance.”); see also *1800Mattress*, 92 USPQ2d at 1685 (“[A]ny term that the relevant public understands to refer to the genus ... is generic.”).

1. Competitive Use

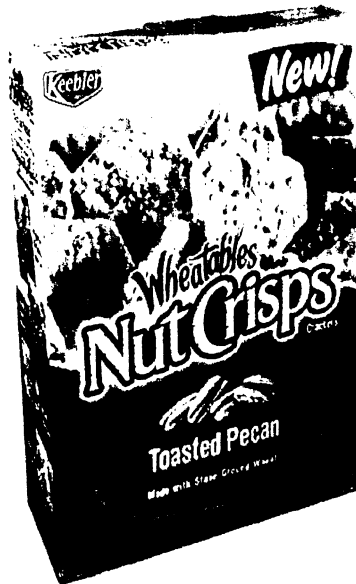
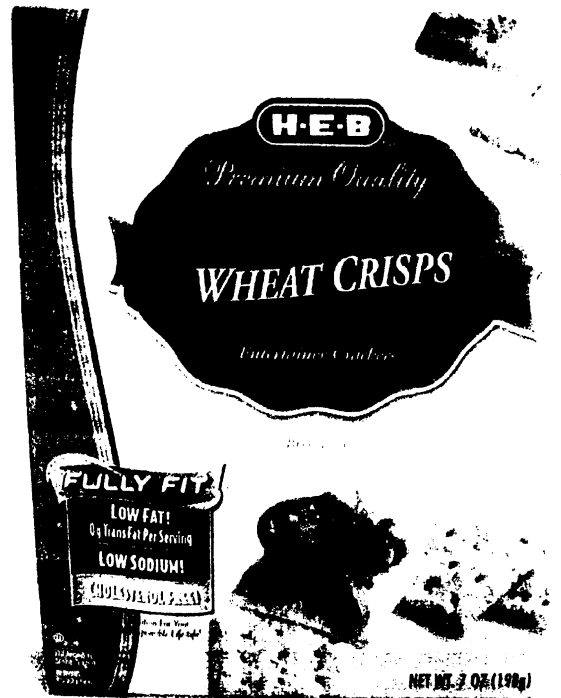
[8] Plaintiff submitted into the record several instances of use by competitors of the term “crisps” to name or identify “crackers.” These include the following uses on boxes of crackers:

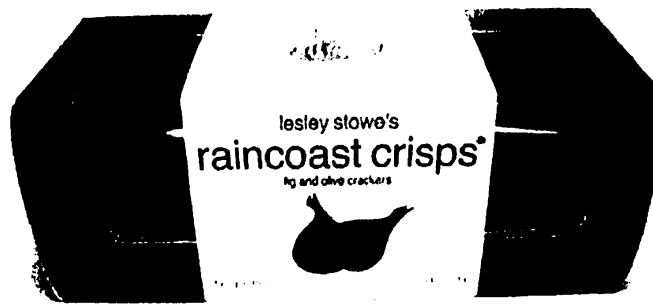


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[9] Defendant has also admitted to referring in nutritional information to its own “pretzel crackers” as “crisps”:¹

Request for Admission No. 25: Admit that Defendant's packages for its PRETZEL CRISPS products provide nutrition facts for a serving size of a stated number of “crisps.”

Response to Request for Admission No. 25: Subject to the foregoing General Objections, Princeton Vanguard admits this request.

[10] An image was included in the record:

¹ Defendant asserted that it has discontinued this use on its packaging.



2. Use by Media

[11] Plaintiff further submitted evidence of third party or media references naming or identifying “crackers” as “crisps,” including the following:

- Kashi: TLC Pita Crisps: We bake everything we love into our new tasty little crackers. Real food ingredients -- like seven whole grains, cracked wheat berries, veggies, and natural sea salt -- go into each and every crisp. <http://www.kashi.com>.
- Raisin Rosemary Crisps: Ooh, these are interesting crackers! And by interesting, we mean stupendous, terrific and completely delicious. Trader Joe's Raisin Rosemary Crisps combine the most unlikely ingredients to create crackers of unequalled flavor, texture and plate presence. www.traderjoes.com.
- Vineyard Collection Focaccia Crisps Tuscan Style Crackers -- 8 oz.: May 22, 2012- for those of you who haven't tried these new cracker chips, they are wonderful! www.napacabs.com.

- 34[degree] Crisps Using a handful of natural ingredients, we carefully bake our wafer-thin crackers until they are subtly toasty and overtly tasty. <http://www.34-degrees.com/product.php>.
- Skinny Crisps: The low carb gluten free cracker! <http://shop.skinnycrisps.com>.

[12] There are also a couple of examples in the record of defendant's "PRETZEL CRISPS" "pretzel crackers" being referred to as "crisps."

- A good snack at one serving: Product: The Snack Factory Inc. Original Pretzel Crisps: These crisps are a variation on the classic twisted pretzel, same basic ingredients, only flattened. *Thestar.com*.
- For instance, The Snack Factory, based in Princeton, N.J., launched a line of Pretzel Crisps under the *Modern Classics line*. Created with the natural foods consumer in mind, these crisps offer only 110 calories per serving and come in Tuscan Three Cheese, Supreme, Cinnamon Toast and Classic varieties. *www.SnackandBakery.com*.

3. Registrations Disclaiming "Crisps"

[13] Plaintiff submitted evidence of registrations containing the term "CRISPS" for "crackers" that disclaim the term "CRISPS" to show that the term is generic for those goods. See TBMP § 704.03(b)(1)(B) and cases cited therein. These registrations include:

- POP-TARTS MINI CRISPS for "crackers;" Registration No. 4050507, disclaiming "mini crisps."
- CALIFORNIA CRISPS for "crackers;" Registration No. 2228609, disclaiming "crisps" and claiming acquired distinctiveness under Section 2(f).
- CHEEZ-IT CRISPS for "crackers;" Registration No. 3277216, disclaiming "crisps."
- RAINCOAST CRISPS for "crackers;" Registration No. 3972819, disclaiming "crisps."

4. Dictionary Definitions

[14] We take judicial notice of the relevant portions of the dictionary definition for "crisp":

Crisp: adj. 2a. easily crumbled; brittle (a -- cracker) 2b. desirably firm and crunchy (-- lettuce).

Crisp: n. 1a. something crisp or brittle (burned to a --);

Merriam-Webster's Collegiate Dictionary (11th ed. 2004).

Crisp: adj. 1. Firm but easily broken or crumbled; brittle; n. 1. Something crisp or easily crumbled.

The American Heritage College Dictionary (4th Ed. 2002).

5. Requests for Admissions

[15] In light of the dictionary definitions and other evidence of record, the following responses to requests for admission by defendant are relevant to showing that “PRETZEL CRISPS” is generic for “pretzel crackers”:

Request for Admission No. 8: Admit that some crackers are crisp.

Response to Request for Admission No. 8: Subject to the foregoing General Objections, Princeton Vanguard admits this request.

Request for Admission No. 10: Admit that crackers are firm but easily crumbled or brittle.

Response to Request for Admission No. 10: Subject to the foregoing General Objections, Princeton Vanguard denies this request, but admits that some crackers are firm but easily crumbled or brittle.

Request for Admission No. 17: Admit that “crisps” is a commonly used term for crackers.

Response to Request for Admission No. 17: Subject to the foregoing General Objections, Princeton Vanguard denies this request, but admits that the term “crisps” may be used to describe certain crackers.

Request for Admission No. 25: Admit that Defendant’s packages for its PRETZEL CRISPS products provide nutrition facts for a serving size of a stated number of “crisps.”

Response to Request for Admission No. 25: Subject to the foregoing General Objections, Princeton Vanguard admits this request.

Request for Admission No. 26: Admit that packages for Pepperidge Farm Backed Naturals Pretzel Thins provide nutrition facts for a serving size of a stated number of “crisps.”

Request for Admission No. 26: Subject to the foregoing General Objections, Princeton Vanguard admits this request.

6. Expert Surveys

[16] As noted, both parties submitted survey evidence and expert declarations. Each party proffered the results from a “Teflon” survey conducted to test how

consumers perceive the term “PRETZEL CRISPS.”² As explained below, the surveys reached differing results on the question of whether the term “PRETZEL CRISPS” is generic, and each party has criticized the survey conducted by its opponent.

[17] Professor McCarthy describes a “Teflon” survey as a mini-course in the generic versus trademark distinction, followed by a mini-test involving at least one brand name and one generic item to see whether the survey participants understand the distinction. J. Thomas McCarthy, 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 12:16 (4th ed. 2013).

In designing a TEFLON-type survey, both the initial “mini-test” and the other marks and generic names in the list must be carefully constructed and tailored to the facts of a particular case.

Id. See also Jacob Zimmerman v. National Association of Realtors, 70 USPQ2d 1425, 1435-36 n.15 (TTAB 2004) (flaws in the design and administration of the survey, including the mini-test, resulted in the survey having limited probative value).

a. Simonson survey conducted on behalf of plaintiff.

[18] Dr. Alex Simonson, founder and President of Simonson Assoc., Inc., was retained as an expert by counsel for plaintiff. He conducted a survey between August 15 and September 3, 2011. The screening criteria were defined as follows: “purchasers of salty snacks at supermarkets or grocery stores within the past 6 months or likely purchasers of salty snacks at supermarkets or grocery stores within the coming 6 months.” In a “double-blind” survey, his interviewers conducted interviews, by phone, in the following manner, of 250 survey participants:

1. The interviewer read aloud to survey respondents definitions of “category names” (generic names) and “brand names” and asked if survey participants understood the definition of a common name and a brand name. Only 2 respondents indicated they did not, and they were removed from the survey. 248 then continued on. (Simonson report at 10).
2. Participants who said they understood the difference between a category name and brand name were then read a list of names individually for food and some unrelated products and asked whether they thought each name was a category name, a brand name, “don't know”, or “not sure.” The list, with results, follows:

² A “Teflon” survey refers to the format of the survey used in *E. I. du Pont de Nemours & Co. v. Yoshida International, Inc.*, 393 F. Supp. 502, 185 USPQ 597 (E.D.N.Y. 1975) to demonstrate that “Teflon” was not generic.

Name	Brand	Category	Don't know/Not Sure
RITZ BITZ	82%	12%	7%
LUCKY CHARMS	87%	10%	3%
I-POD	61%	28%	11%
AMERICAN AIRLINES	89%	9%	2%
TRISCUIT	80%	13%	7%
PRETZEL CRISPS	41%	41%	18%
GINGER ALE	25%	72%	3%
AUTOMOBILE	9%	91%	1%
POTATO CHIPS	8%	90%	2%
NEWSPAPER	5%	93%	2%
POPCORN	6%	93%	1%

[19] Based on these results, Dr. Simonson concluded in his report: “The results indicate that PRETZEL CRISPS is not perceived by a majority of relevant consumers as a brand name.” Defendant’s expert, Dr. E. Deborah Jay, was retained to rebut the conclusions of Dr. Simonson. She noted several problems with his methodology including the following: 1) the universe of survey participants was underinclusive, including only those who purchase salty snacks at certain places; 2) there were two options of giving no opinion, both “don’t know” and “not sure,” which may have confused participants, and caused some to choose one or the other incorrectly; and, perhaps most importantly 3) Dr. Simonson did not conduct a mini-test to ascertain whether survey participants understood the difference between brand and common (or category) names, but rather he simply *asked* whether they did. Indeed, as pointed out by Dr. Jay, only two survey participants indicated they did not, or less than 1%.

[20] We agree with Dr. Jay’s criticisms of Dr. Simonson’s survey. With respect to Dr. Simonson’s failure to administer an initial mini-test, an analogous situation was at issue in the recently decided case of *Sheetz of Delaware, Inc. v. Doctor’s Assoc., Inc.*, 108 USPQ2d 1341, 1360 (TTAB 2013). In *Sheetz*, the Board determined that “[a]sking a respondent whether he or she understood the difference is not the same as *testing* whether she or he understood the difference.” (emphasis in original). As the Board there noted, we can give “little weight” to a survey where a mini-test was not performed and we do not know whether survey participants actually understood what they were being asked. *Id.* at 1361-1362, citing *Jacob Zimmerman v. National Association of Realtors*, 70 USPQ2d at 1435-36 n.5. We reach this conclusion further on the basis that the two “don’t know” and “not sure” answers potentially were confusing to survey participants, and may have lead those who understood the survey question to elect to indicate they did not. Accordingly, for these reasons, we give Dr. Simonson’s findings little probative weight.

b. Jay survey conducted on behalf of defendant.

[21] Dr. E. Deborah Jay, founder and President of Field Research Corp., was retained as an expert by counsel for defendant. She conducted a survey between the 16th and 25th of February, 2010. The screening criteria were defined as adults who had “personally purchased salty snacks for themselves or for someone else in the past three months or think that they would do this in the next three months.” (Jay report at 1). Initially 500 adults were screened, but only 222 were found eligible after meeting the screening criteria in a “double-blind” survey, conducted by phone. As a screening gateway, in the *Teflon* format, respondents were given an explanation of the difference between brand and common names, and then asked both whether BAKED TOSTITOS is a brand or common name, and whether TORTILLA CHIPS is a brand or common name. Only those who answered both correctly proceeded with the survey. Those respondents then were questioned about a number of “brand” or “common” names with the option of ““don't know.”

Of the 222 respondents who proceeded in the survey, the results were as follows:

Name	Brand	Category	Don't know/Not Sure
SUN CHIPS	96%	3%	<1%
CHEESE NIPS	85%	13%	2%
PRETZEL CRISPS	55%	36%	9%
FLAVOR TWISTS	48%	34%	18%
GOURMET POPCORN	25%	72%	3%
ONION RINGS	8%	91%	1%
MACADEMIA NUT	7%	92%	<1%

[22] Based on these results, Dr. Jay concluded in her report: “The survey found that the primary significance of the name ‘PRETZEL CRISPS’ to past and prospective purchasers of salty snacks is as a brand name and not a common (generic) name. Fifty-five percent of survey respondents thought that ‘PRETZEL CRISPS’ was a brand name, whereas 36% thought ‘PRETZEL CRISPS’ was a common (or generic) name.”

[23] Dr. Simonson was retained by counsel for plaintiff to rebut the conclusions of Dr. Jay. He noted that less than 65% of the initial group “of qualified respondents” was entered into the survey due to the underinclusive nature of the questions, and that accordingly, the Jay survey is flawed.

7. References to the Combined Term “pretzel crisps”

[24] Although we may consider separately the meanings and uses of “pretzel” and “crisps” in our analysis of a combined term, plaintiff submitted some generic references to the combined term, as follows:

- Sustainable Reinvention: “Combining experience, strong business intuition and a mission to offer healthier products, Baptista's Bakery creates a unique niche. . . . The past four years have seen substantial bottom and top-line growth, as well as its customer base and breadth of products. “And you ain't seen nothing yet,” quipped Mr. Howe. In addition to the twisted snack sticks, the plant's other mainstay products are its pretzel crisps and its newest item, the baked potato crisp.” *Baking & Snack*. September 2007.
- There are even alternatives to alternative snacks. Don't want a fried potato chip? Try a baked one. If a baked chip has too many calories, try a pretzel crisp instead. *New Products Magazine*. September 2007.
- Off the Beaten Track, a Plus-Size Show: “After some more chit-chat, Ms. Blonsky headed toward the runway. She took her seat next to the stylist Phillip Bloch and set aside her gift bag. (It featured some beauty products, a bag of pistachios, a shot of wheat grass, a no-calorie sparkling kiwi strawberry beverage and a bag of pretzel crisps, which in a very plus-size fashion, a reporter finished as he wrote this story.) *The Wall Street Journal*. September 16, 2010.
- Time to stock up to chow down: “Walker, of the Rochelle Park ShopRite, said he'd just finished a special order for buffalo-wing-flavored pretzel crisps, the type of request he expected to keep hearing until game time on Sunday.” *The Record*. February 2, 2008.
- C&C Unique Gift Baskets: Send this wonderful Holiday gift basket filled with gourmet snacks including Belgian truffle, Golden walnut cookies, sparkling cider, pretzel crisps, Tortuga rum cake, French vanilla cocoa, Bellagio gourmet mocha and more! www.candcgiftbaskets.com.
- Sabra in the News: November 16, 2010, Sabra pairs its most popular hummus flavors with pretzel crisps in single serve throw-in-your-beach-bag packs. <http://sabranews.blogspot.com>.

Discussion

[25] Based on the record evidence properly before us, we find that “PRETZEL CRISPS,” as used by defendant, would be understood by the relevant public to refer to “pretzel crackers.” The commonly understood meaning of the words ““pretzel” and “crisps,” demonstrates that purchasers understand that “PRETZEL CRISPS” identifies “pretzel crackers.”

[26] Defendant argued that the term cannot be generic because there is no dictionary definition for “PRETZEL CRISPS” and no entries in the encyclopedia. However, that is by no means dispositive. *See In re Gould Paper Corp.*, 834 F.2d 1017, 5 USPQ2d 1110, 1111 (Fed. Cir. 1987) (SCREENWIPE held generic even though

there was no dictionary definition of the compound term); *In re Dairimetics, Ltd.*, 169 USPQ 572, 573 (TTAB 1971) (ROSE MILK refused registration on the Supplemental Register even though there was no dictionary definition of ROSE MILK). It also does not matter if defendant was the first user or is the only user of the term PRETZEL CRISPS. The law does not permit “anyone to obtain a complete monopoly on use of a descriptive [or generic] term simply by grabbing it first.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 122 (2004) (citation omitted); see also *In re Pennington Seed, Inc.*, 466 F.3d 1053, 80 USPQ2d 1758, 1761-62 (Fed. Cir. 2006) (first user of seed varietal name not entitled to monopoly on the name of the varietal); *In re Bailey Meter Co.*, 102 F.2d 843, 41 USPQ 275, 276 (CCPA 1939) (being “the first and only one to adopt and use the mark sought to be registered does not prove that the mark is not descriptive”); Trademark Manual of Examining Procedure (“TMEP”) § 1209.03(c) (Oct. 2013 ed.).

[27] Defendant also argued that the term “crisps” is not synonymous with crackers because there are several registrations containing “CRISPS” where the term was not disclaimed. Of the nine registrations submitted by defendant, however, only one was for “crackers,” and the others were for other snack foods or cereals, which are not at issue in this case. As noted above, we weigh the evidence accordingly, and on the balance, do not find the overall evidence of registrations to affect our determination. Defendant also argues regarding competitive use that it has removed references to “crisps” in its nutritional information. While that may be so, that there is evidence in the record of defendant’s prior references is instructive and, in any case, the record demonstrates the generic nature of the term “crisps.” We accordingly find on this record that the designation “PRETZEL CRISPS” is generic for “pretzel crackers.”

[28] In making this determination, while we consider the entirety of the record, including the surveys (which in any event arrive at different conclusions), we give controlling weight to the dictionary definitions, evidence of use by the public, including use by the media and by third-parties in the food industry, and evidence of use by defendant itself. See *In re Hotels.com LP*, 573 F.3d 1300, 91 USPQ2d 1532 (Fed. Cir. 2009). We note that in finding the term “PRETZEL CRISPS” as a whole to be generic, we have analyzed it as a combined term, but were we to analyze it as a phrase, on this record, our conclusion would be the same, as the words strung together as a unified phrase also create a meaning that we find to be understood by the relevant public as generic for “pretzel crackers.” See *In re W.B. Coleman Co.*, 93 USPQ2d 2019, 2025 (TTAB 2010) (analyzing proposed mark under *Gould* standard, but finding result would be same under *American Fertility*).

[29] Decision: ... The opposition to Application No. 76700802 is sustained on the ground that “PRETZEL CRISPS” used in connection with “pretzel crackers,” is generic.

Frito-Lay North America, Inc. v. Princeton Vanguard, LLC
786 F.3d 960 (Fed. Cir. 2015)

O'MALLEY, Circuit Judge:

[1] Princeton Vanguard, LLC (“Princeton Vanguard”) appeals from the final decision of the Trademark Trial and Appeal Board (“the Board”) ... denying its application to register PRETZEL CRISPS on the Principal Register. *Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 109 U.S.P.Q.2d 1949 (T.T.A.B. Feb. 28, 2014) (“*Board Decision*”). Because the Board applied the incorrect legal standard in evaluating whether the mark is generic, we vacate and remand for further proceedings.

BACKGROUND

...

DISCUSSION

[2] We review the Board’s legal conclusions de novo and its factual findings for substantial evidence. *In re Pacer Tech.*, 338 F.3d 1348, 1349 (Fed.Cir.2003). Whether the Board applied the correct legal standard in assessing the mark is a question of law we review de novo. *See In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1345 (Fed.Cir.2001). Whether an asserted mark is generic is a question of fact. *In re Hotels.com, LP*, 573 F.3d 1300, 1301 (Fed.Cir.2009). Accordingly, “[o]n appellate review of the Board’s factual finding of genericness, we determine whether, on the entirety of the record, there was substantial evidence to support the determination.” *Id.* at 1302. Substantial evidence requires “more than a mere scintilla” and is “ ‘such relevant evidence as a reasonable mind would accept as adequate’ to support a conclusion.” *Pacer Tech.*, 338 F.3d at 1349 (quoting *Consol. Edison v. NLRB*, 305 U.S. 197, 229, 59 S.Ct. 206, 83 L.Ed. 126 (1938)).

[3] On appeal, Princeton Vanguard argues that the Board erred in its genericness analysis when it assessed the PRETZEL CRISPS mark as a compound term instead of a phrase. Specifically, Princeton Vanguard contends that the Board “took the short-cut of analyzing whether the words ‘pretzel’ and ‘crisps’ are each generic for a pretzel and a cracker, and then it merely assumed the public would understand the combined mark PRETZEL CRISPS to be generic for ‘pretzel crackers’ without due consideration of the actual evidence of record.” Appellant Br. 9. According to Princeton Vanguard, by focusing solely on the mark’s constituent parts, the Board: (1) deviated from this court’s precedent, which requires consideration of the mark in its entirety; and (2) failed to consider the evidence of record, which shows that the purchasing public understands the term PRETZEL CRISPS to be a brand name.

[4] For the reasons explained below, we agree with Princeton Vanguard that the Board applied the incorrect legal standard when it failed to consider the relevant public's understanding of the PRETZEL CRISPS mark in its entirety.

A. The Board Applied the Incorrect Legal Standard

[5] A generic term "is the common descriptive name of a class of goods or services." *H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987, 989 (Fed.Cir.1986). Because generic terms "are by definition incapable of indicating a particular source of the goods or services," they cannot be registered as trademarks. *Dial-A-Mattress*, 240 F.3d at 1344. "The critical issue in genericness cases is whether members of the relevant public primarily use or understand the term sought to be protected to refer to the genus of goods or services in question." *Marvin Ginn*, 782 F.2d at 989-90.

[6] We have said that determining a mark's genericness requires "a two-step inquiry: First, what is the genus of goods or services at issue? Second, is the term sought to be registered or retained on the register understood by the relevant public primarily to refer to that genus of goods or services?" *Id.* at 990. Evidence of the public's understanding of the mark may be obtained from "any competent source, such as consumer surveys, dictionaries, newspapers and other publications." *In re Northland Aluminum Prods., Inc.*, 777 F.2d 1556, 1559 (Fed.Cir.1985). In an opposition or cancellation proceeding, the opposer or petitioner bears the burden of proving genericness by a preponderance of the evidence. *See Magic Wand, Inc. v. RDB, Inc.*, 940 F.2d 638, 641-42 (Fed.Cir.1991).

[7] Applying the first prong of the *Marvin Ginn* test, the Board defined the genus of goods at issue as "pretzel crackers." *Board Decision*, 109 U.S.P.Q.2d at 1952. Turning to the second prong, the Board identified the relevant public as "ordinary consumers who purchase and eat pretzel crackers." *Id.* Neither party disputes these findings on appeal.

[8] The Board began its discussion of the public's perception of the mark by stating that it "first must decide how to analyze the term." *Id.* Although the Board acknowledged that the ultimate inquiry is whether the mark as a whole is generic, it then cited *In re Gould Paper Corp.*, 834 F.2d 1017 (Fed.Cir.1987), for the proposition that, "in cases where the proposed mark is a compound term (in other words a combination of two or more terms in ordinary grammatical construction), genericness may be established with evidence of the meaning of the constituent words." *Id.* (citing *Gould*, 834 F.2d at 1019). The Board indicated that, "[b]y contrast, 'where the proposed mark is a phrase ... the board cannot simply cite definitions and generic uses of the constituent terms of a mark; it must conduct an inquiry into the meaning of the disputed phrase as a whole.'" *Id.* (quoting *Dial-A-Mattress*, 240 F.3d at 1345 (citing *In re Am. Fertility Soc'y*, 188 F.3d 1341, 1347 (Fed.Cir.1999))).

[9] The Board appears to believe that there is a dichotomy in the standard applicable to a particular mark depending on whether it is a compound term or a

phrase. According to the Board, if the mark is a compound term, then *Gould* applies, and it can focus on the individual words, but if it is a phrase, *American Fertility* requires that the Board consider the mark in its entirety. *Id.* at 1953. Because the Board found “no additional meaning added to ‘PRETZEL CRISPS’ in relation to ‘pretzel crackers,’ when the individual terms are combined,” the Board analyzed it as a compound term. *Id.* The Board then considered the terms individually and concluded that “pretzel” is generic for pretzels and pretzel snacks, and “crisps” is generic for crackers. *Id.*

[10] The problem with the Board’s analysis is that there is only one legal standard for genericness: the two-part test set forth in *Marvin Ginn. Am. Fertility*, 188 F.3d at 1348. As noted, to determine whether a mark is generic under that test, the Board must first identify the genus of goods or services at issue, and then assess whether the public understands the mark, *as a whole*, to refer to that genus. *Marvin Ginn*, 782 F.2d at 990. On appeal, Frito-Lay cites our decisions in *Gould* and *American Fertility* to suggest that the Board can somehow short-cut its analysis of the public’s perception where “the purported mark is a compound term consisting merely of two generic words.” Appellee Br. 21. As discussed below, however, there is no such short-cut, and the test for genericness is the same, regardless of whether the mark is a compound term or a phrase. Neither *Gould* nor *American Fertility* hold otherwise.

[11] The applicant in *Gould* sought to register the mark SCREENWIPE for goods identified as “pre-moistened, anti-static cloth for cleaning computer and television screens.” 834 F.2d at 1017. While the Board looked to the individual definitions of “screen” and “wipe,” we found that “Gould’s own submissions provided the most damaging evidence that its alleged mark is generic and would be perceived by the purchasing public as merely a common name for its goods rather than a mark identifying the good’s source.” *Id.* at 1018–19. Indeed, Gould described its own product as “a ... wipe ... for ... screens.” *Id.* at 1019. Given this admission, we noted that the “compound immediately and unequivocally describes the purpose, function and nature of the goods as Gould itself tells us.” *Id.* (“Gould has simply joined the two most pertinent and individually generic terms applicable to its product, and then attempts to appropriate the ordinary compound thus created as its trademark.”). In that context, where the mark in its entirety has exactly the same meaning as the individual words, we stated that “the PTO has satisfied its evidentiary burden if, as it did in this case, it produces evidence ... that the separate words joined to form a compound have a meaning identical to the meaning common usage would ascribe to those words as a compound.” *Id.* at 1018. Because “the terms remain as generic in the compound as individually,” we concluded that the compound itself was generic. *Id.* at 1019.

[12] In *American Fertility*, we explained that: (1) *Gould* did not alter the legal standard for genericness; and (2) the correct legal test “is set forth in *Marvin Ginn* and is to be applied to a mark ... as a whole, for the whole may be greater than the sum of its parts.” *Am. Fertility*, 188 F.3d at 1348. In that case, the Board held that the

proposed mark—SOCIETY FOR REPRODUCTIVE MEDICINE—was generic based on evidence of record relating solely to the individual terms. *Id.* at 1344 (“Despite the lack of evidence of the public’s understanding of the phrase as a whole, the Board held that the ‘combination of the terms ‘society’ and ‘reproductive medicine’ results in a designation, SOCIETY FOR REPRODUCTIVE MEDICINE, which is also generic.’”) (citation omitted). We vacated the Board’s decision on appeal, finding that it applied the incorrect legal standard when it “assumed the genericness of a phrase as a whole based solely on proof of the genericness of its individual terms.” *Id.* at 1342.

[13] In reaching this conclusion in *American Fertility*, we clarified that the *Gould* decision “did not purport to modify *Marvin Ginn* ... and seemingly sought to follow” it by focusing on Gould’s generic use in its entirety. *Id.* at 1347. We reiterated that *Marvin Ginn* requires evidence of the “genus of goods or services at issue” and the “understanding by the general public that the mark refers primarily to ‘that genus of goods or services.’ ” *Id.* “Properly interpreted, *Gould* does not justify a short-cut around this test, but rather found that the evidence presented met this burden.” *Id.* at 1348. We further indicated that the Board “cannot simply cite definitions and generic uses of the constituent terms of a mark ... in lieu of conducting an inquiry into the meaning of the disputed phrase as a whole to hold a mark ... generic.” *Id.* at 1347. Accordingly, we remanded the case for the Board to apply the *Marvin Ginn* test to the mark as a whole. *Id.* at 1349.

...

[14] At the end of its decision, the Board stated in passing that, although it analyzed the term PRETZEL CRISPS as a compound term, “were we to analyze it as a phrase, on this record, our conclusion would be the same, as the words strung together as a unified phrase also create a meaning that we find to be understood by the relevant public as generic for ‘pretzel crackers.’ ” *Board Decision*, 109 U.S.P.Q.2d at 1960. But the Board’s decision lacks any indicia that it actually engaged in such an analysis. Specifically, as explained below, there is no evidence that the Board conducted the necessary step of comparing its findings with respect to the individual words to the record evidence demonstrating the public’s understanding of the combined term: PRETZEL CRISPS. By failing to do so, the Board took the type of short-cut analysis we have said is prohibited and ignored evidence that might compel a contrary conclusion. *See Am. Fertility*, 188 F.3d at 1348 (stating that “*Gould* does not justify a short-cut around” the test articulated in *Marvin Ginn*). We conclude, therefore, that the Board applied the incorrect legal standard in its genericness determination. On remand, the Board must consider evidence of the relevant public’s understanding of the term PRETZEL CRISPS in its entirety.

B. Evidence of Record

...

[15] Given our conclusion that the Board applied the incorrect standard for genericness and our decision to remand for application of the correct legal test, we

need not analyze the parties' specific arguments with respect to the evidence of record....

[16] ... Though the Board is not required to discuss every piece of evidence, it cannot focus primarily on evidence of the word "crisps" in isolation, select a few pieces of evidence involving the combined term "pretzel crisps," and conclude that the trademark is generic. Nor can it disregard the results of survey evidence without explanation. Just as it may not short-cut its legal analysis, the Board may not short-cut its consideration of the factual record before it.

[17] [I]n finding the mark generic, the Board indicated that it considered the evidence of record "including the surveys (which in any event arrive at different conclusions)," but gave controlling weight to dictionary definitions, evidence of use by the public, and evidence of use by Princeton Vanguard. *Id.* at 1960. The Board seems to have treated the surveys as though they cancelled each other out, but failed to offer any explanation for doing so. The Board thus overlooked or disregarded a genericness survey as to which it apparently found no flaw. On remand, the Board will have the opportunity to make the relevant factual findings based on all of the evidence of record, and must give appropriate consideration to the proffered survey evidence.

CONCLUSION

[18] Because we find that the Board applied the incorrect legal standard in assessing whether the term PRETZEL CRISPS is generic, we vacate the Board's decision cancelling Registration No. 2,980,303 and its decision sustaining Frito-Lay's opposition to Application Serial No. 76/700,802. We remand for application of the appropriate standard as set forth in *Marvin Ginn* and discussed herein.

VACATED AND REMANDED

Comments and Questions

1. *What is the appropriate level of abstraction?* With respect to the genus/species distinction, how does one establish the appropriate level of abstraction at which one defines the genus, the species, and even the subspecies (or, for that matter, the family above the genus)? What prevents a plaintiff from claiming that the genus is, for example, beer, and the plaintiff merely wants rights in the name of a species of beer, which is "light beer"? See *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75 (7th Cir. 1977) (finding LIGHT and LITE for beer to be generic).

2. *Surveying for Genericism: The "Thermos" Survey Method.* In *American Thermos Products Co. v. Aladdin Industries, Inc.*, 207 F. Supp. 9 (D. Conn. 1962), aff'd, 321 F.2d 577 (2d Cir. 1963), the defendant argued that the term "thermos" had lost its significance as a designation of source and become a generic term for vacuum-

insulated containers. To support this argument, the defendant submitted a survey whose method has been copied in many subsequent genericism cases. *See, e.g., E.T. Browne Drug Co. v. Cococare Products, Inc.*, 538 F.3d 185, 87 U.S.P.Q.2d 1655 (3d Cir. 2008) (evaluating *Thermos*-type survey). *See also* MCCARTHY §12:15. In essence, a *Thermos* survey describes to the survey respondent the general product at issue, asks the respondent to imagine him/herself walking into a store and asking for that product, and then inquires “What would you ask for—that is, what would you tell the clerk you wanted?” The survey will then typically ask some form of the question “Can you think of any other words that you would use to ask for the product?” In *American Thermos Products*, 75% of the 3,300 respondents answered “Thermos” to the “what would you ask for” question. *American Thermos Products*, 207 F. Supp. at 21-22. The court found that the term “thermos” had become generic for vacuum-insulated bottles.

The *Thermos* survey method has been criticized on the ground that “for a very strong trademark, respondents with brand loyalty may answer with the trademark and drop what they consider to be a generic name, because it's so obvious to them.” MCCARTHY §12:15. Imagine you walk into a fast food restaurant in order to purchase a carbonated cola-flavored beverage. What would you ask for? What do you think the results of such a survey of 100 respondents would be, and do they support McCarthy’s criticism?

3. *Surveying for Genericism: The “Teflon” Survey Method.* In *E. I. DuPont de Nemours & Co. v. Yoshida International, Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975), Dupont, producer of TEFLON resins, brought a trademark action against the defendant Yoshida, producer of EFLON zippers. In response to Yoshida’s argument that TEFLON had become generic, DuPont submitted two surveys, one of which was a telephone survey in which respondents were first given what was essentially a mini-course in the difference between “brand names” and “common names” and then asked if “teflon” was a brand name or a common name. The core of the survey script proceeded as follows:

I'd like to read 8 names to you and get you to tell me whether you think it is a brand name or a common name; by *brand* name, I mean a word like *Chevrolet* which is made by one company; by *common* name, I mean a word like *automobile* which is made by a number of different companies. So if I were to ask you, “Is Chevrolet a brand name or a common name?” what would you say?

Now, if I were to ask you, “Is washing machine a brand name or a common name?” what would you say?

[If respondent understands continue. If not understand, explain again.]

Now, would you say ——— is a brand name or a common name?

McCarthy §12:16. In one evening, 514 men and 517 women were surveyed in 20 cities. The survey results were as follows:

NAME	BRAND/%	COMMON/%	DON'T KNOW/%
STP	90	5	5
THERMOS	51	46	3
MARGARINE	9	91	1
TEFLON	68	31	2
JELLO	75	25	1
REFRIGERATOR	6	94	-
ASPIRIN	13	86	-
COKE	76	24	-

Interestingly, Yoshida submitted a Thermos survey to support its claim that TEFLON had become generic. As the court explained, this survey

was conducted among adult women, 90.6% of whom expressed awareness of 'kitchen pots and pans that have their inside surfaces coated by chemical substances to keep grease or food from sticking to them.' Of the aware respondents, 86.1% apparently mentioned only 'TEFLON' or 'TEFLON II' [DuPont's mark for an improved means of applying its resin to metal surfaces] as their sole answer when asked, 'What is the name . . . or names of these pots and pans . . .?' Further, 71.7% of the aware women gave only 'TEFLON' or 'TEFLON II' as the name they would use to describe the pots and pans to a store clerk or friend.

E. I. DuPont de Nemours & Co., 393 F.Supp. at 525.

The court ultimately found DuPont's brand name vs. common name survey to be the most persuasive. In Yoshida's Thermos survey (as in other surveys in the case not discussed here), the court found, "respondents were, by the design of the questions, more often than not focusing on supplying the inquirer a 'name', without regard to whether the principal significance of the name supplied was 'its indication of the nature or class of an article, rather than an indication of its origin.'" *Id.* at 527 (quoting *King-Seeley Thermos Co.*, 321 F.2d at 580). Only DuPont's brand name vs. common name survey

really gets down to the critical element of the case.... [T]he responses of the survey reveal that the public is quite good at sorting out brand names from common names, and, for TEFLON, answers the critical question left unanswered by the ambiguities inherent in [the other

surveys]—that of the principal significance of the TEFLON mark to the public. Not only have defendants failed to show that TEFLON's principal significance is as a common noun, plaintiff has succeeded in showing it to be a 'brand name'—an indicator, in the words of DuPont's questionnaire, of a product 'made by one company.'"

E. I. DuPont de Nemours & Co., 393 F.Supp. at 527.

Do you agree that the Teflon survey method is superior to the Thermos survey method for assessing whether a mark is generic?

4. *The Antimonopoly case and unique products.* In *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316 (9th Cir. 1982), the Ninth Circuit ruled that the declaratory defendant's trademark MONOPOLY for the well-known board game was generic. The court found the defendant's Teflon survey to be unpersuasive and relied instead on the declaratory plaintiff's Thermos survey, in which respondents "familiar with business board games of the kind in which players buy, sell, mortgage and trade city streets, utilities and railroads, build houses, collect rents and win by bankrupting all other players" were asked: "If you were going to buy this kind of game, what would you ask for, that is, what would you tell the sales clerk you wanted?" Approximately 80% answered "Monopoly." The Ninth Circuit considered the objections to the Thermos survey raised in *E. I. DuPont de Nemours & Co.* but ultimately found the plaintiff's Thermos survey to be "compelling evidence of a proposition that is also dictated by common sense: an overwhelming proportion of those who are familiar with the game would ask for it by the name 'Monopoly.'" *Anti-Monopoly*, 684 F.2d at 1324.

But what generated enormous controversy in the trademark bar was the plaintiff's "consumer motivation" survey. Based on language from a previous Ninth Circuit opinion in the case, *Anti-Monopoly, Inc. v. General Mills Fun Group*, 611 F.2d 296 (Ninth Cir. 1979), the plaintiff presented a survey of consumers who had recently purchased the monopoly board game or who would purchase it in the near future. This survey asked respondents which of two statements best expressed why they had or would purchase the game. "Sixty-five percent chose: 'I want a "Monopoly" game primarily because I am interested in playing "Monopoly," I don't much care who makes it.' Thirty-two percent chose: 'I would like Parker Brothers' "Monopoly" game primarily because I like Parker Brothers' products.'" *Anti-Monopoly*, 684 F.2d at 1325. The Ninth Circuit took this as strong evidence that the "the primary significance of 'Monopoly' is product rather than source." *Id.*

What, if anything, is wrong with the Ninth Circuit's reasoning? In considering this question, note that the trademark bar was so appalled by the implications of the Ninth Circuit's reasoning that it successfully lobbied for an amendment to the Lanham Act overruling the Ninth Circuit. The Trademark Clarification Act of 1984 amended Section 14(3), 15 U.S.C. § 1064(3), to provide:

A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to

identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

5. *Is WINDOWS for a computer operating system generic?* On December 20, 2011, Microsoft filed suit against Lindows.com (“Lindows”) alleging that Lindows’ mark LINDOWS for a Linux-based operating system infringed Microsoft’s WINDOWS mark. Lindows argued that WINDOWS was generic at the time that Microsoft first began to use it in 1985. In *Microsoft Corp. v. Lindows.com, Inc.*, C01 Civ. 2115C, 2002 WL 31499324 (W.D.Wash., Mar. 15, 2002), the district court denied Microsoft’s motion for a preliminary injunction, finding that there were “serious questions regarding whether Windows is a non-generic name and thus eligible for the protections of federal trademark law.” *Id.* at *18. The case eventually settled — with Microsoft agreeing to pay Lindows \$20 million to change its name (to Linspire) and cease using the LINDOWS mark on any of its products.

6. Owners of very well-known marks are especially wary of their marks’ falling prey to genericide through widespread generic usage. They typically developed and seek to enforce strict policies on how their marks are used. See, e.g., Google, Rules for proper usage, <http://www.google.com/permissions/trademark/rules.html> (“Use a generic term following the trademark, for example: GOOGLE search engine, Google search, GOOGLE web search”; “Use the trademark only as an adjective, never as a noun or verb, and never in the plural or possessive form.”; “If you do not capitalize the entire mark, always spell and capitalize the trademark exactly as they are shown in the Google Trademarks and Suggested Accepted Generic Terms.”).

d. Further Examples of *Abercrombie* Classifications

Provided here are numerous examples of courts’ classification of trademarks’ distinctiveness along the *Abercrombie* spectrum. You are very strongly encouraged to determine your own view on the appropriate classification before you consult how the court ruled. Do any of the following classifications strike you as incorrect?

- TIDE for laundry detergent. See *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 210 (2000) (giving TIDE for laundry detergent as an example of a suggestive mark).
- THE STORK CLUB for a restaurant. See *Stork Restaurant v. Sahati*, 166 F.2d 348, 355 (9th Cir. 1948) (finding the stork club to be arbitrary as to a restaurant and reasoning that “[i]t is in no way descriptive of the appellant’s night club, for in its primary significance it would denote a club for storks. Nor is it

likely that the sophisticates who are its most publicized customers are particularly interested in the stork.”).

- GOOGLE for internet search service. *See* GILSON § 2.04 (giving GOOGLE for search engine as an example of a fanciful mark).
- SNAKELIGHT for a light with a flexible neck. *See Black & Decker Corp. v. Dunsford*, 944 F. Supp. 220 (S.D.N.Y. 1996) (finding the mark to be descriptive and reasoning that “Snakelight’ is just what it says: a ‘snake-like’ light. In this context, the word ‘snake’ functions as an adjective, modifying the principal term, the generic noun ‘light.’ Taken as a whole, the name conveys the ‘immediate idea’ of the ‘characteristics’ of the product [citing *Abercrombie*]).
- CLOROX for bleach. *See Clorox Chemical Co. v. Chlorit Mfg. Corp.*, 25 F. Supp. 702, 705 (D.N.Y. 1938) (“‘Clorox’ is a fanciful word, arbitrarily selected in no wise describes its ingredients.”).
- STREETWISE for street maps. *See Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739, 744 (2d Cir. 1998) (“The district court ranked the Streetwise mark as suggestive, meaning that the term “suggested” the features of the product and required the purchaser to use his or her imagination to figure out the nature of the product. We agree.”).
- SUPREME for vodka. *See Supreme Wine Co. v. American Distilling Co.*, 310 F.2d 888, 889 (2d Cir. 1962) (finding SUPREME for vodka to be descriptive on the ground that “[m]erely laudatory words, such as ‘best’, ‘outstanding’, or ‘supreme’ cannot of their own force indicate the source or origin of the labeled goods”).
- PLAYBOY for a men’s magazine. *See Playboy Enters., Inc. v. Chuckleberry Pub., Inc.*, 687 F.2d 563, 566-67 (2d Cir. 1982) (finding the mark to be suggestive and reasoning that “Playboy is defined in the Random House Dictionary of the English Language (unabridged ed. 1966) as ‘a wealthy, carefree man who devotes most of his time to leisure, self-amusement, and hedonistic pleasures, conventionally frequenting parties and night clubs, romancing a rapid succession of attractive young women, and racing speedboats and sports cars.’ Although the word may signify the aspirations of PLAYBOY’s readership, it does not describe the product or its contents.”).
- NO NAME for meat and other food products. *See J&B Wholesale Distributing, Inc. v. Redux Beverages, LLC*, 85 U.S.P.Q.2d 1623, 1626 (D. Minn. 2007) (“[S]tanding alone, ‘No Name’ does not bear any relation to the product -- that is it does not tell the consumer anything about the product. The Court thus finds that ‘No Name’ is an arbitrary mark that is entitled to protection.”).
- BAIKALSKAYA for vodka produced in the Lake Baikal region of Russia, where “Baikalskaya” means “from Baikal” in Russian. *See In re Joint-Stock Co.*

“Baik,” 80 USPQ2d 1305 (TTAB 2006) (finding BAIKALSKAYA for vodka to be primarily geographically descriptive)

- KODAK for photographic film. *See Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 210 (2000) (giving Kodak for film as an example of a fanciful mark).
- GLOW for fragrance, shower gel, and body lotion products. *See Glow Indus., Inc. v. Lopez*, 252 F. Supp. 2d 962, 978 (C.D. Cal. 2002) (finding GLOW suggestive as to perfume and reasoning that “[t]he mark does not directly describe the attributes of Glow, Inc.’s perfume. Indeed, words other than the GLOW mark are used on the packaging to convey the fact that the perfume is a sandalwood scent. The mark thus appears to refer suggestively to the positive feeling one will achieve by using the product.”); *id.* at 979 (finding GLOW suggestive as to shower gel and body lotion and reasoning that “‘Glow’ is not descriptive of the qualities or characteristics of shower gels or body lotions. Indeed, one who hears the word does not immediately think of such products. Rather, some amount of association is required to link the concept of glowing skin to use of a particular gel or lotion.”).
- BRICK OVEN PIZZA for frozen pizza. *See Schwan’s IP, LLC v. Kraft Pizza Co.*, 460 F.3d 971 (8th Cir. 2006) (citing industry usage, media usage, and PTO rulings to find the term generic for pizza that is or appears to be baked in a brick oven).
- CITIBANK for banking services. *See Citibank, N.A. v. Citibanc Group, Inc.*, 724 F.2d 1540, 222 U.S.P.Q. 292 (11th Cir. 1984) (approving of the district court’s finding that CITIBANK is suggestive for banking services).
- ODOL for mouthwash. *See In re Odol Chemical Corp.*, 150 U.S.P.Q. 827 (TTAB 1966) (finding ODOL for mouthwash to be fanciful).
- MORNINGSIDE for financial services. *See Morningside Group Ltd. v. Morningside Capital Group L.L.C.*, 182 F.3d 133 (2d Cir. 1999) (finding MORNINGSIDE to be arbitrary as to financial services).
- NUMBER ONE IN FLOOR CARE for vacuums. *See Hoover Co. v. Royal Appliance Mfg. Co.*, 238 F.3d 1357, 1360, 57 U.S.P.Q.2d 1720 (Fed. Cir. 2001) (finding the mark NUMBER ONE IN FLOOR CARE for vacuums to “generally laudatory... and thus...not inherently distinctive”).
- MARCH MADNESS for annual basketball tournament. *See March Madness Athletic Ass’n, L.L.C. v. Netfire, Inc.*, 310 F. Supp. 2d 786 (N.D. Tex. 2003) (finding without analysis the mark MARCH MADNESS to be descriptive of an annual basketball tournament).
- SPEEDY for bail bond services. *See Lederman Bonding Co. v. Sweetalia*, 83 U.S.P.Q.2d 1660, 2006 WL 2949290, at *3 (D. Colo. 2006) (finding SPEEDY for bail bond services to be descriptive “because it describes the quality of the bail bond services offered”).

- BEAR for cold-weather outerwear. *See Bear U.S.A., Inc. v. A.J. Sheepskin & Leather Outerwear, Inc.*, 909 F.Supp. 896, 904 (S.D.N.Y. 1995) (“The word ‘bear, especially in conjunction with the image of a polar bear, is connected with the concept of cold weather and protection from the elements. It suggests that the type of outerwear and boots sold by plaintiff offer the sort of protection afforded by bears’ skins. The imagination and thought process involved in this mental association supports the conclusion that plaintiff’s bear marks are suggestive, particularly as used in connection with boots and cold weather outerwear.”).
- HOTELS.COM for service “providing information for others about temporary lodging; [and] travel agency services, namely, making reservations and bookings for temporary lodging for others by means of telephone and the global computer network.” *See In re Hotels.com, L.P.*, 573 F.3d 1300, 91 USPQ2d 1532 (Fed. Cir. 2009) (finding HOTELS.COM to be generic).
- QUANTUM for a health club. *See Quantum Fitness Corp. v. Quantum Lifestyle Ctrs.*, 83 F. Supp. 2d 810, 820 (S.D. Tex. 1999) (finding QUANTUM to be arbitrary for health club and reasoning, in part, that “[t]he absence of a connection between the term ‘quantum’ and the plaintiff’s products is evidenced by the frequent use of the word by third parties in a variety of different, unrelated lines of business”).
- VIAGRA for an erectile dysfunction drug. *See Pfizer Inc. v. Sachs*, 652 F. Supp. 2d 512, 520 (S.D.N.Y. 2009) (“The Viagra mark is fanciful, because the word ‘Viagra’ was coined specifically for purposes of this trademark and has no meaning outside this context.”).
- Each of 928, 924, 944, 911, 911S, and 911SC for automobiles. *See Porsche Cars N. Am., Inc. v. Lloyd Design Corp.*, 2002 U.S. Dist. LEXIS 9612 (N.D. Ga. Mar. 26, 2002) (“[M]ost courts have held that model numbers, whether numbers or alphanumeric designations, are generally considered descriptive for the purposes of trademark protection. Although they may be ‘arbitrary’ in the sense that they do not refer directly to a characteristic of the products, model numbers are generally intended merely to distinguish one specific product from another by a particular source, and are not intended to distinguish products from totally different sources.”).

2. The Distinctiveness Analysis of Nonverbal Marks

We have so far discussed the concept of trademark distinctiveness only in reference to word marks. But as we saw at the beginning of this Part, contemporary trademark law offers protection to far more than words and phrases. It protects image marks, sound marks, scent marks, and perhaps someday it will protect flavor or taste marks. *See In re N.V. Organon*, 79 U.S.P.Q.2d 1639, 2006 WL 1723556 (TTAB 2006) (denying registration to a mark consisting of “an orange flavor” for “pharmaceuticals for human use, namely, antidepressants in quick-dissolving

tablets and pills” on the grounds that the mark lacked distinctiveness and was functional). Trademark law also protects “trade dress,” which may consist of a product’s packaging or configuration as well as nearly any other aspect of the product or service.

Over the past two decades, courts have struggled with how to analyze the distinctiveness of nonverbal marks, none more so than the Supreme Court in a series of three opinions:

- *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) (analyzing the source-distinctiveness of a restaurant interior),
- *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159 (1995) (analyzing the source-distinctiveness of a single color), and
- *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000) (analyzing the source-distinctiveness of an apparel design).

In *Two Pesos*, the Court held that inherently distinctive trade dress could be protected without a showing of secondary meaning. In other words, and contrary to lower court case law primarily from the Second Circuit, the Court held that there was no special rule requiring that trade dress always show secondary meaning. In *Qualitex*, the Court held that a single color could qualify for trademark protection. Finally, in *Samara Bros.* (or *Wal-Mart*, as some courts prefer), the Court arguably rewrote *Two Pesos*. It described the universe of trade dress as consisting of at least two categories: product packaging trade dress and product configuration trade dress. Product packaging trade dress was deemed capable of being inherently distinctive and when it was, it did not require a showing of secondary meaning to receive protection. Product configuration trade dress, however, could never be inherently distinctive and must always be shown to have acquired distinctiveness in order to qualify for protection.

One area of distinctiveness doctrine that the Court has not explicitly addressed is how to analyze the inherent distinctiveness of product packaging. Should courts use the *Abercrombie* spectrum or some other scheme of classification? As we will see below, there is a significant circuit split on this issue.

a. Initial Supreme Court Approaches to the Analysis of Nonverbal Marks

In reading *Two Pesos*, consider the following questions:

- The jury in *Two Pesos* presented to the Court a strange set of factual findings. The trade dress at issue was inherently distinctive but it lacked secondary meaning. How is this logically possible? Or perhaps better asked, how must we define inherent distinctiveness and secondary meaning so that this can be logically possible?
- What concerns might have motivated the Second Circuit to create a rule that all trade dress must show secondary meaning to qualify for protection?

- The trade dress at issue in *Two Pesos* was unregistered and thus protected, if at all, under Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a). Should the unregistered status of the trade dress have any bearing on the court's analysis of its distinctiveness?
- If, as *Two Pesos* holds, trade dress can be inherently distinctive, how should courts determine whether a specific instance of trade dress is in fact inherently distinctive? Should they simply apply the *Abercrombie* categories? Does *Two Pesos* offer any guidance on the matter?



Two Pesos, Inc. v. Taco Cabana, Inc.

505 U.S. 763 (1992)

Justice WHITE delivered the opinion of the Court.

[1] The issue in this case is whether the trade dress¹ of a restaurant may be protected under § 43(a) of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441, 15 U.S.C. § 1125(a) 1982 ed.), based on a finding of inherent distinctiveness, without proof that the trade dress has secondary meaning.

I

[2] Respondent Taco Cabana, Inc., operates a chain of fast-food restaurants in Texas. The restaurants serve Mexican food. The first Taco Cabana restaurant was opened in San Antonio in September 1978, and five more restaurants had been opened in San Antonio by 1985. Taco Cabana describes its Mexican trade dress as

“a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.” 932 F.2d 1113, 1117 (CA5 1991).

[3] In December 1985, a Two Pesos, Inc., restaurant was opened in Houston. Two Pesos adopted a motif very similar to the foregoing description of Taco Cabana's trade dress. Two Pesos restaurants expanded rapidly in Houston and other markets, but did not enter San Antonio. In 1986, Taco Cabana entered the Houston

¹ The District Court instructed the jury: “ ‘[T]rade dress’ is the total image of the business. Taco Cabana's trade dress may include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the decor, the menu, the equipment used to serve food, the servers' uniforms and other features reflecting on the total image of the restaurant.” 1 App. 83–84. The Court of Appeals accepted this definition and quoted from *Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1256 (CA5 1989): “The ‘trade dress’ of a product is essentially its total image and overall appearance.” See 932 F.2d 1113, 1118 (CA5 1991). It “involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.” *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (CA11 1983). Restatement (Third) of Unfair Competition § 16, Comment *a* (Tent.Draft No. 2, Mar. 23, 1990).

and Austin markets and expanded into other Texas cities, including Dallas and El Paso where Two Pesos was also doing business.

[4] In 1987, Taco Cabana sued Two Pesos in the United States District Court for the Southern District of Texas for trade dress infringement under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1982 ed.),² and for theft of trade secrets under Texas common law. The case was tried to a jury, which was instructed to return its verdict in the form of answers to five questions propounded by the trial judge. The jury's answers were: Taco Cabana has a trade dress; taken as a whole, the trade dress is nonfunctional; the trade dress is inherently distinctive;³ the trade dress has not acquired a secondary meaning⁴ in the Texas market; and the alleged infringement creates a likelihood of confusion on the part of ordinary customers as to the source or association of the restaurant's goods or services. Because, as the jury was told, Taco Cabana's trade dress was protected if it either was inherently distinctive or had acquired a secondary meaning, judgment was entered awarding damages to Taco Cabana. In the course of calculating damages, the trial court held

² Section 43(a) provides: "Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation." 60 Stat. 441.

This provision has been superseded by § 132 of the Trademark Law Revision Act of 1988, 102 Stat. 3946, 15 U.S.C. § 1121.

³ The instructions were that, to be found inherently distinctive, the trade dress must not be descriptive.

⁴ Secondary meaning is used generally to indicate that a mark or dress "has come through use to be uniquely associated with a specific source." Restatement (Third) of Unfair Competition § 13, Comment *e* (Tent.Draft No. 2, Mar. 23, 1990). "To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself." *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n. 11, 102 S.Ct. 2182, 2187, n. 11, 72 L.Ed.2d 606 (1982).

that Two Pesos had intentionally and deliberately infringed Taco Cabana's trade dress.⁵

[5] The Court of Appeals ruled that the instructions adequately stated the applicable law and that the evidence supported the jury's findings. In particular, the Court of Appeals rejected petitioner's argument that a finding of no secondary meaning contradicted a finding of inherent distinctiveness.

[6] In so holding, the court below followed precedent in the Fifth Circuit. In *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 702 (CA5 1981), the court noted that trademark law requires a demonstration of secondary meaning only when the claimed trademark is not sufficiently distinctive of itself to identify the producer; the court held that the same principles should apply to protection of trade dresses. The Court of Appeals noted that this approach conflicts with decisions of other courts, particularly the holding of the Court of Appeals for the Second Circuit in *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F.2d 299 (1981), cert. denied, 455 U.S. 909 (1982), that § 43(a) protects unregistered trademarks or designs only where secondary meaning is shown. *Chevron, supra*, at 702. We granted certiorari to resolve the conflict among the Courts of Appeals on the question whether trade dress that is inherently distinctive is protectible under § 43(a) without a showing that it has acquired secondary meaning. 502 U.S. 1071 (1992). We find that it is, and we therefore affirm.

II

[7] The Lanham Act⁶ was intended to make “actionable the deceptive and misleading use of marks” and “to protect persons engaged in ... commerce against unfair competition.” § 45, 15 U.S.C. § 1127. Section 43(a) “prohibits a broader range of practices than does § 32,” which applies to registered marks, *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 858 (1982), but it is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a). See *A.J. Canfield Co. v. Honickman*, 808 F.2d 291, 299, n. 9 (CA3 1986); *Thompson Medical Co. v. Pfizer Inc.*, 753 F.2d 208, 215–216 (CA2 1985).

⁵ The Court of Appeals agreed: “The weight of the evidence persuades us, as it did Judge Singleton, that Two Pesos brazenly copied Taco Cabana's successful trade dress, and proceeded to expand in a manner that foreclosed several lucrative markets within Taco Cabana's natural zone of expansion.” 932 F.2d, at 1127, n. 20.

⁶ The Lanham Act, including the provisions at issue here, has been substantially amended since the present suit was brought. See Trademark Law Revision Act of 1988, 102 Stat. 3946, 15 U.S.C. § 1121.

[8] A trademark is defined in 15 U.S.C. § 1127 as including “any word, name, symbol, or device or any combination thereof” used by any person “to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.” In order to be registered, a mark must be capable of distinguishing the applicant's goods from those of others. § 1052. Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (CA2 1976). The Court of Appeals followed this classification and petitioner accepts it. The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. In contrast, generic marks—those that “refe[r] to the genus of which the particular product is a species,” *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985), citing *Abercrombie & Fitch*, *supra*, at 9—are not registrable as trademarks. *Park 'N Fly*, *supra*, 469 U.S., at 194.

[9] Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected under the Act. Section 2 of the Lanham Act provides that a descriptive mark that otherwise could not be registered under the Act may be registered if it “has become distinctive of the applicant's goods in commerce.” §§ 2(e), (f), 15 U.S.C. §§ 1052(e), (f). See *Park 'N Fly*, *supra*, at 194, 196. This acquired distinctiveness is generally called “secondary meaning.” See *ibid.*; *Inwood Laboratories*, *supra*, 456 U.S., at 851, n. 11; *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938). The concept of secondary meaning has been applied to actions under § 43(a). See, e.g., *University of Georgia Athletic Assn. v. Laite*, 756 F.2d 1535 (CA11 1985); *Thompson Medical Co. v. Pfizer Inc.*, *supra*.

[10] The general rule regarding distinctiveness is clear: 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. Restatement (Third) of Unfair Competition § 13, pp. 37–38, and Comment *a* (Tent. Draft No. 2, Mar. 23, 1990). Cf. *Park 'N Fly*, *supra*, 469 U.S., at 194. It is also clear that eligibility for protection under § 43(a) depends on nonfunctionality. See, e.g., *Inwood Laboratories*, *supra*, 456 U.S., at 863 (WHITE, J., concurring in result); see also, e.g., *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 517 (CA10 1987); *First Brands Corp. v. Fred Meyers, Inc.*, 809 F.2d 1378, 1381 (CA9 1987); *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 974 (CA2 1987); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (CA11 1986); *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1141 (CA3 1986). It is, of course, also undisputed that liability under § 43(a) requires proof of the likelihood of confusion. See, e.g., *Brunswick Corp.*, *supra*, at 516–517; *AmBrit*, *supra*, at 1535; *First Brands*, *supra*, at 1381; *Stormy Clime*, *supra*, at 974; *American Greetings*, *supra*, at 1141.

[11] The Court of Appeals determined that the District Court's instructions were consistent with the foregoing principles and that the evidence supported the jury's verdict. Both courts thus ruled that Taco Cabana's trade dress was not descriptive but rather inherently distinctive, and that it was not functional. None of these rulings is before us in this case, and for present purposes we assume, without deciding, that each of them is correct. In going on to affirm the judgment for respondent, the Court of Appeals, following its prior decision in *Chevron*, held that Taco Cabana's inherently distinctive trade dress was entitled to protection despite the lack of proof of secondary meaning. It is this issue that is before us for decision, and we agree with its resolution by the Court of Appeals. There is no persuasive reason to apply to trade dress a general requirement of secondary meaning which is at odds with the principles generally applicable to infringement suits under § 43(a). Petitioner devotes much of its briefing to arguing issues that are not before us, and we address only its arguments relevant to whether proof of secondary meaning is essential to qualify an inherently distinctive trade dress for protection under § 43(a).

[12] Petitioner argues that the jury's finding that the trade dress has not acquired a secondary meaning shows conclusively that the trade dress is not inherently distinctive. The Court of Appeals' disposition of this issue was sound:

“Two Pesos' argument—that the jury finding of inherent distinctiveness contradicts its finding of no secondary meaning in the Texas market—ignores the law in this circuit. While the necessarily imperfect (and often prohibitively difficult) methods for assessing secondary meaning address the empirical question of current consumer association, the legal recognition of an inherently distinctive trademark or trade dress acknowledges the owner's legitimate proprietary interest in its unique and valuable informational device, regardless of whether substantial consumer association yet bestows the additional empirical protection of secondary meaning.” 932 F.2d, at 1120, n. 7.

[13] Although petitioner makes the above argument, it appears to concede elsewhere in its brief that it is possible for a trade dress, even a restaurant trade dress, to be inherently distinctive and thus eligible for protection under § 43(a). Recognizing that a general requirement of secondary meaning imposes “an unfair prospect of theft [or] financial loss” on the developer of fanciful or arbitrary trade dress at the outset of its use, petitioner suggests that such trade dress should receive limited protection without proof of secondary meaning. *Id.*, at 10. Petitioner argues that such protection should be only temporary and subject to defeasance when over time the dress has failed to acquire a secondary meaning. This approach is also vulnerable for the reasons given by the Court of Appeals. If temporary protection is available from the earliest use of the trade dress, it must be because it is neither functional nor descriptive, but an inherently distinctive dress that is capable of identifying a particular source of the product. Such a trade dress, or mark, is not subject to copying by concerns that have an equal opportunity to choose their

own inherently distinctive trade dress. To terminate protection for failure to gain secondary meaning over some unspecified time could not be based on the failure of the dress to retain its fanciful, arbitrary, or suggestive nature, but on the failure of the user of the dress to be successful enough in the marketplace. This is not a valid basis to find a dress or mark ineligible for protection. The user of such a trade dress should be able to maintain what competitive position it has and continue to seek wider identification among potential customers.

[14] This brings us to the line of decisions by the Court of Appeals for the Second Circuit that would find protection for trade dress unavailable absent proof of secondary meaning, a position that petitioner concedes would have to be modified if the temporary protection that it suggests is to be recognized. In *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F.2d 299 (1981), the plaintiff claimed protection under § 43(a) for a product whose features the defendant had allegedly copied. The Court of Appeals held that unregistered marks did not enjoy the “presumptive source association” enjoyed by registered marks and hence could not qualify for protection under § 43(a) without proof of secondary meaning. *Id.*, at 303, 304. The court's rationale seemingly denied protection for unregistered, but inherently distinctive, marks of all kinds, whether the claimed mark used distinctive words or symbols or distinctive product design. The court thus did not accept the arguments that an unregistered mark was capable of identifying a source and that copying such a mark could be making any kind of a false statement or representation under § 43(a).

[15] This holding is in considerable tension with the provisions of the Lanham Act. If a verbal or symbolic mark or the features of a product design may be registered under § 2, it necessarily is a mark “by which the goods of the applicant may be distinguished from the goods of others,” 60 Stat. 428, and must be registered unless otherwise disqualified. Since § 2 requires secondary meaning only as a condition to registering descriptive marks, there are plainly marks that are registrable without showing secondary meaning. These same marks, even if not registered, remain inherently capable of distinguishing the goods of the users of these marks. Furthermore, the copier of such a mark may be seen as falsely claiming that his products may for some reason be thought of as originating from the plaintiff.

[16] Some years after *Vibrant*, the Second Circuit announced in *Thompson Medical Co. v. Pfizer Inc.*, 753 F.2d 208 (1985), that in deciding whether an unregistered mark is eligible for protection under § 43(a), it would follow the classification of marks set out by Judge Friendly in *Abercrombie & Fitch*, 537 F.2d, at 9. Hence, if an unregistered mark is deemed merely descriptive, which the verbal mark before the court proved to be, proof of secondary meaning is required; however, “[s]uggestive marks are eligible for protection without any proof of secondary meaning, since the connection between the mark and the source is presumed.” 753 F.2d, at 216. The Second Circuit has nevertheless continued to deny protection for trade dress under § 43(a) absent proof of secondary meaning, despite the fact that § 43(a) provides no basis for distinguishing between trademark and

trade dress. See, e.g., *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F.2d, at 974; *Union Mfg. Co. v. Han Baek Trading Co.*, 763 F.2d 42, 48 (1985); *LeSportsac, Inc. v. K mart Corp.*, 754 F.2d 71, 75 (1985).

[17] The Fifth Circuit was quite right in *Chevron*, and in this case, to follow the *Abercrombie* classifications consistently and to inquire whether trade dress for which protection is claimed under § 43(a) is inherently distinctive. If it is, it is capable of identifying products or services as coming from a specific source and secondary meaning is not required. This is the rule generally applicable to trademarks, and the protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition. There is no persuasive reason to apply different analysis to the two. The “proposition that secondary meaning must be shown even if the trade dress is a distinctive, identifying mark, [is] wrong, for the reasons explained by Judge Rubin for the Fifth Circuit in *Chevron*.” *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 608 (CA7 1986). The Court of Appeals for the Eleventh Circuit also follows *Chevron*, *AmBrit, Inc. v. Kraft, Inc.*, 805 F.2d 974, 979 (1986), and the Court of Appeals for the Ninth Circuit appears to think that proof of secondary meaning is superfluous if a trade dress is inherently distinctive, *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 843 (1987).

[18] It would be a different matter if there were textual basis in § 43(a) for treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress. But there is none. The section does not mention trademarks or trade dress, whether they be called generic, descriptive, suggestive, arbitrary, fanciful, or functional. Nor does the concept of secondary meaning appear in the text of § 43(a). Where secondary meaning does appear in the statute, 15 U.S.C. § 1052 (1982 ed.), it is a requirement that applies only to merely descriptive marks and not to inherently distinctive ones. We see no basis for requiring secondary meaning for inherently distinctive trade dress protection under § 43(a) but not for other distinctive words, symbols, or devices capable of identifying a producer's product.

[19] Engrafting onto § 43(a) a requirement of secondary meaning for inherently distinctive trade dress also would undermine the purposes of the Lanham Act. Protection of trade dress, no less than of trademarks, serves the Act's purpose to “secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.” *Park 'N Fly*, 469 U.S., at 198, 105 S.Ct., at 663, citing S.Rep. No. 1333, 79th Cong., 2d Sess., 3–5 (1946) (citations omitted). 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.

[20] Suggestions that under the Fifth Circuit's law, the initial user of any shape or design would cut off competition from products of like design and shape are not persuasive. Only nonfunctional, distinctive trade dress is protected under § 43(a). The Fifth Circuit holds that a design is legally functional, and 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. See *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 426 (1984). This serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses.

[21] On the other hand, adding a secondary meaning requirement could have anticompetitive effects, creating particular burdens on the startup of small companies. It would present special difficulties for a business, such as respondent, that seeks to start a new product in a limited area and then expand into new markets. Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator's dress in other markets and to deter the originator from expanding into and competing in these areas.

[22] As noted above, petitioner concedes that protecting an inherently distinctive trade dress from its inception may be critical to new entrants to the market and that withholding protection until secondary meaning has been established would be contrary to the goals of the Lanham Act. Petitioner specifically suggests, however, that the solution is to dispense with the requirement of secondary meaning for a reasonable, but brief, period at the outset of the use of a trade dress. Reply Brief for Petitioner 11–12. If § 43(a) does not require secondary meaning at the outset of a business' adoption of trade dress, there is no basis in the statute to support the suggestion that such a requirement comes into being after some unspecified time.

III

[23] We agree with the Court of Appeals that proof of secondary meaning is not required to prevail on a claim under § 43(a) of the Lanham Act where the trade dress at issue is inherently distinctive, and accordingly the judgment of that court is affirmed.

It is so ordered.

Justice SCALIA, concurring [omitted]

Justice STEVENS, concurring in the judgment.

[1] As the Court notes in its opinion, the text of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1982 ed.), “does not mention trademarks or trade dress.” *Ante*, at

2760. Nevertheless, the Court interprets this section as having created a federal cause of action for infringement of an unregistered trademark or trade dress and concludes that such a mark or dress should receive essentially the same protection as those that are registered. Although I agree with the Court's conclusion, I think it is important to recognize that the meaning of the text has been transformed by the federal courts over the past few decades. I agree with this transformation, even though it marks a departure from the original text, because it is consistent with the purposes of the statute and has recently been endorsed by Congress.

[2] It is appropriate to begin with the relevant text of § 43(a).⁷ See, e.g., *Moskal v. United States*, 498 U.S. 103 (1990); *K mart Corp. v. Cartier, Inc.*, 486 U.S. 281, 291 (1988); *United States v. Turkette*, 452 U.S. 576, 580 (1981). Section 43(a)⁸ provides a federal remedy for using either “a false designation of origin” or a “false description or representation” in connection with any goods or services. The full text of the section makes it clear that the word “origin” refers to the geographic location in which the goods originated, and in fact, the phrase “false designation of origin” was understood to be limited to false advertising of geographic origin. For example, the

⁷ The text that we consider today is § 43(a) of the Lanham Act prior to the 1988 amendments; it provides:

“Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.” 15 U.S.C. § 1125(a) (1982 ed.).

⁸ Section 43(a) replaced and extended the coverage of § 3 of the Trademark Act of 1920, 41 Stat. 534, as amended. Section 3 was destined for oblivion largely because it referred only to false designation of origin, was limited to articles of merchandise, thus excluding services, and required a showing that the use of the false designation of origin occurred “willfully and with intent to deceive.” *Ibid.* As a result, “[a]lmost no reported decision can be found in which relief was granted to either a United States or foreign party based on this newly created remedy.” Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?*, 32 N.Y.U.L.Rev. 1029, 1034 (1957).

“false designation of origin” language contained in the statute makes it unlawful to represent that California oranges came from Florida, or vice versa.⁹

[3] For a number of years after the 1946 enactment of the Lanham Act, a “false description or representation,” like “a false designation of origin,” was construed narrowly. The phrase encompassed two kinds of wrongs: false advertising¹⁰ and the common-law tort of “passing off.”¹¹ False advertising meant representing that goods or services possessed characteristics that they did not actually have and passing off meant representing one's goods as those of another. Neither “secondary meaning” nor “inherent distinctiveness” had anything to do with false advertising, but proof of secondary meaning was an element of the common-law passing-off cause of action. See, e.g., *G. & C. Merriam Co. v. Saalfeld*, 198 F. 369, 372 (CA6 1912) (“The ultimate offense always is that defendant has passed off his goods as and for those of the complainant”).

II

⁹ This is clear from the fact that the cause of action created by this section is available only to a person doing business in the locality falsely indicated as that of origin. See n. 1, *supra*.

¹⁰ The deleterious effects of false advertising were described by one commentator as follows: “[A] campaign of false advertising may completely discredit the product of an industry, destroy the confidence of consumers and impair a communal or trade good will. Less tangible but nevertheless real is the injury suffered by the honest dealer who finds it necessary to meet the price competition of inferior goods, glamorously misdescribed by the unscrupulous merchant. The competition of a liar is always dangerous even though the exact injury may not be susceptible of precise proof.” Handler, *Unfair Competition*, 21 Iowa L.Rev. 175, 193 (1936).

¹¹ The common-law tort of passing off has been described as follows:

“Beginning in about 1803, English and American common law slowly developed an offshoot of the tort of fraud and deceit and called it ‘passing off’ or ‘palming off.’ Simply stated, passing off as a tort consists of one passing off his goods as the goods of another. In 1842 Lord Langdale wrote:

“ ‘I think that the principle on which both the courts of law and equity proceed is very well understood. A man is not to sell his own goods under the pretence that they are the goods of another man....’

“In 19th century cases, trademark infringement embodied much of the elements of fraud and deceit from which trademark protection developed. That is, the element of fraudulent intent was emphasized over the objective facts of consumer confusion.” 1 J. McCarthy, *Trademarks and Unfair Competition* § 5.2, p. 133 (2d ed. 1984) (McCarthy) (footnotes omitted).

[4] Over time, the Circuits have expanded the categories of “false designation of origin” and “false description or representation.” One treatise¹² identified the Court of Appeals for the Sixth Circuit as the first to broaden the meaning of “origin” to include “origin of source or manufacture” in addition to geographic origin.¹³ Another early case, described as unique among the Circuit cases because it was so “forward-looking,”¹⁴ interpreted the “false description or representation” language to mean more than mere “palming off.” *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649 (CA3 1954). The court explained: “We find nothing in the legislative history of the Lanham Act to justify the view that [§ 43(a)] is merely declarative of existing law.... It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts.” *Id.*, at 651. Judge Clark, writing a concurrence in 1956, presciently observed: “Indeed, there is indication here and elsewhere that the bar has not yet realized the potential impact of this statutory provision [§ 43(a)].” *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538, 546(CA2). Although some have criticized the expansion as unwise,¹⁵ it is now “a firmly embedded reality.”¹⁶ The United States Trade Association Trademark Review Commission noted this transformation with approval: “Section 43(a) is an enigma, but a very popular one. Narrowly drawn and intended to reach false designations or representations as to the geographical origin of products, the section has been widely interpreted to create, in essence, a federal law of unfair competition.... It has definitely eliminated a gap in unfair competition law, and its vitality is showing no signs of age.”¹⁷

[5] Today, it is less significant whether the infringement falls under “false designation of origin” or “false description or representation”¹⁸ because in either

¹² 2 *id.*, § 27:3, p. 345.

¹³ *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405, 408 (6th Cir. 1963).

¹⁴ *Derenberg*, 32 N.Y.U.L.Rev., at 1047, 1049.

¹⁵ See, e.g., *Germain, Unfair Trade Practices Under § 43(a) of the Lanham Act: You've Come a Long Way Baby—Too Far, Maybe?*, 64 Trademark Rep. 193, 194 (1974) (“It is submitted that the cases have applied Section 43(a) to situations it was not intended to cover and have used it in ways that it was not designed to function”).

¹⁶ 2 *McCarthy* § 27:3, p. 345.

¹⁷ The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 Trademark Rep. 375, 426 (1987).

¹⁸ Indeed, in count one of the complaint, respondent alleged that petitioner “is continuing to affix, apply, or use in connection with its restaurants, goods and services a false designation of [f] origin, or a false description and representation,

case § 43(a) may be invoked. The federal courts are in agreement that § 43(a) creates a federal cause of action for trademark and trade dress infringement claims. 1 J. Gilson, *Trademark Protection and Practice* § 2.13, p. 2–178 (1991). They are also in agreement that the test for liability is likelihood of confusion: “[U]nder the Lanham Act [§ 43(a)], the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks.... Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical—is there a ‘likelihood of confusion?’ ” *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1201 (CA9 1979) (footnote omitted). And the Circuits are in general agreement,¹⁹ with perhaps the exception of the Second Circuit,²⁰ that secondary meaning need not be established once there is a finding of inherent distinctiveness in order to establish a trade dress violation under § 43(a).

tending to falsely describe or represent the same,” and that petitioner “has falsely designated the origin of its restaurants, goods and services and has falsely described and represented the same....” App. 44–45; see Tr. of Oral Arg. 37.

¹⁹ See, e.g., *AmBrit, Inc. v. Kraft, Inc.*, 805 F.2d 974 (CA11 1986), cert. denied, 481 U.S. 1041, 107 S.Ct. 1983, 95 L.Ed.2d 822 (1987); *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604 (CA7 1986); *In re Morton–Norwich Products, Inc.*, 671 F.2d 1332, 1343 (C.C.P.A.1982); *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695 (CA5 1981), cert. denied, 457 U.S. 1126, 102 S.Ct. 2947, 73 L.Ed.2d 1342 (1982); see also *Fuddruckers, Inc. v. Doc’s B.R. Others, Inc.*, 826 F.2d 837, 843–844 (CA9 1987); *M. Kramer Mfg. Co. v. Andrews*, 783 F.2d 421, 449, n. 26 (CA4 1986).

²⁰ Consistent with the common-law background of § 43(a), the Second Circuit has said that proof of secondary meaning is required to establish a claim that the defendant has traded on the plaintiff’s good will by falsely representing that his goods are those of the plaintiff. See, e.g., *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299 (1917). To my knowledge, however, the Second Circuit has not explained why “inherent distinctiveness” is not an appropriate substitute for proof of secondary meaning in a trade dress case. Most of the cases in which the Second Circuit has said that secondary meaning is required did not involve findings of inherent distinctiveness. For example, in *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F.2d 299 (1981), cert. denied, 455 U.S. 909, 102 S.Ct. 1257, 71 L.Ed.2d 448 (1982), the product at issue—a velcro belt—was functional and lacked “any distinctive, unique or non-functional mark or feature.” 652 F.2d, at 305. Similarly, in *Stormy Cline Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 977 (1987), the court described functionality as a continuum, and placed the contested rainjacket closer to the functional end than to the distinctive end. Although the court described the lightweight bag in *LeSportsac, Inc. v. K mart Corp.*, 754 F.2d 71 (1985), as having a distinctive appearance and concluded that the District Court’s finding of nonfunctionality was not clearly erroneous, *id.*, at 74, it did not explain why secondary meaning was also required in such a case.

III

[6] Even though the lower courts' expansion of the categories contained in § 43(a) is unsupported by the text of the Act, I am persuaded that it is consistent with the general purposes of the Act. For example, Congressman Lanham, the bill's sponsor, stated: "The purpose of [the Act] is to protect legitimate business and the consumers of the country."²¹ 92 Cong.Rec. 7524 (1946). One way of accomplishing these dual goals was by creating uniform legal rights and remedies that were appropriate for a national economy. Although the protection of trademarks had once been "entirely a State matter," the result of such a piecemeal approach was that there were almost "as many different varieties of common law as there are States" so that a person's right to a trademark "in one State may differ widely from the rights which [that person] enjoys in another." H.R.Rep. No. 944, 76th Cong., 1st Sess., 4 (1939). The House Committee on Trademarks and Patents, recognizing that "trade is no longer local, but ...national," saw the need for "national legislation along national lines [to] secur[e] to the owners of trademarks in interstate commerce definite rights." *Ibid.*²²

[7] Congress has revisited this statute from time to time, and has accepted the "judicial legislation" that has created this federal cause of action. Recently, for example, in the Trademark Law Revision Act of 1988, 102 Stat. 3935, Congress

²¹ The Senate Report elaborated on these two goals:

"The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner." S.Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946).

By protecting trademarks, Congress hoped "to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed." *Id.*, at 4.

²² Forty years later, the USTA Trademark Review Commission assessed the state of trademark law. The conclusion that it reached serves as a testimonial to the success of the Act in achieving its goal of uniformity: "The federal courts now decide, under federal law, all but a few trademark disputes. State trademark law and state courts are less influential than ever. Today the Lanham Act is the paramount source of trademark law in the United States, as interpreted almost exclusively by the federal courts." Trademark Review Commission, 77 Trademark Rep., at 377.

codified the judicial interpretation of § 43(a), giving its *imprimatur* to a growing body of case law from the Circuits that had expanded the section beyond its original language.

[8] Although Congress has not specifically addressed the question whether secondary meaning is required under § 43(a), the steps it has taken in this subsequent legislation suggest that secondary meaning is not required if inherent distinctiveness has been established.²³ First, Congress broadened the language of § 43(a) to make explicit that the provision prohibits “any word, term, name, symbol, or device, or any combination thereof” that is “likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a). That language makes clear that a confusingly similar trade dress is actionable under § 43(a), without necessary reference to “falsity.” Second, Congress approved and confirmed the extensive judicial development under the provision, including its application to trade dress that the federal courts had come to apply.²⁴ Third, the legislative history of the 1988 amendments reaffirms Congress’ goals of protecting both businesses and consumers with the Lanham Act.²⁵ And fourth, Congress

²³ “When several acts of Congress are passed touching the same subject-matter, subsequent legislation may be considered to assist in the interpretation of prior legislation upon the same subject.” *Tiger v. Western Investment Co.*, 221 U.S. 286, 309 (1911); see *NLRB v. Bell Aerospace Co. Division of Textron, Inc.*, 416 U.S. 267, 275 (1974); *Red Lion Broadcasting Co. v. FCC*, 395 U.S. 367, 380–381 (1969); *United States v. Stafoff*, 260 U.S. 477, 480 (1923) (opinion of Holmes, J.).

²⁴ As the Senate Report explained, revision of § 43(a) is designed “to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section.

“As written, Section 43(a) appears to deal only with false descriptions or representations and false designations of geographic origin. Since its enactment in 1946, however, it has been widely interpreted as creating, in essence, a federal law of unfair competition. For example, it has been applied to cases involving the infringement of unregistered marks, violations of trade dress and certain nonfunctional configurations of goods and actionable false advertising claims.” S.Rep. No. 100–515, p. 40 (1988) U.S.Code Cong. & Admin.News 1988, pp. 5577, 5605.

²⁵ “Trademark protection is important to both consumers and producers. Trademark law protects the public by making consumers confident that they can identify brands they prefer and can purchase those brands without being confused or misled. Trademark laws also protect trademark owners. When the owner of a trademark has spent considerable time and money bringing a product to the

explicitly extended to any violation of § 43(a) the basic Lanham Act remedial provisions whose text previously covered only registered trademarks.²⁶ The aim of the amendments was to apply the same protections to unregistered marks as were already afforded to registered marks. See S.Rep. No. 100–515, p. 40 (1988). These steps buttress the conclusion that § 43(a) is properly understood to provide protection in accordance with the standards for registration in § 2. These aspects of the 1988 legislation bolster the claim that an inherently distinctive trade dress may be protected under § 43(a) without proof of secondary meaning.

IV

[9] In light of the consensus among the Courts of Appeals that have actually addressed the question, and the steps on the part of Congress to codify that consensus, *stare decisis* concerns persuade me to join the Court's conclusion that secondary meaning is not required to establish a trade dress violation under § 43(a) once inherent distinctiveness has been established. Accordingly, I concur in the judgment, but not in the opinion, of the Court.

Justice THOMAS, concurring in the judgment [omitted]

Comments and Questions

1. *Taco Cabana eventually purchased Two Pesos.* After winning the \$3.7 million jury award in the above case, Taco Cabana again sued Two Pesos for failing to make court-ordered changes in its trade dress. As part of the settlement of this dispute, Taco Cabana eventually purchased Two Pesos. See http://en.wikipedia.org/wiki/Taco_Cabana. See also Ron Ruggless, *Taco Cabana Buys Rival Two Pesos*, NATION'S RESTAURANT NEWS, Jan. 25, 1993.

2. *The advantages and disadvantages of defining trade dress broadly and narrowly.* Courts commonly claim that trade dress constitutes the “total image and overall appearance” of a product, *Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1256 (5th Cir. 1989). See also *Chun King Sales, Inc. v. Oriental Foods, Inc.*, 136 F. Supp. 659, 664 (D. Cal. 1955) (analyzing “the *tout ensemble* of the article as it appears to the average buyer”). Yet courts also typically require that the plaintiff specify and even enumerate the combination of elements it is claiming as protectable trade dress. See, e.g., *Sports Traveler, Inc. v. Advance Magazine Publishers, Inc.*, 25 F. Supp. 2d 154, 162 (S.D.N.Y. 1998) (“Despite this mandate to focus on the overall appearance of the product, a plaintiff must still articulate the specific elements of the trade dress that render the trade dress unique or novel, that

marketplace, trademark law protects the producer from pirates and counterfeiters.” *Id.*, at 4.

²⁶ See 15 U.S.C. §§ 1114, 1116–1118.

is, capable of being an identifier for the product's source.”); *Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc.*, 280 F.3d 619, 635 (6th Cir. 2002) (stating that a plaintiff is “expected to list the elements of the designs and the unique combinations it [seeks] to protect....”). Cf. *General Motors Corp. v. Lanard Toys, Inc.*, 468 F.3d 405, 415 (6th Cir. 2006) (finding sufficient plaintiff’s definition of the trade dress of its hummer and humvee vehicles as “the exterior appearance and styling of the vehicle design which includes the grille, slanted and raised hood, split windshield, rectangular doors, squared edges, etc.”).

What strategic considerations may come into play in how a plaintiff defines its trade dress? What are the costs and benefits of defining it too broadly or too narrowly?

In reading *Qualitex*, consider the following questions:

- It is often remarked that the Court’s holding in *Qualitex* is in significant tension with its previous holding in *Two Pesos*? Do you detect any tension between the holdings of the two cases?
- Does Justice Breyer’s analysis apply as well to a combination of two or more colors?
- In light of *Qualitex*, how do you predict courts will treat smells, textures, and tastes? Are such marks capable of inherent distinctiveness?
- Based on Justice Stevens’ concurrence in *Two Pesos* and Justice Breyer’s opinion for the Court in *Qualitex*, how would you characterize the approach over time of lawmakers and courts to the protectable subject matter of trademark law?

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

514 U.S. 159 (1995)

Justice BREYER delivered the opinion of the Court.

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

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

[3] Qualitex won the lawsuit in the District Court. 1991 WL 318798 (CD Cal.1991). But, the Court of Appeals for the Ninth Circuit set aside the judgment in Qualitex's favor on the trademark infringement claim because, in that Circuit's view, the Lanham Act does not permit Qualitex, or anyone else, to register "color alone" as a trademark. 13 F.3d 1297, 1300, 1302 (1994).

[4] The Courts of Appeals have differed as to whether or not the law recognizes the use of color alone as a trademark. Compare *NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024, 1028 (CA7 1990) (absolute prohibition against protection of color alone), with *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1128 (CA Fed.1985) (allowing registration of color pink for fiberglass insulation), and *Master Distributors, Inc. v. Pako Corp.*, 986 F.2d 219, 224 (CA8 1993) (declining to establish *per se* prohibition against protecting color alone as a trademark). Therefore, this Court granted certiorari. 512 U.S. 1287 (1994). We now hold that there is no rule absolutely barring the use of color alone, and we reverse the judgment of the Ninth Circuit.

II

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

shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?

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

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

True, a product's color is unlike “fanciful,” “arbitrary,” or “suggestive” words or designs, which almost *automatically* tell a customer that they refer to a brand. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9–10 (CA2 1976) (Friendly, J.); see *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). The imaginary word “Suntost,” or the words “Suntost Marmalade,” on a jar of orange jam immediately would signal a brand or a product “source”; the jam's orange color does not do so. But, over time, customers may come to treat a particular color on a product or its packaging (say, a color that in context seems unusual, such as pink on a firm's insulating material or red on the head of a large industrial bolt) as signifying a brand. And, if so, that color would have come to identify and distinguish the goods— *i.e.*, “to indicate” their “source”—much in the way that descriptive words on a product (say, “Trim” on nail clippers or “Car-Freshner” on deodorizer) can come to indicate a product's origin. See, *e.g.*, *J. Wiss & Sons Co. v. W.E. Bassett Co.*, 59 C.C.P.A. 1269, 1271 (Pat.), 462 F.2d 567, 569 (1972); *Car-Freshner Corp. v. Turtle Wax, Inc.*, 268 F.Supp. 162, 164 (SDNY 1967). In this circumstance, trademark law says that the word (*e.g.*, “Trim”), although not inherently distinctive, has developed “secondary meaning.” See *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n. 11, (1982) (“[S]econdary meaning” is acquired when “in the minds of the public, the primary significance of a product feature ... is to identify the source of the product rather than the product itself”). Again, one might ask, if trademark law permits a descriptive word with secondary meaning to act as a mark, why would it not permit a color, under similar circumstances, to do the same?

[7] We cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained “secondary meaning” and therefore identifies and distinguishes a particular brand (and thus indicates its “source”). In principle, trademark law, by preventing others from copying a source-identifying mark, “reduce[s] the customer's costs of shopping and making purchasing decisions,” 1 J. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2.01[2], p. 2–3 (3d ed. 1994) (hereinafter *McCarthy*), for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby

“encourage[s] the production of quality products,” *ibid.*, and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale. See, *e.g.*, 3 L. Altman, Callmann on Unfair Competition, Trademarks and Monopolies § 17.03 (4th ed. 1983); Landes & Posner, The Economics of Trademark Law, 78 T.M. Rep. 267, 271–272 (1988); *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985); S.Rep. No. 100–515, p. 4 (1988) U.S.Code Cong. & Admin.News, 1988, pp. 5577, 5580. It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve these basic purposes. See Landes & Posner, Trademark Law: An Economic Perspective, 30 J.Law & Econ. 265, 290 (1987). And, for that reason, it is difficult to find, in basic trademark objectives, a reason to disqualify absolutely the use of a color as a mark.

[8] Neither can we find a principled objection to the use of color as a mark in the important “functionality” doctrine of trademark law. The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product’s functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity). See *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119–120 (1938) (Brandeis, J.); *Inwood Laboratories, Inc.*, *supra*, 456 U.S., at 863 (White, J., concurring in result) (“A functional characteristic is ‘an important ingredient in the commercial success of the product,’ and, after expiration of a patent, it is no more the property of the originator than the product itself”) (citation omitted). Functionality doctrine therefore would require, to take an imaginary example, that even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent had expired, would impede competition—not by protecting the reputation of the original bulb maker, but by frustrating competitors’ legitimate efforts to produce an equivalent illumination-enhancing bulb. See, *e.g.*, *Kellogg Co.*, *supra*, 305 U.S., at 119–120 (trademark law cannot be used to extend monopoly over “pillow” shape of shredded wheat biscuit after the patent for that shape had expired). This Court consequently has explained that, “[i]n general terms, a product feature is functional,” and cannot serve as a trademark, “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,” that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage. *Inwood Laboratories, Inc.*, *supra*, 456 U.S., at 850, n. 10. Although sometimes color plays an important role (unrelated to source identification) in making a product more desirable, sometimes it does not. And, this

latter fact—the fact that sometimes color is not essential to a product's use or purpose and does not affect cost or quality—indicates that the doctrine of “functionality” does not create an absolute bar to the use of color alone as a mark. See *Owens-Corning*, 774 F.2d, at 1123 (pink color of insulation in wall “performs no nontrademark function”).

[9] It would seem, then, that color alone, at least sometimes, can meet the basic legal requirements for use as a trademark. It can act as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function. See U.S. Dept. of Commerce, Patent and Trademark Office, Trademark Manual of Examining Procedure § 1202.04(e), p. 1202–13 (2d ed. May, 1993) (hereinafter PTO Manual) (approving trademark registration of color alone where it “has become distinctive of the applicant's goods in commerce,” provided that “there is [no] competitive need for colors to remain available in the industry” and the color is not “functional”); see also 1 McCarthy §§ 3.01[1], 7.26, pp. 3–2, 7–113 (“requirements for qualification of a word or symbol as a trademark” are that it be (1) a “symbol,” (2) “use[d] ... as a mark,” (3) “to identify and distinguish the seller's goods from goods made or sold by others,” but that it not be “functional”). Indeed, the District Court, in this case, entered findings (accepted by the Ninth Circuit) that show Qualitex's green-gold press pad color has met these requirements. The green-gold color acts as a symbol. Having developed secondary meaning (for customers identified the green-gold color as Qualitex's), it identifies the press pads' source. And, the green-gold color serves no other function. (Although it is important to use *some* color on press pads to avoid noticeable stains, the court found “no competitive need in the press pad industry for the green-gold color, since other colors are equally usable.” 21 U.S.P.Q.2d, at 1460.) Accordingly, unless there is some special reason that convincingly militates against the use of color alone as a trademark, trademark law would protect Qualitex's use of the green-gold color on its press pads.

III

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

[11] *First*, Jacobson says that, if the law permits the use of color as a trademark, it will produce uncertainty and unresolvable court disputes about what shades of a color a competitor may lawfully use. Because lighting (morning sun, twilight mist) will affect perceptions of protected color, competitors and courts will suffer from “shade confusion” as they try to decide whether use of a similar color on a similar product does, or does not, confuse customers and thereby infringe a trademark. Jacobson adds that the “shade confusion” problem is “more difficult” and “far different from” the “determination of the similarity of words or symbols.” Brief for Respondent 22.

[12] We do not believe, however, that color, in this respect, is special. Courts traditionally decide quite difficult questions about whether two words or phrases or symbols are sufficiently similar, in context, to confuse buyers. They have had to compare, for example, such words as “Bonamine” and “Dramamine” (motion-sickness remedies); “Huggies” and “Dougies” (diapers); “Cheracol” and “Syrocol” (cough syrup); “Cyclone” and “Tornado” (wire fences); and “Mattres” and “1-800-Mattres” (mattress franchisor telephone numbers). See, e.g., *G.D. Searle & Co. v. Chas. Pfizer & Co.*, 265 F.2d 385, 389 (CA7 1959); *Kimberly-Clark Corp. v. H. Douglas Enterprises, Ltd.*, 774 F.2d 1144, 1146–1147 (CA Fed.1985); *Upjohn Co. v. Schwartz*, 246 F.2d 254, 262 (CA2 1957); *Hancock v. American Steel & Wire Co. of N.J.*, 40 C.C.P.A. (Pat.) 931, 935, 203 F.2d 737, 740–741 (1953); *Dial-A-Mattress Franchise Corp. v. Page*, 880 F.2d 675, 678 (CA2 1989). Legal standards exist to guide courts in making such comparisons. See, e.g., 2 McCarthy § 15.08; 1 McCarthy §§ 11.24–11.25 (“[S]trong” marks, with greater secondary meaning, receive broader protection than “weak” marks). We do not see why courts could not apply those standards to a color, replicating, if necessary, lighting conditions under which a colored product is normally sold. See Ebert, *Trademark Protection in Color: Do It By the Numbers!*, 84 T.M.Rep. 379, 405 (1994). Indeed, courts already have done so in cases where a trademark consists of a color plus a design, i.e., a colored symbol such as a gold stripe (around a sewer pipe), a yellow strand of wire rope, or a “brilliant yellow” band (on ampules). See, e.g., *Youngstown Sheet & Tube Co. v. Tallman Conduit Co.*, 149 U.S.P.Q. 656, 657 (TTAB 1966); *Amsted Industries, Inc. v. West Coast Wire Rope & Rigging Inc.*, 2 U.S.P.Q.2d 1755, 1760 (TTAB 1987); *In re Hodes-Lange Corp.*, 167 U.S.P.Q. 255, 256 (TTAB 1970).

[13] *Second*, Jacobson argues, as have others, that colors are in limited supply. See, e.g., *NutraSweet Co.*, 917 F.2d, at 1028; *Campbell Soup Co. v. Armour & Co.*, 175 F.2d 795, 798 (CA3 1949). Jacobson claims that, if one of many competitors can appropriate a particular color for use as a trademark, and each competitor then tries to do the same, the supply of colors will soon be depleted. Put in its strongest form, this argument would concede that “[h]undreds of color pigments are manufactured and thousands of colors can be obtained by mixing.” L. Cheskin, *Colors: What They Can Do For You* 47 (1947). But, it would add that, in the context of a particular product, only some colors are usable. By the time one discards colors that, say, for reasons of customer appeal, are not usable, and adds the shades that competitors cannot use lest they risk infringing a similar, registered shade, then one is left with only a handful of possible colors. And, under these circumstances, to permit one, or a few, producers to use colors as trademarks will “deplete” the supply of usable colors to the point where a competitor’s inability to find a suitable color will put that competitor at a significant disadvantage.

[14] This argument is unpersuasive, however, largely because it relies on an occasional problem to justify a blanket prohibition. When a color serves as a mark, normally alternative colors will likely be available for similar use by others. See, e.g., *Owens-Corning*, 774 F.2d, at 1121 (pink insulation). Moreover, if that is not so—if a

“color depletion” or “color scarcity” problem does arise—the trademark doctrine of “functionality” normally would seem available to prevent the anticompetitive consequences that Jacobson’s argument posits, thereby minimizing that argument’s practical force.

[15] The functionality doctrine, as we have said, forbids the use of a product’s feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is “essential to the use or purpose of the article” or “affects [its] cost or quality.” *Inwood Laboratories, Inc.*, 456 U.S., at 850, n. 10. The functionality doctrine thus protects competitors against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features. For example, this Court has written that competitors might be free to copy the color of a medical pill where that color serves to identify the kind of medication (*e.g.*, a type of blood medicine) in addition to its source. See *id.*, at 853, 858, n. 20 (“[S]ome patients commingle medications in a container and rely on color to differentiate one from another”); see also J. Ginsburg, D. Goldberg, & A. Greenbaum, *Trademark and Unfair Competition Law* 194–195 (1991) (noting that drug color cases “have more to do with public health policy” regarding generic drug substitution “than with trademark law”). And, the federal courts have demonstrated that they can apply this doctrine in a careful and reasoned manner, with sensitivity to the effect on competition. Although we need not comment on the merits of specific cases, we note that lower courts have permitted competitors to copy the green color of farm machinery (because customers wanted their farm equipment to match) and have barred the use of black as a trademark on outboard boat motors (because black has the special functional attributes of decreasing the apparent size of the motor and ensuring compatibility with many different boat colors). See *Deere & Co. v. Farmhand, Inc.*, 560 F.Supp. 85, 98 (SD Iowa 1982), *aff’d*, 721 F.2d 253 (CA8 1983); *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1532 (CA Fed.1994), *cert. pending*, No. 94–1075; see also *Nor-Am Chemical v. O.M. Scott & Sons Co.*, 4 U.S.P.Q.2d 1316, 1320 (ED Pa.1987) (blue color of fertilizer held functional because it indicated the presence of nitrogen). The Restatement (Third) of Unfair Competition adds that, if a design’s “aesthetic value” lies in its ability to “confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs,” then the design is “functional.” Restatement (Third) of Unfair Competition § 17, Comment c, pp. 175–176 (1993). The “ultimate test of aesthetic functionality,” it explains, “is whether the recognition of trademark rights would significantly hinder competition.” *Id.*, at 176.

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

exclusive use of an important product ingredient. That examination should not discourage firms from creating esthetically pleasing mark designs, for it is open to their competitors to do the same. See, e.g., *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 343 (CA7 1985) (Posner, J.). But, ordinarily, it should prevent the anticompetitive consequences of Jacobson's hypothetical "color depletion" argument, when, and if, the circumstances of a particular case threaten "color depletion."

...

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

IV

[18] Having determined that a color may sometimes meet the basic legal requirements for use as a trademark and that respondent Jacobson's arguments do not justify a special legal rule preventing color alone from serving as a trademark (and, in light of the District Court's here undisputed findings that Qualitex's use of the green-gold color on its press pads meets the basic trademark requirements), we conclude that the Ninth Circuit erred in barring Qualitex's use of color as a trademark. For these reasons, the judgment of the Ninth Circuit is

Reversed.

Comments and Questions

1. *Color Marks and Non-English-Speaking and Illiterate Consumers.* Perhaps it makes sense that a company like Tiffany & Co. would assert exclusive rights in the distinctive robin's-egg blue color of its packaging, see U.S. Reg. No. 2,359,351 (June 20, 2000) ("The mark consists of a shade of blue often referred to as robin's-egg blue which is used on boxes."), or even that 3M Corp. would assert exclusive rights

in the canary yellow color of its Post-It Pads, see U.S. Reg. No. 2,390,667 (Oct. 3, 2000) (“The mark consists of the color canary yellow used over the entire surface of the goods.”), but why would a manufacturer of dry cleaning press pad covers claim rights in the color of its press pad covers? Laura Heymann points to one possible explanation. See Laura A. Heymann, *The Reasonable Person in Trademark Law*, 52 ST. LOUIS. L.J. 781, 792 (2008). Though the Supreme Court opinion makes no mention of the issue, the *Qualitex* district court opinion noted that “many [dry cleaning businesses] are foreign speaking with limited skills in reading or speaking English.” *Qualitex Co. v. Jacobson Prods. Co., Inc.*, No. 90 Civ. 1183, 1991 WL 318798, at *1 (C.D. Cal. Sep. 5, 1991), *aff’d in part and rev’d in part*, 13 F.3d 1297 (9th Cir. 1994), *rev’d*, 514 U.S. 159 (1995).

b. Product Packaging Trade Dress and Product Configuration Trade Dress

Between *Two Pesos* in 1992 and *Samara Bros.* in 2000, lower courts struggled to establish a workable test by which to determine whether a particular instance of trade dress was inherently distinctive. Courts had particular difficulty establishing a test to determine whether trade dress in the form of product configuration—i.e., in the form of design features of the product itself—was inherently distinctive. As we will see, in *Samara Bros.* the Supreme Court solved this problem of product configuration rather abruptly.

i. The Differing Distinctiveness Analysis of Product Packaging and Product Configuration

In reading through the *Samara Bros.*, consider the following questions:

- In *Samara Bros.*, the Supreme Court accepted certiorari on the following question: “What must be shown to establish that a product’s design is inherently distinctive for purposes of Lanham Act trade-dress protection?” *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 528 U.S. 808 (1999). How did the Court answer this question?
- Is the court’s holding in *Samara Bros.* consistent with its holding in *Two Pesos*?



The apparel at issue in *Samara Bros.*

Wal-Mart Stores, Inc. v. Samara Bros., Inc.
529 U.S. 205 (2000)

Justice SCALIA delivered the opinion of the Court.

[1] In this case, we decide under what circumstances a product's design is distinctive, and therefore protectible, in an action for infringement of unregistered trade dress under § 43(a) of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441, as amended, 15 U.S.C. § 1125(a).

I

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

[2] Petitioner Wal-Mart Stores, Inc., is one of the Nation's best known retailers, selling among other things children's clothing. In 1995, Wal-Mart contracted with one of its suppliers, Judy-Philippine, Inc., to manufacture a line of children's outfits

for sale in the 1996 spring/summer season. Wal-Mart sent Judy-Philippine photographs of a number of garments from Samara's line, on which Judy-Philippine's garments were to be based; Judy-Philippine duly copied, with only minor modifications, 16 of Samara's garments, many of which contained copyrighted elements. In 1996, Wal-Mart briskly sold the so-called knockoffs, generating more than \$1.15 million in gross profits.

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

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

[5] After a weeklong trial, the jury found in favor of Samara on all of its claims. Wal-Mart then renewed a motion for judgment as a matter of law, claiming, *inter alia*, that there was insufficient evidence to support a conclusion that Samara's clothing designs could be legally protected as distinctive trade dress for purposes of § 43(a). The District Court denied the motion, 969 F.Supp. 895 (S.D.N.Y.1997), and awarded Samara damages, interest, costs, and fees totaling almost \$1.6 million, together with injunctive relief, see App. to Pet. for Cert. 56-58. The Second Circuit affirmed the denial of the motion for judgment as a matter of law, 165 F.3d 120 (1998), and we granted certiorari, 528 U.S. 808, 120 S.Ct. 308, 145 L.Ed.2d 35 (1999).

II

[6] The Lanham Act provides for the registration of trademarks, which it defines in § 45 to include “any word, name, symbol, or device, or any combination thereof [used or intended to be used] to identify and distinguish [a producer's] goods ... from those manufactured or sold by others and to indicate the source of the goods....” 15 U.S.C. § 1127. Registration of a mark under § 2 of the Lanham Act, 15 U.S.C. § 1052, enables the owner to sue an infringer under § 32, 15 U.S.C. § 1114; it also entitles the owner to a presumption that its mark is valid, see § 7(b), 15 U.S.C. § 1057(b), and ordinarily renders the registered mark incontestable after five years of continuous use, see § 15, 15 U.S.C. § 1065. In addition to protecting registered

marks, the Lanham Act, in § 43(a), gives a producer a cause of action for the use by any person of “any word, term, name, symbol, or device, or any combination thereof ... which ... is likely to cause confusion ... as to the origin, sponsorship, or approval of his or her goods....” 15 U.S.C. § 1125(a). It is the latter provision that is at issue in this case.

[7] The breadth of the definition of marks registrable under § 2, and of the confusion-producing elements recited as actionable by § 43(a), has been held to embrace not just word marks, such as “Nike,” and symbol marks, such as Nike’s “swoosh” symbol, but also “trade dress”—a category that originally included only the packaging, or “dressing,” of a product, but in recent years has been expanded by many Courts of Appeals to encompass the design of a product. See, *e.g.*, *Ashley Furniture Industries, Inc. v. Sangiacomo N. A., Ltd.*, 187 F.3d 363 (C.A.4 1999) (bedroom furniture); *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (C.A.2 1995) (sweaters); *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780 (C.A.8 1995) (notebooks). These courts have assumed, often without discussion, that trade dress constitutes a “symbol” or “device” for purposes of the relevant sections, and we conclude likewise. “Since human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive.” *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 162 (1995). This reading of § 2 and § 43(a) is buttressed by a recently added subsection of § 43(a), § 43(a)(3), which refers specifically to “civil action[s] for trade dress infringement under this chapter for trade dress not registered on the principal register.” 15 U.S.C. § 1125(a)(3) (1994 ed., Supp. V).

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

[9] In evaluating the distinctiveness of a mark under § 2 (and therefore, by analogy, under § 43(a)), courts have held that a mark can be distinctive in one of two ways. First, a mark is inherently distinctive if “[its] intrinsic nature serves to identify a particular source.” *Ibid.* In the context of word marks, courts have applied the now-classic test originally formulated by Judge Friendly, in which word marks that are “arbitrary” (“Camel” cigarettes), “fanciful” (“Kodak” film), or “suggestive” (“Tide” laundry detergent) are held to be inherently distinctive. See *Abercrombie &*

Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 10-11 (C.A.2 1976). Second, a mark has acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning, which occurs when, “in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.” *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n. 11 (1982).¹

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

[11] Indeed, with respect to at least one category of mark—colors—we have held that no mark can ever be inherently distinctive. See *Qualitex*, *supra*, at 162-163. In *Qualitex*, petitioner manufactured and sold green-gold dry-cleaning press pads. After respondent began selling pads of a similar color, petitioner brought suit under § 43(a), then added a claim under § 32 after obtaining registration for the color of its pads. We held that a color could be protected as a trademark, but only upon a showing of secondary meaning. Reasoning by analogy to the *Abercrombie & Fitch* test developed for word marks, we noted that a product’s color is unlike a “fanciful,” “arbitrary,” or “suggestive” mark, since it does not “almost *automatically* tell a customer that [it] refer[s] to a brand,” 514 U.S., at 162-163, and does not “immediately ... signal a brand or a product ‘source,’ ” *id.*, at 163. However, we noted that, “over time, customers may come to treat a particular color on a product or its packaging ... as signifying a brand.” *Ibid.* Because a color, like a “descriptive” word

¹ The phrase “secondary meaning” originally arose in the context of word marks, where it served to distinguish the source-identifying meaning from the ordinary, or “primary,” meaning of the word. “Secondary meaning” has since come to refer to the acquired, source-identifying meaning of a nonword mark as well. It is often a misnomer in that context, since nonword marks ordinarily have no “primary” meaning. Clarity might well be served by using the term “acquired meaning” in both the word-mark and the nonword-mark contexts—but in this opinion we follow what has become the conventional terminology.

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

[12] It seems to us that design, like color, is not inherently distinctive. The attribution of inherent distinctiveness to certain categories of word marks and product packaging derives from the fact that the very purpose of attaching a particular word to a product, or encasing it in a distinctive packaging, is most often to identify the source of the product. Although the words and packaging can serve subsidiary functions—a suggestive word mark (such as “Tide” for laundry detergent), for instance, may invoke positive connotations in the consumer's mind, and a garish form of packaging (such as Tide's squat, brightly decorated plastic bottles for its liquid laundry detergent) may attract an otherwise indifferent consumer's attention on a crowded store shelf—their predominant function remains source identification. Consumers are therefore predisposed to regard those symbols as indication of the producer, which is why such symbols “almost *automatically* tell a customer that they refer to a brand,” *id.*, at 162-163, and “immediately ... signal a brand or a product ‘source,’ ” *id.*, at 163. And where it is not reasonable to assume consumer predisposition to take an affixed word or packaging as indication of source—where, for example, the affixed word is descriptive of the product (“Tasty” bread) or of a geographic origin (“Georgia” peaches)—inherent distinctiveness will not be found. That is why the statute generally excludes, from those word marks that can be registered as inherently distinctive, words that are “merely descriptive” of the goods, § 2(e)(1), 15 U.S.C. § 1052(e)(1), or “primarily geographically descriptive of them,” see § 2(e)(2), 15 U.S.C. § 1052(e)(2). In the case of product design, as in the case of color, we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.

[13] The fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness. How easy it is to mount a plausible suit depends, of course, upon the clarity of the test for inherent distinctiveness, and where product design is concerned we have little confidence that a reasonably clear test can be devised. Respondent and the United States as *amicus curiae* urge us to adopt for product design relevant portions of the test formulated by the Court of Customs and Patent Appeals for product packaging in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342 (1977). That opinion, in determining the inherent distinctiveness of a product's packaging, considered, among other things, “whether it was a ‘common’ basic shape or design, whether it

was unique or unusual in a particular field, [and] whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.” *Id.*, at 1344 (footnotes omitted). Such a test would rarely provide the basis for summary disposition of an anticompetitive strike suit. Indeed, at oral argument, counsel for the United States quite understandably would not give a definitive answer as to whether the test was met in this very case, saying only that “[t]his is a very difficult case for that purpose.” Tr. of Oral Arg. 19.

[14] It is true, of course, that the person seeking to exclude new entrants would have to establish the nonfunctionality of the design feature, see § 43(a)(3), 15 U.S.C. § 1125(a)(3) (1994 ed., Supp. V)—a showing that may involve consideration of its esthetic appeal, see *Qualitex, supra*, at 170, 115 S.Ct. 1300. Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle. That is especially so since the producer can ordinarily obtain protection for a design that *is* inherently source identifying (if any such exists), but that does not yet have secondary meaning, by securing a design patent or a copyright for the design—as, indeed, respondent did for certain elements of the designs in this case. The availability of these other protections greatly reduces any harm to the producer that might ensue from our conclusion that a product design cannot be protected under § 43(a) without a showing of secondary meaning.

[15] Respondent contends that our decision in *Two Pesos* forecloses a conclusion that product-design trade dress can never be inherently distinctive. In that case, we held that the trade dress of a chain of Mexican restaurants, which the plaintiff described as “a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals,” 505 U.S., at 765 (internal quotation marks and citation omitted), could be protected under § 43(a) without a showing of secondary meaning, see *id.*, at 776. *Two Pesos* unquestionably establishes the legal principle that trade dress can be inherently distinctive, see, e.g., *id.*, at 773, 112 S.Ct. 2753, but it does not establish that *product-design* trade dress can be. *Two Pesos* is inapposite to our holding here because the trade dress at issue, the decor of a restaurant, seems to us not to constitute product *design*. It was either product packaging—which, as we have discussed, normally *is* taken by the consumer to indicate origin—or else some *tertium quid* that is akin to product packaging and has no bearing on the present case.

[16] Respondent replies that this manner of distinguishing *Two Pesos* will force courts to draw difficult lines between product-design and product-packaging trade dress. There will indeed be some hard cases at the margin: a classic glass Coca-Cola bottle, for instance, may constitute packaging for those consumers who drink the Coke and then discard the bottle, but may constitute the product itself for those consumers who are bottle collectors, or part of the product itself for those consumers who buy Coke in the classic glass bottle, rather than a can, because they

think it more stylish to drink from the former. We believe, however, that the frequency and the difficulty of having to distinguish between product design and product packaging will be much less than the frequency and the difficulty of having to decide when a product design is inherently distinctive. To the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning. The very closeness will suggest the existence of relatively small utility in adopting an inherent-distinctiveness principle, and relatively great consumer benefit in requiring a demonstration of secondary meaning.

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

It is so ordered.

Comments and Questions

1. *Assuming product configuration.* Does Justice Scalia's admonition that "courts should err on the side of caution and classify ambiguous trade dress as product design" make sense as a policy matter? What are the costs and benefits of this approach to trademark owners, to their competitors, and to their consumers?

ii. Distinguishing Product Packaging from Product Configuration

The Supreme Court's holding in *Samara Bros.* eliminated one problem—how to analyze the inherent distinctiveness of product configuration trade dress—but created another—how to determine whether a particular product feature or combination of product features qualifies as product packaging trade dress, product configuration trade dress, or perhaps some other kind of trade dress. The opinion excerpts that follow offer examples of how courts have sought to determine where along the packaging/configuration divide particular forms of trade dress fall. In reading the opinions, consider the following questions:

- How should a court treat various forms of decoration applied to the surface of the product (e.g., stripes on the side of an athletic shoe)? Is such decoration product packaging, product configuration, or something else?

In re Slokevage

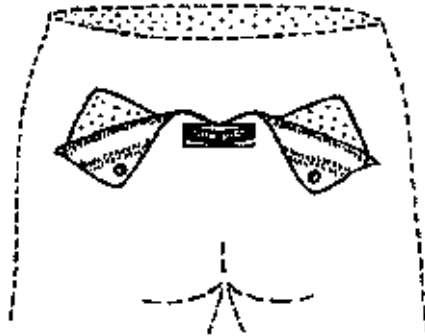
441 F.3d 957 (Fed. Cir. 2006)

LOURIE, Circuit Judge.

[1] Joanne Slokevage (“Slokevage”) appeals from the decision of the United States Patent and Trademark Office, Trademark Trial and Appeal Board (“Board”) sustaining the refusal of the examiner to register her trade dress mark for clothing. *In re Joanne Slokevage*, Serial No. 75602873 (TTAB Nov. 10, 2004) (“*Final Decision*”). Because the Board’s finding that Slokevage’s trade dress was product design and thus could not be inherently distinctive, and that the trade dress was not unitary are supported by substantial evidence, we affirm.

BACKGROUND

[2] Slokevage filed an application to register a mark on the Principal Register for “pants, overalls, shorts, culottes, dresses, skirts.” Slokevage described the mark in her application as a “configuration” that consists of a label with the words “FLASH DARE!” in a V-shaped background, and cut-out areas located on each side of the label. The cut-out areas consist of a hole in a garment and a flap attached to the garment with a closure device. This trade dress configuration, which is located on the rear of various garments, is depicted below:



[3] Although Slokevage currently seeks to register a mark for the overall configuration of her design, she has already received protection for various aspects of the trade dress configuration. For example, she received a design patent for the cut-out area design. She also registered on the Supplemental Register² a design mark for the cut-out area. In addition, she registered the word mark “FLASH DARE!” on the Principal Register.

[4] The trademark examiner initially refused registration of the proposed mark on the ground that it constituted a clothing configuration that is not inherently distinctive. The examiner afforded Slokevage the opportunity to submit evidence of acquired distinctiveness or to disclaim the design elements of the configuration, but

² Pursuant to section 23 of the Lanham Act, the United States Patent and Trademark Office (“PTO”) maintains a Supplemental Register for marks “capable of distinguishing applicant’s goods or services and not registrable on the principal register.” 15 U.S.C. § 1091(a).

Slokevage chose not to submit evidence of acquired distinctiveness or to disclaim the design elements. Rather, she argued that the trade dress was inherently distinctive. The examiner, relying on section 2(f) of the Trademark Act, 15 U.S.C. § 1052(f), made final his refusal to register the mark on the ground that the clothing configuration constitutes “product design/configuration,” and pursuant to the decision of the U.S. Supreme Court in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000), “product design” cannot be inherently distinctive. The examiner noted that Slokevage’s reference in her application to the trade dress as a “cut-away flap design” supported a determination that the configuration constitutes product design....

[5] Slokevage appealed the refusal of the examiner to register the trade dress configuration, and the Board affirmed the examiner’s decision. The Board found that the cut-out areas, consisting of the holes and flaps, constituted product design. Relying on *Wal-Mart*, the Board observed that a product design “will not be regarded as a source indicator at the time of its introduction.” According to the Board, Slokevage’s trade dress, as product design, could not be inherently distinctive, and therefore could not be registered absent a showing of acquired distinctiveness.

...

DISCUSSION

[6] We apply a limited standard of review to Board decisions, reviewing legal determinations *de novo* and factual findings for substantial evidence. *In re Pacer Tech.*, 338 F.3d 1348, 1349 (Fed.Cir.2003). “Substantial evidence requires the reviewing court to ask whether a reasonable person might find that the evidentiary record supports the agency’s conclusion.” *On-Line Careline, Inc. v. Am. Online, Inc.*, 229 F.3d 1080, 1085 (Fed.Cir.2000).

[7] As a preliminary matter, Slokevage argues that whether trade dress is product design or not is a legal determination, whereas the government asserts that it is a factual issue. The resolution of that question is an issue of first impression for this court. We conclude that the determination whether trade dress is product design is a factual finding because it is akin to determining whether a trademark is inherently distinctive or whether a mark is descriptive, which are questions of fact. *See, e.g., Hoover Co. v. Royal Appliance Mfg. Co.*, 238 F.3d 1357, 1359 (Fed.Cir.2001) (“The issue of inherent distinctiveness is a factual determination made by the board”); *see also In re Nett Designs, Inc.*, 236 F.3d 1339, 1341 (Fed.Cir.2001) (“Placement of a term on the fanciful-suggestive-descriptive-generic continuum is a question of fact”). Inherent distinctiveness or descriptiveness involves consumer perception and whether consumers are predisposed towards equating a symbol with a source. *See In re MBNA Am. Bank, N.A.*, 340 F.3d 1328, 1332 (Fed.Cir.2003); *In re Nett Designs, Inc.*, 236 F.3d at 1341-42. Such issues are determined based on testimony, surveys, and other evidence as questions of fact. Determining whether trade dress is product design or product packaging involves a similar inquiry. *Wal-*

Mart, 529 U.S. at 213, 120 S.Ct. 1339 (discussing product packaging and design in the context of consumers ability to equate the product with the source). We therefore will defer to the Board's finding on product design, affirming the Board if its decision is supported by substantial evidence....

I. Trade Dress and Product Design

[8] On appeal, Slokevage argues that the Board erred in determining that the trade dress³ for which she seeks protection is product design and thus that it cannot be inherently distinctive. She asserts that the Board's reliance on the Supreme Court's decision in *Wal-Mart* to support its position that Slokevage's trade dress is product design is misplaced. In particular, she contends that *Wal-Mart* does not provide guidance on how to determine whether trade dress is product design. Moreover, she maintains that the trade dress at issue in *Wal-Mart*, which was classified as product design without explanation, is different from Slokevage's trade dress because the *Wal-Mart* trade dress implicated the overall appearance of the product and was a theme made up of many unique elements. Slokevage argues that her trade dress, in contrast, involves one component of a product design, which can be used with a variety of types of clothing. Slokevage further asserts that her trade dress is located on the rear hips of garments, which is a location that consumers frequently recognize as identifying the source of the garment.

[9] The PTO responds that the Board correctly concluded that Slokevage's trade dress is product design and that it properly relied on *Wal-Mart* for support of its determination. According to the PTO, in the *Wal-Mart* decision the Supreme Court determined that a design of clothing is product design. The PTO further asserts that the trade dress at issue in *Wal-Mart*, which was classified as product design, is similar to Slokevage's trade dress. The trade dress in *Wal-Mart* consists of design elements on a line of garments, and Slokevage's trade dress similarly consists of a design component common to the overall design of a variety of garments. The PTO notes that Slokevage's trade dress application refers to her trade dress as a "configuration" including a "clothing feature," and that "product configuration" is synonymous with "product design." The PTO also argues that under *Wal-Mart* product design cannot be inherently distinctive, the rationale being that consumers perceive product design as making the product more useful or desirable, rather than indicating source. According to the PTO, the trade dress at issue here makes the product more desirable to consumers, rather than indicates source. Finally, the PTO notes that even if it were a close case as to whether Slokevage's trade dress constitutes product design, the Court's opinion in *Wal-Mart* states that in "close

³ Slokevage admits that the configuration she is seeking to protect is "trade dress" and thus we will accept for purposes of this appeal that the configuration is "trade dress."

cases,” trade dress should be categorized as product design, thereby requiring proof of acquired distinctiveness for protection. 529 U.S. at 215.

[10] We agree with the Board that Slokevage's trade dress constitutes product design and therefore cannot be inherently distinctive. The Lanham Act provides protection not only for words and symbols, but also for “trade dress,” a category of trademarks that has been described as involving the “total image of a product,” including “features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 764 n. 1 (1992). The Supreme Court has recently observed that trade dress is a category that originally included only the packaging of a product, but has been expanded by courts to encompass the design of a product. *Wal-Mart*, 529 U.S. at 209. In order for an applicant to gain protection for trade dress, the trade dress must be distinctive, either inherently or by acquiring distinctiveness. *Two-Pesos*, 505 U.S. at 769, 112 S.Ct. 2753. Trade dress is inherently distinctive when its “intrinsic nature serves to identify a particular source of a product,” and, in contrast, acquires distinctiveness when the public comes to associate the product with its source. *Id.* at 768-769. The Supreme Court has determined that certain types of trade dress, in particular, product design and color, can never be inherently distinctive. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (color can never be inherently distinctive); *Wal-Mart*, 529 U.S. at 212 (product design is not inherently distinctive).

[11] Directly relevant to our discussion of product design is the Court's discussion in *Wal-Mart*. That case addressed whether product design could ever be inherently distinctive and answered the question in the negative. The trade dress in *Wal-Mart* involved children's clothing decorated with “hearts, flowers, fruits, and the like.” 529 U.S. at 207. The Court labeled that trade dress product design and ultimately concluded that product design is entitled to protection only if it has acquired distinctiveness. *Id.* at 216. The Court reasoned that “in the case of product design ... we think consumer predisposition to equate the feature with the source does not exist” and stated that “even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.” *Id.* at 213. Thus, the Court established a bright-line rule—product design cannot be inherently distinctive, and always requires proof of acquired distinctiveness to be protected. The Court did not recite the factors that distinguish between product packaging and product design trade dress, but stated that in “close cases” courts should classify the trade dress as product design. *Id.* at 215.

[12] Both parties agree that if we determine that the trade dress at issue is product design, then it cannot be inherently distinctive under the decision in *Wal-Mart*. The issue pertinent to this appeal, however, is whether Slokevage's proposed trade dress is product design. Although the decision in *Wal-Mart* does not expressly address the issue of what constitutes product design, it is informative to this case because it provides examples of trade dress that are product design. The Court

observed that a “cocktail shaker shaped like a penguin” is product design and that the trade dress at issue in that case, “a line of spring/summer one-piece seersucker outfits decorated with appliques of hearts, flowers, fruits, and the like” is product design. *Wal-Mart*, 529 U.S. at 207. These examples demonstrate that product design can consist of design features incorporated into a product. Slokevage urges that her trade dress is not product design because it does not alter the entire product but is more akin to a label being placed on a garment. We do not agree. The holes and flaps portion are part of the design of the clothing—the cut-out area is not merely a design placed on top of a garment, but is a design incorporated into the garment itself. Moreover, while Slokevage urges that product design trade dress must implicate the entire product, we do not find support for that proposition. Just as the product design in *Wal-Mart* consisted of certain design features featured on clothing, Slokevage's trade dress similarly consists of design features, holes and flaps, featured in clothing, revealing the similarity between the two types of design.

[13] In addition, the reasoning behind the Supreme Court's determination that product design cannot be inherently distinctive is also instructive to our case. The Court reasoned that, unlike a trademark whose “predominant function” remains source identification, product design often serves other functions, such as rendering the “product itself more useful or more appealing.” *Wal-Mart*, 529 U.S. at 212, 213. The design at issue here can serve such utilitarian and aesthetic functions. For example, consumers may purchase Slokevage's clothing for the utilitarian purpose of wearing a garment or because they find the appearance of the garment particularly desirable. Consistent with the Supreme Court's analysis in *Wal-Mart*, in such cases when the purchase implicates a utilitarian or aesthetic purpose, rather than a source-identifying function, it is appropriate to require proof of acquired distinctiveness.

[14] Finally, the Court in *Wal-Mart* provided guidance on how to address trade dress cases that may be difficult to classify: “To the extent that there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning.” 529 U.S. at 215. Even if this were a close case, therefore, we must follow that precedent and classify the trade dress as product design. We thus agree with the Board that Slokevage's trade dress is product design and therefore that she must prove acquired distinctiveness in order for her trade dress mark to be registered.

McKernan v. Burek

118 F.Supp.2d 119 (D.Mass. 2000)



In *McKernan*, the plaintiff McKernan sold a novelty bumper sticker that purported to be a “Cape Cod Canal Tunnel Permit.” He brought a trademark infringement suit against Burek and others who were producing similar bumper stickers. McKernan conceded that his bumper sticker design had no secondary meaning. The parties filed cross-motions for summary judgment. Judge Lasker analyzed whether the bumper sticker was product packaging or product configuration as follows:

The Tunnel Permit presents one of the “hard cases at the margin” referred to by the Supreme Court [in *Wal-Mart*]. It is particularly difficult to try to distinguish between the packaging and the product when discussing an ornamental bumper sticker. The packaging and the product are so intertwined that distinguishing between them may be regarded as a scholastic endeavor.

Nevertheless, the Supreme Court's opinion in *Wal-Mart* provides some guidance. The example given in *Wal-Mart*, of the classic Coca-Cola bottle is instructive: an item is the product if it is the essential commodity being purchased and consumed rather than the dress which presents the product.

Here, the essential commodity being purchased is a joke on a bumper sticker. All of the visual elements contained in the Tunnel Permit are a part of this joke and indispensable to it. What is being purchased and consumed is the novelty sticker, not dress identifying the prestige or standing of its source. Because McKernan is seeking protection for the product being consumed, the proper classification of what McKernan seeks to protect is product design. This view of the matter is strengthened by the *Wal-Mart* Court's remarkably clear advice that in close cases trial courts should “err on the side of caution and classify ambiguous trade dress as product design.” *Wal-Mart*, 529 U.S. at 215.

Accordingly, because McKernan seeks to protect his product design which, by definition, cannot be “inherently distinctive,” his claim under § 43(a) fails.

Id. at 123-24.

Best Cellars, Inc. v. Wine Made Simple, Inc.
320 F.Supp.2d 60, 69-70 (S.D.N.Y. 2003)



In *Best Cellars*, the plaintiff, a wine retailer based in New York City, broadly claimed as its trade dress

the total effect of the interior design of its store, which it describes as: (1) eight words differentiating taste categories; (2) eight colors differentiating taste categories; (3) eight computer manipulated images differentiating taste categories; (4) taste categories set above display fixtures by order of weight; (5) single display bottles set on stainless-steel wire pedestals; (6) square 4"x4" cards with verbal descriptions of each wine (“shelf talkers”) with text arranged by template; (7) shelf talkers positioned at eye level, below each display bottle; (8) bottles vertically aligned in rows of nine; (9) storage cabinets located beneath

⁴ From Rockwell Group, <http://www.rockwellgroup.com/projects/entry/best-cellars>.

vertically aligned bottled; (10) materials palette consisting of light wood and stainless steel; (11) mixture of vertical racks and open shelving display fixtures; (12) no fixed aisles; (13) bottles down and back-lit; and (14) limited selection (approximately 100) of relatively inexpensive wine.

Id. at 70.

Judge Lynch briefly analyzed whether this constituted product packaging trade dress or product configuration trade dress as follows:

Unlike more traditional trade dress cases that concern product packaging (like water bottles, *see Nora Beverages, Inc. v. Perrier Group of America, Inc.*, 269 F.3d 114 (2d Cir.2001)) or product designs (like children's clothing, *see Samara Bros.*, 529 U.S. at 213), this case concerns the interior decor of a retail establishment where customers purchase other products. In this, the case is similar to *Two Pesos*, which concerned the interior decor of Mexican-themed restaurants. *See Two Pesos*, 505 U.S. at 764–65 n. 1 (noting that trade dress “may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques” (citations and internal quotation marks omitted)). As the Supreme Court explained, the interior decor category fits awkwardly into the classifications of trade dress law, constituting either product packaging or a “*tertium quid*” akin to product packaging. *Samara Bros.*, 529 U.S. at 215. Interior decor is thus clearly *not* product design. Accordingly, it is appropriate to analyze the Best Cellars' interior decor trade dress under the product packaging standard for inherent distinctiveness....

Id. at 69-70.

Fedders Corp. v. Elite Classics

268 F. Supp. 2d 1051 (S.D. Ill. 2003)



In *Fedders*, the plaintiff, a manufacturer of single room air conditioners claimed as its trade dress the “undulating curve on the left or right of the faceplate separating the portion of the faceplate on which the controls are positioned from the air intake louvers.” Judge Gilbert analyzed the question of product packaging / product configuration as follows:

In this case, the key question is whether the subject trade dress—the undulating curve on the decorative front—is part of the product design or packaging. The defendants argue that the curve is part of the product design, and that, therefore, evidence of secondary meaning is required. On the other hand, Fedders notes that the curve is not functional, but rather, purely esthetic. Moreover, Fedders argues that the curve is a unique design that is associated with its Chassis line of air conditioners. Therefore, according to Fedders, the curve is “inherently distinctive,” and no evidence of secondary meaning is necessary....

In this case, the Court believes that Fedders's undulating curve is not “packaging”, but rather product design. The curve serves a purpose other than to identify the maker. It serves the purpose of making the air conditioners more esthetically appealing.

Id. at 1061-62.

In re Brouwerij Bosteels

96 U.S.P.Q.2d 1414 (TTAB 2010)



5

In *Brouwerij Bosteels*, the applicant sought registration of a trademark for beer consisting of a beer glass and stand, as pictured above. The TTAB concluded:

[W]e deem the alleged mark to be trade dress in the nature of product packaging, not trade dress in the nature of a product configuration. This is because the identified product applicant seeks to register the alleged mark for is 'beer,' not a 'beer glass and stand with wording and scrollwork.' Where, as here, applicant seeks to register trade dress in the nature of product packaging, the question of inherent distinctiveness can be considered.

Id. at 1428.

Art Attacks Ink, LLC v. MGA Entertainment Inc.

581 F.3d 1138 (9th Cir. 2009)

The Ninth Circuit assumed, without analysis, that the below cartoon characters airbrushed onto t-shirts constituted product design and found no secondary meaning.

⁵ From *In re Brouwerij Bosteels*, 96 U.S.P.Q.2d 1414 (TTAB 2010)



Comments and Questions

1. Is the three stripes design for the surface of athletic shoes shown in the registration below product configuration, product packaging, or some “tertium quid”? (The dotted lines do not constitute part of the claimed mark. The registration includes them only to show placement of the mark).

Int. Cl.: 25

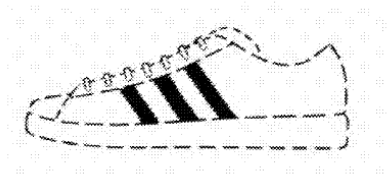
Prior U.S. Cls.: 22 and 39

United States Patent and Trademark Office

Reg. No. 3,029,135

Registered Dec. 13, 2005

TRADEMARK PRINCIPAL REGISTER



ADIDAS-SALOMON AG (FED REP GERMANY
AKTIENGESELLSCHAFT (AG))
ADI-DASSLER STRASSE 1-2
D-91074 HERZOGENAURACH, FED REP GERMA-
NY

FOR: FOOTWEAR, IN CLASS 25 (U.S. CLS. 22 AND
39).

FIRST USE 1-1-1952; IN COMMERCE 1-1-1952.

THE MARK CONSISTS OF THREE PARALLEL
STRIPES WITH SERRATED EDGES APPLIED TO

FOOTWEAR. THE STRIPES ARE POSITIONED ON
THE FOOTWEAR UPPER IN THE AREA BETWEEN
THE LACES AND THE SOLE. THE DOTTED OUT-
LINE OF THE FOOTWEAR IS NOT CLAIMED AS
PART OF THE MARK AND IS INTENDED ONLY
TO SHOW THE POSITION OF THE MARK.

SEC. 2(F).

SER. NO. 78-539,734, FILED 12-29-2004.

ALINA MORRIS, EXAMINING ATTORNEY

⁶ From Michael Atkins, Seattle Trademark Lawyer, Sept. 16, 2009, <http://seattletrademarklawyer.com/blog/2009/9/16/ninth-circuit-finds-no-secondary-meaning-no-foul-in-trade-dr.html>.

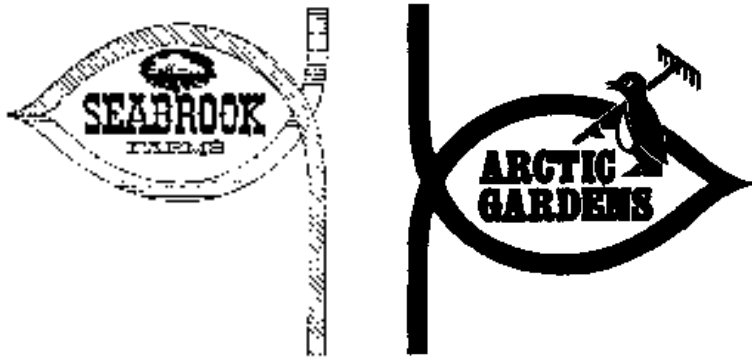
c. Analyzing the Inherent Distinctiveness of Product Packaging Trade Dress

Product configuration trade dress and single colors (whether applied to the packaging of the product or the product itself) are per se incapable of inherent distinctiveness, and it is likely that courts would also find smells, tastes, and textures also to be incapable of inherent distinctiveness. But this leaves a wide array of nonverbal marks, including product packaging trade dress, that remain capable of inherent distinctiveness. The question, then, is how to determine whether a particular mark that falls into one of these categories is in fact inherently distinctive. While the *Abercrombie* spectrum works reasonably well for verbal marks, it is not clear that it is well-suited to the inherent distinctiveness analysis of nonverbal marks. Instead, as we will see in the *Amazing Spaces* opinion below, most courts have adopted the so-called *Seabrook* factors, from *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (CCPA 1977), to analyze the inherent distinctiveness of nonverbal marks.

In *Seabrook*, the plaintiff Seabrook had registered, for frozen vegetables, a mark consisting in part of a pointed loop (or “stylized leaf design”, as Seabrook called it) as shown below. Seabrook opposed the registration of Bar-Well’s mark, also for frozen foods, that incorporated a similar pointed loop design on the ground that Bar-Well’s use of the mark would confuse consumers. The Court of Customs & Patent Appeals (the predecessor court to the Court of Appeals for the Federal Circuit) set forth various factors relevant to the question of whether consumers would perceive the pointed loop design (absent the words and image of a farm) as inherently distinctive of source:

In determining whether a design is arbitrary or distinctive this court has looked to whether it was 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 a particular class of goods viewed by the public as a dress or ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words.

Id. at 1344. The CCPA ultimately determined that the design at issue would be perceived merely as decoration. *Id.* These factors soon came to inform most courts analysis of the inherent distinctiveness of all nonverbal trademarks (including, before *Samara Bros.*, product configuration trade dress).



As discussed below in *Amazing Spaces* and as shown in *Fun-Damental Too, Ltd. v. Gemmy Industries Corp.*, 111 F.3d 993 (2d Cir. 1997), the Second Circuit has not explicitly adopted the *Seabrook* factors and continues to try to apply *Abercrombie* to the analysis of the distinctiveness of nonverbal marks.

Note that the two leading treatises on trademark law disagree on which test works better. McCarthy strongly endorses *Seabrook*:

In the author's view, the *Seabrook* test is by far the preferable test to classify inherently distinctive trade dress in packaging and containers. Necessarily focusing upon the probable reaction of the ordinary consumer, it focuses upon the key issue in these cases: is the design so different in this market that it will immediately be perceived as a source identifier, not merely or solely as an attractive decoration or embellishment. The *Abercrombie* spectrum was developed specifically for word marks and does not translate into the world of shapes and designs.

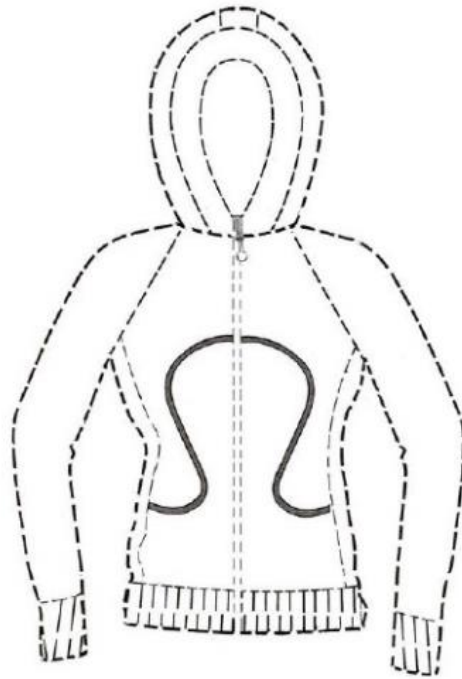
MC CARTHY §8:13. The Gilson treatise remain loyal to *Abercrombie*:

The *Abercrombie* classifications are not an ideal fit for product packaging trade dress cases; is a squeeze bottle with a top that squirts liquid suggestive of dish soap or spring water or is it generic for those products because it is so widely used? Nevertheless, pending further clarification from the Supreme Court, lower courts should continue to use the *Abercrombie* spectrum in classifying product packaging trade dress.

GILSON §2A.03[1][a][ii].

Note further that if a court finds a feature of product packaging to lack both inherent and acquired distinctiveness or a feature of product configuration to lack acquired distinctiveness, then the court will often (but not always) deem the feature to be "mere ornamentation." For example, in *In re Lululemon Athletica Canada, Inc.*, 105 U.S.P.Q.2d 1684 (TTAB 2013), the TTAB analyzed the wave design for apparel shown below. The TTAB did not apparently consider the design to be product configuration (and thus per se incapable of inherent distinctiveness). It

nevertheless found that the design lacked inherent distinctiveness and acquired distinctiveness and would be perceived by consumers as mere ornamentation.



As you read through the following opinion excerpts, consider the following questions:

- Which test is better: *Abercrombie* or *Seabrook*? On what grounds should courts prefer one or the other? Which test tends to be more plaintiff-friendly, i.e., more prone to find the trade dress at issue to be inherently distinctive?
- Could *Seabrook* be successfully modified to apply to the inherent distinctiveness analysis of verbal marks as well?

Fun-Damental Too, Ltd. v. Gemmy Industries Corp.

111 F.3d 993, 997-998, 999-1001 (2d Cir. 1997)

[Plaintiff Fun-Damental Too, Ltd. (“Fun-Damental”) brought suit for trademark infringement against defendants alleging that defendants had copied the trade dress of Fun-Damental’s “Toilet Bank” [see photo below] in the sale of their own “Currency Can.”]



Judge Mukasey of the S.D.N.Y. granted a preliminary injunction in favor of Fundamental. Defendants appealed. Excerpted here are the court's description of the Toilet Bank's trade dress and the court's analysis of the inherent distinctiveness, if any, of that trade dress.]

CARDAMONE, Circuit Judge

...

[1] Plaintiff's product is displayed in stores in a royal blue triangular-shaped box. The Toilet Bank itself is visible within the open-style box, which allows a consumer access to the toilet handle so that the flushing sound may be tested. The toy's bowl is covered with a clear plastic cover that includes a raised three-dimensional circle to which is affixed a gray sticker depicting a coin. The bank is held in place in its box by a 1/4 inch strap running up one side of the toilet bowl, through the plastic cover, and down the other side.

[2] The product name "TOILET BANK" appears in yellow letters on the royal blue box's lower front panel. The four inch-high upper rear panel is decorated with the product name and two pictures demonstrating how to use the product. The top picture shows a hand holding a coin over the toilet bowl, and the bottom one shows an index finger depressing the handle with the message "REAL FLUSHING SOUND" in white letters on a red bubble. In the upper right hand corner of this panel is a yellow starburst with the words "REAL FLUSHING SOUND" in red letters. Below it is a yellow arrow pointing down toward the handle with the legend in red: "TRY ME" and in smaller letters: "PRESS HANDLE." The same message appears on a red arrow sticker, affixed to the toilet tank, pointing diagonally towards the silver handle.

...

[3] We ordinarily evaluate inherent distinctiveness of trade dress by applying the trademark classifications as set forth by Judge Friendly in *Abercrombie & Fitch*

Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir.1976). See *Paddington Corp. v. Attiki Importers & Distrib., Inc.*, 996 F.2d 577, 583 (2d Cir.1993) (adopting Judge Friendly's test to evaluate the inherent distinctiveness of product packaging). Within this framework, trade dress is classified on a spectrum of increasing distinctiveness as generic, descriptive, suggestive, or arbitrary/fanciful....

[4] The Supreme Court has emphasized that an inherently distinctive trade dress is one whose "intrinsic nature serves to identify a particular source of a product," *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992), although it may not yet have widespread identification among consumers. *Id.* at 771. Consumers generally rely on packaging for information about the product and its source. But the varieties of labels and packaging available to wholesalers and manufacturers are virtually unlimited. As a consequence, a product's trade dress typically will be arbitrary or fanciful and meet the inherently distinctive requirement for § 43(a) protection. *Mana Prods., Inc. v. Columbia Cosmetics Mfg., Inc.*, 65 F.3d 1063, 1069 (2d Cir.1995); *Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 703 (5th Cir.1981).

[5] Yet trade dress protection has limits. A trade dress that consists of the shape of a product that conforms to a well-established industry custom is generic and hence unprotected. For example, the cosmetics industry's common use of black, rectangular-shaped compacts renders that packaging generic. *Mana*, 65 F.3d at 1070; see also *Paddington*, 996 F.2d at 583 (soda industry practice would render green cans generic for the purpose of packaging lime-flavored soda). In short, despite the broad opportunity to design an arbitrary or fanciful trade dress, a specific trade dress must still be evaluated to determine whether it is so distinctive as to point to a single source of origin and thereby be entitled to Lanham Act protection.

[6] Defendants urge us to adopt a more stringent standard of distinctiveness than that used by the trial court. Recently we declined to use the *Abercrombie* spectrum of distinctiveness in a trade dress case that involved features of the product itself. *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996 (2d Cir.1995). In an attempt to extend that rationale, defendants suggest we adopt an alternative test for inherent distinctiveness of trade dress set forth in *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A.1977). Under *Seabrook*, the inquiry is whether the design or shape of a package is a common, basic one, or whether it is unique or unusual in a particular field; whether the design is a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a trade dress or ornamentation for such goods, or whether it is one capable of creating a commercial impression separate from the accompanying words. *Id.*

[7] We see no reason to abandon the *Abercrombie* distinctiveness spectrum in this case. Several reasons lead us to decline. First, we have expressly ruled that the *Abercrombie* classifications apply to packaging. *Paddington*, 996 F.2d at 583. Second,

Knitwaves is a pure product configuration case, separate from product packaging, the category of trade dress at issue in this case. In *Knitwaves*, the trade dress lay in the product itself, rather than in a symbol—a trademark or packaging—associated with the product. It was therefore difficult to define some aspect or feature of the trade dress as “descriptive” or “arbitrary” in relation to the product. See *Knitwaves*, 71 F.3d at 1007–08 (quoting *Duraco Prods. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1440–41 (3d Cir.1994)). In contrast, a store display of a product's packaging style creates an image of the product more readily separated from the product itself. Moreover, although there may be a finite set of ways to configure a product, the variety of packaging available for a given product is limited only by the bounds of imagination. These factors render packaging more suitable than product configuration for classification under the *Abercrombie* system as arbitrary or fanciful, suggestive, descriptive, or generic.

[8] Third, use of the *Abercrombie* test tracks the purpose of the Lanham Act to identify source. That is, it is consistent with the Supreme Court's emphasis on a trade dress' capacity to “identify a particular source of the product.” *Two Pesos*, 505 U.S. at 771. While a more stringent test is necessary in the product configuration context, applying *Abercrombie* to product packaging serves the aims of the Lanham Act because consumers are more likely to rely on the packaging of a product than on the product's design as an indication of source. Restatement (Third) of Unfair Competition § 16 cmt. b (1995). In contrast, over-inclusive protection of the product design risks conferring benefits beyond the intended scope of the Lanham Act and entering what is properly the realm of patent law. See *Fabrication Enters., Inc. v. Hygenic Corp.*, 64 F.3d 53, 59 n. 4 (2d Cir.1995). Thus, though the *Abercrombie* classifications were originally developed for analysis of word marks, we conclude that because of the endless number of product packaging options the *Abercrombie* test is appropriately applied in this trade dress case.

B. Distinctiveness in the Instant Case

[9] Defendants insist that the Toilet Bank's trade dress is not inherently distinctive, principally because the elements identified as part of that characterization are generic. Classification under the *Abercrombie* spectrum of distinctiveness is a question of fact reviewed under the clearly erroneous standard. See *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1039–40 (2d Cir.1992) (classification of trademarks). We evaluate trade dress distinctiveness by looking at all its elements and considering the total impression the trade dress gives to the observer. *Paddington*, 996 F.2d at 584. Concededly, a number of individual features of the Toilet Bank's trade dress are common in the toy industry; for example, the triangular shape of the box and its open styling are found everywhere on toy store shelves. The red arrows stating “Try Me,” the starburst (separate from the notation “flushing sound”), and the raised blister are similarly quite usual legends in the toy business. Although some of the individual elements of a trade

dress are generic or descriptive, the impression given by all of them in combination may be inherently distinctive. Such was what the district court found here; and we cannot say that this finding is clearly erroneous.

[10] Gemmy maintains that the trial court improperly considered the similarities between its product and Fun-Damental's when making the inherently distinctive determination regarding the Toilet Bank's trade dress. We disagree. Although Fun-Damental makes no claim regarding the copying of its product, it was appropriate to consider the packaging in conjunction with the product, rather than simply the empty box. "[T]rade dress today encompasses a broad concept of how a product presented to the public looks, including its color, design, container, and all the elements that make up its total appearance." *Mana*, 65 F.3d at 1069.

[11] This "total look" approach is the only workable way to consider such elements of the trade dress as the arrow sticker that is affixed to the Toilet Bank's tank. Because the box is open in order to display the product, it was proper to analyze Fun-Damental's trade dress as seen by consumers—including the Toilet Bank product. Further, there is no risk of "spillover" protection for the Toilet Bank as a product here since the injunction is limited to the sale of a similar product in a *particular* package, rather than an absolute ban on the sale of the Currency Can in an open-style box. In sum, we conclude that looking at the product itself in the context of its packaging is a proper method of analyzing open-style packaging for trade dress protection.

Amazing Spaces, Inc. v. Metro Mini Storage
608 F.3d 225 (5th Cir. 2010)

[The relevant facts are as follows: Plaintiff Amazing Spaces, Inc. ("Amazing Spaces") and defendant Metro Mini Storage ("Metro") are rival self-storage businesses in Houston, Texas. Amazing Spaces claims a star design as its service mark, which it registered at the PTO in 2004 (see the registration certificate below). Metro used a similar design on its storage buildings. In response to Amazing Spaces' suit for trademark infringement, Metro argued that Amazing Spaces' star design mark lacked both inherent and acquired distinctiveness and was improperly registered. The district court agreed and granted Metro's motion for summary judgment on the issue. On appeal, after considering, among other things, the weight to be accorded to the PTO registration (an issue we will discuss in Part I.D below), the Fifth Circuit turned to the question of whether the star design was inherently distinctive.]

APPENDIX

Int. Cl.: 39

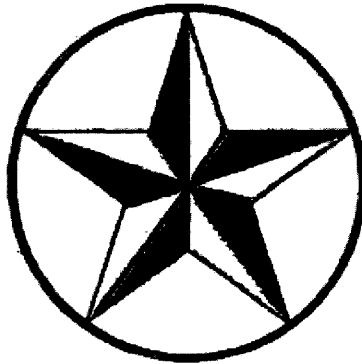
Prior U.S. Cls.: 100 and 105

United States Patent and Trademark Office

Reg. No. 2,859,845

Registered July 6, 2004

SERVICE MARK PRINCIPAL REGISTER



AMAZING SPACES (TEXAS CORPORATION)
9040 LOUETTA ROAD, SUITE B
SPRING, TX 77379

FIRST USE 4-0-1998; IN COMMERCE 4-0-1998.

SER. NO. 76-540,854, FILED 8-15-2003.

FOR: STORAGE SERVICES, IN CLASS 39 (U.S.
CLS. 100 AND 105).

DOMINIC J. FERRAIUOLO, EXAMINING ATTOR-
NEY

KING, Circuit Judge

...

2. Inherent Distinctiveness

[1] As mentioned above, “a mark is inherently distinctive if ‘its intrinsic nature serves to identify a particular source.’ ” *Wal-Mart Stores*, 529 U.S. at 210 (quoting *Two Pesos*, 505 U.S. at 768). Inherent distinctiveness is attributable to a mark when the mark “almost *automatically* tells a customer that it refers to a brand and ... immediately signal[s] a brand or a product source.” *Id.* at 212 (quoting *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162–63 (1995)). The parties disagree over not only the answer to whether the Star Symbol is inherently distinctive but also over the proper method for conducting the inquiry. Metro urges that the familiar *Abercrombie* test cannot be used to categorize the Star Symbol and instead asks that we apply the *Seabrook Foods* test to determine that the Star Symbol is not inherently distinctive. Amazing Spaces, by contrast, presses the application of the *Abercrombie*

test, under which it claims the Star Symbol is inherently distinctive, and it argues alternatively that the Star Symbol is inherently distinctive under the *Seabrook Foods* test.

a. Abercrombie

[2] In *Abercrombie*, Judge Friendly sought to arrange the universe of marks into a spectrum of distinctiveness. See 537 F.2d at 9. ...

[3] We agree with Metro that the Star Symbol resists categorization under the *Abercrombie* test, and we consequently do not rely on a rote application of its categories in determining whether the Star Symbol is inherently distinctive. The Supreme Court's most recent recitation of the *Abercrombie* categories noted its use only in the context of marks consisting of words. See *Wal-Mart Stores*, 529 U.S. at 210 (“*In the context of word marks*, courts have applied the now-classic test originally formulated by Judge Friendly” (emphasis added) (citing *Abercrombie*, 537 F.2d at 10–11)). The Court's precedent also supports the proposition that some marks, although deserving of legal protection, do not fit within the *Abercrombie* spectrum. In *Qualitex*, the Court declined to apply the *Abercrombie* test to a mark consisting purely of a shade of color used in a product's trade dress, holding that the mark could constitute a legally protectable mark only through a showing of secondary meaning. 514 U.S. at 162–63. The Court further extended that logic when, in *Wal-Mart Stores*, it stated that “[i]t seems to us that [product] design, like color, is not inherently distinctive” and held that marks consisting of a product's design were protectable only upon proof of secondary meaning—a conclusion it could not have reached had it applied the *Abercrombie* test. *Wal-Mart Stores*, 529 U.S. at 212. Professor McCarthy, a luminary in the field of trademark law, has likewise suggested that the *Abercrombie* test may not apply to all marks, stating that “[u]se of the spectrum of descriptive, suggestive, arbitrary and fanciful is largely confined to word marks. It is usually not suitable for nonword designations such as shapes and images ... [, which] must be judged by other guidelines.” 2 MCCARTHY ON TRADEMARKS § 11:2, at 11–7. The RESTATEMENT, in a section addressed to symbols, graphic designs, and colors, agrees:

A symbol or graphic design is not inherently distinctive unless the nature of the designation and the manner of its use make it likely that prospective purchasers will perceive the designation as an indication of source. Commonplace symbols and designs are not inherently distinctive since their appearance on numerous products makes it unlikely that consumers will view them as distinctive of the goods or services of a particular seller. Thus, unless the symbol or design is striking, unusual, or otherwise likely to differentiate the products of a particular producer, the designation is not inherently distinctive.

RESTATEMENT § 13 cmt. d, at 107.

[4] As the district court discovered, the challenge of placing the Star Symbol into *Abercrombie's* constellation of categories is a futile endeavor. We have described the *Abercrombie* categories as follows...

[5] The district court briefly probed the utility of applying the *Abercrombie* test and concluded that the Star Symbol did not fit as a generic, descriptive, or suggestive mark. *See Amazing Spaces*, 665 F.Supp.2d at 737. The district court first rejected the notion that the Star Symbol was generic because “[a] five-pointed star within a circle does not refer to a product or service provided by a self-storage company” and “[t]he evidence of widespread use of a five-point star or a five-point star set within a circle by many diverse businesses and government offices supports the conclusion that the star mark is not related to or a generic symbol for self-storage goods or services.” *Id.* It next determined that the Star Symbol was not descriptive because “[i]t does not identify a characteristic or quality of self-storage service, such as its function or quality.” *Id.* Nor was the Star Symbol suggestive, according to the district court, because “[t]here is no basis to conclude that a five-pointed star set within a circle suggests an attribute of self-storage services.” *Id.* We discern no flaws in the district court's analysis with respect to these three categories. However, the logical extension of the district court's analysis is the conclusion that the Star Symbol is arbitrary or fanciful, which under the *Abercrombie* test would render it inherently distinctive and thus entitled to protection. Yet the district court refused to so conclude, stating that “the star mark cannot be classified as arbitrary or fanciful unless it is inherently distinctive so as to serve as a source identifier for Amazing Spaces.” *Id.* It then turned to the *Seabrook Foods* test in conducting its inquiry into the Star Symbol's inherent distinctiveness. *See id.*

[6] We agree that the Star Symbol—indeed, any mark—lacks inherent distinctiveness if its intrinsic nature does not serve to identify its source. *See Wal-Mart Stores*, 529 U.S. at 210 (“[A] mark is inherently distinctive if ‘its intrinsic nature serves to identify a particular source.’ ” (quoting *Two Pesos*, 505 U.S. at 768)). Furthermore, as we have already indicated, we approve the district court's decision to apply a test other than *Abercrombie* in this case. However, we disagree somewhat with the district court's reasoning that a mark cannot be categorized as arbitrary or fanciful unless it is inherently distinctive. Under the *Abercrombie* test, it is the categorization of a mark that dictates its inherent distinctiveness, not the other way around. A rote application of the *Abercrombie* test yields the conclusion that the Star Symbol is an arbitrary or fanciful mark because it “ ‘bear[s] no relationship to the products or services to which [it is] applied.’ ” *Pebble Beach*, 155 F.3d at 540 (quoting *Zatarains*, 698 F.2d at 791).¹ Were we to apply the *Abercrombie* test

¹ One commentator has noted that marks consisting of symbols and designs are typically arbitrary with respect to their associated goods and services where the marks are “nonrepresentational”:

mechanically to the Star Symbol, without an eye to the question the test seeks to answer, we would be left with the conclusion that the Star Symbol is inherently distinctive. The district court, aware of that result, proceeded to apply the *Seabrook Foods* test. *See Amazing Spaces*, 665 F.Supp.2d at 737.

[7] Both the Supreme Court and scholars have questioned the applicability of the *Abercrombie* test to marks other than words. *See Wal-Mart Stores*, 529 U.S. at 210–13, (noting that the *Abercrombie* test was developed and applied “[i]n the context of word marks” and declining to apply it to a mark consisting of product design); *Qualitex*, 514 U.S. at 162–63 (referring to the *Abercrombie* test but not applying it to a mark consisting of a shade of color); RESTATEMENT § 13 cmt. d, at 107 (“[U]nless the symbol or design is striking, unusual, or otherwise likely to differentiate the products of a particular producer, the designation is not inherently distinctive.”); 1 MCCARTHY ON TRADEMARKS § 7:33, at 7–88.1–89 (“Ordinary geometric shapes ... are regarded as nondistinctive and protectable only upon proof of secondary meaning.... However, uncommon or unusual shapes and symbols ... can be regarded as inherently distinctive.... The issue is whether this shape is so unusual for this type of goods or services that its distinctiveness can be assumed.”); 1 MCCARTHY ON TRADEMARKS § 8:13, at 8–58.1 (“Only in some cases does [*Abercrombie*] classification make sense [for trade dress].... The word spectrum of marks simply does not translate into the world of shapes and images.”); 2 MCCARTHY ON TRADEMARKS § 11:2, at 11–7 (“Use of the spectrum of descriptive, suggestive, arbitrary and fanciful is largely confined to word marks. It is usually not suitable for nonword designations such as shapes and images making up trade dress.”). We do not go so far as to hold that the *Abercrombie* test is eclipsed every time a mark other than a word is at issue. Instead, we hold that the *Abercrombie* test fails to illuminate the fundamental inquiry in this case: whether the Star Symbol’s “intrinsic nature serves to identify” *Amazing Spaces* and its storage services. *Wal-*

Nonverbal and nonrepresentational designs and figures are perfectly acceptable as trademarks. Indeed, they have the advantage of being totally arbitrary, and so cannot be descriptive of the goods or services. The only problem which may be encountered is the question of whether such designs or figures are regarded by the public as identifying indicia or merely as decorations. Especially is this true of such simple figures as rectangles, diamonds, circles, triangles, or lines.

LOUIS ALTMAN & MALLA POLLACK, 3 CALLMAN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 18:24 (4th ed.2010) (footnotes omitted). Under this reasoning, nonverbal marks—even though “arbitrary”—must still be shown to serve as identifying indicia. Professor McCarthy appears to share the view that such marks are arbitrary when they are nonrepresentational. *See* 1 MCCARTHY ON TRADEMARKS § 7:36, at 7–91 (“A picture that is merely a representation of the goods themselves is regarded as merely descriptive of the goods.”).

Mart Stores, 529 U.S. at 210 (quoting *Two Pesos*, 505 U.S. at 768, 112 S.Ct. 2753). For the answer to that question, we now turn to the *Seabrook Foods* test employed by the district court.

b. Seabrook Foods

[8] In contrast to the *Abercrombie* test, the *Seabrook Foods* test, articulated by the U.S. Court of Customs and Patent Appeals in 1977, applies expressly to marks consisting of symbols and designs:

In determining whether a design is arbitrary or distinctive this court has looked to [1] whether it was a “common” basic shape or design, [2] whether it was unique or unusual in a particular field, [3] whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or [4] whether it was capable of creating a commercial impression distinct from the accompanying words.

Seabrook Foods, 568 F.2d at 1344 (footnotes omitted).² The first three of the *Seabrook Foods* “questions are merely different ways to ask whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicator of origin—a trademark.” *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 40 (1st Cir.1998) (quoting 1 MCCARTHY ON TRADEMARKS § 8:13, at 8–58.5).³ As is true of the *Abercrombie* test, the *Seabrook Foods* test seeks an

² As noted above, the district court omitted discussion of the fourth factor, which by its terms applies only when a party seeks trademark protection for a background design typically accompanied by words. See *Amazing Spaces*, 665 F.Supp.2d at 736. Similarly, we will not consider the fourth *Seabrook Foods* factor.

³ The Second Circuit has also used a related test that asks “whether [the mark] is ‘likely to serve primarily as a designator of origin of the product.’” *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008 (2d Cir.1995) (quoting *Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431, 1449 (3d Cir.1994)). Although the *Knitwaves* court quoted the *Duraco Products* court for part of its test, it rejected the requirements that the product configuration “be ‘unusual and memorable’ and ‘conceptually separable from the product.’” *Id.* at 1009 n. 6 (quoting *Duraco Prods.*, 40 F.3d at 1449); see also *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 787–88 (8th Cir.1995) (rejecting the *Duraco Products* test as inconsistent with *Two Pesos* by imposing additional, non-statutory requirements). The First Circuit has, in turn, criticized the *Knitwaves* test as inconsistent with *Two Pesos* because it fails to keep the inherent distinctiveness inquiry separate from the secondary meaning inquiry. See *I.P. Lund Trading*, 163 F.3d at 41. This case does not require us to delve into the propriety of these variations on the *Seabrook Foods* test, and we do not do so.

answer to the question whether a mark's "intrinsic nature serves to identify a particular source." *Wal-Mart Stores*, 529 U.S. at 210 (quoting *Two Pesos*, 505 U.S. at 768, 112 S.Ct. 2753); accord 1 MCCARTHY ON TRADEMARKS § 3:3, at 3–6 ("[A] designation must be proven to perform the job of identification: to identify one source and distinguish it from other sources. If it does not do this, then it is not protectable as a trademark, service mark, trade dress or any similar exclusive right.").⁴

[9] We agree with the assessment of the *I.P. Lund Trading* court and Professor McCarthy that the *Seabrook Foods* factors are variations on a theme rather than discrete inquiries. In *Star Industries v. Bacardi & Co.*, the Second Circuit noted that "[c]ommon basic shapes' or letters are, as a matter of law, not inherently distinctive ..., [but] stylized shapes or letters may qualify, provided the design is not commonplace but rather unique or unusual in the relevant market." 412 F.3d 373, 382 (2d Cir.2005) (citing *Seabrook Foods*, 568 F.2d at 1344; *Permatex Co. v. Cal. Tube Prods., Inc.*, 175 U.S.P.Q. 764, 766 (TTAB1972)). This statement, turning on whether the symbol or design is "common," comprises, essentially, the first two *Seabrook Foods* factors. However, the third *Seabrook Foods* factor similarly asks whether a symbol or design is "common" in the sense that it is likely to be perceived by the public as ornamentation rather than a mark. See *Wiley v. Am. Greetings Corp.*, 762 F.2d 139, 142 (1st Cir.1985) (equating a red heart shape on a teddy bear to "an ordinary geometric shape" because it "carrie[d] no distinctive message of origin to the consumer, ... given the heart shape's widespread use as decoration for any number of products put out by many different companies").⁵ A "common" symbol or

⁴ We note, of course, that the *Wal-Mart* Court was urged by the respondent in that case and by the United States as *amicus curiae* to adopt the *Seabrook Foods* test writ large for product design but declined to do so. *Id.* at 213–14, 120 S.Ct. 1339. The Court's concern was that "[s]uch a test would rarely provide the basis for summary disposition of an anticompetitive strike suit." *Id.* at 214, 120 S.Ct. 1339. However, as discussed below, we are of the opinion that the relevant portions of the *Seabrook Foods* test do provide a basis for summary disposition in this case. Because we conclude that the Star Symbol is not inherently distinctive under the *Seabrook Foods* test, we do not address whether it constitutes a "reasonably clear test," *id.* at 213, such that it would be preferable to the *Abercrombie* test in the ordinary trademark or service mark dispute.

⁵ The interrelationship between these inquiries is also reflected in Professor McCarthy's discussion of common geometric shapes:

Most common geometric shapes are regarded as not being inherently distinctive, in view of the common use of such shapes in all areas of advertising. Thus, such ordinary shapes as circles, ovals, squares, etc., either when used alone or as a background for a word mark, cannot function as a separate mark unless (1) the shape is likely to create a

design—lacking inherent distinctiveness—is the antithesis of a symbol or design that “is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicator of origin—a trademark.” *I.P. Lund Trading*, 163 F.3d at 40 (quoting 1 MCCARTHY ON TRADEMARKS § 8:13, at 8–58.5); accord RESTATEMENT § 13 cmt. d, at 107 (“Commonplace symbols and designs are not inherently distinctive since their appearance on numerous products makes it unlikely that consumers will view them as distinctive of the goods or services of a particular seller.”).

[10] The district court determined that the Star Symbol was “not a plain five-pointed star” but was instead “shaded and set within a circle,” rendering it “sufficient[ly] styliz[ed]” to be “more than a common geometric shape.” *Amazing Spaces*, 665 F.Supp.2d at 737. It then proceeded to conclude that the Star Symbol “[wa]s not inherently distinctive and d[id] not act as an indicator of origin for any self-storage business, including Amazing Spaces.” *Id.* at 738. It supported this assertion with a discussion of “[t]he ubiquitous nature of the five-pointed star set within a circle” in Texas, specifically its “use[] as a decoration or ornamentation on innumerable buildings, signs, roads, and products.” *Id.* The court concluded that this ubiquity—including use of the same or a similar star design in 63 businesses and 28 other self-storage locations—“preclude[d] a finding that [the Star Symbol wa]s inherently distinctive or that it c[ould] serve as an indicator of origin for a particular business.” *Id.*

[11] Undoubtedly, the Star Symbol is stylized relative to an unshaded five-pointed star design not set within a circle. However, we disagree that the issue of stylization revolves around comparing a design's actual appearance to its corresponding platonic form. Instead, as discussed above, asking whether a shape is stylized is merely another way of asking whether the design is “commonplace” or “unique or unusual in the relevant market,” *Star Indus.*, 412 F.3d at 382 (citing *Permatex*, 175 U.S.P.Q. at 766), or whether it is “a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation,” *Seabrook Foods*, 568 F.2d at 1344.⁶ The stylization inquiry is properly conceived of as asking whether a

commercial impression on the buyer separate from the word mark or any other indicia and (2) the shape is proven to have secondary meaning.... The rationale is that such designs have been so widely and commonly used as mere decorative graphic elements that the origin-indicating ability of such designs has been diminished.

1 MCCARTHY ON TRADEMARKS § 7:29, at 7–73–74 (footnotes omitted).

⁶ The parties dispute the scope of the “relevant market”—specifically, whether the district court correctly considered use of a similar or identical star design beyond the self-storage service industry. *Amazing Spaces* contends that we should

particular symbol or design is stylized such that prospective purchasers of goods or services are likely to differentiate it from other, similar symbols or designs.⁷ See

limit our analysis to the self-storage services industry, while Metro argues that we may take into account uses of star designs in a larger context. The second *Seabrook Foods* factor refers to uniqueness or unusualness “in a particular field,” 568 F.2d at 1344, and the Second Circuit has stated that a stylized design may be protectable when it “is not commonplace but rather unique or unusual in the relevant market,” *Star Indus.*, 412 F.3d at 382. Similarly, the third factor refers to whether a mark is commonly used as ornamentation for a “particular class of goods.” *Seabrook Foods*, 568 F.2d at 1344. In contrast, the First Circuit, in considering whether a red heart on the chest of a teddy bear was inherently distinctive, appeared to consider the broader use of red hearts in determining whether the use at issue was unique or unusual. See *Wiley*, 762 F.2d at 142 (“[T]he record contains so many examples of use of a red heart motif on teddy bears and other stuffed animals, *not to mention all manner of other toys and paraphernalia*, that no reasonable argument on this point can be made.” (emphasis added)). The rule in the RESTATEMENT asks whether, “because of the nature of the designation and *the context in which it is used*, prospective purchasers are likely to perceive it as a designation that ... identifies goods or services produced or sponsored by a particular person.” RESTATEMENT § 13(a), at 104 (emphasis added). It further explains that

[c]ommonplace symbols and designs are not inherently distinctive since their appearance on numerous products makes it unlikely that consumers will view them as distinctive of the goods or services of a particular seller. Thus, unless the symbol or design is striking, unusual, or otherwise likely to differentiate the products of a particular producer, the designation is not inherently distinctive.

Id. § 13 cmt. d, at 107. Finally, and most importantly, the Lanham Act defines “service mark” as a mark used “to identify and distinguish the services of one person ... from the services of others and to indicate the source of the services.” Lanham Act § 45, 15 U.S.C. § 1127. Because a mark must distinguish one person's services from another, we agree that our inquiry is whether the Star Symbol identifies and distinguishes Amazing Spaces's self-storage services from others' self-storage services. This does not mean, however, that we must blind ourselves to uses beyond the self-storage services industry: the fact that the same or a similar star is used in countless other ways certainly bears on whether it is “likely that prospective purchasers will perceive [a given star design] as an indication of source” within a particular industry because a “[c]ommonplace symbol[']s ... appearance on numerous products makes it unlikely that consumers will view [it] as distinctive of the goods or services of a particular seller.” RESTATEMENT § 13 cmt. d, at 107.

⁷ Under this analysis, use by third parties of a design bears on whether the design is inherently distinctive, not merely whether the design “is a ‘strong’ or a

Wiley, 762 F.2d at 142 (holding that a red heart on a teddy bear “carrie[d] no distinctive message of origin to the consumer ... given the heart shape's widespread use as decoration for any number of products put out by many different companies”); *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 858 (11th Cir.1983) (holding that a design consisting of a “V,” “7,” or arrow on athletic shoes was common ornamentation such that it was not inherently distinctive); RESTATEMENT § 13 cmt. d, at 107 (“The manner in which a symbol or design is used is also relevant to the likelihood that it will be perceived as an indication of source. In some instances a design is likely to be viewed as mere ornamentation rather than as a symbol of identification.”); 1 MCCARTHY ON TRADEMARKS § 3.3, at 3–11 (“Usually, if when viewed in context, it is not immediately obvious that a certain designation is being used as an indication of origin, then it probably is not. In that case, it is not a trademark.”). The record evidence is replete with similar or identical five-pointed stars, both raised and set in circles, and used in similar manners, such that—notwithstanding the residual evidence of the presumption of validity—no reasonable jury could find that the Star Symbol is even a mere refinement of this commonly adopted and well-known form of ornamentation.⁸ The Star Symbol is thus not “ ‘so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicator of origin—a trademark,’ ” *I.P. Lund Trading*, 163 F.3d at 40 (quoting 1 MCCARTHY ON TRADEMARKS § 8:13, at 8–58.5), and it “does not almost automatically tell a customer that it refers to a brand ... [or] immediately signal a

‘weak’ [] mark.” *Exxon Corp. v. Tex. Motor Exchange of Houston, Inc.*, 628 F.2d 500, 504 (5th Cir.1980); cf. *Union Nat’l Bank of Tex., Laredo, Tex.*, 909 F.2d at 848 n. 25 (noting that widespread industry use can render a mark not inherently distinctive, but third-party use otherwise typically affects the issue of whether there is a likelihood of confusion between marks).

⁸ This is what differentiates the Star Symbol from the examples of registered marks containing stars that *Amazing Spaces* cites to support the protectability of five-pointed stars. The Dallas Cowboys star is stylized through the inclusion of a white border. The star in the Wal-Mart registration is a plain, five-pointed star, but the registered mark consists of more than just the star—the mark is the words “Wal” and “Mart” on either side of the star. The LanChile Airlines star is set against a circle that is 50% filled in, and it is adjacent to the words “LanChile Airlines.” Finally, the USA Truck mark is a complex design consisting of a white star within a blue circle, set against a white rectangle with blue borders and a red stripe running across the middle. Each of these marks contains elements distinguishing it from the commonplace stars in the record. See *Union Nat’l Bank of Tex., Laredo, Tex.*, 909 F.2d at 848 n. 25 (noting that the appropriate inquiry is whether the mark as a whole is protectable, not whether its component parts are individually protectable (citing *Estate of P.D. Beckwith v. Comm’r of Patents*, 252 U.S. 538, 40 S.Ct. 414, 64 L.Ed. 705 (1919))).

brand or a product source,” *Wal-Mart Stores*, 529 U.S. at 212, 120 S.Ct. 1339 (alterations and internal quotation marks omitted). Because the Star Symbol does not, by “ ‘its intrinsic nature[,] serve[] to identify a particular source,’ ” *id.* at 210, it is not inherently distinctive, and it can be protected only upon a showing of secondary meaning.

[The court ultimately found that the star design lacked secondary meaning. It remanded the case, however, on the question, among others, of whether the overall appearance of Amazing Spaces’ facilities, rather than simply the star design alone, was protectable trade dress].

Fiji Water Co., LLC v. Fiji Mineral Water USA, LLC
741 F.Supp.2d 1165, 1176-77 (C.D.Cal. 2010)

[The essential facts are as follows: Plaintiff produced water bottled in Fiji under the mark FIJI and with trade dress as defined and shown below. Defendant also produced water bottled in Fiji under the mark VITI and with trade dress as shown below. Plaintiff sued for trademark (and trade dress) infringement and won a preliminary injunction. Excerpted here are the court’s description of the plaintiff’s trade dress and the court’s analysis of the inherent distinctiveness of that trade dress.]



CORMAC J. CARNEY, District Judge

...

[1] FIJI also alleges that the VITI product infringes the FIJI trade dress, which includes the following elements: the use of a bottle with a dominantly square shape, with a recessed central body portion defined by the protruding shoulders and base portions of the bottle, a blue bottle cap, a transparent outer front label with a pink accent in the lower right hand corner, a depiction of a blue background and palm tree fronds on the inside of the back label, a three-dimensional effect created by having a transparent label on the front panel of the bottle revealing the inner side of the back label, a rainwater drop on the front label, a statement on the front label stating "From the islands of Fiji/Natural Artesian Water," and prominent use of the four-letter, two-syllable word FIJI, in block white lettering with a metallic outline around the letters.

...

[2] The second element that FIJI must establish to succeed on the merits for its trade dress infringement claim is that its trade dress is inherently distinctive or has acquired secondary meaning. Packaging such as the FIJI bottle shape and label design is inherently distinctive if "[its] intrinsic nature serves to identify a particular source." *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210, (2000); see also 1 *McCarthy on Trademarks* § 8:12.50 (4th ed. 2010) (bottle is packaging). To determine whether packaging is so "unique, unusual, or unexpected in this market that one can assume without proof that it will automatically be perceived by consumers as an indicator of origin," the court may look to (1) whether the design is a common, basic shape or design, (2) whether it was unique or unusual in a particular field, (3) whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or (4) whether it was capable of creating a commercial impression distinct from the accompanying words. *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (CPPA 1977). See *Wal-Mart Stores, Inc.*, 529 U.S. at 210 (noting that the Abercrombie spectrum of distinctiveness is properly applied to word marks); see also 1 *McCarthy on Trademarks* § 8:13 (4th ed. 2010) (commenting that Seabrook test is preferred for classifying inherently distinctive trade dress in packaging and containers); *DCNL, Inc. v. Almar Sales Co.*, 47 U.S.P.Q.2d 1406, 1997 WL 913941 (N.D.Cal.1997), *aff'd* without opinion, 178 F.3d 1308 (9th Cir.1998).

[3] Although the square bottle and blue cap elements may be fairly common in the bottled water industry, the stylized hibiscus, the palm fronds and the three-dimensional effect of the transparent front label with palm fronds on the inside back label are not a common design. *Contra Paddington Corp. v. Attiki Imps. & Distribs., Inc.*, 996 F.2d 577 (2d Cir.1993) (giving examples of designs that are not inherently distinctive in certain markets, such as packaging lime soda in green cans or showing a shining car on a bottle of car wax). The stylized white block letters with metallic

outline for the word “FIJI,” together with the tropical foliage using hues of blue and green and the raindrop invites consumers to imagine fresh, clear water from a remote tropical island. Reviewing the 2008 Bottled Water Guide that FIJI submitted reveals no other brands that combine the elements of the square bottle, three-dimensional labeling effect, and tropical motif. FIJI has won international awards for print and packaging excellence and design innovation in the food packaging industry, which is strong evidence that its packaging is unique or unusual in the field and not simply a variation on existing bottled water designs. Finally, the transparent three-dimensional label distinguishes FIJI from the other brands, and makes the trade dress recognizable even apart from the block-letter word mark FIJI, as evidenced by some of the open-ended responses consumers gave in FIJI's consumer confusion survey. Based on this evidence, the Court concludes that FIJI's trade dress is inherently distinctive.

Though the Second Circuit apparently still subscribes to the use of *Abercrombie* in the analysis of the inherent distinctiveness of non-configuration trade dress, consider whether *Seabrook*-like factors inform the Second Circuit's analysis in the *Star Industries* case below.

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

[Star Industries, Inc. (“Star”) developed and registered the mark as shown and described below for orange-flavored GEORGI vodka. Bacardi & Co. Ltd. (“Bacardi”) then developed a similar mark for orange flavored rum. Star brought suit. Excerpted below is the court's description of Star's mark and its analysis of the inherent distinctiveness of that mark. Note that, like the Seabrook plaintiff's claim that the pointed loop alone was source distinctive, Star was claiming that the “O” alone was distinctive of source.]



POOLER, Circuit Judge

...

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

...

[2] The district court erred when it described the Star "O" as a basic geometric shape or letter, and therefore rejected inherent distinctiveness and required a showing of secondary meaning. The Star "O" is not a "common basic shape" or letter, and the district court's holding to the contrary was premised on a misunderstanding of this trademark law concept. Unshaded linear representations of common shapes or letters are referred to as "basic." They are not protectable as inherently distinctive, because to protect them as trademarks would be to deprive competitors of fundamental communicative devices essential to the dissemination of information to consumers. However, stylized letters or shapes are not "basic," and are

protectable when original within the relevant market. See *Courtenay Communications Corp. v. Hall*, 334 F.3d 210, 215 n.32 (2d Cir.2003) (distinguishing case of mark consisting of word displayed with distinctive “typeface, color, and other design elements,” which was protectable, from cases holding generic words not protectable); compare *W In re W.B. Roddenbery Co.*, 135 U.S.P.Q. 215, 216 (TTAB1962) (holding design consisting of colored circle attached to differently colored rectangle protectable as inherently distinctive) with *In re Hillerich & Bradsby Co.*, 40 C.C.P.A. 990, 204 F.2d 287, 288 (1953) (noting that applicant conceded that unshaded line oval was not inherently distinctive). Star’s “O” is sufficiently stylized to be inherently distinctive and therefore protectable as a trademark. It is stylized with respect to shading, border, and thickness, and each of these design elements distinguishes it from the simple or basic shapes and letters that have been held unprotectable.

[3] The Star “O” design had sufficient shape and color stylization to render it slightly more than a simply linear representation of an ellipse or the letter “O.” It was, furthermore, a unique design in the alcoholic beverage industry at the time it was introduced. This suffices to establish its inherent distinctiveness and thus its protectability. Furthermore, the Star “O” design is protectable separately from the other design elements on the Georgi orange-flavored vodka label precisely because the “O” design is itself inherently distinctive. See *In re E.J. Brach & Sons*, 45 C.C.P.A. 998, 256 F.2d 325, 327 (1958); *W.B. Roddenbery*, 135 U.S.P.Q. at 216. However, the extent of stylization was marginal at best. The outline of the “O,” though not uniform, is ordinary in its slightly varying width, and the interior and exterior borders are also ordinary. The result is a “thin” or weak mark, which will be entitled to only limited protection. See *Libman Co. v. Vining Indus.*, 69 F.3d 1360, 1363 (7th Cir.1995).

[The court went on to find no likelihood of confusion.]

d. Analyzing the Acquired Distinctiveness of Nonverbal Marks

The secondary meaning analysis of nonverbal marks is largely the same as that of verbal marks. Courts tend to use essentially the same factors and considerations for both. See, e.g., *Herman Miller, Inc. v. Palazzetti Imports and Exports, Inc.*, 270 F.3d 298 (6th Cir. 2001) (reviewing seven factors to determine that Herman Miller had raised an issue of fact as to the secondary meaning the design of its Eames chair); *Yankee Candle Co. v. Bridgewater Candle Co.*, 259 F.3d 25, 43–45, (1st Cir. 2001) (finding insufficient evidence of secondary meaning in plaintiff’s label designs for scented candles).

Courts may treat one factor differently, however, in the context of product configuration. Evidence that the defendant deliberately copied from the plaintiff may not carry as much weight when the defendant copied product configuration. See, e.g., *Kaufman & Fisher Wish Co. v. F.A.O. Schwarz*, 184 F. Supp. 2d 311, 319 (S.D.N.Y. 2001) (in case involving defendant’s alleged trademark infringement of

plaintiff's toy doll and packaging, stating that "[t]he probative value of evidence of intentional copying is particularly limited in cases involving product design, since 'the copier may very well be exploiting a particularly desirable feature, rather than seeking to confuse consumers as to the source of the product.' *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1453 (3d Cir.1994)").

B. Bars to Protection

Even if a trademark is distinctive of source, it will still be denied protection if it falls within one of the statutory bars established under Lanham Act § 2, 15 U.S.C. §1052. We review the most important of these statutory bars here.

It is important to note that, strictly speaking, the § 2 statutory bars are bars only to the *registration* of a mark at the PTO. Recall however that the Lanham Act will protect both registered marks under § 32, 15 U.S.C. § 1114, and unregistered marks under § 43(a), 15 U.S.C. § 1125(a). This framework raises a question that the law has not yet definitively answered (though it has recently come close): if a mark is refused registration or its registration is cancelled under one of the statutory bars established in § 2, can the owner of the mark nevertheless seek protection of the mark under § 43(a)? For example, if a mark such as WASHINGTON REDSKINS for the NFL football team were deemed disparaging under § 2 and its registration cancelled, could the owners of the mark nevertheless claim exclusive rights in the no-longer-registered mark under § 43(a)? Though scholarly opinion remains divided, the better view would appear to be that a mark unregistrable under § 2 should be unprotectable under § 43(a). See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992) (“[I]t is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).”); *In re Tam*, 785 F.3d 567, 576 (Fed. Cir.) reh'g en banc granted, opinion vacated, 600 F. App'x 775 (Fed. Cir. 2015) (“§ 43(a) protection is only available for unregistered trademarks that could have qualified for federal registration”); *Renna v. Cnty. of Union, N.J.*, No. 11 Civ. 3328, 2014 WL 2435775, at *8 (D.N.J. May 29, 2014) (“It follows that such unregistrable marks, not actionable as registered marks under Section 32, are not actionable under Section 43, either.”).

We will not review the specifics of the registration process until Section II.D. However, in order to complete our picture of what marks qualify for protection, be they registered or unregistered, we will necessarily review opinions in this section that involve questions of registration. Thus, the reader will need to tolerate references to certain aspects of the registration process that will not become clear until Section II.D.

Lanham Act § 2; 15 U.S.C. § 1052

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it--

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication

which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of Title 19) enters into force with respect to the United States.

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

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: Provided, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before December 8, 1993.

A mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may be refused registration only pursuant to a proceeding brought under section 1063 of this title. A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may be canceled pursuant to a proceeding brought under either section 1064 of this title or section 1092 of this title.

1. Functionality

Even when a product (or packaging) feature is distinctive of source, trademark law will not protect that product feature if it is “functional.” *See* Lanham Act § 2(e)(5), 15 U.S.C. §1052(e)(5) (prohibiting the registration of any mark that “comprises any matter that, as a whole, is functional”). Of course, all source-distinctive product features are functional in the lay sense that they function to indicate the source of the product to which they are attached or of which they form a part. In trademark law, however, functionality is a term of art denoting a legal conclusion about the particular nature or degree of the product feature’s technical or competitive importance. The opinions excerpted in this subsection cover both categories of functionality in U.S. trademark law: “utilitarian functionality” (or as some call it, “mechanical functionality”) and “aesthetic functionality.” The name of

the first category may sound like a redundancy, and the name of the second, an oxymoron, yet the underlying policy goals that inform utilitarian and aesthetic functionality doctrine show that the two categories have much in common.

a. Foundational Cases

The following three opinions—*In re Morton-Norwich Products, Inc.*, 671 F.3d 1322 (CCPA 1982); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982); and *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001)—provide the foundation for current functionality doctrine in the federal courts. *Morton-Norwich* has given us the four “*Morton-Norwich* factors” that the Federal Circuit and consequently the PTO and TTAB use to determine functionality. *Inwood* is the source of the famous (in trademark circles) footnote number 10, which states 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.” *Inwood*, 456 U.S. at 851 n. 10. By the time of the Supreme Court’s *Traffix* opinion in 2001, functionality doctrine had increasingly come to rely on competition-oriented (and plaintiff-friendly) tests for functionality. *Traffix* sought to return functionality doctrine to *Inwood*’s “traditional” definition of functionality. In the next subsection, we will consider whether *Traffix* has successfully done so. First, however, we must gain a grounding in the foundational cases.

In reading *In re Morton-Norwich Products, Inc.*, 671 F.3d 1322 (CCPA 1982), consider the following questions:

- When the *Morton-Norwich* opinion turns to the question of the functionality of the spray bottle design at issue, it appears to adopt several different definitions of “functionality” (e.g., a product feature is nonfunctional if competitor’s have “no necessity to copy it”; a product feature is nonfunctional where there is “no evidence that it was dictated” by the functions to be performed by the product; a product feature is functional if the granting of exclusive rights in it “will hinder competition”). Are these different approaches equivalent? Which are more plaintiff-friendly or defendant-friendly?
- Of the various relevant factors that the *Morton-Norwich* court sets out to determine functionality, which do you expect have proven to be the most important?

***In re Morton-Norwich Products, Inc.* 671 F.2d 1332 (CCPA 1982)**

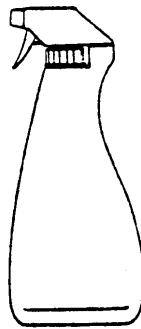
RICH, Judge

[1] This appeal is from the ex parte decision of the United States Patent and Trademark Office (PTO) Trademark Trial and Appeal Board (board), 209 USPQ 437

(TTAB 1980), in application serial No. 123,548, filed April 21, 1977, sustaining the examiner's refusal to register appellant's container configuration on the principal register. We reverse the holding on "functionality" and remand for a determination of distinctiveness.

Background

[2] Appellant's application seeks to register the following 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] Appellant owns U.S. Design Patent 238,655, issued Feb. 3, 1976, on the above configuration, and U.S. Patent 3,749,290, issued July 31, 1973, directed to the mechanism in the spray top.

[4] The above-named goods constitute a family of products which appellant sells under the word-marks FANTASTIK, GLASS PLUS, SPRAY 'N WASH, GREASE RELIEF, WOOD PLUS, and MIRAKILL. Each of these items is marketed in a container of the same configuration but appellant varies the color of the body of the container according to the product. Appellant manufactures its own containers and stated in its application (amendment of April 25, 1979) that:

Since such first use (March 31, 1974) the applicant has enjoyed substantially exclusive and continuous use of the trademark (i.e., the container) which has become distinctive of the applicant's goods in commerce.

The PTO Trademark Attorney (examiner), through a series of four office actions, maintained an unshakable position that the design sought to be registered as a trademark is not distinctive, that there is no evidence that it has become distinctive or has acquired a secondary meaning, that it is "merely functional," "essentially utilitarian," and non-arbitrary, wherefore it cannot function as a trademark. In the second action she requested applicant to "amplify the description of the mark with such particularity that any *portion* of the alleged mark considered to be non functional (sic) is incorporated in the description." (Emphasis ours.) She

said, “The Examiner sees none.” Having already furnished two affidavits to the effect that consumers spontaneously associate the package design with appellant’s products, which had been sold in the container to the number of 132,502,000 by 1978, appellant responded to the examiner’s request by pointing out, in effect, that it is the overall configuration of the container rather than any particular feature of it which is distinctive and that it was intentionally designed to be so, supplying several pieces of evidence showing several other containers of different appearance which perform the same functions. Appellant also produced the results of a survey conducted by an independent market research firm which had been made in response to the examiner’s demand for evidence of distinctiveness. The examiner dismissed all of the evidence as “not persuasive” and commented that there had “still not been one iota of evidence offered that the subject matter of this application has been promoted as a trademark,” which she seemed to consider a necessary element of proof. She adhered to her view that the design “is no more than a non-distinctive purely functional container for the goods plus a purely functional spray trigger controlled closure * * * essentially utilitarian and non-arbitrary * * *.”

[5] Appellant responded to the final rejection with a simultaneously filed notice of appeal to the board and a request for reconsideration, submitting more exhibits in support of its position that its container design was not “purely functional.” The examiner held fast to all of her views and forwarded the appeal, repeating the substance of her rejections in her Answer to appellant’s appeal brief. An oral hearing was held before the board.

Board Opinion

[6] The board, citing three cases, stated it to be “well-settled” that the configuration of a container “may be registrable for the particular contents thereof if the shape is non-functional in character, and is, in fact, inherently distinctive, or has acquired secondary meaning as an indication of origin for such goods.” In discussing the “utilitarian nature” of the alleged trademark, the board took note of photographs of appellant’s containers for FANTASTIK spray cleaner and GREASE RELIEF degreaser, the labels of which bore the words, respectively, “adjustable easy sprayer,” and “NEW! Trigger Control Top,” commenting that “the advertising pertaining to applicant’s goods promotes the word marks of the various products and the desirable functional features of the containers.”

[7] In light of the above, and after detailed review of appellant’s survey evidence without any specific comment on it, the board concluded its opinion as follows:

After a careful review of the evidence in the case before us, we cannot escape the conclusion that the container for applicant’s products, *the configuration* of which it seeks to register, *is dictated primarily by functional (utilitarian) considerations*, and is therefore unregistrable despite any de facto secondary meaning which applicant’s survey and

other evidence of record might indicate. As stated in the case of *In re Deister Concentrator Company, Inc.* (48 CCPA 952, 289 F.2d 496, 129 USPQ 314 (1961), “not every word or configuration that has a de facto secondary meaning is protected as a trademark.” (Emphasis ours.)

Issues

[8] The parties do not see the issues in the same light. Appellant and the solicitor agree that the primary issue before us is whether the subject matter sought to be registered—the configuration of the container—is “functional.”

[9] Appellant states a second issue to be whether the configuration has the capacity to and does distinguish its goods in the marketplace from the goods of others.

[10] The solicitor contends that it would be “premature” for us to decide the second issue if we disagree with the PTO on the first issue and have to reach it, and that we should, in that event, remand the case so the board can “consider” it. Whether to remand is, therefore, an issue.

OPINION

[11] A trademark is defined as “any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others” (emphasis ours). 15 U.S.C. § 1127 (1976). Thus, it was long the rule that a trademark must be something other than, and separate from, the merchandise to which it is applied. *Davis v. Davis*, 27 F. 490, 492 (D.Mass.1886); *Moorman v. Hoge*, 17 F.Cas. 715, 718-19 (C.C.D.Cal.1871) (No. 9,783). Accord, *Goodyear Tire & Rubber Co. v. Robertson*, 18 F.2d 639, 641 (D.Md.1927), *aff’d*, 25 F.2d 833 (4th Cir. 1928); *Capewell Horse Nail Co. v. Mooney*, 167 F. 575, 590-91 (N.D.N.Y.), *aff’d*, 172 F. 826 (2d Cir. 1909); *Fairbanks v. Jacobus*, 8 F.Cas. 951, 952 (C.C.S.D.N.Y.1877) (No. 4,608).

[12] Aside from the trademark/product “separateness” rationale for not recognizing the bare design of an article or its container as a trademark, it was theorized that all such designs would soon be appropriated, leaving nothing for use by would-be competitors. One court, for example, feared that “The forms and materials of packages to contain articles of merchandise * * * would be rapidly taken up and appropriated by dealers, until someone, bolder than the others, might go to the very root of things, and claim for his goods the primitive brown paper and tow string, as a peculiar property.” *Harrington v. Libby*, 11 F.Cas. 605, 606 (C.C.S.D.N.Y.1877) (No. 6,107). Accord, *Diamond Match Co. v. Saginaw Match Co.*, 142 F. 727, 729-30 (6th Cir. 1906).

[13] This limitation of permissible trademark subject matter later gave way to assertions that one or more features of a product or package design could legally function as a trademark. E.g., *Alan Wood Steel Co. v. Watson*, 150 F.Supp. 861, 863,

113 USPQ 311, 312 (D.D.C.1957); *Capewell Horse Nail Co. v. Mooney*, supra. It was eventually held that the 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. E.g., *In re Minnesota Mining and Manufacturing Co.*, 51 CCPA 1546, 1547-48, 335 F.2d 836, 837, 142 USPQ 366, 367 (1964).

[14] That protection was limited, however, to those designs of articles and containers, or features thereof, which were “nonfunctional.” See generally, L. Amdur, *Trade-Mark Law and Practice* §§ 5-7 (1948); R. Callmann, *Unfair Competition Trade-Marks and Monopolies* §§ 71.4, 77.4(e) and 98.4(d) (1967); W. Derenberg, *Trade-Mark Protection and Unfair Trading* § 24 (1936); J. Gilson, *Trademark Protection and Practice* s 2.13 (1974); J. McCarthy, *Trademarks and Unfair Competition* §§ 7:23-7:35 (1973); H. Nims, *Unfair Competition and Trade-Marks* §§ 134-40 (1947); 63 C.J. *Trade-Marks* §§ 57-58, 129 and 132 (1933); 87 C.J.S. *Trade-Marks* §§ 48-49, 118 (1954). This requirement of “nonfunctionality” is not mandated by statute, but “is deduced entirely from court decisions.” *In re Mogen David Wine Corp.*, 51 CCPA 1260, 1269, 328 F.2d 925, 932 (1964) (Rich, J., concurring).¹ It has as its genesis the judicial theory that there exists a fundamental right to compete through imitation of a competitor's product, which right can only be temporarily denied by the patent or copyright laws:

If one manufacturer should make an advance in effectiveness of operation, or in simplicity of form, or in utility of color; and if that advance did not entitle him to a monopoly by means of a machine or process or a product or a design patent; and if by means of unfair trade suits he could shut out other manufacturers who plainly intended to share in the benefits of unpatented utilities * * * he would be given gratuitously a monopoly more effective than that of the unobtainable patent in the ratio of eternity to seventeen years. (*Pope Automatic Merchandising Co. v. McCrum-Howell Co.*, 191 F. 979, 981-82 (7th Cir. 1911).)

Best Lock Corp. v. Schlage Lock Co., 56 CCPA 1472, 1476, 413 F.2d 1195, 1199 (1969); *In re Deister Concentrator Co.*, 48 CCPA 952, 960, 289 F.2d 496, 499 (1961); *Sylvania Electric Products, Inc. v. Dura Electric Lamp Co.*, 247 F.2d 730, 732 (3d Cir. 1957); *Herz v. Loewenstein*, 40 App.D.C. 277, 278 (1913); *Alan Wood Steel Co. v. Watson*, 150 F.Supp. 861, 862 (D.D.C.1957); *Goodyear Tire & Rubber Co. v. Robertson*, 18 F.2d 639, 641 (D.Md.1927), *aff'd*, 25 F.2d 833 (4th Cir. 1928).

[15] An exception to the right to copy exists, however, where the product or package design under consideration is “nonfunctional” and serves to identify its manufacturer or seller, and the exception exists even though the design is not

¹ [Note that the Lanham Act has since been amended explicitly to exclude functional marks from protection. See Pub. L. No. 105-330 (1998) (amending Section 2(e)(5), 15 U.S.C. §1152(e)(5)).

temporarily protectible through acquisition of patent or copyright. Thus, 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.

[16] This preliminary discussion leads to the heart of the matter—how do we define the concept of “functionality,” and what role does the above balancing of interests play in that definitional process?

I. Functionality Defined

[17] Many courts speak of the protectability as trademarks of product and package configurations in terms of whether a particular design is “functional” or “nonfunctional.” Without proper definition, however, such a distinction is useless for determining whether such design is registrable or protectable as a trademark, for the label “functional” has dual significance. It has been used, on the one hand, in lay fashion to indicate “the normal or characteristic action of anything,” and, on the other hand, it has been used to denote a legal conclusion. Compare, *In re Penthouse International Ltd.*, 565 F.2d 679, 681, 195 USPQ 698, 699-700 (CCPA 1977) (If the product configuration “has a non-trademark function, the inquiry is not at an end; possession of a function and of a capability of indicating origin are not in every case mutually exclusive.”), with *In re Mogen David Wine Corp.*, 51 CCPA supra at 1270, 328 F.2d at 933, 140 USPQ at 582 (Rich, J., concurring) (“The Restatement appears to use the terms ‘functional’ and ‘nonfunctional’ as labels to denote the legal consequence: if the former, the public may copy; and if the latter, it may not. This is the way the ‘law’ has been but it is not of much help in deciding cases.”).

[18] Accordingly, it has been noted that one of the “distinct questions” involved in “functionality” reasoning is, “In what way is (the) subject matter functional or utilitarian, factually or legally?” *In re Honeywell, Inc.*, 497 F.2d 1344, 1350, 181 USPQ 821, 826 (CCPA 1974) (Rich, J., concurring). This definitional division...leads to the resolution that if the designation “functional” is to be utilized to denote the *legal* consequence, we must speak in terms of *de facto* functionality and *de jure* functionality, the former being the use of “functional” in the lay sense, indicating that although the design of a product, a container, or a feature of either is directed to performance of a function, it may be legally recognized as an indication of source. *De jure* functionality, of course, would be used to indicate the opposite—such a design may not be protected as a trademark.

[19] This is only the beginning, however, for further definition is required to explain how a determination of whether a design is *de jure* functional is to be approached. We start with an inquiry into “utility.”

A. “Functional” means “utilitarian”²

[20] From the earliest cases, “functionality” has been expressed in terms of “utility.” In 1930, this court stated it to be “well settled that the configuration of *an article having utility* is not the subject of trade-mark protection.” (Emphasis ours.) In *re* Dennison Mfg. Co., 17 CCPA 987, 988, 39 F.2d 720 (1930) (Arbitrary urn or vase-like shape of reinforcing patch on a tag.). Accord, *Sparklets Corp. v. Walter Kidde Sales Co.*, 26 CCPA 1342, 1345, 104 F.2d 396, 399 (1939); *re* National Stone-Tile Corp., 19 CCPA 1101, 1102, 57 F.2d 382, 383 (1932). This broad statement of the “law”, that the design of an article “having utility” cannot be a trademark, is incorrect and inconsistent with later pronouncements.

[21] We wish to make it clear...that a discussion of “functionality” is always in reference to the design of the thing under consideration (in the sense of its appearance) and not the thing itself....

[22] Most designs ... result in the production of articles, containers, or features thereof which are indeed utilitarian, and examination into the possibility of trademark protection is not to the mere existence of utility, but to the degree of design utility. ... The configuration of a thermostat cover was ... refused registration because a round cover was “probably * * * the most utilitarian” design which could have been selected for a round mechanism. *re* Honeywell, Inc., 532 F.2d 180, 182 (CCPA 1976).

[23] Thus, it is the “utilitarian” design of a “utilitarian” object with which we are concerned, and the manner of use of the term “utilitarian” must be examined at each occurrence. The latter occurrence is, of course, consistent with the lay meaning of the term. But the former is being used to denote a legal consequence (it being synonymous with “functional”), and it therefore requires further explication.

B. “Utilitarian” means “superior in function (de facto) or economy of manufacture,” which “superiority” is determined in light of competitive necessity to copy

² It is well known that the law of “functionality” has been applied in both a “utilitarian” sense and in terms of “aesthetics.” See e.g., *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 210 USPQ 351 (9th Cir. 1981); *International Order of Job's Daughters v. Lindeburg and Co.*, 633 F.2d 912, 208 USPQ 718 (9th Cir. 1980); *Famolare, Inc. v. Melville Corp.*, 472 F.Supp. 738, 203 USPQ 68 (D.Hawaii 1979). Recognition of this provides an explanation for the statement that, “the term ‘functional’ is not to be treated as synonymous with the literal significance of the term ‘utilitarian.’” *J.C. Penney Co. v. H.D. Lee Mercantile Co.*, 120 F.2d 949, 954, 50 USPQ 165, 170 (8th Cir. 1941). It will be so treated, however, where the issue is one of “utilitarian functionality” and not “aesthetic functionality.” The PTO does not argue in this case that appellant's container configuration is aesthetically functional, notwithstanding appellant's argument that its design was adopted, in part, for aesthetic reasons.

Some courts have stated this proposition in the negative. In *American-Marietta Co. v. Krigsman*, 275 F.2d 287, 289 (2d Cir. 1960), the court stated that “those features of the original goods that are not in any way essential to their use” may be termed “nonfunctional.” But what does this statement mean? In the case at bar, for example, we cannot say that it means that the subject design is “functional” merely because a hollow body, a handhold, and a pump sprayer are “essential to its use.” What this phrase must mean is not that the generic parts of the article or package are essential, but, as noted above, that the particular design of the whole assembly of those parts must be essential. This, of course, leaves us to define “essential to its use,” which is also the starting place for those courts which have set forth in positive fashion the reasons they believe that some product or package designs are not protectible as trademarks and thus not registrable.

...

[24] Thus, it is clear that courts in the past have considered the public policy involved in this area of the law as, not the right to slavishly copy articles which are not protected by patent or copyright, but the need to copy those articles, which is more properly termed the right to compete effectively. Even the earliest cases, which discussed protectability in terms of exhaustion of possible packaging forms, recognized that the real issue was whether “the effect would be to gradually throttle trade.” *Harrington v. Libby*, *supra* at 606.

[25] More recent cases also discuss “functionality” in light of competition. One court noted that the “question in each case is whether protection against imitation will hinder the competitor in competition.” *Truck Equipment Service Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1218 (8th Cir. 1976). Another court, upon suit for trademark infringement (the alleged trademark being plaintiff’s building design), stated that “enjoining others from using the building design (would not) inhibit competition in any way.” *Fotomat Corp. v. Cochran*, 437 F.Supp. 1231, 1235 (D.Kan.1977). This court has also referenced “hinderance of competition” in a number of the “functionality” cases which have been argued before it. E.g., *In re Penthouse International Ltd.*, 565 F.2d *supra* at 682 (Would protection of the design “hinder competition?”); *In re Mogen David Wine Corp.*, 51 CCPA *supra* at 1270, 328 F.2d at 933 (Rich, J., concurring, cited with approval in *Penthouse International*, *supra*, stated that, “Whether competition would in fact be hindered is really the crux of the matter.”).

[26] The Restatement of Torts, s 742, designates a design of goods as “functional” if it “affects their purpose, action or performance, or the facility or economy of processing, handling or using them * * *.” (Emphasis ours.) To ensure that use of the word “affects” was clear, Comment a to that section indicates that a “feature” may be found “functional” if it “contributes to” the utility, durability, effectiveness or ease of use, or the efficiency or economy of manufacture of that “feature.” Excusing the fact that the design of the “feature” is not referenced, and equating “feature” with “design,” this seems to take us back to where we started—

with those cases that deny trademark protection to those articles “having utility.” Further, it appears to us that “affects” and “contributes to” are both so broad as to be meaningless, for every design “affects” or “contributes to” the utility of the article in which it is embodied. “Affects” is broad enough to include a design which reduces the utility or the economy of manufacture.

...

[27] Although the Restatement appears to ignore the policies which created the law of “functionality,” it is noted at the end of the first paragraph of Comment a to s 742, in accord with the cases previously discussed, that we should examine whether prohibition of imitation by others will “deprive them of something which will substantially hinder them in competition.”

II. Determining “Functionality”

A. In general

[28] Keeping in mind, as shown by the foregoing review, that “functionality” is determined in light of “utility,” which is determined in light of “superiority of design,” and rests upon the foundation “essential to effective competition,” *Ives Laboratories, Inc. v. Darby Drug Co.*, 601 F.2d 631, 643 (2d Cir. 1979), and cases cited *supra*, there exist a number of factors, both positive and negative, which aid in that determination.

[29] Previous opinions of this court have discussed what evidence is useful to demonstrate that a particular design is “superior.” In *In re Shenango Ceramics, Inc.*, 53 CCPA 1268, 1273, 362 F.2d 287, 291 (1966), the court noted that the existence of an expired utility patent which disclosed the utilitarian advantage of the design sought to be registered as a trademark was evidence that it was “functional.” Accord, *Best Lock Corp. v. Schlage Lock Co.*, 56 CCPA *supra* at 1477, 413 F.2d at 1199; *Mine Safety Appliances Co. v. Storage Battery Co.*, 56 CCPA 863, 864, 405 F.2d 901, 902 (1969); *In re Deister Concentrator Co.*, 48 CCPA *supra* at 962, 289 F.2d at 501; *Daniel v. Electric Hose & Rubber Co.*, 231 F. 827, 833 (3d Cir. 1916). It may also be significant that the originator of the design touts its utilitarian advantages through advertising. *Shenango*, *supra*; *Deister*, *supra*; *Mine Safety Appliances*, *supra*; *In re Pollak Steel Co.*, 50 CCPA 1045, 1046-47, 314 F.2d 566, 567 (1963).

[30] Since the effect upon competition “is really the crux of the matter,” it is, of course, significant that there are other alternatives available. *Nims*, *Unfair Competition and Trade-Marks* at 377; compare, *Time Mechanisms, Inc. v. Qonaar Corp.*, 422 F.Supp. 905, 913 (D.N.J.1976) (“the parking meter mechanism can be contained by housings of many different configurations”) and *In re World's Finest Chocolate, Inc.*, 474 F.2d 1012, 1014 (CCPA 1973) (“We think competitors can readily meet the demand for packaged candy bars by use of other packaging styles, and we find no utilitarian advantages flowing from this package design as opposed to others as was found in the rhomboidally-shaped deck involved in *Deister*.”) and *In re Mogen David Wine Corp.*, 51 CCPA *supra* at 1270, 328 F.2d at 933 (Rich, J.,

concurring. “Others can meet any real or imagined demand for wine in decanter-type bottles—assuming there is any such thing—without being in the least hampered in competition by inability to copy the Mogen David bottle design.”) and *In re Minnesota Mining and Mfg. Co.*, 51 CCPA supra at 1551, 335 F.2d at 840 (It was noted to be an undisputed fact of record that the article whose design was sought to be registered “could be formed into almost any shape.”) and *Fotomat Corp. v. Cochran*, 437 F.Supp. supra at 1235 (The court noted that the design of plaintiff’s building functioned “no better than a myriad of other building designs.”) with *In re Honeywell, Inc.*, 532 F.2d at 182, 189 USPQ at 344 (A portion of the board opinion which the court adopted noted that there “are only so many basic shapes in which a thermostat or its cover can be made,” but then concluded that, “The fact that thermostat covers may be produced in other forms or shapes does not and cannot detract from the functional character of the configuration here involved.”).

[31] It is also significant that a particular design results from a comparatively simple or cheap method of manufacturing the article. In *Schwinn Bicycle Co. v. Murray Ohio Mfg. Co.*, 339 F.Supp. 973, 980 (M.D.Tenn.1971), *aff’d*, 470 F.2d 975 (6th Cir. 1972), the court stated its reason for refusing to recognize the plaintiff’s bicycle rim surface design as a trademark:

The evidence is uncontradicted that the various manufacturers of bicycle rims in the United States consider it commercially necessary to mask, hide or camouflage the roughened and charred appearance resulting from welding the tubular rim sections together. The evidence represented indicates that the only other process used by bicycle rim manufacturers in the United States is the more complex and more expensive process of grinding and polishing.

Accord, *In re Pollak Steel Co.*, 50 CCPA supra at 1050, 314 F.2d at 570; *Luminous Unit Co. v. R. Williamson & Co.*, supra at 269.

B. The case at bar

1. The evidence of functionality

[32] We come now to the task of applying to the facts of this case the distilled essence of the body of law on “functionality” above discussed. The question is whether appellant’s plastic spray bottle is *de jure* functional; is it the best or one of a few superior designs available? We hold, on the basis of the evidence before the board, that it is not.

[33] The board thought otherwise but did not state a single supporting reason. In spite of her strong convictions about it, neither did the examiner. Each expressed mere opinions and it is not clear to us what either had in mind in using the terms “functional” and “utilitarian.” Of course, the spray bottle is highly useful and performs its intended functions in an admirable way, but that is not enough to render the design of the spray bottle—which is all that matters here—functional.

[34] As the examiner appreciated, the spray bottle consists of two major parts, a bottle and a trigger-operated, spray-producing pump mechanism which also serves as a closure. We shall call the latter the spray top. In the first place, a molded plastic bottle can have an infinite variety of forms or designs and still function to hold liquid. No one form is necessary or appears to be “superior.” Many bottles have necks, to be grasped for pouring or holding, and the necks likewise can be in a variety of forms. The PTO has not produced one iota of evidence to show that the shape of appellant's bottle was required to be as it is for any *de facto* functional reason, which might lead to an affirmative determination of *de jure* functionality. The evidence, consisting of competitor's molded plastic bottles for similar products, demonstrates that the same functions can be performed by a variety of other shapes with no sacrifice of any functional advantage. There is no necessity to copy appellant's trade dress to enjoy any of the functions of a spray-top container.

[35] As to the appearance of the spray top, the evidence of record shows that it too can take a number of diverse forms, all of which are equally suitable as housings for the pump and spray mechanisms. Appellant acquired a patent on the pump mechanism (No. 3,749,290) the drawings of which show it embodied in a structure which bears not the slightest resemblance to the appearance of appellant's spray top. The pictures of the competition's spray bottles further illustrate that no particular housing design is necessary to have a pump-type sprayer. Appellant's spray top, seen from the side, is rhomboidal, roughly speaking, a design which bears no relation to the shape of the pump mechanism housed within it and is an arbitrary decoration—no more *de jure* functional than is the grille of an automobile with respect to its under-the-hood power plant. The evidence shows that even the shapes of pump triggers can and do vary while performing the same function.

[36] What is sought to be registered, however, is no single design feature or component but the overall composite design comprising both bottle and spray top. While that design must be accommodated to the functions performed, we see no evidence that it was dictated by them and resulted in a functionally or economically superior design of such a container.

[37] Applying the legal principles discussed above, we do not see that allowing appellant to exclude others (upon proof of distinctiveness) from using this trade dress will hinder competition or impinge upon the rights of others to compete effectively in the sale of the goods named in the application, even to the extent of marketing them in functionally identical spray containers. The fact is that many others are doing so. Competitors have apparently had no need to simulate appellant's trade dress, in whole or in part, in order to enjoy all of the functional aspects of a spray top container. Upon expiration of any patent protection appellant may now be enjoying on its spray and pump mechanism, competitors may even

copy and enjoy all of its functions without copying the external appearance of appellant's spray top.³

[38] If the functions of appellant's bottle can be performed equally well by containers of innumerable designs and, thus, no one is injured in competition, why did the board state that appellant's design is functional and for that reason not registrable?

[The Court went on to remand the application for a determination of distinctiveness].

Comments and Questions

1. The TMEP has summarized the *Morton-Norwich* factors as follows:

A determination of functionality normally involves consideration of one or more of the following factors, commonly known as the “*Morton-Norwich* factors”:

- (1) the existence of a utility patent that discloses the utilitarian advantages of the design sought to be registered;
- (2) advertising by the applicant that touts the utilitarian advantages of the design;
- (3) facts pertaining to the availability of alternative designs; and
- (4) facts pertaining to whether the design results from a comparatively simple or inexpensive method of manufacture.

TMEP § 1202.02(a)(v).

Inwood Labs., Inc. v. Ives Labs., Inc. **456 U.S. 844 (1982)**

Inwood is important for our purposes here mainly because of its brief, one-sentence footnote 10, which has had an enormous impact on functionality doctrine. Nevertheless, it is worth understanding the basic facts underlying the *Inwood* opinion—facts to which we will return when we consider secondary liability in trademark law below. Ives Laboratories, Inc. (“Ives”) manufactured and marketed the patented prescription drug cyclandelate, a vasodilator, under the registered

³ It is interesting to note that appellant also owns design patent 238,655 for the design in issue, which, at least presumptively, indicates that the design is not de jure functional. See *In re Schilling*, 421 F.2d 747, 750, 164 USPQ 576, 578 (CCPA 1970); *In re Garbo*, 48 CCPA 845, 848, 287 F.2d 192, 193-94, 129 USPQ 72, 73 (1961).

trademark CYCLOSPASMOL. After Ives' patent expired in 1972, several generic drug manufacturers, including Inwood Laboratories, Inc., began manufacturing and marketing cyclandelate capsules that copied the appearance, including the color, of Ives' capsules. Ives brought an action for trademark infringement against the manufacturers. Ives alleged that the manufacturers were vicariously liable for the infringement of Ives' CYCLOSPASMOL trademark by pharmacists who placed capsules produced by the generic manufacturers into bottles labeled with the CYCLOSPASMOL mark. The Supreme Court ultimately found that the generic manufacturers were not liable.

In the course of her opinion for the Court, Justice O'Connor noted: "Ives argued that the colors of its capsules were not functional." She appended to this statement footnote number 10:

In general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article. *See Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938).

It is not clear to what exactly Justice O'Connor was citing in *Stiffel*, but the *Kellogg* court had stated that the pillow shape of Nabisco's shredded wheat was functional: "The evidence is persuasive that this form is functional—that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape" *Id.* at 122.

Now nearly forgotten is that *Inwood* contained further discussion of the concept of functionality in trademark law. In a subsequent footnote, Justice O'Connor criticized the *Inwood* appellate court for failing to respond to the district court's determination that the color of Ives' capsules was functional. *Inwood*, 456 U.S. at 857 n. 20. In his concurrence joined by Justice Marshall, Justice White also took the appellate court to task for failing to respond to the district court's functionality determination. In doing so, he quoted the appellate court's definition of functionality apparently with approval: "A functional characteristic is 'an important ingredient in the commercial success of the product.'" *Id.* at 863 (White, J., concurring) (quoting *Ives Laboratories, Inc. v. Darby Drug Co., Inc.*, 601 F.2d 631 (2nd Cir. 1979)). As we will see below, this language, going to whether a product feature is "an important ingredient in the commercial success of the product," would come back to haunt functionality doctrine and aesthetic functionality doctrine in particular.

Between *Inwood* (1982) and *Traffix* (2001), functionality doctrine appeared to many to have lost its moorings. Perhaps influenced by *Morton-Norwich*, courts increasingly relied on various forms of a "competitive necessity" test to determine if a particular product feature was functional, and because alternative designs could

often be found or hypothesized, the “competitive necessity” test tended to benefit plaintiffs.

Traffix attempts to return functionality doctrine to *Inwood*’s definition of functionality. But in order to do so, *Traffix* had to explain the meaning of a statement the Court had made six years earlier in *Qualitex* (1995). This is the relevant passage from *Qualitex*:

This Court consequently has explained that, “[i]n general terms, a product feature is functional,” and cannot serve as a trademark, “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,” that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.

Inwood Laboratories, Inc., 456 U. S., at 850, n. 10.

Qualitex Co. v. Jacobson Products Co., Inc., 514 U.S. 159, 165 (1995). Before reading *Traffix*, consider this question: does this passage from *Qualitex* suggest that *Inwood*’s test (“essential to the use or purpose...”) is interchangeable with and the equivalent of the test asking if “exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage”? Would appellate courts have been justified in assuming the equivalence between these two statements of the test for functionality?

In reading *Traffix*, consider these additional questions:

- How do we determine if a product feature is “essential to the use or purpose” of the product? What do we mean by “essential”? That the product feature is a competitive necessity? An engineering necessity? How could a product feature be “essential to the use or purpose” of the product if there are alternative designs that competitors could use and still compete effectively?
- Why not just establish a per se rule that the subject of an expired utility patent is per se functional under trademark law and cannot under any circumstances qualify for trademark protection?
- Are there any product features that do not in some way “affect[] the cost or quality of the product”?
- Why not apply the *Inwood Laboratories* test to aesthetic product features as well?
- Does *Traffix* in any sense overrule *Morton-Norwich*?

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

532 U.S. 23 (2001)

Justice KENNEDY delivered the opinion of the Court.

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

[2] This litigation followed after the patents expired and a competitor, Traffix Devices, Inc., sold sign stands with a visible spring mechanism that looked like MDI’s. MDI and Traffix products looked alike because they were. When Traffix started in business, it sent an MDI product abroad to have it reverse engineered, that is to say copied. Complicating matters, Traffix marketed its sign stands under a name similar to MDI’s. MDI used the name “WindMaster,” while Traffix, its new competitor, used “WindBuster.”

[3] MDI brought suit under the Trademark Act of 1946 (Lanham Act), 60 Stat. 427, as amended, 15 U.S.C. § 1051 *et seq.*, against Traffix for trademark infringement (based on the similar names), trade dress infringement (based on the copied dual-spring design), and unfair competition. Traffix counterclaimed on antitrust theories. After the United States District Court for the Eastern District of Michigan considered cross-motions for summary judgment, MDI prevailed on its trademark claim for the confusing similarity of names and was held not liable on the antitrust counterclaim; and those two rulings, affirmed by the Court of Appeals, are not before us.

I

[4] We are concerned with the trade dress question. The District Court ruled against MDI on its trade dress claim. 971 F.Supp. 262 (E.D.Mich.1997). After determining that the one element of MDI’s trade dress at issue was the dual-spring design, *id.*, at 265, it held that “no reasonable trier of fact could determine that MDI has established secondary meaning” in its alleged trade dress, *id.*, at 269. In other words, consumers did not associate the look of the dual-spring design with MDI. As a second, independent reason to grant summary judgment in favor of Traffix, the District Court determined the dual-spring design was functional. On this rationale secondary meaning is irrelevant because there can be no trade dress protection in any event. In ruling on the functional aspect of the design, the District Court noted that Sixth Circuit precedent indicated that the burden was on MDI to prove that its trade dress was nonfunctional, and not on Traffix to show that it was functional (a rule since adopted by Congress, see 15 U.S.C. § 1125(a)(3) (1994 ed., Supp. V)), and then went on to consider MDI’s arguments that the dual-spring design was subject to trade dress protection. Finding none of MDI’s contentions persuasive, the District

Court concluded MDI had not “proffered sufficient evidence which would enable a reasonable trier of fact to find that MDI’s vertical dual-spring design is *non-functional*.” 971 F.Supp., at 276. Summary judgment was entered against MDI on its trade dress claims.

[5] The Court of Appeals for the Sixth Circuit reversed the trade dress ruling. 200 F.3d 929 (1999). The Court of Appeals held the District Court had erred in ruling MDI failed to show a genuine issue of material fact regarding whether it had secondary meaning in its alleged trade dress, *id.*, at 938, and had erred further in determining that MDI could not prevail in any event because the alleged trade dress was in fact a functional product configuration, *id.*, at 940. The Court of Appeals suggested the District Court committed legal error by looking only to the dual-spring design when evaluating MDI’s trade dress. Basic to its reasoning was the Court of Appeals’ observation that it took “little imagination to conceive of a hidden dual-spring mechanism or a tri or quad-spring mechanism that might avoid infringing [MDI’s] trade dress.” *Ibid.* The Court of Appeals explained that “[i]f Traffix or another competitor chooses to use [MDI’s] dual-spring design, then it will have to find *some other way* to set its sign apart to avoid infringing [MDI’s] trade dress.” *Ibid.* It was not sufficient, according to the Court of Appeals, that allowing exclusive use of a particular feature such as the dual-spring design in the guise of trade dress would “hinde[r] competition somewhat.” Rather, “[e]xclusive use of a feature must ‘put competitors at a *significant* non-reputation-related disadvantage’ before trade dress protection is denied on functionality grounds.” *Ibid.* (quoting *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 165, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995)). In its criticism of the District Court’s ruling on the trade dress question, the Court of Appeals took note of a split among Courts of Appeals in various other Circuits on the issue whether the existence of an expired utility patent forecloses the possibility of the patentee’s claiming trade dress protection in the product’s design. 200 F.3d, at 939. Compare *Sunbeam Products, Inc. v. West Bend Co.*, 123 F.3d 246 (C.A.5 1997) (holding that trade dress protection is not foreclosed), *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (C.A.7 1998) (same), and *Midwest Industries, Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (C.A.Fed.1999) (same), with *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1500 (C.A.10 1995) (“Where a product configuration is a significant inventive component of an invention covered by a utility patent ... it cannot receive trade dress protection”). To resolve the conflict, we granted certiorari. 530 U.S. 1260 (2000).

II

[6] It is well established that trade dress can be protected under federal law. The design or packaging of a product may acquire a distinctiveness which serves to identify the product with its manufacturer or source; and a design or package which acquires this secondary meaning, assuming other requisites are met, is a trade dress which may not be used in a manner likely to cause confusion as to the origin,

sponsorship, or approval of the goods. In these respects protection for trade dress exists to promote competition. As we explained just last Term, see *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000), various Courts of Appeals have allowed claims of trade dress infringement relying on the general provision of the Lanham Act which provides a cause of action to one who is injured when a person uses “any word, term name, symbol, or device, or any combination thereof ... which is likely to cause confusion ... as to the origin, sponsorship, or approval of his or her goods.” 15 U.S.C. § 1125(a)(1)(A). Congress confirmed this statutory protection for trade dress by amending the Lanham Act to recognize the concept. Title 15 U.S.C. § 1125(a)(3) (1994 ed., Supp. V) provides: “In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.” This burden of proof gives force to the well-established rule that trade dress protection may not be claimed for product features that are functional. *Qualitex, supra*, at 164-165; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775 (1992). And in *Wal-Mart, supra*, we were careful to caution against misuse or overextension of trade dress. We noted that “product design almost invariably serves purposes other than source identification.” *Id.*, at 213.

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

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

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

carry the burden of overcoming the strong evidentiary inference of functionality based on the disclosure of the dual-spring design in the claims of the expired patents.

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

[11] The rationale for the rule that the disclosure of a feature in the claims of a utility patent constitutes strong evidence of functionality is well illustrated in this case. The dual-spring design serves the important purpose of keeping the sign upright even in heavy wind conditions; and, as confirmed by the statements in the expired patents, it does so in a unique and useful manner. As the specification of one of the patents recites, prior art "devices, in practice, will topple under the force of a strong wind." U.S. Patent No. 3,662,482, col. 1. The dual-spring design allows sign stands to resist toppling in strong winds. Using a dual-spring design rather than a single spring achieves important operational advantages. For example, the specifications of the patents note that the "use of a pair of springs ... as opposed to the use of a single spring to support the frame structure prevents canting or twisting of the sign around a vertical axis," and that, if not prevented, twisting "may cause damage to the spring structure and may result in tipping of the device." U.S. Patent No. 3,646,696, col. 3. In the course of patent prosecution, it was said that "[t]he use of a pair of spring connections as opposed to a single spring connection ... forms an important part of this combination" because it "forc[es] the sign frame to tip along the longitudinal axis of the elongated ground-engaging members." App. 218. The

dual-spring design affects the cost of the device as well; it was acknowledged that the device “could use three springs but this would unnecessarily increase the cost of the device.” *Id.*, at 217. These statements made in the patent applications and in the course of procuring the patents demonstrate the functionality of the design. MDI does not assert that any of these representations are mistaken or inaccurate, and this is further strong evidence of the functionality of the dual-spring design.

III

[12] In finding for MDI on the trade dress issue the Court of Appeals gave insufficient recognition to the importance of the expired utility patents, and their evidentiary significance, in establishing the functionality of the device. The error likely was caused by its misinterpretation of trade dress principles in other respects. As we have noted, even if there has been no previous utility patent the party asserting trade dress has the burden to establish the nonfunctionality of alleged trade dress features. MDI could not meet this burden. Discussing trademarks, we have said “ ‘[i]n general terms, a product feature is functional,’ and cannot serve as a trademark, ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.’ ” *Qualitex*, 514 U.S., at 165 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 850, n. 10 (1982)). Expanding upon the meaning of this phrase, we have observed that a functional feature is one the “exclusive use of [which] would put competitors at a significant non-reputation-related disadvantage.” 514 U.S., at 165. The Court of Appeals in the instant case seemed to interpret this language to mean that a necessary test for functionality is “whether the particular product configuration is a competitive necessity.” 200 F.3d, at 940. See also *Vornado*, 58 F.3d, at 1507 (“Functionality, by contrast, has been defined both by our circuit, and more recently by the Supreme Court, in terms of competitive need”). This was incorrect as a comprehensive definition. As explained in *Qualitex*, *supra*, and *Inwood*, *supra*, a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device. The *Qualitex* decision did not purport to displace this traditional rule. Instead, it quoted the rule as *Inwood* had set it forth. It is proper to inquire into a “significant non-reputation-related disadvantage” in cases of esthetic functionality, the question involved in *Qualitex*. Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature. In *Qualitex*, by contrast, esthetic functionality was the central question, there having been no indication that the green-gold color of the laundry press pad had any bearing on the use or purpose of the product or its cost or quality.

[13] The Court has allowed trade dress protection to certain product features that are inherently distinctive. *Two Pesos*, 505 U.S., at 774. In *Two Pesos*, however, the Court at the outset made the explicit analytic assumption that the trade dress features in question (decorations and other features to evoke a Mexican theme in a

restaurant) were not functional. *Id.*, at 767, n. 6. The trade dress in those cases did not bar competitors from copying functional product design features. In the instant case, beyond serving the purpose of informing consumers that the sign stands are made by MDI (assuming it does so), the dual-spring design provides a unique and useful mechanism to resist the force of the wind. Functionality having been established, whether MDI's dual-spring design has acquired secondary meaning need not be considered.

[14] There is no need, furthermore, to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. 200 F.3d, at 940. Here, the functionality of the spring design means that competitors need not explore whether other spring juxtapositions might be used. The dual-spring design is not an arbitrary flourish in the configuration of MDI's product; it is the reason the device works. Other designs need not be attempted.

[15] Because the dual-spring design is functional, it is unnecessary for competitors to explore designs to hide the springs, say, by using a box or framework to cover them, as suggested by the Court of Appeals. *Ibid.* The dual-spring design assures the user the device will work. If buyers are assured the product serves its purpose by seeing the operative mechanism that in itself serves an important market need. It would be at cross-purposes to those objectives, and something of a paradox, were we to require the manufacturer to conceal the very item the user seeks.

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

stands using the dual-spring design by asserting that consumers associate it with the look of the invention itself. Whether a utility patent has expired or there has been no utility patent at all, a product design which has a particular appearance may be functional because it is “essential to the use or purpose of the article” or “affects the cost or quality of the article.” *Inwood*, 456 U.S., at 850, n. 10, 102 S.Ct. 2182.

[17] *Traffix* and some of its *amici* argue that the Patent Clause of the Constitution, Art. I, § 8, cl. 8, of its own force, prohibits the holder of an expired utility patent from claiming trade dress protection. Brief for Petitioner 33-36; Brief for Panduit Corp. as *Amicus Curiae* 3; Brief for Malla Pollack as *Amicus Curiae* 2. We need not resolve this question. If, despite the rule that functional features may not be the subject of trade dress protection, a case arises in which trade dress becomes the practical equivalent of an expired utility patent, that will be time enough to consider the matter. The judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

Comments and Questions

1. *A missing “significantly”?* The *Traffix* Court held that “a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device.” Is there any product feature that would not affect in some way the cost of the product? Would it be reasonable to read the *Traffix* holding as implicitly requiring that, to be functional, the product feature must *significantly* affect the cost of the product—i.e., affect the cost in such a way that granting exclusive rights in the product feature would put competitors at a “significant non-reputation related disadvantage”? If this is the proper reading of the *Traffix* holding, then how is it different from the “competitive necessity” test?

2. *Functionality and food flavors.* Under *Traffix*, are flavors of food protectable as trademarks? In a case in which a restaurant franchisor sued a knock-off restaurant, the court found that food flavors are functional. *See* *New York Pizzeria, Inc. v. Syal*, 56 F. Supp. 3d 875, 882 (S.D. Tex. 2014) (“The flavor of food undoubtedly affects its quality, and is therefore a functional element of the product.”).

b. Utilitarian Functionality Case Law after *Traffix*

After the Supreme Court handed down *Traffix*, the lower courts applied the teachings of the opinion in a variety of ways. Presented here are excerpts from certain of the leading lower court functionality opinions after *Traffix*.

Note that the Second Circuit has not yet had occasion to apply *Traffix* in a utilitarian functionality context.

In reading these opinions, consider the following questions:

- Which opinion represents the best interpretation of *Traffix*?

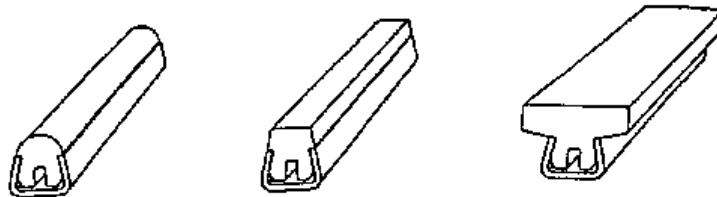
- Which opinions' approaches to functionality are more pro-plaintiff (i.e., less likely to find a product feature to be functional) or pro-defendant (i.e., more likely to find a product feature to be functional) in orientation?
- Where would you place each opinion's definition of or approach to functionality on *Morton-Norwich's* continuum from de facto to de jure functionality? In other words, for each opinion, does the opinion define functionality in a way that is closer to a de jure definition of functionality or a de facto definition of functionality?

i. Federal Circuit

In *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268 (Fed. Cir. 2002), the Federal Circuit was the first court of appeals to consider a functionality issue after the Supreme Court handed down *TrafFix*. As you will see, the Federal Circuit read *TrafFix* as license essentially to conduct business as usual. Do you agree that *TrafFix* did not “alter” the *Morton-Norwich* analysis?

***Valu Engineering, Inc. v. Rexnord Corp.*
278 F.3d 1268, 1275-76 (Fed. Cir. 2002)**

[Valu Engineering, Inc. (“Valu”) applied to register various trademarks consisting of cross-sectional designs of conveyer guide rails. Specifically, Valu sought to register three marks, one for each of its round, flat, and tee cross-sectional designs, as shown below. Valu claimed that the designs had acquired distinctiveness. Rexnord Corp. (“Rexnord”) opposed the registration on the ground, among others, that Valu’s conveyer guide rail designs were functional. The TTAB agreed and sustained Rexnord’s opposition. The Federal Circuit affirmed. Excerpted here is the Federal Circuit’s analysis of *TrafFix*.]



DYK, Circuit Judge:

...

[1] The Supreme Court reversed [the Sixth Circuit in *TrafFix*], finding that the court of appeals gave insufficient evidentiary weight to the expired utility patents in analyzing the functionality of the dual-spring design, and that it overread *Qualitex*: “the Court of Appeals ... seemed to interpret [*Qualitex*] to mean that a necessary test for functionality is ‘whether the particular product configuration is a competitive

necessity.’ ... This was incorrect as a comprehensive definition.” *TrafFix*, 121 S.Ct. at 1261. The Court then 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.” *Id.* The Court further held that once a product feature is found to be functional under this “traditional rule,” “there is no need to proceed further to consider if there is competitive necessity for the feature,” and consequently “[t]here is no need ... to engage ... in speculation about other design possibilities.... Other designs need not be attempted.” *Id.* at 1262.¹

[2] We do not understand the Supreme Court’s decision in *TrafFix* to have altered the *Morton–Norwich* analysis. As noted above, the *Morton–Norwich* factors aid in the determination of whether a particular feature is functional, and the third factor focuses on the availability of “other alternatives.” *Morton–Norwich*, 671 F.2d at 1341. We did not in the past under the third factor require that the opposing party establish that there was a “competitive necessity” for the product feature. Nothing in *TrafFix* suggests that consideration of alternative designs is not properly part of the overall mix, and we do not read the Court’s observations in *TrafFix* as rendering the availability of alternative designs irrelevant. Rather, we conclude that the Court merely noted that once a product feature is found functional based on other considerations² there is no need to consider the availability of alternative designs, because the feature cannot be given trade dress protection merely because there are alternative designs available. But that does not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine whether a feature is functional in the first place. We find it significant that neither party argues that *TrafFix* changed the law of functionality, and that scholarly commentary has reached exactly the same conclusion that we have:

In the author’s view, the observations by the Supreme Court in *TrafFix* do not mean that the availability of alternative designs cannot be a legitimate source of evidence to determine in the first instance if a particular feature is in fact “functional.” Rather, the Court merely said

¹ *TrafFix* suggests that there may be a requirement under *Qualitex* to inquire into a “significant non-reputation-related disadvantage” in aesthetic functionality cases, because aesthetic functionality was “the question involved in *Qualitex*.” 121 S.Ct. at 1262. This statement has been criticized because “aesthetic functionality was not the central question in the *Qualitex* case.” J. Thomas McCarthy, 1 *McCarthy on Trademarks and Unfair Competition* § 7:80, 7–198 (4th ed.2001). We need not decide what role, if any, the determination of a “significant non-reputation-related disadvantage” plays in aesthetic functionality cases, because aesthetic functionality is not at issue here.

² For example, a feature may be found functional where the feature “affects the cost or quality of the device.” *TrafFix*, 121 S.Ct. at 1263.

that once a design is found to be functional, it cannot be given trade dress status merely because there are alternative designs available....

....

.... The existence of actual or potential alternative designs that work equally well strongly suggests that the particular design used by plaintiff is not needed by competitors to effectively compete on the merits.

J. Thomas McCarthy, 1 *McCarthy on Trademarks and Unfair Competition*, § 7:75, 7–180–1 (4th ed.2001). In sum, *Traffix* does not render the Board's use of the *Morton–Norwich* factors erroneous.

[The court went on to affirm the TTAB's application of the Morton–Norwich factors, emphasizing that, “[a]s this court's predecessor noted in Morton–Norwich, the ‘effect upon competition “is really the crux”’ of the functionality inquiry, id. at 1341, and, accordingly, the functionality doctrine preserves competition by ensuring competitors “the right to compete effectively.” Id. at 1339.”]

ii. Fifth Circuit

Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH

289 F.3d 351 (5th Cir. 2002)

[Plaintiff Eppendorf–Netheler–Hinz GMBH (“Eppendorf”) manufactures disposable pipette tips and dispenser syringes to which the pipette tips can be attached for use in laboratories. Defendant Ritter GMBH (“Ritter”) began to manufacture pipette tips that were interchangeable with and priced lower than Eppendorf's tips. Eppendorf brought suit against Ritter for, among other things, trade dress infringement. In June of 2000, ten months before the Supreme Court handed down *Traffix*, Eppendorf's claims were tried before a jury, which returned a verdict in favor of Eppendorf. The district court denied Ritter's motion for judgment as a matter of law. Ritter appealed.]

EDITH H. JONES, Circuit Judge

...

[1] Eppendorf contends that Ritter infringed upon eight elements of the Combitips's trade dress: (1) the flange on top of the tip; (2) the fins connecting the flange to the body of the tip; (3) the plunger head; (4) the plunger; (5) the length of the tips; (6) the eight sizes of the tips; (7) the coloring scheme on the tips; and (8) the angle of the stump on the tips.

...

[2] The crucial issue presented by this appeal is whether the eight design elements of the Eppendorf Combitips are functional as a matter of law. This case was tried in June of 2000, almost ten months before the Supreme Court decided *Traffix*. The district court, correctly applying this circuit's utilitarian test of functionality, instructed the jury as follows:

A design or characteristic is nonfunctional if there are reasonably effective and efficient alternatives possible. Hence, a product's trade dress is functional only, one, if competitors need to incorporate it in order to compete effectively because it is essential to the product's use, or, two, if it significantly affects the cost or quality of the article. A design is functional and thus unprotectable if it is one of a limited number of equally efficient options available to competitors and free competition would be significantly disadvantaged by according the design trademark protection.

Relying on this instruction, the jury determined that the Combitips were non-functional. Ritter and RK Manufacturing moved for judgment as a matter of law on the issue of functionality, and the district court denied the motion.

...

[3] Eppendorf contends that the evidence supports the jury's finding of non-functionality because "[t]he evidence clearly established that there were alternative designs to each of the eight non-functional features." *Appellee's Brief* at 20. Indeed, there is extensive testimony in the record regarding available alternative designs for each of the eight elements. For example, Eppendorf's expert testified that the number of fins under the flange "could be increased or decreased or their appearance could be changed." *Appellee's Brief* at 5. Thus, Eppendorf argues that the fins are non-functional because alternative designs are available to competitors in the marketplace.

[4] Eppendorf's argument, while consistent with this circuit's utilitarian definition of functionality, is unpersuasive in light of the Court's discussion of functionality in *Traffix*. As explained above, the primary test for functionality is whether the product feature is essential to the use or purpose of the product or if it affects the cost or quality of the product. In *Traffix*, the Court determined that the dual-spring design on a wind-resistant road sign was functional because the dual-spring design "provides a unique and useful mechanism to resist the force of the wind." 532 U.S. at 33, 121 S.Ct. at 1262. The Court rejected the argument that the springs were non-functional because a competitor could use three or four springs which would serve the same purpose. *Id.* The Court explained,

There is no need, furthermore, to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose.... The dual-spring design is not an arbitrary flourish in the configuration of [the road sign]; it is the reason the device works. Other designs need not be attempted.

Id. at 33–34, 121 S.Ct. at 1261. Accordingly, the design features for which Eppendorf seeks trade dress rights are functional if they are essential to the use or purpose of the Combitips or affect the cost or quality of the Combitips. The availability of alternative designs is irrelevant.

[5] In this case it is undisputed that the Combitips's fins provide necessary support for the flange. Without the fins, the flange is subject to deformation. The only testimony offered by Eppendorf to prove non-functionality of the fins related to the existence of alternative design possibilities. Eppendorf's functionality expert testified that the appearance and number of fins could be changed without affecting the function of the fins. Eppendorf did not prove, however, that the fins are an arbitrary flourish which serve no purpose in the Combitips. Rather, Eppendorf's experts concede that fins of some shape, size or number are necessary to provide support for the flange and to prevent deformation of the product. Thus, the fins are design elements necessary to the operation of the product.³ Because the fins are essential to the operation of the Combitips, they are functional as a matter of law, and it is unnecessary to consider design alternatives available in the marketplace. *Traffix*, 532 U.S. at 33–34.

[6] Likewise, a careful review of the record demonstrates that Eppendorf failed to prove that the remaining Combitip design elements are unnecessary, non-essential design elements. It is undisputed that: (1) The flange is necessary to connect the Combitip to the dispenser syringe; (2) The rings on the plunger head are necessary to lock the plunger into a cylinder in the dispenser syringe; (3) The plunger is necessary to push liquids out of the tip, and the ribs on the plunger stabilize its action; (4) The tips at the lower end of the Combitips are designed to easily fit into test tubes and other receptacles; (5) The size of the Combitip determines the dispensed volume, and size is essential to accurate and efficient dispensing; (6) The color scheme used on the Combitip—clear plastic with black lettering—enables the user easily to see and measure the amount of liquid in the Combitip, and black is standard in the medical industry; and (7) The stumps of the larger Combitips must be angled to separate air bubbles from the liquid and ensure that the full volume of liquid is dispensed. Thus, all eight design elements identified by Eppendorf are essential to the operation of the Combitips.

[7] Eppendorf's theory of non-functionality focused on the existence of alternative designs. Eppendorf's design expert summarized Eppendorf's approach to functionality: "My conclusion was that to achieve the same functional purpose, [the design elements identified by Eppendorf] can be changed significantly, considerably without affecting the overall intended purpose." Although alternative

³ Additionally, Eppendorf's experts concede that some of the suggested alternative designs would slightly increase the cost of the product. This provides further support for the conclusion that the fins are functional under the traditional definition of functionality.

designs are relevant to the utilitarian test of functionality, alternative designs are not germane to the traditional test for functionality. Each of the eight design elements identified by Eppendorf is essential to the use or purpose of the Combiteps, and is not arbitrary or ornamental features. Therefore, no reasonable juror could conclude that Eppendorf carried its burden of proving non-functionality.

...

[8] Accordingly, we REVERSE the judgment of the district court and RENDER judgment for Ritter and RK Manufacturing. We likewise VACATE the injunction entered by the district court...

Comments and Questions

1. *Sixth Circuit application of TrafFix*. Just as it did with *Eppendorf* in the Fifth Circuit, *TrafFix* directly altered the outcome of a functionality case being litigated in the Sixth Circuit when *TrafFix* was handed down. In *Antioch Co. v. Western Trimming Corp.*, 196 F.Supp.2d 635 (S.D.Ohio 2002), the district court initially found that the plaintiff's scrap book design was nonfunctional in light of the availability of alternative designs, but the court invited the defendant to renew its motion for summary judgment on the issue if *TrafFix* altered the legal framework for assessing trade dress functionality. The defendant did so and the district court then ruled that the trade dress at issue was functional. The Sixth Circuit affirmed. See *Antioch Co. v. Western Trimming Corp.*, 347 F.3d 150, 156-157 (6th Cir. 2003) ("[A] a court is not *required* to examine alternative designs when applying the traditional test for functionality. That much is clear from *TrafFix Devices*.... The dual strap-hinge design, spine cover, padded album cover, and reinforced pages are all components that are essential to the use of Antioch's album and affect its quality. We thus agree with the district court's conclusion that there was no genuine issue of material fact regarding the functionality of Antioch's album under the traditional *Inwood* test." (emphasis in original)).

iii. Ninth Circuit

Int. Cl.: 9

Prior U.S. Cls.: 21, 23, 26, 36 and 38

United States Patent and Trademark Office

Reg. No. 3,470,983

Registered July 22, 2008

TRADEMARK
PRINCIPAL REGISTER



APPLE INC. (CALIFORNIA CORPORATION)
1 INFINITE LOOP
CUPERTINO, CA 95014

FOR: HANDHELD MOBILE DIGITAL ELECTRONIC DEVICES COMPRISED OF A MOBILE PHONE, DIGITAL AUDIO AND VIDEO PLAYER, HANDHELD COMPUTER, PERSONAL DIGITAL ASSISTANT, ELECTRONIC PERSONAL ORGANIZER, POCKET COMPUTER FOR NOTE-TAKING, ELECTRONIC CALENDAR, CALCULATOR, AND CAMERA, AND CAPABLE OF PROVIDING ACCESS TO THE INTERNET AND SENDING AND RECEIVING ELECTRONIC MAIL, DIGITAL AUDIO, VIDEO, TEXT, IMAGES, GRAPHICS AND MULTIMEDIA FILES, IN CLASS 9 (U.S. CLS. 21, 23, 26, 36 AND 38).

FIRST USE 6-29-2007; IN COMMERCE 6-29-2007.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "SMS", APART FROM THE MARK AS SHOWN.

THE COLOR(S) BLACK, BLUE, BROWN, BROWN-GRAY, GRAY-GREEN, GREEN, ORANGE, RED, SILVER, TAN, WHITE AND YELLOW IS/ARE CLAIMED AS A FEATURE OF THE MARK.

THE MARK CONSISTS OF THE CONFIGURATION OF A RECTANGULAR HANDHELD MOBILE DIGITAL ELECTRONIC DEVICE WITH ROUNDED SILVER EDGES, A BLACK FACE, AND AN ARRAY OF 16 SQUARE ICONS WITH ROUNDED EDGES. THE TOP 12 ICONS APPEAR ON A BLACK BACKGROUND, AND THE BOTTOM 4 APPEAR ON A SILVER BACKGROUND. THE FIRST ICON DEPICTS THE LETTERS "SMS" IN GREEN INSIDE A

WHITE SPEECH BUBBLE ON A GREEN BACKGROUND; THE SECOND ICON IS WHITE WITH A THIN RED STRIPE AT THE TOP; THE THIRD ICON DEPICTS A SUNFLOWER WITH YELLOW PETALS, A BROWN CENTER, AND A GREEN STEM IN FRONT OF A BLUE SKY; THE FOURTH ICON DEPICTS A CAMERA LENS WITH A BLACK BARREL AND BLUE GLASS ON A SILVER BACKGROUND; THE FIFTH ICON DEPICTS A TAN TELEVISION CONSOLE WITH BROWN KNOBS AND A GRAY-GREEN SCREEN; THE SIXTH ICON DEPICTS A WHITE GRAPH LINE ON A BLUE BACKGROUND; THE SEVENTH ICON DEPICTS A MAP WITH YELLOW AND ORANGE ROADS, A PIN WITH A RED HEAD, AND A RED-AND-BLUE ROAD SIGN WITH THE NUMERAL "280" IN WHITE; THE EIGHTH ICON DEPICTS AN ORANGE SUN ON A BLUE BACKGROUND, WITH THE TEMPERATURE IN WHITE; THE NINTH ICON DEPICTS A WHITE CLOCK WITH BLACK AND RED HANDS AND NUMERALS ON A BLACK BACKGROUND; THE TENTH ICON DEPICTS THREE BROWN-GRAY CIRCLES AND ONE ORANGE CIRCLE ON A BLACK BACKGROUND WITH A WHITE BORDER, WITH THE MATHEMATICAL SYMBOLS FOR ADDITION, SUBTRACTION, MULTIPLICATION, AND THE EQUAL SIGN DISPLAYED IN WHITE ON THE CIRCLES; THE ELEVENTH ICON DEPICTS A PORTION OF A YELLOW NOTEPAD WITH BLUE AND RED RULING, WITH BROWN BINDING AT THE TOP; THE TWELFTH ICON DEPICTS THREE SILVER GEARS OVER A THATCHED BLACK-AND-SILVER BACKGROUND; THE THIRTEENTH ICON DEPICTS A WHITE TELEPHONE RECEIVER AGAINST A GREEN BACKGROUND; THE FOURTEENTH ICON DEPICTS A WHITE ENVELOPE OVER A BLUE SKY

WITH WHITE CLOUDS; THE FIFTEENTH ICON DEPICTS A WHITE COMPASS WITH A WHITE-AND-RED NEEDLE OVER A BLUE MAP; THE SIXTEENTH ICON DEPICTS THE DISTINCTIVE CONFIGURATION OF APPLICANT'S MEDIA PLAYER DEVICE IN WHITE OVER AN ORANGE BACKGROUND.

SEC. 2(F).

SER. NO. 77-303,282, FILED 10-12-2007.

SKYE YOUNG, EXAMINING ATTORNEY

Apple, Inc. v. Samsung Electronics Co. Ltd.

786 F.3d 983 (Fed. Cir. May 18, 2015)

PROST, Chief Judge

[1] Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., Samsung Telecommunications America, LLC (collectively, “Samsung”) appeal from a final judgment of the U.S. District Court for the Northern District of California in favor of Apple Inc. (“Apple”).

[2] A jury found that Samsung infringed Apple’s design and utility patents and diluted Apple’s trade dresses. For the reasons that follow, we affirm the jury’s verdict on the design patent infringements, the validity of two utility patent claims, and the damages awarded for the design and utility patent infringements appealed by Samsung. However, we reverse the jury’s findings that the asserted trade dresses are protectable. We therefore vacate the jury’s damages awards against the Samsung products that were found liable for trade dress dilution and remand for further proceedings consistent with this opinion.

BACKGROUND

[3] Apple sued Samsung in April 2011. On August 24, 2012, the first jury reached a verdict that numerous Samsung smartphones infringed and diluted Apple’s patents and trade dresses in various combinations and awarded over \$1 billion in damages.

[4] The diluted trade dresses are Trademark Registration No. 3,470,983 (“983 trade dress”) and an unregistered trade dress defined in terms of certain elements in the configuration of the iPhone.

[5] Following the first jury trial, the district court upheld the jury’s infringement, dilution, and validity findings over Samsung’s post-trial motion [*and a second post-trial motion*]. On March 6, 2014, the district court entered a final judgment in favor of Apple, and Samsung filed a notice of appeal. ...

DISCUSSION

[6] We review the denial of Samsung’s post-trial motions under the Ninth Circuit’s procedural standards.... The Ninth Circuit reviews de novo a denial of a motion for judgment as a matter of law....

I. Trade Dresses

[7] The jury found Samsung liable for the likely dilution of Apple’s iPhone trade dresses under the Lanham Act. When reviewing Lanham Act claims, we look to the law of the regional circuit where the district court sits. We therefore apply Ninth Circuit law.

[8] The Ninth Circuit has explained that “[t]rade dress is the totality of elements in which a product or service is packaged or presented.” *Stephen W. Boney, Inc. v. Boney Servs., Inc.*, 127 F.3d 821, 828 (9th Cir.1997). The essential purpose of a trade dress is the same as that of a trademarked word: to identify the source of the product. 1 *McCarthy on Trademarks and Unfair Competition* § 8:1 (4th ed.) (“[L]ike a word asserted to be a trademark, the elements making up the alleged trade dress must have been used in such a manner as to denote product source.”). In this respect, “protection for trade dress exists to promote competition.” *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 28, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001).

[9] The protection for source identification, however, must be balanced against “a fundamental right to compete through imitation of a competitor’s product....” *Leatherman Tool Grp., Inc. v. Cooper Indus., Inc.*, 199 F.3d 1009, 1011–12 (9th Cir.1999). This “right can only be temporarily denied by the patent or copyright laws.” *Id.* In contrast, trademark law allows for a perpetual monopoly and its use in the protection of “physical details and design of a product” must be limited to those that are “nonfunctional.” *Id.* at 1011–12; *see also Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164–65 (1995) (“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).”). Thus, it is necessary for us to determine first whether Apple’s asserted trade dresses, claiming elements from its iPhone product, are nonfunctional and therefore protectable.

[10] “In general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n. 10 (1982). “A product feature need only have some utilitarian advantage to be considered functional.” *Disc Golf Ass’n v. Champion Discs, Inc.*, 158 F.3d 1002, 1007 (9th Cir.1998). A trade dress, taken as a whole, is functional if it is “in its particular shape because it works better in this shape.” *Leatherman*, 199 F.3d at 1013.

[11] “[C]ourts have noted that it is, and should be, more difficult to claim product configuration trade dress than other forms of trade dress.” *Id.* at 1012–13 (discussing cases). Accordingly, the Supreme Court and the Ninth Circuit have repeatedly found product configuration trade dresses functional and therefore non-protectable. *See, e.g., TrafFix*, 532 U.S. at 26–27, 35; *Secalt S.A. v. Wuxi Shenxi Const. Mach. Co.*, 668 F.3d 677, 687 (9th Cir.2012) (affirming summary judgment that a trade dress on a hoist design was functional); *Disc Golf*, 158 F.3d at 1006 (affirming summary judgment that a trade dress on a disc entrapment design was functional).

[12] Moreover, federal trademark registrations have been found insufficient to save product configuration trade dresses from conclusions of functionality. *See, e.g., Talking Rain Beverage Co. v. S. Beach Beverage*, 349 F.3d 601, 602 (9th Cir.2003) (affirming summary judgment that registered trade dress covering a bottle design with a grip handle was functional); *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778,

782–83 (9th Cir.2002) (affirming summary judgment that registered trade dress covering a handheld cutter design was functional). The Ninth Circuit has even reversed a jury verdict of non-functionality of a product configuration trade dress. See *Leatherman*, 199 F.3d at 1013 (reversing jury verdict that a trade dress on the overall appearance of a pocket tool was non-functional). Apple conceded during oral argument that it had not cited a single Ninth Circuit case that found a product configuration trade dress to be non-functional. Oral Arg. 49:0630, available at <http://www.cafc.uscourts.gov/oral-argument-recordings/14–1335/all>.

[13] The Ninth Circuit’s high bar for non-functionality frames our review of the two iPhone trade dresses on appeal. While the parties argue without distinguishing the two trade dresses, the unregistered trade dress and the registered ’983 trade dress claim different details and are afforded different evidentiary presumptions under the Lanham Act. We analyze the two trade dresses separately below.

A. Unregistered Trade Dress

[14] Apple claims elements from its iPhone 3G and 3GS products to define the asserted unregistered trade dress:

- a rectangular product with four evenly rounded corners;
- a flat, clear surface covering the front of the product;
- a display screen under the clear surface;
- substantial black borders above and below the display screen and narrower black borders on either side of the screen; and
- when the device is on, a row of small dots on the display screen, a matrix of colorful square icons with evenly rounded corners within the display screen, and an unchanging bottom dock of colorful square icons with evenly rounded corners set off from the display’s other icons.

Appellee’s Br. 10–11. As this trade dress is not registered on the principal federal trademark register, Apple “has the burden of proving that the claimed trade dress, taken as a whole, is not functional....” See 15 U.S.C. § 1125(c)(4)(A).

[15] Apple argues that the unregistered trade dress is nonfunctional under each of the *Disc Golf* factors that the Ninth Circuit uses to analyze functionality: “(1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.” See *Disc Golf*, 158 F.3d at 1006. However, the Supreme Court has more recently held that “a feature is also functional ... when it affects the cost or quality of the device.” See *Traffix*, 532 U.S. at 33. The Supreme Court’s holding was recognized by the Ninth Circuit as “short circuiting some of the *Disc Golf* factors.” *Secalt*, 668 F.3d at 686–87. Nevertheless, we explore Apple’s contentions on each of the *Disc Golf* factors and conclude that there was insufficient evidence to support a jury finding in favor of non-functionality on any factor.

1. Utilitarian Advantage

[16] Apple argues that “the iPhone’s physical design did not ‘contribute unusually ... to the usability’ of the device.” Appellee’s Br. 61. Apple further contends that the unregistered trade dress was “developed ... not for ‘superior performance.’” Id. at 62 n. 18. Neither “unusual usability” nor “superior performance,” however, is the standard used by the Ninth Circuit to determine whether there is any utilitarian advantage. The Ninth Circuit “has never held, as [plaintiff] suggests, that the product feature must provide superior utilitarian advantages. To the contrary, [the Ninth Circuit] has suggested that in order to establish nonfunctionality the party with the burden must demonstrate that the product feature serves no purpose other than identification.” *Disc Golf*, 158 F.3d at 1007 (internal quotation marks omitted).

[17] The requirement that the unregistered trade dress “serves no purpose other than identification” cannot be reasonably inferred from the evidence. Apple emphasizes a single aspect of its design, beauty, to imply the lack of other advantages. But the evidence showed that the iPhone’s design pursued more than just beauty. Specifically, Apple’s executive testified that the theme for the design of the iPhone was:

to create a new breakthrough design for a phone that was beautiful and simple and *easy to use* and created a beautiful, smooth surface that had a touchscreen and went right to the rim with the bezel around it and looking for a look that we found was beautiful and *easy to use* and appealing.

J.A. 40722–23 (emphases added).

[18] Moreover, Samsung cites extensive evidence in the record that showed the usability function of every single element in the unregistered trade dress. For example, rounded corners improve “pocketability” and “durability” and rectangular shape maximizes the display that can be accommodated. J.A. 40869–70; J.A. 42612–13. A flat clear surface on the front of the phone facilitates touch operation by fingers over a large display. J.A. 42616–17. The bezel protects the glass from impact when the phone is dropped. J.A. 40495. The borders around the display are sized to accommodate other components while minimizing the overall product dimensions. J.A. 40872. The row of dots in the user interface indicates multiple pages of application screens that are available. J.A. 41452–53. The icons allow users to differentiate the applications available to the users and the bottom dock of unchanging icons allows for quick access to the most commonly used applications. J.A. 42560–61; J.A. 40869–70. Apple rebuts none of this evidence.

[19] Apple conceded during oral argument that its trade dress “improved the quality [of the iPhone] in some respects.” Oral Arg. 56:09–17. It is thus clear that the unregistered trade dress has a utilitarian advantage. *See Disc Golf*, 158 F.3d at 1007.

2. Alternative Designs

[20] The next factor requires that purported alternative designs “offer exactly the same features” as the asserted trade dress in order to show non-functionality. *Tie Tech*, 296 F.3d at 786 (quoting *Leatherman*, 199 F.3d at 1013–14). A manufacturer “does not have rights under trade dress law to compel its competitors to resort to alternative designs which have a different set of advantages and disadvantages.” *Id.*

[21] Apple, while asserting that there were “numerous alternative designs,” fails to show that any of these alternatives offered exactly the same features as the asserted trade dress. Apple simply catalogs the mere existence of other design possibilities embodied in rejected iPhone prototypes and other manufacturers’ smartphones. The “mere existence” of other designs, however, does not prove that the unregistered trade dress is non-functional. *See Talking Rain*, 349 F.3d at 604.

3. Advertising of Utilitarian Advantages

[22] “If a seller advertises the utilitarian advantages of a particular feature, this constitutes strong evidence of functionality.” *Disc Golf*, 158 F.3d at 1009. An “inference” of a product feature’s utility in the plaintiff’s advertisement is enough to weigh in favor of functionality of a trade dress encompassing that feature. *Id.*

[23] Apple argues that its advertising was “[f]ar from touting any utilitarian advantage of the iPhone design....” Appellee’s Br. 60. Apple relies on its executive’s testimony that an iPhone advertisement, portraying “the distinctive design very clearly,” was based on Apple’s “product as hero” approach. *Id.* (quoting J.A. 40641–42; 40644:22). The “product as hero” approach refers to Apple’s stylistic choice of making “the product the biggest, clearest, most obvious thing in [its] advertisements, often at the expense of anything else around it, to remove all the other elements of communication so [the viewer] see[s] the product most predominantly in the marketing.” J.A. 40641–42.

[24] Apple’s arguments focusing on its stylistic choice, however, fail to address the substance of its advertisements. The substance of the iPhone advertisement relied upon by Apple gave viewers “the ability to see a bit about how it might work,” for example, “how flicking and scrolling and tapping and all these multitouch ideas simply [sic].” J.A. 40644:23–40645:2. Another advertisement cited by Apple similarly displayed the message, “[t]ouching is believing,” under a picture showing a user’s hand interacting with the graphical user interface of an iPhone. J.A. 24896. Apple fails to show that, on the substance, these demonstrations of the user interface on iPhone’s touch screen involved the elements claimed in Apple’s unregistered trade dress and why they were not touting the utilitarian advantage of the unregistered trade dress.

4. Method of Manufacture

[25] The fourth factor considers whether a functional benefit in the asserted trade dress arises from “economies in manufacture or use,” such as being “relatively simple or inexpensive to manufacture.” *Disc Golf*, 158 F.3d at 1009.

[26] Apple contends that “[t]he iPhone design did not result from a ‘comparatively simple or inexpensive method of manufacture’ ” because Apple experienced manufacturing challenges. Appellee’s Br. 61 (quoting *Talking Rain*, 349 F.3d at 603). Apple’s manufacturing challenges, however, resulted from the durability considerations for the iPhone and not from the design of the unregistered trade dress. According to Apple’s witnesses, difficulties resulted from its choices of materials in using “hardened steel”; “very high, high grade of steel”; and, “glass that was not breakable enough, scratch resistant enough.” *Id.* (quoting J.A. 40495–96, 41097). These materials were chosen, for example, for the iPhone to survive a drop:

If you drop this, you don’t have to worry about the ground hitting the glass. You have to worry about the band of steel surrounding the glass hitting the glass.... In order to, to make it work, we had to use very high, high grade of steel because we couldn’t have it sort of deflecting into the glass.

J.A. 40495–96. The durability advantages that resulted from the manufacturing challenges, however, are outside the scope of what Apple defines as its unregistered trade dress. For the design elements that comprise Apple’s unregistered trade dress, Apple points to no evidence in the record to show they were not relatively simple or inexpensive to manufacture. *See Disc Golf*, 158 F.3d at 1009 (“[Plaintiff], which has the burden of proof, offered no evidence that the [asserted] design was not relatively simple or inexpensive to manufacture.”).

[27] In sum, Apple has failed to show that there was substantial evidence in the record to support a jury finding in favor of non-functionality for the unregistered trade dress on any of the *Disc Golf* factors. Apple fails to rebut the evidence that the elements in the unregistered trade dress serve the functional purpose of improving usability. Rather, Apple focuses on the “beauty” of its design, even though Apple pursued both “beauty” and functionality in the design of the iPhone. We therefore reverse the district court’s denial of Samsung’s motion for judgment as a matter of law that the unregistered trade dress is functional and therefore not protectable.

B. The Registered ‘983 Trade Dress

[28] In contrast to the unregistered trade dress, the ‘983 trade dress is a federally registered trademark. The federal trademark registration provides “prima facie evidence” of non-functionality. *Tie Tech*, 296 F.3d at 782–83. This presumption “shift[s] the burden of production to the defendant ... to provide evidence of functionality.” *Id.* at 783. Once this presumption is overcome, the registration loses its legal significance on the issue of functionality. *Id.* (“In the face of sufficient and undisputed facts demonstrating functionality, ... the registration loses its evidentiary significance.”).

[29] The '983 trade dress claims the design details in each of the sixteen icons on the iPhone's home screen framed by the iPhone's rounded-rectangular shape with silver edges and a black background:

The first icon depicts the letters "SMS" in green inside a white speech bubble on a green background;

...

the seventh icon depicts a map with yellow and orange roads, a pin with a red head, and a red-and-blue road sign with the numeral "280" in white;

...

the sixteenth icon depicts the distinctive configuration of applicant's media player device in white over an orange background.

'983 trade dress (omitting thirteen other icon design details for brevity).

[30] It is clear that individual elements claimed by the '983 trade dress are functional. For example, there is no dispute that the claimed details such as "the seventh icon depicts a map with yellow and orange roads, a pin with a red head, and a red-and-blue road sign with the numeral '280' in white" are functional. *See id.* Apple's user interface expert testified on how icon designs promote usability. This expert agreed that "the whole point of an icon on a smartphone is to communicate to the consumer using that product, that if they hit that icon, certain functionality will occur on the phone." J.A. 41458–59. The expert further explained that icons are "[v]isual shorthand for something" and that "rectangular containers" for icons provide "more real estate" to accommodate the icon design. J.A. 41459, 41476. Apple rebuts none of this evidence.

[31] Apple contends instead that Samsung improperly disaggregates the '983 trade dress into individual elements to argue functionality. But Apple fails to explain how the total combination of the sixteen icon designs in the context of iPhone's screen-dominated rounded-rectangular shape—all part of the iPhone's "easy to use" design theme—somehow negates the undisputed usability function of the individual elements. *See* J.A. 40722–23. Apple's own brief even relies on its expert's testimony about the "instant recognizability due to highly intuitive icon usage" on "the home screen of the iPhone." J.A. 41484; Appellee's Br. 43, 70, 71 (quoting J.A. 41484). Apple's expert was discussing an analysis of the iPhone's overall combination of icon designs that allowed a user to recognize quickly particular applications to use. J.A. 41484, 25487. The iPhone's usability advantage from the combination of its icon designs shows that the '983 trade dress viewed as a whole "is nothing other than the assemblage of functional parts...." *See Tie Tech*, 296 F.3d at 786 (quoting *Leatherman*, 199 F.3d at 1013). There is no "separate 'overall appearance' which is non-functional." *Id.* (quoting *Leatherman*, 199 F.3d at 1013). The undisputed facts thus demonstrate the functionality of the '983 trade dress. "In the face of sufficient and undisputed facts demonstrating functionality, as in our case, the registration loses its evidentiary significance." *See id.* at 783.

[32] The burden thus shifts back to Apple. *See id.* But Apple offers no analysis of the icon designs claimed by the '983 trade dress. Rather, Apple argues generically for its two trade dresses without distinction under the *Disc Golf* factors. Among Apple's lengthy citations to the record, we can find only two pieces of information that involve icon designs. One is Apple's user interface expert discussing other possible icon designs. The other is a citation to a print iPhone advertisement that included the icon designs claimed in the '983 trade dress. These two citations, viewed in the most favorable light to Apple, would be relevant to only two of the *Disc Golf* factors: "alternative design" and "advertising." But the cited evidence suffers from the same defects as discussed in subsections I.A.2 and I.A.3. Specifically, the expert's discussion of other icon design possibilities does not show that the other design possibilities "offer[ed] exactly the same features" as the '983 trade dress. *See Tie Tech*, 296 F.3d at 786 (quoting *Leatherman*, 199 F.3d at 1013-14). The print iPhone advertisement also fails to establish that, on the substance, it was not touting the utilitarian advantage of the '983 trade dress. The evidence cited by Apple therefore does not show the non-functionality of the '983 trade dress.

[33] In sum, the undisputed evidence shows the functionality of the registered '983 trade dress and shifts the burden of proving non-functionality back to Apple. Apple, however, has failed to show that there was substantial evidence in the record to support a jury finding in favor of non-functionality for the '983 trade dress on any of the *Disc Golf* factors. We therefore reverse the district court's denial of Samsung's motion for judgment as a matter of law that the '983 trade dress is functional and therefore not protectable.

[34] Because we conclude that the jury's findings of non-functionality of the asserted trade dresses were not supported by substantial evidence, we do not reach Samsung's arguments on the fame and likely dilution of the asserted trade dresses, the Patent Clause of the Constitution, or the dilution damages.

[The Court went on to affirm all remaining district court holdings].

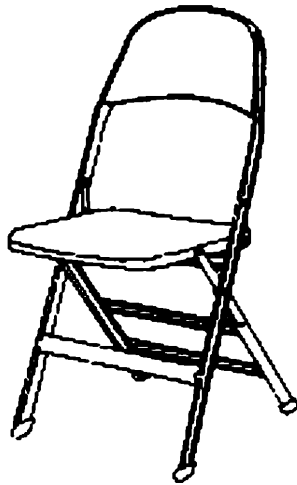
iv. Seventh Circuit

Specialized Seating, Inc. v. Greenwich Industries, L.P.

616 F.3d 722 (7th Cir. 2010)

[Declaratory defendant Greenwich Industries, L.P., doing business under the name Clarin, owned PTO Registration No. 2,803,875 for a trademark for folding chairs consisting of "a configuration of a folding chair containing an X-frame profile, a flat channel flanked on each side by rolled edges around the perimeter of the chair, two cross bars with a flat channel and rolled edges at the back bottom of the chair, one cross bar with a flat channel and rolled edges on the front bottom, protruding feet, and a back support, the outer sides of which slant inward." An image of the

folding chair configuration is provided below. Specialized Seating, Inc. (“Specialized”) sought a declaratory judgment that its folding chair design did not infringe Clarin’s design. Specialized argued that Clarin’s mark was functional. The district court held a bench trial and agreed, ordering that the registration be cancelled. Clarin appealed.]



EASTERBROOK, Circuit Judge

...

[1] The [district] judge found that [Clarin’s] x-frame construction is functional because it was designed to be an optimal tradeoff between a chair’s weight (and thus its cost, since lighter chairs use less steel) and its strength; an x-frame chair also folds itself naturally when knocked over (an important consideration for large auditoriums, where it is vital that chairs not impede exit if a fire or panic breaks out); the flat channel at the seat’s edge, where the attachment to the frame slides so that the chair can fold, was designed for strength and attaching hooks to link a chair with its nearest neighbor; the front and back cross bars contribute strength (and allow thinner tubing to be used in the rest of the frame); and the inward-sloping frame of the back support allows the chair to support greater vertical loads than Clarin’s older “a-back” design, which the “b-back” design, depicted in the trademark registration, succeeded. The a-back design is on the left and the b-back on the right:



[2] Clarin chairs with a-back designs failed when the audience at rock concerts, seeking a better view, sat on top of the chairs’ backs and put their feet on the seats. The tubing buckled at the bend in the frame. The b-back design is less likely to buckle when someone sits on it, and it also produces a somewhat wider back, which concert promoters see as a benefit. (Patrons sometimes try to get closer to the stage

by stepping through rows of chairs. The gap between b-back chairs is smaller, so they are more effective at keeping crowds in place.)

[3] Having concluded not only that the overall design of Clarin's chair is functional, but also that each feature is functional, the district judge added that Clarin had defrauded the Patent and Trademark Office by giving misleadingly incomplete answers to the trademark examiner's questions. The examiner initially turned down Clarin's proposal to register the design as a trademark, observing that the design appeared to be functional. Clarin replied that the design was chosen for aesthetic rather than functional reasons. (This was not a complete answer, as attractiveness is a *kind* of function. See *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855, 860–61 (7th Cir. 2010). But we need not pursue that subject.) Clarin observed that a patent it held on an x-frame chair, No. 1,943,058, issued in 1934, did not include all of the features in the mark's design. What Clarin did not tell the examiner is that it held three other patents on x-frame designs: No. 1,600,248, issued in 1926; No. 2,137,803, issued in 1938; and No. 3,127,218, issued in 1964. The district judge concluded that the four patents collectively cover every feature of the design submitted for a trademark except the b-back, and that as the b-back is a functional improvement over the a-back Clarin should have disclosed all of these utility patents. Had it done so, the judge thought, the examiner would have refused to register the proposed mark.

...

[4] The district judge started from the proposition, which the Supreme Court articulated in *Traffix*, that claims in an expired utility patent presumptively are functional. Since utility patents are supposed to be restricted to inventions that have utility, and thus are functional, that's a sensible starting point—and since inventions covered by utility patents pass into the public domain when the patent expires, it is inappropriate to use trademark law to afford extended protection to a patented invention. See also *Jay Franco*, 615 F.3d at 857–59. Clarin itself obtained four utility patents for aspects of the x-frame folding chair. These patents disclose every aspect of the asserted trademark design except for the b-back. And the district judge did not commit a clear error by concluding that the b-back design is a functional improvement over the a-back design. This means that the trademark design is functional as a unit, and that every important aspect of it is independently functional. It looks the way it does in order to be a better chair, not in order to be a better way of identifying who made it (the function of a trademark).

[5] We do not doubt that there are many other available functional designs. Sometimes the function of the functionality doctrine is to prevent firms from appropriating basic forms (such as the circle) that go into many designs. Our contemporaneous opinion in *Jay Franco*¹ discusses that aspect of the functionality

¹ [The *Jay Franco* opinion is excerpted below in our discussion of aesthetic functionality.]

doctrine. This does not imply that preserving basic elements for the public domain is the doctrine's *only* role.

[6] Another goal, as *Traffix* stressed, is to separate the spheres of patent and trademark law, and to ensure that the term of a patent is not extended beyond the period authorized by the legislature. A design such as Clarin's x-frame chair is functional not because it is the only way to do things, but because it represents one of many solutions to a problem. Clarin tells us that other designs are stronger, or thinner, or less likely to collapse when someone sits on the backrest, or lighter and so easier to carry and set up. Granted. But as Clarin's '248 patent states, the x-frame design achieves a favorable strength-to-weight ratio. Plastic chairs are lighter but weaker. Y-frame chairs are stronger but use more metal (and so are heavier and more expensive); some alternative designs must be made with box-shaped metal pieces to achieve strength, and this adds to weight and the cost of fabrication. The list of alternative designs is very long, and it is easy to see why hundreds of different-looking folding chairs are on the market.

[7] What this says to us is that *all* of the designs are functional, in the sense that they represent different compromises along the axes of weight, strength, kind of material, ease of setup, ability to connect ("gang") the chairs together for maximum seating density, and so on. A novel or distinctive selection of attributes on these many dimensions can be protected for a time by a utility patent or a design patent, but it cannot be protected forever as one producer's trade dress. When the patent expires, other firms are free to copy the design to the last detail in order to increase competition and drive down the price that consumers pay. See, e.g., *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141(1989); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964)....

[8] Because the district court did not commit clear error in finding Clarin's design to be functional, it is unnecessary to decide whether Clarin committed fraud on the Patent and Trademark Office....

AFFIRMED

c. Aesthetic Functionality

As the Supreme Court briefly explained in *Traffix*, a product (or packaging) feature that performs no technical, mechanical function may nevertheless be barred from protection on the ground that it is "aesthetically functional." Under *Traffix*, the test to determine whether a product feature is aesthetically functional is not the *Inwood* test. Instead, courts should ask whether there are more than a limited range of alternative designs available to competitors such that exclusive rights in the product feature would not put competitors at a significant non-reputation-related competitive disadvantage. What might have prompted courts to abandon the *Inwood* test in the aesthetic functionality context?

A few classic illustrations of aesthetically functional product configuration from the *Restatement (Third) of Unfair Competition* may help to convey the general idea of aesthetic functionality:

8. A is the first seller to market candy intended for Valentine's Day in heart-shaped boxes. Evidence establishes that the shape of the box is an important factor in the appeal of the product to a significant number of consumers. Because there are no alternative designs capable of satisfying the aesthetic desires of these prospective purchasers, the design of the box is functional....

9. A manufactures outdoor lighting fixtures intended for mounting on the walls of commercial buildings to illuminate adjacent areas. The evidence establishes that architectural compatibility with the building is an important factor in the purchase of such fixtures and that A's product is considered to be aesthetically compatible with contemporary architecture. The evidence also establishes that only a limited number of designs are considered compatible with the type of buildings on which A's product is used. Because of the limited range of alternative designs available to competitors, a court may properly conclude that the design of the lighting fixture is functional under the rule stated in this Section.

Restatement (Third) of Unfair Competition § 17.

Some recent aesthetically functionality case law may also help to introduce the doctrine:

- *British Seagull Ltd. v. Brunswick Corp.*, 35 F.3d 1527 (Fed. Cir. 1994) (affirming the TTAB's refusal to register the color black for outboard marine engines and approving of the Board's reasoning that "although the color black is not functional in the sense that it makes these engines work better, or that it makes them easier or less expensive to manufacture, black is more desirable from the perspective of prospective purchasers because it is color compatible with a wider variety of boat colors and because objects colored black appear smaller than they do when they are painted other lighter or brighter colors.").
- *In re Florists' Transworld Delivery, Inc.*, Serial No. 77590475 (TTAB Mar. 28, 2013) (precedential) (affirming examiner's rejection of application to register the color black for boxes containing flowers and floral arrangements; "[c]ompetitors who, for example, want to offer flowers for bereavement purposes, Halloween or to imbue an element of elegance or luxury to their presentations through packaging therefor will be disadvantaged if they must avoid using the color black in such packaging.").
- *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 217 U.S.P.Q. 252 (S.D. Iowa 1982) (finding the color "John Deere green" to be aesthetically

functional as used on farm loaders because farmers prefer to match the color of their loaders and tractors).

- *In re Ferris Corp.*, 59 U.S.P.Q.2d 1587 (TTAB 2000) (not citable as precedent) (affirming examiner's refusal to register the color pink for surgical bandages; the color is "de jure functional" in that it blends well with the natural color of certain human ethnicities' skin and there are no viable alternative colors available).

Of the three opinions that follow, *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir.1952), is somewhat notorious for having proposed a definition of aesthetic functionality that, when interpreted loosely, could end up prohibiting the protection of anything that was "an important ingredient in the commercial success of the product," including the trademark itself. In *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76 (2d Cir. 1990), the Second Circuit explicitly rejected *Pagliero*. In *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*, 696 F.3d 206, 218- (2d Cir. 2012), the Second Circuit was asked to determine whether a particular color applied to the outsole (the underside) of shoes was aesthetically functional.

Note that not all circuits are receptive to the concept of aesthetic functionality. See, e.g., *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 487-88 (5th Cir. 2008) ("We do not believe that the Court's dictum in *TrafFix* requires us to abandon our long-settled view rejecting recognition of aesthetic functionality."). Why might these circuits refuse to consider aesthetic functionality as a special case of functionality?

i. Foundational Cases

In reading the below excerpt from *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952), consider the following question:

- Could *Pagliero's* "important ingredient" test for aesthetic functionality be modified in a way that would prevent the test from being used against trademarks themselves? How would any such modified test compare to the test presented in *Wallace Silversmiths*?

Pagliero v. Wallace China Co.

198 F.2d 339, 343-44 (9th Cir. 1952)

[Wallace China Co. ("Wallace") produced hotel china imprinted with various designs. Pagliero Brothers, doing business as Technical Porcelain and Chinaware Company ("Tepco"), produced hotel china bearing designs substantially identical to Wallace's. Wallace brought federal trademark and other causes of action against Tepco for this and other conduct by Tepco. The district court found infringement and enjoined Tepco from producing china bearing designs similar to Wallace's.

Excerpted here is the Ninth Circuit's discussion of the aesthetic functionality of Wallace's designs.]

ORR, Circuit Judge

...

[1] Tepco's use of the designs in question cannot be enjoined even though it be assumed that Wallace can establish secondary meaning for them. Imitation of the physical details and designs of a competitor's product may be actionable, if the particular features imitated are 'non-functional' and have acquired a secondary meaning. *Crescent Tool Co. v. Kilborn & Bishop Co.*, 2 Cir., 1917, 247 F. 299. But, where the features are 'functional' there is normally no right to relief. 'Functional' in this sense might be said to connote other than a trade-mark purpose. If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright. On the other hand, where the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the product, imitation may be forbidden where the requisite showing of secondary meaning is made. Under such circumstances, since effective competition may be undertaken without imitation, the law grants protection.

[2] These criteria require the classification of the designs in question here as functional. Affidavits introduced by Wallace repeat over and over again that one of the essential selling features of hotel china, if, indeed, not the primary, is the design. The attractiveness and eye-appeal of the design sells the china. Moreover, from the standpoint of the purchaser china satisfies a demand for the aesthetic as well as for the utilitarian, and the design on china is, at least in part, the response to such demand. The granting of relief in this type of situation would render Wallace immune from the most direct and effective competition with regard to these lines of china. It seems clear that these designs are not merely indicia of source, as that one who copies them can have no real purpose other than to trade on his competitor's reputation. On the contrary, to imitate is to compete in this type of situation. Of course, Tepco can also compete by developing designs even more aesthetically satisfying, but the possibility that an alternative product might be developed has never been considered a barrier to permitting imitation competition in other types of cases. The law encourages competition not only in creativeness but in economy of manufacture and distribution as well. Hence, the design being a functional feature of the china, we find it unnecessary to inquire into the adequacy of the showing made as to secondary meaning of the designs.

[The Ninth Circuit ordered the district court's injunction to be modified to remove all reference to Tepco's use of designs similar to Wallace's.]



Wallace “Grand Baroque” Silverware

In reading *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76 (2d Cir. 1990), consider the following questions:

- How should a court define the relevant market for purposes of assessing competitive alternatives to the plaintiff’s design? What exactly is wrong with Wallace’s argument that it merely wants to claim the baroque style of silverware, and that countless other styles of silverware are still available for competitors to use?
- Even if we are able reliably to define the relevant marketplace, how many alternative designs should be available for a court to determine that the plaintiff’s design is not aesthetically functional?

***Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*
916 F.2d 76 (2d Cir. 1990)**

WINTER, Circuit Judge:

[1] Wallace International Silversmiths (“Wallace”) appeals from Judge Haight’s denial of its motion for a preliminary injunction under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1988), prohibiting Godinger Silver Art Co., Inc. (“Godinger”) from marketing a line of silverware with ornamentation that is substantially similar to Wallace’s GRANDE BAROQUE line. Judge Haight held that the GRANDE BAROQUE

design is “a functional feature of ‘Baroque’ style silverware” and thus not subject to protection as a trademark. We affirm.

BACKGROUND

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

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

[4] On the afternoon of April 23, 1990, Leonard Florence of Wallace learned from a wholesale customer, Michael C. Fina Company, that Godinger had placed an advertisement for its 20TH CENTURY BAROQUE serving pieces in an industry trade magazine. George Fina, the company's president, said that he was “confused” when he saw what he believed to be a pattern identical to GRANDE BAROQUE being advertised by another company. He asked Mr. Florence whether Wallace had licensed the design to Godinger or whether “the Godinger product was simply a ‘knock-off.’ ” Two days after this conversation, Wallace filed the complaint in the

instant matter stating various federal trademark and state unfair competition claims. Wallace also filed a motion for a temporary restraining order and sought a preliminary injunction prohibiting Godinger from using the mark 20TH CENTURY BAROQUE or infringing the trade dress of Wallace's GRANDE BAROQUE product.

[5] Due to the imminence of the trade show, the district court held a hearing on Wallace's application for preliminary relief the day after Wallace had filed its complaint. The record consisted of affidavits from Florence and Fina reciting the facts described *supra*, samples of the Wallace and Godinger pieces, and various photographs and catalogue illustrations of silverware from other manufacturers. Later that day, Judge Haight issued a Memorandum Opinion and Order in which he concluded that the GRANDE BAROQUE design was a "functional" feature of baroque-style silverware and thus ineligible for trade dress protection under Section 43(a) of the Lanham Act.

...

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

[7] Although we agree with Judge Haight's decision, we do not endorse his reliance upon *Pagliero*. That decision allowed a competitor to sell exact copies of china bearing a particular pattern without finding that comparably attractive patterns were not available to the competitor. It based its holding solely on the ground that the particular pattern was an important ingredient in the commercial success of the china. *Id.* at 343–44. We rejected *Pagliero* in *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71 (2d Cir.1985), and reiterate that rejection here. Under *Pagliero*, the commercial success of an aesthetic feature automatically destroys all of the originator's trademark interest in it, notwithstanding the feature's secondary meaning and the lack of any evidence that competitors cannot develop non-infringing, attractive patterns. By allowing the copying of an exact design without any evidence of market foreclosure, the *Pagliero* test discourages both originators and later competitors from developing pleasing designs. See *Keene Corp. v. Paraflex Industries, Inc.*, 653 F.2d 822, 824–25 (3d Cir.1981).

[8] Our rejection of *Pagliero*, however, does not call for reversal. Quite unlike *Pagliero*, Judge Haight found in the instant matter that there is a substantial market for baroque silverware and that effective competition in that market requires "use [of] essentially the same scrolls and flowers" as are found on Wallace's silverware. Based on the record at the hearing, that finding is not clearly erroneous and satisfies the requirement of *Stormy Clime Ltd. v. Progroup, Inc.*, 809 F.2d 971 (2d Cir.1987),

that a design feature not be given trade dress protection where use of that feature is necessary for effective competition. *Id.* at 976–77.

...

[9] Our only hesitation in holding that the functionality doctrine applies is based on nomenclature. “Functionality” seems to us to imply only utilitarian considerations and, as a legal doctrine, to be intended only to prevent competitors from obtaining trademark protection for design features that are necessary to the use or efficient production of the product. *See Keene, supra* at 825 (“inquiry should focus on the extent to which the design feature is related to the utilitarian function of the product or feature”). Even when the doctrine is referred to as “aesthetic” functionality, it still seems an apt description only of pleasing designs of utilitarian features. Nevertheless, there is no lack of language in caselaw endorsing use of the defense of aesthetic functionality where trademark protection for purely ornamental features would exclude competitors from a market. *See, e.g., Rogers, supra* at 347 (“Though a producer does not lose a design trademark just because the public finds it pleasing, there may come a point where the design feature is so important to the value of the product to consumers that continued trademark protection would deprive them of competitive alternatives [.]”) (Posner, J.)...

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

[11] In the instant matter, Wallace seeks trademark protection, not for a precise expression of a decorative style, but for basic elements of a style that is part of the public domain. As found by the district court, these elements are important to competition in the silverware market. We perceive no distinction between a claim to exclude all others from use on silverware of basic elements of a decorative style and claims to generic names, basic colors or designs important to a product's utility. In each case, trademark protection is sought, not just to protect an owner of a mark in informing the public of the source of its products, but also to exclude competitors from producing similar products. We therefore abandon our quibble with the aesthetic functionality doctrine's nomenclature and adopt the Draft Restatement's

view that, where an ornamental feature is claimed as a trademark and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs, the aesthetic functionality doctrine denies such protection. *See* Third Restatement of the Law, Unfair Competition (Preliminary Draft No. 3), Ch. 3, § 17(c) at 213–14. This rule avoids the overbreadth of *Pagliero* by requiring a finding of foreclosure of alternatives¹ while still ensuring that trademark protection does not exclude competitors from substantial markets.²

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

¹ The Draft Restatement's Illustrations expressly reject *Pagliero*. Illustration 6 reads as follows:

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

² Draft Restatement Illustrations 7 and 8 reflect this aspect of the rule. They read as follows:

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

8. A is the first seller to market candy intended for Valentine's Day in heart-shaped boxes. Evidence indicates that the shape of the box is an important factor in the appeal of the product to a significant number of consumers. Because there are no alternative designs capable of satisfying the aesthetic desires of these prospective purchasers, the design of the box is functional under the rule stated in this Section.

elements would significantly hinder competitors by limiting the range of adequate alternative designs, we agree with Judge Haight's denial of a preliminary injunction.

Affirmed.

ii. *Aesthetic Functionality and the Apparel Fashion Industry*

In reading the excerpt below from *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012), consider the following questions:

- The *Louboutin* court avoids answering the question of whether Louboutin's mark is aesthetically functional. Given the Second Circuit's functionality doctrine, how would you answer the question?
- Perhaps the Second Circuit is correct that there should be no per se rule against the trademark protection of individual colors with respect to apparel, but should there at least be a *Traffix*-like "strong presumption" against such protection?

***Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*
696 F.3d 206, 218-228 (2d Cir. 2012)**

[Since 1992, designer Christian Louboutin has painted the outsoles of his high-heeled women's shoes with a high-gloss red lacquer. In 2008, based on the enormous secondary meaning he built up in the design, Plaintiff Christian Louboutin S.A. ("Louboutin") registered the red lacquered outsole as a trademark (see the registration certificate below). In 2011, defendant Yves Saint Laurent America Holding, Inc. ("YSL") began marketing a line of monochrome shoes in, among other colors, red. YSL's red monochrome shoe bore a red insole, heel, upper, and outsole. Louboutin sued, claiming infringement of its registered mark. The district court found that the mark was aesthetically functional and, according to the Second Circuit, articulated a per se rule that a single color can never serve as a trademark in the fashion industry. Louboutin appealed. Excerpted below is the court's discussion of aesthetic functionality.]

Int. Cl.: 25

Prior U.S. Cls.: 22 and 39

United States Patent and Trademark Office

Reg. No. 3,361,597

Registered Jan. 1, 2008

TRADEMARK
PRINCIPAL REGISTER



CHRISTIAN LOUBOUTIN (FRANCE INDIVIDUAL)
24 RUE VICTOR MASSÉ
PARIS, FRANCE 75009

FOR: WOMEN'S HIGH FASHION DESIGNER
FOOTWEAR, IN CLASS 25 (U.S. CLS. 22 AND 39).

FIRST USE 0-0-1992; IN COMMERCE 0-0-1992.

THE COLOR(S) RED IS/ARE CLAIMED AS A
FEATURE OF THE MARK.

THE MARK CONSISTS OF A LACQUERED RED
SOLE ON FOOTWEAR. THE DOTTED LINES ARE
NOT PART OF THE MARK BUT ARE INTENDED
ONLY TO SHOW PLACEMENT OF THE MARK.

SEC. 2(F).

SER. NO. 77-141,789, FILED 3-27-2007.

NORA BUCHANAN WILL, EXAMINING ATTORNEY



PER CURIAM:

...

III. The "Functionality" Defense

[1] As the Supreme Court observed in *Qualitex*, aspects of a product that are “functional” generally “cannot serve as a trademark.” *Id.* at 165. We have observed that “[t]he doctrine of functionality prevents trademark law from inhibiting legitimate competition by giving monopoly control to a producer over a useful product.” *Nora Beverages, Inc.*, 269 F.3d at 120 n. 4; *see Genesee Brewing Co.*, 124 F.3d at 145 n. 5 (it is a “fundamental principle of trademark law that a trademark ... does not grant a monopoly of production”). This is so because functional features can be protected only through the patent system, which grants a limited monopoly over such features until they are released into general use (typically after either 14 or 20 years, depending on the type of patent). *See Fabrication Enters., Inc.*, 64 F.3d at 58–59 & n. 4 (“The Lanham Act is not concerned with protecting innovation by giving the innovator a monopoly, which is the function of patent law.”); *Stormy Clime*, 809 F.2d at 977–78 (“Courts must proceed with caution in assessing claims to unregistered trademark protection in the design of products so as not to undermine the objectives of the patent laws.... Since trademark protection extends for an unlimited period, expansive trade dress protection for the design of products would prevent some functional products from enriching the public domain.”).

[2] As noted above, two forms of the functionality doctrine are relevant to us today: “traditional” or “utilitarian” functionality, and “aesthetic” functionality. Both forms serve as an affirmative defense to a trademark infringement claim.

A. “Traditional” or “Utilitarian” Functionality

[3] According to our traditional understanding of functionality, a product feature is considered to be “functional” in a utilitarian sense¹ if it is (1) “essential to the use or purpose of the article,” or if it (2) “affects the cost or quality of the article.” *Inwood Labs.*, 456 U.S. at 850 n. 10, 102 S.Ct. 2182. A feature is essential “if [it] is dictated by the functions to be performed” by the article. *LeSportsac, Inc. v. K mart Corp.*, 754 F.2d 71, 76 (2d Cir.1985) (quoting *Warner Bros. Inc. v. Gay Toys Inc.*, 724 F.2d 327, 331 (2d Cir.1983)).² It affects the cost or quality of the article where it “permits the article to be manufactured at a lower cost’ or

¹ *See Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 80 (2d Cir.1990) (noting that the term “functionality” as commonly understood seems to imply “only utilitarian considerations”).

² In *LeSportsac*, K Mart challenged the trade dress of a backpack composed of “parachute nylon and trimmed in cotton carpet tape with matching cotton-webbing straps. The zippers used to open and close the bags [we]re color coordinated with the bags themselves, and usually [we]re pulled with hollow rectangular metal sliders.” *LeSportsac*, 754 F.2d at 74.

‘constitutes an improvement in the operation of the goods.’”³ *Id.* (quoting *Warner Bros., Inc.*, 724 F.2d at 331). A finding that a product feature is functional according to the *Inwood* test will ordinarily render the feature ineligible for trademark protection.

B. “Aesthetic Functionality”

[4] Generally, “[w]here [a product’s] design is functional under the *Inwood* formulation there is no need to proceed further.” *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 33 (2001) (“*TraFFix*”). Nevertheless, as the Supreme Court had held in 1995 in *Qualitex*, when the aesthetic design of a product is *itself* the mark for which protection is sought, we may also deem the mark functional if giving the markholder the right to use it exclusively “would put competitors at a significant non-reputation-related disadvantage,” *Qualitex*, 514 U.S. at 165. This remains true even if there is “no indication that [the mark has] any bearing on the use or purpose of the product or its cost or quality.” *TraFFix*, 532 U.S. at 33; see *Landscape Forms, Inc. v. Colum. Cascade Co.*, 70 F.3d 251, 253 (2d Cir.1995) (when evaluating design trademarks we consider whether “certain features of the design are essential to effective competition in [the] particular market”).

[5] As set forth below, the test for aesthetic functionality is threefold: At the start, we address the two prongs of the *Inwood* test, asking whether the design feature is either “essential to the use or purpose” or “affects the cost or quality” of the product at issue. Next, if necessary, we turn to a third prong, which is the competition inquiry set forth in *Qualitex*. In other words, if a design feature would, from a traditional utilitarian perspective, be considered “essential to the use or purpose” of the article, or to affect its cost or quality, then the design feature is functional under *Inwood* and our inquiry ends.⁴ But if the design feature is not “functional” from a traditional perspective, it must still pass the

³ In *Warner Brothers*, we cited as examples *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122, 59 S.Ct. 109, 83 L.Ed. 73 (1938), in which the pillow shape of a shredded wheat biscuit was deemed functional because the cost of the cereal would be increased and its quality lessened by any other form, and *Fisher Stoves Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir.1980), in which a two-tier woodstove design was deemed functional because it improved the operation of the stove. See *Warner Bros., Inc.*, 724 F.2d at 331.

⁴ See, e.g., *Industria Arredamenti Fratelli Saporiti v. Charles Craig, Ltd.*, 725 F.2d 18, 19 (2d Cir.1984) (interlocking design of couch cushions was a visual “label” but served a utilitarian purpose by keeping cushions in place and was therefore functional).

fact-intensive *Qualitex* test and be shown not to have a significant effect on competition in order to receive trademark protection.

i. The Development of the Aesthetic Functionality Doctrine

[6] Although the theory of aesthetic functionality was proposed as early as 1938,⁵ the first court to adopt the theory as the basis for denial of protection of a design was the United States Court of Appeals for the Ninth Circuit in *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir.1952). In *Pagliero*, the Court of Appeals determined that the Wallace China Company was not entitled to the exclusive use of a particular floral design on hotel china, despite its “creat[ion of] a substantial market for its products bearing these designs by virtue of extensive advertising.” *Id.* at 340. The design, the Court held, was “functional” because it satisfied “a demand for the aesthetic as well as for the utilitarian.” *Id.* at 343–44. Because the “particular feature is an *important ingredient* in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright.” *Id.* at 343 (emphasis added).

[7] Despite its apparent counterintuitiveness (how can the purely aesthetic be deemed functional, one might ask?), our Court has long accepted the doctrine of aesthetic functionality. *See, e.g., Warner Bros., Inc.*, 724 F.2d at 329–32 (distinctive color and symbols on toy car were not functional, and so were protectable as trade dress).⁶ We have rejected, however, the circular “important

⁵ In 1938, the Restatement of Torts stated that “[a] feature of goods is functional ... if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any of such effects.” Restatement of Torts § 742 (1938). In the official comment to that Section, the Restatement explained several ways in which goods or their features might be functional. With regard to “goods [that] are bought largely for their aesthetic value,” the Restatement suggested that “their features may be functional because they definitely contribute to that value and thus aid the performance of an object for which the goods are intended.” *Id.* § 742, cmt. a. This was the first time that a commentator had proposed that an aesthetic product feature might be functional. *See* 1 McCarthy on Trademarks § 7:79 (4th ed.).

⁶ The doctrine of aesthetic functionality remains controversial in our sister circuits, which have applied the doctrine in varying ways (and some not at all). For example, the Seventh Circuit has applied the doctrine of aesthetic functionality liberally, holding that “[f]ashion is a form of function.” *See Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855, 860 (7th Cir. 2010). The Sixth Circuit recently discussed the doctrine, but made clear that it has not yet decided whether or not to adopt it. *See Maker's Mark Distillery, Inc. v. Diageo N. Am., Inc.*,

ingredient” test formulated by the *Pagliero* court, which inevitably penalized markholders for their success in promoting their product.⁷ Instead, we have concluded that “Lanham Act protection does not extend to configurations of ornamental features which would *significantly* limit the range of competitive designs available.” *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 171 (2d Cir.1991) (emphasis added). Accordingly, we have held that the doctrine of aesthetic functionality bars protection of a mark that is “necessary to compete in the [relevant] market.” *Villeroy & Boch Keramische Werke K.G. v. THC Sys., Inc.*, 999 F.2d 619, 622 (2d Cir.1993).

ii. A Modern Formulation of the Aesthetic Functionality Doctrine

[8] In 1995, the Supreme Court in *Qualitex* gave its imprimatur to the aesthetic functionality doctrine, holding that “[t]he ultimate test of aesthetic functionality ... is whether the recognition of trademark rights [in an aesthetic design feature] would significantly hinder competition.” *Qualitex*, 514 U.S. at 170 (quoting Restatement (Third) of Unfair Competition § 17, cmt. c, at 176 (1993)) (internal quotation marks omitted). Six years later, reiterating its *Qualitex* analysis, the Supreme Court in *Traffix* declared that where “[a]esthetic functionality [is] the central question,” courts must “inquire” as to whether recognizing the trademark “would put competitors at a significant non-reputation-related disadvantage.” *Traffix*, 532 U.S. at 32–33.

[9] Although we have not recently had occasion to apply the doctrine of aesthetic functionality thus enunciated by the Supreme Court, it is clear that the combined effect of *Qualitex* and *Traffix* was to validate the aesthetic functionality doctrine as it had already been developed by this Court in cases including

679 F.3d 410, 417–19 (6th Cir. 2012). The Ninth Circuit has applied the doctrine inconsistently. *See* 1 McCarthy on Trademarks § 7:80 (4th ed.) (collecting cases). The Fifth Circuit rejects the doctrine of aesthetic functionality entirely. *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 487–88 (5th Cir. 2008) (arguing that the Supreme Court has recognized the aesthetic functionality doctrine only in *dicta*, and that therefore the Fifth Circuit’s long-standing rejection of the doctrine was not abrogated by *Qualitex* and *Traffix*).

⁷ *See Wallace Int’l Silversmiths*, 916 F.2d at 80 (“We rejected *Pagliero* [‘s ‘important ingredient’ formulation] in [*LeSportsac* and reiterate that rejection here.” (internal citation omitted)); Mark P. McKenna, (*Dys*)functionality, 48 Hous. L.Rev. 823, 851 (2011) (“Courts that apply the aesthetic functionality doctrine today overwhelmingly rely on the test the Supreme Court endorsed in *Traffix* [rather than the *Pagliero* test], ... asking whether exclusive use of the claimed feature put competitors at a significant non-reputation-related disadvantage.”).

Wallace International Silversmiths, Stormy Clime, and LeSportsac. See Yurman Design, Inc., 262 F.3d at 116 (confirming, five months after the *TrafFix* decision, that a putative design trademark is “aesthetic[ally] functional[],” and therefore barred from trademark protection, if granting “the right to use [the mark] exclusively ‘would put competitors at a significant non-reputation-related disadvantage’ ” (quoting *TrafFix*, 532 U.S. at 32)).

[10] On the one hand, “[w]here 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.” *Forschner Grp., Inc. v. Arrow Trading Co.*, 124 F.3d 402, 409–10 (2d Cir.1997) (quoting *Wallace Int’l Silversmiths, Inc.*, 916 F.2d at 81). But on the other hand, “distinctive and arbitrary arrangements of predominantly ornamental features that do *not* hinder potential competitors from entering the same market with differently dressed versions of the product are non-functional[,] and [are] hence eligible for [trademark protection].” *Fabrication Enters., Inc.*, 64 F.3d at 59 (quoting *Stormy Clime*, 809 F.2d at 977) (emphasis added).

[11] In short, a mark is aesthetically functional, and therefore ineligible for protection under the Lanham Act, where protection of the mark *significantly* undermines competitors’ ability to compete in the relevant market. *See Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1006 (2d Cir.1995) (linking aesthetic functionality to availability of alternative designs for children’s fall-themed sweaters); *Landscape Forms, Inc.*, 70 F.3d at 253 (holding that “in order for a court to find a product design functional, it must first find that certain features of the design are essential to effective competition in a particular market”). In making this determination, courts must carefully weigh “the competitive benefits of protecting the source-identifying aspects” of a mark against the “competitive costs of precluding competitors from using the feature.” *Fabrication Enters., Inc.*, 64 F.3d at 59.

[12] Finally, we note that a product feature’s successful source indication can sometimes be difficult to distinguish from the feature’s aesthetic function, if any. *See, e.g., Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855, 857 (7th Cir.2010) (noting that “[f]iguring out which designs [produce a benefit other than source identification] can be tricky”). Therefore, in determining whether a mark has an aesthetic function so as to preclude trademark protection, we take care to ensure that the mark’s very success in denoting (and promoting) its source does not itself defeat the markholder’s right to protect that mark. *See Wallace Int’l Silversmiths, Inc.*, 916 F.2d at 80 (rejecting argument that “the commercial success of an aesthetic feature automatically destroys all of the originator’s trademark interest in it, notwithstanding the feature’s secondary meaning and the lack of any evidence that competitors cannot develop non-infringing, attractive patterns”).

[13] Because aesthetic function and branding success can sometimes be difficult to distinguish, the aesthetic functionality analysis is highly fact-specific. In conducting this inquiry, courts must consider both the markholder's right to enjoy the benefits of its effort to distinguish its product and the public's right to the “vigorously competitive market []” protected by the Lanham Act, which an overly broad trademark might hinder. *Yurman Design, Inc.*, 262 F.3d at 115 (internal quotation mark omitted). In sum, courts must avoid jumping to the conclusion that an aesthetic feature is functional merely because it denotes the product's desirable source. *Cf. Pagliero*, 198 F.2d at 343.

iii. Aesthetic Functionality in the Fashion Industry

[14] We now turn to the *per se* rule of functionality for color marks in the fashion industry adopted by the District Court—a rule that would effectively deny trademark protection to any deployment of a single color in an item of apparel. As noted above, the *Qualitex* Court expressly held that “sometimes [] a color will meet ordinary legal trademark requirements[, a]nd, when it does so, no special legal rule prevents color alone from serving as a trademark.” *Qualitex*, 514 U.S. at 161, 115 S.Ct. 1300. In other words, the Supreme Court specifically forbade the implementation of a *per se* rule that would deny protection for the use of a single color as a trademark in a particular industrial context. *Qualitex* requires an individualized, fact-based inquiry into the nature of the trademark, and cannot be read to sanction an industry-based *per se* rule. The District Court created just such a rule, on the theory that “there is something unique about the fashion world that militates against extending trademark protection to a single color.” *Louboutin*, 778 F.Supp.2d at 451.

[15] Even if *Qualitex* could be read to permit an industry-specific *per se* rule of functionality (a reading we think doubtful), such a rule would be neither necessary nor appropriate here. We readily acknowledge that the fashion industry, like other industries, has special concerns in the operation of trademark law; it has been argued forcefully that United States law does not protect fashion design adequately.⁸ Indeed, the case on appeal is particularly

⁸ The intellectual property protection of fashion design has been for years a subject of controversy among commentators. Some have proposed working within the confines of the current intellectual property system, while others have advocated that fashion design may be an appropriate area for *sui generis* statutory protection. See generally C. Scott Hemphill & Jeannie Suk, *The Law, Culture, and Economics of Fashion*, 61 Stan. L.Rev. 1147 (2009); see also *id.* at 1184–90. (Indeed, suggested legislation creating such protection has been considered several times by Congress, although not adopted. See, e.g., Design Piracy Prohibition Act, H.R.2033, 110th Cong. § 2(c) (2007); Design Piracy

difficult precisely because, as the District Court well noted, in the fashion industry, color can serve as a tool in the palette of a designer, rather than as mere ornamentation. *Louboutin*, 778 F.Supp.2d at 452–53.

[16] Nevertheless, the functionality defense does not guarantee a competitor “the greatest range for [his] creative outlet,” *id.* at 452–53, but only the ability to fairly compete within a given market.⁹ See *Wallace Int’l Silversmiths, Inc.*, 916

Prohibition Act, S.1957, 110th Cong. § 2(c) (2007).) Still other commentators have suggested that intellectual property protection of fashion design would be damaging to the industry and should be avoided. See Kal Raustiala & Christopher Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 Va. L.Rev. 1687, 1775–77 (2006).

It is arguable that, in the particular circumstances of this case, the more appropriate vehicle for the protection of the Red Sole Mark would have been copyright rather than trademark. See generally *Kieselstein–Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989, 993–94 (2d Cir.1980) (addressing the broad issue of aesthetically functional copyrights and holding that decorative belt buckles that were used principally for ornamentation could be copyrighted because the primary ornamental aspect of the buckles was conceptually separate from their subsidiary utilitarian function); Laura A. Heymann, *The Trademark/Copyright Divide*, 60 SMU L.Rev. 55 (2007). However, because *Louboutin* has chosen to rely on the law of trademarks to protect his intellectual property, we necessarily limit our review to that body of law and do not further address the broad and complex issue of fashion design protection.

⁹ The trademark system, in this way, stands in sharp contrast to the copyright system. Copyright, unlike trademark, rewards creativity and originality even if they interfere with the rights of an existing copyright holder. In the copyright system there is a defense to infringement known as “independent creation”: if a writer or musician, through the creative process, independently arrives at an arrangement of words or notes that is the subject of a copyright, he may market the result of his creativity despite the existing copyright. See *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 346, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991) (requesting that the reader “assume that two poets, each ignorant of the other, compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable”); *Procter & Gamble Co. v. Colgate–Palmolive Co.*, 199 F.3d 74, 77–78 (2d Cir.1999). The trademark system, unlike the copyright system, aims to prevent consumer confusion even at the expense of a manufacturer’s creativity: in trademark, if a branding specialist produces a mark that is identical to one already trademarked by another individual or corporation, he must “go back to the drawing board.” See *Blendco, Inc. v. Conagra Foods, Inc.*, 132 Fed.Appx. 520, 523 (5th Cir.2005) (although defendant’s

F.2d at 81 (“It is a first principle of trademark law that an owner may not use the mark as a means of *excluding* competitors from a ... market.” (emphasis added)). The purpose of the functionality defense “is to prevent advances in functional design from being *monopolized* by the owner of [the mark] ... in order to encourage competition and the broadest dissemination of useful design features.” *Fabrication Enters., Inc.*, 64 F.3d at 58 (internal quotation marks omitted) (emphasis added).

[17] In short, “[b]y focusing upon hindrances to legitimate competition, the [aesthetic] functionality test, carefully applied, can accommodate consumers’ somewhat conflicting interests in being assured enough product differentiation to avoid confusion as to source and in being afforded the benefits of competition among producers.” *Stormy Clime*, 809 F.2d at 978–79.

[Having written at length on the issue of aesthetic functionality, the court ultimately declined to rule whether Louboutin’s mark was aesthetically functional. Instead, it resolved the case as follows.]

[18] Because we conclude that the secondary meaning of the mark held by Louboutin extends only to the use of a lacquered red outsole that contrasts with the adjoining portion of the shoe, we modify the Red Sole Mark, pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119,¹⁰ insofar as it is sought to be applied to any shoe bearing the same color “upper” as the outsole. We therefore instruct the Director of the Patent and Trade Office to limit the registration of the Red Sole Mark to only those situations in which the red lacquered outsole contrasts in color with the adjoining “upper” of the shoe. *See id.*

[19] In sum, we hold that the Red Sole Mark is valid and enforceable as modified. This holding disposes of the Lanham Act claims brought by both Louboutin and YSL because the red sole on YSL’s monochrome shoes is neither a use of, nor confusingly similar to, the Red Sole Mark. We therefore affirm the denial of the preliminary injunction insofar as Louboutin could not have shown a likelihood of success on the merits in the absence of an infringing use of the Red Sole Mark by YSL.

allegedly independent creation of infringing mark tended to show that infringement was not willful, defendant remained liable for damages); *Tuccillo v. Geisha NYC, LLC*, 635 F.Supp.2d 227 (E.D.N.Y.2009) (same).

¹⁰ 15 U.S.C. § 1119 provides that “[i]n any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, *in whole or in part*, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.” (emphasis added).

Comments and Questions

1. *Are Louboutin's and YSL's shoes nevertheless confusingly similar?* The Second Circuit's resolution of the case was unconventional, to say the least. Given the enormous secondary meaning of Louboutin's mark, do you think the court was justified in finding, without analysis, that there would be no consumer confusion as to source between Louboutin's shoes bearing a red outsole with contrasting upper and YSL's shoes bearing both a red outsole and red upper?

2. Deceptive and Deceptively Misdescriptive Marks

In determining whether marks are “deceptive” or “deceptively misdescriptive” with respect to the goods to which they are affixed, U.S. trademark law analyzes geographic marks (i.e., marks that convey a geographic meaning) differently from how it analyzes non-geographic marks. Before turning to the peculiar manner in which the law treats geographically deceptive or “primarily geographically deceptively misdescriptive” marks, Lanham Act §2(e)(3), 15 U.S.C. § 1052(e)(3), we first consider the law's more straightforward analysis of the deceptiveness or deceptive misdescriptiveness of non-geographic marks.

a. Non-Geographic Deceptive and Deceptively Misdescriptive Marks

A non-geographic deceptive trademark cannot be registered or otherwise protected under federal trademark law. *See* Lanham Act § 2(a), 15 U.S.C. § 1052(a). By contrast, a non-geographic “deceptively misdescriptive” mark may be registered or otherwise protected under federal trademark law, but only if the mark is shown to have developed secondary meaning as a designation of source. *See* Lanham Act §§ 2(e)(1) & 2(f), 15 U.S.C. §§ 1052(e)(1) & 2(f).

The basic test for determining whether a non-geographic mark is deceptive or deceptively misdescriptive is relatively straightforward. In *In re Budge Mfg. Co.*, 857 F.2d 773 (Fed. Cir. 1988), the Federal Circuit affirmed the TTAB's refusal to register the mark LOVEE LAMB for automobile seat covers that were not in fact made of lambskin on the ground that the mark was deceptive. In doing so, it established a three-step test for determining whether a mark is deceptive or deceptively misdescriptive. The TMEP summarizes the three steps as follows:

- (1) Is the term misdescriptive of the character, quality, function, composition or use of the goods?
- (2) If so, are prospective purchasers likely to believe that the misdescription actually describes the goods?

(3) If so, is the misdescription likely to affect a significant portion of the relevant consumers' decision to purchase?

TMEP § 1203.02(b). If the answer to all three questions is yes, then the mark is deceptive under Section 2(a) and cannot be protected. If the answer to question (2) is yes (consumers would likely believe that the misdescription actually describes the goods), but the answer to question (3) is no (the misdescription would nevertheless not affect their decision to purchase), then the mark is deceptively misdescriptive under Section 2(e)(1) and can be protected upon a showing of secondary meaning.

Thus, for non-geographic marks, the question of whether the mark's misdescription would be material to consumers' decisions to purchase the good is what separates an unprotectable deceptive mark from a potentially protectable deceptively misdescriptive mark. This can be a difficult question to answer. The TMEP instructs trademark examining attorneys to focus on "objective criteria" such as whether the misdescription conveys superior quality, enhanced performance or function, difference in price, health benefits, or conformity with meritorious religious practice or social policy. See TMEP § 1203.02(d)(i). The Federal Circuit has recently emphasized that the misdescription must be material to a "significant portion of relevant consumers." See *In re Spirits Intern., N.V.*, 563 F.3d 1347, 1356 (Fed. Cir. 2009).

Examples of non-geographic marks found to be deceptive:

- *In re White Jasmine LLC*, 106 USPQ2d 1385 (TTAB 2013) (finding the term "white" in WHITE JASMINE to be deceptive for tea that did not include white tea, where "[t]he evidence establishes that consumers perceive that white tea has desirable health benefits. Thus, the misdescription is material to consumers interested in purchasing or drinking white tea to obtain these health benefits, and is likely to induce such purchasers to buy or drink the tea.")
- *In re Phillips-Van Heusen Corp.*, 63 USPQ2d 1047 (TTAB 2002) (finding SUPER SILK to be deceptive for clothing made of "silk-like" fabric, even where labeling indicated true fiber content of fabric).
- *In re Shapely, Inc.*, 231 USPQ 72 (TTAB 1986) (holding SILKEASE deceptive for clothing not made of silk, even where hangtag claimed that the product has "the look and feel of the finest silks with the easy care of polyester").
- *In re Organik Technologies, Inc.*, 41 USPQ2d 1690 (TTAB 1997) (holding ORGANICK deceptive for clothing and textiles made from cotton that is neither from an organically grown plant nor free of chemical processing or treatment).

Examples of non-geographic marks found to be deceptively misdescriptive:

- *Gold Seal Co. v. Weeks*, 129 F. Supp. 928 (D.D.C. 1955) (affirming TTAB's finding GLASS WAX to be deceptively misdescriptive for glass cleaner where "[t]he evidence does not show that the public has been influenced to purchase the product on account of believing that it contained wax, or that the product was simply a wax to be placed upon glass.").
- *In re Berman Bros. Harlem Furniture Inc.*, 26 U.S.P.Q.2d 1514 (TTAB 1993) (affirming examiner's determination that FURNITURE MAKERS was deceptively misdescriptive for a retail furniture store that sells, but does not make furniture)
- *In re Christopher C. Hinton*, 116 U.S.P.Q.2d 1051 (TTAB 2015) (affirming examiner's determination that THCTea was deceptively misdescriptive for tea-based beverages not containing THC (tetrahydrocannabinol), the primary psychoactive ingredient in marijuana; TTAB repeatedly noted that the question of whether the mark was deceptive under Section 2(a) was not before it, since the examiner had stopped at a finding of descriptive misdescriptiveness under Section 2(e)(1))

b. Geographic Deceptive and Deceptively Misdescriptive Marks

With respect to geographic marks (i.e., marks whose "primary significance...is a generally known geographic location"), *neither* geographically deceptive marks *nor* geographically deceptively misdescriptive marks can be registered or otherwise protected under federal trademark law. *See* Lanham Act §§ 2(a) & (e)(2); 15 U.S.C. §§1052(a) & (e)(3). Importantly, while the Lanham Act will protect non-geographic deceptively misdescriptive marks if they have secondary meaning, *see* §§ 2(e)(1) & 2(f), 15 U.S.C. §§ 1052(e)(1) & 2(f), it will not protect "primarily geographically deceptively misdescriptive marks"¹¹ under any circumstances. *See* § 2(e)(3); 15 U.S.C. §§ 1052(e)(3). For this reason, in *In*

¹¹ No one likes this statutory phrase "primarily geographically deceptively misdescriptive" from Section 2(e)(3), but we appear to be stuck with it. In her opinion in *In re Miracle Tuesday, LLC*, 695 F.3d 1339 (Fed. Cir. 2012), Judge O'Malley took pains to distance her own elegant prose from the statutory language: "The phrase 'primarily geographically deceptively misdescriptive' is a statutory term of art in the trademark context; we neither take responsibility for nor endorse the split infinitives or absence of necessary commas its use in this opinion requires." *Id.* at 1342 n. 2. Where possible, this casebook will drop "primarily" and simply speak of "geographically deceptively misdescriptive" marks.

re California Innovations Inc., 329 F.3d 1334 (Fed. Cir. 2003), the Federal Circuit established a new test for geographically deceptively misdescriptive marks that is different from—and more demanding than—the test for non-geographic deceptively misdescriptive marks. Recall that materiality need not be shown for a non-geographic mark to be found deceptively misdescriptive. In contrast, for geographic marks, materiality must be shown for such marks to be found deceptively misdescriptive. See TMEP § 1210.01(b). The strange result is that the same findings that would lead to the determination that a mark is geographically deceptively misdescriptive would also lead to the determination that a mark is geographically deceptive. In either case, the Lanham Act will not protect the mark.

The following excerpt from *In re California Innovations, Inc.* explains the circumstances leading to this rather peculiar treatment of geographic marks. This is a relatively minor area of trademark doctrine, but regrettably, as the excerpt will make clear, it demands a great deal of focus for it to make any sense.

**In re California Innovations Inc.,
329 F.3d 1334, 1336-1341 (Fed. Cir. 2003)**

[California Innovations, Inc. (“California Innovations”) sought to register a composite mark consisting of a design and the words CALIFORNIA INNOVATIONS for various products including thermal insulated bags for food and beverages, none of which were made in California. The TTAB affirmed the trademark examiner’s refusal to register the mark as geographically deceptively misdescriptive. California Innovations appealed.]



RADER, Circuit Judge:

...

[1] The Lanham Act addresses geographical marks in three categories. The first category, § 1052(a), identifies geographically deceptive marks:

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

immoral, *deceptive*, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.

15 U.S.C. § 1052(a) (2000) (emphasis added). Although not expressly addressing geographical marks, § 1052(a) has traditionally been used to reject geographic marks that materially deceive the public. A mark found to be deceptive under § 1052(a) cannot receive protection under the Lanham Act. To deny a geographic mark protection under § 1052(a), the PTO must establish that (1) the mark misrepresents or misdescribes the goods, (2) the public would likely believe the misrepresentation, and (3) the misrepresentation would materially affect the public's decision to purchase the goods. *See In re Budge Mfg. Co.*, 857 F.2d 773, 775 (Fed.Cir.1988). This test's central point of analysis is materiality because that finding shows that the misdescription deceived the consumer. *See In re House of Windsor*, 221 USPQ 53, 56–57, 1983 WL 51833 (TTAB 1983).

[2] The other two categories of geographic marks are (1) “primarily geographically descriptive” marks and (2) “primarily geographically deceptively misdescriptive” marks under § 1052(e). The North American Free Trade Agreement, *see* North American Free Trade Agreement, Dec. 17, 1992, art. 1712, 32 I.L.M. 605, 698 [hereinafter NAFTA], as implemented by the NAFTA Implementation Act in 1993, *see* NAFTA Implementation Act, Pub. L. No. 103–182, 107 Stat. 2057 (1993), has recently changed these two categories. Before the NAFTA changes, § 1052(e) and (f) stated:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(e) Consists of a mark which ...

(2) when used on or in connection with the goods of the applicant is primarily geographically descriptive or deceptively misdescriptive of them....

(f) Except as expressly excluded in paragraphs (a) (d) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce.

15 U.S.C. § 1052(e)(2) and (f) (1988). The law treated these two categories of geographic marks identically. Specifically, the PTO generally placed a “primarily geographically descriptive” or “deceptively misdescriptive” mark on the supplemental register.¹ Upon a showing of acquired distinctiveness, these marks could qualify for the principal register.

¹ [We will address the Supplemental Register in Part I.D below.]

[3] Thus, in contrast to the permanent loss of registration rights imposed on deceptive marks under § 1052(a), pre-NAFTA § 1052(e)(2) only required a temporary denial of registration on the principal register. Upon a showing of distinctiveness, these marks could acquire a place on the principal register. *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1347, 57 USPQ2d 1807, 1812 (Fed.Cir.2001). As permitted by pre-NAFTA § 1052(f), a mark could acquire distinctiveness or “secondary meaning” by showing that “in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.” *Inwood Labs., Inc. v. Ives Labs.*, 456 U.S. 844, 851 n. 11 (1982).

[4] In the pre-NAFTA era, the focus on distinctiveness overshadowed the deceptiveness aspect of § 1052(e)(2) and made it quite easy for the PTO to deny registration on the principal register to geographically deceptively misdescriptive marks under § 1052(e)(2). On the other hand, the deception requirement of § 1052(a) protected against fraud and could not be overlooked. Therefore, the PTO had significantly more difficulty denying registration based on that higher standard.

...

[5] As noted, the Lanham Act itself does not expressly require different tests for geographically misleading marks. In order to implement the Lanham Act prior to the NAFTA amendments, the PTO used a low standard to reject marks for geographically deceptive misdescriptiveness under pre-NAFTA § 1052(e), which was relatively simple to meet. In contrast, the PTO required a much more demanding finding to reject for geographical deception under § 1052(a). This distinction was justified because rejection under subsection (a) was final, while rejection under pre-NAFTA subsection (e)(2) was only temporary, until the applicant could show that the mark had become distinctive. The more drastic consequence establishes the propriety of the elevated materiality test in the context of a permanent ban on registration under § 1052(a).

[6] NAFTA and its implementing legislation obliterated the distinction between geographically deceptive marks and primarily geographically deceptively misdescriptive marks. Article 1712 of NAFTA provides:

1. Each party [United States, Mexico, Canada] shall provide, in respect of geographical indications, the legal means for interested persons to prevent:

(a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a territory, region or locality other than the true place of origin, in a manner that misleads the public as to the geographical origin of the good....

See NAFTA, Dec. 17, 1992, art. 1712, 32 I.L.M. 605, 698. This treaty shifts the emphasis for geographically descriptive marks to prevention of any public deception. Accordingly, the NAFTA Act amended § 1052(e) to read:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 4 [15 USCS § 1054], (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce.

15 U.S.C. § 1052(e)-(f) (2000).

[7] Recognizing the new emphasis on prevention of public deception, the NAFTA amendments split the categories of geographically descriptive and geographically deceptively misdescriptive into two subsections (subsection (e)(2) and (e)(3) respectively). Under the amended Lanham Act, subsection (e)(3)—geographically deceptive misdescription—could no longer acquire distinctiveness under subsection (f). Accordingly, marks determined to be primarily geographically deceptively misdescriptive are permanently denied registration, as are deceptive marks under § 1052(a).

[8] Thus, § 1052 no longer treats geographically deceptively misdescriptive marks differently from geographically deceptive marks. Like geographically deceptive marks, the analysis for primarily geographically deceptively misdescriptive marks under § 1052(e)(3) focuses on deception of, or fraud on, the consumer. The classifications under the new § 1052 clarify that these two deceptive categories both receive permanent rejection. Accordingly, the test for rejecting a deceptively misdescriptive mark is no longer simple lack of distinctiveness, but the higher showing of deceptiveness.

...

[9] The amended Lanham Act gives geographically deceptively misdescriptive marks the same treatment as geographically deceptive marks under § 1052(a). Because both of these categories are subject to permanent denial of registration, the PTO may not simply rely on lack of distinctiveness to deny registration, but must make the more difficult showing of public deception. In other words, by placing geographically deceptively misdescriptive marks under subsection (e)(3) in the same fatal circumstances as deceptive marks under subsection (a), the NAFTA Act also elevated the standards for identifying those deceptive marks.

...

[10] Thus, due to the NAFTA changes in the Lanham Act, the PTO must deny registration under § 1052(e)(3) if (1) the primary significance of the mark is a generally known geographic location, (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing the mark, when in fact the goods do not come from that place, and (3) the misrepresentation was a material factor in the consumer's decision.

[The Federal Circuit remanded the case for application of the new three-prong test].

Comments and Questions

1. *Geographically deceptive or geographically deceptively misdescriptive?* Note, strangely, that “the test for determining whether a mark is primarily geographically deceptively misdescriptive under §2(e)(3) is now the same as the test for determining whether a mark is deceptive under §2(a).” TMEP § 1210.05(d). The result is that if all three elements of the three-step test set forth in *In re California Innovations* are met, then the mark may be geographically deceptive, geographically deceptively misdescriptive, or both geographically deceptive and geographically deceptively misdescriptive. Recall that in any of these cases the mark is unprotectable. For marks not claiming use in commerce or acquired distinctiveness prior to December 8, 1993 (the date of enactment of the NAFTA Implementation Act), the PTO will typically issue a refusal based on Section 2(e)(3) and Section 2(a).² See TMEP § 1210.05(d).

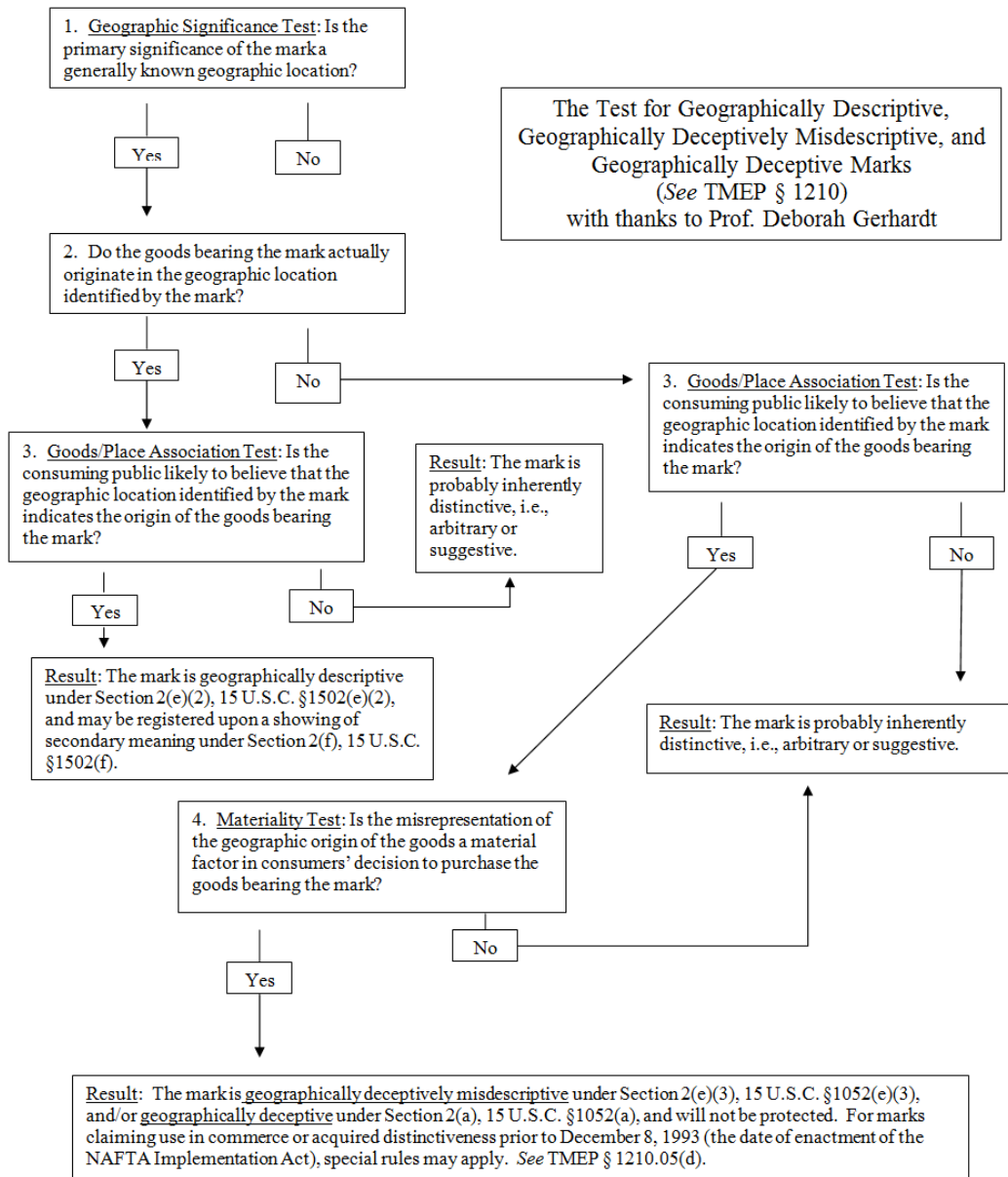
The tests for geographic descriptiveness, geographic deceptiveness, and geographic deceptive misdescriptiveness may appear quite complicated. Experience has shown that these tests distract the student from far more important

² The Gilson treatise explains why the difference between the two categories might matter:

The test for determining whether a mark is deceptive under Section 2(a) is now the same as that for determining whether a mark is primarily geographically deceptively misdescriptive under Section 2(e)(3). The difference comes with respect to registrability: Geographically deceptive marks cannot be registered on either the Principal or Supplemental Register, while primarily geographically deceptively misdescriptive marks may be registered on the Principal Register if the marks became distinctive of the goods or services before December 8, 1993, and they may be registered on the Supplemental Register if they have been in use in commerce since before December 8, 1993

GILSON §2.03[4][c][3].

issues in trademark law. To aid in understanding the tests, a flowchart is provided below synthesizing the tests into a series of questions.



2. Examples of marks held to be geographically deceptively misdescriptive.

There are many recent examples of marks held to be geographically deceptively misdescriptive. *See, e.g., In re Miracle Tuesday LLC*, 695 F3d 1339, 104 USPQ2d 1330 (Fed. Cir. 2012) (affirming the TTAB's refusal to register the composite mark consisting of JPK PARIS 75 and design as primarily geographically deceptively misdescriptive for apparel that did not originate in Paris; "Although [applicant's Miami-based designer] Mr. Klifa may still consider himself to be Parisian, the goods

that applicant seeks to register are not because there is no current connection between the goods and Paris.”); *In re Premiere Distillery, LLC*, 103 USPQ2d 1483 (TTAB 2012) (finding REAL RUSSIAN primarily geographically deceptively misdescriptive for vodka not made in Russia; “In view of this demonstrated fame and reputation of Russian vodka to the relevant public, we may infer that a substantial portion of consumers who encounter REAL RUSSIAN on applicant’s vodka are likely to incorrectly believe that the vodka comes from Russia and that such mistaken belief would materially influence their decision to purchase the vodka”); *In re Compania de Licores Internacionales S.A.*, 102 USPQ2d 1841 (TTAB 2012) (finding OLD HAVANA primarily geographically deceptively misdescriptive for rum not made in Cuba); *Corporacion Habanos, S.A. v. Guantanamera Cigars Co.*, 102 USPQ2d 1085 (TTAB 2012) (finding GUANTANAMERA, a Spanish word literally meaning “girl from Guantanamo” or “of or from Guantanamo, Cuba,” primarily geographically deceptively misdescriptive for cigars not made in Cuba).

3. *Example of a mark held not to be geographically deceptively misdescriptive.* For an example of a mark held not to be geographically deceptively misdescriptive, consider *In re Glaze Inc.*, Serial No. 76565437 (TTAB Mar. 17, 2005) (not citable). In *In re Glaze*, the TTAB reversed the examining attorney’s refusal to register the mark SWISSCELL for batteries not made in Switzerland. The Board found that because the mark incorporated the word “Swiss,” the primary significance of the mark was a generally known geographic location. However, the Board found that consumers would not likely believe that the batteries originated in Switzerland:

Even when we view the evidence that perhaps two Swiss companies make different type of batteries and that Switzerland is a country with a prosperous and stable market economy, we hold that, as in *California Innovations*, 66 USPQ2d at 1859, this is tenuous evidence that purchasers would expect batteries for lighting to come from Switzerland....

[H]ere the evidence of a goods/place association consists of a single battery company (Renata) and another company that makes vehicle batteries. Under the stricter *California Innovations* standards, we are constrained to find that the examining attorney has not established the required goods/place association between Switzerland and batteries for lighting.

Id. at *4. Finally, the Board found no evidence that the misrepresentation of the source of the batteries would influence consumers’ decision to purchase them:

The few references in the retailers’ advertisements to “Swiss quality” and “Swiss manufacture” in relation to [another Swiss company’s Swiss-made] batteries do not show that prospective purchasers’ decisions would be materially influenced by the term “Swiss” when purchasing batteries for lighting...

The only other evidence that could indicate that the term “Swiss” may materially impact purchasing decisions is the nebulous references to “Swiss quality.” There is simply insufficient evidence to hold that the term “Swiss” applied to virtually any product materially influences purchasers.

Id. at *4-5.

4. *What about non-material misdescriptiveness for geographic marks?* Consider the strange implications of the Federal Circuit’s holding in *In re California Innovations, Inc.*, 329 F.3d 1334, (Fed. Cir. 2003). Before the NAFTA/TRIPS amendments in 1993, geographically deceptively misdescriptive marks could be registered upon a showing of secondary meaning. Certain U.S. trade partners, particularly European countries, objected to this apparently lax standard for the registration of geographically deceptively misdescriptive terms. In response, the U.S. changed its law to provide that any terms that qualify as geographically deceptively misdescriptive may not be registered. However, by adding a materiality requirement, *California Innovations* then made it much more difficult for terms to qualify as geographically deceptively misdescriptive. As a result, at least for certain marks, the U.S. has arguably adopted an even laxer standard for registration of geographically misdescriptive terms. If the misdescriptiveness of such terms is not material to the consumer’s decision to purchase, then the term may be registrable, and now *without any need to show secondary meaning*. For if such terms are not geographically deceptively misdescriptive (because the materiality requirement is not satisfied), neither are they geographically descriptive, a status which would trigger the secondary meaning requirement. Instead, in the wake of *California Innovations*, it would appear that such terms are essentially suggestive or arbitrary, i.e., inherently distinctive. For a thorough discussion of this turn of events, see Robert Brauneis & Roger E. Schechter, *Geographic Trademarks and the Protection of Competitor Communication*, 96 TRADEMARK REP. 782 (2006).

3. Scandalous and Disparaging Marks

For the moment, federal trademark law will not allow the registration of or otherwise protect marks that are deemed “scandalous” or “disparaging.” See Lanham Act § 2(a), 15 U.S.C. §1052(a) (prohibiting the registration of any mark that “[c]onsists of or comprises immoral...or scandalous matter; or matter which may disparage...persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute”). However, in *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015), as corrected (Feb. 11, 2016), the Federal Circuit held *en banc* that the Lanham Act § 2(a) prohibition on the registration of disparaging marks was unconstitutional under the First Amendment. In *Tam*, Simon Shiao Tam is the front man of the Asian-American band “The Slants,” a name he choose “to ‘reclaim’ and ‘take ownership’ of Asian stereotypes.” *Id.* at 1331. The PTO had rejected Tam’s application to register the band’s name as a trademark on the ground that it was disparaging of persons of Asian descent. On April 20, 2016, the PTO petitioned the Supreme Court for certiorari review of the Federal Circuit’s decision (No. 15-1293). Meanwhile, the Federal Circuit is expected to address the constitutionality of the prohibition on the registration of *scandalous* marks in the currently-pending appeal of *In re Brunetti*, Serial No. 85310960, 2014 WL 3976439 (TTAB Aug. 1, 2014) (affirming examiner’s refusal to register FUCT for athletic apparel as scandalous). In the meantime, the PTO issued *Examination Guide 01-16* (Mar. 10, 2016) explaining that while *Tam* remains subject to potential Supreme Court review, the Office will issue only “advisory refusals” to register marks it deems disparaging and suspend § 2(a) review of such applications until *Tam* is resolved. The Office will act similarly with respect to scandalous marks until *Brunetti* is resolved.

Another case has also significantly complicated the issue. In *Blackhorse v. Pro-Football, Inc.*, 111 U.S.P.Q.2d 1080, 2014 WL 2757516 (TTAB June 18, 2014), five Native Americans petitioned to cancel various trademark registrations consisting in whole or in part of the term REDSKINS for professional football-related services on the ground that at the time of their registration they were disparaging of Native Americans and thus obtained contrary to Lanham Act §§ 14(c) and 2(a), 15 U.S.C. §§ 1064(c) & 1052(a). In a lengthy opinion, the TTAB granted the petition and ordered the cancellation of the marks—over the dissent of Administrative Trademark Judge Marc Bergsman. See *Blackhorse*, 111 U.S.P.Q.2d at 1080. The TTAB’s ruling was affirmed on appeal to the Eastern District of Virginia. See *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439 (E.D. Va. 2015). The case is currently on appeal before the Fourth Circuit (No. 15-1874). (If you support Tam’s application to register THE SLANTS, what is your position on the registration of the term “redskins” by a professional football team in the nation’s capital?)

In light of the significance of the Federal Circuit’s ruling in *Tam*, the following section very briefly sets forth the current basic doctrine relating to scandalous and disparaging marks that the PTO and some courts (such as the Eastern District of

Virginia in *Blackhorse*) continue to apply. We then turn to the Federal Circuit's opinion in *Tam*.

a. The Prohibition of the Protection of Scandalous and Disparaging Marks

To be barred from protection as scandalous, a mark must be perceived as scandalous by a substantial composite of the general consuming public. *See, e.g., In re Shearer*, Serial No. 78690531 (TTAB May 14, 2009) (not citable) (affirming refusal to register PUSSY NATURAL ENERGY for non-alcoholic beverages as scandalous); *In re Red Bull GmbH*, 78 USPQ2d 1375 (TTAB 2006) (affirming refusal to register BULLSHIT for various alcoholic and nonalcoholic beverages, including energy drinks, and related services as scandalous); *In re Old Glory Condom Corp.*, 26 USPQ2d 1216 (TTAB 1993) (reversing refusal to register OLD GLORY CONDOM CORP., with stars and stripes design, on condoms; finding mark not to be scandalous in light of applicant's stated patriotic purpose "to emphasize that Americans have a patriotic duty to fight the AIDS epidemic and other sexually transmitted diseases"). *See also In re Marsha Fox*, 702 F.2d 633 (Fed. Cir. 2012) (affirming refusal to register COCK SUCKER in connection with "[c]hocolate suckers molded in the shape of a rooster"; in cases of double entendre, "as long as a 'substantial composite of the general public' perceives the mark, in context, to have a vulgar meaning, the mark as a whole 'consists of or comprises ... scandalous matter.'" (emphasis in original)).

By contrast, to be barred from protection as disparaging, the mark must be perceived as disparaging by a substantial composite of the *group allegedly disparaged*. *See, e.g., In re Lebanese Arak Corp.*, 94 U.S.P.Q.2d 1215 (TTAB 2010) (affirming refusal of registration of KHORAN for wine on the ground that Muslims would find the mark disparaging since the Koran prohibits the consumption of alcohol); *In re Hines*, 31 U.S.P.Q.2d 1685, 1688 (TTAB 1994) (affirming refusal to register composite mark for clothing consisting of BUDDHA BEACHWARE and design as disparaging to Buddhists), vacated on other grounds, 32 U.S.P.Q.2d 1375 (TTAB 1994) ; *In re Over Our Heads, Inc.*, 16 U.S.P.Q.2d 1653, 1654 (TTAB 1990) (reversing refusal to register MOONIES for dolls that dropped their pants; finding mark not to be disparaging to members of The Unification Church); *In re Heeb Media, LLC*, 89 U.S.P.Q.2d 1071 (TTAB 2008) (affirming refusal to register HEEB for apparel as disparaging of Jewish people).

Two other basic points: First, the scandalous or disparaging quality of the mark is to be considered in the context of the goods or services with which the mark is used. *See, e.g., In re Lebanese Arak Corporation*, 94 U.S.P.Q.2d 1215, 2010 WL 766488 (T.T.A.B. 2010) (affirming refusal of KHORAN for wine as disparaging of a substantial proportion of Muslims). Second, even if the goods to which the mark is affixed may be perceived as scandalous or disparaging, that alone will not trigger a finding that the mark itself is scandalous or disparaging. *See, e.g., In re Madsen*, 180 U.S.P.Q. 334, 335 (TTAB 1973) (holding that WEEK-END SEX for magazines was not scandalous and

emphasizing that the question of whether the magazine contents were pornographic was not before the Board).

Comments and Questions

1. *Cooptational speech and the disparagement bar to registration.* In July 2003, the San Francisco Women's Motorcycle Contingent (SFWMC), a non-profit California corporation, filed a trademark application for DYKES ON BIKES in connection with the following services: "Education and Entertainment Services in the nature of organizing, conducting, and promoting parade contingents, community festivals, events, street fairs, forums, seminars, parties and rallies to support, organize and motivate women motorcyclists everywhere to do the same, thereby fostering pride in a wide variety of sexual orientations and identities, namely lesbian, bisexual and transgender." The PTO initially refused registration on the grounds that (1) the mark was disparaging of lesbians and (2) that the mark was "vulgar", i.e., scandalous. The PTO did so in the face of an enormous amount of evidence explaining the SFWMC's mission and the cooptational nature of its use of the term "dyke". On appeal to the TTAB, the TTAB remanded the application back to the examining attorney to consider the additional evidence the SFWMC had submitted with its appeal. In December 2005, the PTO approved the application for publication. At this stage appeared one Michael McDermott, a self-styled "Male Citizen of the United States and a fourth generation native son of the City of San Francisco." *McDermott v. San Francisco Motorcycle Contingent*, 81 U.S.P.Q.2d 1212 (TTAB 2006). McDermott opposed the application on the ground, in his words, that SFWMC's "attempt to use this Trademark to further the goals of Separatist/Neo Exterminationist Misandrists ... as well as Sadists and Sado-Masochistic Bondage and Flogging Fanatics ... is a shameful abuse of the trademark process." *Id.* In *McDermott v. San Francisco Women's Motorcycle Contingent*, 240 F. App'x 865 (Fed. Cir. 2007), the Federal Circuit affirmed the TTAB's holding that McDermott lacked standing. The mark was registered in October 2007.

Int. Cl.: 41

Prior U.S. Cls.: 100, 101 and 107

United States Patent and Trademark Office

Reg. No. 3,323,803

Registered Oct. 30, 2007

**SERVICE MARK
PRINCIPAL REGISTER**

DYKES ON BIKES

SAN FRANCISCO WOMEN'S MOTORCYCLE
CONTINGENT (CALIFORNIA CORPORATION)
633 CASTRO STREET
SAN FRANCISCO, CA 94114

FOR: EDUCATION AND ENTERTAINMENT
SERVICES IN THE NATURE OF ORGANIZING,
CONDUCTING, AND PROMOTING PARADE CON-
TINGENTS, COMMUNITY FESTIVALS, EVENTS,
STREET FAIRS, FORUMS, SEMINARS, PARTIES
AND RALLIES TO SUPPORT, ORGANIZE AND
MOTIVATE WOMEN MOTORCYCLISTS EVERY-

WHERE TO DO THE SAME, THEREBY FOSTERING
PRIDE IN A WIDE VARIETY OF SEXUAL ORIEN-
TATIONS AND IDENTITIES, NAMELY LESBIAN,
BISexual AND TRANSGENDER, IN CLASS 41
(U.S. CLS. 100, 101 AND 107).

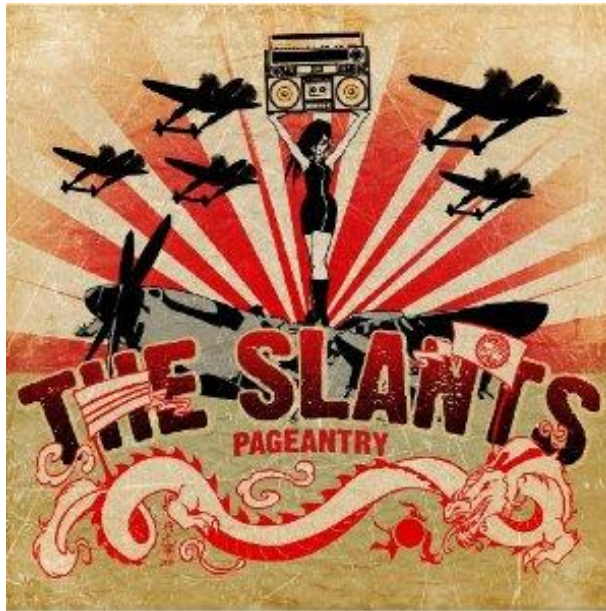
FIRST USE 6-0-1976; IN COMMERCE 6-0-1976.

SER. NO. 78-281,746, FILED 7-31-2003.

SHARON MEIER, EXAMINING ATTORNEY

2. *Marijuana marks.* To qualify for federal registration, a mark must be used in commerce for goods or services that are legal under federal law. For this reason, the T.T.A.B. has affirmed the refusal of registration of the mark HERBAL ACCESS for “retail store services featuring herbs” when such services consisted of the sale of marijuana in Washington state, under whose law such sales are legal. *In re Morgan Brown*, Serial No. 86362968 (TTAB July 14, 2016).

b. The Constitutionality of the Prohibition of the Protection of Scandalous and Disparaging Marks



In re Simon Shiao Tam

808 F.3d 1321 (Fed. Cir. 2015) (as corrected Feb. 11, 2016) (en banc)

MOORE, Circuit Judge:

[1] Section 2(a) of the Lanham Act bars the Patent and Trademark Office (“PTO”) from registering scandalous, immoral, or disparaging marks. 15 U.S.C. § 1052(a). The government enacted this law—and defends it today—because it disapproves of the messages conveyed by disparaging marks. It is a bedrock principle underlying the First Amendment that the government may not penalize private speech merely because it disapproves of the message it conveys. That principle governs even when the government’s message-discriminatory penalty is less than a prohibition.

[2] Courts have been slow to appreciate the expressive power of trademarks. Words—even a single word—can be powerful. Mr. Simon Shiao Tam named his band THE SLANTS to make a statement about racial and cultural issues in this country. With his band name, Mr. Tam conveys more about our society than many volumes of undisputedly protected speech. Another rejected mark, STOP THE ISLAMISATION OF AMERICA, proclaims that Islamisation is undesirable and should be stopped. Many of the marks rejected as disparaging convey hurtful speech that harms members of oft-stigmatized communities. But the First Amendment protects even hurtful speech.

[3] The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks. It cannot refuse to register marks because it concludes that such marks will be disparaging to others.

The government regulation at issue amounts to viewpoint discrimination, and under the strict scrutiny review appropriate for government regulation of message or viewpoint, we conclude that the disparagement proscription of § 2(a) is unconstitutional. Because the government has offered no legitimate interests justifying § 2(a), we conclude that it would also be unconstitutional under the intermediate scrutiny traditionally applied to regulation of the commercial aspects of speech. We therefore vacate the Trademark Trial and Appeal Board's ("Board") holding that Mr. Tam's mark is unregistrable, and remand this case to the Board for further proceedings.

BACKGROUND

I. The Lanham Act

...

[4] "Registration is significant. The Lanham Act confers important legal rights and benefits on trademark owners who register their marks." *B & B Hardware, Inc. v. Hargis Ind., Inc.*, --- U.S. ----, 135 S.Ct. 1293, 1300 (2015) (quotation marks omitted). These benefits—unavailable in the absence of federal registration—are numerous, and include both substantive and procedural rights....

[5] Under the Lanham Act, the PTO must register source-identifying trademarks unless the mark falls into one of several categories of marks precluded from registration. *Id.* § 1052.... Many of these categories bar the registration of deceptive or misleading speech, because such speech actually undermines the interests served by trademark protection and, thus, the Lanham Act's purposes in providing for registration. For example, a mark may not be registered if it resembles a registered mark such that its use is likely to "cause confusion, or to cause mistake, or to deceive," § 2(d), or if it is "deceptively misdescriptive," § 2(e). These restrictions on registration of deceptive speech do not run afoul of the First Amendment. *See Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 563 (1980) ("The government may ban forms of communication more likely to deceive the public than to inform it."); *see also Friedman v. Rogers*, 440 U.S. 1, 13, 15–16 (1979); *Ohralik v. Ohio State Bar Ass'n*, 436 U.S. 447, 462–63 (1978).

[6] Section 2(a), however, is a hodgepodge of restrictions. Among them is the bar on registration of a mark that "[c]onsists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute." Section 2(a) contains proscriptions against deceptive speech, for example, the prohibition on deceptive matter or the prohibition on falsely suggesting a connection with a person or institution. But other restrictions in § 2(a) differ in that they are based on the expressive nature of the content, such as the ban on marks that may disparage persons or are scandalous or immoral. These latter restrictions cannot be justified on the basis that they further the Lanham Act's purpose in preventing consumers from being deceived. These exclusions from

registration do not rest on any judgment that the mark is deceptive or likely to cause consumer confusion, nor do they protect the markholder's investment in his mark. They deny the protections of registration for reasons quite separate from any ability of the mark to serve the consumer and investment interests underlying trademark protection. In fact, § 2(a)'s exclusions can undermine those interests because they can even be employed in cancellation proceedings challenging a mark many years after its issuance and after the markholder has invested millions of dollars protecting its brand identity and consumers have come to rely on the mark as a brand identifier.

[7] This case involves the disparagement provision of § 2(a).¹ Section 2(a)'s ban on the federal registration of "immoral" or "scandalous" marks originated in the trademark legislation of 1905. *See* Act of Feb. 20, 1905, ch. 592, § 5(a), 33 Stat. 724, 725. The provision barring registration based on disparagement first appeared in the Lanham Act in 1946. Pub.L. 79-489, § 2(a), 60 Stat. 427, 428 (codified at 15 U.S.C. § 1052(a)). It had no roots in the earlier trademark statute or the common law. There were few marks rejected under the disparagement provision following enactment of the Lanham Act. Only in the last several decades has the disparagement provision become a more frequent ground of rejection or cancellation of trademarks. Marks that the PTO has found to be disparaging include: REDSKINS, *Pro-Football, Inc. v. Blackhorse*, No. 1-14-CV-01043-GBL, 112 F.Supp.3d 439, 2015 WL 4096277 (E.D.Va. July 8, 2015) (2014 PTO cancellation determination currently on appeal in Fourth Circuit); STOP THE ISLAMISATION OF AMERICA, *In re Geller*, 751 F.3d 1355 (Fed.Cir.2014); THE CHRISTIAN PROSTITUTE (2013); AMISHHOMO (2013); MORMON WHISKEY (2012); KHORAN for wine, *In re Lebanese Arak Corp.*, 94 U.S.P.Q.2d 1215 (T.T.A.B. Mar. 4, 2010); HAVE YOU HEARD THAT SATAN IS A REPUBLICAN? (2010); RIDE HARD RETARD (2009); ABORT THE REPUBLICANS (2009); HEEB, *In re Heeb Media, LLC*, 89 U.S.P.Q.2d 1071 (T.T.A.B. Nov. 26, 2008); SEX ROD, *Bos. Red Sox Baseball Club L.P. v. Sherman*, 88 U.S.P.Q.2d 1581 (T.T.A.B. Sept. 9, 2008) (sustaining an opposition on multiple grounds, including disparagement); MARRIAGE IS FOR FAGS (2008); DEMOCRATS SHOULDN'T BREED (2007); REPUBLICANS SHOULDN'T BREED (2007); 2 DYKE

¹ We limit our holding in this case to the constitutionality of the § 2(a) disparagement provision. Recognizing, however, that other portions of § 2 may likewise constitute government regulation of expression based on message, such as the exclusions of immoral or scandalous marks, we leave to future panels the consideration of the § 2 provisions other than the disparagement provision at issue here. To be clear, we overrule *In re McGinley*, 660 F.2d 481 (C.C.P.A.1981), and other precedent insofar as they could be argued to prevent a future panel from considering the constitutionality of other portions of § 2 in light of the present decision.

MINIMUM (2007); WET BAC/WET B.A.C. (2007); URBAN INJUN (2007); SQUAW VALLEY, *In re Squaw Valley Dev. Co.*, 80 U.S.P.Q.2d 1264 (T.T.A.B. June 2, 2006); DON'T BE A WET BACK (2006); FAGDOG (2003); N.I.G.G.A. NATURALLY INTELLIGENT GOD GIFTED AFRICANS (1996); a mark depicting a defecating dog, *Greyhound Corp. v. Both Worlds, Inc.*, 6 U.S.P.Q.2d 1635 (T.T.A.B. Mar. 30, 1988) (found to disparage Greyhound's trademarked running dog logo); an image consisting of the national symbol of the Soviet Union with an "X" over it, *In re Anti-Communist World Freedom Cong., Inc.*, 161 U.S.P.Q. 304 (T.T.A.B. Feb. 24, 1969); DOUGH-BOY for "a prophylactic preparation for the prevention of venereal diseases," *Doughboy Indus., Inc. v. Reese Chem. Co.*, 88 U.S.P.Q. 227 (T.T.A.B. Jan. 25, 1951).

[8] A disparaging mark is a mark which "dishonors by comparison with what is inferior, slights, deprecates, degrades, or affects or injures by unjust comparison." *Geller*, 751 F.3d at 1358 (alterations omitted). To determine if a mark is disparaging under § 2(a), a trademark examiner of the PTO considers:

- (1) What is the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services; and
- (2) If that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols, whether that meaning may be disparaging to a substantial composite of the referenced group.

Trademark Manual of Exam. Proc. ("TMEP") § 1203.03(b)(i) (Jan.2015 ed.) (citing *Geller*, 751 F.3d at 1358). If the examiner "make[s] a prima facie showing that a substantial composite, although not necessarily a majority, of the referenced group would find the proposed mark, as used on or in connection with the relevant goods or services, to be disparaging in the context of contemporary attitudes," the burden shifts to the applicant for rebuttal. *Id.* If the applicant fails to rebut the prima facie case of disparagement, the examiner refuses to register the mark. The Trademark Manual of Examining Procedure does not require an examiner who finds a mark disparaging to consult her supervisor or take any further steps to ensure the provision is applied fairly and consistently across the agency. *Compare* TMEP § 1203.03 (no discussion of action to take if examiner finds mark disparaging), *with* TMEP § 1203.01 (requiring examiner who finds a mark scandalous or immoral to consult his supervisor). A single examiner, with no input from her supervisor, can reject a mark as disparaging by determining that it would be disparaging to a substantial composite of the referenced group.

II. Facts of This Case

[9] Mr. Tam is the "front man" for the Asian-American dance-rock band The Slants. Mr. Tam named his band The Slants to "reclaim" and "take ownership" of

Asian stereotypes. The band draws inspiration for its lyrics from childhood slurs and mocking nursery rhymes, and its albums include “The Yellow Album” and “Slanted Eyes, Slanted Hearts.” The band “feel[s] strongly that Asians should be proud of their cultural heri[ta]ge, and not be offended by stereotypical descriptions.” J.A. 52. With their lyrics, performances, and band name, Mr. Tam and his band weigh in on cultural and political discussions about race and society that are within the heartland of speech protected by the First Amendment.

[10] On November 14, 2011, Mr. Tam filed the instant application (App. No. 85/472,044) seeking to register the mark THE SLANTS for “Entertainment in the nature of live performances by a musical band,” based on his use of the mark since 2006. The examiner refused to register Mr. Tam’s mark, finding it likely disparaging to “persons of Asian descent” under § 2(a). The examiner found that the mark likely referred to people of Asian descent in a disparaging way, explaining that the term “slants” had “a long history of being used to deride and mock a physical feature” of people of Asian descent. And even though Mr. Tam may have chosen the mark to “reappropriate the disparaging term,” the examiner found that a substantial composite of persons of Asian descent would find the term offensive.

[11] The Board affirmed the examiner’s refusal to register the mark. The Board wrote that “it is abundantly clear from the record not only that THE SLANTS ... would have the ‘likely meaning’ of people of Asian descent but also that such meaning has been so perceived and has prompted significant responses by prospective attendees or hosts of the band’s performances.” *In re Tam*, No. 85472044, 2013 WL 5498164, at *5 (T.T.A.B. Sept. 26, 2013) (“*Board Opinion*”). To support its finding that the mark likely referred to people of Asian descent, the Board pointed to dictionary definitions, the band’s website, which displayed the mark next to “a depiction of an Asian woman, utilizing rising sun imagery and using a stylized dragon image,” and a statement by Mr. Tam that he selected the mark in order to “own” the stereotype it represents. *Id.* The Board also found that the mark is disparaging to a substantial component of people of Asian descent because “[t]he dictionary definitions, reference works and all other evidence unanimously categorize the word ‘slant,’ when meaning a person of Asian descent, as disparaging,” and because there was record evidence of individuals and groups in the Asian community objecting to Mr. Tam’s use of the word. *Id.* at *7. The Board therefore disqualified the mark for registration under § 2(a).

[12] Mr. Tam appealed, arguing that the Board erred in finding the mark disparaging and that § 2(a) is unconstitutional. On appeal, a panel of this Court affirmed the Board determination that the mark is disparaging.² *In re Tam*, 785 F.3d 567, 570–71 (Fed.Cir.2015) (“*Panel Opinion*”), *reh’g en banc granted, opinion vacated*, 600 Fed.Appx. 775 (Fed.Cir.2015) (“*En Banc Order*”). Although the term “slants” has several meanings, the panel found that substantial evidence supported

² We reinstate the panel’s holding that Mr. Tam’s mark is disparaging.

the Board’s finding that the mark likely refers to people of Asian descent. *Panel Op.* at 570–71. This included an article in which Mr. Tam described the genesis of the band’s name by explaining: “I was trying to think of things that people associate with Asians. Obviously, one of the first things people say is that we have slanted eyes....” *Id.* at 570. Moreover, the band’s Wikipedia page stated that the band’s name is “derived from an ethnic slur for Asians.” *Id.* The Wikipedia entry quoted Mr. Tam: “We want to take on these stereotypes that people have about us, like the slanted eyes, and own them. We’re very proud of being Asian—we’re not going to hide that fact. The reaction from the Asian community has been positive.” The record included an image from the band’s website in which the mark THE SLANTS is set against Asian imagery. *Id.* Finally, the record included un rebutted evidence that both individuals and Asian groups have perceived the term as referring to people of Asian descent. *Id.* at 570–71 (citing, e.g., J.A. 95 (“[Mr. Tam] was initially slated to give the keynote address at the 2009 Asian American Youth Leadership Conference in Portland. But some conference supporters and attendees felt the name of the band was offensive and racist, and out of respect for these opinions the conference organizers decided to choose someone less controversial.”))).

[13] The panel also found that substantial evidence supported the Board’s finding that the mark is disparaging to a substantial composite of people of Asian descent. *Panel Op.* at 571. It noted that the definitions in evidence universally characterize the word “slant” as disparaging, offensive, or an ethnic slur when used to refer to a person of Asian descent, including the dictionary definitions provided by Mr. Tam. *Id.* The record also included a brochure published by the Japanese American Citizens League describing the term “slant,” when used to refer to people of Asian descent, as a “derogatory term” that is “demeaning” and “cripple[s] the spirit.” *Id.* Finally, the record included news articles and blog posts discussing the offensive nature of the band’s name. *Id.* (citing *Board Op.* at *2–3; J.A. 45, 51, 94–98, 100).

[14] Having found the mark disparaging under § 2(a), the panel held that binding precedent foreclosed Mr. Tam’s arguments that § 2(a) is unconstitutional, including Mr. Tam’s argument that § 2(a) violates the First Amendment on its face. *Panel Op.* at 572–73. As the panel explained, in *McGinley*, our predecessor court held that the refusal to register a mark under § 2(a) does not bar the applicant from using the mark, and therefore does not implicate the First Amendment. *Id.* at 572 (citing *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A.1981)). The entirety of the *McGinley* analysis was:

With respect to appellant’s First Amendment rights, it is clear that the PTO’s refusal to register appellant’s mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, appellant’s First Amendment rights would not be abridged by the refusal to register his mark.

660 F.2d at 484 (citations omitted). In subsequent cases, panels of this Court relied on the holding in *McGinley*. See *In re Fox*, 702 F.3d 633, 635 (Fed.Cir.2012); *In re Boulevard Entm't, Inc.*, 334 F.3d 1336, 1343 (Fed.Cir.2003); *In re Mavety Media Grp.*, 33 F.3d 1367, 1374 (Fed.Cir.1994). Additional views by the panel's authoring judge questioned whether the en banc court should reconsider the constitutionality of § 2(a) en banc. *Panel Op.* at 573–85 (Moore, J., additional views).

[15] More than thirty years have passed since the decision in *McGinley*, and in that time both the *McGinley* decision and our reliance on it have been widely criticized.³ *Id.* at 573–74. Furthermore, the *McGinley* analysis was cursory, without citation to legal authority, and decided at a time when the First Amendment had only recently been applied to commercial speech. *Id.* at 574, 581 (citing *Cent. Hudson*, 447 U.S. at 566). First Amendment jurisprudence on the unconstitutional conditions doctrine and the protection accorded to commercial speech has evolved significantly since the *McGinley* decision. *Id.* at 574; see also *id.* at 574–580 (describing evolution of commercial speech doctrine and unconstitutional conditions doctrine).

[16] Other courts' reliance on the reasoning in *McGinley* further reinforces the importance of taking this case en banc. Without analysis, the Fifth Circuit wrote that "[w]e join our sister circuit in rejecting [the applicant's] argument that prohibiting him from registering a mark with the PTO violates his [F]irst [A]mendment rights." *Test Masters Educ. Servs., Inc. v. Singh*, 428 F.3d 559, 578 n. 9 (5th Cir.2005). And a district court in the Eastern District of Virginia relied upon *McGinley* when it concluded that the cancellation of trademark registrations under § 2(a) did not implicate the First Amendment. *Pro-Football, Inc.*, 112 F.Supp.3d at 454–57, 2015 WL 4096277, at *8–10 ("[T]he Court agrees with the Federal Circuit and Fifth Circuit and holds that Section 2(a) of the Lanham Act does not implicate the First Amendment.").

[17] For these reasons, we sua sponte ordered rehearing en banc. We asked the parties to file briefs on the following issue:

Does the bar on registration of disparaging marks in 15 U.S.C. § 1052(a) violate the First Amendment?

En Banc Order at 775. In addition to the parties' briefs, we received ten amicus briefs. We heard oral argument on October 2, 2015.

DISCUSSION

³ See, e.g., *Ritchie v. Simpson*, 170 F.3d 1092, 1103 & n. 1 (Fed.Cir.1999) (Newman, J., dissenting); *Pro-Football Inc. v. Harjo*, No. 99–1385(CKK), 2000 WL 1923326, at *4 (D.D.C. Dec. 11, 2000)....

I. Section 2(a)'s Denial of Important Legal Rights to Private Speech Based on Disapproval of the Message Conveyed Is Subject to, and Cannot Survive, Strict Scrutiny

[18] Strict scrutiny is used to review any governmental regulation that burdens private speech based on disapproval of the message conveyed. Section 2(a), which denies important legal rights to private speech on that basis, is such a regulation. It is therefore subject to strict scrutiny. It is undisputed that it cannot survive strict scrutiny.

A. The Disparagement Provision, Which Discriminates Based on Disapproval of the Message, Is Not Content or Viewpoint Neutral

[19] "Content-based regulations are presumptively invalid." *R.A.V. v. City of St. Paul*, 505 U.S. 377, 382 (1992); see also *Ashcroft v. ACLU*, 542 U.S. 656, 660 (2004). "Content-based laws—those that target speech based on its communicative content—are presumptively unconstitutional and may be justified only if the government proves that they are narrowly tailored to serve compelling state interests." *Reed v. Town of Gilbert*, --- U.S. ----, 135 S.Ct. 2218, 2226 (2015); see also *Police Dep't of Chi. v. Mosley*, 408 U.S. 92, 95 (1972) ("[A]bove all else, the First Amendment means that the government has no power to restrict expression because of its message, its ideas, its subject matter, or its content."). A regulation is content based even when its reach is defined simply by the topic (subject matter) of the covered speech. See *Reed*, 135 S.Ct. at 2230.

[20] Viewpoint-based regulations, targeting the substance of the viewpoint expressed, are even more suspect. They are recognized as a particularly "egregious form of content discrimination," *id.*, though they have sometimes been discussed without being cleanly separated from topic discrimination, see, e.g., *Mosley*, 408 U.S. at 95. Such measures "raise[] the specter that the government may effectively drive certain ideas or viewpoints from the marketplace." *Simon & Schuster, Inc. v. Members of N.Y. State Crime Victims Bd.*, 502 U.S. 105, 116 (1991); see also *Sorrell v. IMS Health Inc.*, --- U.S. ----, 131 S.Ct. 2653, 2667 (2011); *Rosenberger v. Rector & Visitors of Univ. of Va.*, 515 U.S. 819, 828 (1995). "The First Amendment requires heightened scrutiny whenever the government creates 'a regulation of speech because of disagreement with the message it conveys.'" *Sorrell*, 131 S.Ct. at 2664 (quoting *Ward v. Rock Against Racism*, 491 U.S. 781, 791 (1989)). This is true whether the regulation bans or merely burdens speech. "[H]eightedened judicial scrutiny is warranted" when an act "is designed to impose a specific, content-based burden on protected expression." *Id.*; see also *Rosenberger*, 515 U.S. at 828 ("[T]he government offends the First Amendment when it imposes financial burdens on certain speakers based on the content of their expression."). "The distinction between laws burdening and laws banning speech is but a matter of degree. The Government's content-based burdens must satisfy the same rigorous scrutiny as its content-based

bans.” *United States v. Playboy Entm’t Grp., Inc.*, 529 U.S. 803, 812 (2000). “Lawmakers may no more silence unwanted speech by burdening its utterance than by censoring its content.” *Sorrell*, 131 S.Ct. at 2664; *see also infra* at 1340.

[21] It is beyond dispute that § 2(a) discriminates on the basis of content in the sense that it “applies to particular speech because of the topic discussed.” *Reed*, 135 S.Ct. at 2227. Section 2(a) prevents the registration of disparaging marks—it cannot reasonably be argued that this is not a content-based restriction or that it is a content-neutral regulation of speech. And the test for disparagement—whether a substantial composite of the referenced group would find the mark disparaging—makes clear that it is the nature of the message conveyed by the speech which is being regulated. If the mark is found disparaging by the referenced group, it is denied registration. “Listeners’ reaction to speech is not a content-neutral basis for regulation.” *Forsyth Cty. v. Nationalist Movement*, 505 U.S. 123, 134 (1992).

[22] And § 2(a) does more than discriminate on the basis of topic. It also discriminates on the basis of message conveyed, “the idea or message expressed,” *Reed*, 135 S.Ct. at 2227; it targets “viewpoints [in] the marketplace,” *Simon & Schuster*, 502 U.S. at 116, 112 S.Ct. 501. It does so as a matter of avowed and undeniable purpose, and it does so on its face.⁴

[23] First, the government enacted and continues to defend § 2(a) “because of disagreement with the message [disparaging marks] convey [].” *Sorrell*, 131 S.Ct. at 2664. When the government refuses to register a mark under § 2(a), it does so

⁴ Both parties agree that this appeal is appropriately viewed as involving a facial challenge. A law is facially invalid if “a substantial number of its applications are unconstitutional, judged in relation to the statute’s plainly legitimate sweep.” *Wash. State Grange v. Wash. State Republican Party*, 552 U.S. 442, 449 n. 6 (2008) (internal quotation marks omitted). In other words, to succeed in his facial challenge, Mr. Tam must “demonstrate a substantial risk that application of the provision will lead to the suppression of speech.” *Nat’l Endowment for the Arts v. Finley*, 524 U.S. 569, 580 (1998). The marks refused registration under the disparagement provision are protected speech. And the government refused to register all of these marks because it found they convey a disparaging message. More than a “substantial number” of § 2(a)’s applications of the disparagement provision rest on disapproval of the expressive message conveyed—every rejection under the disparagement provision is a message-based denial of otherwise-available legal rights. Thus, we conclude that § 2(a) is invalid on its face. That conclusion follows from the standards for First Amendment facial invalidation and also fits the rationale for those standards: it avoids maintaining on the books a rule that called for case-by-case litigation over particular marks, based on speakers’ intent and government interests or other factors, which would threaten to produce the very chilling effect that First Amendment facial-invalidity standards condemn.

because it disapproves of “the message a speaker conveys” by the mark. *Reed*, 135 S.Ct. at 2227. Underscoring its hostility to these messages, the government repeatedly asserts in its briefing before this court that it ought to be able to prevent the registration of “the most vile racial epithets and images,” Appellee’s En Banc Br. 1, and “to dissociate itself from speech it finds odious,” *id.* 41. The legislative history of § 2(a) reinforces this conclusion. See Hearings on H.R. 4744 Before the Sub-comm. on Trademarks of the House Comm. on Patents, 76th Cong., 1st Sess. 18–21 (1939) (statement of Rep. Thomas E. Robertson) (Rep. Maroney) (“[W]e would not want to have Abraham Lincoln gin.”); *id.* (Rep. Rogers) (stating that a mark like “Abraham Lincoln gin ought not to be used,” and that § 2(a) “would take care of [such] abuses”). From its enactment in 1946 through its defense of the statute today, the government has argued that the prohibited marks ought not to be registered because of the messages the marks convey. When the government discriminates against speech because it disapproves of the message conveyed by the speech, it discriminates on the basis of viewpoint. *Sorrell*, 131 S.Ct. at 2664.

[24] The legal significance of viewpoint discrimination is the same whether the government disapproves of the message or claims that some part of the populace will disapprove of the message. This point is recognized in the Supreme Court’s long-standing condemnation of government impositions on speech based on adverse reactions among the public. See, e.g., *Snyder v. Phelps*, 562 U.S. 443, 460–61 (2011); *R.A.V.*, 505 U.S. 377; *Texas v. Johnson*, 491 U.S. 397, 414 (1989).

[25] Second, the disparagement provision at issue is viewpoint discriminatory on its face. The PTO rejects marks under § 2(a) when it finds the marks refer to a group in a negative way, but it permits the registration of marks that refer to a group in a positive, non-disparaging manner. In this case the PTO refused to register Mr. Tam’s mark because it found the mark “disparaging” and “objectionable” to people of Asian descent. *Tam*, 2013 WL 5498164, at *6. But the PTO has registered marks that refer positively to people of Asian descent. See, e.g., CELEBRASIANS, ASIAN EFFICIENCY. Similarly, the PTO has prohibited the registration of marks that it found disparaged other groups. See, e.g., *Pro-Football*, 112 F.Supp.3d 439, 2015 WL 4096277 (affirming cancellation of REDSKINS); *Geller*, 751 F.3d 1355 (affirming rejection of STOP THE ISLAMISATION OF AMERICA); *Lebanese Arak Corp.*, 94 U.S.P.Q.2d 1215 (refusing to register KHORAN for wine); *Heeb Media*, 89 U.S.P.Q.2d 1071 (refusing to register HEEB); *Squaw Valley Dev. Co.*, 80 U.S.P.Q.2d 1264 (refusing to register SQUAW VALLEY for one class of goods, but registering it for another). Yet the government registers marks that refer to particular ethnic groups or religions in positive or neutral ways—for example, NAACP, THINK ISLAM, NEW MUSLIM COOL, MORMON SAVINGS, JEWISHSTAR, and PROUD 2 B CATHOLIC.

[26] The government argues that § 2(a) is viewpoint neutral because it does not eliminate any particular view-point—only particular words. It argues that under § 2(a), two marks with diametrically opposed viewpoints will both be refused, so long as those marks use the same disparaging term. It points to Mr. Tam—who does not seek to express an anti-Asian viewpoint—as proof. It cites a statement in *R.A.V.*

that a hypothetical statute that prohibited “odious racial epithets ... to proponents of all views” would not be viewpoint discriminatory. *Id.* 40 (quoting 505 U.S. at 391); see also *Ridley v. Mass. Bay Transp. Auth.*, 390 F.3d 65, 90–91 (1st Cir.2004) (holding that “guidelines prohibiting demeaning or disparaging ads are themselves viewpoint neutral”).

[27] The *R.A.V.* statement does not apply here. The government’s starting point—that it rejects marks conveying diametrically opposed viewpoints, if they contain the same offensive word—is incorrect. The PTO looks at what message the referenced group takes from the applicant’s mark in the context of the applicant’s use, and it denies registration only if the message received is a negative one. Thus, an applicant can register a mark if he shows it is perceived by the referenced group in a positive way, even if the mark contains language that would be offensive in another context. For example, the PTO registered the mark DYKES ON BIKES, U.S. Reg. No. 3,323,803, after the applicant showed the term was often enough used with pride among the relevant population. In *Squaw Valley*, the Board allowed the registration of the mark SQUAW VALLEY in connection with one of the applied-for classes of goods (namely, skiing-related products), but not in connection with a different class of goods. 80 U.S.P.Q.2d at *22. Section 2(a) does not treat identical marks the same. A mark that is viewed by a substantial composite of the referenced group as disparaging is rejected. It is thus the viewpoint of the message conveyed which causes the government to burden the speech. This form of regulation cannot reasonably be argued to be content neutral or viewpoint neutral.

[28] The government’s argument also fails because denial of registration under § 2(a) turns on the referenced group’s perception of a mark. Speech that is offensive or hostile to a particular group conveys a distinct viewpoint from speech that carries a positive message about the group. STOP THE ISLAMISATION OF AMERICA and THINK ISLAM express two different viewpoints. Under § 2(a), one of these viewpoints garners the benefits of registration, and one does not. The government enacted § 2(a), and defends it today, because it is hostile to the messages conveyed by the refused marks. Section 2(a) is a viewpoint-discriminatory regulation of speech, created and applied in order to stifle the use of certain disfavored messages. Strict scrutiny therefore governs its First Amendment assessment—and no argument has been made that the measure survives such scrutiny.

B. The Disparagement Provision Regulates the Expressive Aspects of the Mark, Not Its Function As Commercial Speech

[29] The government cannot escape strict scrutiny by arguing that § 2(a) regulates commercial speech. True, trademarks identify the source of a product or service, and therefore play a role in the “dissemination of information as to who is producing and selling what product, for what reason, and at what price.” *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 765 (1976). But they very commonly do much more than that. And, critically, it is always a mark’s

expressive character, not its ability to serve as a source identifier, that is the basis for the disparagement exclusion from registration. The disparagement provision must be assessed under First Amendment standards applicable to what it targets, which is not the commercial-speech function of the mark.

[30] This case exemplifies how marks often have an expressive aspect over and above their commercial-speech aspect. Mr. Tam explicitly selected his mark to create a dialogue on controversial political and social issues. With his band name, Mr. Tam makes a statement about racial and ethnic identity. He seeks to shift the meaning of, and thereby reclaim, an emotionally charged word. He advocates for social change and challenges perceptions of people of Asian descent. His band name pushes people. It offends. Despite this—indeed, because of it—Mr. Tam’s band name is expressive speech.

[31] Importantly, *every time* the PTO refuses to register a mark under § 2(a), it does so because it believes the mark conveys an expressive message—a message that is disparaging to certain groups. STOP THE ISLAMISATION OF AMERICA is expressive. In refusing to register the mark, the Board explained that the “mark’s admonition to ‘STOP’ Islamisation in America ‘sets a negative tone and signals that Islamization is undesirable and is something that must be brought to an end in America.’ ” *Geller*, 751 F.3d at 1361. And by finding HEEB and SQUAW VALLEY disparaging, the PTO necessarily did so based on its finding that the marks convey an expressive message over and above their function as source identifiers—namely, an expressive message disparaging Jewish and Native American people. It was these expressive messages that the government found objectionable, and that led the government to refuse to register or to cancel the marks. In doing so, the government made moral judgments based solely and indisputably on the marks’ expressive content. Every single time registration is refused or cancelled pursuant to the disparagement provision, it is based upon a determination by the government that the expressive content of the message is unsuitable because it would be viewed by the referenced group as disparaging them.

[32] “Commercial speech is no exception” to the need for heightened scrutiny of content-based impositions seeking to curtail the communication of particular information or messages. *Sorrell*, 131 S.Ct. at 2664. Indeed, “[a] consumer’s concern for the free flow of commercial speech often may be far keener than his concern for urgent political dialogue.” *Id.* (internal quotation marks omitted). Strict scrutiny must apply to a government regulation that is directed at the expressive component of speech. That the speech is used in commerce or has a commercial component should not change the inquiry when the government regulation is entirely directed to the expressive component of the speech. This is not a government regulation aimed at the commercial component of speech. *See Va. State Bd. of Pharmacy*, 425 U.S. at 765 (commercial speech involves the “dissemination of information as to who is producing and selling what product, for what reason, and at what price”); *see id.* at 762 (defining “commercial speech” as speech that does “no more than propose a

commercial transaction”); *Bd. of Trs. of State Univ. of N.Y. v. Fox*, 492 U.S. 469, 473–74 (1989); *City of Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 423 (1993).

[33] In *R.A.V.*, the Supreme Court explained the key point: under First Amendment law, government measures often affect speech that has a dual character, and when they do, which First Amendment standard is applicable depends on which aspect of the speech is targeted by the measure being reviewed. *See* 505 U.S. at 385 (“The proposition that a particular instance of speech can be proscribable on the basis of one feature (*e.g.*, obscenity) but not on the basis of another (*e.g.*, opposition to the city government) is commonplace and has found application in many contexts.”). In particular, commercial speech that is “inextricably intertwined” with expressive speech is treated as expressive speech under the First Amendment when the expressive aspect is being regulated. *Riley v. Nat’l Fed’n of the Blind*, 487 U.S. 781, 796 (1988). Here, § 2(a) targets speech that is of “public concern,” because it “can be fairly considered as relating to any matter of political, social, or other concern to the community.” *Snyder v. Phelps*, 562 U.S. 443, 453 (2011) (internal quotation marks omitted). It therefore “occupies the highest rung of the hierarchy of First Amendment values, and is entitled to special protection.” *Id.* at 452 (internal quotation marks omitted).

[34] Because § 2(a) discriminates on the basis of the content of the message conveyed by the speech, it follows that it is presumptively invalid, and must satisfy strict scrutiny to be found constitutional. “In the ordinary case it is all but dispositive to conclude that a law is content-based and, in practice, viewpoint-discriminatory.” *Sorrell*, 131 S.Ct. at 2667. The government here does not even argue that § 2(a) satisfies strict scrutiny.

II. Section 2(a) Is Not Saved From Strict Scrutiny Because It Bans No Speech or By Government–Speech or Government–Subsidy Doctrines

[35] Faced with the daunting prospect of defending a content- and viewpoint-discriminatory regulation of speech, the government argues that § 2(a) does not implicate the First Amendment at all. First, the government suggests that § 2(a) is immune from First Amendment scrutiny because it prohibits no speech, but leaves Mr. Tam free to name his band as he wishes and use this name in commerce. Second, the government suggests that trademark registration is government speech, and thus the government can grant and reject trademark registrations without implicating the First Amendment. Finally, the government argues that § 2(a) merely withholds a government subsidy for Mr. Tam’s speech and is valid as a permissible definition of a government subsidy program. We reject each of the government’s arguments.

A. Strict Scrutiny Applies to § 2(a), Which Significantly Chills Private Speech on Discriminatory Grounds, Though It Does Not Ban Speech

[36] The government argues that § 2(a) does not implicate the First Amendment because it does not prohibit any speech. The government's argument is essentially the same as that of our predecessor court in *McGinley*.... But the First Amendment's standards, including those broadly invalidating message discrimination, are not limited to such prohibitions. See *Pitt News v. Pappert*, 379 F.3d 96, 111–12 (3d Cir.2004) (Alito, J.) (“The threat to the First Amendment arises from the imposition of financial burdens that may have the effect of influencing or suppressing speech, and whether those burdens take the form of taxes or some other form is unimportant.”).

[37] The point has been recognized in various doctrinal settings. “For if the government could deny a benefit to a person because of his constitutionally protected speech or associations, his exercise of those freedoms would in effect be penalized and inhibited. This would allow the government to produce a result which it could not command directly.” *Perry v. Sindermann*, 408 U.S. 593, 597 (1972) (internal quotation marks and alterations omitted). This premise—that denial of a benefit would chill exercise of the constitutional right—undergirds every unconstitutional conditions doctrine case, discussed *infra*. See, e.g., *Speiser v. Randall*, 357 U.S. 513, 518 (1958) (“It is settled that speech can be effectively limited by the exercise of the taxing power. To deny an exemption to claimants who engage in certain forms of speech is in effect to penalize them for such speech.” (citation omitted)); *Bd. of Cty. Comm’rs v. Umbehr*, 518 U.S. 668, 674 (1996) (loss of a valuable benefit “in retaliation for speech may chill speech on matters of public concern”);...

[38] The general principle is clear: “Lawmakers may no more silence unwanted speech by burdening its utterance than by censoring its content.” *Sorrell*, 131 S.Ct. at 2664.... A law may burden speech even when it does so indirectly. In *Sorrell*, the challenged statute did not directly ban speech, but rather forbade certain pharmaceutical marketing executives from obtaining and using information that could help them market their products more effectively. 131 S.Ct. at 2659–60. The Court found that the state “ha[d] burdened a form of protected expression,” while leaving “unburdened those speakers whose messages are in accord with its own views.” *Id.* at 2672.

[39] Here, too, § 2(a) burdens some speakers and benefits others. And while it is true that a trademark owner may use its mark in commerce even without federal registration, it has been widely recognized that federal trademark registration bestows *truly* significant and financially valuable benefits upon markholders. *B & B Hardware*, 135 S.Ct. at 1300; *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 199–200 (1985) (valuable new rights were created by the Lanham Act); McCarthy at § 19:9, :11....

[40] Denial of these benefits creates a serious disincentive to adopt a mark which the government may deem offensive or disparaging....

[41] For those reasons, the § 2(a) bar on registration creates a strong disincentive to choose a “disparaging” mark. And that disincentive is not cabined to

a clearly understandable range of expressions. The statute extends the uncertainty to marks that “may disparage.” 15 U.S.C. § 1052(a). The uncertainty as to what *might be deemed* disparaging is not only evident on its face, given the subjective-reaction element and shifting usages in different parts of society. It is confirmed by the record of PTO grants and denials over the years, from which the public would have a hard time drawing much reliable guidance.⁵

[42] Such uncertainty of speech-affecting standards has long been recognized as a First Amendment problem, *e.g.*, in the overbreadth doctrine. *See Broadrick v. Oklahoma*, 413 U.S. 601, 613, 615, 93 S.Ct. 2908, 37 L.Ed.2d 830 (1973). It has also been recognized as a problem under Fifth Amendment vagueness standards as they have been specially applied in the First Amendment setting. All we need say about the uncertainty here, however, is that it contributes significantly to the chilling effect on speech.

[43] The disincentive to choose a particular mark extends to any mark that could require the expenditure of substantial resources in litigating to obtain registration in the first place. And the disincentive does not stop there, because the disparagement determination is not a onetime matter. Even if an applicant obtains a registration initially, the mark may be challenged in a cancellation proceeding years later....

[44] Not surprisingly, “those who are denied registration under Section 2(a) often abandon the denied application and file a new one, indicating that they have changed their name rather than bear the costs of using a ‘disparaging’ mark or challenge the PTO’s determination.” *Br. of Amicus Curiae Pro-Football, Inc.* 15....

...

⁵ The PTO’s record of trademark registrations and denials often appears arbitrary and is rife with inconsistency. The PTO denied the mark HAVE YOU HEARD SATAN IS A REPUBLICAN because it disparaged the Republican Party, App. Ser. No. 85/077647, but did not find the mark THE DEVIL IS A DEMOCRAT disparaging, App. Ser. No. 85/525,066 (abandoned after publication for other reasons). The PTO registered the mark FAGDOG three times and refused it twice, at least once as disparaging. *Compare* Reg. Nos. 2,926,775; 2,828,396; and 3,174,475, with App. Ser. Nos. 76/454,927 and 75/950,535. The PTO refused to register the marks FAG FOREVER A GENIUS!, App. Ser. No. 86/089,512, and MARRIAGE IS FOR FAGS, App. Ser. No. 77/477,549, but allowed the mark F*A*G FABULOUS AND GAY, Reg. No. 2,997,761 (abandoned after publication for other reasons). And PTO examiners have registered DANGEROUS NEGRO, CELEBRETARDS, STINKY GRINGO, MIDGET-MAN, and OFF-WHITE TRASH—all marks that could be offensive to a substantial composite of the referenced group. We see no rationale for the PTO’s seemingly arbitrary registration decisions, let alone one that would give applicants much guidance.

[45] Contrary to the suggestion by the government, Mr. Tam is likely also barred from registering his mark in nearly every state. Three years after the enactment of the Lanham Act, the United States Trademark Association prepared the Model State Trademark Act—a bill patterned on the Lanham Act in many respects. McCarthy at § 22:5. The Model Act contains language barring a mark from registration if it “consists of or comprises matter which may disparage ... persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.” 1964 Model State Trademark Act, § 2. Following the lead of the federal government, virtually all states have adopted the Model Act and its disparagement provision. McCarthy at § 22:5. Thus, not only are the benefits of federal registration unavailable to Mr. Tam, so too are the benefits of trademark registration in nearly all states.

[46] The government argues that the denial of Mr. Tam’s registration “does not eliminate any common-law rights that might exist in [his] mark.” Appellee’s En Banc Br. 20. But as the government’s use of “might” indicates, it is unclear whether Mr. Tam could actually enforce any common law rights to a disparaging mark. The 1964 Model State Trademark Act, which most states have adopted, provides that “[n]othing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith at any time at common law.” § 14. However, the term “mark” is defined as “any trademark or service mark *entitled* to registration under this Act whether registered or not.” § 1.C (emphasis added). Common law rights to a mark may thus be limited to marks “entitled to registration.” Whether a user of an unregistrable, disparaging mark has any enforceable common law rights is at best unclear.... The government has not pointed to a single case where the common-law holder of a disparaging mark was able to enforce that mark, nor could we find one. The government’s suggestion that Mr. Tam has common-law rights to his mark appears illusory.⁶

⁶ The government also argues that Mr. Tam “may” have rights under 15 U.S.C. § 1125(a) (“Section 43(a)”). First, those rights would not include the benefits afforded to federally registered marks. Furthermore, it is not at all clear that Mr. Tam could bring a § 43(a) unfair competition claim. Section 43(a) allows for a federal suit to protect an unregistered trademark, much like state common law. But there is no authority extending § 43(a) to marks denied under § 2(a)’s disparagement provision. To the contrary, courts have suggested that § 43(a) is only available for marks that are registrable under § 2. *See Two Pesos*, 505 U.S. at 768, 112 S.Ct. 2753 (section 43(a) “protects qualifying unregistered trademarks and ... the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a)”); *Yarmuth–Dion, Inc. v. D’ion Furs, Inc.*, 835 F.2d 990, 992 (2d Cir.1987) (requiring a plaintiff to “demonstrate that his [unregistered] mark merits protection under the Lanham Act”); *see also Renna v. Cty. of Union*, 88 F.Supp.3d 310, 320 (D.N.J.2014) (“Section 2 declares certain marks to be

[47] Whether Mr. Tam has enforceable common-law rights to his mark or could bring suit under § 43(a) does not change our conclusion. Federal trademark registration brings with it valuable substantive and procedural rights unavailable in the absence of registration. These benefits are denied to anyone whose trademark expresses a message that the government finds disparages any group, Mr. Tam included. The loss of these rights, standing alone, is enough for us to conclude that § 2(a) has a chilling effect on speech....

B. Trademark Registration Is Not Government Speech

[48] The government suggests, and several amici argue, that trademark registration is government speech, and as such outside the coverage of the First Amendment. “The Free Speech Clause restricts government regulation of private speech; it does not regulate government speech.” *Pleasant Grove City v. Summum*, 555 U.S. 460, 467 (2009). Although we find it difficult to understand the government’s precise position as to how trademark registration constitutes government speech, we conclude that there is no government speech at issue in the rejection of disparaging trademark registrations that would insulate § 2(a) from First Amendment review.

...

[49] In *Walker v. Texas Division, Sons of Confederate Veterans, Inc.*, the Supreme Court detailed the indicia of government speech. --- U.S. ----, 135 S.Ct. 2239 (2015). The Court concluded that specialty license plates were government speech, even though a state law allowed individuals, organizations, and nonprofit groups to request certain designs. The Court found several considerations weighing in favor of this holding. It emphasized that “the history of license plates shows that, insofar as license plates have conveyed more than state names and vehicle identification numbers, they long have communicated messages from the States.” *Id.* at 2248. It stressed that “[t]he State places the name ‘TEXAS’ in large letters at the top of every plate,” that “the State requires Texas vehicle owners to display license plates, and every Texas license plate is issued by the State,” that “Texas also owns the designs on its license plates,” and that “Texas dictates the manner in which drivers may dispose of unused plates.” *Id.* As a consequence, the Court reasoned, “Texas license plate designs ‘are often closely identified in the public mind with the State.’” *Id.* (quoting *Summum*, 555 U.S. at 472 (alteration omitted)). Amidst all of its other aspects of control, moreover, “Texas maintains direct control over the messages conveyed on its specialty plates.” *Id.* at 2249. “Indeed, a person who displays a

unregistrable because they are inappropriate subjects for trademark protection. It follows that such unregistrable marks, not actionable as registered marks under Section 32, are not actionable under Section 43, either.”). And we have found no case allowing a § 43(a) action on a mark rejected or cancelled under § 2(a).

message on a Texas license plate likely intends to convey to the public that the State has endorsed that message.” *Id.*

[50] The government’s argument in this case that trademark registration amounts to government speech is at odds with the Supreme Court’s analysis in *Walker* and unmoored from the very concept of government speech. When the government registers a trademark, the only message it conveys is that a mark is registered. The vast array of private trademarks are not created by the government, owned or monopolized by the government, sized and formatted by the government, immediately understood as performing any government function (like unique, visible vehicle identification), aligned with the government, or (putting aside any specific government-secured trademarks) used as a platform for government speech. There is simply no meaningful basis for finding that consumers associate registered private trademarks with the government.

...

C. Section 2(a) Is Not a Government Subsidy Exempt from Strict Scrutiny

[51] We reject the government’s argument that § 2(a)’s message-based discrimination is merely the government’s shaping of a subsidy program. The government’s defense is contrary to the long-established unconstitutional conditions doctrine. The Supreme Court has repeatedly invalidated denials of “benefits” based on message-based disapproval of private speech that is not part of a government-speech program. In such circumstances, denial of an otherwise-available benefit is unconstitutional at least where, as here, it has a significant chilling effect on private speech. *Bd. of Cty. Comm’rs*, 518 U.S. at 674 (1996) (explaining that “the threat of the loss of [a valuable financial benefit] in retaliation for speech may chill speech on matters of public concern”); *id.* (“[r]ecognizing that constitutional violations may arise from the deterrent, or ‘chilling,’ effect of governmental efforts that fall short of a direct prohibition against the exercise of First Amendment rights”) (citations and alterations omitted).

...

[52] Were we to accept the government’s argument that trademark registration is a government subsidy and that therefore the government is free to restrict speech within the confines of the trademark program, it would expand the “subsidy” exception to swallow nearly all government regulation. In many ways, trademark registration resembles copyright registration. Under the logic of the government’s approach, it follows that the government could refuse to register copyrights without the oversight of the First Amendment. Congress could pass a law prohibiting the copyrighting of works containing “racial slurs,” “religious insults,” “ethnic caricatures,” and “misogynistic images.” Appellee’s En Banc Br. 2–3. It is difficult to imagine how trademark registration with its attendant benefits could be deemed a government subsidy but copyright registration with its attendant benefits would not amount to a government subsidy.... The government admits that any message-based

regulation of copyrights would be subject to the First Amendment. We agree, and extend the government's reasoning to § 2(a)'s message-based regulation of trademarks....

III. Section 2(a) Is Unconstitutional Even Under the *Central Hudson* Test for Commercial Speech

[53] As discussed above, § 2(a) regulates expressive speech, not commercial speech, and therefore strict scrutiny is appropriate. Trademarks have at times been referred to as commercial speech. *See, e.g., Friedman v. Rogers*, 440 U.S. 1, 11 (1979) (holding that the trade name of an optometrist was commercial speech). They are, after all, commercial identifiers, the symbols and words by which companies distinguish and identify their brands. *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 765 (1976) (defining commercial speech as the “dissemination of information as to who is producing and selling what product, for what reason, and at what price”). It does not follow, however, that all government regulation of trademarks is properly reviewed under the *Central Hudson* intermediate scrutiny standard. Section 2(a) bars registration of disparaging marks. This regulation is squarely based on the expressive aspect of the speech, not its commercial-speech aspects. It should therefore be evaluated under the First Amendment standards applicable to the regulation of expressive speech. Discrimination against a mark by virtue of its offensive, disparaging nature discriminates against the mark's political or social message. Section 2(a) should be subject to strict scrutiny, and be invalidated for its undisputed inability to survive such scrutiny.

[54] Even if we were to treat § 2(a) as a regulation of commercial speech, it would fail to survive. In *Central Hudson*, the Supreme Court laid out the intermediate-scrutiny framework for determining the constitutionality of restrictions on commercial speech. 447 U.S. at 566. First, commercial speech “must concern lawful activity and not be misleading.” *Id.* If this is the case, we ask whether “the asserted governmental interest is substantial,” *id.*, and whether the regulation “directly and materially advanc[es]” the government's asserted interest and is narrowly tailored to achieve that objective. *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 555–56 (2001). “Under a commercial speech inquiry, it is the State's burden to justify its content-based law as consistent with the First Amendment.” *Sorrell*, 131 S.Ct. at 2667.

[55] First, we ask whether the regulated activity is lawful and not misleading. *Cent. Hudson*, 447 U.S. at 563–64. Unlike many other provisions of § 2, the disparagement provision does not address misleading, deceptive, or unlawful marks. There is nothing illegal or misleading about a disparaging trademark like Mr. Tam's mark.

[56] Next, for speech that is lawful and not misleading, a substantial government interest must justify the regulation. *Id.* at 566. But § 2(a) immediately fails at this step. The entire interest of the government in § 2(a) depends on disapproval of the message. That is an insufficient interest to pass the test of intermediate scrutiny, as the Supreme Court made clear in *Sorrell*. 131 S.Ct. at 2668 (law must not “seek to suppress a disfavored message”); *id.* at 2670 (rejecting message-based interest as “contrary to basic First Amendment principles”); *see id.* at 2667–68 (finding it unnecessary to rely on strict scrutiny; rejecting justification under *Central Hudson*); *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 69–72 (1983); *Carey v. Population Servs., Int’l*, 431 U.S. 678, 701 & n. 28 (1977).

[57] The government proffers several interests to justify its bar on disparaging trademarks. It argues principally that the United States is “entitled to dissociate itself from speech it finds odious.” Appellee’s En Banc Br. 41. This core argument rests on intense disapproval of the disparaging marks.... And that disapproval is not a legitimate government interest where, as here, for the reasons we have already discussed, there is no plausible basis for treating the speech as government speech or as reasonably attributed to the government by the public.

[58] The government also argues that it has a legitimate interest in “declining to expend its resources to facilitate the use of racial slurs as source identifiers in interstate commerce.” Appellee’s En Banc Br. 43. The government’s interest in directing its resources does not warrant regulation of these marks. As discussed, trademark registration is user-funded, not taxpayer-funded. The government expends few resources registering these marks. Its costs are the same costs that would be incidental to any governmental registration: articles of incorporation, copyrights, patents, property deeds, etc. In fact, the government spends far more significant funds defending its refusal decisions under the statute. *See McGinley*, 660 F.2d at 487 (Rich, J., dissenting) (“More ‘public funds’ are being expended in the prosecution of this appeal than would ever result from the registration of the mark.”). Finally, labeling this sort of interest as substantial creates an end-run around the unconstitutional conditions doctrine, as virtually all government benefits involve the resources of the federal government in a similar sense. Nearly every government act could be justified under this ground, no matter how minimal. For example, the government could also claim an interest in declining to spend resources to issue permits to racist, sexist, or homophobic protests. The government cannot target speech on this basis, even if it must expend resources to grant parade permits or close down streets to facilitate such speech.

[59] This holds true even though the government claims to have a “compelling interest in fostering racial tolerance.” Appellee’s En Banc Br. 43 (citing *Bob Jones Univ. v. United States*, 461 U.S. 574, 604 (1983)). *Bob Jones University* does not stand for the broad proposition the government claims. *Bob Jones University* is a case about racially discriminatory conduct, not speech. The Court held that the government has an interest in combating “racial discrimination in education,” not a

more general interest in fostering racial tolerance that would justify preventing disparaging speech. *Id.* at 595.

[60] The invocation of the general racial-tolerance interest to support *speech* regulation is a sharply different matter, as the Supreme Court explained in *R.A.V.*:

One must wholeheartedly agree with the Minnesota Supreme Court that “[i]t is the responsibility, even the obligation, of diverse communities to confront [virulent notions of racial supremacy] in whatever form they appear,” but the manner of that confrontation cannot consist of selective limitations upon speech. St. Paul’s brief asserts that a general “fighting words” law would not meet the city’s needs because only a content-specific measure can communicate to minority groups that the “group hatred” aspect of such speech “is not condoned by the majority.” The point of the First Amendment is that majority preferences must be expressed in some fashion other than silencing speech on the basis of its content.

505 U.S. at 392 (first alteration in original; citations omitted). What is true of direct “silencing” is also true of the denial of important legal rights. “[I]n public debate we must tolerate insulting, and even outrageous, speech in order to provide adequate breathing space to the freedoms protected by the First Amendment.” *Snyder*, 562 U.S. at 458 (quoting *Boos v. Barry*, 485 U.S. 312, 322 (1988)) (alterations omitted). The case law does not recognize a substantial interest in discriminatorily regulating private speech to try to reduce racial intolerance.

[61] Moreover, at the level of generality at which the government invokes “racial tolerance,” it is hard to see how one could find that § 2(a) “directly and materially advanc[es]” this interest and is narrowly tailored to achieve that objective. *Lorillard Tobacco Co.*, 533 U.S. at 555–56. Disparaging speech abounds on the Internet and in books and songs bearing government registered copyrights. And the PTO has granted trademark registrations of many marks with a racially charged character. Further, the connection to a broad goal of racial tolerance would be even weaker to the extent that the government suggests, contrary to our conclusion in II.A *supra*, that denial of registration has no meaningful effect on the actual adoption and use of particular marks in the marketplace.

[62] Finally, the government argues that it has a legitimate interest in “allowing States to make their own determinations about whether trademarks should be unenforceable on grounds of public policy.” Appellee’s En Banc Br. 44. However, this interest cannot stand alone. If § 2(a) is otherwise unconstitutional, the government cannot render it constitutional by arguing that it is necessary so that states can partake in the same unconstitutional message-based regulation of trademarks. The government, in essence, argues that it has a legitimate interest in leaving the door open for states to violate the Constitution. This interest is certainly not legitimate, let alone substantial.

[63] We conclude that the government has not presented us with a substantial government interest justifying the § 2(a) bar on disparaging marks. All of the government’s proffered interests boil down to permitting the government to burden speech it finds offensive. This is not a legitimate interest. With no substantial government interests, the disparagement provision of § 2(a) cannot satisfy the *Central Hudson* test. We hold the disparagement provision of § 2(a) unconstitutional under the First Amendment.

CONCLUSION

[64] Although we find the disparagement provision of § 2(a) unconstitutional, nothing we say should be viewed as an endorsement of the mark at issue. We recognize that invalidating this provision may lead to the wider registration of marks that offend vulnerable communities. Even Mr. Tam, who seeks to reappropriate the term “slants,” may offend members of his community with his use of the mark. But much the same can be (and has been) said of many decisions upholding First Amendment protection of speech that is hurtful or worse. Whatever our personal feelings about the mark at issue here, or other disparaging marks, the First Amendment forbids government regulators to deny registration because they find the speech likely to offend others. Even when speech “inflict[s] great pain,” our Constitution protects it “to ensure that we do not stifle public debate.” *Snyder*, 562 U.S. at 461. The First Amendment protects Mr. Tam’s speech, and the speech of other trademark applicants.

[65] We hold that the disparagement provision of § 2(a) is unconstitutional because it violates the First Amendment. We vacate the Board’s holding that Mr. Tam’s mark is unregistrable, and remand this case to the Board for further proceedings.

O’MALLEY, Circuit Judge, with whom WALLACH, Circuit Judge, joins, concurring.

[Omitted]

DYK, Circuit Judge, concurring in part and dissenting in part, with whom Circuit Judges LOURIE and REYNA join with respect to parts I, II, III, and IV.

[Omitted]

LOURIE, Circuit Judge, dissenting.

[Omitted]

REYNA, Circuit Judge, dissenting.

[1] The Majority holds today that Mr. Tam’s speech, which disparages those of Asian descent, is valuable political speech that the government may not regulate

except to ban its use in commerce by everyone but Mr. Tam. I believe the refusal to register disparaging marks under § 2(a) of the Lanham Act is an appropriate regulation that directly advances the government's substantial interest in the orderly flow of commerce. Because I would uphold the constitutionality of § 2(a), I respectfully dissent.

[2] Trademarks are commercial speech. And precisely because trademarks are commercial speech, the government's decision to grant or deny registration must be reviewed under an intermediate standard of scrutiny. Intermediate scrutiny is satisfied whenever the decision is narrowly tailored to directly advance a substantial government interest. When the commercial or political content of a trademark threatens the government's substantial interest in the orderly flow of commerce, appropriate regulation may be justified.

DISCUSSION

A. Intermediate Scrutiny Applies Because Trademarks Are Commercial Speech

[3] The Supreme Court has held that trademarks are "a form of commercial speech and nothing more." *Friedman v. Rogers*, 440 U.S. 1, 11 (1979); accord *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 563 (1987). The purpose of a trademark is merely to "propos[e] a commercial transaction" by identifying the source of goods or services. *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of New York*, 447 U.S. 557, 562 (1980).

[4] Because "the Constitution accords less protection to commercial speech than to other constitutionally safeguarded forms of expression," *Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 64–65 (1983), the government may regulate the use of trademarks to ensure the orderly flow of commerce. For example, the government may disallow trade names that create "[t]he possibilities for deception," even if the names are not untruthful. *Friedman*, 440 U.S. at 13. The government may similarly implement a trademark registration program, as it did through the Lanham Act, which provides certain speakers exclusive rights to their chosen marks in commerce. Such regulation is permissible under the First Amendment only because the speech being regulated is commercial and because the government has a substantial interest in facilitating commerce by "insuring that the stream of commercial information flows cleanly as well as freely." *Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 771–72 (1976).

[5] The courts have long recognized that some trademarks can include expressive elements concerning matters of public interest, and that such trademarks nevertheless remain commercial speech. Historically, commercial speech received no First Amendment protection, see *Valentine v. Chrestensen*, 316 U.S. 52, 54 (1942), and the seminal cases bringing commercial speech within the First Amendment's purview did so, at least in part, because commercial speech often communicates on matters of public interest. *Virginia State Bd.*, 425 U.S. at 764–65. As the Supreme Court recognized in *Virginia State Board*, "not all commercial

messages contain the same or even a very great public interest element,” but “[t]here are few to which such an element, however, could not be added.” *Id.*

[6] The protections of commercial speech are therefore based, at least in part, on the recognition that commercial speech is not always entirely commercial, but that it may contain political messages that make the speech “‘commercial’ in widely varying degrees.” *Bigelow v. Virginia*, 421 U.S. 809, 826 (1975). For this reason, the Supreme Court has routinely held that various examples of speech “constitute commercial speech notwithstanding the fact that they contain discussions of important public issues.” *Bolger*, 463 U.S. at 67; *see also Bd. of Trustees of State Univ. of New York v. Fox*, 492 U.S. 469 (1989). Put simply, commercial speech does not transform into core political speech with full First Amendment protections simply because it “links a product to a current public debate.” *Cent. Hudson*, 447 U.S. at 563.

[7] To determine whether speech is commercial, we consider “the nature of the speech taken as a whole.” *Riley v. Nat’l Fed’n of the Blind*, 487 U.S. 781, 796 (1988). For example, in *Bolger*, the Supreme Court found that certain pamphlets were commercial speech, despite containing “discussions of important public issues,” because (1) the speaker conceded that the pamphlets were advertisements, (2) the pamphlets referenced a specific product, and (3) the speaker had an economic motivation for mailing the pamphlets. *Bolger*, 463 U.S. at 66–68. The Court concluded that “[t]he combination of *all* these characteristics” supported the conclusion that “the informational pamphlets are properly characterized as commercial speech.” *Id.*

[8] All three factors from *Bolger* are necessarily also present in trademarks. Trademarks are used to identify specific products and to advertise the sources of those products. Trademarks, and in particular those federally registered for exclusive use in interstate commerce, are necessarily tools of commerce used with an “economic motive.” A trademark is therefore commercial speech, and as such, it lacks full First Amendment protections, regardless of whether it also includes a political element.

[9] The Majority reasons that because the commercial and political elements of trademarks are “inextricably intertwined,” the combined whole must be treated as expressive speech. Maj. Op. at 1339 (*citing Riley*, 487 U.S. at 796). But as explained above, commercial speech is frequently intertwined with political elements, and this intertwining does not necessarily alter the essentially commercial character of the speech. *Riley*, on which the Majority relies, is not to the contrary. *Riley* only reiterates that “in deciding what level of scrutiny to apply” we must consider “the nature of the speech taken as a whole.” *Riley*, 487 U.S. at 796. The nature of trademarks seeking federal registration for use in interstate commerce, when considered as a whole, is indisputably commercial, not political.

[10] Judge Dyk concurs in the result today only because he believes the *content* of Mr. Tam’s mark is so “indisputably expressive” that it cannot be regulated under the lesser standards applied to commercial speech. Dyk, J., concurring at 1373-74.

But if the expressive *content* of the mark precludes regulation, on what authority may the government grant Mr. Tam the exclusive right to use this mark in commerce? Whatever standard of scrutiny protects the content of Mr. Tam's trademark from government regulation, that same standard must necessarily be overcome by the government's substantial interest in the orderly flow of commerce, or no trademark could issue.

B. Intermediate Scrutiny Applies Because Section 2(a) is Content-Neutral

[11] The Majority applies strict scrutiny not necessarily because of the expressive content of Mr. Tam's mark, but because of the government's supposed *purpose* of suppressing the political elements of the mark. Maj. Op. at 1337-39. The Majority thus invokes the modern test for content-neutrality, under which the "principal inquiry" is "whether the government has adopted a regulation of speech because of disagreement with the message it conveys." *Ward v. Rock Against Racism*, 491 U.S. 781, 791 (1989). Under *Ward*, "[t]he government's purpose is the controlling consideration." *Id.* The Supreme Court has endorsed the applicability of this test to commercial speech. *Sorrell v. IMS Health Inc.*, --- U.S. ----, 131 S.Ct. 2653, 2664 (2011).

[12] If this appeal turns on a content-neutrality analysis, we should be clear that the government has never stated that the purpose of § 2(a) is to suppress speech. Only the Majority has advanced this rationale, and it has done so only by default after eliminating all other interests of which it could conceive. I do not think we need to search so hard and so far. The purpose of § 2(a) is the same as the purpose of the Lanham Act as a whole—to promote the orderly flow of commerce.

[13] The Lanham Act declares unequivocally that "[t]he intent of this chapter is to regulate commerce." 15 U.S.C.A. § 1127. In analyzing content-neutrality, an apparently content-based law is nevertheless considered content-neutral if the government's purpose is *not* to suppress speech, but to address the harmful secondary effects of that speech. *See City of Renton v. Playtime Theatres, Inc.*, 475 U.S. 41 (1986); *Young v. Am. Mini Theatres*, 427 U.S. 50 (1976). The Supreme Court has repeatedly applied this "Secondary Effects" doctrine to uphold not only time, place, and manner restrictions on particular types of speech, *id.* (upholding regulations on the locations of adult businesses), but also regulations on the content of expression itself, *see, e.g., City of Erie v. Pap's A.M.*, 529 U.S. 277 (2000) (upholding ban on fully nude dancing); *Barnes v. Glen Theatre*, 501 U.S. 560 (1991) (same). For example, applying *Ward*, the Supreme Court upheld a city's ban on fully nude dancing because the ban was only a minimal burden on speech and was narrowly tailored to advance the "substantial government interest in protecting order and morality." *Barnes*, 501 U.S. at 569. In *City of Erie*, the Court upheld a nearly identical statute as content-neutral because it did "not attempt to regulate the primary effects of the expression" but rather, "the secondary effects, such as impacts on public health, safety, and welfare." *City of Erie*, 529 U.S. at 291.

[14] The Supreme Court has also permitted regulation of speech based on the speech's effect on commerce. For instance, it was under *Ward* that the Supreme Court upheld the FCC's must-carry provisions as content-neutral, despite the provisions' mandate that cable providers transmit particular types of content. *Turner Broad. Sys., Inc. v. F.C.C.*, 512 U.S. 622, 647 (1994). The Court upheld the must-carry regulations because they furthered the substantial government interest in "protecting non-cable households from loss of regular television broadcasting service." *Id.* The Court has also upheld regulations on highly-protected private speech where the government sought to eliminate the secondary effects of that speech on the market for illegal goods. *See Osborne v. Ohio*, 495 U.S. 103 (1990). Thus, when a regulation's purpose is to address the secondary effects of certain speech, intermediate scrutiny is appropriate, even if the regulation implicates content.

[15] Section 2(a) serves the same substantial government interest as the Lanham Act as a whole—the orderly flow of commerce. Commercial speech that insults groups of people, particularly based on their race, gender, religion, or other demographic identity, tends to disrupt commercial activity and to undermine the stability of the marketplace in much the same manner as discriminatory conduct. The government's refusal to promote such speech in commerce is not an effort to suppress free expression, but to mitigate the disruptive secondary effects that a particular type of low-value speech may have when used in a commercial context. Because the government's purpose is to mitigate these secondary effects on commerce rather than to suppress speech, the regulation is content-neutral and intermediate scrutiny applies.

C. Section 2(a) Advances the Substantial Government Interest in the Orderly Flow of Commerce

[16] The government's interest in the orderly flow of commerce is substantial. If it were not, the government would be powerless to implement a trademark registry because doing so necessarily requires a ban on infringing commercial speech. The government has a substantial interest in regulating "deceptive or misleading" commercial speech, even if that speech is not wholly false, because of the government's substantial interest in "insuring that the stream of commercial information flow cleanly as well as freely." *Virginia State Bd. of Pharmacy*, 425 U.S. at 771. The Supreme Court has never held, however, that deceptive and misleading speech is the *only* type of commercial speech subject to regulation for its disruptive effect. *See Cent. Hudson*, 447 U.S. at 566 ("For commercial speech to come within that provision, it *at least* must concern lawful activity and not be misleading.") (emphasis added). Instead, any speech that substantially undermines the orderly flow of commerce may potentially be subject to at least some regulation.

[17] The marketplace of ideas differs dramatically from the marketplace of goods and services. While the marketplace of ideas may tolerate or even benefit

from the volatility that accompanies disparaging and insulting speech, the marketplace of goods and services is a wholly different animal. Commerce does not benefit from political volatility, nor from insults, discrimination, or bigotry. Commerce is a communal institution regulated for the mutual economic benefit of all. Commercial speech that discredits or brings reproach upon groups of Americans, particularly based on their race, has a discriminatory impact that undermines commercial activity and the stability of the marketplace in much the same manner as discriminatory conduct.

[18] That discriminatory *conduct* disrupts commerce is long established. In upholding Title II of the Civil Rights Act, for example, the Supreme Court noted a record “replete with testimony of the burdens placed on interstate commerce by racial discrimination.” *Katzenbach v. McClung*, 379 U.S. 294, 299 (1964). The Court cited an “impressive array of testimony that discrimination in restaurants had a direct and highly restrictive effect upon interstate travel,” and that such discrimination therefore “obstructs interstate commerce.” *Id.* at 300. It cited “many references” to discrimination causing “a depressant effect on general business conditions in the respective communities” and it noted evidence that discrimination “deterred professional, as well as skilled, people from moving into areas where such practices occurred and thereby caused industry to be reluctant to establish there.” *Id.*....

[19] Although these findings were specific to public accommodations, they are applicable to commerce generally. Commercial goods and services pervade all economic channels, including all public accommodations, such as stores, restaurants, hotels, theaters, and the like. Discriminatory messages within such commercial channels threaten the same disruptive effects as the discrimination itself. Although the Majority distinguishes between conduct and speech, *Maj. Op.* at 1356-57, the distinction is without a difference in this context. Whether a restaurant named “SPICS NOT WELCOME” would actually serve a Hispanic patron is hardly the point. The mere use of the demeaning mark in commerce communicates a discriminatory intent as harmful as the fruit produced by the discriminatory conduct.

[20] Because even speech without accompanying conduct can have a discriminatory impact, other parts of the Civil Rights Act expressly regulate pure speech in commerce. For instance, Title VIII specifically bans advertising that indicates a discriminatory preference, even where discriminatory conduct is legal. *See* 42 U.S.C. § 3604(c); *see also* § 3603(b) (listing exemptions). Title VII places similar restrictions on job advertisements. *See* 42 U.S.C. § 2000e-3(b). Title VII also bans pure speech in the workplace when the speech is harassing, even when unaccompanied by any adverse employment action, because such speech creates a discriminatory impact. *See Harris v. Forklift Sys., Inc.*, 510 U.S. 17 (1993); *see also Burlington Indus., Inc. v. Ellerth*, 524 U.S. 742 (1998).

[21] Nearly every disparaging mark identified in the voluminous briefing and opinions in this case has involved disparagement of race, gender, ethnicity, national origin, religion, sexual orientation, and similar demographic classification. The impact of advancing these bigoted messages through the ubiquitous channels of commerce may be discriminatory, and even if not discriminatory, at least *disruptive* to commerce. The only question is whether the government’s interest in avoiding this commercial disruption outweighs the modest “burden” that its refusal to register the offending marks places on the freedom of speech. I believe it does.

D. Section 2(a) Survives Intermediate Scrutiny

[22] To be clear, I do not believe that the government may ban any speech it finds commercially undesirable, but only that when we are presented with a regulation, we must engage meaningfully in “the task of assessing the First Amendment interest at stake and weighing it against the public interest allegedly served by the regulation.” *Bigelow*, 421 U.S. at 826. Here, the government’s substantial interest in the orderly flow of commerce is counterbalanced only by a minimal “burden” on a small subset of low-value commercial speech. Section 2(a) should survive intermediate scrutiny because it is only an “incidental restriction on First Amendment freedom [that] is no greater than is essential to the furtherance of the governmental interest” in the orderly flow of commerce. *See Barnes*, 501 U.S. at 561

[23] Section 2(a) imposes only a modest “burden” on speech. First, the statute applies only in the commercial context, meaning that it does nothing to impact private speech. Mr. Tam remains free to spread his chosen message to all who would listen without fear of government intervention or reprisal. Second, § 2(a) does not strictly “burden” Mr. Tam’s speech, but only denies him a government-created benefit—the exclusive right to use that speech in commerce in connection with the sale of particular goods or services. At bottom, the only burden the application of § 2(a) imposes in this case is that Mr. Tam is free to communicate his chosen message within or without commerce, so long as he is willing to permit others to do the same.

[24] Section 2(a) also implicates only a modest sliver of particularly low-value speech. Speech that disparages is a narrow subset of speech that offends, and it is a particularly low-value subset at that. *See Am. Freedom Def. Initiative v. Mass. Bay Transp. Auth.*, 989 F.Supp.2d 182, 192 (D.Mass.2013) *aff’d*, 781 F.3d 571 (1st Cir.2015) (distinguishing speech that “crosses the line from being offensive or hurtful to being demeaning or disparaging”). To borrow a phrase from Justice Stevens, few of us would march our sons and daughters off to war to preserve the citizen’s right to be the exclusive purveyor of “OLD COON SMOKING TOBACCO.” *See Young*, 427 U.S. at 70; *McCann v. Anthony*, 21 Mo.App. 83, 91–92 (1886).

[25] The Supreme Court has routinely considered the relative value of burdened speech in its First Amendment analysis. *See, e.g., Bethel Sch. Dist. No. 403 v. Fraser*, 478 U.S. 675, 683 (1986); *Young*, 427 U.S. at 70–71; *Tinker v. Des Moines*

Indep. Cmty. Sch. Dist., 393 U.S. 503, 510–11 (1969). For instance, the Court has held that a student’s interest in high-value political speech outweighed his school’s interest in avoiding a “substantial disruption,” *Tinker*, 393 U.S. at 510–11, but that a student’s interest in low-value “insulting” speech did not, *Fraser*, 478 U.S. at 683. When low-value materials are concerned, “the State may legitimately use the content of these materials as the basis for placing them in a different classification” of First Amendment protection. *Young*, 427 U.S. at 71.

[26] At the extremes, disparaging speech enjoys no First Amendment protection. *Chaplinsky v. New Hampshire*, 315 U.S. 568 (1942). “Insulting” words, which “by their very utterance inflict injury” are part of the “limited classes of speech, the prevention and punishment of which have never been thought to raise any Constitutional problem.” *Id.* at 571–72. To whatever extent “disparaging” speech differs from “insulting” speech, its value is not much greater.

[27] Additionally, any minimal value disparaging speech might offer in the marketplace of ideas is far diminished in the marketplace of goods and services, which is the only context at issue in this appeal. One can hardly imagine what legitimate interest a vendor of goods or services may have in insulting potential customers. Whatever value disparaging speech might possess when used in private life, it loses when used in commerce.

[28] When we balance the government’s substantial interest in the orderly flow of commerce against the modest imposition of § 2(a) on a narrowly tailored portion of particularly low-value speech, the standards of intermediate scrutiny are satisfied. Whatever modest imposition the statute makes on the free flow of public discourse, it is nothing more than an “incidental restriction on First Amendment freedom [that] is no greater than is essential to the furtherance of the governmental interest” in the orderly flow of commerce. *See Barnes*, 501 U.S. at 561. For the foregoing reasons, I believe that § 2(a) is constitutional. I respectfully dissent.

4. Marks that May Falsely Suggest a Connection

In re Nieves & Nieves LLC

113 U.S.P.Q.2d 1629 (TTAB 2015)

Opinion by Bergsman, Administrative Trademark Judge:

[1] Nieves & Nieves LLC (“Applicant”) filed an intent-to-use application to register the mark ROYAL KATE, in standard character form, for the following goods as amended:

Cosmetics; fragrances; perfumes; ... personal care products, namely, shampoo, body wash, conditioner, soap, shower gel, in Class 3;

Watches; cufflinks; key fobs of precious metals; jewelry; jewelry boxes, in Class 14;

Pouches, namely leather pouches, pouches for holding makeup, keys and other personal items; purses; handbags; pocketbooks; clutches; backpacks ... in Class 18;

Bedding, namely, bed sheets...; bath towels; towels, in Class 24; and

Apparel...; bibs not of paper; cloth diapers, in Class 25.

The application includes a statement that “the name(s), portrait(s), and/or signature(s) shown in the mark does not identify a particular living individual.”

[2] The Trademark Examining Attorney refused to register Applicant’s mark under Section 2(a) of the Trademark Act of 1946, 15 U.S.C. § 1052(a), on the ground that ROYAL KATE falsely suggests a connection with Catherine, Duchess of Cambridge, also known as Kate Middleton. The Trademark Examining Attorney also refused to register Applicant’s mark under Section 2(c) of the Trademark Act, 15 U.S.C. § 1052(c), on the ground that ROYAL KATE consists of a name identifying a particular living individual whose written consent to register the mark is not of record.

...

II. Whether ROYAL KATE Falsely Suggests a Connection with Kate Middleton?

[3] To determine whether Applicant’s ROYAL KATE mark falsely suggests a connection with Kate Middleton under Section 2(a), the Board analyzes whether the evidence of record satisfies the following four-part test:

- (1) Whether Applicant’s mark ROYAL KATE is the same as or a close approximation of Kate Middleton’s previously used name or identity;
- (2) Whether Applicant’s mark ROYAL KATE would be recognized as such by purchasers, in that the mark points uniquely and unmistakably to Kate Middleton;
- (3) Whether Kate Middleton is not connected with the goods that will be sold by Applicant under its mark; and
- (4) Whether Kate Middleton’s name or identity is of sufficient fame or reputation that when Applicant’s mark is used on Applicant’s goods, a connection with Kate Middleton would be presumed.

See In re Pedersen, 109 USPQ2d 1185, 1188 (TTAB 2013); *In re Jackson Int’l Trading Co.*, 103 USPQ2d 1417, 1419 (TTAB 2012). *See also Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imports Co.*, 703 F.2d 1372, 217 USPQ 505, 509 (Fed. Cir. 1983) (hereinafter “*Notre Dame*”); *Bd. of Trs. of Univ. of Ala. v. Pitts*, 107 USPQ2d 2001, 2025 (TTAB 2013) (hereinafter “*Pitts*”).

A. Whether Applicant's mark ROYAL KATE is the same as or a close approximation of the name or identity of Kate Middleton?

[4] Applicant argues that ROYAL KATE is not a close approximation of Kate Middleton's previously-used name or identity because there is no evidence that Kate Middleton herself used ROYAL KATE as her name or identity and because Kate Middleton is not officially a "royal."¹ Specifically, Applicant contends as follows:

Although some may argue that ROYAL KATE may be reasonably understood as referring to Kate Middleton, Duchess of Cambridge, by some persons, it is not a close approximation of her name because ROYAL is not part of Middleton's name or title.

[5] We reject Applicant's interpretation of the first prong of the test as inappropriately narrowing the scope of Section 2(a). The creation of a false suggestion of a connection results from an applicant's use of something that is closely "associated with a particular personality or 'persona'" of someone other than the applicant. *Notre Dame*, 217 USPQ at 509; *see also Pitts*, 107 USPQ2d at 2024. The reason for the statutory prohibition is that the person identified loses the right to control his/her identity. *Notre Dame*, 217 USPQ at 509 ("There may be no likelihood of such confusion as to the source of goods even under a theory of "sponsorship" or "endorsement," and, nevertheless, one's right of privacy, or the related right of publicity, may be violated.").

[6] The statutory false suggestion of a connection refusal emerged from the right to privacy and right of publicity.

Evolving out of the rights of privacy and publicity, the false suggestion of a connection under § 2(a) of the Trademark Act was intended to preclude registration of a mark which conflicts with another's rights, even though not founded on the familiar test of likelihood of confusion. [*Notre Dame* 217 USPQ at 509]. An opposer may prevail on the false suggestion of a connection ground when its right to control the use of its identity is violated, even if the name claimed to be appropriated was never commercially exploited by the opposer as a trademark or in a manner analogous to trademark use. *See Notre Dame*, 703 F.2d at 1375, 217 USPQ at 508; *Buffett*, 226 USPQ at 429. *However, while a party's interest in its identity does not depend for its existence on the adoption and use of a technical trademark, a party must nevertheless have a*

¹ "Royal" is defined, *inter alia*, as "of or pertaining to a king, queen, other sovereign" and informally as "a royal person; member of the royalty," or "a member of England's royal family." *The Random House Dictionary of the English Language (Unabridged)*, p. 1677 (2nd ed. 1977). The Board may take judicial notice of dictionary definitions., *Univ. of Notre Dame du Lac v. J.C. Gourmet Food Imp. Co.*, 213 USPQ 594 (TTAB 1982), *aff'd*, 703 F.2d 1372, 217 USPQ 505 (Fed. Cir. 1983). See also Dictionary.com attached to the October 27, 2011 Office Action.

protectable interest in a name (or its equivalent). Thus, we focus on the key factor in the false suggestion analysis for this case: whether applicants' mark is a close approximation of opposers' name or identity, i.e., a right in which opposers possess a protectable interest.

Pitts, 107 USPQ2d at 2025 (emphasis supplied).

[7] The right of publicity has developed to protect the commercial interest of celebrities in their identities. Under this right, the celebrity has an interest that may be protected from the unauthorized commercial exploitation of that identity. If the celebrity's identity is commercially exploited without the consent of the celebrity, there has been an invasion of his/her right, regardless of whether his/her "name or likeness" is used. *Cf. Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 218 USPQ 1, 4 (6th Cir. 1983) (former late night television personality Johnny Carson's identity may be exploited even if his name or likeness is not used).

[8] The evidence reflects that Kate Middleton is a celebrity. That means her identity has value which the § 2(a) false suggestion refusal is intended to protect. *See Notre Dame*, 217 USPQ at 509 ("It is a right of this nature [that is, the right to privacy or right to publicity], a right to control the use of one's identity, which the University also asserts under § 2(a)."). Therefore, it is the right of publicity basis for the false suggestion of a connection refusal that applies in this case.

[9] The fact that Kate Middleton, the Duchess of Cambridge, has never used ROYAL KATE as her name or identity does not obviate the false suggestion of a connection refusal. A term may be considered the identity of a person even if his or her name or likeness is not used. All that is required is that the mark sought to be registered clearly identifies a specific person (*i.e.*, Kate Middleton). ... *See also In re Urbano*, 51 USPQ2d 1776, 1779 (TTAB 1999) ("[W]hile the general public in the United States may or may not have seen the upcoming Olympic games referred to precisely as 'Sydney 2000,' we have no doubt that the general public in the United States would recognize this phrase as referring unambiguously to the upcoming Olympic Games in Sydney, Australia, in the year 2000.").

[10] We take this opportunity to make explicit what was implicit in our prior decisions in *Pitts* and *In re Urbano*, 51 USPQ2d 1776 (TTAB 1999): the first prong of the false suggestion of a connection test inquires into whether applicant's mark is the same as or a close approximation of the name or identity of a particular person other than the applicant, whether or not the person actually "used" the name or identity himself or herself. ... Therefore, in this case, we examine the evidence of record to determine whether it establishes that Applicant's mark ROYAL KATE would be understood by the relevant public as identifying Kate Middleton.

[11] As noted above, the term "royal" refers to a member of the England's royal family. The mark ROYAL KATE creates a commercial impression that references Kate Middleton as a member of the royal family. This is corroborated by articles in the media referencing Kate Middleton as a "royal." ...

[12] In fact, Kate Middleton is referred to as “Her Royal Highness.” Applicant submitted an excerpt from “The official website of The British Monarchy” (royal.gov.uk) which references Kate Middleton as “her Royal Highness.” ...

[13] The Trademark Examining Attorney submitted numerous examples of media coverage referring to Kate Middleton as ROYAL KATE. ...

[14] This evidence is sufficient to establish that the mark ROYAL KATE is a close approximation of the identity of Kate Middleton because American media uses the term ROYAL KATE to identify Kate Middleton and, therefore, the American public receives media reports identifying Kate Middleton as ROYAL KATE. In fact, because the American public receives reports that Kate Middleton will be referred to as Her Royal Highness the Duchess of Cambridge, there is a natural association between the mark ROYAL KATE and Kate Middleton regardless of whether she uses that moniker herself. *See Bd. of Trustees of the Univ. of Ala. v. BAMA-Werke Curt Baumann*, 231 USPQ 408 (TTAB 1986) (“BAMA” uniquely pointed to the identity of the University of Alabama even though the school had not adopted it as a trademark and had only sporadically referred to itself as BAMA, in large part due to the public’s association of the term with the school).

B. Whether Applicant’s mark ROYAL KATE would be recognized as a close approximation of Kate Middleton’s identity by purchasers, in that the mark points uniquely and unmistakably to Kate Middleton?

[15] Applicant is seeking to register its mark for fashion products such as cosmetics, jewelry, handbags, bedding and clothing and Applicant characterized these products as “luxury items and home goods.” The goods and services themselves serve, if anything, to reinforce that the Mark uniquely and unmistakably points to Kate Middleton. Kate Middleton, by virtue of her being a member of the British Royal family and wife of Prince William, the second in line to the English throne, has become a fashion trendsetter. As the evidence establishes, the media reports what she is wearing, where she goes and what she purchases....

[16] ... Applicant has not come forward with any evidence that the name ROYAL KATE refers to anyone other than Kate Middleton.

C. Whether Kate Middleton is connected with the goods that are sold or will be sold by Applicant under its mark?

[17] Applicant acknowledges that Kate Middleton is not connected with the goods that are or will be sold by Applicant under the mark ROYAL KATE, and that Kate Middleton has not consented to Applicant’s use of her persona.

D. Whether Kate Middleton's name or identity is of sufficient fame or reputation that when Applicant's mark ROYAL KATE is used on Applicant's goods, a connection with Kate Middleton would be presumed?

[18] ... The evidence discussed in Section B ... demonstrates that Kate Middleton's identity is of sufficient renown that when Applicant's mark ROYAL KATE is used in connection with Applicant's goods, a connection with Kate Middleton will be presumed.

[19] "Applicant does not dispute that Catherine, Duchess of Cambridge, is a well-known figure, stemming from her well-publicized relationship with Prince William and her subsequent wedding." "Also, the Applicant does not dispute the ... claim that Kate Middleton's fame is not temporary." However, Applicant argues that "while the Duchess of Cambridge is well-known, there is no evidence of a presumptive connection between Catherine and the specific goods upon which Applicant's mark will be used. Simply because Catherine is believed to have style and good taste does not mean that she is publicly perceived to be involved in the industry at all." We do not require proof that Kate Middleton is well-known for cosmetics, jewelry, handbags, bedding and clothing. Our inquiry is whether Kate Middleton's renown is such that when the mark ROYAL KATE is used with those products, consumers will recognize ROYAL KATE as referring to Kate Middleton such that a connection with Kate Middleton will be presumed. As the Board held in *In re Pedersen*, 109 USPQ2d 1185, 1202 (TTAB 2013):

[T]he key is whether the name *per se* is unmistakably associated with a particular person or institution and, as used would point uniquely to the person or institution. In short, it is the combination of: (1) a name of sufficient fame or reputation and (2) its use on or in connection with particular goods or services, that would point uniquely to a particular person or institution. [Internal citation omitted]. Thus, our inquiry is whether consumers of medicinal herbal remedies would think only of the Lakota tribes when the LAKOTA name is used on such goods. *Cf. Notre Dame*, 217 USPQ 509 ("Notre Dame' is not a name solely associated with the University. It serves to identify a famous and sacred religious figure and is used in the names of churches dedicated to Notre Dame, such as the Cathedral of Notre Dame in Paris.").

[20] In view [of the record evidence], we find that Kate Middleton's identity is of sufficient fame or reputation that when Applicant's mark ROYAL KATE is used on Applicant's goods, a connection with Kate Middleton will be presumed.

E. Analyzing the factors.

[21] [W]e find that Applicant's mark ROYAL KATE for the goods listed in the application falsely suggests a connection with Kate Middleton.

III. Whether the mark ROYAL KATE identifies a particular living individual whose written consent to register the mark is not of record?

[22] Section 2(c) of the Trademark Act, 15 U.S.C. § 1052(c) provides the following:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it ... (c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

[23] The purpose of requiring the consent of a living individual to the registration of his or her name, signature, or portrait is to protect rights of privacy and publicity that living persons have in the designations that identify them. *In re Hoefflin*, 97 USPQ2d 1174, 1176 (TTAB 2010); *Martin v. Carter Hawley Hale Stores, Inc.*, 206 USPQ 931, 933 (TTAB 1979) (Section 2(c) was designed "to protect one who, for valid reasons, could expect to suffer damage from another's trademark use of his name.")....

[24] Whether consent to registration is required depends on whether the public would recognize and understand the mark as identifying a particular living individual. A consent is required only if the individual bearing the name in the mark will be associated with the mark as used on the goods or services, either because: (1) the person is so well known that the public would reasonably assume a connection between the person and the goods or services; or (2) the individual is publicly connected with the business in which the mark is used....

[25] For purposes of Section 2(c), a "name" does not have to be the full name of an individual. Section 2(c) applies not only to full names, but also first names, surnames, shortened names, pseudonyms, stage names, titles, or nicknames, if there is evidence that *the name identifies a specific living individual* who is publicly connected with the business in which the mark is used, or *who is so well known that such a connection would be assumed*. See *In re Hoefflin*, 97 USPQ2d at 1177-78 (holding registration of the marks OBAMA PAJAMA, OBAMA BAHAMA PAJAMAS, and BARACK'S JOCKS DRESS TO THE LEFT barred under Section 2(c) in the absence of consent to register, because they create a direct association with President Barack Obama); *Krause v. Krause Publ'ns, Inc.*, 76 USPQ2d at 1909 ("the mark KRAUSE PUBLICATIONS, although it includes only the surname of petitioner, would fall within the provisions of Section 2(c) if petitioner establishes that KRAUSE, as used on or in connection with the goods or services set forth in the involved

registration, points uniquely to him ‘as a particular living individual.’”); *In re Sauer*, 27 USPQ2d at 1074-75 (holding registration of a mark containing BO, used in connection with a sports ball, barred under Section 2(c) in the absence of consent to register, because BO is the nickname of a well-known athlete and thus use of the mark would lead to the assumption that he was associated with the goods)....

[26] *In re Steak & Ale Rest. of Am., Inc.*, 185 USPQ 447, 448 (TTAB 1975) is particularly analogous to the present case. In that decision, the Board affirmed a Section 2(c) refusal of the mark PRINCE CHARLES because the wording identifies a particular well-known living individual whose consent was not of record. The Board reasoned that “the addition of a given name or a surname to the word ‘PRINCE’ could well serve as a name or ‘nickname’ for a particular living individual who could be identified and referred to in the various walks of life with this appellation.” We find that this same logic applies to the mark ROYAL KATE. *Cf. Ceccato v. Manifattura Lane Gaetano Marzotto & Figli S.p.A.*, 32 USPQ2d 1192, 1196 (TTAB 1994) (evidence shows that “Duca D’Aosta” is a title and does not refer “unequivocally to a particular living individual.”)

[27] While with lesser-known figures there may have to be evidence showing that the consuming public connects them with the manufacturing or marketing of the goods at issue, well-known individuals such as celebrities and world-famous political figures are entitled to the protection of Section 2(c) without having to demonstrate a connection with the involved goods or services. *See In re Hoefflin*, 97 USPQ2d at 1177 (because Barack Obama is the President of the United States, the purchasing public will reasonably assume that marks consisting of the names BARACK and OBAMA identify President Barack Obama); *In re Masucci*, 179 USPQ 829, 830 (TTAB 1973) (in spite of any common law rights applicant may have, EISENHOWER for greeting cards was refused on the ground that it consisted of the name of the late President Eisenhower during the life of his widow, and application for registration was filed without her consent).

[28] As we found in the previous section, ROYAL KATE identifies Kate Middleton whose identity is renowned. By any measure, she is a celebrity, and thus the term ROYAL KATE points uniquely and unmistakably to Kate Middleton. Although Kate Middleton, the Duchess of Cambridge, does not use the name ROYAL KATE, it has become an expression used by the American public (and media) to identify her. We find that the mark ROYAL KATE is the name of a particular living individual, namely, Kate Middleton, and because Kate Middleton has not consented to the use and registration of that name, the Section 2(c) refusal is affirmed.

[29] *Decision*: The refusals to register under Section 2(a) & (c) are affirmed.

Comments and Questions

1. *Policy justification for § 2(a) prohibition against false suggestion of a connection.* What policy justifications might be offered to support this prohibition? Which are the most compelling?

2. *Difference between § 2(a) false suggestion of a connection and Section 2(c) identification of living individual.* Lanham Act § 2(c), 15 U.S.C. §1052(c) prohibits the registration of a mark which “consists of or comprises a name...identifying a particular living individual except by his written consent...” This does not mean that, for example, every person bearing the surname Singh has the ability under Section 2(c) to prohibit the registration of a mark incorporating the word Singh. On the contrary,

A name is deemed to “identify” a particular living individual, for purposes of Section 2(c), only if the “individual bearing the name in question will be associated with the mark as used on the goods, either because that person is so well known that the public would reasonably assume the connection, or because the individual is publicly connected with the business in which the mark is used.”

In re Sauer, 27 U.S.P.Q.2d 1073 (TTAB 1993) (quoting *Martin v. Carter Hawley Hale Stores, Inc.*, 206 USPQ 931 (TTAB 1979). In practice, for well-known celebrities, Section 2(a), which tends to require a showing of general notoriety, and 2(c), which tends only to require a showing of niche notoriety, are redundant. *See, e.g., In re Sauer*, 27 U.S.P.Q.2d 1073 (TTAB 1993) (finding the composite mark consisting of BO BALL and design to be prohibited from registration under Section 2(a) as falsely suggesting a connection with professional sportsmen Bo Jackson and under Section 2(c) as identify a living individual so well-known that the public would reasonably assume a connection); *In re Richard M. Hoefflin*, 97 U.S.P.Q.2d 1174 (TTAB 2010) (prohibiting registration of marks, for pajamas, OBAMA PAJAMA, OBAMA BAHAMA PAJAMAS and BARACK'S JOCKS DRESS TO THE LEFT under Section 2(c)). But for non-celebrities, § 2(c) can prohibit registrations that § 2(a) may not, provided that the non-celebrity is “publicly connected with the business in which the mark is used.” *See, e.g., Ross v. Analytical Technology Inc.*, 51 U.S.P.Q.2d 1269 (TTAB 1999) (prohibiting registration of ROSS for equipment for electrochemical analysis where plaintiff James W. Ross, Jr., was a retired inventor well-known in the field).

3. *Deceased celebrities.* The use of famous historical names may not trigger the Section 2(a) bar. *See, e.g., Lucien Piccard Watch Corp. v. Crescent Corp.*, 314 F. Supp. 329 (S.D.N.Y. 1970) (finding that mark DA VINCI on various goods, including luggage, will not falsely suggest a connection with Leonardo da Vinci because the mark “hardly suggests that he personally had something to do with the designing of plaintiff's luggage”). *But see Association Pour La Defense et La Promotion De L'oeuvre De Marc Chagall Dite Comite Marc Chagall v. Bondarchuk*, 82 U.S.P.Q.2d 1838, 2007 WL 749714 (TTAB 2007) (prohibiting registration of MARC CHAGALL for vodka; “we conclude that the evidence in this record is more than adequate to establish that the mark would be recognized as the name of the painter Marc Chagall and that the name is of sufficient fame or reputation that when the respondent's mark is used on the goods a connection with the painter Marc Chagall would be presumed”)

5. Confusingly-Similar Marks Under Lanham Act § 2(d)

Lanham Act § 2(d), 15 U.S.C. §1052 (d), prohibits the registration of a mark that:

Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.

Because this particular statutory bar bears so much in common with the likelihood of confusion analysis reviewed at length below in Part II.B, we will discuss the § 2(d) bar in that section.

C. Use as a Prerequisite for Rights

Lanham Act § 45, 15 U.S.C. § 1127

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

(1) on goods when--

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

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

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

The word “commerce” means all commerce which may lawfully be regulated by Congress.

The trademark owner must make a “use in commerce” of its mark, as that phrase is defined in Lanham Act § 45, in order for the mark to qualify for registration under § 1 of the Lanham Act¹ or for protection as an unregistered mark under § 43(a). *See* § 1(a)(1) (providing that “[t]he owner of a trademark used in commerce” may apply for registration of that mark); § 1(d) (providing that the owner of mark filed on an intent-to-use basis must file a “[v]erified statement that

¹ There is an important exception to the general rule that a trademark owner must make use in commerce of its mark in order for the mark to qualify for federal registration. As discussed more fully in Part II.D below, Lanham Act § 44, 15 U.S.C. § 1126, provides that foreign applicants applying under a § 44 filing basis need not show actual use in commerce prior to obtaining registration. *See* MCCARTHY § 29:14.

trademark is used in commerce” in order for the mark to proceed to registration); *International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359 (4th Cir. 2003) (assuming, without citing a statutory basis, that for an unregistered mark to qualify for protection under Section 43(a), it must be “use[d] in commerce”).

We consider here what kinds of uses of a mark will satisfy § 45’s definition of “use in commerce.” Both of the opinions below emerge out of priority disputes, i.e., disputes over who by virtue of their being the first to “use in commerce” a particular mark can claim exclusive rights in that mark. (We will address priority in more detail in Part I.E on the geographic scope of trademark rights). But underlying the priority issue in both cases is the more basic question of how much and what kind of use will make the mark registrable or otherwise protectable under the Lanham Act. The first opinion, *Aycock Engineering, Inc. v. Airflite, Inc.*, 560 F.3d 1350 (Fed. Cir. 2009), involves the question of whether Aycock made sufficient use in commerce of its mark to justify registration of the mark at the PTO. The second opinion, *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188 (11th Cir. 2001), involves the question of whether the assignee of the unregistered mark COOLMAIL for email services could benefit from the priority date established by the assignor’s pre-assignment use of the mark.

To avoid ambiguity, it may be useful to recognize from the start the several different aspects of the concept of “use in commerce” in U.S. trademark law, only one of which we will focus on in this subsection.

- *“Use in Commerce” as Implementing the Commerce Clause Limitation on the Reach of Congressional Power:* As the Lanham Act § 45 definition of “commerce” quoted above indicates, federal trademark law will regulate only those uses that fall within the Congress’s Commerce Clause power. Thus, if a trademark owner does not use its trademark in a manner that affects interstate commerce, federal trademark law will not protect that trademark. The trademark owner must instead rely on state law. This is very rarely an issue given current Commerce Clause jurisprudence. *See, e.g., Larry Harmon Pictures Corp. v. Williams Restaurant Corp.*, 929 F.2d 662, 18 U.S.P.Q.2d 1292 (Fed. Cir. 1991).
- *“Use in Commerce” for Purposes of Establishing Trademark Rights:* This is the focus of this subsection.
- *“Use in Commerce” for Purposes of Determining Whether a Trademark Owner Has Abandoned Its Rights:* If a trademark owner ceases to use its trademark in commerce without an intent to resume use, it may be deemed to have “abandoned” its mark. *See* Lanham Act § 45, 15 U.S.C. § 1127 (defining when a mark shall be deemed “abandoned”). We will address the doctrine of trademark abandonment in Part III.D below.
- *“Use in Commerce” for Purposes of Determining Whether a Defendant Has Made an Infringing “Actionable Use” of the Plaintiff’s Mark:* In several high-

profile cases in the past decade, defendants have argued that the terms of each of the infringement sections of the Lanham Act—Lanham Act §§ 32, 43(a), and 43(c)—require a showing that the defendant is making a “use in commerce” to be liable. These defendants have argued that they are not making a “use in commerce” as that term is defined under Lanham Act § 45 and should thus not be found liable. We will address the case law on this issue, which has ultimately largely come to reject this argument, in Part II.A below.

The student is strongly advised to distinguish between these various aspects of “use in commerce” as we proceed, particularly the difference between “use in commerce” by the plaintiff for purposes of establishing the plaintiff’s trademark rights versus “use in commerce” by the defendant for purposes of establishing the defendant’s trademark infringement.

In reading *Aycock Engineering* and *Planetary Motion*, consider the following questions:

- What, if anything, justifies “use in commerce” as a prerequisite to trademark registration? Why not allow registration without use? Relatedly, what justifies the specific terms of § 45’s “use in commerce” requirement as a prerequisite to unregistered mark protection under § 43(a)?
- What justifies § 45’s requirement that, with respect to marks used on goods, the goods must be “sold or transported in commerce”? Shouldn’t mere advertising using the mark be sufficient? And why is the mere transportation of the goods, without sale, sufficient?
- Should the “use in commerce” requirement be the same for non-inherently distinctive marks as it is for inherently distinctive marks? If not, what should the mark owner be required to show before its non-inherently distinctive mark can meet the “use in commerce” requirement?
- As between small company David and large company Goliath, which does the use in commerce prerequisite tend to benefit?
- How helpful is the “totality of the circumstances” test referenced in *Planetary Motion*? Can you think of a better alternative test?

United States Patent Office **983,064**
Registered Apr. 30, 1974

SUPPLEMENTAL REGISTER
Service Mark

Ser. No. 367,571, filed P.R. Aug. 10, 1970;
Am. S.R. Apr. 27, 1973

AIRFLITE

Aycock Engineering, Inc. (North Carolina corporation)
492 Rayconda
Fayetteville, N.C. 28304

For: ARRANGING FOR INDIVIDUAL RESERVA-
TIONS FOR FLIGHTS ON AIRPLANES, in CLASS 105
(INT. CL. 39).
First use at least as early as June 23, 1969; in commerce
at least as early as Mar. 3, 1970.

Aycock Engineering, Inc. v. Airflite, Inc.
560 F.3d 1350 (Fed. Cir. 2009)

O'GRADY, District Judge:

[1] In 1970, Respondent–Appellant Aycock Engineering, Inc. (“Aycock Engineering”) applied for a service mark, which was registered at the United States Patent and Trademark Office (“USPTO”) in 1974 after examination. In 2007, however, the USPTO Trademark Trial and Appeal Board (“TTAB”) declared the registration void because it failed to meet the “use in commerce” element of the Lanham Act. Aycock Engineering now appeals the TTAB’s ruling. The question presented herein is whether the use in commerce requirement is met when an applicant uses a service mark in the preparatory stages of a service’s development, but never offers the service to the public. We hold that it is not.

I. BACKGROUND

[2] In the late 1940s, William Aycock conceived of and began work on a service involving chartering flights in the air taxi industry. At that time, the common practice for air taxi companies was to lease entire airplanes, not individual seats. Consequently, individual passengers not belonging to a larger party faced more difficulty and expense in chartering a flight. Mr. Aycock intended, through his service, to allow solo passengers to arrange flights on chartered aircraft for less cost.

[3] Mr. Aycock did not plan on operating the chartered air taxi services himself. Instead, his goal was to develop a system where he would serve his customers by acting as the middleman, or “communication link,” between the customer and one of the air taxi service operators he contracted with to provide flights on an individual seat basis. Mr. Aycock planned to advertise his service, which he called the AIRFLITE

service, to the public and to have those interested in using the service call a toll-free phone number to schedule reservations. After learning of customers' travel plans, Mr. Aycock would then arrange for the air taxi service to fly his customers with similar travel plans to their destinations. Mr. Aycock believed that in order for his service to become operational, he needed at least 300 air taxi operators in the United States to agree to participate in his air-taxi-operator network.²

[4] In the years after conceiving of the idea for his service, Mr. Aycock worked toward offering the service to the public. In the mid-1960s, he formed Aycock Engineering—the corporate entity under which his service would operate. He also sought and obtained two toll-free telephone numbers that the public could use to make reservations. In March of 1970, Mr. Aycock invited virtually all air taxi operators certified by the Federal Aviation Administration (“FAA”) to join his operation by, inter alia, distributing flyers with in-depth information about his AIRFLITE service. He eventually entered into contracts with some of those air taxi service operators.³ Under these contracts, air taxi operators agreed to participate in the AIRFLITE service and even paid modest initiation fees to Mr. Aycock. Furthermore, Mr. Aycock filed a service mark application on August 10, 1970 for the term AIRFLITE.

[5] Despite his efforts, Mr. Aycock's operation never got off the ground. While he estimated that he needed at least 300 air service operators under contract to make his service operational, Mr. Aycock never had more than twelve (4% of his minimum goal) under contract at any time throughout his company's history. And while Mr. Aycock advertised to air taxi operators, he never marketed the AIRFLITE service to the general public. More specifically, the record does not suggest that Mr. Aycock ever gave the public an opportunity to use the toll-free phone numbers to book reservations, or that he ever spoke with a member of the general public about making a reservation. Finally, and most notably, Mr. Aycock never arranged for a single passenger to fly on a chartered flight.⁴

[6] Mr. Aycock's AIRFLITE mark, which he applied for on August 10, 1970, was registered by the USPTO on April 30, 1974 on the Supplemental Register⁵ after a prosecution that involved considerable negotiation between Mr. Aycock and the trademark examining attorney.... The recitation of services for the AIRFLITE service

² Mr. Aycock stated in his deposition, “We start this when 300 air taxi operators in the United States have signed on to provide the transportation.” J.A. 1942.

³ Some of the contracts originated in the 1970s, and some came as late as 2001.

⁴ When asked at his deposition whether he had ever arranged for an individual to fly on an airplane, Mr. Aycock stated, “I had never made a—any arrangement ... I had never had a talk with the customer then talked with the air taxi operator and reached any agreement on them carrying the customer.”

⁵ [The Supplemental Register is reserved for marks that are capable of, but have not yet developed, source distinctiveness. *See* Lanham Act § 23, 15 U.S.C. § 1091.]

mark eventually agreed upon by the USPTO and Mr. Aycock was “[a]rranging for individual reservations for flights on airplanes.” *Id.* at 729. Mr. Aycock’s application to renew his AIRFLITE service mark was granted by the USPTO on April 27, 1994.

[7] In 2001, Airflite, Inc., the Petitioner–Appellee, filed a petition for cancellation alleging, inter alia, that Aycock Engineering did not use its AIRFLITE mark prior to registration in connection with the services identified in its registration. In that proceeding, the TTAB agreed with Airflite, Inc. and cancelled the AIRFLITE registration, finding that Mr. Aycock failed to render the service described in its registration in commerce. *Airflite, Inc. v. Aycock Eng’g, Inc.*, Cancellation 92032520, 2007 WL 2972237, at *7 (TTAB Oct. 4, 2007) (“*TTAB Decision*”).

...

D. Use Requirement

[8] Under § 45 of the Lanham Act, a service mark is any “word, name, symbol or device, or any combination thereof used by a person, or which a person has a bona fide intention to use in commerce ... to identify and distinguish the services of one person ... from the services of others.” 15 U.S.C. § 1127 (2006). The definition of “service mark” is virtually identical to the definition of “trademark.” But while service marks apply to intangible services, trademarks are used to distinguish tangible goods. *See Chance v. Pac–Tel Teletrac Inc.*, 242 F.3d 1151, 1156 (9th Cir.2001).

[9] “It is clear from the wording of the Lanham Act that applications for service mark registrations are subject to the same statutory criteria as are trademarks.” 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 19:82 (4th ed.2008) [hereinafter McCarthy]; see 15 U.S.C. § 1053 (2006). One such statutory criterion that applies to both trademarks and service marks is the “use in commerce” requirement.... The registration of a mark that does not meet the use requirement is void ab initio. *See Gay Toys, Inc. v. McDonald’s Corp.*, 585 F.2d 1067, 1068 (CCPA 1978); 3 McCarthy § 19:112.

[10] Despite the seeming harmony and simplicity in the application of the use requirement to trademarks and service marks, opportunity exists for confusion in this area of the law. Different statutory requirements apply to applications filed before November 16, 1989, as compared to those filed after. This is because in 1988, Congress passed the Trademark Law Revision Act (“TLRA”). The TLRA altered the burden that applicants must meet before satisfying the use element by requiring an applicant to make a “bona fide use of [the] mark in the ordinary course of trade.” Trademark Law Revision Act of 1988, Pub.L. No. 100–667, 102 Stat. 3935 (effective November 16, 1989) (codified at 15 U.S.C. § 1127 (2006)).

[11] This “bona fide use” language was intended to eliminate “token uses,” which occurred when applicants used marks in conjunction with selling goods or offering services for the sole purpose of obtaining registration, and with no intention of legitimately using the mark in commerce until a later date. *See Blue Bell, Inc. v. Jaymar–Ruby, Inc.*, 497 F.2d 433, 437 (2d Cir.1974). Before 1989, a “token use”

was sufficient to satisfy the use requirement and qualify a mark for registration. *See Id.*

[12] In addition to eliminating token uses, the 1988 TLRA made other changes to the use requirement. Before 1989, an applicant only qualified for registration if he was using his mark in commerce at the time he filed his application at the USPTO. *WarnerVision Entm't Inc. v. Empire of Carolina, Inc.*, 101 F.3d 259, 260 (2d Cir.1996). But after 1989, an applicant could begin the registration process even when his mark was not in use in commerce at the time of the filing, so long as he had a “bona fide intention to use the mark in commerce” at a later date. 15 U.S.C. § 1051(b) (2006). Applicants filing these “intent to use” applications are only granted registration, however, if they file a verified statement of commercial use proving eventual use of the mark in commerce. *Id.* § 1051(d).

[13] Because the mark at issue here is a service mark, the use requirement relating to service mark applications, as opposed to trademark applications, guides our analysis. Furthermore, the application at issue in this case was filed in 1970. Therefore, this case must be decided according to the service mark use requirement that appeared in the Lanham Act in 1970 (i.e., the pre-1989 version). *See* 3 McCarthy § 19:112. However, for the reasons stated below, our holding in this case also applies to the current (and post-1989) service mark use requirement.

E. Use Requirement for Service Marks

[14] With the exception of the 1988 TLRA statutory language eliminating token uses and permitting intent-to-use applications, the service mark use requirement as it appeared in 1970 is materially identical to the post-1989 version. The use provision of the Lanham Act in force in 1970 stated that a service mark was in use in commerce “when it is used or displayed in the sale or advertising of services, and the services are rendered in commerce, or the services are rendered in more than one State or in this and a foreign country and the person rendering the services is engaged in commerce in connection therewith.” Pub.L. No. 87-772, 76 Stat. 769 (1962). Therefore, like the current use requirement, a service mark applicant seeking to meet the pre-1989 version had to (1) use the mark in the sale or advertising of a service and (2) show that the service was either rendered in interstate commerce or rendered in more than one state or in this and a foreign country by a person engaged in commerce.

[15] Courts, as well as the TTAB, have interpreted the pre-1989 statutory language in analogous cases. Without question, advertising or publicizing a service that the applicant intends to perform in the future will not support registration. *In re Cedar Point, Inc.*, 220 USPQ 533, 536 (TTAB 1983) (quoting *Intermed Commc'ns, Inc. v. Chaney*, 197 USPQ 501, 507-08 (TTAB 1977)); *Greyhound Corp. v. Armour Life Ins. Co.*, 214 USPQ 473, 474 (TTAB 1982). Instead, the advertising or publicizing must relate to “an existing service which has already been offered to the public.” *Greyhound*, 214 USPQ at 474. Furthermore, “[m]ere adoption (selection) of a mark

accompanied by preparations to begin its use are insufficient ... for claiming ownership of and applying to register the mark.” *Intermed*, 197 USPQ at 507; see *Blue Bell*, 497 F.2d at 437. “At the very least,” in order for an applicant to meet the use requirement, “there must be an open and notorious public offering of the services to those for whom the services are intended.” *Intermed*, 197 USPQ at 507.

[16] In *Intermed*, the TTAB rejected a service mark application for failing to meet the use in commerce requirement even where the applicant had performed many pre-application service-oriented activities involving the public. *Id.* at 508–09. The applicant in that case sought to register a mark intended to identify an international medical services operation. *Id.* at 502. The applicant's plan was to build the international service from an already operating United States-based medical service. *Id.* at 503. The applicant intended to, and did use the United States-based operation as a fundraising affiliate of the new international operation. *Id.* at 504. Additionally, the applicant communicated with and solicited the support of the Iranian government regarding the service before the application was filed. *Id.* The applicant also issued a detailed announcement using the service mark term before the filing date designed to inform and update individuals about the service's status. *Id.* Finally, and also before the date of application, the applicant hired a fundraising firm to raise money for the service. *Id.* at 508.

[17] Despite these activities, the TTAB held that the applicant failed to meet the use requirement because the services described in the application were not “offered, promoted, advertised or rendered ... in commerce.” *Intermed*, 197 USPQ at 504. The TTAB stated that “[t]he statute requires not only the display of the mark in the sale or advertising of services but also the rendition of those services in order to constitute use of the service mark in commerce.” *Id.* At 507–08. The TTAB further explained that adopting a mark accompanied by mere “preparations to begin its use” is insufficient for service mark registration, and that in order for the use requirement to be met, there must be “an open and notorious public offering of the services to those for whom the services are intended.” *Id.* at 507.

[18] In 1983, the TTAB again rejected a service mark application because it failed to meet the use requirement. *Cedar Point*, 220 USPQ at 533. In *Cedar Point*, the Cedar Point amusement park, which had been in business for decades, was preparing to open a new water park addition in mid-May of 1980. *Id.* at 535. One preparatory step taken by Cedar Point before opening day was the filing of a service mark application to register the mark “OCEANA” for its new water park service. *Id.* Cedar Point also distributed nearly 700,000 water park advertisement brochures containing the OCEANA mark during the months preceding the grand opening. *Id.*

[19] The TTAB emphasized the fact that Cedar Point filed its service mark application with the USPTO before it opened the water park's doors and offered those services to the public. *Id.* at 535–36. The TTAB then explained that the use of a mark in connection with the advertising of services intended to be “available at some time in the future, but not yet available at the time of filing” does not qualify

the mark for registration. *Id.* at 535. Therefore, Cedar Point's water park advertising campaign, which was ongoing at the time the application was filed, was insufficient on its own to support registration. *Id.* As a result, the TTAB held that the “applicant's mark ‘OCEANA’ was not in ‘use in commerce’ ... at the time of the filing of [the] application” and that the application was thus void ab initio. *Id.* at 537.

[20] Interestingly, Cedar Point filed for its service mark roughly one month before the scheduled opening of the new water park. *Id.* at 535. With the application date being so close to the opening date, it is indisputable that Cedar Point had taken numerous steps toward constructing the water park by the time the application was filed. Nevertheless, the TTAB found none of these preparatory steps sufficient to satisfy the use in commerce requirement.

[21] The TTAB also addressed the use in commerce issue in the 1982 *Greyhound* case. *Greyhound*, 214 USPQ at 473. In that case, the applicant, a life insurance company, filed a service mark application in November of 1979. *Id.* at 474. Before the filing date, the applicant advertised its services by disseminating informational letters and posters using the service mark. *Id.* Despite this activity, the TTAB held that the service described in the application was not rendered in commerce and thus declared the application void ab initio. *Id.* at 475. The TTAB explained that “it is well settled that advertising of a service, without performance of a service, will not support registration.... The use in advertising which creates a right in a service mark must be advertising which relates to an existing service which has already been offered to the public.” *Id.* at 474.

[22] We find the reasoning of these cases persuasive. The language of the statute, by requiring that the mark be “used or displayed in the sale or advertising of services, and the services are rendered in commerce,” makes plain that advertisement and actual use of the mark in commerce are required; mere preparations to use that mark sometime in the future will not do. Thus, we hold that an applicant's preparations to use a mark in commerce are insufficient to constitute use in commerce. Rather, the mark must be actually used in conjunction with the services described in the application for the mark.

F. Analysis

...

[23] But these activities, even taken together, do not constitute a service that falls within the scope of our definition of the recitation of services. As mentioned earlier, it is our view that the service described in Mr. Aycock's service mark application covers only the arranging of flights between an air taxi operator and a passenger, and not preparatory efforts to arrange a network of air taxi operators. The activities described above, however, were merely preparatory steps that Mr. Aycock took toward his goal of one day, as he described, operating a “communication service between persons desiring to charter aircraft” that “put[]

individuals desiring air transportation in contact with people rendering that service.” J.A. 736, 749.

[24] In order for Mr. Aycock to satisfy the use requirement, more was required. Mr. Aycock had to develop his company to the point where he made an open and notorious public offering of his AIRFLITE service to intended customers. *See Intermed*, 197 USPQ at 507. However, at no point in time did Mr. Aycock give a potential customer the chance to use his AIRFLITE service. He never arranged for a single flight between a customer and an air taxi operator. This is because Mr. Aycock, as stated in his deposition, believed he needed at least 300 air taxi operators under contract before his service could become operational. Reasonably, because he never had more than twelve air taxi operators under contract at any one time, Mr. Aycock chose not to open his doors to the public.

[The court affirmed the TTAB’s cancellation of Aycock’s mark. Note that Judge Newman dissented on the ground that, notwithstanding the description of services listed in the registration that was finally agreed to by Aycock, “it is inappropriate now to construe the registration so as to exclude the actual use of the mark as was explained in the examination, shown in the specimens, and fully explored in the public record of the prosecution.” *Aycock Eng’g*, 560 F.3d at 1365 (Newman, J., dissenting).]

Planetary Motion, Inc. v. Techsplosion, Inc.
261 F.3d 1188 (11th Cir. 2001)

RESTANI, Judge:

[1] Planetary Motion, Inc. (“Planetary Motion” or “Appellee”) sued Techsplosion, Inc. and Michael Gay a/k/a Michael Carson (respectively “Techsplosion” and “Carson”; collectively “Appellants”) for infringement and dilution of an unregistered trademark under Section 43(a) and (c) of the Federal Trademark Act, 15 U.S.C. § 1051 *et seq.* (1994) (“Lanham Act”), and for violation of Florida’s unfair competition law. Fla. Stat. Ann. § 495.151 (West 2000). Finding that Planetary Motion had established priority of use and a likelihood of confusion, the United States District Court for the Southern District of Florida entered summary judgment in favor of Planetary Motion. We affirm the judgment....

Facts

I. Development and Distribution of the “Coolmail” Software

[2] In late 1994, Byron Darrah (“Darrah”) developed a UNIX-based program (the “Software”) that provides e-mail users with notice of new e-mail and serves as a

gateway to the users' e-mail application. On December 31, 1994, Darrah distributed the Software over the Internet by posting it on a UNIX user site called "Sunsite," from which it could be downloaded for free. Darrah had named the Software "Coolmail" and this designation appeared on the announcement sent to the end-users on Sunsight as well as on the Software user-manual, both of which accompanied the release.

[3] The Software was distributed without charge to users pursuant to a GNU General Public License that also accompanied the release. A GNU General Public License allows users to copy, distribute and/or modify the Software under certain restrictions, e.g., users modifying licensed files must carry "prominent notices" stating that the user changed the files and the date of any change. After the release of the Software, Darrah received correspondence from users referencing the "Coolmail" mark and in some cases suggesting improvements. In 1995, Darrah released two subsequent versions of the Software under the same mark and also pursuant to the GNU General Public License.

[4] In early 1995, a German company named S.u.S.E. GmbH sought permission from Darrah to include the Software in a CD-ROM package sold as a compilation of Unix-based programs. Darrah consented and, pursuant to the GNU licensing agreement, S.u.S.E. distributed the Software in its compilation product and in subsequent versions thereof. S.u.S.E. sold and continues to sell the software compilation in stores in the United States and abroad, as well as over the Internet.

II. Launch of Techsplosion's "CoolMail" E-mail Service

[5] In 1998, Appellant Carson formed Techsplosion, for the purpose of operating a business based on an e-mail service that he had developed. On April 16, 1998, Techsplosion began offering the e-mail service on the Internet under the mark "CoolMail." Two days later, Techsplosion activated the domain name "coolmail.to". Techsplosion delivered an e-mail solicitation under the "CoolMail" mark to approximately 11,000 members of the Paramount Banner Network, an Internet advertising network, also created and operated by Carson. Techsplosion charged no fee to subscribe to the service and generated revenues through the sale of banner advertisements on its web site.

III. Planetary Motion's E-mail Service & Application for Trademark Registration

[6] Appellee Planetary Motion is a computer software and telecommunications company that developed and owns an electronic mail service called "Coolmail." As part of its service, Planetary Motion enables a person to check e-mail via telephone without logging onto a computer. On April 24, 1998, Planetary Motion filed three intent-to-use applications to register the mark "Coolmail" with the United States Patent and Trademark Office. Though Planetary Motion was aware that Darrah's Software also bore the mark "Coolmail," it represented in its applications that it was not aware of any mark upon which its proposed registered mark would infringe.

Planetary Motion launched its Coolmail e-mail service to subscribers on June 8, 1998.

IV. Planetary Motion's Complaint and Subsequent Acquisition of Darrah's Rights

[7] On April 22, 1999, Planetary Motion filed a complaint against Techsplosion. In the complaint, Planetary Motion alleged infringement of the alleged mark "Coolmail" for use in connection with e-mail services. Planetary alleged federal trademark infringement and unfair competition under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), as well as injury to business reputation and dilution under Florida Statute § 495.151.

[8] On June 10, 1999, Techsplosion filed an Answer, Affirmative Defenses, and Counterclaims. The counterclaims alleged infringement of the mark "Coolmail" for use in connection with e-mail services. Techsplosion alleged unfair competition, false designation, description, and representation under the Lanham Act, common trademark infringement, common law unfair competition, and injury to business reputation and dilution.

[9] In July of 1999, Planetary Motion purchased from Darrah all rights, title, and interest to the Software including all copyrights, trademarks, patents and other intellectual property rights.¹ On August 31, 1999, Planetary filed an Amended Verified Complaint, adding a claim for dilution under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c), and alleging violation of trademark rights assigned from Darrah.

V. Disposition of Planetary Motion's Complaint

[10] On January 31, 2000, the district court entered an Order granting Planetary Motion's motion for summary judgment and denying Carson's and Techsplosion's motion for summary judgment. The district court based the Order on two findings: (1) that the alleged mark was affixed to Darrah's software, and that Darrah's distribution of the software over the Internet constituted a "transport in commerce," resulting in the creation of trademark rights and priority, and (2) there was a likelihood of confusion because the marks "are essentially the same." The district court did not reach the issue of whether Techsplosion's use of "CoolMail" in connection with its e-mail service diluted Planetary Motion's mark.

[11] On the same date, the district court entered final judgment granting Planetary Motion permanent injunctive relief. *See* 15 U.S.C. § 1116. The order also

¹ The assignee of a trade name or service mark "steps into the shoes of the assignor." *Premier Dental Prods. Co. v. Darby Dental Supply Co.*, 794 F.2d 850, 853 (3d Cir.), *cert. denied*, 479 U.S. 950 (1986). Appellants do not contest the validity of the assignment from Darrah, nor do they dispute that in purchasing rights to Darrah's software, Planetary Motion succeeded to all rights possessed by Darrah.

awarded Planetary Motion profits and damages, as well as attorney fees and costs, pursuant to section 35 of the Lanham Act, 15 U.S.C. § 1117. [Techsplosion appealed.]

Discussion

[12] Section 43(a) of the Lanham Act forbids unfair trade practices involving infringement of trade dress, service marks, or trademarks, even in the absence of federal trademark registration. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).... To prevail under this section, a claimant must show (1) that it had prior rights to the mark at issue and (2) that the defendant had adopted a mark or name that was the same, or confusingly similar to its mark, such that consumers were likely to confuse the two. *Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc.*, 106 F.3d 355, 360 (11th Cir.1997) (citing *Conagra Inc. v. Singleton*, 743 F.2d 1508, 1512 (11th Cir.1984)), *modified*, 122 F.3d 1379 (1997). Appellants argue that the district court erred in finding that Planetary Motion had established both elements. Appellants also dispute the scope of injunctive relief, as well as the award of attorney fees and costs.

I. Prior Use in Commerce

[13] Under common law, trademark ownership rights are “appropriated only through actual prior use in commerce.” *Tally-Ho, Inc. v. Coast Community College Dist.*, 889 F.2d 1018, 1022 (11th Cir.1989) (citation omitted). Under the Lanham Act,² the term “use in commerce” is defined in ... 15 U.S.C. § 1127.³ The district court

² “In the absence of registration, rights to a mark traditionally have depended on the very same elements that are now included in the statutory definition: the bona fide use of a mark in commerce that was not made merely to reserve a mark for later exploitation.” *Allard Enters., Inc. v. Advanced Programming Res., Inc.*, 146 F.3d 350, 357 (6th Cir.1998). Common law and statutory trademark infringements are merely specific aspects of unfair competition. *New West Corp. v. NYM Co. of Cal., Inc.*, 595 F.2d 1194, 1201 (9th Cir.1979) (citing, *inter alia*, *Dresser Indus., Inc. v. Heraeus Engelhard Vacuum, Inc.*, 395 F.2d 457, 461 (3d Cir.), *cert. denied*, 393 U.S. 934, 89 S.Ct. 293, 21 L.Ed.2d 270 (1968)).

³ Appellants appear to have conceded that if Darrah sent out original programs and related manuals, this would satisfy the affixation requirement:

MR. GIGLIOTTI [counsel for Techsplosion]: [The mark] has to be on the product or on the associated documentation. It is on neither.

THE COURT: It is not on the associated documentation[?] How about the original programs Darrah sent out and manuals that went with it, and all that material, wasn't that enough for affixation?

MR. GIGLIOTTI: Yes, Your Honor, that is affixation; however, he did not meet the sale requirement.

found that because the statute is written in the disjunctive (i.e., “sale *or* transport”), Darrah’s wide distribution of the Coolmail software over the Internet, even absent any sales thereof, was sufficient to establish ownership rights in the “CoolMail” mark. Appellants contend that “transport in commerce” alone—here, Darrah’s free distribution of software over the Internet “with no existing business, no intent to form a business, and no sale under the mark”—is insufficient to create trademark rights. Appellants’ Brief at 13. Appellants’ argument lacks merit.

[14] The parties do not make clear the two different contexts in which the phrase “use in commerce” is used. The term “use in commerce” as used in the Lanham Act “denotes Congress’s authority under the Commerce Clause rather than an intent to limit the [Lanham] Act’s application to profit making activity.” *United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc.*, 128 F.3d 86, 92-93 (2d Cir.1997) (citation omitted), *cert. denied*, 523 U.S. 1076 (1998); U.S. Const., Art. I, § 8, cl. 3. Because Congress’s authority under the Commerce Clause extends to activity that “substantially affects” interstate commerce, *United States v. Lopez*, 514 U.S. 549, 559 (1995), the Lanham Act’s definition of “commerce” is concomitantly broad in scope: “all commerce which may lawfully be regulated by Congress.” 15 U.S.C. § 1127. *See also Steele v. Bulova Watch Co.*, 344 U.S. 280, 283-84 (1952); *Larry Harmon Pictures Corp. v. Williams Rest. Corp.*, 929 F.2d 662, 666 (Fed.Cir.) (allowing registration for an intrastate provider of restaurant services with an undefined interstate clientele), *cert. denied*, 502 U.S. 823 (1991). The distribution of the Software for end-users over the Internet satisfies the “use in commerce” jurisdictional predicate. *See, e.g., Planned Parenthood Fed’n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430, 1434 (S.D.N.Y.1997) (“The nature of the Internet indicates that establishing a typical home page on the Internet, for access to all users, would satisfy the Lanham Act’s ‘in commerce’ requirement.”), *aff’d*, 152 F.3d 920 (2d Cir.), *cert. denied*, 525 U.S. 834 (1998).

[15] Nevertheless, the use of a mark in commerce also must be sufficient to establish *ownership rights* for a plaintiff to recover against subsequent users under section 43(a). *See New England Duplicating Co. v. Mendes*, 190 F.2d 415, 417-18 (1st Cir.1951) (after finding “use in commerce” jurisdiction predicate satisfied, court noted that “[t]he question remains whether the plaintiff has established that he was the ‘owner’ of the mark, for under [15 U.S.C. § 1051] only the ‘owner’ of a mark is entitled to have it registered.”). The court in *Mendes* set forth a two part test to

R3-85-19 to 20.

In any case, the affixation requirement is met because the Software was distributed under a filename that is also the claimed mark, was promoted under the same mark, was accompanied by a user manual bearing the mark, and was sold in a compilation under the mark.

determine whether a party has established “prior use” of a mark sufficient to establish ownership:

[E]vidence showing, first, adoption,⁴ and, second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark, is competent to establish ownership, even without evidence of actual sales.⁵

Id. at 418. *See also New West*, 595 F.2d at 1200.⁶

[16] Courts generally must inquire into the activities surrounding the prior use of the mark to determine whether such an association or notice is present. *See, e.g., Johnny Blastoff, Inc. v. L.A. Rams Football Co.*, 188 F.3d 427, 433 (7th Cir.1999) (“The determination of whether a party has established protectable rights in a trademark is made on a case by case basis, considering the totality of the circumstances.”), *cert. denied*, 528 U.S. 1188, (2000). Under the “totality of circumstances” analysis, a party may establish “use in commerce” even in the absence of sales. “[A]lthough evidence of sales is highly persuasive, the question of use adequate to establish appropriation remains one to be decided on the facts of each case” *New West*, 595 F.2d at 1200 (quoting *Mendes*, 190 F.2d at 418). The court in *New West* recognized that “mere advertising by itself may not establish priority of use,” but found that promotional mailings coupled with advertiser and distributor solicitations met the *Mendes* “public identification” ownership requirement. *Id.* at 1200. Thus, contrary to Appellants’ assertions, the existence of sales or lack thereof does not by itself

⁴ It is uncontested that Darrah adopted the mark “Coolmail” before Appellants’ use of the mark in connection with their e-mail service.

⁵ This ownership test is not for the purpose of establishing the “use in commerce” jurisdictional predicate of the Lanham Act. *See, e.g., Univ. of Fla. v. KPB, Inc.*, 89 F.3d 773, 776 n. 4 (11th Cir.1996). *See supra* discussion in text.

⁶ This ownership requirement parallels the statutory definition of “trademark”: “any word, name, symbol, or device, or any combination thereof ... used by a person ... to identify and distinguish his or her goods ... from those manufactured or sold by others” 15 U.S.C. § 1127. The Seventh Circuit has held that a higher quantum of use may be necessary to establish ownership rights under common law than under the statute because the notice function of registration is lacking. *See Zazu Designs v. L’Oreal, S.A.*, 979 F.2d 499, 503-04 (7th Cir.1992). In addition, the continuity of a user’s commercial activities in connection with the mark is also relevant to determining whether use is sufficient to establish common law ownership. *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1054-55 (6th Cir.1999) (“A party establishes a common law right to a trademark only by demonstrating that its use of the mark was ‘deliberate and continuous, not sporadic, casual or transitory.’”).

determine whether a user of a mark has established ownership rights therein.⁷ *Compare Marvel Comics Ltd. v. Defiant*, 837 F.Supp. 546, 549 (S.D.N.Y.1993) (finding announcement of “Plasmer” title to 13 million comic book readers and promotion at annual trade convention sufficient to establish trademark ownership rights, notwithstanding lack of any sales) *with WarnerVision Entm’t Inc. v. Empire of Carolina Inc.*, 915 F.Supp. 639, 645-46 (S.D.N.Y.) (finding toy manufacturer’s promotional efforts insufficient to establish priority of use where only a few presentations were made to industry buyers, even though one resulted in a sale to a major toy retailer), *aff’d in part, vacated in part*, 101 F.3d 259 (2d Cir.1996).⁸

[17] Similarly, not every transport of a good is sufficient to establish ownership rights in a mark. To warrant protection, use of a mark “need not have gained wide public recognition,” but “[s]ecret, undisclosed internal shipments are generally inadequate.” *Blue Bell, Inc. v. Farah Mfg. Co.*, 508 F.2d 1260, 1265 (5th Cir.1975).⁹ In general, uses that are *de minimis* may not establish trademark ownership rights. *See, e.g., Paramount Pictures Corp. v. White*, 31 U.S.P.Q.2d 1768, 1772-73, 1994 WL 484936 (Trademark Tr. & App. Bd.1994) (finding no bona fide use in ordinary course of trade where mark was affixed to a game consisting of three pieces of paper and distributed for the purpose of promoting musical group).

[18] We find that, under these principles, Darrah’s activities under the “Coolmail” mark constitute a “use in commerce” sufficiently public to create ownership rights in the mark. First, the distribution was widespread, and there is evidence that members of the targeted public actually associated the mark Coolmail

⁷ Appellants cite *Future Domain Corp. v. Trantor Sys. Ltd.*, 27 U.S.P.Q.2d 1289, 1293, 1993 WL 270522 (N.D.Cal.1993) for the proposition that there must be a sale in order to satisfy the “use in commerce” requirement. *Future Domain*, however, turned not on the *existence* of sales but whether the extent of the purported mark owner’s activities created a public association between the mark and the product. There, the court determined that a computer software manufacturer’s promotion of a mark at a trade show—where at most 7,000 persons actually received or requested information about the mark and where no orders were taken—was not sufficient to create such an association. *Id.* at 1293-95.

⁸ Courts applying the “totality of circumstances” approach routinely have found evidence of a few sales of goods to which the mark had been affixed insufficient to establish trademark ownership. For example, in *Zazu Designs*, 979 F.2d at 503-04, the plaintiff hair salon had sold a few bottles of shampoo bearing the mark “Zazu” both over the counter and mailed over state lines. The court found that such limited sales “neither link the Zazu mark with [the plaintiff’s] product in the minds of consumers nor put other producers on notice.” *Id.* at 503.

⁹ In *Bonner v. City of Prichard*, 661 F.2d 1206 (11th Cir.1981) (en banc), the Eleventh Circuit adopted as binding precedent all decisions handed down by the former Fifth Circuit prior to October 1, 1981.

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

[19] Third,¹⁰ the mark served to identify the source of the Software. The “Coolmail” mark appeared in the subject field and in the text of the announcement accompanying each release of the Software, thereby distinguishing the Software from other programs that might perform similar functions available on the Internet or sold in software compilations.¹¹ The announcements also apparently indicated that Darrah was the “Author/Maintainer of Coolmail” and included his e-mail address. The user manual also indicated that the Software was named “Coolmail.”¹² The German company S.u.S.E. was able to locate Darrah in order to request

¹⁰ [Note: The court apparently miscounted. There is no “second” in the unedited opinion.]

¹¹ Darrah testified that “[m]ost of the source files ... have [the mark] in them. Also there’s a copyright notice included with the software that has the name Coolmail. And the name of the executable file itself is Coolmail.” R2-47-Exh. 3 at 67.

¹² Darrah: The Coolmail name always comes with the documentation that comes with the software.

* * *

Q: What documentation are you talking about?

A: There's a user manual that comes with it.

* * *

Q: Does it say “Coolmail” on page 1?

A: Yes.

Q: Where does it say “Coolmail” on page 1?

A: At the top.

... and on the header of every page.

Q: What does it say, exactly?

A: I'm not sure if it says this verbatim, it's “Coolmail,” space, then the version number.

R2-47-Exh. 3 at 68, 72 to 73.

permission to use his Software in its product under the mark “Coolmail.” Appellants do not assert that S.u.S.E. was unaware that the Software was called “Coolmail” when it contacted Darrah.

[20] Fourth, other potential users of the mark had notice that the mark was in use in connection with Darrah's Software. In investigating whether the mark Coolmail existed before submitting its trademark registration application for its e-mail service, Planetary Motion was able to discover that Darrah was using the mark to designate his Software product.

[21] Fifth, the Software was incorporated into several versions of a product that was in fact sold worldwide and specifically attributed ownership of the Software to Darrah under the “Coolmail” mark. Any individual using the S.u.S.E. product, or competitor of S.u.S.E., that wanted to know the source of the program that performed the e-mail notification function, could do so by referring to the user manual accompanying the product. There is no support for the argument that for a trademark in software to be valid, the mark must appear on the box containing the product incorporating it, that the mark must be displayed on the screen when the program is running, or that the software bearing the mark be a selling point for the product into which it is incorporated. There is no requirement that the public come to associate a mark with a product in any particular way or that the public be passive viewers of a mark for a sufficient public association to arise.

[22] Sixth, software is commonly distributed without charge under a GNU General Public License. The sufficiency of use should be determined according to the customary practices of a particular industry. *See* S. Rep. 100-515 at 44 (1988) (“The committee intends that the revised definition of ‘use in commerce’ [see note 13, *supra*] be interpreted to mean commercial use *which is typical in a particular industry.*”) (emphasis added). That the Software had been distributed pursuant to a GNU General Public License does not defeat trademark ownership, nor does this in any way compel a finding that Darrah abandoned his rights in trademark. Appellants misconstrue the function of a GNU General Public License. Software distributed pursuant to such a license is not necessarily ceded to the public domain and the licensor purports to retain ownership rights, which may or may not include rights to a mark.¹³

...

[23] Appellants also rely on *DeCosta v. Columbia Broad. Sys., Inc.*, 520 F.2d 499, 513 (1st Cir.1975), *cert. denied*, 423 U.S. 1073 (1976), to argue that Darrah is an eleemosynary individual and therefore unworthy of protection under unfair competition laws. The *DeCosta* court did not hold that the absence of a

¹³ Because a GNU General Public License requires licensees who wish to copy, distribute, or modify the software to include a copyright notice, the license itself is evidence of Darrah's efforts to control the use of the “CoolMail” mark in connection with the Software.

profit-oriented enterprise renders one an eleemosynary individual, nor did it hold that such individuals categorically are denied protection. Rather, the *DeCosta* court expressed “misgivings” of extending common law unfair competition protection, clearly available to eleemosynary organizations, to eleemosynary individuals.¹⁴ *Id.* The court’s reluctance to extend protection to eleemosynary individuals was based on an apparent difficulty in establishing a line of demarcation between those eleemosynary individuals engaged in commerce and those that are not. But as the sufficiency of use to establish trademark ownership is inherently fact-driven, the court need not have based its decision on such a consideration. *Mendes*, 190 F.2d at 418. Common law unfair competition protection extends to non-profit organizations because they nonetheless engage in *competition* with other organizations. *See Girls Clubs of Am., Inc. v. Boys Clubs of Am., Inc.*, 683 F.Supp. 50 (S.D.N.Y.1988), *aff’d*, 859 F.2d 148 (2d Cir.). Thus, an eleemosynary individual that uses a mark in connection with a good or service may nonetheless acquire ownership rights in the mark if there is sufficient evidence of competitive activity.

[24] One individual can invest time, effort and money in developing software or other technologically-based goods or services that would be of interest to a multitude of users, other developers, and retail establishments. In fact, the program was of sufficient interest for S.u.S.E. to put effort into including it in its own software which was sold for profit, including the effort of obtaining Darrah’s permission under the GNU General Public License.

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

¹⁴ It is unlikely that the plaintiff’s activities in *De Costa*—costumed performances and distribution of his picture at local rodeos, parades, hospitals, etc.—would generate a “public association” sufficient to confer him common law trademark ownership rights. The court assumed *arguendo*, however, that the plaintiff’s activities did warrant protection, and went on to find that the evidence did not support a finding of likelihood of confusion.

[26] In light of the foregoing, the use of the mark in connection with the Software constitutes significant and substantial public exposure of a mark sufficient to have created an association in the mind of public.

[The court went on to find a likelihood of confusion between Planetary Motion's and Techsplosion's marks. The court affirmed the terms of the permanent injunction but found the award of attorney fees to be an abuse of discretion.]

Comments and Questions

1. *The "totality of the circumstances" test.* *Aycock Engineering* stands for the proposition that, as a general matter, the use of a mark merely in pre-sales advertising or merely in preparation to sell goods or services does not constitute "use in commerce" under § 45. Yet *Planetary Motion* points out that the actual sale of goods or services bearing the mark may also be insufficient to constitute use in commerce. So how can courts determine what kind and degree of pre-sales and/or sales activity can satisfy the use in commerce requirement? Most courts have adopted some form of a "totality of the circumstances" test, sometimes heavily influenced by the equities of the case. See *La Societe Anonyme des Parfums Le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1274 n. 11 (2d Cir.1974) ("[T]he balance of the equities plays an important role in deciding whether defendant's use is sufficient to warrant trademark protection."). In *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151 (9th Cir. 2001), for example, the Ninth Circuit summarized the factors that might be relevant to a totality of the circumstances analysis of use in commerce sufficient to justify rights:

Accordingly, we hold that the totality of the circumstances must be employed to determine whether a service mark has been adequately used in commerce so as to gain the protection of the Lanham Act. In applying this approach, the district courts should be guided in their consideration of non-sales activities by factors we have discussed, such as the genuineness and commercial character of the activity, the determination of whether the mark was sufficiently public to identify or distinguish the marked service in an appropriate segment of the public mind as those of the holder of the mark, the scope of the non-sales activity relative to what would be a commercially reasonable attempt to market the service, the degree of ongoing activity of the holder to conduct the business using the mark, the amount of business transacted, and other similar factors which might distinguish whether a service has actually been "rendered in commerce".

Id. at 1159. Applying these factors, the Ninth Circuit found that the October 1989 mailing by Allen Chance ("Chance") of 35,000 postcards promoting his TELETRAC tracking service that led to 128 telephone responses but no sales was not sufficient to establish use in commerce. Meanwhile,

Pac-Tel, in contrast, had significant activities even prior to [Chance's] post card mailing. The record demonstrates that as early as June 1989, Pac-Tel began using the mark on a continuous basis. As early as 1984, a Pac-Tel predecessor company was using the mark as part of its business name. Pac-Tel began a public relations campaign using the mark to introduce its new service in July 1989. In September 1989, it sent out brochures to potential customers. In early fall 1989, it conducted interviews with major newspapers including the *Wall Street Journal*, *Washington Post* and *Chicago Tribune* which resulted in a number of stories that mentioned the service mark. During this time the service was marketed to potential customers who managed large vehicle fleets through a slide presentation using the mark. While the district court found that Pac-Tel's first use was in April 1990, when it began making its service available on a commercial basis for the first time on the Los Angeles school buses, the totality of the record demonstrates that its first use of the mark was significantly earlier and clearly predated [Chance]'s first use

Id. at 1160.

Another example of the application of the totality of the circumstances test, along with a strong grounding in the balance of the equities, is *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, 188 F.3d 427 (7th Cir. 1999). When the Los Angeles Rams announced that they were moving to St. Louis, Rodney Rigsby, proprietor of Johnny Blastoff, Inc., had the bright idea somehow to claim ownership of the ST. LOUIS RAMS mark before the football team could. He filed a State of Wisconsin trademark application on February 22, 1995, and two federal intent-to-use registration applications in March 10, 1995. The court found that the football team's use in commerce preceded these dates. Here is the core of the court's analysis:

On January 17, 1995, Georgia Frontiere, the owner of the Rams, and St. Louis Mayor Freeman Bosley held a press conference at which they announced the Rams' intention to relocate from Los Angeles to St. Louis. The press conference story received extensive national and local press, including the *St. Louis Dispatch's* publication, on January 18, 1995, of a sixteen-page pullout section of the newspaper entitled "St. Louis Rams." Vendors sold unlicensed "St. Louis Rams" merchandise in the St. Louis area in January of 1995, and by February of 1995, more than 72,000 personal seat licenses for the St. Louis Rams' home games had been received. By the time Blastoff registered the "St. Louis Rams" mark in Wisconsin in February of 1995, a significant portion of the public associated the mark with the Rams football club. However, Blastoff asserts that the defendants had not sufficiently used the mark "St. Louis Rams" to be given priority. Blastoff argues that at the January 17, 1995, press conference, none of the defendants used the words "St. Louis Rams," and thus, this term was rendered an "unarticulated idea for a

team name,” which is not protectable. Blastoff also states that newspaper and media coverage is insufficient to establish priority. Finally, Blastoff contends that the football club “operated publicly and exclusively as [the] ‘L.A. Rams’ ” as late as February 8, 1995.

For the purpose of establishing public identification of a mark with a product or service, the fact-finder may rely on the use of the mark in “advertising brochures, catalogs, newspaper ads, and articles in newspapers and trade publications,” *T.A.B. Systems v. Pactel Teletrac*, 77 F.3d 1372, 1375 (Fed.Cir.1996), as well as in media outlets such as television and radio. See *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1125 (Fed.Cir.1985). In addition, courts have recognized that “abbreviations and nicknames of trademarks or names used *only* by the public give rise to protectable rights in the owners of the trade name or mark which the public modified.” *Nat’l Cable Television Assoc. v. Am. Cinema Editors, Inc.*, 937 F.2d 1572, 1577 (Fed.Cir.1991). Such public use of a mark is deemed to be on behalf of the mark’s owners. See *id.* Blastoff has failed to demonstrate any equivalent use of the mark “St. Louis Rams” by February of 1995, when the defendants established, by use and public association, their priority in the mark. Blastoff’s insignificant and very limited use of the mark prior to February of 1995, consisting of the development of the “Tower City Rams” design, along with the production of a swatch of material with “St. Louis Rams” embroidery, is insufficient to establish a link between the mark and its products. Furthermore, the owner’s use of a trademark is relevant in establishing public identification of a mark with a product or service. Georgia Frontiere, owner of the Rams, in announcing her intention to move the franchise to St. Louis from Los Angeles, implicitly adopted the exact phrase “St. Louis Rams” on the date of her press conference. This Court’s decision in *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Ltd.*, 34 F.3d 410, 413 (7th Cir.1994), is strong support for the proposition that the Rams organization and the NFL had a long-established priority over the use of the “Rams” name in connection with the same professional football team, regardless of urban affiliation.

Id. at 435.

2. “*Stealing*” someone else’s idea for a trademark. Because use, rather than invention, is the basis for trademark rights under the Lanham Act, there is no remedy under the Act for the “theft” of an idea for a trademark. In *American Express Co. v. Goetz*, 515 F.3d 156 (2d Cir. 2008), cert. denied, 129 S. Ct. 176 (U.S. 2008), the declaratory defendant Stephen Goetz developed the slogan “My Life. My Card.” for a credit card and sought to interest various credit card providers in using it and his consulting services. On July 30, 2004, Goetz mailed a proposal to American Express urging American Express to adopt the mark. American Express never responded. In

November, 2004, however, American Express launched a global campaign based on the phrase “My Life. My Card.”

When Goetz threatened suit, American Express filed for a declaration of non-infringement. Documents produced in the litigation showed that the advertising firm Ogilvy Group first proposed the mark to American Express on July 22, 2004, and Goetz eventually conceded that Ogilvy had developed and American Express had adopted the mark without any knowledge of his proposal.

The district court granted summary judgment to American Express and the Second Circuit affirmed. What drove the outcome of the litigation was not the priority of invention issue, however. Instead, it was the simple fact that Goetz never made a qualifying use in commerce of the mark: “[C]onstruing all the facts in Goetz's favor, the only reasonable conclusion that can be drawn is that My Life, My Card was a component of Goetz's business proposal to the credit card companies rather than a mark designating the origin of any goods or services he offered to them.” *Id.* at 160.

3. *Trademark trolls and the use in commerce requirement.* The use in commerce prerequisite for trademark rights has the salutary effect of limiting the ability of bad faith agents to exploit the trademark registration system in the way that “non-practicing entities” arguably exploit the patent system. In *Central Mfg., Inc. v. Brett*, 492 F.3d 876 (9th Cir. 2007), the defendant George Brett (and brothers) manufactured a hybrid wood-metal bat under the trademark STEALTH. Plaintiff Central Mfg., of which the then-notorious trademark troll Leo Stoller was president and sole shareholder, sued for infringement of its own mark STEALTH, which it had registered in 1985 for “[s]porting goods, specifically, tennis rackets, golf clubs, tennis balls, basketballs, baseballs, soccer balls, golf balls, cross bows, tennis racket strings and shuttle cocks.” When Brett challenged Stoller to produce any evidence of use in commerce of the mark, Stoller’s documents failed to persuade the district court. For example: “Plaintiffs produced a table of ‘Stealth Brand Baseball Sales’ between 1996 and 2003, but could provide absolutely no information to justify the lump sum ‘sales’ figures listed. There is no way for this Court to know that this alleged sales sheet bears any relation to reality and is not simply something Plaintiffs generated on a home computer for the purposes of this litigation.” *Id.* at 883 (quoting *Central Mfg. Co. v. Brett*, 2006 WL 681058 (N.D.Ill. Mar 15, 2006)). The Seventh Circuit affirmed:

Stoller has repeatedly sought ways to get around trademark law's prohibition on the stockpiling of unused marks, and this case is no different. It is unfathomable that a company claiming to have engaged in thousands of dollars of sales of a product for more than a decade would be unable to produce even a single purchase order or invoice as proof. Self-serving deposition testimony is not enough to defeat a motion for summary judgment. By exposing Central's failure to make bona fide use of the “Stealth” mark for baseballs, Brett Brothers met its burden to

overcome the presumption afforded by the 1985 registration, and summary judgment in its favor was the appropriate course.

Id. at 883. Brett was also awarded attorney fees.

In December 2010, Stoller was indicted for fraud charges related to statements made in his bankruptcy filings. *See* http://en.wikipedia.org/wiki/Leo_Stoller.

D. The Trademark Registration Process

Use, rather than registration, is the basis of federal trademark rights in the United States (subject to one exception noted below). As explained previously in this Part, the Lanham Act will protect a trademark owner's exclusive rights in any trademark it is using in commerce regardless of whether the mark is registered provided that the unregistered mark meets the various substantive requirements for registration established by the Act. In other words, if the mark as used in commerce could be registered, it will be protected even if it is not registered. Conversely, the Lanham Act will not protect a trademark registrant's exclusive rights in its registered mark if it no longer uses its mark in commerce and cannot prove an intent to resume use in the near future. On this basis, it is often said that the U.S. trademark system is a "use-based" system in contrast to the "registration-based" systems more common around the world.¹ In the United States, registration merely records the preexistence of externally established rights.²

The U.S. registration system is different in another significant respect. Unlike most foreign registration systems, which review applications only for compliance with formal requirements, the PTO reviews applications to ensure that they meet both formal requirements (which are largely set forth in Lanham Act § 1) and substantive requirements (largely found in Lanham Act § 2). These substantive requirements include both "absolute grounds" for refusal of registration, such as that the mark is deceptive or scandalous, and "relative grounds" for refusal, such as that the mark is confusingly similar with a previously registered or used mark.

A trademark applicant at the PTO must claim at least one "filing basis" for its application among the five that are provided by the Lanham Act. These filing bases are:

1. Lanham Act § 1(a): the applicant is already making actual use of the mark in commerce;

¹ See, e.g., Graeme B. Dinwoodie, *(National) Trademark Laws and the (Non-National) Domain Name System*, 21 U. PA. J. INT'L ECON. L. 495, 496 (2000) ("[F]or over a century the United States has steadfastly resisted adoption of a registration-based system of trademark priority and has adhered instead to a use-based philosophy."); see also William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & Econ. 265, 282 (1987) (comparing the American use-based system to other nations' registration-based systems, and concluding that the former is more economically efficient).

² See, e.g., *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 372 (1st Cir. 1980) ("[F]ederal registration . . . does not create the underlying right in a trademark. That right, which accrues from the use of a particular name or symbol, is essentially a common law property right . . .").

2. Lanham Act § 1(b): the applicant has a bona fide intent to use the mark in commerce in the near future;
3. Lanham Act § 44(d): the applicant filed a foreign application to register the mark within six months of its application to the PTO and claims the priority date of that foreign application;
4. Lanham Act § 44(e): the applicant possesses a registration of the mark in the applicant's country of origin;
5. Lanham Act § 66(a): the applicant requests extension of protection of an international registration under the Madrid System for the international registration of trademarks.

Note that the first four filing bases are not mutually exclusive; the § 66(a) filing basis, by contrast, may not be combined with other filing bases. Note also that while the §§ 1(a), 44(d), and 44(e) filing bases have been available since the effective date of the original Lanham Act on July 5, 1947, the § 1(b), or "ITU," filing basis became available with the effective date of the Trademark Law Revision Act (TLRA) on November 16, 1989,³ and the § 66a filing basis became available with the effective date of the Madrid Protocol Implementation Act on November 2, 2003.⁴ Most trademark applications at the PTO are now filed under the Lanham Act § 1(b) intent to use basis.

Lanham Act §§ 44 & 66(a), 15 U.S.C. §§ 1126 & 1141f, constitute important though relatively obscure exceptions to the general rule that a trademark must be used in commerce for it to be federally registered. As noted in *In re Cyber-Blitz Trading Services*, 47 U.S.P.Q.2d 1638 (Comm'r Pats. 1998),

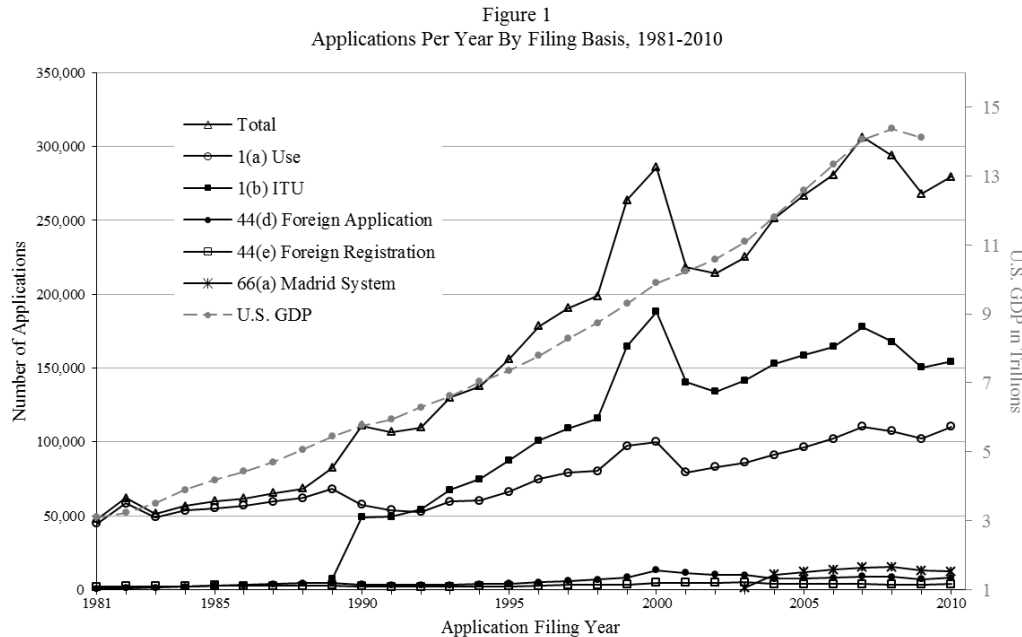
[o]ne significant difference between Section 1(b) and 44 of the Trademark Act is that Applicants who rely on Section 1(b) as a filing basis must establish use of the mark prior to registration, or the application will become abandoned. In contrast, Applicants who rely solely on Section 44 are not required to demonstrate use in order to obtain registration. *Crocker National Bank v. Canadian Imperial Bank of Commerce*, 223 USPQ 909 (TTAB 1984). In fact, the first time evidence of use usually is required for Section 44 Applicants is upon the filing of an Affidavit of Continued Use under Section 8 of the Trademark Act, 15 U.S.C. §1058. This does not occur until five to six years after registration.

³ Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (codified as amended in scattered sections of the U.S.C.).

⁴ Madrid Protocol Implementation Act, Pub. L. No. 107-273, 116 Stat. 1913 (2002) (codified as amended at 15 U.S.C. §§ 1141-1141 (2006)).

Id. at 1639-40. See also TMEP § 1009. The reasoning of *Cyber-Blitz* also applies to § 66(a) applications.⁵

For a sense of scale, the figure below shows the number of trademark applications at the PTO per year for each filing basis from 1981 through 2010. What might explain the significant rise in applications in the period 1999-2000?



For marks already being used in commerce, a successful application proceeds though at least five basic stages: (1) application, (2) examination, (3) publication in the PTO's Official Gazette, (4) opposition, and (5) registration. Intent-to-use applications proceed through two additional stages following opposition and preceding registration: (4.a) the issuance by the PTO of a "Notice of Allowance" and (4.b) the filing by the applicant of a Statement of Use showing that the applicant has begun to make actual use of the mark in commerce. We review each of these stages below. But first we consider why a trademark owner should federally register its mark.

1. Benefits of Registration

⁵ However, as is suggested by *Dragon Bleu (SARL) v. VENM, LLC*, 112 U.S.P.Q.2d 1925 (TTAB 2014), which dealt with § 66(a) registrations, if the § 44 or § 66(a) registrant is accused of having abandoned its mark in the U.S., the registrant may be required to present evidence of use sooner than five years after the date of registration. On the issue of trademark abandonment, see Part III.D.

a. Registration on the Principal Register

Registration on the Principal Register confers significant, substantive advantages on the registered mark. First and perhaps most importantly, under Lanham Act § 7(c), 15 U.S.C. § 1057, registration confers on the registrant nationwide priority in the mark as of the date of application. Section 7(c) reads as follows:

(c) *Application to register mark considered constructive use.* Contingent on the registration of a mark on the principal register provided by this Act, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing–

(1) has used the mark;

(2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or

(3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 44(d) [15 USC 1126(d)] to register the mark which is pending or has resulted in registration of the mark.

15 U.S.C § 1057. This right of priority extends nationwide even if, as is often the case, the registrant has not itself used the mark throughout the nation. And in the case of ITU applications, the intent to use applicant enjoys nationwide priority as of its ITU application date even if several years pass before the applicant finally makes an actual use of its mark and completes its registration. (We will address the geographic scope of trademark rights in more detail in Part I.E).

Second, registration confers on the mark a *prima facie* presumption of the validity of the mark and the registrant's ownership of the mark. Lanham Act §§ 7(b) & 33(a), 15 U.S.C. §§ 1057(b) & 1115(a). In practice, however, it is not clear how much weight courts place on the § 33 presumption of validity. *See, e.g., Custom Vehicles, Inc. v. Forest River, Inc.*, 476 F.3d 481, 486 (7th Cir. 2007) (“[T]he presumption of validity that registration creates is easily rebuttable, since it merely shifts the burden of production to the alleged infringer.”); *Door Systems, Inc. v. Pro-Line Door Systems, Inc.*, 83 F.3d 169, 172 (7th Cir. 1996) (“The presumption of validity that federal registration confers evaporates as soon as evidence of invalidity is presented. Its only function is to incite such evidence and when the function has been performed the presumption drops out of the case.”).

Third, only marks registered on the Principal Register may achieve incontestable status, which confers a significant benefit on descriptive marks. Lanham Act §§ 15 and 33, 15 U.S.C. §§ 1065 & 1115, set out the main requirements a registrant must meet to file a Declaration of Incontestability of a Mark Under Section 15: (1) the mark must have been in continuous use for any period of five

consecutive years after the date of registration and must still be in use at the time of filing, (2) there has been no final decision adverse to the registrant's ownership of or validity of the registration of the mark, and (3) there is no proceeding involving the registrant's ownership of or validity of the registration of the mark pending at the PTO or in any court. Lanham Act § 15, 15 U.S.C. § 1065.

Incontestable status limits the grounds on which the registered mark's validity may be contested for the remaining life of the registration (which may be renewed in perpetuity). Lanham Act §§ 15 and 33(b) explicitly list out these grounds; any that are not listed are foreclosed. One ground not listed is that the mark lacks secondary meaning. Thus, the validity of descriptive marks that have achieved incontestable status may not be challenged on the ground that they lack secondary meaning.

The Supreme Court confirmed this rule in the notorious case of *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985), which is excerpted in Part I.D.7 below. In *Park 'N Fly*, The Court held that the incontestable—and clearly descriptive—mark “Park ‘N Fly” for airport parking services could not be challenged on the ground that it lacked secondary meaning, notwithstanding that the record below strongly suggested that the mark lacked secondary meaning at the time of registration in 1971 and still lacked secondary meaning when the case was being litigated in the early 1980s. *See id.* at 211 (Stevens, J., dissenting).⁶

Registration confers additional benefits on the trademark owner:

- Registration confers jurisdiction on federal courts. *See* Lanham Act § 39, 15 U.S.C. § 1121 (conferring original jurisdiction on all actions arising under “this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.”).
- Owners of registered marks may obtain statutory damages against counterfeiters. *See* Lanham Act § 35(c) (statutory damages available in

⁶ In his lengthy dissent, Justice Stevens expressed his dismay that the decision of a single trademark examiner in an ex parte proceeding a decade earlier, followed by the registrant's perfunctory filing of a declaration of incontestability, could somehow prevent the Court from striking from the Principal Register an “inherently unregistrable” mark. *See Park 'N Fly*, 469 U.S. at 206–07 (Stevens, J., dissenting). He also added his own opinion of trademark quality at the PTO for good measure. *See id.* at 212 (“No matter how dedicated and how competent administrators may be, the possibility of error is always present, especially in nonadversary proceedings.”). In a footnote to this statement, Justice Stevens quoted a PTO official who testified to Congress that “at any one time, about 7 percent of our 25 million documents are either missing or misfiled.” *Id.* at 212 n.12 (quoting Hearing Before the Subcomm. on Patents, Copyrights & Trademarks of the S. Comm. on the Judiciary, 98th Cong. 5 (1983) (statement of Gerald J. Mossinghoff, Assistant Secretary and Comm'r of Patents and Trademarks)).

“cases involving the use of a counterfeit mark”), 15 U.S.C. 1117(c), and Lanham Act § 34(d)(1)(B)(i) (defining “counterfeit mark” as “counterfeit of a mark that is registered on the principal register”), 15 U.S.C. § 1116(d)(1)(B)(i).

- Owners of registered marks enjoy the right to request customs officials to bar the importation of goods bearing infringing trademarks under Lanham Act § 42, 15 U.S.C. § 1124.
- In the case of registered trade dress, owners do not bear the burden of establishing the non-functionality of their trade dress. Under Lanham Act § 43(a)(3), 15 U.S.C. § 1125(a)(3), owners of unregistered trade dress bear this burden.

Note that it is often still said, incorrectly, that only owners of *registered* marks may seek treble damages and attorney fees in exceptional cases under Lanham Act § 35(a). In fact, the TLRA of 1988 amended Section § 35(a) to reference any “violation under section 43(a),” thus providing enhanced damages and attorney fees in exceptional cases to owners of unregistered marks.

b. Registration on the Supplemental Register

Marks that fail to qualify for Principal Register registration because they are determined to lack secondary meaning may nevertheless seek registration on the Supplemental Register. Specifically, Lanham Act Section 23(a), 15 U.S.C. § 1091(a), provides in part:

All marks capable of distinguishing applicant's goods or services and not registerable on the principal register provided in this chapter, except those declared to be unregistrable under subsections (a), (b), (c), (d), and (e)(3) of section 1052 [Lanham Act § 2] of this title, which are in lawful use in commerce by the owner thereof, on or in connection with any goods or services may be registered on the supplemental register upon the payment of the prescribed fee and compliance with the provisions of subsections (a) and (e) of section 1051 [Lanham Act § 1] of this title so far as they are applicable.

Id. Principal Register applicants typically seek Supplemental Register registration (by amending their application) only after the PTO has refused registration on the Principal Register on the ground that the applied-for mark is descriptive and lacks secondary meaning. As the language of § 23(a) establishes (“which are in lawful use in commerce”), only use-based applications can be converted into supplemental registrations; intent to use applications do not have this option.

There are several benefits to Supplemental Register registration:

- Examiners may cite the supplemental registration against future applications for either Principal or Supplement Register registration where the future applied-for mark would be confusingly similar under § 2(d) with

the supplemental registration mark. *See* Lanham Act § 2(d), 15 U.S.C. § 1052.

- Relatedly, the mark registered on the Supplemental Register is more likely to be detected in search reports prepared for others contemplating the registration of similar marks.
- Supplemental registration confers jurisdiction on federal courts. *See* Lanham Act § 39, 15 U.S.C. § 1121.

Note, however, that supplemental registration does not provide any of the important advantages gained by principal registration. It has no evidentiary or remedial significance. It does not establish constructive use under § 7(c), 15 U.S.C. § 1057(c), or constructive notice of ownership under § 22, 15 U.S.C. § 1072, nor can a supplemental registration become incontestable under § 15, 15 U.S.C. § 1065.

2. Lanham Act § 1(b) Intent to Use Applications and the Bona Fide Intent to Use Requirement

As Figure 1 above shows, by 1993, over half of all trademark applications filed annually at the PTO were filed on a § 1(b) intent to use filing basis. The ITU filing basis allows an applicant to begin the trademark registration process before it has used its mark in commerce provided that it has a “a bona fide intention, under circumstances showing the good faith of such person, to use [the] trademark in commerce.” Lanham Act § 2(b)(1), 15 U.S.C. § 1052(b)(1). The ITU filing basis greatly benefits firms that wish to establish the registrability of and priority rights in their marks before actually using their marks in commerce. However, the ITU system is also open to abuse from firms who have at the time of filing no real intention to use the mark, but rather wish merely to establish an option to use the mark sometime in the future. It is also open to abuse from “meme mark” filers who rush to file a § 1(b) application for the latest cultural catchphrase but have at the time of filing no reasonably well-developed plan actually to use that phrase on or in connection with goods or services. *See* Barton Beebe, *Is the Trademark Office a Rubber Stamp?*, 48 HOUSTON L. REV. 751, 757 (2011) (discussing “meme mark” filings such as “Let’s Roll” and “Seal Team 6”). In the following opinion, the Federal Circuit recently reviewed facts in which the ITU applicant’s bona fide intention to use the mark in commerce was at best tenuous. Consider what the opinion teaches about how one might advise a client on how best to take advantage of the ITU process.

***M.Z. Berger & Co., Inc. v. Swatch AG* 787 F.3d 1368 (Fed. Cir. 2015)**

CHEN, Circuit Judge.

[1] M.Z. Berger & Co., Inc. (Berger) appeals from the Trademark Trial and Appeal Board (Board) decision to sustain an opposition on grounds that Berger, at

the time of its application for the mark “iWatch,” lacked a bona fide intent to use the mark in commerce under Section 1(b)(1) of the Lanham Act, 15 U.S.C. § 1051(b)(1). *See Swatch AG v. M.Z. Berger & Co.*, 108 U.S.P.Q.2d (BNA) 1463 (T.T.A.B.2013) (*Opinion*). The Board concluded that Berger merely intended to reserve a right in the mark and thus lacked the requisite intent. Because substantial evidence supports the Board’s determination, we affirm.

I. BACKGROUND

[2] Berger is a business that manufactures, imports, and sells watches, clocks, and personal care products. On July 5, 2007, it filed an intent-to-use application at the Patent and Trademark Office (PTO), seeking to register the mark “iWatch” for over thirty different goods, each of which belongs to one of three general categories: watches, clocks, and goods related to watches and/or clocks (e.g., clock dials, watch bands, and watch straps).

[3] The application included a declaration which states that Berger has “a bona fide intention to use or use through [Berger’s] related company or licensee the mark in commerce on or in connection with the identified goods and/or services.”

[4] The PTO approved the application for publication on May 21, 2008. On October 22, 2008, Swatch AG (Swatch) filed a Notice of Opposition on the basis that “iWatch” is confusingly similar to its mark, “Swatch.” Swatch later added a claim opposing the mark on ground that Berger lacked a bona fide intent to use the mark in commerce at the time Berger filed the application.

[5] The Board assessed whether Berger had the requisite intent to use the iWatch mark by separately considering each of the three general categories of goods. *Opinion* at 1475. With respect to Berger’s intent to use the iWatch mark on two of the categories, clocks and goods related to watches/clocks, the Board considered the testimony of Berger’s owner and CEO, Bernard Mermelstein. *Id.* Mr. Mermelstein not only created the iWatch mark and instructed that the trademark application be filed, but he was Berger’s sole witness designated under Federal Rule of Civil Procedure 30(b)(6). *Id.* The Board thus treated Mr. Mermelstein’s testimony as representing the views of the company at the time the application was filed. *Id.*

[6] Although the trademark application recited watches, clocks, and goods related to clocks and watches as the goods Berger intended to sell with the proposed mark, Mr. Mermelstein testified that Berger never intended for the mark to be used for any goods other than watches....

[7] Berger’s paralegal who filed the application, Monica Titera, testified that Mr. Mermelstein instructed her to register the mark only for watches and clocks. J.A. 979. When asked why the other related goods were identified in the application, Ms. Titera claimed that the list was “standard” and used to “leave all doors open.” Based on Mr. Mermelstein’s and Ms. Titera’s testimonies, the Board concluded that Berger

lacked a genuine intent to use the mark on clocks and related goods. *Opinion* at 1475.

[8] With respect to the third category of goods, watches, the Board also concluded that Berger lacked a genuine plan to commercialize the iWatch mark on such goods. The Board considered the documentary evidence of record but found that such evidence did not demonstrate intent because the documents related solely to prosecution of the trademark application. As for the testimonial evidence presented by Berger, the Board found that Berger's employees failed to tell a consistent story about the company's intent at the time the application was filed. The Board lastly considered the company's long history in the watch business, but found that Berger's inaction with respect to a potential iWatch product diminished the value of such evidence.

[9] The only documents relating to the potential use of the mark consisted of: (i) a trademark search performed by the paralegal; (ii) an internal email describing the substance of a discussion between the paralegal with the trademark examining attorney concerning the application; and (iii) a series of internal emails forwarding images of watches and a clock bearing the iWatch mark. *Id.* at 1472–73.

[10] The Board agreed with Swatch that the documentary evidence only related to the trademark application and thus did not evidence a genuine intent to commercialize certain watches using the iWatch mark. It found that the trademark search was performed only a few days prior to the filing of the application.¹ The Board found that the forwarded images were also prosecution-driven because they appeared to have been created and submitted to the PTO in response to the examining attorney's request for additional information on how Berger planned to use the mark. *Id.* at 1472, 1473–74 (noting that the images were created shortly before they were submitted to the PTO in response to the request).

[11] Moreover, the Board found there was conflicting testimony among Berger employees regarding what the images actually depicted. Some employees testified that the images were pictures of actual mockup watches and clocks. *Id.* at 1473. On the other hand, Mr. Mermelstein testified that no such mockups were ever made and that the images were generated for purposes of advancing the trademark application. And although Berger employees claimed that creating physical models and renderings was a normal part of its product development process, Berger did not present any physical or documentary evidence relating to the iWatch mark beyond the images submitted to the PTO. *Opinion* at 1474.

[12] Based on Mr. Mermelstein's admissions and the timing of the creation of the documents, the Board concluded that the documentary evidence did not establish that Berger had a bona fide intent to use the mark in commerce. *Id.* at 1474–75.

¹ From our review of the record, it appears that the trademark search was actually performed on July 5, 2007, the same date the application was filed.

[13] The Board then considered the remaining evidence, which consisted of Berger employee testimony, and likewise found that it failed to establish that Berger genuinely intended to use the mark in commerce. For example, Berger’s vice president of merchandising, Brenda Russo, generally recalled having discussed the iWatch mark for a few minutes with a buyer during a discussion in a Berger showroom. *See id.* at 1476. But this testimony conflicts with that of Mr. Mermelstein, who denied that Berger had discussions regarding the iWatch mark with anyone outside the company. (“Q. Has the iWatch mark been discussed outside of your office except with respect to the counsel in this proceeding? A. No.”).

[14] Ms. Russo’s testimony also appears to contradict representations Berger made to the PTO during prosecution of the trademark application. In particular, the examiner rejected the mark as descriptive because the “i” in iWatch could be interpreted as a well-established reference to “interactive.” In response to that rejection, Berger alleged:

The “i” does not refer to any particular feature of the watches or clocks. The “i” is purely arbitrary. The images we previously submitted were just mock-ups to show a buyer. However, the buyer decided that models which previously had interactive features were too expensive. Thus, there will be no interactive features on any models.

Ms. Russo, who was the only Berger witness who claimed to have met with a buyer, testified to the contrary. She recalled mentioning to the buyer that the watch would have certain technological features, and when asked at her deposition whether that buyer expressed concern about the cost of the iWatch watch, she answered “no.” *See Opinion* at 1476. Because the evidence relating to Ms. Russo’s discussion with the buyer conflicted with Berger’s statement during prosecution, the Board chose not to credit the alleged meeting as demonstrating bona fide intent. *Id.*

[15] The Board considered that some of Berger’s employees testified to having attended internal brainstorming sessions and merchandising meetings about the iWatch mark, none of which were documented in the record. But there was testimony from Mr. Mermelstein that suggested any alleged meetings would not have been particularly meaningful. For example, he testified that, as of 2010, three years after the application was filed, Berger had yet to figure out what type of watch it intended to sell with the iWatch mark, or even whether such a watch would have any particular features. Mr. Mermelstein also stated that, at the time of the filing, Berger had little more than an aspiration to reserve rights in the mark in case it later decided to develop an associated watch:

Q. Okay. And how did you come up with that mark?

A. I think that I came up with the mark because of the advent of technology and information gathering around the globe over the last I guess few years, I thought that ***if we decided*** to do a—either a technology watch or information watch or something that would have that type of characteristics that would be a good mark for it.

[16] Finally, the Board considered the fact that Berger had been in the business of making and selling watches and clocks for many years. It determined, however, that Berger's history of making and selling watches was not particularly relevant to the instant dispute because Berger employees testified they had not previously made a watch with technological features, and admitted they never took any step toward developing any such features, either contemporaneous with the filing of the application or in the eighteen months thereafter. *Opinion* at 1476. Though Berger represented to the PTO that the mark was not restricted to "interactive" watches, the Board found Berger's inaction was significant in light of its contention that the idea was to use the mark with a "smart" watch. *Id.* at 1476–77. Berger argued that its intent to use the iWatch mark was corroborated by its use of a subsequent mark, i-Kidz and its efforts to develop the mark iMove for watches. The Board found this evidence unpersuasive, as these efforts were related to different marks and had occurred almost three years after the iWatch application was filed. *Id.* at 1477 (noting intent must be considered at the time the application was filed).

[17] The Board ultimately concluded that some of Berger's evidence, reviewed in isolation, may have been sufficient to establish intent. However, the circumstances as a whole—including the lack of documentary evidence and the conflicting testimony of Berger witnesses—demonstrated that Berger lacked a bona fide intent to use the mark in commerce as required, and sustained the opposition under Section 1(b) of the Lanham Act. *Id.* Berger appealed the Board's decision to sustain the opposition on this ground.² ...

II. DISCUSSION

A

[18] We review the Board's legal conclusions without deference and its factual findings for substantial evidence....

B

[19] The Trademark Law Revision Act of 1988 (TLRA) contemplated the very scenario presented by this case. The TLRA changed the Lanham Act by permitting applicants to begin the registration process before actual use of the mark in commerce at the time of filing, so long as the applicant had a "*bona fide intention ... to use [the] mark in commerce*" at a later date. 15 U.S.C. § 1051(b)(1) (emphasis added).

² The Board separately found that there was no likelihood of confusion between the Swatch and iWatch marks. Swatch challenges that finding in its briefing. Because we affirm on the basis of lack of bona fide intent, we do not address that aspect of the Board's decision.

[20] The prior version of the Lanham Act required that a trademark applicant already be using the mark in commerce at the time of the application's filing to qualify for trademark registration. See *Aycock Eng'g, Inc. v. Airflite, Inc.*, 560 F.3d 1350, 1357 (Fed.Cir.2009). This requirement, however, led to the practice of some applicants engineering a "token use," which refers to the most minimal use of a trademark, designed purely to secure rights in that mark before an applicant is truly prepared to commercialize a good or service in connection with a given mark. In the legislative record of the TLRA, Congress noted that token use was problematic for a number of reasons, including that such uses were not uniformly available across industries. S.REP. NO. 100-515 ("Senate Report"), at 6 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5582. For example, token use for large or expensive products, such as airplanes, or for service industries was "virtually impossible." *Id.* Another problem was that the rules allowed registration based on minimal use, which led to an undesirable surplus of registered but virtually unused marks. *Id.* On the other hand, Congress also recognized that the use requirement placed "significant legal risks on the introduction of new products and services" and disadvantaged certain industries and smaller companies in the marketplace. *Id.* at 5. An applicant already using a mark in commerce risks, for example, potential infringement of a competitor's pre-existing mark prior to being able to begin the process of securing its own rights.

[21] Congress sought to address these problems in passing the TLRA. *Id.* To address the problem of "token use," the TLRA heightened the burden for use applications by requiring that an applicant's use be "*bona fide use* of [the] mark in the ordinary course of trade." Trademark Law Revision Act of 1988, Pub.L. No. 100-667, 102 Stat. 3935 (effective November 16, 1989) (codified at 15 U.S.C. § 1127) (emphasis added). Concurrently, the TLRA lowered the bar to starting registration by allowing applicants to proceed on the basis that they have a "bona fide intention to use the mark in commerce" at a later date. 15 U.S.C. § 1051(b)(1); see H.R.REP. NO. 100-1028 ("House Report"), at 8-9 (1988) ("By permitting applicants to seek protection of their marks through an 'intent to use' system, there should be no need for 'token use' of a mark simply to provide a basis for an application. The use of the term 'bona fide' is meant to eliminate such 'token use' and to require, based on an objective view of the circumstances, a good faith intention to eventually use the mark in a real and legitimate commercial sense."); J. Thomas McCarthy, 3 *McCarthy on Trademarks and Unfair Competition* § 19.14, at 19.47-48 (4th ed. 2014) (*McCarthy on Trademarks*).

[22] While applicants can begin the registration process having only a sincere intent, the TLRA also requires that applicants filing such intent-to-use applications must in due course either (i) file a verified statement of actual use of the mark, or (ii) convert the application into a use application. 15 U.S.C. §§ 1051(b)(3), (c), (d). In other words, such applicants are eventually required to show that the mark is being used in commerce before obtaining a registration on the mark.

C

[23] Because this court has not previously done so, we first address the issue of whether lack of a bona fide intent is proper statutory grounds on which to challenge a trademark application. The PTO has long held that lack of such intent is a proper basis on which an opposer can challenge an applicant's registration. We agree. An opposer is "entitled to rely on any statutory ground which negates appellant's right to the subject registration[.]" *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1031 (CCPA 1982) (citing *Warth v. Seldin*, 422 U.S. 490, 501, 95 S.Ct. 2197, 45 L.Ed.2d 343 (1975))....

D

[24] We turn now to the question of what "bona fide intention" means under Section 1(b) of the Lanham Act. In its entirety, Section 1(b)(1) specifies that:

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

15 U.S.C. § 1051(b)(1).

[25] There is no statutory definition of the term "bona fide," but the language is clear on its face that an applicant's intent must be "under circumstances showing the good faith of such person." *Id.* The reference to "circumstances showing the good faith" strongly suggests that the applicant's intent must be demonstrable and more than a mere subjective belief. Both the PTO and the leading treatise on trademark law have arrived at this same understanding. *See Lane*, 33 U.S.P.Q.2d at 1355; 3 *McCarthy on Trademarks* § 19.14, at 19.48 ("Congress did not intend the issue to be resolved simply by an officer of the applicant later testifying, 'Yes, indeed, at the time we filed that application, I did truly intend to use the mark at some time in the future.'").

[26] This interpretation is confirmed by the legislative history, where Congress made clear that whether an applicant's intent is "bona fide" should be assessed on an objective basis:

Although "bona fide" is an accepted legal term, it can be read broadly or narrowly, subjectively or objectively, by a court or the Patent and Trademark Office. In connection with this bill, "*bona fide*" should be read to mean a fair, objective determination of the applicant's intent based on all the circumstances.

Senate Report at 24 (emphasis added); *see also id.* at 23 ("Bona fide intent is measured by objective factors."); House Report at 8-9 ("The use of the term 'bona fide' is meant to ... require, based on an objective view of the circumstances, a good

faith intention to eventually use the mark in a real and legitimate commercial sense.”). In addition, an applicant’s intent must reflect an intention to use the mark consistent with the Lanham Act’s definition of “use in commerce”:

[T]he bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.

15 U.S.C. § 1127; *see also* Senate Report at 24–25 (quoting the definition). The applicant’s intention to use the mark in commerce must have been “firm.” Senate Report at 24.

[27] Neither the statute nor the legislative history indicates the specific quantum or type of objective evidence required to meet the bar. Indeed, Congress expressly rejected inclusion of a statutory definition for “bona fide” in order to preserve “the flexibility which is vital to the proper operation of the trademark registration system.” *Id.*³

[28] Accordingly, we hold that whether an applicant had a “bona fide intent” to use the mark in commerce at the time of the application requires objective evidence of intent. 15 U.S.C. § 1051(b)(1). Although the evidentiary bar is not high, the circumstances must indicate that the applicant’s intent to use the mark was firm and not merely intent to reserve a right in the mark. *See id.* § 1127; *see also* Senate Report at 24–25. The Board may make such determinations on a case-by-case basis considering the totality of the circumstances.

III. M.Z. BERGER’S APPEAL

A

[29] Berger argues that it satisfied the minimal standard for intent, and that the Board improperly discounted Berger’s evidence. Berger’s arguments hinge on its belief that the Board should have found the intent requirement satisfied because Berger offered *some* objective evidence in support of its position. Viewed in isolation, the evidence Berger prefers to focus on could perhaps lead a reasonable fact-finder to conclude there was bona fide intent. As discussed above, however, all circumstances regarding an applicant’s bona fide intent must be considered, including those facts that would tend to disprove that Berger had the requisite intent. 15 U.S.C. § 1051(b)(1); *see also Lane*, 33 U.S.P.Q.2d at 1353 (“[W]hether an

³ The PTO has promulgated a rule specifying that an applicant’s ongoing efforts to make use of a mark “may include product or service research or development, market research, manufacturing activities, promotional activities, steps to acquire distributors, steps to obtain governmental approval, or other similar activities.” 37 C.F.R. § 2.89(d). Although this rule relates to the required showing of “good cause” for an extension to file a statement of use, i.e., at a time after the initial filing, such evidence may also indicate sources of objective evidence of an applicant’s bona fide intent to use the mark in commerce.

applicant has a bona fide intention ... must be an objective determination based on *all* the circumstances.” (emphasis added)).

[30] Here, viewing the evidence as a whole, we find that substantial evidence supports the Board’s conclusion. First, we agree with the Board that the documentary evidence offered by Berger appears to relate only to the prosecution of the trademark application. *See Opinion* at 1474–75 (citing *Research In Motion Ltd. v. NBOR Corp.*, 92 U.S.P.Q.2d (BNA) 1926, 1931 (TTAB 2009) (“If the filing and prosecution of a trademark application constituted a bona fide intent to use a mark, then in effect, lack of a bona fide intent to use would never be a ground for opposition or cancellation, since an *inter partes* proceeding can only be brought if the defendant has filed an application.”)). The paralegal who performed the trademark search testified that such searches are routinely conducted before Berger files a trademark so that Berger does not waste time filing an application on an unavailable mark. It is undisputed that the internal email relaying the substance of a discussion with the trademark examining attorney also relates to the application. The other internal emails, which forwarded the images of two watches and a clock bearing the mark, were undisputedly submitted to the PTO in response to the trademark examining attorney’s request for documents showing how the mark would be used. *Opinion* at 1473–74.

[31] Faced with conflicting statements from Berger witnesses about whether the images were created for prosecution or for business reasons evidencing intent, the Board exercised its discretion in crediting the testimony of Mr. Mermelstein, Berger’s Rule 30(b)(6) witness, over that of other Berger employees. *Id.* at 1474 (relying on Mr. Mermelstein’s admissions that the images were created for the trademark application). We defer to the Board’s determination of the weight and credibility of such evidence. *See, e.g., Velandier v. Garner*, 348 F.3d 1359, 1371 (Fed.Cir.2003) (stating, in a PTO interference proceeding, that it is “within the discretion of the trier of fact to give each item of evidence such weight as it feels appropriate”). Having found that the documentary evidence was generated in relation to the trademark application, the Board reasonably determined that such images were likely created with an intention to advance the prosecution of the trademark application rather than an intention to move forward on an actual product in commerce. *See Opinion* at 1474–75.

[32] Berger has offered no reason to disturb the Board’s findings based on the remaining testimonial evidence. The Board properly exercised its judgment in finding that Berger lacked a bona fide intent to use the mark on any of the goods identified in the application. Mr. Mermelstein admitted that there was no intent to use the iWatch mark for clocks, and Ms. Titera conceded that the other accessories and related goods were only designated to leave Berger’s options open. *Id.* at 1475.

[33] With respect to watches, the Board considered conflicting testimony about Berger’s alleged meeting with a buyer, as well as whether the watch would be technological in nature. The Board was within its discretion to disagree with

Berger's bottom-line position that it possessed a bona fide intent, given the inability of the Berger witnesses to pull together a consistent story on a number of issues, e.g., would the watch be technological, did actual physical samples exist, were potential customers ever consulted. Critically, Mr. Mermelstein all but conceded that Berger had not yet made a firm decision to use the mark in commerce at the time of its application. J.A. 845 ("[I]f [Berger] decided to do a—either a technology watch or information watch or something that would have that type of characteristics that [iWatch] would be a good mark for it."). *See, e.g., Research In Motion*, 92 U.S.P.Q.2d at 1931 (applicant's stated belief that the mark would be "a good mark for future use" does not establish a bona fide intent to use).

[34] We also find unavailing Berger's contention that the Board ignored Berger's history in the watch industry. The Board did consider Berger's past but noted that even though the iWatch mark was allegedly to be used with a "smart" watch, Berger had never made such a watch and took no steps following the application to develop such a watch. *Opinion* at 1476–77. We find no error with the Board's determination that there was no nexus between Berger's general capacity to produce watches and the capacity required to produce a "smart" watch.

[35] Ultimately, we find that the Board properly exercised its judgment as the trier of fact in assessing the evidence and concluding that Berger did not have a bona fide intent to use the mark at the time of its application. Berger's contention that the Board "missed the forest for the trees" by systematically discrediting each piece of evidence is misplaced. Quite to the contrary, the Board's opinion reflects that it carefully considered Berger's evidence and understandably found that Berger lacked "bona fide" intent to use the iWatch mark on the recited goods at the time of the application was filed. *E.g., id.* at 1474, 1476.

[36] The bar for showing a bona fide intent is not high. But in our view, considering the inconsistent testimony offered by Berger employees and the general lack of documentary support, substantial evidence supports the Board's conclusion that Berger's intent at the time of the application was merely to reserve a right in the mark, and not a bona fide intent to use the mark in commerce. *Id.* at 1477.

B

[37] Berger also argues that the Board applied the wrong legal standard for bona fide intent, "because it insisted upon evidence that [Berger] had taken steps to promote, develop and market the iWatch mark at the time that it filed its original application." Appellant's Br. at 32. Berger argues that the Board's emphasis on objective evidence conflicts with the application and registration steps outlined in the PTO's administrative review process and regulations. *Id.* at 37–44. In other words, Berger contends the Board erred by applying a more stringent threshold for bona fide intent than required by statute or by the PTO's regulations and procedures.

[38] We disagree. Nowhere did the Board state that the applicable standard requires an applicant to have actually promoted, developed, and marketed the mark at the time of the application. Nor did the Board state that it applied such a standard. To the contrary, the Board's opinion reflects that it reached its conclusions by considering all the relevant facts and circumstances, including those that indicated Berger lacked intent. This is indeed the proper inquiry under the Lanham Act. 15 U.S.C. § 1051(b)(1) (intent to use must be "under circumstances showing the good faith of such person").

...

IV. CONCLUSION

[39] We have considered Berger's remaining arguments and find them unavailing. For the foregoing reasons, we conclude that the Board properly sustained the opposition on the basis that Berger lacked a bona fide intention to use the mark in commerce at the time of the application.

3. Process of Registration

The PTO provides excellent annotated flowcharts of the registration process for each of the five filing bases on its website at:

http://www.uspto.gov/trademarks/process/tm_timeline.jsp

The reader is very strongly encouraged to consult these flow charts while reviewing the following information.

a. Application

Trademark applications are filed electronically or, at additional cost, in paper form. Very few applications are now filed on paper. The application is relatively simple. See Lanham Act §§ 1(a) & 1(b) (setting out the required contents of use-based and intent-to-use applications, respectively). The following are the most important elements of the application:

- *Filing Basis*: As mentioned above, the applicant must specify at least one of the five filing bases provided for in the Lanham Act.
- *Designation of Goods and Services*: The applicant must identify the particular goods or services on or in connection with which it uses or intends to use the mark. The *U.S. Acceptable Identification of Goods and Services Manual*, available online, provides a listing of acceptable identifications of goods and services. The applicant should also identify the international class number(s) of the identified goods or services. See TMEP § 805. Importantly, this identification of goods or services does not limit the breadth of the applicant's exclusive rights. The sole purpose of the identification of goods

and services is to aid the PTO in internal administration and review of applications.

- *Drawing*: The applicant must submit a drawing of the trademark. As of 2003, if the mark consists of colors, the drawing must as well. For word marks, a typed representation of the mark is sufficient. For nonvisual marks, such as sound or scent marks, the applicant need not submit a drawing. The PTO relies instead on the applicant's description of the mark given elsewhere in the application and on the applicant's specimen of use. TMEP § 807.09.
- *Specimen of Use*: Applicants filing a "1(a)" use-based application must submit a specimen showing use of the mark in commerce. For electronic applications, this specimen typically takes the form of digital photographs of the mark attached to goods or .pdf images of materials promoting services. Applicants filing a "1(b)" intent-to-use application need not (because they very likely cannot) submit a specimen of use with their application, but must do so instead when they file their Statement of Use. See Lanham Act § 1(d)(1) (15 U.S.C. 1051(d)(1)).

See Lanham Act § 1, 15 U.S.C. § 1051.

For applications filed under Lanham Act § 1 or § 44, the PTO will grant a filing date to the application according to the date on which all of the following "minimum requirements" are received at the PTO: (1) name of the applicant, (2) name and address for correspondence, (3) a clear drawing of the mark; (4) a listing of the goods or services; and (5) the filing fee for at least one class of goods or services. See TMEP §§ 201-02. For Madrid System applications filed under Lanham Act § 66(a), compliance with minimum filing requirements is established by the International Bureau at the World Intellectual Property Organization. (We will discuss the Madrid System in more detail in Part I.D.4 below).

b. Examination

Typically within about three months from the application's filing date, an examining attorney will engage in a substantive examination of the application to determine if there are any absolute or relative grounds for refusal. See Lanham Act § 12(a), 15 U.S.C. § 1062(a). With respect to relative grounds for refusal, the examining attorney will search the PTO's X-Search and TESS databases (the latter of which is available online at no charge) to determine if any marks have already been filed that may be confusingly similar with the applied-for mark.⁴ If the examining

⁴ At the examination stage, an examiner may not refuse registration on the ground that the applied-for mark will dilute another mark. See Lanham Act § 2(f), 15 U.S.C. § 1052(f) ("A mark which when used would cause dilution under section 43(c) may be refused registration only pursuant to a[n opposition] proceeding brought under section 13.").

attorney finds no grounds for refusal, the attorney will approve the mark for publication in the PTO's Official Gazette. A recent study suggests that only about 15% of use-based applications and 21% of ITU applications proceed directly from application to approval for publication.⁵

If the examining attorney finds grounds for refusal, he or she will send an "Office action" to the applicant to explain the grounds for refusal. The applicant has six months to respond and to amend its application to satisfy the examiner's objections; if the applicant fails to respond, the application will be deemed abandoned. *See* Lanham Act § 12(b), 15 U.S.C. § 1062(b). Correspondence between the office and the applicant will continue until either (1) the examining attorney approves the application for publication, (2) the examining attorney issues a final Office action refusing registration of the mark, (3) the applicant abandons the application. *See id.* The applicant may appeal the final Office action to the Trademark Trial and Appeal Board.

c. Publication

Marks approved for publication are published in the PTO's Official Gazette (OG), a weekly online publication. *See* Lanham Act § 12(a), 15 U.S.C. § 1062(a). Publication in the OG gives notice to the public that the PTO plans to register the mark. For a 30-day period following the date of the mark's publication in the OG, any party that believes it would be harmed by the registration, including as a result of dilution, may file an opposition to the registration of the mark. *See* Lanham Act § 13, 15 U.S.C. § 1063.

d. Opposition and the Trademark Trial and Appeal Board

Oppositions are rare, but those few that are filed are heard by the Trademark Trial and Appeal Board. The TTAB is an administrative board within the PTO that acts in the capacity of a trial court of first instance in opposition, cancellation, interference, and concurrent use proceedings and in the capacity of an appellate body in *ex parte* appeals from final Office actions. Created in 1958, the TTAB consists of the Director of the PTO, the Commissioner for Patents, the Commissioner for Trademarks, and Administrative Judges appointed by the Secretary of Commerce in consultation with the Director. The Director and Commissioners rarely sit on TTAB panels. At this writing, there are 25 Administrative Judges on the TTAB, all of whom are very highly experienced in trademark matters. The TTAB sits in panels of three judges. Trademark Trial and Appeal Board Manual of Procedure, available online, details all aspects of TTAB procedure. Proceedings before the TTAB are conducted in writing (though counsel may request oral argument). There is no live testimony, though transcribed testimony, taken under oath and subject to cross-

⁵ See Barton Beebe, Is the Trademark Office a Rubber Stamp?: Trademark Registration Rates at the PTO, 1981-2010, 48 HOUSTON L. REV. 752 (2012)

examination, may be submitted. Note that only those TTAB opinions that are explicitly labeled as “citable as precedent” should be cited to the TTAB in subsequent proceedings.

Under the terms of Lanham Act § 21, 15 U.S.C. § 1071, TTAB judgments may be appealed either to a federal district court or to the Court of Appeals for the Federal Circuit. The advantage of the district court route is that the record in the case may be supplemented with additional evidence.

If the applicant prevails in the opposition proceeding, then the mark proceeds to registration.

The TTAB and Issue Preclusion. TTAB proceedings may gain substantially increased importance in certain situations in light of the recent Supreme Court opinion in *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015). In 1993, B & B registered the mark SEALTIGHT in connection with metal fasteners for use in the aerospace industry. In 1996, Hargis sought to register the mark SEALTITE in connection with metal fasteners for use in building construction. B & B opposed on the ground that Hargis’s mark was confusingly similar to B & B’s mark. The TTAB found a likelihood of confusion and refused registration. Hargis did not appeal this decision. While the TTAB opposition proceeding was pending, B & B sued Hargis in federal district court, arguing that Hargis’s mark infringed B & B’s. Before the district court could rule, the TTAB announced its finding of a likelihood of confusion. B & B argued to the district court that the TTAB’s decision should be given preclusive effect. The district court disagreed and the jury ultimately found no likelihood of confusion. The Eighth Circuit affirmed.

The Supreme Court reversed and remanded. It held: “So long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.” *Id.* at 1310. For an example of the effect of *B & B* outside of the likelihood of confusion context, see *Ashe v. PNC Financial Services Group, Inc.*, __ F.Supp.3d __, 2015 WL 7252190 (D. Md. Nov. 17, 2015) (holding that TTAB’s prior determination that defendant had priority of use of mark SPENDOLOGY collaterally estopped plaintiff from asserting that defendant’s use infringed on plaintiff’s identical mark).

e. Registration

With respect to use-based applications, if no opposition is filed within thirty days or if the opposition fails, then the PTO issues a certificate of registration and notice of the registration is published in the Official Gazette. With respect to intent-to-use applications that are either unopposed or unsuccessfully opposed, the PTO issues a Notice of Allowance. The applicant then has six months (extendable for a total of three years) to file a Statement of Use showing that it is making use of the mark in commerce. See Lanham Act § 2(d), 15 U.S.C. § 1052(d). See also TMEP § 1106.

f. Post-Registration Maintenance of the Registration

The term of registration is ten years. Lanham Act § 8, 15 U.S.C. §§ 1058. The registration may be renewed indefinitely provided that the registrant complies with the requirements of Lanham Act §§ 8 & 9, 15 U.S.C. §§ 1058 & 1059. Section 8 requires the registrant to file an Affidavit of Continuing Use during the sixth year and every tenth year following the date of registration (thus, the registrant must file a “Section 8 affidavit” in the sixth year, the tenth year, the twentieth year, the thirtieth year, etc.). Section 9 requires the registrant to file a Renewal Application every tenth year following the date of registration.⁶ Registrants typically file the Affidavit of Continuing Use and the Renewal Application as a single document.

Registrants are also strongly advised to file an Affidavit of Incontestability under Lanham Act § 15 (15 U.S.C. § 1065) within one year after any five-year period of continuous use of the mark. In practice, sophisticated trademark owners typically combine their first § 8 Affidavit of Continuing Use (filed in the sixth year following registration) with a § 15 Affidavit of Incontestability. A § 15 affidavit may be filed at any time during the duration of the registration of the mark, however, provided that it is filed within the year following five years’ continuous use of the mark. See TMEP § 1605.03.

4. Notice of Federal Registration

Lanham Act § 29, 15 U.S.C. § 1111, provides:

Notwithstanding the provisions of section 22 hereof [15 USC 1072], a registrant of a mark registered in the Patent Office, may give notice that his mark is registered by displaying with the mark the words "Registered in U. S. Patent and Trademark Office" or "Reg. U.S. Pat. & Tm. Off." or the letter R enclosed within a circle, thus (R); and in any suit for infringement under this Act by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this Act unless the defendant had actual notice of the registration.

Id. The latter part of § 29 is generally understood to provide that in situations where the registrant has not provided statutory notice of the registration of its mark, that registrant may only win profits and damages from a period *after* the

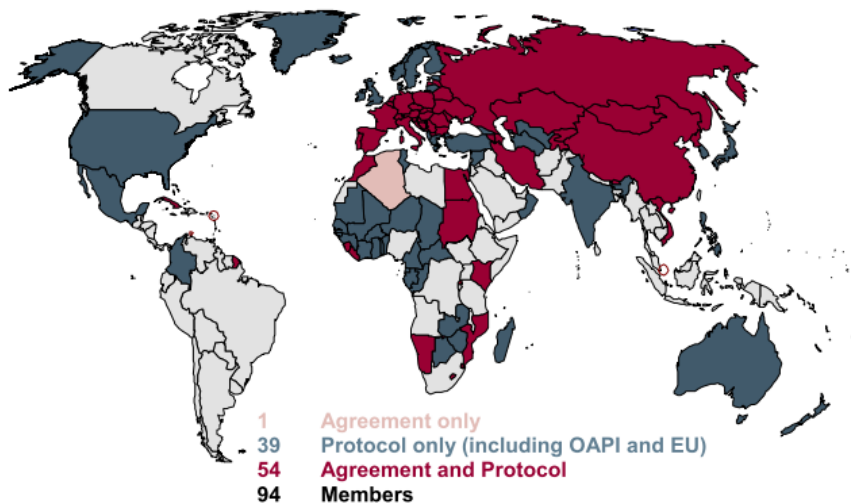
⁶ Sections 8 and 9 add a sixth-month grace period to these deadlines. *See* Lanham Act §§ 8(c) & 9(a), 15 U.S.C. §§ 1058(c) & 1059(a). Thus, for example, the first Section 8 affidavit must be filed, strictly speaking, during the sixth year following registration or the six-month grace period following that sixth year.

defendant had actual notice of the registration status of the mark. *See* MCCARTHY § 19:144.⁷

The ® or “r in a circle” designation indicates that the mark is registered on either the Principal or Supplemental Register. A “TM” or “SM” designation indicates that the mark is unregistered, but that the owner is claiming property rights in the mark. Firms may sometimes use the “TM” or “SM” designations in an attempt to educate consumers that the mark at issue is a designation of source rather than simply a description, decoration, or feature of the product.

5. The Madrid System

MADRID UNION MAP



8

⁷ May registrants take advantage of their rights under Lanham Act § 43(a), dealing with unregistered marks, to claim profits and damages even where the registrant did not provide statutory notice? McCarthy suggests that the answer is no:

The more problematic question is whether a registrant who proves infringement under both § 32(1) (registered mark) and § 43(a) (unregistered mark) can avoid the notice limitation imposed by § 29 by claiming all of its damages fall under the § 43(a) count. A strict reading of the statutory language of § 29 would, in the author's opinion, lead to the conclusion that such a registrant cannot avoid the § 29 damage limitation by using § 43(a). Section 29 does not distinguish between the kind of statutory infringement that a registrant proves. Rather, § 29 simply states that no profits and damages shall be recovered “under the provisions of this Act” unless statutory or actual notice was given.

MCCARTHY § 19:144.

The United States has been a member of the “Madrid System” for the international registration of trademarks since November 2, 2003, which was the effective date of the Madrid Protocol Implementation Act (“MPIA”), 116 Stat. 1758, 1913 Pub. L. 107-273.⁹ The Madrid System provides an efficient means by which trademark applicants or registrants may apply to register their marks at multiple foreign trademark offices through a single application filed at (and a single fee paid to) their home trademark office. For example, a trademark applicant or registrant at the PTO may file a single application and pay a single fee to register its trademark at any or all of the 94 countries¹⁰ within the Madrid Union; the fee increases with the number of countries. The PTO will forward any such application to the International Bureau administering the Madrid System (based in Geneva at the World Intellectual Property Organization (“WIPO”)), which will then forward the application in turn to all countries selected by the applicant. This can result in significant cost savings for the applicant because it need not hire foreign local counsel to prosecute its application unless the local trademark office rejects or otherwise demands some response relating to the application. Furthermore, the Madrid registrant need only file a single form and pay a single fee to renew its mark across multiple foreign countries.

For U.S. applicants, there are certain drawbacks to using Madrid. First, many foreign trademark offices permit relatively broad definitions of the goods or services with which the mark will be used. The PTO, however, does not. As a result, the U.S. applicant must file a narrow definition of the applied-for mark’s goods in order to satisfy the PTO but will then be required to use that definition when it seeks to extend its protection abroad. For this reason, some U.S. applicants seek to file in foreign countries locally rather than through Madrid.

A second disadvantage of Madrid is that all international trademark registrations filed through Madrid remain dependent on the applicant’s home (or “basic”) registration for five years from the date of that home registration. If the

⁸ WIPO, Madrid Highlights, December 2014, No. 4/2014, at 11. The dark-gray countries indicate the 39 countries that are members of only the Protocol. Notice any significant countries, indicated by light-gray, that are not members of the Madrid Union?

⁹ The Madrid System functions under two international instruments, the Madrid Agreement Concerning the International Registration of Marks of 1891, which the U.S. has never joined, and the 1989 Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (generally referred to as the “Madrid Protocol”), which was developed primarily to bring the U.S. and other major economies (such as the U.K. and Japan), into the Madrid System. Both the Agreement and the Protocol are filing treaties rather than substantive harmonization treaties.

¹⁰ As of December 2014.

home registration fails during that five year period (as a result of a “central attack” from a third party opposer or for any other reason), then all international registrations will fail as well. However, within three months from the date of the cancellation of its home registration, the Madrid registrant may file to “transform” its international registrations into local registrations.

6. Cancellation of Registration

Lanham Act § 14, 15 U.S.C. § 1064, address the circumstances under which a third party may petition to cancel a registration. It provides, in essence, that for the five year period following the date of registration, a third party may petition to cancel the registration for any reason. *See* Lanham Act § 14(1), 15 U.S.C. § 1064(1). After five years has passed from the date of registration, a third party may petition to cancel a registration for only a limited number of reasons expressly enumerated in Lanham Act § 14(3), 15 U.S.C. § 1064(3). Here is the relevant statutory language:

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905:

(1) Within five years from the date of the registration of the mark under this chapter.

...

(3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered

mark has become the generic name of goods or services on or in connection with which it has been used.

Lanham Act § 14, 15 U.S.C. § 1064. Note what is missing from § 14(3). Most significantly, after five years has passed since the date of registration, a third party cannot petition to cancel the registration on the ground that the mark is merely descriptive (this ground is not included in § 14(3)) or on the ground that the registered mark is confusingly similar with a previously used mark (§2(d) is not included in §14(3)). This five-year time limit on grounds for cancellation petitions at the PTO applies even if the registrant has not applied for incontestable status.¹¹

Lanham Act § 37, 15 U.S.C. § 1119, provides federal courts with broad powers over registrations:

In any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

Id. The Fourth Circuit has determined, however, that § 37 does not allow federal courts to override the time limits built in to § 14. *See Shakespeare Co. v. Silstar Corp. of Am.*, 9 F.3d 1091 (4th Cir. 1993).

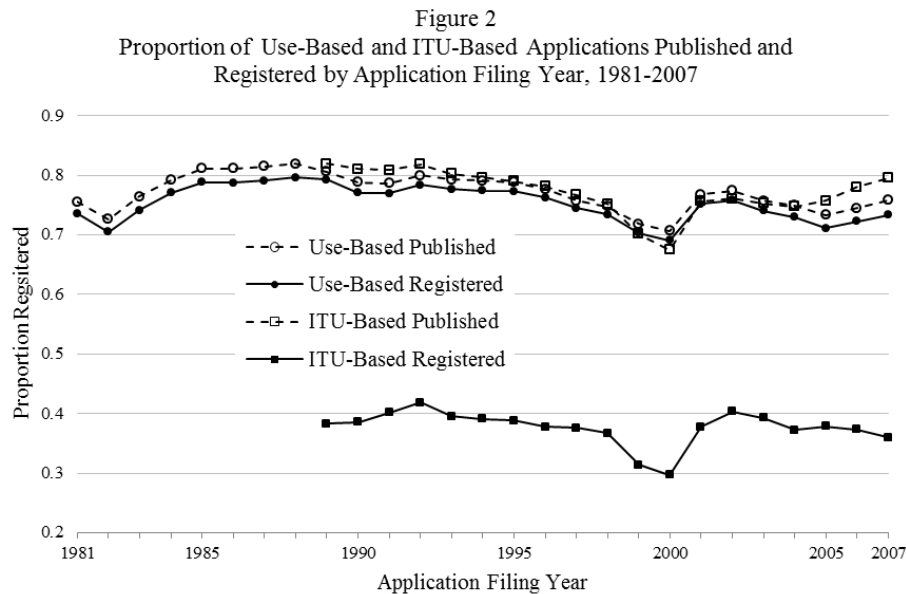
Comments and Questions

1. *Trademark Registration Rates at the PTO.* The PTO's recent release of data concerning the registration process has made it possible to estimate the overall trademark registration rate at the PTO, i.e., the proportion of trademark applications that result in registration. For use-based applications filed at the PTO from 1981 through 2007, the overall registration rate was .75. *See* Barton Beebe, *Is the Trademark Office a Rubber Stamp?*, 48 HOUSTON L. REV. 751, 762 (2011). For ITU-based applications filed from November 16, 1989 through 2007, the registration rate was .37. *Id.* What might explain this significant difference in registration rates between use-based and ITU-based applications? Consider the publication rates of such applications, i.e., the proportion of applications that the PTO approved for

¹¹ Note that Lanham Act § 14 can be read only to apply to cancellation petitions brought before *the PTO*. If the registrant has not obtained incontestable status for the mark, challengers *in federal court* are arguably not limited by Lanham Act § 14 in the grounds on which they can challenge the validity—or at least the enforceability—of the mark. *But see* MCCARTHY § 30:112 (arguing that § 14's five-year limit on grounds for cancellation applies to federal courts as well).

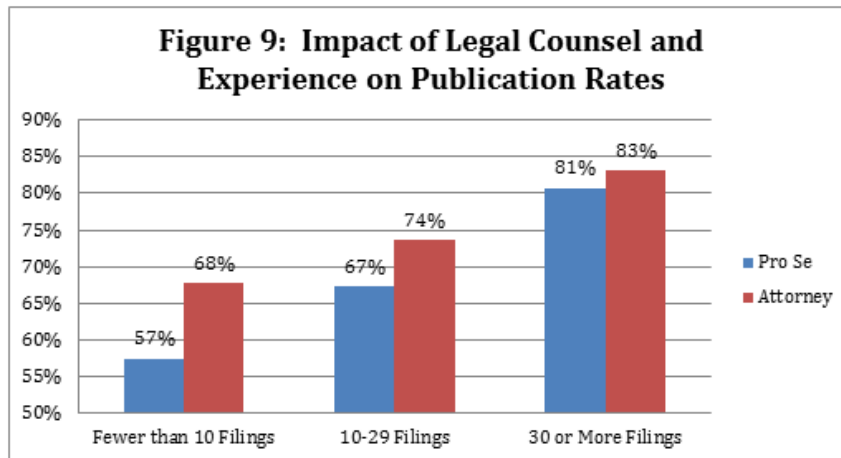
publication. For use-based applications filed at the PTO from 1981 through 2007, the publication rate was .76. *Id.* at 770. For ITU-based applications filed from November 16, 1989 through 2007, the publication rate was also .76. *Id.* Recall that after an ITU-based application is approved for publication, the applicant must then submit a Statement of Use in order to complete the registration process.

The figure below shows trademark publication and registration rates at the PTO over time. What might explain the pronounced dip in registration rates in 1999-2000?



Id. at 763.

2. *Do Trademark Lawyers Matter?* Deborah Gerhardt and John McClanahan have presented compelling evidence that trademark applications filed by attorneys do significantly better than applications filed by non-attorneys. See Deborah R. Gerhardt & Jon P. McClanahan, *Do Trademark Lawyers Matter?*, 16 STAN. TECH. L. REV. 583 (2013). They note in particular that for the period 1984 through 2012, the publication rate for applications filed by attorneys was 82% while the publication rate for applications filed by non-attorneys was 60%. *Id.* at 606. As the figure below shows, they also reported significant differences in the publication rates of applications depending on the experience of the attorney filing the application.



Id. at 610. See the article for a consideration of factors that may explain these differences in publication rates.

3. *Trademark Registrations as an Index of Innovation?* Recent scholarly work has focused on the question of whether trademark registration data may be used to measure the rate of “non-technological” innovation, specifically, innovation in the service and marketing sectors (sectors about which patent data often has very little to say). See, e.g., Valentine Millot, Trademarks as an Indicator of Product and Marketing Innovations, OECD Science, Technology and Industry Working Papers 2009/06 (2009), <http://dx.doi.org/10.1787/224428874418>.

4. *Do State Trademark Registrations Have Any Value?* In general, no they do not. Scholars have even gone so far as to call for their abolition. See Lee Ann W. Lockridge, *Abolishing State Trademark Registrations*, 29 CARDOZO ARTS & ENT. L.J. 597 (2011). Rockridge reports:

Under the law of forty-five states, registrations provide registrants with no significant, enforceable substantive rights beyond those awarded under state common law or under the federal statute protecting unregistered common law trademarks. In five states certain substantive rights can accrue to an owner through state registration, although those rights are limited by competing rights held by certain common law owners or federal registrants.

Id. at 598-99. Rockridge observes that in five states (Massachusetts, Minnesota, Rhode Island, Texas, and Washington), state law provides that a state trademark registration will create constructive notice of the registrant’s claim of ownership as of the date of state registration, which impairs the ability of a common law adopter of the mark to claim good faith adoption of the mark after that date (or good faith geographic expansion within the state of its prior continuing use). *Id.* at 624. This benefit arises only under state law, however, and has no bearing on claims brought under federal law. *Id.* In the face of a subsequent third party federal registration, a

state trademark registrant is treated no better than a Section 7(c) prior “common law” user and will be restricted to the geographic extent of its actual use of the mark within the state as of the date of the federal application.

McCarthy proposes one way in which state registration may provide a slight advantage in federal litigation:

State registrations in most states have little legal significance other than serving as proof that on a certain date the registrant filed a claim that it was using a certain mark. This gives a slight procedural advantage of proving priority compared to merely relying upon a trademark owner's inherent common-law right of priority as proven by business records.

MCCARTHY at § 22:1 (footnote omitted). Note, however, that before the TTAB, state trademark registrations are not competent evidence of use by the state registrant of the mark. *See, e.g., Visa International Service Ass'n v. Visa Realtors*, 208 U.S.P.Q. 462 (TTAB 1980).

For a broader historical discussion of the relation between state trademark law and federal trademark law, see Mark P. McKenna, *Trademark Law's Faux Federalism*, in *INTELLECTUAL PROPERTY AND THE COMMON LAW* 288 (Shyamkrishna Balganesh ed. 2013). McKenna argues that “the persistent sense that federal and state law regulate concurrently has masked a significant federalization of trademark and unfair competition law over the last forty to fifty years.” *Id.* at 289. McKenna goes so far as to call for the explicit federal preemption of state trademark and unfair competition law. *Id.* at 298.

7. Incontestable Status and *Park 'N Fly*

***Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*
469 U.S. 189 (1985)**

Justice O'CONNOR delivered the opinion of the Court.

[1] In this case we consider whether an action to enjoin the infringement of an incontestable trade or service mark may be defended on the grounds that the mark is merely descriptive. We conclude that neither the language of the relevant statutes nor the legislative history supports such a defense.

I

[2] Petitioner operates long-term parking lots near airports. After starting business in St. Louis in 1967, petitioner subsequently opened facilities in Cleveland, Houston, Boston, Memphis, and San Francisco. Petitioner applied in 1969 to the United States Patent and Trademark Office (Patent Office) to register a service mark consisting of the logo of an airplane and the words “Park 'N Fly.” The registration

issued in August 1971. Nearly six years later, petitioner filed an affidavit with the Patent Office to establish the incontestable status of the mark. As required by § 15 of the Trademark Act of 1946 (Lanham Act), 60 Stat. 433, as amended, 15 U.S.C. § 1065, the affidavit stated that the mark had been registered and in continuous use for five consecutive years, that there had been no final adverse decision to petitioner's claim of ownership or right to registration, and that no proceedings involving such rights were pending. Incontestable status provides, subject to the provisions of § 15 and § 33(b) of the Lanham Act, "conclusive evidence of the registrant's exclusive right to use the registered mark...." § 33(b), 15 U.S.C. § 1115(b).

[3] Respondent also provides long-term airport parking services, but only has operations in Portland, Oregon. Respondent calls its business "Dollar Park and Fly." Petitioner filed this infringement action in 1978 in the United States District Court for the District of Oregon and requested the court permanently to enjoin respondent from using the words "Park and Fly" in connection with its business. Respondent counterclaimed and sought cancellation of petitioner's mark on the grounds that it is a generic term. See § 14(c), 15 U.S.C. § 1064(c). Respondent also argued that petitioner's mark is unenforceable because it is merely descriptive. See § 2(e), 15 U.S.C. § 1052(e)....

[4] After a bench trial, the District Court found that petitioner's mark is not generic and observed that an incontestable mark cannot be challenged on the grounds that it is merely descriptive.... The District Court permanently enjoined respondent from using the words "Park and Fly" and any other mark confusingly similar to "Park 'N Fly."

[5] The Court of Appeals for the Ninth Circuit reversed. 718 F.2d 327 (1983). The District Court did not err, the Court of Appeals held, in refusing to invalidate petitioner's mark. *Id.*, at 331. The Court of Appeals noted, however, that it previously had held that incontestability provides a defense against the cancellation of a mark, but it may not be used offensively to enjoin another's use. *Ibid.* Petitioner, under this analysis, could obtain an injunction only if its mark would be entitled to continued registration without regard to its incontestable status. Thus, respondent could defend the infringement action by showing that the mark was merely descriptive. Based on its own examination of the record, the Court of Appeals then determined that petitioner's mark is in fact merely descriptive, and therefore respondent should not be enjoined from using the name "Park and Fly." *Ibid.*

[6] The decision below is in direct conflict with the decision of the Court of Appeals for the Seventh Circuit in *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, cert. denied, 429 U.S. 830, 97 S.Ct. 91, 50 L.Ed.2d 94 (1976). We granted certiorari to resolve this conflict, 465 U.S. 1078, 104 S.Ct. 1438, 79 L.Ed.2d 760 (1984), and we now reverse.

[7] Congress enacted the Lanham Act in 1946 in order to provide national protection for trademarks used in interstate and foreign commerce. S.Rep. No. 1333, 79th Cong., 2d Sess., 5 (1946). Previous federal legislation, such as the Federal Trademark Act of 1905, 33 Stat. 724, reflected the view that protection of trademarks was a matter of state concern and that the right to a mark depended solely on the common law. S.Rep. No. 1333, at 5. Consequently, rights to trademarks were uncertain and subject to variation in different parts of the country. Because trademarks desirably promote competition and the maintenance of product quality, Congress determined that “a sound public policy requires that trademarks should receive nationally the greatest protection that can be given them.” *Id.*, at 6. Among the new protections created by the Lanham Act were the statutory provisions that allow a federally registered mark to become incontestable. §§ 15, 33(b), 15 U.S.C. §§ 1065, 1115(b).

[8] The provisions of the Lanham Act concerning registration and incontestability distinguish a mark that is “the common descriptive name of an article or substance” from a mark that is “merely descriptive.” §§ 2(e), 14(c), 15 U.S.C. §§ 1052(e), 1064(c). Marks that constitute a common descriptive name are referred to as generic. A generic term is one that refers to the genus of which the particular product is a species. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (CA2 1976). Generic terms are not registrable, and a registered mark may be canceled at any time on the grounds that it has become generic. See §§ 2, 14(c), 15 U.S.C. §§ 1052, 1064(c). A “merely descriptive” mark, in contrast, describes the qualities or characteristics of a good or service, and this type of mark may be registered only if the registrant shows that it has acquired secondary meaning, *i.e.*, it “has become distinctive of the applicant’s goods in commerce.” §§ 2(e), (f), 15 U.S.C. §§ 1052(e), (f).

[9] This case requires us to consider the effect of the incontestability provisions of the Lanham Act in the context of an infringement action defended on the grounds that the mark is merely descriptive. Statutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose. See *American Tobacco Co. v. Patterson*, 456 U.S. 63, 68, 102 S.Ct. 1534, 1537, 71 L.Ed.2d 748 (1982). With respect to incontestable trade or service marks, § 33(b) of the Lanham Act states that “registration shall be conclusive evidence of the registrant’s exclusive right to use the registered mark” subject to the conditions of § 15 and certain enumerated defenses. Section 15 incorporates by reference subsections (c) and (e) of § 14, 15 U.S.C. § 1064. An incontestable mark that becomes generic may be canceled at any time pursuant to § 14(c). That section also allows cancellation of an incontestable mark at any time if it has been abandoned, if it is being used to misrepresent the source of the goods or services in connection with which it is used, or if it was obtained fraudulently or contrary to the provisions of § 4, 15 U.S.C. § 1054, or §§ 2(a)–(c), 15 U.S.C. §§ 1052(a)–(c).

[10] One searches the language of the Lanham Act in vain to find any support for the offensive/defensive distinction applied by the Court of Appeals. The statute nowhere distinguishes between a registrant's offensive and defensive use of an incontestable mark. On the contrary, § 33(b)'s declaration that the registrant has an "exclusive right" to use the mark indicates that incontestable status may be used to enjoin infringement by others. A conclusion that such infringement cannot be enjoined renders meaningless the "exclusive right" recognized by the statute. Moreover, the language in three of the defenses enumerated in § 33(b) clearly contemplates the use of incontestability in infringement actions by plaintiffs. See §§ 33(b)(4)–(6), 15 U.S.C. §§ 1115(b)(4)–(6).

[11] The language of the Lanham Act also refutes any conclusion that an incontestable mark may be challenged as merely descriptive. A mark that is merely descriptive of an applicant's goods or services is not registrable unless the mark has secondary meaning. Before a mark achieves incontestable status, registration provides *prima facie* evidence of the registrant's exclusive right to use the mark in commerce. § 33(a), 15 U.S.C. § 1115(a). The Lanham Act expressly provides that before a mark becomes incontestable an opposing party may prove any legal or equitable defense which might have been asserted if the mark had not been registered. *Ibid.* Thus, § 33(a) would have allowed respondent to challenge petitioner's mark as merely descriptive if the mark had not become incontestable. With respect to incontestable marks, however, § 33(b) provides that registration is *conclusive* evidence of the registrant's exclusive right to use the mark, subject to the conditions of § 15 and the seven defenses enumerated in § 33(b) itself.¹ Mere descriptiveness is not recognized by either § 15 or § 33(b) as a basis for challenging an incontestable mark.

[12] The statutory provisions that prohibit registration of a merely descriptive mark but do not allow an incontestable mark to be challenged on this ground cannot be attributed to inadvertence by Congress. The Conference Committee rejected an amendment that would have denied registration to any descriptive mark, and instead retained the provisions allowing registration of a merely descriptive mark that has acquired secondary meaning. See H.R.Conf.Rep. No. 2322, 79th Cong., 2d Sess., 4 (1946) (explanatory statement of House managers). The Conference Committee agreed to an amendment providing that no incontestable right can be acquired in a mark that is a common descriptive, *i.e.*, generic, term. *Id.*, at 5. Congress could easily have denied incontestability to merely descriptive marks as well as to generic marks had that been its intention.

[13] The Court of Appeals in discussing the offensive/defensive distinction observed that incontestability protects a registrant against cancellation of his mark. 718 F.2d, at 331. This observation is incorrect with respect to marks that become generic or which otherwise may be canceled at any time pursuant to §§ 14(c) and

¹ [Lanham Act § 33(b) has since been amended to list nine defenses.]

(e). Moreover, as applied to marks that are merely descriptive, the approach of the Court of Appeals makes incontestable status superfluous. Without regard to its incontestable status, a mark that has been registered five years is protected from cancellation except on the grounds stated in §§ 14(c) and (e). Pursuant to § 14, a mark may be canceled on the grounds that it is merely descriptive only if the petition to cancel is filed within five years of the date of registration. § 14(a), 15 U.S.C. § 1064(a). The approach adopted by the Court of Appeals implies that incontestability adds nothing to the protections against cancellation already provided in § 14. The decision below not only lacks support in the words of the statute; it effectively emasculates § 33(b) under the circumstances of this case.

III

[14] Nothing in the legislative history of the Lanham Act supports a departure from the plain language of the statutory provisions concerning incontestability. Indeed, a conclusion that incontestable status can provide the basis for enforcement of the registrant's exclusive right to use a trade or service mark promotes the goals of the statute. The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. See S.Rep. No. 1333, at 3, 5. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation. *Id.*, at 4. The incontestability provisions, as the proponents of the Lanham Act emphasized, provide a means for the registrant to quiet title in the ownership of his mark. See Hearings on H.R. 82 before the Subcommittee of the Senate Committee on Patents, 78th Cong., 2d Sess., 21 (1944) (remarks of Rep. Lanham); *id.*, at 21, 113 (testimony of Daphne Robert, ABA Committee on Trade Mark Legislation); Hearings on H.R. 102 et al. before the Subcommittee on Trade-Marks of the House Committee on Patents, 77th Cong., 1st Sess., 73 (1941) (remarks of Rep. Lanham). The opportunity to obtain incontestable status by satisfying the requirements of § 15 thus encourages producers to cultivate the goodwill associated with a particular mark. This function of the incontestability provisions would be utterly frustrated if the holder of an incontestable mark could not enjoin infringement by others so long as they established that the mark would not be registrable but for its incontestable status.

...

IV

[15] Respondent argues that the decision by the Court of Appeals should be upheld because trademark registrations are issued by the Patent Office after an *ex parte* proceeding and generally without inquiry into the merits of an application. This argument also unravels upon close examination. The facts of this case belie the suggestion that registration is virtually automatic. The Patent Office initially denied petitioner's application because the examiner considered the mark to be merely

descriptive. Petitioner sought reconsideration and successfully persuaded the Patent Office that its mark was registrable.

[16] More generally, respondent is simply wrong to suggest that third parties do not have an opportunity to challenge applications for trademark registration. If the Patent Office examiner determines that an applicant appears to be entitled to registration, the mark is published in the Official Gazette. § 12(a), 15 U.S.C. § 1062(a). Within 30 days of publication, any person who believes that he would be damaged by registration of the mark may file an opposition. § 13, 15 U.S.C. § 1063. Registration of a mark provides constructive notice throughout the United States of the registrant's claim to ownership. § 22, 15 U.S.C. § 1072. Within five years of registration, any person who believes that he is or will be damaged by registration may seek to cancel a mark. § 14(a), 15 U.S.C. § 1064(a). A mark may be canceled at any time for certain specified grounds, including that it was obtained fraudulently or has become generic. § 14(c), 15 U.S.C. § 1064(c).

[17] The Lanham Act, as the dissent notes, *post*, at 673 – 674, authorizes courts to grant injunctions “according to principles of equity.” § 34, 15 U.S.C. § 1116. Neither respondent nor the opinion of the Court of Appeals relies on this provision to support the holding below. Whatever the precise boundaries of the courts' equitable power, we do not believe that it encompasses a substantive challenge to the validity of an incontestable mark on the grounds that it lacks secondary meaning. To conclude otherwise would expand the meaning of “equity” to the point of vitiating the more specific provisions of the Lanham Act.² Similarly, the power of the courts to cancel registrations and “to otherwise rectify the register,” § 37, 15 U.S.C. § 1119, must be subject to the specific provisions concerning incontestability. In effect, both respondent and the dissent argue that these provisions offer insufficient protection against improper registration of a merely descriptive mark, and therefore the validity of petitioner's mark may be challenged notwithstanding its incontestable status. Our responsibility, however, is not to evaluate the wisdom of the legislative determinations reflected in the statute, but instead to construe and apply the provisions that Congress enacted.

V

[18] The Court of Appeals did not attempt to justify its decision by reference to the language or legislative history of the Lanham Act. Instead, the court relied on its previous decision in *Tillamook County Creamery v. Tillamook Cheese & Dairy Assn.*, 345 F.2d 158, 163 (CA9), cert. denied, 382 U.S. 903 (1965), for the proposition that a registrant may not rely on incontestability to enjoin the use of the mark by others.

² We note, however, that we need not address in this case whether traditional equitable defenses such as estoppel or laches are available in an action to enforce an incontestable mark. See generally Comment, Incontestable Trademark Rights and Equitable Defenses in Infringement Litigation, 66 Minn.L.Rev. 1067 (1982).

Examination of *Tillamook*, however, reveals that there is no persuasive justification for the judicially created distinction between offensive and defensive use of an incontestable mark....

VI

[19] We conclude that the holder of a registered mark may rely on incontestability to enjoin infringement and that such an action may not be defended on the grounds that the mark is merely descriptive. Respondent urges that we nevertheless affirm the decision below based on the “prior use” defense recognized by § 33(b)(5) of the Lanham Act. Alternatively, respondent argues that there is no likelihood of confusion and therefore no infringement justifying injunctive relief. The District Court rejected each of these arguments, but they were not addressed by the Court of Appeals. 718 F.2d, at 331–332, n. 4. That court may consider them on remand. The judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

Justice STEVENS, dissenting.

[1] In trademark law, the term “incontestable” is itself somewhat confusing and misleading because the Lanham Act expressly identifies over 20 situations in which infringement of an allegedly incontestable mark is permitted.¹ Moreover, in § 37 of the Act, Congress unambiguously authorized judicial review of the validity of the registration “in any action involving a registered mark.” The problem in this case arises because of petitioner’s attempt to enforce as “incontestable” a mark that Congress has plainly stated is inherently unregistrable.

[2] The mark “Park ‘N Fly” is at best merely descriptive in the context of airport parking. Section 2 of the Lanham Act plainly prohibits the registration of such a mark unless the applicant proves to the Commissioner of the Patent and Trademark Office that the mark “has become distinctive of the applicant’s goods in commerce,” or to use the accepted shorthand, that it has acquired a “secondary meaning.” See 15 U.S.C. §§ 1052(e), (f). Petitioner never submitted any such proof to the

¹ Section 33(b) enumerates seven categories of defenses to an action to enforce an incontestable mark. See 15 U.S.C. § 1115(b), quoted *ante*, at 662, n. 3. In addition, a defendant is free to argue that a mark should never have become incontestable for any of the four reasons enumerated in § 15. 15 U.S.C. § 1065. Moreover, § 15 expressly provides that an incontestable mark may be challenged on any of the grounds set forth in subsections (c) and (e) of § 14, 15 U.S.C. § 1064, and those sections, in turn, incorporate the objections to registrability that are defined in §§ 2(a), 2(b), and 2(c) of the Act. 15 U.S.C. §§ 1052(a), (b), and (c).

Commissioner, or indeed to the District Court in this case. Thus, the registration plainly violated the Act.

[3] The violation of the literal wording of the Act also contravened the central purpose of the entire legislative scheme. Statutory protection for trademarks was granted in order to safeguard the goodwill that is associated with particular enterprises. A mark must perform the function of distinguishing the producer or provider of a good or service in order to have any legitimate claim to protection. A merely descriptive mark that has not acquired secondary meaning does not perform that function because it simply “describes the qualities or characteristics of a good or service.” *Ante*, at 662. No legislative purpose is served by granting anyone a monopoly in the use of such a mark.

[4] Instead of confronting the question whether an inherently unregistrable mark can provide the basis for an injunction against alleged infringement, the Court treats the case as though it presented the same question as *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (CA7), cert. denied, 429 U.S. 830, 97 S.Ct. 91, 50 L.Ed.2d 94 (1976), a case in which the merely descriptive mark had an obvious and well-established secondary meaning. In such a case, I would agree with the Court that the descriptive character of the mark does not provide an infringer with a defense. In this case, however, the provisions of the Act dealing with incontestable marks do not support the result the Court has reached. I shall first explain why I agree with the conclusion that the Court of Appeals reached; I shall then comment on each of the three arguments that the Court advances in support of its contrary conclusion.

I

[5] The word “incontestable” is not defined in the Act. Nor, surprisingly, is the concept explained in the Committee Reports on the bill that was enacted in 1946. The word itself implies that it was intended to resolve potential contests between rival claimants to a particular mark. And, indeed, the testimony of the proponents of the concept in the Committee hearings that occurred from time to time during the period when this legislation was being considered reveals that they were primarily concerned with the problem that potential contests over the ownership of registrable marks might present. No one ever suggested that any public purpose would be served by granting incontestable status to a mark that should never have been accepted for registration in the first instance.

[6] In those hearings the witnesses frequently referred to incontestability as comparable to a decree quieting title to real property. Such a decree forecloses any further contest over ownership of the property, but it cannot create the property itself. Similarly the incontestability of a trademark precludes any competitor from contesting the registrant’s ownership, but cannot convert unregistrable subject matter into a valid mark. Such a claim would be clearly unenforceable.

...

[7] The legislative history of the incontestability provisions indicates that Congress did not intend to prevent the use of mere descriptiveness as a substantive defense to a claim of infringement if the mark has not acquired secondary meaning....

[8] [...] In light of this legislative history, it is apparent that Congress could not have intended that incontestability should preserve a merely descriptive trademark from challenge when the statutory procedure for establishing secondary meaning was not followed and when the record still contains no evidence that the mark has ever acquired a secondary meaning.

[9] If the registrant of a merely descriptive mark complies with the statutory requirement that prima facie evidence of secondary meaning must be submitted to the Patent and Trademark Office, it is entirely consistent with the policy of the Act to accord the mark incontestable status after an additional five years of continued use. For if no rival contests the registration in that period, it is reasonable to presume that the initial prima facie showing of distinctiveness could not be rebutted. But if no proof of secondary meaning is ever presented, either to the Patent and Trademark Office or to a court, there is simply no rational basis for leaping to the conclusion that the passage of time has transformed an inherently defective mark into an incontestable mark.

[10] No matter how dedicated and how competent administrators may be, the possibility of error is always present,² especially in nonadversary proceedings. For that reason the Court normally assumes that Congress intended agency action to be subject to judicial review unless the contrary intent is expressed in clear and unambiguous language. In this statute Congress has expressed no such intent. On the contrary, it has given the courts the broadest possible authority to determine the validity of trademark registrations “in any action involving a registered mark.” § [37, 15 U.S.C. § 1119]. The exercise of that broad power of judicial review should be informed by the legislative purposes that motivated the enactment of the Lanham Act.

[11] Congress enacted the Lanham Act “to secure trade-mark owners in the goodwill which they have built up.” [S.Rep. No. 1333, at 5] But without a showing of secondary meaning, there is no basis upon which to conclude that petitioner has

² Recently, Gerald J. Mossinghoff, Assistant Secretary and Commissioner of Patents and Trademarks, gave the following testimony before Congress: “[O]ne of the biggest problems we have had is that, at any one time, about 7 percent of our 25 million documents are either missing or misfiled. The paper system was set up in 1836 and has remained virtually unchanged since then. During that time it simply has deteriorated to the point where 7 percent of the documents are missing.” Hearing before the Subcommittee on Patents, Copyrights and Trademarks of the Senate Committee on the Judiciary, 98th Cong., 1st Sess., 5 (1983).

built up any goodwill that is secured by the mark “Park ‘N Fly.” In fact, without a showing of secondary meaning, we should presume that petitioner’s business appears to the consuming public to be just another anonymous, indistinguishable parking lot. When enacting the Lanham Act, Congress also wanted to “protect the public from imposition by the use of counterfeit and imitated marks and false trade descriptions.” *[Ibid.]* Upon this record there appears no danger of this occurrence, and as a practical matter, without any showing that the public can specifically identify petitioner’s service, it seems difficult to believe that anyone would imitate petitioner’s marks, or that such imitation, even if it occurred, would be likely to confuse anybody.

[12] On the basis of the record in this case, it is reasonable to infer that the operators of parking lots in the vicinity of airports may make use of the words “park and fly” simply because those words provide a ready description of their businesses, rather than because of any desire to exploit petitioner’s goodwill. There is a well-recognized public interest in prohibiting the commercial monopolization of phrases such as “park and fly.” When a business claims the exclusive right to use words or phrases that are a part of our common vocabulary, this Court should not depart from the statutorily mandated authority to “rectify the register,” 15 U.S.C. § 1119, absent a clear congressional mandate. Language, even in a commercial context, properly belongs to the public unless Congress instructs otherwise. In this case we have no such instruction; in fact, the opposite command guides our actions: Congress’ clear insistence that a merely descriptive mark, such as “Park ‘N Fly” in the context of airport parking, remain in the public domain unless secondary meaning is proved.

[13] The basic purposes of the Act, the unambiguous congressional command that no merely descriptive mark should be registered without prior proof that it acquired secondary meaning, and the broad power of judicial review granted by § 37 combine to persuade me that the registrant of a merely descriptive mark should not be granted an injunction against infringement without ever proving that the mark acquired secondary meaning.

II

[14] The Court relies on three different, though not unrelated, arguments to support its negative answer to the question “whether an action to enjoin the infringement of an incontestable mark may be defended on the grounds that the mark is merely descriptive,” *ante*, at 660: (1) the language of § 33(b) is too plain to prevent any other conclusion; (2) the legislative history indicates that Congress decided not to deny incontestable status to merely descriptive marks; and (3) the practical value of incontestable status would be nullified if the defense were recognized. Each of these arguments is unpersuasive.

The Plain Language

[15] After the right to use a registered mark has become incontestable, § 33(b) provides that “the registration shall be conclusive evidence of the registrant’s exclusive right to use the registered mark.” 15 U.S.C. § 1115(b). Read in isolation, this provision surely does lend support to the Court’s holding. Indeed, an isolated and literal reading of this language would seem to foreclose any nonstatutory defense to an action to enjoin the infringement of an incontestable mark. The Court, however, wisely refuses to adopt any such rigid interpretation of § 33(b).

[16] An examination of other provisions of the Act plainly demonstrates that no right to injunctive relief against infringement automatically follows from the achievement of incontestable status. Thus, § 34 states that courts with proper jurisdiction “shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable.” 15 U.S.C. § 1116. If a registrant establishes the violation of any right, § 35 additionally emphasizes that any recovery shall be “subject to the principles of equity.” 15 U.S.C. § 1117. These sections are in addition to the broad power that § 37 grants to courts in “any action involving a registered mark” to “determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action.” 15 U.S.C. § 1119. Moreover, it is well established that injunctions do not issue as a matter of course, and that “the essence of equity jurisdiction has been the power of the Chancellor to do equity,” [*Hecht Co. v. Bowles*, 321 U.S. 321, 329 (1944),] particularly when an important public interest is involved.

[17] In exercising its broad power to do equity, the federal courts certainly can take into account the tension between the apparent meaning of § 33(b) and the plain command in §§ 2(e), (f) of the Act prohibiting the registration of a merely descriptive mark without any proof of secondary meaning. Because it would be [] demonstrably at odds with the intent of [Congress] [] to grant incontestable status to a mark that was not eligible for registration in the first place, the Court is surely authorized to require compliance with § 2(f) before granting relief on the basis of § 33(b).

The Legislative History

[18] The language of §§ 2(e), (f) expressly demonstrates Congress’ concern over granting monopoly privileges in merely descriptive marks. However, its failure to include mere descriptiveness in its laundry list of grounds on which incontestability could be challenged is interpreted by the Court today as evidence of congressional approval of incontestable status for all merely descriptive marks.

[19] This history is unpersuasive because it is perfectly clear that the failure to include mere descriptiveness among the grounds for challenging incontestability was based on the understanding that such a mark would not be registered without a showing of secondary meaning. See *supra*, at 618. To read Congress’ failure as

equivalent to an endorsement of incontestable status for merely descriptive marks without secondary meaning can only be described as perverse.

The Practical Argument

[20] The Court suggests that my reading of the Act “effectively emasculates § 33(b) under the circumstances of this case.” *Ante*, at 663. But my reading would simply require the owner of a merely descriptive mark to prove secondary meaning before obtaining any benefit from incontestability. If a mark is in fact “distinctive of the applicant’s goods in commerce” as § 2(f) requires, that burden should not be onerous. If the mark does not have any such secondary meaning, the burden of course could not be met. But if that be the case, the purposes of the Act are served, not frustrated, by requiring adherence to the statutory procedure mandated by Congress.

[21] In sum, if petitioner had complied with § 2(f) at the time of its initial registration, or if it had been able to prove secondary meaning in this case, I would agree with the Court’s disposition. I cannot, however, subscribe to its conclusion that the holder of a mark which was registered in violation of an unambiguous statutory command “may rely on incontestability to enjoin infringement.” *Ante*, at 667; see also *ante*, at 663. Accordingly, I respectfully dissent.

E. The Territorial Extent of Trademark Rights

We consider in this section the geographical extent of rights in unregistered and registered marks. We begin first with unregistered (or “common law”) marks.

1. The Territorial Extent of Rights in Unregistered Marks

A classic hypothetical in U.S. trademark law involves the question of whether the owner of an unregistered mark used in, say, Anchorage, Alaska, can assert exclusive rights in that mark beyond the borders of Anchorage. Can the proprietor of the unregistered mark ARCTIC for a coffee shop in Anchorage, Alaska prevent someone in Miami, Florida from later opening a coffee shop under the same name? And should it make a difference if the proprietor of the Miami coffee shop knew of the Anchorage coffee shop when it opened its shop in Miami?

In the landmark case of *United Drug Co. v. Theodore Rectanus*, 248 U.S. 90 (1918), the Supreme Court confronted a set of facts along these lines. The *Rectanus* case still guides how courts determine the territorial scope of rights in unregistered marks. The so-called “*Tea Rose-Rectanus* rule” (based on the *Rectanus* case and *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), commonly known as the *Tea Rose* case) holds that:

- (1) The territorial scope of an unregistered mark is limited to the territory in which the mark is known and recognized by relevant consumers in that territory.
- (2) The national senior user of an unregistered mark cannot stop the use of a territorially “remote” good faith national junior user who was first to use the mark in that “remote” territory.

MCCARTHY § 26.2. The result of the *Tea Rose-Rectanus* rule is that, for an unregistered mark, the first person to adopt the mark in the U.S. (the senior national user) and subsequent good faith remote junior users may end up coexisting in the national marketplace, with each entity claiming exclusive rights in the mark in the geographic area in which it was the first to use the mark. Thus, the Anchorage and Miami coffee shops may coexist, provided that Miami adopted its mark in good faith (the standard for which we will consider in a moment). Furthermore, barring federal registration by either Anchorage or Miami, the two firms’ exclusive rights will expand across the country only in those areas in which each firm is the first to use the mark.

As you read through the *Rectanus* opinion, consider the following questions:

- What standard of good faith does the Court apply? Can a geographically remote junior user adopt the mark in good faith if it has any knowledge of the senior user’s use?
- What standard of good faith *should* the court apply?

United Drug Co. v. Theodore Rectanus
248 U.S. 90 (1918)

Mr. Justice PITNEY delivered the opinion of the Court.

[1] This was a suit in equity brought September 24, 1912, in the United States District Court for the Western District of Kentucky by the present petitioner, a Massachusetts corporation, against the respondent, a Kentucky corporation, together with certain individual citizens of the latter state, to restrain infringement of trade-mark and unfair competition.

[2] The District Court granted an injunction against the corporation defendant pursuant to the prayer of the bill. 206 Fed. 570. The Circuit Court of Appeals reversed the decree and remanded the cause with directions to dismiss the bill. 226 Fed. 545. An appeal was allowed by one of the judges of that court, and afterwards we allowed a writ of certiorari....

[3] The essential facts are as follows: About the year 1877 Ellen M. Regis, a resident of Haverhill, Mass., began to compound and distribute in a small way a preparation for medicinal use in cases of dyspepsia and some other ailments, to which she applied as a distinguishing name the word 'Rex'—derived from her surname. The word was put upon the boxes and packages in which the medicine was placed upon the market, after the usual manner of a trade-mark. At first alone, and afterwards in partnership with her son under the firm name of 'E. M. Regis & Co.,' she continued the business on a modest scale; in 1898 she recorded the word 'Rex' as a trade-mark under the laws of Massachusetts; in 1900 the firm procured its registration in the United States Patent Office under the Act of March 3, 1881³; in 1904 the Supreme Judicial Court of Massachusetts sustained their trade-mark right under the state law as against a concern that was selling medicinal preparations of the present petitioner under the designation of 'Rexall Remedies'; afterwards the firm established priority in the mark as against petitioner in a contested proceeding in the Patent Office; and subsequently, in the year 1911, petitioner purchased the business with the trade-mark right, and has carried it on in connection with its other business, which consists in the manufacture of medicinal preparations, and their distribution and sale through retail drug stores, known as 'Rexall stores,' situate[d] in the different states of the Union, four of them being in Louisville, Kentucky.

[4] Meanwhile, about the year 1883, Theodore Rectanus, a druggist in Louisville, familiarly known as 'Rex,' employed this word as a trade-mark for a medicinal preparation known as a 'blood purifier.' He continued this use to a considerable extent in Louisville and vicinity, spending money in advertising and building up a trade, so that—except for whatever effect might flow from Mrs. Regis'

³ [Note, as explained later in the opinion, that the petitioner's registration under the Acts of 1881 and 1905 did not confer nationwide priority rights.]

prior adoption of the word in Massachusetts, of which he was entirely ignorant—he was entitled to use the word as his trade-mark. In the year 1906 he sold his business, including the right to the use of the word, to respondent; and the use of the mark by him and afterwards by respondent was continuous from about the year 1883 until the filing of the bill in the year 1912.

[5] Petitioner's first use of the word 'Rex' in connection with the sale of drugs in Louisville or vicinity was in April, 1912, when two shipments of 'Rex Dyspepsia Tablets,' aggregating 150 boxes and valued at \$22.50, were sent to one of the 'Rexall' stores in that city. Shortly after this the remedy was mentioned by name in local newspaper advertisements published by those stores. In the previous September, petitioner shipped a trifling amount—5 boxes—to a drug store in Franklin, Ky., approximately 120 miles distant from Louisville. There is nothing to show that before this any customer in or near Kentucky had heard of the Regis remedy, with or without the description 'Rex,' or that this word ever possessed any meaning to the purchasing public in that state, except as pointing to Rectanus and the Rectanus Company and their 'blood purifier.' That it did and does convey the latter meaning in Louisville and vicinity is proved without dispute. Months before petitioner's first shipment of its remedy to Kentucky, petitioner was distinctly notified (in June, 1911) by one of its Louisville distributors, that respondent was using the word 'Rex' to designate its medicinal preparations, and that such use had been commenced by Mr. Rectanus as much as 16 or 17 years before that time.

[6] There was nothing to sustain the allegation of unfair competition, aside from the question of trade-mark infringement. As to this, both courts found, in substance, that the use of the same mark upon different but somewhat related preparations was carried on by the parties and their respective predecessors contemporaneously, but in widely separated localities, during the period in question—between 25 and 30 years—in perfect good faith; neither side having any knowledge or notice of what was being done by the other. The District Court held that, because the adoption of the mark by Mrs. Regis antedated its adoption by Rectanus, petitioner's right to the exclusive use of the word in connection with medicinal preparations intended for dyspepsia and kindred diseases of the stomach and digestive organs must be sustained, but without accounting for profits or assessment of damages for unfair trade.... The Circuit Court of Appeals held that in view of the fact that Rectanus had used the mark for a long period of years in entire ignorance of Mrs. Regis' remedy or of her trade-mark, had expended money in making his mark well known, and had established a considerable though local business under it in Louisville and vicinity, while on the other hand during the same long period Mrs. Regis had done nothing, either by sales agencies or by advertising, to make her medicine or its mark known outside of the New England States, saving sporadic sales in territory adjacent to those states, and had made no effort whatever to extend the trade to Kentucky, she and her successors were bound to know that, misled by their silence and inaction, others might act, as Rectanus and his successors did act, upon the assumption that the field was open, and therefore were

estopped to ask for an injunction against the continued use of the mark in Louisville and vicinity by the Rectanus Company.

[7] The entire argument for the petitioner is summed up in the contention that whenever the first user of a trade-mark has been reasonably diligent in extending the territory of his trade, and as a result of such extension has in good faith come into competition with a later user of the same mark who in equal good faith has extended his trade locally before invasion of his field by the first user, so that finally it comes to pass that the rival traders are offering competitive merchandise in a common market under the same trade-mark, the later user should be enjoined at the suit of the prior adopter, even though the latter be the last to enter the competitive field and the former have already established a trade there. Its application to the case is based upon the hypothesis that the record shows that Mrs. Regis and her firm, during the entire period of limited and local trade in her medicine under the Rex mark, were making efforts to extend their trade so far as they were able to do with the means at their disposal. There is little in the record to support this hypothesis; but, waiving this, we will pass upon the principal contention.

[8] The asserted doctrine is based upon the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. *Canal Co. v. Clark*, 13 Wall. 311; *McLean v. Fleming*, 96 U. S. 245, 254. There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business. *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 412-414.

[9] The owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly. See *United States v. Bell Telephone Co.*, 167 U. S. 224, 250; *Bement v. National Harrow Co.*, 186 U. S. 70, 90; *Paper Bag Patent Case*, 210 U. S. 405, 424.

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

[11] It results that the adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade. And the expression, sometimes met with, that a trade-mark right is not limited in its

enjoyment by territorial bounds, is true only in the sense that wherever the trade goes, attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained.

[12] Property in trade-marks and the right to their exclusive use rest upon the laws of the several states, and depend upon them for security and protection; the power of Congress to legislate on the subject being only such as arises from the authority to regulate commerce with foreign nations and among the several states and with the Indian tribes. *Trade-Mark Cases*, 100 U. S. 82, 93.

[13] Conceding everything that is claimed in behalf of the petitioner, the entire business conducted by Mrs. Regis and her firm prior to April, 1911, when petitioner acquired it, was confined to the New England States, with inconsiderable sales in New York, New Jersey, Canada, and Nova Scotia. There was nothing in all of this to give her any rights in Kentucky, where the principles of the common law obtain.... [W]hether [respondent had exclusive rights in the mark in Kentucky], or respondent now has them, is a question not presented by the record; there being no prayer for an injunction to restrain petitioner from using the mark in the competitive field.

[14] It is not contended, nor is there ground for the contention, that registration of the Regis trade-mark under either the Massachusetts statute or the act of Congress, or both, had the effect of enlarging the rights of Mrs. Regis or of petitioner beyond what they would be under common-law principles. Manifestly the Massachusetts statute could have no extraterritorial effect. And the Act of Congress of March 3, 1881, applied only to commerce with foreign nations or the Indian tribes, with either of which this case has nothing to do. Nor is there any provision making registration equivalent to notice of rights claimed thereunder. The Act of February 20, 1905, which took the place of the 1881 act, while extending protection to trade-marks used in interstate commerce, does not enlarge the effect of previous registrations, unless renewed under the provisions of its twelfth section, which has not been done in this case; hence we need not consider whether anything in this act would aid the petitioner's case.

[15] Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question. See *Canal Co. v. Clark*, 13 Wall. 311, 323; *McLean v. Fleming*, 96 U. S. 245, 251; *Manufacturing Co. v. Trainer*, 101 U. S. 51, 53; *Columbia Mill Co. v. Alcorn*, 150 U. S. 460, 463. But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second producer amounts to an attempt to sell his goods as those of his competitor. The reason for the rule does not extend to a case where the same trade-mark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one thing in one market, an entirely different thing in another. It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one state, and by the use of it had built up a

trade there, being the first appropriator in that jurisdiction, might afterwards be prevented from using it, with consequent injury to his trade and good will, at the instance of one who theretofore had employed the same mark, but only in other and remote jurisdictions, upon the ground that its first employment happened to antedate that of the first-mentioned trader.

...

[16] The same point was involved in *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 415, where we said:

In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.

[17] In this case, as already remarked, there is no suggestion of a sinister purpose on the part of Rectanus or the Rectanus Company; hence the passage quoted correctly defines the status of the parties prior to the time when they came into competition in the Kentucky market. And it results, as a necessary inference from what we have said, that petitioner, being the newcomer in that market, must enter it subject to whatever rights had previously been acquired there in good faith by the Rectanus Company and its predecessor. To hold otherwise—to require Rectanus to retire from the field upon the entry of Mrs. Regis' successor—would be to establish the right of the latter as a right in gross, and to extend it to territory wholly remote from the furthest reach of the trade to which it was annexed, with the effect not merely of depriving Rectanus of the benefit of the good will resulting from his long-continued use of the mark in Louisville and vicinity, and his substantial expenditures in building up his trade, but of enabling petitioner to reap substantial benefit from the publicity that Rectanus has thus given to the mark in that locality, and of confusing if not misleading the public as to the origin of goods thereafter sold in Louisville under the Rex mark, for, in that market, until petitioner entered it, 'Rex' meant the Rectanus product, not that of Regis.

...

[18] Here the essential facts are so closely parallel to those that furnished the basis of decision in the *Allen & Wheeler Case*, reported sub nom. *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 419-420, as to render further discussion unnecessary. Mrs. Regis and her firm, having during a long period of years confined their use of the 'Rex' mark to a limited territory wholly remote from that in controversy, must be held to have taken the risk that some innocent party might in the meantime hit upon the same mark, apply it to goods of similar character, and expend money and effort

in building up a trade under it; and since it appears that Rectanus in good faith, and without notice of any prior use by others, selected and used the 'Rex' mark, and by the expenditure of money and effort succeeded in building up a local but valuable trade under it in Louisville and vicinity before petitioner entered that field, so that 'Rex' had come to be recognized there as the 'trade signature' of Rectanus and of respondent as his successor, petitioner is estopped to set up their continued use of the mark in that territory as an infringement of the Regis trade-mark. Whatever confusion may have arisen from conflicting use of the mark is attributable to petitioner's entry into the field with notice of the situation; and petitioner cannot complain of this. As already stated, respondent is not complaining of it.

Decree affirmed.

Comments and Questions

1. *How remote is a remote location?* Remoteness is defined not by geographical distance but by whether, at the moment when the junior user first adopts the mark, consumers in the junior user's area of use would likely have knowledge of the senior user's use such that confusion would result. See MCCARTHY § 26.4. Courts typically apply a "market penetration" test to determine if the senior user has expanded into the junior user's area by the time the junior user adopts the mark. See, e.g., *Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383 (3d Cir. 1985) ("[T]he following four factors should be considered to determine whether the market penetration of a trademark in an area is sufficient to warrant protection: (1) the volume of sales of the trademarked product; (2) the growth trends (both positive and negative) in the area; (3) the number of persons actually purchasing the product in relation to the potential number of customers; and (4) the amount of product advertising in the area.").

2. *Does knowledge negate good faith?* All courts agree that if the junior user of the unregistered mark had no knowledge at the time of adoption of the senior user's use, then the junior user adopted the mark in good faith. But what if the junior user did have knowledge of the senior user's use? Courts remain divided on this question. In what the McCarthy treatise calls the "majority" rule, MCCARTHY § 26.9, some courts appear to insist that any knowledge by junior of senior's use destroys junior's good faith. See, e.g., *Money Store v. Harriscorp Finance, Inc.*, 689 F.2d 666, 674 (7th Cir. 1982) ("A good faith junior user is one who begins using a mark with no knowledge that someone else is already using it."). In an emerging "minority" rule, MCCARTHY § 26.10, other courts have held that mere knowledge, without more, will not negate good faith. See, e.g., *GTE Corp. v. Williams*, 904 F.2d 536 (10th Cir.1990) ("While a subsequent user's adoption of a mark with knowledge of another's use can certainly support an inference of bad faith, ... mere knowledge should not foreclose further inquiry. The ultimate focus is on whether the second user has the intent to benefit from the reputation or goodwill of the first user."); *ACCU Personnel, Inc. v. AccuStaff, Inc.*, 846 F. Supp. 1191, 1211 (D. Del. 1994)

("[T]he Court holds a junior user's prior knowledge of a senior user's trademark use is probative of, but not dispositive of, the question whether the junior user acted in bad faith."); *Architemps, Inc. v. Architemps, Ltd.*, 11 U.S.P.Q.2d 1885, 1989 WL 80300 (S.D. N.Y. 1989) (citing *815 Tonawanda Street Corp. v. Fay's Drug Co., Inc.*, 842 F.2d 643, 650 (2d Cir.1988), as holding that mere knowledge of the existence of the prior user does not, by itself, constitute bad faith). And at least one court has adopted both views in the alternative. See *Tuccillo v. Geisha NYC, LLC*, 635 F. Supp. 2d 227, 247 (E.D.N.Y. 2009) (finding that the junior user of mark had knowledge of senior's use and thus adopted in bad faith, but also "alternatively find[ing] that [junior] had 'bad faith' under the minority rule because his behavior indicated an intent to squat on the mark, and to take advantage of [senior]'s failure to obtain a prompt registration of the JAPONAIS mark to capitalize on the goodwill built by Geisha in connection with its mark.") Which rule makes more sense?

3. *The geographic scope of rights in unregistered non-inherently distinctive marks.* If the senior user's unregistered mark is a non-inherently distinctive mark, then the geographic scope of the senior's rights are limited to the area in which the mark possesses secondary meaning. A junior user will be enjoined from using the mark only in areas in which the senior user has already established secondary meaning at the time the junior user first adopts the mark in those areas. See, e.g., *Katz Drug Co. v. Katz*, 188 F.2d 696 (8th Cir. 1951). More generally, competitors using unregistered confusingly-similar descriptive marks may end up in a "race to secondary meaning," MCCARTHY § 26:25, in which each competitor seeks to be the first to establish secondary meaning—and thus exclusive rights—in the descriptive term in any particular area where the competitors are competing.

2. The Territorial Extent of Rights in Registered Marks

a. Applications Filed on or after November 16, 1989: Constructive Use Priority as of Date of Application

The Trademark Law Revision Act of 1988 (TLRA) created Lanham Act § 7(c), 15 U.S.C. § 1057(c), which applies to all applications filed on or after the November 16, 1989 effective date of the TLRA.⁴ Section 7(c) reads as follows:

⁴ The Lanham Act does not explicitly state that the benefits of § 7(c) should be available only to applications filed on or after the effective date of the TLRA. However, as McCarthy notes, "Lanham Act § 33(b)(5), 15 U.S.C. § 1115(b)(5) distinguishes between the application date creating constructive use on the one hand and the registration date creating constructive notice [under § 22] on the other hand, limiting the later to a case where "the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988." This indicates a legislative intent to restrict the benefits of § 7(c) constructive use to registrations

(c) *Application to register mark considered constructive use.* Contingent on the registration of a mark on the principal register provided by this Act, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing–

(1) has used the mark;

(2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or

(3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 44(d) [15 USC 1126(d)] to register the mark which is pending or has resulted in registration of the mark.

Id. Section 7(c) thus confers on the successful registrant nationwide “constructive use” priority in the registered mark as of the date of application, and does so regardless of whether the registrant has in fact made or is in fact making actual nationwide use of the mark. *See Humanoids Group v. Rogan*, 375 F.3d 301, 305 n.3 (4th Cir. 2004) (“Constructive use establishes a priority date with the same legal effect as the earliest actual use of a trademark at common law.” (citation omitted)). Note that until the registration issues, this priority is merely “contingent” nationwide priority. The applicant may not use § 7(c) to enjoin others’ conduct until the registration issues, at which time the registrants’ constructive use priority is the date of application.

To appreciate the practical significance of § 7(c), imagine the following course of events:

- Time 1: A files a § 1(b) intent-to-use application for registration of the mark.
- Time 2: B subsequently begins to make actual use of the mark throughout the U.S.
- Time 3: A begins to make actual use of the mark throughout the U.S. and files a Statement of Use.
- Time 4: A’s application matures into registration.

Under the terms of § 7(c), registration confers on A nationwide priority as of Time 1 even though A did not make actual use of the mark until Time 3. At Time 4, A may enjoin B’s use. Meanwhile, even though B was the first to make actual use of the mark, it cannot on that basis enjoin A from completing the ITU process by making its own actual use. *See WarnerVision Entertainment Inc. v. Empire of Carolina Inc.*, 101

resulting from applications filed after the effective date of the revision.” McCarthy § 26.38 fn 1.10.

F.3d 259, 262 (2d Cir. 1996) (“The ITU provisions permit the holder of an ITU application to use the mark in commerce, obtain registration, and thereby secure priority retroactive to the date of filing of the ITU application. Of course, this right or privilege is not indefinite; it endures only for the time allotted by the statute. But as long as an ITU applicant's privilege has not expired, a court may not enjoin it from making the use necessary for registration on the grounds that another party has used the mark subsequent to the filing of the ITU application. To permit such an injunction would eviscerate the ITU provisions and defeat their very purpose.”).

As the statutory language makes clear, § 7(c) nationwide constructive use priority is subject to certain important exceptions. Most significantly, the registrant cannot assert priority over any person who began use of the mark prior to the registrant's date of application. This prior “common law” or unregistered user may continue to use its mark in the area in which it was using it as of the registrant's date of application. One statutory basis for this rule—that the pre-application user is frozen to its area of use as of the date of application—is § 33(b)(5), 15 U.S.C. § 1115(b)(5), which establishes a so-called “intermediate junior user” defense against either a contestable or incontestable registration. Section 33(b)(5) provides that the registrant's rights are subject to the defense

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 7(c) [15 USC 1057(c)], (B) the registration of the mark under this Act if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 12 of this Act [15 USC 1062(c)]: Provided, however, That this defense or defect shall apply only for the area in which such continuous prior use is proved.

15 U.S.C. § 1115(b)(5).

The practical significance of § 33(b)(5) may be demonstrated with the following set of facts:

- Time 1: A begins actual use of the mark in Area A.
- Time 2: B begins actual use of the mark in Area B.
- Time 3: A applies to register the mark.
- Time 4: A's registration issues.

In this set of facts, A is the senior national user and B is the junior national user who began its use at a time “intermediate” between A's first use and A's application to register. From Time 4, A may enjoin B's use anywhere in the U.S. except in Area B (provided that B adopted the mark without knowledge of A's use). If B has been

expanding its use between Time 2 and Time 4, it will be allowed to continue to use its mark in its area of actual use as of Time 3.

What about situations in which the non-registrant is the senior national user? Thus:

- Time 1: A begins actual use of the mark in Area A.
- Time 2: B begins actual use of the mark in Area B.
- Time 3: B applies to register the mark.
- Time 4: B's registration issues.

Here, § 33(b)(5) does not apply because A is not the intermediate junior user. Instead, A is the senior user. There is some uncertainty over whether registrant B may limit A's use to its area of expansion as of B's date of application or B's date of registration. McCarthy endorses the view that B may only limit A's area of expansion as of the latter date, B's date of registration, because this was the view of the Trademark Review Commission in 1988. MCCARTHY § 26:40. It is not clear, however, why § 7(c) nationwide constructive use, to the extent that it is equivalent to actual nationwide common law use, would not freeze the non-registrant as of the date of application.

b. Applications Filed before November 16, 1989: Constructive Notice Priority as of Date of Registration

Applications filed before November 16, 1989 must rely on § 22, 15 U.S.C. § 1072:

Registration of a mark on the principal register provided by this Act or under the Act of March 3, 1981, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof.

This "constructive notice" disables any person who adopts the mark after the registrant's date of registration from claiming that it did so in good faith. See MCCARTHY § 26:32. Section 33(b)(5) applies to intermediate junior users (those who adopted the mark after the registrant began actual use of the mark but before the registrant's date of registration). See, e.g., *Burger King of Fla., Inc. v. Hoots*, 403 F.2d 904 (7th Cir. 1968) (limiting intermediate junior user of BURGER KING for restaurant services to 25-mile radius around Mattoon, Illinois). Senior common law users (those who adopted the mark before the registrant began actual use of the mark) are frozen to their area of use as of the date of registration. See Lanham Act § 15, 15 U.S.C. § 1065.

c. Concurrent Use and Registration

Lanham Act § 2(d), 15 U.S.C. § 1052(d), provides that two or more parties may use or register similar or identical marks for similar or identical goods provided that

their respective uses of the marks will be sufficiently geographically distinct as not to cause consumer confusion. The text of § 2(d) provides as follows:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: Provided, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

15 U.S.C. § 1052(d). *See also* TMEP § 1207.

Thus, the first applicant for a mark may be granted a registration covering the entirety of the U.S. except for the limited area in which an intermediate junior user or senior common law user is entitled to use the mark. *See, e.g., Terrific Promotions, Inc. v. Vanlex, Inc.*, 36 U.S.P.Q.2d 1349 (TTAB 1995) (“TPI is entitled to a concurrent use registration for the mark DOLLAR BILLS and design for discount variety goods store services for the area comprising the entire United States except for the counties of Essex, Bergen, Hudson, Union and Middlesex in New Jersey, the five Boroughs of New York City and the counties of Suffolk, Nassau, Westchester,

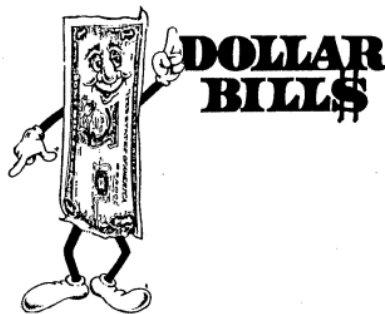
Rockland and Putnam in New York, the county of Fairfield in Connecticut and the county of Allegheny in Pennsylvania.” (see registration certificate below)); *Weiner King, Inc. v. Wiener King Corp.*, 615 F.2d 512 (C.C.P.A. 1980) (limiting junior user-Registrant’s registration to the entirety of the U.S. except for certain areas of New Jersey in which senior user had been using its mark). Meanwhile, the intermediate junior user or senior common law user may seek to register the mark for the limited area in which it is allowed still to use the mark. See, e.g., *Ole’ Taco, Inc. v. Tacos Ole, Inc.*, 221 U.S.P.Q. 912 (TTAB 1984) (limiting senior user’s registration to entirety of U.S. except for area consisting of 180-mile radius around Grand Rapids, Michigan; limiting junior user’s registration to Grand Rapids, Michigan (see registration certificates below)).

Int. Cl.: 42

Prior U.S. Cl.: 101

United States Patent and Trademark Office **Reg. No. 1,926,806**
Registered Oct. 17, 1995

SERVICE MARK
PRINCIPAL REGISTER
CONCURRENT USE



TPI OF ILLINOIS, INC. (ILLINOIS CORPORATION)
4611 WEST 136TH STREET
CRESTWOOD, IL 60445, BY MERGER WITH
TERRIFIC PROMOTIONS, INC. (MARYLAND CORPORATION) ALEXANDRIA, VA 22312

FOR: DISCOUNT VARIETY GOODS STORE
SERVICES, IN CLASS 42 (U.S. CL. 101).
FIRST USE 11-15-1986; IN COMMERCE
11-15-1986.

REGISTRATION LIMITED TO THE AREA
COMPRISING THE ENTIRE UNITED STATES
EXCEPT FOR THE COUNTIES OF ESSEX,

BERGEN, HUDSON, UNION AND MIDDLESEX
IN NEW JERSEY, THE FIVE BOROUGHES OF
NEW YORK CITY AND THE COUNTIES OF
SUFFOLK, NASSAU, WESTCHESTER, ROCK-
LAND AND PUTNAM IN NEW YORK, THE
COUNTY OF FAIRFIELD IN CONNECTICUT
AND THE COUNTY OF ALLEGHENY IN
PENNSYLVANIA, CONCURRENT USE PRO-
CEEDING NO. 853 WITH SERIAL NO. 73/
725611.

SER. NO. 73-725,611, FILED 5-2-1988.

WAI BUI ZEE, EXAMINING ATTORNEY

Int. Cl.: 42

Prior U.S. Cl.: 100

United States Patent and Trademark Office **Reg. No. 1,376,369**
Registered Dec. 17, 1985

SERVICE MARK
PRINCIPAL REGISTER



OLE' TACO INC. (MICHIGAN CORPORATION)
2417 EASTERN AVE. SE.
GRAND RAPIDS, MI 49507

FOR: RESTAURANT SERVICES, IN CLASS
42 (U.S. CL. 100).

FIRST USE 9-0-1969; IN COMMERCE
9-0-1969.

SUBJECT TO CONCURRENT USE PRO-
CEEDING WITH SERIAL NO. 89,563. APPLI-
CANT CLAIMS THE AREA COMPRISING THE
STATE OF MICHIGAN, AND SUCH PORTIONS
OF INDIANA, ILLINOIS, AND OHIO AS DO

NOT EXTEND BEYOND A 180-MILE RADIUS
WHOSE CENTRAL POINT IS GRAND RAPIDS,
MICHIGAN.

NO CLAIM IS MADE TO THE EXCLUSIVE
RIGHT TO USE "TACOS", APART FROM THE
MARK AS SHOWN.

THE TERM "OLE'" AS USED IN THE MARK
IS A SPANISH EXPRESSION MEANING
"BRAVO!".

SER. NO. 93,243, FILED 7-12-1976.

MARC BERGSMAN, EXAMINING ATTORNEY

Int. Cl.: 42

Prior U.S. Cl.: 100

United States Patent and Trademark Office

Restricted

Reg. No. 1,135,911

Registered May 20, 1980

OG Date Aug. 18, 1987

**SERVICE MARK
PRINCIPAL REGISTER**

TACOS OLE'

TACOS OLE, INC. (FLORIDA CORPORATION)
4142 SW. 70TH CT.
MIAMI, FL 33155

REGISTRATION LIMITED TO THE AREA COMPRISING THE ENTIRE UNITED STATES EXCEPT THE STATE OF MICHIGAN AND SUCH PORTIONS OF ILLINOIS, INDIANA AND OHIO AS DO NOT EXTEND A 180-MILE RADIUS WHOSE CENTRAL POINT IS GRAND RAPIDS, MICHIGAN. CONCURRENT

USE PROCEEDING NO. 498 WITH, OLE' TACO INC.

WITHOUT DISCLAIMING ANY COMMON LAW RIGHTS OR RIGHTS IN THE MARK AS A WHOLE, THE WORD "TACOS" IS DISCLAIMED. APART FROM THE MARK AS SHOWN.

FOR: RESTAURANT AND CATERING SERVICES, IN CLASS 42 (U.S. CL. 100).

FIRST USE 1-20-1969; IN COMMERCE 1-20-1969.

SER. NO. 89,563, FILED 6-7-1976.

d. The Dawn Donut Rule

In *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959), the Second Circuit established a significant geographic limitation on a federal registrant's ability to enjoin confusingly-similar uses by those over whom the registrant has priority. The *Dawn Donut* court held that though registration confers on the registrant nationwide priority, mere registration without more does not entitle the registrant to nationwide injunctive relief. Instead, the registrant must show that it is likely to make (or is already making) an actual use of the mark in a post-registration junior user's area of trade before the registrant will be entitled to enjoin that use. The *Dawn Donut* rule does not present a problem for a registrant making nationwide use of its mark. But for a registrant making only a local or regional use of its mark, the registrant cannot enjoin uses in different geographic areas until it can show that it is likely to use or is actually using its mark in those areas.

In the *Dawn Donut* case itself, the plaintiff was the senior user and registrant of the mark DAWN for doughnuts, which it had registered in 1927 and renewed under the Lanham Act in 1947. In 1951, the defendant began to use the same mark for doughnuts in Rochester, New York. At the time of the suit, the plaintiff was not

using its mark in the Rochester area. The Second Circuit held that if the plaintiff was not making actual use of its mark in the Rochester area, then the defendant's use of the mark would not create a likelihood of confusion that could form the basis of injunctive relief:

[I]f the use of the marks by the registrant and the unauthorized user are confined to geographically separate markets, with no likelihood that the registrant will expand his use into the defendant's market, so that no public confusion is possible, then the registrant is not entitled to enjoin the junior user's use of the mark.

Dawn Donut, 267 F. 2d at 364. The plaintiff could seek relief at a later date if it could show an intent to expand into the defendant's area of use:

[B]ecause of the effect we have attributed to the constructive notice provision of the Lanham Act, the plaintiff may later, upon a proper showing of an intent to use the mark at the retail level in defendant's market area, be entitled to enjoin defendant's use of the mark.

Id. at 365. The strange effect of the *Dawn Donut* rule is that the defendant would have to stop its use of the mark and yield to the plaintiff at some point in the future when the plaintiff could show expansion into defendant's area of trade.

Dawn Donut remains good law. In the remarkable case of *What-A-Burger Of Virginia, Inc. v. Whataburger, Inc. Of Corpus Christi, Texas*, 357 F.3d 441 (4th Cir. 2004), the declaratory defendant Whataburger-Texas registered the mark WHATABURGER for restaurant services in September, 1957. By the time of the suit, Whataburger-Texas was using the mark in connection with over 500 locations in various southern states but not in Virginia. The declaratory plaintiff What-a-burger-Virginia began to use the mark WHAT-A-BURGER in Newport News, Virginia in August, 1957, and subsequently expanded its use to various other locations in Virginia in the following years. In 1970, Whataburger-Texas became aware of What-a-burger-Virginia's use in Virginia and proposed a licensing arrangement. There was no further communication between the parties until 2002, when Whataburger-Texas contacted What-a-burger-Virginia to determine if What-a-burger-Virginia's use was infringing on Whataburger-Texas's registered mark. What-a-burger-Virginia asserted, among other things, that Whataburger-Texas was barred by the doctrine of laches from asserting infringement because it had waited nearly thirty years to do so. Whataburger-Texas successfully argued that laches could not apply because, under the principles established in *Dawn Donut*, Whataburger-Texas could not have sought during that thirty year period to enjoin What-a-burger-Virginia's use of the mark in Virginia. The Fourth Circuit explained: "There is nothing in this case to indicate a likelihood of entry into the local Virginia market by [Whataburger-Texas] (in fact, [Whataburger-Texas] specifically disavows any such intention) or that the likelihood of confusion otherwise looms large, triggering the obligation for [Whataburger-Texas] to initiate an action for trademark infringement." *Id.* at 451.

At least one judge, however, has criticized the *Dawn Donut* rule as obsolete:

The *Dawn Donut* Rule was enunciated in 1959. Entering the new millennium, our society is far more mobile than it was four decades ago. For this reason, and given that recent technological innovations such as the Internet are increasingly deconstructing geographical barriers for marketing purposes, it appears to me that a re-examination of precedents would be timely to determine whether the Dawn Donut Rule has outlived its usefulness.

Circuit City Stores, Inc. v. CarMax, Inc., 165 F.3d 1047, 1057 (6th Cir. 1999) (Jones, J., concurring.)

3. National Borders and “Well-Known” Marks

We have focused so far on trademark uses *within* the territorial borders of the U.S. and the geographical extent of rights established by such uses. We turn now to trademark uses *outside* the territorial borders of the U.S. and to the question of whether such uses can form the basis for exclusive rights within the U.S. We will see, first, that trademark rights are generally limited to territorial borders. Thus, foreign uses of trademarks generally do not confer exclusive rights within the U.S. However, under the “well-known marks doctrine,” foreign uses of trademarks that become very well-known in the U.S. may form the basis for rights within the U.S. even when the foreign user is not making any actual use of the mark within the U.S.

a. National-Border Limits on Trademark Rights

The opinion below, *Person's Co., Ltd. v. Christman*, 900 F.2d 1565 (Fed. Cir. 1990), is frequently cited as standing for the proposition that foreign uses do not establish exclusive rights within the U.S. In reading through the opinion, consider the following questions:

- Does the outcome in *Person's* strike you as fair?
- Alternatively, has the Federal Circuit chosen the economically efficient outcome? If not, what would that outcome be?
- What should a foreign trademark user have to show in order to trigger a finding that the domestic user sought to block the foreign user's entrance into the U.S. market?
- Is the *Person's* holding still viable in a globalized, internet-based economy?

Person's Co., Ltd. v. Christman
900 F.2d 1565 (Fed. Cir. 1990)

EDWARD S. SMITH, Senior Circuit Judge.

[1] Person's Co., Ltd. appeals from the decision of the Patent and Trademark Office Trademark Trial and Appeal Board (Board) which granted summary judgment in favor of Larry Christman and ordered the cancellation of appellant's registration¹ for the mark "PERSON'S" for various apparel items. Appellant Person's Co. seeks cancellation of Christman's registration² for the mark "PERSON'S" for wearing apparel on the following grounds: likelihood of confusion based on its prior foreign use, abandonment, and unfair competition within the meaning of the Paris Convention. We affirm the Board's decision.

Background

[2] The facts pertinent to this appeal are as follows: In 1977, Takaya Iwasaki first applied a stylized logo bearing the name "PERSON'S" to clothing in his native Japan. Two years later Iwasaki formed Person's Co., Ltd., a Japanese corporation, to market and distribute the clothing items in retail stores located in Japan.

[3] In 1981, Larry Christman, a U.S. citizen and employee of a sportswear wholesaler, visited a Person's Co. retail store while on a business trip to Japan. Christman purchased several clothing items bearing the "PERSON'S" logo and returned with them to the United States. After consulting with legal counsel and being advised that no one had yet established a claim to the logo in the United States, Christman developed designs for his own "PERSON'S" brand sportswear line based on appellant's products he had purchased in Japan. In February 1982, Christman contracted with a clothing manufacturer to produce clothing articles with the "PERSON'S" logo attached. These clothing items were sold, beginning in April 1982, to sportswear retailers in the northwestern United States. Christman formed Team Concepts, Ltd., a Washington corporation, in May 1983 to continue merchandising his sportswear line, which had expanded to include additional articles such as shoulder bags. All the sportswear marketed by Team Concepts bore either the mark "PERSON'S" or a copy of appellant's globe logo; many of the clothing styles were apparently copied directly from appellant's designs.

[4] In April 1983, Christman filed an application for U.S. trademark registration in an effort to protect the "PERSON'S" mark. Christman believed himself to be the exclusive owner of the right to use and register the mark in the United States and apparently had no knowledge that appellant soon intended to introduce its similar sportswear line under the identical mark in the U.S. market. Christman's registration issued in September 1984 for use on wearing apparel.

[5] In the interim between Christman's first sale and the issuance of his registration, Person's Co., Ltd. became a well known and highly respected force in the Japanese fashion industry. The company, which had previously sold garments

¹ Registration No. 1,354,062, issued August 13, 1985.

² Registration No. 1,297,698, issued September 25, 1984.

under the “PERSON'S” mark only in Japan, began implementing its plan to sell goods under this mark in the United States. According to Mr. Iwasaki, purchases by buyers for resale in the United States occurred as early as November 1982. This was some seven months subsequent to Christman's first sales in the United States. Person's Co. filed an application for U.S. trademark registration in the following year, and, in 1985, engaged an export trading company to introduce its goods into the U.S. market. The registration for the mark “PERSON'S” issued in August 1985 for use on luggage, clothing and accessories. After recording U.S. sales near 4 million dollars in 1985, Person's Co. granted California distributor Zip Zone International a license to manufacture and sell goods under the “PERSON'S” mark in the United States.

[6] In early 1986, appellant's advertising in the U.S. became known to Christman and both parties became aware of confusion in the marketplace. Person's Co. initiated an action to cancel Christman's registration on the following grounds: (1) likelihood of confusion; (2) abandonment; and (3) unfair competition within the meaning of the Paris Convention. Christman counterclaimed and asserted prior use and likelihood of confusion as grounds for cancellation of the Person's Co. registration.

[7] After some discovery, Christman filed a motion with the Board for summary judgment on all counts. In a well reasoned decision, the Board held for Christman on the grounds that Person's use of the mark in Japan could not be used to establish priority against a “good faith” senior user in U.S. commerce. The Board found no evidence to suggest that the “PERSON'S” mark had acquired any notoriety in this country at the time of its adoption by Christman. Therefore, appellant had no reputation or goodwill upon which Christman could have intended to trade, rendering the unfair competition provisions of the Paris Convention inapplicable. The Board also found that Christman had not abandoned the mark, although sales of articles bearing the mark were often intermittent. The Board granted summary judgment to Christman and ordered appellant's registration cancelled.

[8] The Board held in its opinion on reconsideration that Christman had not adopted the mark in bad faith despite his appropriation of a mark in use by appellant in a foreign country. The Board adopted the view that copying a mark in use in a foreign country is not in bad faith unless the foreign mark is famous in the United States or the copying is undertaken for the purpose of interfering with the prior user's planned expansion into the United States. Person's Co. appeals and requests that this court direct the Board to enter summary judgment in its favor.

Issues

[9] 1. Does knowledge of a mark's use outside U.S. commerce preclude good faith adoption and use of the identical mark in the United States prior to the entry of the foreign user into the domestic market?

[10] 2. Did the Board properly grant summary judgment in favor of Christman on the issue of abandonment?

Cancellation

[11] The Board may properly cancel a trademark registration within five years of issue when, e.g. (1) there is a valid ground why the trademark should not continue to be registered and (2) the party petitioning for cancellation has standing. Such cancellation of the marks' registrations may be based upon any ground which could have prevented registration initially. The legal issue in a cancellation proceeding is the right to register a mark, which may be based on either (1) ownership of a foreign registration of the mark in question or (2) use of the mark in United States commerce.

Priority

[12] The first ground asserted for cancellation in the present action is § 2(d) of the Lanham Act; each party claims prior use of registered marks which unquestionably are confusingly similar and affixed to similar goods.

[13] Section 1 of the Lanham Act³ states that “[t]he owner of a trademark *used in commerce* may register his trademark....” The term “commerce” is defined in Section 45 of the Act as “... all commerce which may be lawfully regulated by Congress.” No specific Constitutional language gives Congress power to regulate trademarks, so the power of the federal government to provide for trademark registration comes only under its commerce power. The term “used in commerce” in the Lanham Act refers to a sale or transportation of goods bearing the mark in or having an effect on: (1) United States interstate commerce; (2) United States commerce with foreign nations; or (3) United States commerce with the Indian Tribes.

[14] In the present case, appellant Person's Co. relies on its use of the mark in Japan in an attempt to support its claim for priority in the United States. Such foreign use has no effect on U.S. commerce and cannot form the basis for a holding that appellant has priority here. The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country's statutory scheme. Christman was the first to use the mark in United States commerce and the first to obtain a federal registration thereon. Appellant has no basis upon which to claim priority and is the junior user under these facts.⁴

³ The case at bar is decided under the provisions of the Act in force prior to the enactment of the Trademark Law Revision Act of 1988.

⁴ Section 44 of the Lanham Act, 15 U.S.C. § 1126 (1982), permits qualified foreign applicants who own a registered mark in their country of origin to obtain a U.S. trademark registration without alleging actual use in U.S. commerce. If a U.S. application is filed within six months of the filing of the foreign application, such U.S. registration will be accorded the same force and effect as if filed in the United States

Bad Faith

[15] Appellant vigorously asserts that Christman's adoption and use of the mark in the United States subsequent to Person's Co.'s adoption in Japan is tainted with “bad faith” and that the priority in the United States obtained thereby is insufficient to establish rights superior to those arising from Person's Co.'s prior adoption in a foreign country. Relying on *Woman's World Shops, Inc. v. Lane Bryant, Inc.*, 5 USPQ2d 1985 (TTAB 1988), Person's Co. argues that a “remote junior user” of a mark obtains no right superior to the “senior user” if the “junior user” has adopted the mark with knowledge of the “senior user's” prior use.⁵ In *Woman's World*, the senior user utilized the mark within a limited geographical area. A junior user from a different geographical area of the United States sought unrestricted federal registration for a nearly identical mark, with the exception to its virtually exclusive rights being those of the known senior user. The Board held that such an appropriation with knowledge failed to satisfy the good faith requirements of the Lanham Act and denied the concurrent use rights sought by the junior user. 5 USPQ2d at 1988. Person's Co. cites *Woman's World* for the proposition that a junior user's adoption and use of a mark with knowledge of another's prior use constitutes bad faith. It is urged that this principle is equitable in nature and should not be limited to knowledge of use within the territory of the United States.

[16] While the facts of the present case are analogous to those in *Woman's World*, the case is distinguishable in one significant respect. In *Woman's World*, the first use of the mark by both the junior and senior users was in United States commerce. In the case at bar, appellant Person's Co., while first to adopt the mark, was not the first user in the United States. Christman is the senior user, and we are aware of no case where a senior user has been charged with bad faith. The concept of bad faith adoption applies to remote junior users seeking concurrent use registrations; in such cases, the likelihood of customer confusion in the remote area may be presumed from proof of the junior user's knowledge.⁶ In the present case,

on the same date on which the application was first filed in the foreign country. The statutory scheme set forth in § 44 is in place to lower barriers to entry and assist foreign applicants in establishing business goodwill in the United States. Person's Co. does not assert rights under § 44, which if properly applied, might have been used to secure priority over Christman.

⁵ Appellant repeatedly makes reference to a “world economy” and considers Christman to be the remote junior user of the mark. Although Person's did adopt the mark in Japan prior to Christman's use in United States commerce, the use in Japan cannot be relied upon to acquire U.S. trademark rights. Christman is the senior user as that term is defined under U.S. trademark law.

⁶ See 2 J. McCarthy, *Trademarks and Unfair Competition* § 26:4 (2d ed. 1984); Restatement of Torts § 732 comment a (1938).

when Christman initiated use of the mark, Person's Co. had not yet entered U.S. commerce. The Person's Co. had no goodwill in the United States and the "PERSON'S" mark had no reputation here. Appellant's argument ignores the territorial nature of trademark rights.

[17] Appellant next asserts that Christman's knowledge of its prior use of the mark in Japan should preclude his acquisition of superior trademark rights in the United States. The Board found that, at the time of registration, Christman was not aware of appellant's intention to enter the U.S. clothing and accessories market in the future. Christman obtained a trademark search on the "PERSON'S" mark and an opinion of competent counsel that the mark was "available" in the United States. Since Appellant had taken no steps to secure registration of the mark in the United States, Christman was aware of no basis for Person's Co. to assert superior rights to use and registration here. Appellant would have us infer bad faith adoption because of Christman's awareness of its use of the mark in Japan, but an inference of bad faith requires something more than mere knowledge of prior use of a similar mark in a foreign country.

[18] As the Board noted below, Christman's prior use in U.S. commerce cannot be discounted solely because he was aware of appellant's use of the mark in Japan. While adoption of a mark with knowledge of a prior actual *user* in U.S. commerce may give rise to cognizable equities as between the parties, no such equities may be based upon knowledge of a similar mark's existence or on a problematical intent to use such a similar mark in the future. Knowledge of a foreign use does not preclude good faith adoption and use in the United States. While there is some case law supporting a finding of bad faith where (1) the foreign mark is famous here⁷ or (2) the use is a nominal one made solely to block the prior foreign user's planned expansion into the United States,⁸ as the Board correctly found, neither of these circumstances is present in this case.

[19] We agree with the Board's conclusion that Christman's adoption and use of the mark were in good faith. Christman's adoption of the mark occurred at a time when appellant had not yet entered U.S. commerce; therefore, no prior user was in place to give Christman notice of appellant's potential U.S. rights. Christman's conduct in appropriating and using appellant's mark in a market where he believed the Japanese manufacturer did not compete can hardly be considered unscrupulous commercial conduct. Christman adopted the trademark being used by appellant in Japan, but appellant has not identified any aspect of U.S. trademark law violated by such action. Trademark rights under the Lanham Act arise solely out of use of the mark in U.S. commerce or from ownership of a foreign registration thereon; "[t]he

⁷ See, e.g., *Vaudable v. Montmartre, Inc.*, 20 Misc.2d 757, 193 N.Y.S.2d 332, 123 USPQ 357 (N.Y.Sup.Ct. 1959); *Mother's Restaurants, Inc. v. Mother's Other Kitchen, Inc.*, 218 USPQ 1046 (TTAB 1983).

⁸ See *Davidoff Extension, S.A. v. Davidoff Int'l.*, 221 USPQ 465 (S.D.Fla. 1983).

law pertaining to registration of trademarks does not regulate all aspects of business morality.” [citation omitted] When the law has been crafted with the clarity of crystal, it also has the qualities of a glass slipper: it cannot be shoe-horned onto facts it does not fit, no matter how appealing they might appear.

...

Conclusion

[20] In *United Drug Co. v. Rectanus Co.*, 248 U.S. 90 (1918), the Supreme Court of the United States determined that “[t]here is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.... [I]ts function is simply to designate the goods as the product of a particular trader and to protect his goodwill against the sale of another's product as his; and it is not the subject of property except in connection with an existing business.”⁹ In the present case, appellant failed to secure protection for its mark through use in U.S. commerce; therefore, no established business or product line was in place from which trademark rights could arise. Christman was the first to use the mark in U.S. commerce. This first use was not tainted with bad faith by Christman's mere knowledge of appellant's prior foreign use, so the Board's conclusion on the issue of priority was correct.... Accordingly, the grant of summary judgment was entirely in order, and the Board's decision is affirmed.

AFFIRMED.

Comments and Questions

1. *The Territoriality of Priority and the “Use in Commerce” Requirement.* How might a foreign user of a mark avoid the outcome in *Person's*? In other words, what would Person's have had to do to prevail over Christman? Recall our consideration of the “use in commerce” requirement above in Part I.C. If, prior to Christman's use, Person's had made sufficient use in the U.S. to satisfy the “use in commerce” requirement, then Person's would have enjoyed priority over Christman. Recall also, however, our consideration of the territorial limits of rights in unregistered marks. If Person's had made a use prior to Christman's only in certain areas of the U.S. and failed to apply for registration of its mark, then Christman could possibly have claimed priority in those areas where Person's had not yet made a use. Indeed, in such a situation, Christman could apply for registration and freeze Person's to the limited areas in which Person's was using the mark as of the date of Christman's application. Lanham Act § 7(c), 15 U.S.C. § 1057(c).

⁹ 248 U.S. at 97. It goes without saying that the underlying policy upon which this function is grounded is the protection of the public in its purchase of a service or product. See, e.g. *In re Canadian Pacific Ltd.*, 754 F.2d 992, 994 (Fed.Cir. 1985).

Two significant cases have emerged out of the relation between territorial priority and the use in commerce requirement, both in the context of services. The first is *Buti v. Perosa, S.R.L.*, 139 F.3d 98 (2d Cir. 1998). In 1987, the declaratory defendant opened FASHION CAFE in Milan, Italy and promoted the restaurant in the U.S. with “literally thousands of t-shirts, cards, and key chains with the...Fashion Cafe name and logo.” *Id.* at 100. However, the defendant never opened a restaurant in the U.S. In 1993, Buti opened FASHION CAFE in Miami and subsequently announced plans to open franchises in several other U.S. cities. When the defendant threatened suit, Buti sought a declaration that the defendant had no rights in FASHION CAFE in the U.S. The Second Circuit held that the Italian company did not make sufficient “use in commerce” in the U.S. to establish rights in the mark. Citing *Person’s*, Judge Cote noted that even if Buti adopted the fashion cafe mark with full knowledge of the defendant’s use in Milan, Buti could still claim good faith adoption of and priority in the mark in the U.S. *Id.* at 106-07.

In *International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359 (4th Cir. 2003), the mark at issue was CASINO DE MONTE CARLO. The declaratory plaintiffs operated various websites whose domain names and content incorporated at least “some portion”, *id.* at 361, of the term CASINO DE MONTE CARLO and various images of the declaratory defendant’s casino in Monte Carlo, which has operated under the CASINO DE MONTE CARLO mark since 1863. The defendant advertised its casino in the U.S. but rendered its services only abroad. In a controversial opinion, the Fourth Circuit found infringement. Judge Luttig reasoned, in short, that the defendant had shown “use in commerce” because (1) U.S. consumers’ purchase of casino services from the defendant constituted trade with a foreign nation that Congress was empowered to regulate, and (2) the defendant’s advertising of its mark in the U.S. had made the mark distinctive as a designation of source in the U.S. Judge Luttig distinguished *Buti* on the grounds that (1) the *Buti* defendant had conceded that its services in Milan did not constitute trade between the U.S. and Italy, and (2) the *Buti* defendant undertook no “formal advertising campaign” aimed at U.S. citizens. *Id.* at 369 (*quoting Buti*, 139 F.3d at 100). In a thorough and well-reasoned opinion, Judge Motz dissented. *Id.* at 383-398 (Motz, J., dissenting).

b. The Well-Known Marks Doctrine

Though it is rarely invoked, the well-known marks doctrine constitutes an important exception to—or variation on—the territoriality principle in trademark law. It is also the source of a basic split between the Ninth and Second Circuits on whether U.S. federal trademark law incorporates well-known marks protection. As you read through the opinions below, consider the following questions:

- As a policy matter, for a foreign mark not used in the U.S., how well-known should such a mark be in the U.S. for it to qualify for protection in the U.S.?

Should mere secondary meaning in a particular geographic location be sufficient? “Secondary meaning plus”? Nationwide fame?

- What is the particular statutory or common law basis for the Ninth Circuit’s application of the well-known marks doctrine?
- Is the New York Court of Appeals approach to the issue persuasive?
- Is the well-known marks doctrine simply a transnational extension of the *Tea Rose-Rectanus* doctrine? Is there any way in which the well-known marks doctrine is different?

i. The Well-Known Marks Doctrine in the Ninth Circuit

Grupo Gigante SA De CV v. Dallo & Co., Inc.

391 F.3d 1088 (9th Cir. 2004)

KLEINFELD, Circuit Judge.

[1] This is a trademark case. The contest is between a large Mexican grocery chain that has long used the mark, but not in the United States, and a small American chain that was the first to use the mark in the United States, but did so, long after the Mexican chain began using it, in a locality where shoppers were familiar with the Mexican mark.

Facts

[2] Grupo Gigante S.A. de C.V. (“Grupo Gigante”) operates a large chain of grocery stores in Mexico, called “Gigante,” meaning “Giant” in Spanish. Grupo Gigante first called a store “Gigante” in Mexico City in 1962. In 1963, Grupo Gigante registered the “Gigante” mark as a trade name in Mexico, and has kept its registration current ever since. The chain was quite successful, and it had expanded into Baja California, Mexico by 1987. By 1991, Grupo Gigante had almost 100 stores in Mexico, including six in Baja, all using the mark “Gigante.” Two of the Baja stores were in Tijuana, a city on the U.S.-Mexican border, just south of San Diego.

[3] As of August 1991, Grupo Gigante had not opened any stores in the United States. That month, Michael Dallo began operating a grocery store in San Diego, using the name “Gigante Market.” In October 1996, Dallo and one of his brothers, Chris Dallo, opened a second store in San Diego, also under the name Gigante Market. The Dallo brothers—who include Michael, Chris, and their two other brothers, Douray and Rafid—have since controlled the two stores through various limited liability corporations.

[4] In 1995, which was after the opening of the Dallos’ first store and before the opening of their second, Grupo Gigante began exploring the possibility of expanding into Southern California. It learned of the Dallos’ Gigante Market in San Diego. Grupo

Gigante decided against entering the California market at that time. It did nothing about the Dallos' store despite Grupo Gigante's knowledge that the Dallos were using "Gigante" in the store's name.

[5] In 1998, Grupo Gigante decided that the time had come to enter the Southern California market. It arranged a meeting with Michael Dallo in June 1998 to discuss the Dallos' use of the name "Gigante." Grupo Gigante was unsuccessful at this meeting in its attempt to convince Dallo to stop using the "Gigante" mark. Also in June 1998, Grupo Gigante registered the "Gigante" mark with the state of California. The Dallos did likewise in July 1998. Neither has registered the mark federally.

[6] About one year later, in May 1999, Grupo Gigante opened its first U.S. store. That store was followed by a second later that year, and then by a third in 2000. All three stores were in the Los Angeles area. All were called "Gigante," like Grupo Gigante's Mexican stores.

[7] In July 1999, after learning of the opening of Grupo Gigante's first U.S. store, the Dallos sent Grupo Gigante a cease-and-desist letter, making the same demand of Grupo Gigante that Grupo Gigante had made of them earlier: stop using the name Gigante. Grupo Gigante responded several days later by filing this lawsuit. Its claim was based on numerous federal and state theories, including trademark infringement under the Lanham Act.¹ It sought compensatory and punitive damages, a declaratory judgment that it had the superior right to the Gigante mark, and an injunction against the Dallos' use of the mark. The Dallos counterclaimed, on similar theories, asserting it had the superior right to the mark in Southern California.² The Dallos sought a declaratory judgment, injunctive relief, damages, and cancellation of Grupo Gigante's California registration of the mark.

¹ Specifically, Grupo Gigante asserted the following causes of action: (1) improper use of a well-known mark, under Article 6 *bis* of the Paris Convention; (2) unfair competition, under Article 10 *bis* of the Paris Convention; (3) trademark infringement, under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (4) false designation of origin, misrepresentation, and unfair competition, under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (5) violation of the Federal Trademark Dilution Act of 1996, 15 U.S.C. § 1125(c); (6) common law unfair competition; (7) unfair competition under California law; (8) dilution under California law; and (9) common law misappropriation.

² The Dallos asserted the following causes of action: (1) trademark infringement, under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (2) false designation of origin, misrepresentation, and unfair competition, under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (3) common law unfair competition; (4) trademark infringement and unfair competition under California law; (5) dilution under California law; and (6) common law misappropriation.

[8] The district court disposed of the case in a published decision on cross motions for summary judgment.³ The court recognized that under the “territoriality principle,” use of a mark in another country generally does not serve to give the user trademark rights in the United States. Thus, the territoriality principle suggests that the Dallos’ use of the mark, which was the first in the United States, would entitle them to claim the mark. But it held that because Grupo Gigante had already made Gigante a well-known mark in Southern California by the time the Dallos began using it, an exception to the territoriality principle applied. As the district court interpreted what is known as the “famous-mark” or “well-known mark” exception to the territoriality principle, Grupo Gigante’s earlier use in Mexico was sufficient to give it the superior claim to the mark in Southern California. The court held, therefore, that Grupo Gigante was entitled to a declaratory judgment that it had a valid, protectable interest in the Gigante name. Nevertheless, the court held that laches barred Grupo Gigante from enjoining the Dallos from using the mark at their two existing stores. The Dallos appeal the holding that Grupo Gigante has a protectable right to use the mark in Southern California. Grupo Gigante appeals the laches holding. We agree in large part with the district court’s excellent opinion, but some necessary qualifications to it require a remand.

Analysis

The exception for famous and well-known foreign marks

[9] We review the summary judgment decision de novo.

[10] A fundamental principle of trademark law is first in time equals first in right. But things get more complicated when to time we add considerations of place, as when one user is first in time in one place while another is first in time in a different place. The complexity swells when the two places are two different countries, as in the case at bar.

[11] Under the principle of first in time equals first in right, priority ordinarily comes with earlier *use* of a mark in commerce. It is “not enough to have invented the mark first or even to have registered it first.” If the first-in-time principle were all that mattered, this case would end there. It is undisputed that Grupo Gigante used the mark in commerce for decades before the Dallos did. But the facts of this case implicate another well-established principle of trademark law, the “territoriality principle.” The territoriality principle, as stated in a treatise, says that “[p]riority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world.”⁴ Earlier use in another

³ Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc., 119 F.Supp.2d 1083 (C.D.Cal.2000).

⁴ J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 29:2, at 29–6 (4th ed. 2002) (internal footnote omitted).

country usually just does not count.⁵ Although we have not had occasion to address this principle, it has been described by our sister circuits as “basic to trademark law,” in large part because “trademark rights exist in each country solely according to that country’s statutory scheme.”⁶ While Grupo Gigante used the mark for decades before the Dallos used it, Grupo Gigante’s use was in Mexico, not in the United States. Within the San Diego area, on the northern side of the border, the Dallos were the first users of the “Gigante” mark. Thus, according to the territoriality principle, the Dallos’ rights to use the mark would trump Grupo Gigante’s.

[12] Grupo Gigante does not contest the existence of the territoriality principle. But like the first-in-time, first-in-right principle, it is not absolute. The exception, as Grupo Gigante presents it, is that when foreign use of a mark achieves a certain level of fame for that mark within the United States, the territoriality principle no longer serves to deny priority to the earlier foreign user. The Dallos concede that there is such an exception, but dispute what it takes for a mark to qualify for it. Grupo Gigante would interpret the exception broadly, while the Dallos would interpret it narrowly.

[13] Grupo Gigante does not argue to this court that it used the mark *in the United States* in a way that qualifies for protection regardless of the territoriality principle and any exception to it. While the district court opinion suggests that Grupo Gigante made an alternative argument of this sort below, its argument on appeal is limited to whether the mark has become well-known enough to overcome the territoriality principle. For example, while the statement of facts in Grupo Gigante’s brief claims that Grupo Gigante engaged in advertising in Mexico that reached United States consumers, Grupo Gigante does not assert that this advertising, combined with other activities, constitutes domestic use of the mark.⁷ Thus, while Grupo Gigante does not appear to concede explicitly that application of the famous-mark exception is necessary to its success on appeal, the structure of its argument suggests as much. Since the district court based its holding on an interpretation of the exception, and since Grupo Gigante does not urge us to consider alternative ways it might be eligible for protection, we have no occasion to decide, and do not decide, whether Grupo Gigante could establish protection for its mark apart from application of the famous-mark exception to the territoriality principle.

[14] There is no circuit-court authority—from this or any other circuit—applying a famous-mark exception to the territoriality principle. At least one circuit

⁵ See *Person’s Co., Ltd. v. Christman*, 900 F.2d 1565, 1569–70 (Fed.Cir. 1990); *Buti v. Perosa, S.R.L.*, 139 F.3d 98, 103–05 (2d Cir.1998); *Fuji Photo Film Co., Inc. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599 (5th Cir. 1985).

⁶ *Fuji Photo*, 754 F.2d at 599; see also *Person’s*, 900 F.2d at 1569.

⁷ See, e.g., *Int’l Bancorp, LLC v. Societe des Bains de Mer*, 329 F.3d 359, 370 (4th Cir. 2003).

judge has, in a dissent, called into question whether there actually is any meaningful famous-mark exception.⁸ We hold, however, that there is a famous mark exception to the territoriality principle. While the territoriality principle is a long-standing and important doctrine within trademark law, it cannot be absolute. An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and “palming off.”⁹ There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.

[15] It might not matter if someone visiting Fairbanks, Alaska from Wellington, New Zealand saw a cute hair-salon name—“Hair Today, Gone Tomorrow,” “Mane Place,” “Hair on Earth,” “Mary’s Hair’em,” or “Shear Heaven”—and decided to use the name on her own salon back home in New Zealand. The ladies in New Zealand would not likely think they were going to a branch of a Fairbanks hair salon. But if someone opened a high-end salon with a red door in Wellington and called it Elizabeth Arden’s, women might very well go there because they thought they were going to an affiliate of the Elizabeth Arden chain, even if there had not been any other Elizabeth Ardens in New Zealand prior to the salon’s opening. If it was not an affiliate, just a local store with no connection, customers would be fooled. The real Elizabeth Arden chain might lose business if word spread that the Wellington salon was nothing special.

[16] The most cited case for the famous-mark exception is *Vaudable v. Montmartre, Inc.*, a 1959 trial court decision from New York.¹⁰ A New York restaurant had opened under the name “Maxim’s,” the same name as the well-known Parisian restaurant in operation since 1893, and still in operation today. The New York Maxim’s used similar typography for its sign, as well as other features likely to evoke the Paris Maxim’s—particularly among what the court called “the class of people residing in the cosmopolitan city of New York who dine out”¹¹ (by which it apparently meant the sort of people who spend for dinner what some people spend for a month’s rent). The court enjoined the New York use, even though the Paris restaurant did not operate in New York, or in the United States, because the Maxim’s mark was “famous.”¹²

⁸ *Int’l Bancorp*, 329 F.3d at 389 n. 9 (Motz, J., dissenting) (“Nor does the ‘famous marks’ doctrine provide SBM any refuge. That doctrine has been applied so seldom (never by a federal appellate court and only by a handful of district courts) that its viability is uncertain.”).

⁹ See *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 901 (9th Cir. 2002).

¹⁰ *Vaudable v. Montmartre, Inc.*, 20 Misc.2d 757, 193 N.Y.S.2d 332 (N.Y.Sup.Ct.1959).

¹¹ *Id.* at 334.

¹² *Id.* at 335.

[17] While *Vaudable* stands for the principle that even those who use marks in other countries can sometimes—when their marks are famous enough—gain exclusive rights to the marks in this country, the case itself tells us little about just how famous or well-known the foreign mark must be. The opinion states in rather conclusory terms that the Paris Maxim's “is, of course, well known in this country,” and that “[t]here is *no doubt* as to its unique and eminent position as a restaurant of international fame and prestige.”¹³ This language suggests that Maxim's had achieved quite a high degree of fame here, and certainly enough to qualify for the exception to the territoriality principle, but it suggests nothing about just how much fame was necessary. It does not suggest where the line is between “Shear Heaven” and Maxim's.

[18] The Patent and Trademark Office's Trademark Trial and Appeal Board, whose expertise we respect and whose decisions create expectations, has recognized the validity of the famous-mark exception.¹⁴ But as with *Vaudable*, none of these cases helps us to establish a clear threshold for just how famous a mark must be to qualify for the exception.

[19] Grupo Gigante urges us to adopt the approach the district court took. The district court held that the correct inquiry was to determine whether the mark had attained secondary meaning in the San Diego area. Secondary meaning refers to a mark's actual ability to trigger in consumers' minds a link between a product or service and the source of that product or service. That is, a mark has secondary meaning “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.”¹⁵ Determining whether a mark has secondary meaning requires taking into account at least seven considerations, which the district court did in this case.¹⁶

[20] Applying its interpretation of the famous-mark exception, the district court concluded that Grupo Gigante's use of the mark had achieved secondary meaning in the San Diego area by the time the Dallos opened their first store, and thus the court held that Grupo Gigante's use was eligible for the exception to the territoriality principle. Grupo Gigante asserts that we, too, should adopt secondary meaning as the definition of the exception. We decline to go quite this far, however, because

¹³ *Id.* at 334 (emphasis added).

¹⁴ See, e.g., *The All England Lawn Tennis Club (Wimbledon) Ltd. v. Creations Aromatiques, Inc.*, 220 U.S.P.Q. 1069, 1072, 1983 WL 51903 (TTAB 1983); *Mother's Rests. Inc. v. Mother's Other Kitchen, Inc.*, 218 U.S.P.Q. 1046, 1048, 1983 WL 51992 (TTAB 1983).

¹⁵ *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 (2000) (internal quotation and editing omitted).

¹⁶ See *Filipino Yellow Pages, Inc. v. Asian Journal Publ'ns, Inc.*, 198 F.3d 1143 (9th Cir. 1999).

following the district court's lead would effectively cause the exception to eclipse the territoriality rule entirely.

[21] Secondary meaning has two functions. First, it serves to determine whether certain marks are distinctive enough to warrant protection. Some marks—those that are arbitrary, fanciful, or suggestive—are deemed inherently distinctive. Others—including those that are descriptive of some feature of the products or services to which they are attached—require some indication of distinctiveness before trademark protection is available. That required indication is that the mark have acquired secondary meaning. Thus, before Grupo Gigante (or for that matter the Dallos) could have a protectable interest in “Gigante” at all, Grupo Gigante would have to show that the mark has acquired secondary meaning by demonstrating that it has come to identify to consumers Grupo Gigante's particular brand of store, not merely a characteristic of Grupo Gigante's stores and others like them.

[22] Second, and most relevant to this case, secondary meaning defines the geographic area in which a user has priority, regardless of who uses the mark first. Under what has become known as the *Tea Rose–Rectanus* doctrine, priority of use in one geographic area within the United States does not necessarily suffice to establish priority in another area. Thus, the first user of a mark will not necessarily be able to stop a subsequent user, where the subsequent user is in an area of the country “remote” from the first user's area.¹⁷ The practical effect is that one user may have priority in one area, while another user has priority over the very same mark in a different area. The point of this doctrine is that in the remote area, where no one is likely to know of the earlier user, it is unlikely that consumers would be confused by the second user's use of the mark. Secondary meaning comes into play in determining just how far each user's priority extends. Courts ask whether the first, geographically limited use of the mark is well-known enough that it has gained secondary meaning not just within the area where it has been used, but also within the remote area, which is usually the area where a subsequent user is claiming the right to use the mark.

[23] Assume, for example, that Grupo Gigante had been using the mark in Arizona as well as in various parts of Mexico, and that it had met all the other requirements of having a protectable interest in the mark, including having established secondary meaning throughout Arizona. If the Dallos later began using the same mark in San Diego without knowledge of Grupo Gigante's earlier “remote”

¹⁷ Good faith may also be an issue in such cases. See *Hanover Star*, 240 U.S. at 415, 36 S.Ct. 357 (excepting from the general *Tea Rose–Rectanus* principle cases in which “the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.”). Good faith is not raised in this appeal (perhaps because the appeal comes up on summary judgment) and is irrelevant to our analysis.

use in Arizona, whether Grupo Gigante could stop them would depend on what the mark meant to consumers in San Diego. Under the *Tea Rose–Rectanus* doctrine, Grupo Gigante would have priority in San Diego, and thus be able to stop the Dallos' use of the mark, only if the secondary meaning from Grupo Gigante's use of the mark in Arizona extended to San Diego as well. If, on the other hand, the secondary meaning from Grupo Gigante's use were limited to Arizona, then the Dallos might be free to continue using the mark in San Diego.

[24] Thus, if the dispute before us were between a Mexican and Arizonan Grupo Gigante on the one hand, and the Dallos on the other, we would analyze, under the *Tea Rose–Rectanus* doctrine, whether Grupo Gigante's use of the mark had achieved secondary meaning in San Diego. This is how the district court analyzed the actual dispute, as a result of having defined the exception to the territoriality principle in terms of secondary meaning. In other words, the district court treated Grupo Gigante's use of the mark exactly as it would have had Grupo Gigante used the mark not only in Mexico, but also in another part of the United States. Under the district court's interpretation of the exception to the territoriality principle, the fact that Grupo Gigante's earlier use of the mark was entirely outside of the United States becomes irrelevant.

[25] The problem with this is that treating international use differently is what the territoriality principle does. This interpretation of the exception would effectively eliminate the territoriality principle by eliminating any effect of international borders on protectability. We would end up treating foreign uses of the mark just as we treat domestic uses under the *Tea Rose–Rectanus* doctrine, asking in both cases whether the use elsewhere resulted in secondary meaning in the local market.

[26] We would go too far if we did away with the territoriality principle altogether by expanding the famous-mark exception this much. The territoriality principle has a long history in the common law,¹⁸ and at least two circuits have described it as “basic to trademark law.”¹⁹ That status reflects the lack of a uniform trademark regime across international borders. What one must do to acquire trademark rights in one country will not always be the same as what one must do in another. And once acquired, trademark rights gained in other countries are

¹⁸ As McCarthy has noted, traces of the territoriality principle appear in Justice Holmes's opinion for the U.S. Supreme Court in *A. Bourjois & Co. v. Katzel*, 260 U.S. 689, 692, 43 S.Ct. 244, 67 L.Ed. 464 (1923). McCarthy, *supra*, at § 29:1, p. 29–4; *see also Philip Morris Inc. v. Allen Distribs., Inc.*, 48 F.Supp.2d 844, 850 (S.D.Ind. 1999) (identifying *Bourjois* as marking the shift from “the ‘universality’ principle [to] a ‘territoriality principle’ that recognizes a separate legal existence for a trademark in each country whose laws afford protection to the mark”).

¹⁹ *Fuji Photo*, 754 F.2d at 599; *Person's*, 900 F.2d at 1569.

governed by each country's own set of laws.²⁰ Furthermore, we are arguably required by the Paris Convention, of which the United States is a signatory, to preserve the territoriality principle in some form.²¹ Thus, we reject Grupo Gigante's argument that we should define the well-known mark exception as merely an inquiry into whether the mark has achieved secondary meaning in the area where the foreign user wishes to assert protection.

[27] To determine whether the famous-mark exception to the territoriality rule applies, the district court must determine whether the mark satisfies the secondary meaning test. The district court determined that it did in this case, and we agree with its persuasive analysis. But secondary meaning is not enough.

[28] In addition, where the mark has not before been used in the American market, the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark. The relevant American market is the geographic area where the defendant uses the alleged infringing mark. In making this determination, the court should consider such factors as the intentional copying of the mark by the defendant, and whether customers of the American firm are likely to think they are patronizing the same firm that uses the mark in another country. While these factors are not necessarily determinative, they are particularly relevant because they bear heavily on the risks of consumer confusion and fraud, which are the reasons for having a famous-mark exception.

[29] Because the district court did not have the benefit of this additional test, we vacate and remand so that it may be applied. We intimate no judgment on whether further motion practice and some additions to what the district court has already written in its published opinion will suffice, or whether trial will be needed to apply this new test. Nor do we intimate what the result should be. The concurring opinion is incorrect in its suggestion that the case necessarily must go to trial because distinctiveness of a mark is a question of fact and defendants have contested the reliability of plaintiffs' survey evidence. That conclusion flies in the

²⁰ See *Ingenohl v. Walter E. Olsen & Co., Inc.*, 273 U.S. 541, 544, (1927) ("A trademark started elsewhere would depend for its protection in Hongkong upon the law prevailing in Hongkong and would confer no rights except by the consent of that law."); *Fuji Photo*, 754 F.2d at 599 ("[T]rademark rights exist in each country solely according to that country's statutory scheme.").

²¹ *Paris Convention for the Protection of Industrial Property*, Mar. 20, 1883, as revised at Stockholm, July 14, 1967, art. 6(3), 21 U.S.T. 1583, § 6(3) ("A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.").

face of the 1986 triumvirate of summary judgment cases.²² Regardless of whether questions are factual, there is nothing to try unless there is a genuine issue of material fact. One survey that is impeachable, but still good enough to get to a jury, weighed against no survey evidence at all on the other side, along with all the other evidence in the record, does not necessarily add up to a genuine issue of fact.

...

VACATED AND REMANDED.

GRABER, Circuit Judge, concurring:

I concur in the majority's opinion because I agree that a foreign owner of a supposedly famous or well-known foreign trademark must show a higher level of "fame" or recognition than that required to establish secondary meaning. Ultimately, the standard for famous or well-known marks is an intermediate one. To enjoy extraterritorial trademark protection, the owner of a foreign trademark need not show the level of recognition necessary to receive nation-wide protection against trademark dilution. On the other hand, the foreign trademark owner who does not use a mark in the United States must show more than the level of recognition that is necessary in a domestic trademark infringement case.

[30] Nonetheless, I write separately to express my view that the evidence that Plaintiffs have presented thus far is insufficient as a matter of law to establish that their mark is famous or well-known. The survey population and the survey's results establish little more than the fact that Plaintiffs' customers are familiar with Plaintiffs' stores. In an abundance of caution, the majority does not intimate whether that evidence is sufficient to warrant a grant of summary judgment in Plaintiffs' favor on the issue of the famous mark exception. I would go beyond intimation and hold directly that Plaintiffs' evidence is insufficient to support a grant of summary judgment in its favor. I would further hold that, unless the district court entertains a renewed motion for summary judgment on a considerably expanded record, this case should proceed to trial.

[31] The district court, relying entirely on survey evidence, concluded that Plaintiffs' trademark had acquired secondary meaning and was thus entitled to protection from domestic users.²³ The survey population consisted of only 78

²² See *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1986); *Matsushita Elec. Indus. Co. v. Zenith Radio*, 475 U.S. 574 (1986).

²³ Expert surveys can provide the most persuasive evidence of secondary meaning. *Comm. for Idaho's High Desert, Inc. v. Yost*, 92 F.3d 814, 822 (9th Cir.1996). "However, survey data is not a requirement and secondary meaning can be, and often is, proven by circumstantial evidence." 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 32:190, at 32-319 to 32-320 (4th ed.2002).

people in San Diego County who were “Spanish-speaking, and had recently purchased Mexican-style food at a supermarket or other food store.” *Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc.*, 119 F.Supp.2d 1083, 1093 (C.D.Cal. 2000). Twenty-four respondents from that population “(1) had recently shopped at a Gigante store in Mexico; (2) believed that the Gigante name was affiliated with an entity that had at least one store located in Mexico; or (3) were aware of a Gigante supermarket located in Mexico.” *Id.* However, the survey was conducted in 2000, nine years *after* Defendants first began using the Gigante name in the United States. When testing for awareness of the Gigante mark *before* Defendants’ entry into the San Diego market in 1991, the awareness level dropped to 20 to 22 percent of the respondents. *Id.* That is, the district court based its conclusion that Plaintiffs’ mark was well known on a survey that turned up just *seventeen people* who had heard of Gigante before 1991.

[32] That evidence is insufficient in two important respects. First, the survey result is highly questionable in view of its narrowly defined survey population. Plaintiffs’ own description of their stores makes clear that the goods sold are little different from those available in any large retail grocery store: “Product offerings in the Gigante stores generally include a complete selection of perishable and non-perishable foods and a wide selection of general merchandise, as well as clothing and fashion items.” Further, Plaintiffs admit in their briefs that the clientele of their Mexican stores includes “both Hispanic and non-Hispanic” customers. Consequently, nothing about *either* the nature of the goods sold by Plaintiffs *or* its customer base warrants limiting the relevant public to Mexican–Americans.

[33] We have rejected similar attempts to limit the relevant sector of the public. For instance, in *Japan Telecom, Inc. v. Japan Telecom America Inc.*, 287 F.3d 866, 875 (9th Cir.2002), a trademark dispute between two providers of telecommunications services, the plaintiff advertised only to “members of the Japanese and Japanese American business communities in Southern California.” Nonetheless, we concluded that “the relevant buying public consists at least of buyers of telephone and network installation services in that region.” *Id.* Thus, we emphasized *the nature of the service provided*, rather than the composition of the market to which the plaintiff actively targeted its services.

[34] Because Plaintiffs sell widely-available, non-specialized goods to the general public, it is uninformative to focus exclusively on Mexican–Americans living in San Diego County. The district court’s reliance on Plaintiffs’ survey is especially problematic because its population was limited to Mexican–Americans who had recently purchased Mexican-style food at a supermarket or grocery store. That survey is only very slightly more informative than the study whose probative value we dismissed entirely in *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999), because it focused exclusively on the plaintiff’s existing customers: “Avery Dennison’s marketing reports are comparable to a survey we discussed in *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316 (9th Cir. 1982), proving

only the near tautology that consumers already acquainted with Avery and Avery Dennison products are familiar with Avery Dennison.” 189 F.3d at 879.

[35] Because a conclusion that Plaintiffs have a protectable interest would prohibit Defendants from selling groceries under that mark to *any* residents of San Diego County—not just to Mexican-Americans—it makes little sense to define the relevant public so narrowly. Comprised of all grocery shoppers, the “relevant sector of the public” in this case is the very antithesis of a specialized market; because everyone eats, the relevant sector of the public consists of all residents of San Diego County, without qualification.

[36] Second, in view of the standard we announce today, I do not believe that a showing that 20 to 22 percent of the relevant market is familiar with the foreign mark establishes that a “significant” or “substantial” percentage of that market is familiar with the foreign mark. On that ground alone, I would conclude that Plaintiffs have failed, so far, to show that their mark is famous or well-known.

[37] In terms of the level of fame, trademark dilution cases often speak of a “significant percentage of the defendant's market.” *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989). Discussing the level of recognition required to establish “niche fame,” McCarthy argues that “a mark should not be categorized as ‘famous’ unless it is known to more than 50 percent of the defendant's potential customers.” 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24:112, at 24–271 (4th ed. 2002).

[38] I would adopt a similar standard for the exception for famous or well-known foreign marks. When a foreign mark has not been used in the United States, I would require the owner of the foreign mark to show, through surveys and other evidence, that a majority of the defendant's customers and potential customers, on aggregate, were familiar with the foreign mark when the defendant began its allegedly infringing use. Admittedly, that is a high standard. However, I believe that a stringent standard is required when conferring trademark protection to a mark that has never been, and perhaps never may be, used in this country. A conclusion that Plaintiffs' mark is well-known in the relevant sector brings with it the right to oust Defendants from their own market, notwithstanding the fact that they have established priority of use. A bare showing of acquired distinctiveness should not suffice to invert the ordinary allocation of trademark rights.

[39] Of course, I recognize that the doctrine of “niche fame” has received heavy, and in the context of *domestic* trademark law, deserved criticism. However, the niche fame cases may provide the district court with an instructive benchmark against which to measure an intermediate standard of fame.²⁴

²⁴ There are no other cases that directly guide us here. Although international trademark law has recognized both the territoriality principle and the exception for famous and well-known marks since 1925, remarkably, no case addressed meaningfully the exception before the district court's decision below. Since that

[40] In summary, I agree with the majority's conclusion that this case must be remanded and the evidence reevaluated under a heightened standard for the famous or well-known marks exception. However, I would hold directly that the evidence presented thus far does not meet that standard and thus does not suffice to warrant protection for Plaintiff's mark. Finally, in determining whether a foreign mark has met the standard for famous or well-known foreign trademarks, I would look to precedent from this court and others addressing whether a mark has become famous in its market niche.

ii. The Well-Known Marks Doctrine in the Second Circuit

ITC Ltd. v. Punchgini, Inc.

482 F.3d 135 (2d Cir. 2007)

RAGGI, Circuit Judge.

[1] This case requires us to decide, among other things, the applicability of the “famous marks” doctrine to a claim for unfair competition under federal and state law. Plaintiffs ITC Limited and ITC Hotels Limited (collectively “ITC”) held a registered United States trademark for restaurant services: “Bukhara.” They sued defendants, Punchgini, Inc., Bukhara Grill II, Inc., and certain named individuals associated with these businesses, in the United States District Court for the Southern District of New York (Gerard E. Lynch, *Judge*) claiming that defendants' use of a similar mark and related trade dress constituted trademark infringement, unfair competition, and false advertising in violation of federal and state law. ITC now appeals from the district court's award of summary judgment in favor of defendants on all claims. *See ITC Ltd. v. Punchgini, Inc.*, 373 F.Supp.2d 275 (S.D.N.Y. 2005).

[2] Having reviewed the record *de novo*, we affirm the award of summary judgment on ITC's infringement claim, concluding, as did the district court, that ITC abandoned its Bukhara mark for restaurant services in the United States. To the extent ITC insists that the “famous marks” doctrine nevertheless permits it to sue defendants for unfair competition because its continued international use of the mark led to a federally protected right, we conclude that Congress has not yet incorporated that doctrine into federal trademark law.²⁵ Therefore, we affirm the

decision, only one case has confronted the issue. *Empresa Cubana del Tabaca v. Culbro Corp.*, 70 U.S.P.Q.2d 1650, 2004 WL 602295 (S.D.N.Y.2004). *Empresa Cubana* adhered closely to the reasoning and conclusion of the district court in this case. *Id.* at 1676–77.

²⁵ Although the term “famous marks” is often used to describe marks that qualify for protection under the federal anti-dilution statute, *see* 15 U.S.C. § 1125(c), the “famous marks” doctrine is, in fact, a different and distinct “legal concept under

award of summary judgment on ITC's federal unfair competition claim. Whether the famous marks doctrine applies to a New York common law claim for unfair competition and, if so, how famous a mark must be to trigger that application, are issues not easily resolved by reference to existing state law. Accordingly, we certify questions relating to these issues to the New York Court of Appeals, reserving our decision on this part of ITC's appeal pending the state court's response.

I. Factual Background

A. The Bukhara Restaurant in New Delhi

[3] ITC Limited is a corporation organized under the laws of India. Through its subsidiary, ITC Hotels Limited, it owns and operates the Maurya Sheraton & Towers, a five-star hotel in New Delhi, India. One of the restaurants in the Maurya Sheraton complex is "Bukhara." Named after a city in Uzbekistan on the legendary Silk Road between China and the West, Bukhara offers a cuisine and decor inspired by the northwest frontier region of India. Since its opening in 1977, the New Delhi Bukhara has remained in continuous operation, acquiring a measure of international renown.²⁶

[4] Over the past three decades, ITC has sought to extend the international reach of the Bukhara brand. At various times, it has opened or, through franchise agreements, authorized Bukhara restaurants in Hong Kong, Bangkok, Bahrain, Montreal, Bangladesh, Singapore, Kathmandu, Ajman, New York, and Chicago. As of May 2004, however, ITC-owned or -authorized Bukhara restaurants were in operation only in New Delhi, Singapore, Kathmandu, and Ajman.

B. ITC's Use of the Bukhara Mark in the United States

1. ITC's Use and Registration of the Mark for Restaurants

[5] In 1986, an ITC-owned and -operated Bukhara restaurant opened in Manhattan. In 1987, ITC entered into a franchise agreement for a Bukhara restaurant in Chicago. Shortly after opening its New York restaurant, ITC sought to

which a trademark or service mark is protected within a nation if it is well known in that nation even though the mark is not actually used or registered in that nation," 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 29.2, at 29–164 (4th ed.2002). Thus, the famous marks doctrine might more aptly be described as the famous foreign marks doctrine. It is in this latter sense that we reference the famous marks doctrine on this appeal.

²⁶ The record indicates that in 2002 and 2003, the New Delhi Bukhara was named one of the world's fifty best restaurants by London-based "Restaurant" magazine.

register the Bukhara mark with the United States Patent and Trademark Office ("Patent and Trademark Office"). On October 13, 1987, ITC obtained United States trademark registration for the Bukhara mark in connection with "restaurant services." See United States Trademark Registration No. 1,461,445 (Oct. 13, 1987). The Manhattan restaurant remained in operation for only five years, closing on December 17, 1991. On August 28, 1997, after a decade in business, ITC cancelled its Chicago franchise. Notwithstanding its registration, ITC concedes that it has not owned, operated, or licensed any restaurant in the United States using the Bukhara mark since terminating the Chicago restaurant franchise.

2. Use of the Mark for Packaged Foods

[6] Over three years later, in 2001, ITC commissioned a marketing study to determine the viability of selling packaged food products in the United States under the Bukhara label, including "Dal Bukhara."²⁷ In that same year, ITC filed an application with the Patent and Trademark Office to register a "Dal Bukhara" mark in connection with packaged, ready-to-serve foods. In May 2003, ITC sold packaged Dal Bukhara food products to two distributors, one in California and the other in New Jersey. One month later, in June 2003, ITC exhibited Dal Bukhara products at the International Fancy Foods Show in New York City.

C. The Opening of "Bukhara Grill"

[7] Meanwhile, in 1999, named defendants Raja Jhanjee, Vicky Vij, Dhandu Ram, and Paragnesh Desai, together with Vijay Roa, incorporated "Punchgini, Inc." for the purpose of opening an Indian restaurant in New York City. Jhanjee, Vij, and Ram had all previously worked at the New Delhi Bukhara, and Vij had also previously worked at ITC's New York Bukhara. In selecting a name for their restaurant, the Punchgini shareholders purportedly considered "Far Pavilions" and "Passage to India" before settling on "Bukhara Grill." As Vij candidly acknowledged at his deposition, there was then "no restaurant Bukhara in New York, and we just thought we will take the name." Vij Dep. 25:7-11, May 5, 2004. After some initial success with "Bukhara Grill," several Punchgini shareholders, with the support of two additional partners, defendants Mahendra Singh and Bachan Rawat, organized a second corporation, "Bukhara Grill II, Inc.," in order to open a second New York restaurant, "Bukhara Grill II."

[8] When the record is viewed in the light most favorable to ITC, numerous similarities suggestive of deliberate copying can readily be identified between the defendants' Bukhara Grill restaurants and the Bukhara restaurants owned or licensed by ITC. Quite apart from the obvious similarity in name, defendants'

²⁷ This product takes its name from a lentil dish served at the New Delhi Bukhara restaurant.

restaurants mimic the ITC Bukharas' logos, decor, staff uniforms, wood-slab menus, and red-checkered customer bibs. Indeed, the similarities were sufficiently obvious to be noted in a press report, wherein defendant Jhanjee is quoted acknowledging that the New York Bukhara Grill restaurant "is quite like Delhi's Bukhara." Shweta Rajpal, "Dal 'Bukhara' in NY: A Bukhara-trained Trio Has Opened a Similar Restaurant in Manhattan," *Hindustan Times*, May 2, 2000; *see also* Bob Lape, "Indian Outpost Needs Dash of Spice," *Crain's New York Business*, Dec. 13–19, 1999, at 18 (noting name similarity between Bukhara Grill and former New York Bukhara).

D. Plaintiffs' Cease and Desist Letter

[9] By letter dated March 22, 2000, ITC, through counsel, demanded that defendants refrain from further use of the Bukhara mark. The letter accused defendants of unlawfully appropriating the reputation and goodwill of ITC's Bukhara restaurants in India and the United States by adopting a virtually identical name for their New York Bukhara Grill restaurants. It further demanded, under threat of legal action, that defendants acknowledge ITC's exclusive rights to the Bukhara mark, disclose the period for which defendants had used the mark, and remit to ITC any profits derived therefrom.

[10] In a response dated March 30, 2000, defendants' counsel expressed an interest in avoiding litigation. Nevertheless, counsel observed that ITC appeared to have abandoned the Bukhara mark by not using it in the United States for several years. Receiving no reply, defendants' counsel sent a second letter to ITC dated June 22, 2000, stating that, if no response was forthcoming "by June 28, 2000, we will assume that ITC Limited has abandoned rights it may have had in the alleged mark and any alleged claim against our client." Marsh Letter to Horwitz, June 22, 2000. The record indicates no timely reply.

[11] Instead, almost two years later, on April 15, 2002, ITC's counsel wrote to defendants reiterating the demands made in March 2000 and complaining of defendants' failure formally to respond to that initial letter. Defendants' counsel promptly challenged the latter assertion; faulted ITC for failing to reply to his March 22, 2000 letter; and reasserted his abandonment contention, a position that he claimed was now bolstered by the passage of additional time. There was apparently no further communication among the parties until this lawsuit.

E. The Instant Lawsuit

[12] On February 26, 2003, ITC filed the instant lawsuit. In the amended complaint that is the controlling pleading for purposes of our review, ITC charged defendants with trademark infringement under section 32(1)(a) of the Lanham Act, *see* 15 U.S.C. § 1114(1)(a), as well as unfair competition and false advertising under sections 43(a) and 44(h) of the Lanham Act, *see* 15 U.S.C. §§ 1125(a), 1126(h). ITC

also pursued parallel actions under New York common law.²⁸ As an affirmative defense, defendants charged ITC with abandonment of its United States rights to the Bukhara mark and, on that ground, they filed a counterclaim seeking cancellation of the ITC registration.

[13] Following discovery, defendants successfully moved for summary judgment. In a detailed published decision, the district court ruled that ITC could not pursue an infringement claim because the record conclusively demonstrated its abandonment of the Bukhara mark as applied to restaurants in the United States. *See ITC Ltd. v. Punchgini, Inc.*, 373 F.Supp.2d at 285. To the extent ITC asserted that its continued operation of Bukhara restaurants outside the United States allowed it to sue defendants for unfair competition under the famous marks doctrine, the district court was not convinced. It observed that, even if it were to assume the applicability of the famous marks doctrine, ITC had failed to adduce sufficient evidence to permit a reasonable jury to conclude that the name or trade dress of its foreign restaurants had attained the requisite level of United States recognition to trigger the doctrine. *See id.* at 291. Finally, the district court found that ITC lacked standing to pursue its false advertising claim. *See id.* at 291–92. This appeal followed.

[14] Before this court, ITC advances essentially three arguments. It submits that (1) the record does not conclusively establish its abandonment of United States rights in the Bukhara mark, (2) the district court misapplied applicable federal and state law regarding the famous marks doctrine, and (3) it has standing to sue defendants for false advertising.

II. Discussion

...

[The court determined that ITC had abandoned its registered Bukhara mark. We will address abandonment in Part III below].

C. Unfair Competition

1. Federal Claim Under Section 43(a)(1)(A) of the Lanham Act

[15] ITC claims that defendants violated section 43(a)(1)(A) of the Lanham Act by engaging in unfair competition in the use of its Bukhara mark and its related trade dress. Section 43(a)(1)(A) allows the producer of a product or service to initiate a cause of action against a person who uses “any word, term name, symbol,

²⁸ ITC's amended complaint also charged defendants with false designation of origin in violation of the Lanham Act, 15 U.S.C. § 1125(a), and deceptive acts and practices in violation of New York General Business Law § 349, but it appears to have abandoned those claims in otherwise opposing defendants' motion for summary judgment. *See ITC Ltd. v. Punchgini, Inc.*, 373 F.Supp.2d at 278.

or device, or any combination thereof ... which ... is likely to cause confusion ... as to the origin, sponsorship, or approval of [the producer's] ... services.” 15 U.S.C. § 1125(a)(1)(A). This protection is broader than that afforded by section 32(1)(a), which prohibits only infringement of marks actually registered with the Patent and Trademark Office. *See Two Pesos v. Taco Cabana*, 505 U.S. 763, 768 (1992) (“Section 43(a) prohibits a broader range of practices than does § 32, which applies to registered marks, but it is common ground that § 43(a) protects qualifying unregistered trademarks” (internal citations and quotation marks omitted)); *accord Chambers v. Time Warner, Inc.*, 282 F.3d 147, 155 (2d Cir.2002).

[16] To succeed on a section 43(a)(1)(A) claim, a plaintiff must prove (1) that the mark or dress is distinctive as to the source of the good or service at issue, and (2) that there is the likelihood of confusion between the plaintiff's good or service and that of the defendant. *See Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 115 (2d Cir.2001) (citing *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 210 (2000)); *see also Two Pesos v. Taco Cabana*, 505 U.S. at 768; *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 115 (2d Cir.2006). Preliminary to making this showing, however, a plaintiff must demonstrate its own right to use the mark or dress in question. *See Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1193 (11th Cir. 2001) (stating that plaintiff must show “that it had prior rights to the mark at issue” in order to prevail in a section 43(a) claim); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 103 (5th Cir. 1983) (stating that where a section 43(a) claim is based on alleged ownership of a mark, it is necessary to consider “[w]hether the mark has been abandoned” before considering merits of claim); *P. Daussa Corp. v. Sutton Cosmetics (P. R.), Inc.*, 462 F.2d 134, 136 (2d Cir. 1972) (“To be entitled to relief, however, [plaintiff] must show not only confusing similarity, but priority of right over [defendant] to the use of the [plaintiff's] mark.”).

[17] In light of our conclusion that, as a matter of law, ITC abandoned its registered Bukhara mark as of August 28, 2000, ITC confronts a high hurdle in demonstrating that, at the time of defendants' challenged actions, it possessed a priority right to the use of the Bukhara mark and related trade dress for restaurants in the United States. *See Vais Arms, Inc. v. Vais*, 383 F.3d at 292 n. 8 (noting that “abandonment results in a break in the chain of priority”) (quoting 2 McCarthy, *supra*, § 17:4); *Emergency One, Inc. v. American Fire Eagle Engine Co.*, 332 F.3d 264, 268 (4th Cir.2003) (“The priority to use a mark ... can be lost through abandonment.”); *see also Exxon Corp. v. Humble Exploration Co.*, 695 F.2d at 103–04 (observing that it would be “incongruous” to allow plaintiff who had abandoned mark to successfully sue defendant for false designation or representation of origin). To clear this hurdle, ITC invokes the famous marks doctrine. It submits that, because (1) since 1977, it has continuously used its Bukhara mark and trade dress outside the United States; and (2) that mark was renowned in the United States before defendants opened their first Bukhara Grill restaurant in New York in 1999, it has a priority right to the mark sufficient to claim section 43(a)(1)(A) protection in this country.

[18] To explain why we disagree, we begin by discussing the principle of trademark territoriality. We then discuss the famous marks exception to this principle and the international treaties, implementing legislation, and policy concerns relied on by ITC in urging the application of this exception to this case.

a. The Territoriality Principle

[19] The principle of territoriality is basic to American trademark law. See *American Circuit Breaker Corp. v. Or. Breakers, Inc.*, 406 F.3d 577, 581 (9th Cir. 2005); *Kos Pharms., Inc. v. Andrx Corp.*, 369 F.3d 700, 714 (3d Cir. 2004); *Buti v. Impresa Perosa, S.R.L.*, 139 F.3d 98, 103 (2d Cir. 1998); *Person's Co. v. Christman*, 900 F.2d 1565, 1568–69 (Fed.Cir. 1990). As our colleague, Judge Leval, has explained, this principle recognizes that

a trademark has a separate legal existence under each country's laws, and that its proper lawful function is not necessarily to specify the origin or manufacture of a good (although it may incidentally do that), but rather to symbolize the domestic goodwill of the domestic markholder so that the consuming public may rely with an expectation of consistency on the domestic reputation earned for the mark by its owner, and the owner of the mark may be confident that his goodwill and reputation (the value of the mark) will not be injured through use of the mark by others in domestic commerce.

Osawa & Co. v. B & H Photo, 589 F.Supp. 1163, 1171–72 (S.D.N.Y. 1984).²⁹

[20] Precisely because a trademark has a separate legal existence under each country's laws, ownership of a mark in one country does not automatically confer upon the owner the exclusive right to use that mark in another country. Rather, a mark owner must take the proper steps to ensure that its rights to that mark are recognized in any country in which it seeks to assert them. Cf. *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento De Barcelona*, 330 F.3d 617, 628 (4th Cir. 2003) (“United States courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law.”); *E. Remy Martin & Co., S.A. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1531 (11th Cir. 1985) (“Our concern must be the

²⁹ The “territoriality principle” stands in contrast to the so-called “universality principle,” which posits that “if a trademark [is] lawfully affixed to merchandise in one country, the merchandise would carry that mark lawfully wherever it went and could not be deemed an infringer although transported to another country where the exclusive right to the mark was held by someone other than the owner of the merchandise.” *Osawa & Co. v. B & H Photo*, 589 F.Supp. at 1171. The universality principle has been rejected in American trademark law. See *American Circuit Breaker Corp. v. Or. Breakers, Inc.*, 406 F.3d at 581 (citing *A. Bourjois & Co. v. Katzel*, 260 U.S. 689, 43 S.Ct. 244, 67 L.Ed. 464 (1923)).

business and goodwill attached to United States trademarks, not French trademark rights under French law.” (internal quotation marks omitted)).

[21] As we have already noted, United States trademark rights are acquired by, and dependent upon, priority of use. *See supra* at 146–47. The territoriality principle requires the use to be in the United States for the owner to assert priority rights to the mark under the Lanham Act. *See Buti v. Impresa Perosa, S.R.L.*, 139 F.3d at 103 (noting that “Impresa’s registration and use of the Fashion Café name in Italy has not, given the territorial nature of trademark rights, secured it any rights in the name under the Lanham Act”); *La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc.*, 495 F.2d at 1271 n. 4 (“It is well-settled that foreign use is ineffectual to create trademark rights in the United States.”); *see also Le Blume Import Co. v. Coty*, 293 F. 344, 350 (2d Cir. 1923) (observing that “the protection of a trade-mark in the United States is not to be defeated by showing a prior use of a like trademark in France, or in some other foreign country” so long as “the one claiming protection is able to show that he was first to use it in this country”); *cf. Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004) (stating general proposition that “priority of trademark rights in the United States depends solely upon priority of use in the United States, not on priority of use anywhere in the world,” although recognizing famous marks doctrine as an exception to territoriality principle (quoting 4 McCarthy, *supra*, § 29:2, at 29–6)). *But see International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359, 381 (4th Cir. 2003) (concluding that United States trademark rights can be acquired merely through advertising in the United States combined with rendering of services abroad to American customers). Thus, absent some use of its mark in the United States, a foreign mark holder generally may not assert priority rights under federal law, even if a United States competitor has knowingly appropriated that mark for his own use. *See Person’s Co. v. Christman*, 900 F.2d at 1569–70 (holding that foreign use is not sufficient to establish priority rights even over a United States competitor who took mark in bad faith).

b. The Famous Marks Doctrine as an Exception to the Territoriality Principle

[22] ITC urges us to recognize an exception to the territoriality principle for those foreign marks that, even if not used in the United States by their owners, have achieved a certain measure of fame within this country.

(1) Origin of the Famous Marks Doctrine

[23] The famous marks doctrine is no new concept. It originated in the 1925 addition of Article 6bis to the Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as rev. at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 (“Paris Convention”). Article 6bis, which by its terms applies only to trademarks, requires member states

ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

Paris Convention, art. 6bis.³⁰ One commentator has observed that the “purpose” of Article 6bis “is to avoid the registration and use of a trademark, liable to create confusion with another mark already well known in the country of such registration or use, although the latter well-known mark is not, or not yet, protected in that country by a registration which would normally prevent the registration or use of the conflicting mark.” G.H.C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property* 90 (1968).

(2) The Famous Marks Doctrine in the United States

(a) State Common Law

[24] The famous marks doctrine appears first to have been recognized in the United States by a New York trial court in a common law action for unfair competition in the use of a trademark. See *Maison Prunier v. Prunier's Rest. & Café*, 159 Misc. 551, 557–58, 288 N.Y.S. 529, 535–36 (N.Y.Sup.Ct. 1936). The owner of “Maison Prunier,” a Paris restaurant with a branch in London, sought to enjoin defendants’ operation of a New York City restaurant named “Prunier's Restaurant and Café.” The New York restaurant had apparently adopted both the Paris restaurant's name and slogan (“*Tout ce qui vient de la mer*”³¹) and boldly advertised itself as “The Famous French Sea Food Restaurant.” While the French plaintiff conceded that it had never operated a restaurant in the United States, it nevertheless sought relief for the unauthorized use of its name and mark under the common law of unfair competition.

³⁰ The reach of Article 6bis was extended to service marks by Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPs”), see generally Uruguay Round Agreements Act, Pub.L. No. 103–465, 108 Stat. 4809 (1994) (codified as amended at scattered sections of the United States Code), which states that “Article 6bis of the Paris Convention shall apply, *mutatis mutandis*, to services.”

³¹ “Everything that comes from the sea.”

[25] In ruling in favor of the plaintiff, the trial court first observed that “the right of a French corporation to sue here for protection against unfair competition was expressly granted in [Article 10bis of] the [Paris] convention between the United States and various other powers for the protection of industrial property.” *Id.* at 554, 288 N.Y.S. at 532.³² It then ruled that “actual competition in a product is not essential to relief under the doctrine of unfair competition.” *Id.* at 555, 288 N.Y.S. at 533. The plaintiff was entitled to protection from “ ‘any injury which might result to it from the deception of the public through the unauthorized use of its trade name, or a trade name which would lead the public to believe that it was in some way connected with the plaintiff.’ ” *Id.* at 556, 288 N.Y.S. at 534 (quoting *Long’s Hat Stores Corp. v. Long’s Clothes, Inc.*, 224 A.D. 497, 498, 231 N.Y.S. 107, 107 (1st Dep’t 1928)). Although the court acknowledged the general rule of territoriality, *see id.* at 557, 288 N.Y.S. 529, 288 N.Y.S. at 535 (noting no “right to protection against the use of a trade-mark or trade name beyond the territory in which it operates”), it recognized an exception to the rule where the second user was guilty of bad faith, *see id.* at 557–58, 288 N.Y.S. at 536–37. The court identified the fame of the mark as a factor relevant to deciding whether the second user had, in good faith, made use of a mark without knowing of its prior use by another party. *See id.* at 559, 288 N.Y.S. at 537. The *Prunier* court concluded that the French plaintiff was entitled to protection against unfair competition because its trademark enjoyed “wide repute” and the facts of the case indicated a total lack of good faith on the part of the defendants. *Id.* at 559, 288 N.Y.S. at 537. The basis of this holding, it should be noted, was not Article 6bis of the Paris Convention. Instead, the holding was based entirely on New York common law principles of unfair competition.

[26] More than twenty years later, in *Vaudable v. Montmartre, Inc.*, 20 Misc.2d 757, 193 N.Y.S.2d 332 (N.Y.Sup.Ct. 1959), another New York trial court granted a different Paris restaurant, “Maxim’s,” injunctive relief against a New York City restaurant that had appropriated its name, decor, and distinctive script style, all without permission. The court concluded that the lack of direct competition between the two restaurants was “immaterial” to a common law claim for unfair competition. *Id.* at 759, 193 N.Y.S.2d at 335. The only relevant question was whether “there had been a misappropriation, for the advantage of one person, of a property right belonging to another.” *Id.* at 759, 193 N.Y.S.2d at 335. Noting that the Paris Maxim’s had been in continuous operation since 1946, when it reopened after World War II, the court concluded that its owners had priority rights as against the junior American user by virtue of (1) their uninterrupted use of the mark abroad, and (2) the fame of the “Maxim’s” mark among “the class of people residing in the cosmopolitan city of New York who dine out.” *Id.* at 758, 193 N.Y.S.2d at 334.

³² Article 10bis of the Paris Convention requires member states to “assure to nationals [of other member states] effective protection against unfair competition.” Paris Convention, art. 10bis.

(b) Federal Actions

(i) Trademark Board Rulings

[27] A quarter century later, the federal Trademark Trial and Appeal Board (“Trademark Board”) invoked *Vaudable’s* recognition of the famous marks doctrine in several *inter partes* proceedings.³³ In *Mother’s Rests, Inc. v. Mother’s Other Kitchen, Inc.*, the Trademark Board stated in *dictum* that:

[I]t is our view that prior use and advertising of a mark in connection with goods or services marketed in a foreign country (whether said advertising occurs inside or outside the United States) creates no priority rights in said mark in the United States as against one who, in good faith, has adopted the same or similar mark for the same or similar goods or services in the United States prior to the foreigner’s first use of the mark on goods or services sold and/or offered in the United States at least unless it can be shown that the foreign party’s mark was, at the time of the adoption and first use of a similar mark by the first user in the United States, a “famous” mark within the meaning of *Vaudable v. Montmartre, Inc.*

218 U.S.P.Q. 1046, * 8 (TTAB 1983) (concluding that customers would be likely to confuse the “Mother’s Pizza Parlour” trademark with the “Mother’s Other Kitchen” trademark) (internal citation omitted).

[28] That same year, the Trademark Board applied the same reasoning in *All England Lawn Tennis Club, Ltd. v. Creations Aromatiques*, 220 U.S.P.Q. 1069 (1983), granting plaintiff’s request to block registration of a trademark for “Wimbledon Cologne” even though plaintiff was not itself using the Wimbledon mark on any product sold in the United States. The Trademark Board observed that the Wimbledon mark had “acquired fame and notoriety as used in association with the annual championships within the meaning of *Vaudable*” and that “purchasers of applicant’s cologne would incorrectly believe that said product was approved by or otherwise associated with the Wimbledon tennis championships and that allowance of the application would damage opposer’s rights to the mark.” *Id.* at * 10.

[29] Recently, the Trademark Board has reiterated in dicta that owners of well known foreign marks need not use those marks in the United States to challenge the registration of marks likely to promote confusion on the part of consumers. *See, e.g., First Niagara Ins. Brokers, Inc. v. First Niagara Fin. Group, Inc.*, 77 U.S.P.Q.2d 1334, *30–31 (2005), overruled on other grounds by *First Niagara Ins. Brokers, Inc. v. First*

³³ The Trademark Board’s primary function is to determine whether trademarks are registerable and to conduct opposition and cancellation proceedings by which interested parties can dispute the claims of applicants and registrants. *See* 15 U.S.C. §§ 1051, 1063–64.

Niagara Fin. Group, Inc., 476 F.3d 867 (Fed.Cir. Jan. 9, 2007), 2007 U.S.App. LEXIS 367.

[30] As this court has frequently observed, Trademark Board decisions, “while not binding on courts within this Circuit, are nevertheless ‘to be accorded great weight’ ” under general principles of administrative law requiring deference to an agency’s interpretation of the statutes it is charged with administering. *Buti v. Impresa Perosa S.R.L.*, 139 F.3d at 105 (quoting *Murphy Door Bed Co. v. Interior Sleep Sys., Inc.*, 874 F.2d 95, 101 (2d Cir. 1989)); see also *In re Dr Pepper Co.*, 836 F.2d 508, 510 (Fed.Cir. 1987). In applying this principle to this case, however, we identify a significant concern: nowhere in the three cited rulings does the Trademark Board state that its recognition of the famous marks doctrine derives from any provision of the Lanham Act or other federal law. Indeed, the federal basis for the Trademark Board’s recognition of the famous marks doctrine is never expressly stated. Its reliance on *Vaudable* suggests that recognition derives from state common law. At least one Trademark Board member, however, has questioned whether state common law can support recognition of the famous marks doctrine as a matter of federal law:

[I]t seems to me that the *Vaudable* decision according protection to the famous Maxim’s restaurant in the United States ... is inapplicable in this case since that decision was based on a theory of unfair competition, namely misappropriation, under the law of the State of New York. Under Federal law, it seems to me that application of the well-known marks doctrine depends on whether the applicable text of the Paris Convention ... and, in particular, Article *6bis* of that Convention, is self-executing [so as to become part of federal law].

Mother’s Rests., Inc. v. Mother’s Other Kitchen, Inc., 218 U.S.P.Q 1046, *21 (Allen, concurring in part, dissenting in part) (internal citations omitted). Because we conclude that the Trademark Board’s reliance on state law to recognize the famous marks doctrine falls outside the sphere to which we owe deference, we consider *de novo* the question of that doctrine’s existence within federal trademark law.

(ii) Federal Case Law

[31] To date, the Ninth Circuit Court of Appeals is the only federal appeals court to have recognized the famous marks doctrine as a matter of federal law. See *Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d at 1088; cf. *International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d at 389 n. 9 (Motz, J., dissenting) (noting that the famous marks doctrine has been applied so infrequently that its viability is uncertain). In *Grupo Gigante*, 391 F.3d at 1088, the Ninth Circuit considered whether the “Gigante” mark—registered and used by a large chain of grocery stores in Mexico since 1963—was sufficiently well known among Mexican-Americans in Southern California to afford it priority over a

competing “Gigante” mark used by a separate chain of Los Angeles grocery stores. In resolving this question, the court ruled:

[T]here is a famous mark exception to the territoriality principle. While the territoriality principle is a long-standing and important doctrine within trademark law, it cannot be absolute. An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people. Trademark is, at its core, about protecting against consumer confusion and “palming off.” There can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home.

Id. at 1094 (footnotes omitted).

[32] In *Grupo Gigante*, the Ninth Circuit did not reference either the language of the Lanham Act nor Article 6bis of the Paris Convention to support recognition of the famous marks doctrine. Indeed, elsewhere in its opinion, the court specifically stated that the Paris Convention creates no “additional substantive rights” to those provided by the Lanham Act. *Id.* at 1100. The court also acknowledged that the famous marks doctrine is not recognized by California state law. *See id.* at 1101 (observing that cases cited by plaintiff “provide no support for the conclusion that use anywhere in the world suffices to establish priority in California”). Thus, it appears that the Ninth Circuit recognized the famous marks doctrine as a matter of sound policy: “An absolute territoriality rule without a famous marks exception would promote customer confusion and fraud.” *Id.* at 1094.

[33] This court has twice referenced the famous marks doctrine, but on neither occasion were we required to decide whether it does, in fact, provide a legal basis for acquiring priority rights in the United States for a foreign mark not used in this country. *See Buti v. Impresa Perosa, S.R.L.*, 139 F.3d at 104 n. 2 (referencing Mother's Restaurant and Vaudable but, in the end, concluding that famous marks doctrine “has no application here given that Impresa has made no claim under that doctrine”); *see also Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d at 481 (declining to decide whether famous marks doctrine should be recognized because “even assuming that the famous marks doctrine is otherwise viable and applicable, the [Cuban] embargo bars [plaintiff] from acquiring property rights in the ... mark through the doctrine”).³⁴

[34] District courts in this Circuit have reached varying conclusions about the applicability of the famous marks doctrine to Lanham Act claims. In *Empresa Cubana*

³⁴ In *Empresa Cubana*, however, we did observe, in *dictum*, that “[t]o the extent that a foreign entity attempts to utilize the famous marks doctrine as [a] basis for its right to a U.S. trademark and seeks to prevent another entity from using the mark in the United States, the claim should be brought under Section 43(a).” *Id.* at 480 n. 10.

Del Tabaco v. Culbro Corp., 213 F.Supp.2d at 283–84, Judge Sweet concluded that the rights identified in Article 6bis of the Paris Convention could not be pursued in a section 44(h) claim, but could be pursued under section 44(b). In an unpublished 2005 decision, *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 WL 1164073 (S.D.N.Y. May 18, 2005), 2005 U.S. Dist. LEXIS 9307, Judge Cote characterized the famous marks doctrine as a “controversial common law exception to the territoriality principle,” *id.* at *21. Nevertheless, she concluded that rights obtained by the operation of the doctrine at common law could be asserted in a federal unfair competition action filed under section 43(a) of the Lanham Act. *See id.* at *25–26; *see also De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate Inc.*, 440 F.Supp.2d 249 (S.D.N.Y. 2006).

[35] That same year, in *Almacenes Exito S.A. v. El Gallo Meat Market, Inc.*, Judge Rakoff reached a different conclusion, ruling that “[t]o the extent the famous marks doctrine is a creature of common law it may support state causes of action, but it has no place in federal law where Congress has enacted a statute, the Lanham Act, that carefully prescribes the bases for federal trademark claims,” 381 F.Supp.2d 324, 326–27 (S.D.N.Y. 2005) (internal citation omitted). Identifying the territoriality principle as a “bedrock principle of federal trademark law,” *id.* at 326, Judge Rakoff concluded that recognition of a famous marks exception represented “such a radical change in basic federal trademark law” that it could “only be made by Congress, not by the courts,” *id.* at 328. He specifically rejected the argument advanced here by ITC, i.e., that the Lanham Act itself recognizes a famous marks exception by providing a foreign plaintiff with substantive rights identified in Article 6bis. He observed that “the Paris Convention, as incorporated by the Lanham Act, only requires ‘national treatment.’ ” *Id.* at 328 (internal quotation marks omitted). We agree with this analysis for reasons discussed in the next two lettered subsections of this opinion.

(c) Treaties Protecting Famous Marks and United States Implementing Legislation

[36] ITC insists that Article 6bis of the Paris Convention, together with Article 16(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPs”), *see* Uruguay Round Agreements Act, Pub.L. No. 103–465, 108 Stat. 4809 (1994) (codified as amended at scattered sections of United States Code), provides legal support for its claim to famous marks protection. As previously noted, Article 6bis provides for member states to the Paris Convention, upon the request of an interested party,

to prohibit the use of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.

Paris Convention, art. 6bis. Further, TRIPs Article 16(2) extends Article 6bis to service marks, *see supra* at 156 n. 15.

[37] At the outset, we observe that ITC does not specifically contend that these two treaty articles are self-executing. While *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956), might support such an argument with respect to Article 6bis protection of trademarks, *see id.* at 640 (observing in *dictum* that, upon ratification by Congress, the Paris Convention required “no special legislation in the United States ... to make [it] effective here”), no similar conclusion can extend to Article 16(2) protection of service marks because TRIPs is plainly not a self-executing treaty. *See In re Rath*, 402 F.3d 1207, 1209 n. 2 (Fed.Cir. 2005); *see also* S.Rep. No. 103-412, at 13 (1994) (accompanying the Uruguay Round Agreements Act, Pub.L. No. 103-465, 108 Stat. 4809 (1994)) (stating that TRIPs and other GATT agreements “are not self-executing and thus their legal effect in the United States is governed by implementing legislation”). While Congress has amended numerous federal statutes to implement specific provisions of the TRIPs agreement, it appears to have enacted no legislation aimed directly at Article 16(2).³⁵

[38] ITC nevertheless submits that Lanham Act sections 44(b) and (h) effectively incorporate the protections afforded famous marks by the Paris Convention and TRIPs.³⁶

³⁵ *See, e.g.*, Pub.L. No. 103-465, 514, 108 Stat. 4809, 4976 (amending 17 U.S.C. § 104A, governing copyrights in restored works, to comport with TRIPs); Pub.L. No. 103-465, 532, 108 Stat. 4809, 4983 (amending 35 U.S.C. § 154, governing United States patents, to comport with TRIPs). Significantly, Congress has enacted legislation to implement TRIPs Article 16(3), which contemplates the extension of anti-dilution protection to certain famous marks. *See Federal Trademark Dilution Act of 1995*, Pub.L. No. 104-98, 109 Stat. 985 (1995) (codified at 15 U.S.C. § 1125(c)); *see* H. Rep. 104-374, reprinted in 1995 U.S.C.C.A.N. 1029 (indicating that anti-dilution act was intended to make United States law consistent with terms of TRIPs and Paris Convention). No comparable legislation exists with respect to Article 16(2).

³⁶ Section 44(b) states:

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

15 U.S.C. § 1126(b).

Section 44(h) states:

[In a lengthy analysis, the court concluded that §§ 44(b) & (h) do not provide a basis for famous marks protection.]

(d) Policy Rationales Cannot, by Themselves, Support Judicial Recognition of the Famous Marks Doctrine Under Federal Law

[39] Even if the Lanham Act does not specifically incorporate Article 6bis and Article 16(2) protections for famous foreign marks, ITC urges this court to follow the Ninth Circuit's lead and to recognize the famous marks doctrine as a matter of sound policy. *See Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d at 1094 (recognizing famous marks doctrine because “[t]here can be no justification for using trademark law to fool immigrants into thinking that they are buying from the store they liked back home”). ITC argues that the United States cannot expect other nations to protect famous American trademarks if United States courts decline to afford reciprocal protection to famous foreign marks.

[40] We acknowledge that a persuasive policy argument can be advanced in support of the famous marks doctrine. *See, e.g., De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307, at *25 (noting that “[r]ecognition of the famous marks doctrine is particularly desirable in a world where international travel is commonplace and where the Internet and other media facilitate the rapid creation of business goodwill that transcends borders”); Frederick W. Mostert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?*, 86 Trademark Rep. 103, 106 (1996) (arguing that “protection of the global trading system through the prevention of piracy and unfair exploitation of well-known marks has become essential”). The fact that a doctrine may promote sound policy, however, is not a sufficient ground for its judicial recognition, particularly in an area regulated by statute. *See, e.g., Badaracco v. Comm’r*, 464 U.S. 386, 398 (1984) (“The relevant question is not whether, as an abstract matter, the rule advocated by petitioners accords with good policy. The question we must consider is whether the policy petitioners favor is that which Congress effectuated by its enactment of [the statute].”). In light of the comprehensive and frequently modified federal statutory scheme for trademark protection set forth in the Lanham Act, we conclude that any policy arguments in favor of the famous marks doctrine must be submitted to Congress for it to determine whether and under what circumstances to accord federal recognition to such an exception to the basic principle of territoriality. *See Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381

Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair competition, and the remedies provided in this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

Id. § 1126(h).

F.Supp.2d at 326–28. Absent such Congressional recognition, we must decline ITC's invitation to grant judicial recognition to the famous marks doctrine simply as a matter of sound policy.

[41] For all these reasons, we affirm the district court's award of summary judgment in favor of defendants on ITC's federal unfair competition claim.

2. State Common Law Claim for Unfair Competition

a. ITC's Reliance on the Famous Marks Doctrine to Sue for Unfair Competition Under New York Law

[42] ITC submits that, even if we affirm the district court's dismissal of its federal unfair competition claim, we must reverse the dismissal of its parallel state law claim. As it correctly observes, New York common law allows a plaintiff to sue for unfair competition where a “property right or a commercial advantage” has been “misappropriated.” *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774, 781–82 (2d Cir. 1964). Nevertheless, in light of ITC's abandonment of the Bukhara mark and dress for restaurants in the United States, its common law assertion of a “property right or a commercial advantage” in these designations based on their foreign use depends on whether New York recognizes the famous marks doctrine in the circumstances here at issue.

[43] As we have already noted, at least two New York cases indicate such recognition as a general matter: *Vaudable v. Montmartre, Inc.*, 20 Misc.2d 757, 193 N.Y.S.2d 332, and *Maison Prunier v. Prunier's Rest. & Café*, 159 Misc. 551, 288 N.Y.S. 529. Neither the New York Court of Appeals nor any intermediate New York appellate court, however, has ever specifically adopted the views expressed in *Prunier* and *Vaudable* to accord common law protection to the owners of famous marks. Moreover, no New York court has clearly delineated a standard for determining when a mark becomes sufficiently famous to warrant protection. “In the absence of authoritative law from the state's highest court, we must either (1) predict how the New York Court of Appeals would resolve the state law question, or, if state law is so uncertain that we can make no reasonable prediction, (2) certify the question to the New York Court of Appeals for a definitive resolution.” *DiBella v. Hopkins*, 403 F.3d 102, 111 (2d Cir. 2005). In this case, we opt for certification.

b. Certifying the Question of New York's Common Law Recognition of the Famous Marks Doctrine

(1) Standard for Certification

[44] New York law and Second Circuit Local Rule § 0.27 permit us to certify to the New York Court of Appeals “determinative questions of New York law [that] are involved in a case pending before [us] for which no controlling precedent of the Court of Appeals exists.” N.Y. Comp.Codes R. & Regs. tit. 22, § 500.27(a). In deciding

whether to certify a question, we consider, *inter alia*, “(1) the absence of authoritative state court interpretations of the [law in question]; (2) the importance of the issue to the state, and whether the question implicates issues of state public policy; and (3) the capacity of certification to resolve the litigation.” *Morris v. Schroder Capital Mgmt. Int’l*, 445 F.3d 525, 531 (2d Cir.2006) (internal quotation marks omitted).

(2) Certified Question 1: Does New York Recognize the Famous Marks Doctrine?

[45] In this case, we conclude that these factors weigh in favor of certifying the question of New York’s recognition of the famous marks doctrine. First, the only New York cases to address the question of whether state common law recognizes the famous marks doctrine, *Vaudable* and *Prunier*, are decades-old trial court decisions. While these decisions are routinely cited by non-New York courts as accurate statements of the state’s common law of unfair competition,³⁷ and while commentators routinely identify the cases as foundational in the development of the famous marks doctrine,³⁸ the lack of authoritative adoption of the famous marks doctrine by New York’s highest court weighs in favor of certification. Second, recognition of the famous marks doctrine as part of New York common law is plainly an important policy issue for a state that plays a pivotal role in international commerce. This factor strongly counsels in favor of our soliciting the views of the New York Court of Appeals. *See generally Board of Regents v. Roth*, 408 U.S. 564, 577, 92 S.Ct. 2701, 33 L.Ed.2d 548 (1972) (observing that property interests “are created and their dimensions are defined by existing rules or understandings that stem from an independent source such as state law”). Finally, certification will conclusively resolve the question of whether ITC’s state unfair competition claim was, in fact, properly dismissed.

[46] Accordingly, we certify the following question to the New York Court of Appeals: “Does New York common law permit the owner of a famous mark or trade dress to assert property rights therein by virtue of the owner’s prior use of the mark or dress in a foreign country?”

(3) Certified Question 2: How Famous Must a Mark Be to Come Within the Famous Marks Doctrine?

³⁷ See, e.g., *Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d at 1095; *Buti v. Impresa Perosa, S.R.L.*, 139 F.3d at 104; *Person’s Co. v. Christman*, 900 F.2d at 1570; *Almacenes Exito S.A. v. El Gallo Meat Mkt., Inc.*, 381 F.Supp.2d at 328; *De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 2005 U.S. Dist. LEXIS 9307 at *21–22.

³⁸ See, e.g., 4 McCarthy, *supra*, § 29:4, at 29–12; Graeme B. Dinwoodie et al., *International Intellectual Property Law and Policy* 108 (2001).

[47] If the New York Court of Appeals were to answer the first certified question in the affirmative, we ask it to consider a second query: “How famous must a foreign mark or trade dress be to permit its owner to sue for unfair competition?”³⁹ Although we have had no prior occasion to address this question, we note the availability of a number of possible standards.

(a) Secondary Meaning

[48] If New York were inclined to recognize a broad famous marks doctrine, the Court of Appeals might conclude that a foreign mark's acquisition of “secondary meaning” in the state was sufficient to accord it common law protection. “Secondary meaning” is a term of art referencing a trademark's ability to “ ‘identify the source of the product rather than the product itself.’ ” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. at 766 n. 4 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 11 (1982)); see *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 42 N.Y.2d 538, 545 (1977) (explicating “secondary meaning” under New York law); see also *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 n. 4 (2d Cir. 1997) (identifying factors relevant to determining secondary meaning). Under this standard, a court deciding whether to accord famous marks protection would consider only whether the source of the foreign mark is well known in New York. See generally *Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d at 1097.

[49] The Court of Appeals might note, however, that in *Grupo Gigante* the Ninth Circuit specifically rejected “secondary meaning” as the appropriate standard for application of the famous marks doctrine. That federal court explained that such an interpretation of the famous marks doctrine went “too far” because it effectively eliminated the territoriality principle that itself “has a long history in the common law.” *Id.* at 1097–98.

(b) Secondary Meaning Plus

[50] Instead, the Court of Appeals might consider the Ninth Circuit's compromise standard, which can be described as “secondary meaning plus.” See *id.* at 1098 (holding that “secondary meaning is not enough”). Under this test, “where the mark has not before been used in the American market,⁴⁰ the court must be satisfied, by a preponderance of the evidence, that a *substantial* percentage of

³⁹ In formulating both certified questions, we do not intend to limit the Court of Appeals' analysis or its response. That court may expand or modify the certified questions as it deems appropriate to indicate whether state common law recognizes the famous marks doctrine and the scope of that recognition.

⁴⁰ New York could, of course, conclude that a “secondary meaning plus” standard also applied to a foreign mark or dress that had previously been used in the United States where, as in this case, such domestic use had been abandoned.

consumers in the relevant American market is familiar with the foreign mark.” *Id.* (emphasis added); see also 4 McCarthy, *supra*, § 29:4, at 29–17 (suggesting that a “substantial” percentage of consumers in the relevant American market would be at least 50%).

[51] Judge Graber, concurring in *Grupo Gigante*, emphasized the intermediate character of this standard:

I agree that a foreign owner of a supposedly famous or well-known foreign trademark must show a higher level of “fame” or recognition than that required to establish secondary meaning. Ultimately, the standard for famous or well-known marks is an intermediate one. To enjoy extraterritorial trademark protection, the owner of a foreign trademark need not show the level of recognition necessary to receive nation-wide protection against trademark dilution. On the other hand, the foreign trademark owner who does not use a mark in the United States must show more than the level of recognition that is necessary in a domestic trademark infringement case.

391 F.3d at 1106 (Graber, J., concurring).

(c) The Anti-Dilution Statute Standard

[52] Precisely because “secondary meaning plus” is an intermediate standard, the Court of Appeals might also consider the high standard of recognition established by section 43(c) of the Lanham Act, the federal anti-dilution statute. See 15 U.S.C. § 1125(c). Under that federal law, four non-exclusive factors are relevant when determining whether a mark is sufficiently famous for anti-dilution protection:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark;
- (iii) The extent of actual recognition of the mark;
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Id. § 1125(c)(2).

[53] Under the federal anti-dilution statute, the holder of a mark deemed famous under this test may seek an injunction against another person who, “at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” *Id.* § 1125(c)(1). ITC does not sue for dilution in this case. Nevertheless, the Court of Appeals might

consider whether the factors set out in the statute provide a useful guide for defining famous marks generally.

(d) Recommendation of the World Intellectual Property Organization

[54] Finally, should the Court of Appeals decide to articulate an entirely new and different standard of recognition for the application of the famous marks doctrine, among the factors it might consider are those identified as relevant in the non-binding “Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks,” adopted by the World Intellectual Property Organization in 1999:

- (1) the degree of knowledge or recognition of the mark in the relevant sector of the public;
- (2) the duration, extent and geographical area of any use of the mark;
- (3) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, or the goods and/or services to which the mark applies;
- (4) the duration and geographical area of any registrations, and/or any application for registration, of the mark, to the extent that they reflect use or recognition of the mark;
- (5) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities; [and]
- (6) the value associated with the mark.

World Intellectual Property Organization, Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (Sept.1999), *available at* <http://www.wipo.int/about-ip/en/developmentiplaw/pub833.htm>.

[55] We express no view as to how New York should define its state common law. We simply reserve decision on ITC's challenge to the district court's dismissal of its state common law claim for unfair competition pending the New York Court of Appeals response to our certified questions.

ITC Ltd. v. Punchgini, Inc.
880 N.E.2d 852 (N.Y. 2007)

Read, J.

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II.

Certified Question No. 1

[1] "Does New York common law permit the owner of a famous mark or trade dress to assert property rights therein by virtue of the owner's prior use of the mark or dress in a foreign country?"

[2] The Second Circuit's first certified question calls upon us to define property rights in the context of a common-law unfair competition claim grounded on a theory of misappropriation. Thus, we must consider whether a famous foreign mark constitutes property or a commercial advantage protected from unfair competition under New York law.

[3] We have long recognized two theories of common-law unfair competition: palming off and misappropriation (*see Electrolux Corp. v Val-Worth, Inc.*, 6 NY2d 556, 567-568 [1959] [discussing the acceptance of these theories of unfair competition in New York courts and collecting cases]). "Palming off"—that is, the sale of the goods of one manufacturer as those of another⁴¹—was the first theory of unfair competition endorsed by New York courts, and "has been extended . . . to situations where the parties are not even in competition" (*Electrolux*, 6 NY2d at 567, citing *Elgin Nat. Watch Co. v Illinois Watch Case Co.*, 179 US 665, 674 [1901]; *Neva-Wet Corp. v Never Wet Processing Corp.*, 277 NY 163, 168 [1938]; *Cornell Univ. v Messing Bakeries*, 285 App Div 490 [3d Dept 1955], *affd without op* 309 NY 722 [1955] [three additional citations, all either Court of Appeals opinions or Appellate Division opinions affirmed without opinion by this Court, omitted]).

[4] After the United States Supreme Court sanctioned the misappropriation theory of unfair competition in *International News Service v Associated Press* (248 US 215 [1918]), "[t]he principle that one may not misappropriate the results of the skill, expenditures and labors of a competitor has . . . often been implemented in [New York] courts" (*Electrolux*, 6 NY2d at 567, citing *Germanow v Standard Unbreakable Watch Crystals, Inc.*, 283 NY 1, 18 [1940]; *Fisher v Star Co.*, 231 NY 414, 428 [1921]; *see also Meyers v Waverly Fabrics, Div. of Schumacher & Co.*, 65 NY2d 75, 79-80 [1985] [acknowledging defendant's possible liability for "violation of the law of unfair competition by misrepresenting the (uncopyrighted) design, which it knew to be plaintiff's, as its own" (numerous citations omitted)]; *National Basketball Assn. v Motorola, Inc.*, 105 F3d 841, 847-853 [2d Cir 1997] [accepting misappropriation as a theory under New York common law]). Indeed, the New York cases cited by the

⁴¹ "One of the most obvious forms" of palming off "occurs when the copier of an article overtly and explicitly misrepresents its source[, for example], where [a] defendant . . . substituted its product for plaintiff's when customers specifically asked for plaintiff's product" (*Remco Indus., Inc. v Toyomenka, Inc.*, 286 F Supp 948, 954 [SD NY 1968], *affd* 397 F2d 977 [2d Cir 1968] [citation omitted]; *see also Shaw v Time-Life Records*, 38 NY2d 201, 206 [1975] [defendant "could not 'palm off' its records as being the personal work of" plaintiff under New York unfair competition law]).

District Court and the Second Circuit as embodying the famous or well-known marks doctrine in New York common law—*Prunier* and *Vaudable*—were, in fact, decided wholly on misappropriation theories.

[5] In *Prunier*, the plaintiff operated celebrated haute cuisine restaurants in Paris and London, but none in the United States. The defendants opened a restaurant in New York and

"appropriated to themselves the plaintiff's name. . . . Indeed, it was admitted . . . that the name was intentionally selected because of plaintiff's well-known reputation and good will which has been built up as the result of decades of honest business effort.

"The defendants den[ied], however, that they ever held themselves out as being *Prunier's of Paris*" (159 Misc at 553).

The court upheld the legal viability of an unfair competition claim by the plaintiff—even though the two restaurants were not in direct competition—so long as "plaintiff[s] conten[tion] that its reputation extends far beyond the territorial limits of Paris and London and that it has a substantial following in *New York city* and in other parts of the world" was proved (*id.* at 559 [emphasis added]).

[6] In *Vaudable*, the plaintiff's restaurant in Paris—Maxim's—was internationally famous "in the high-class restaurant field" (20 Misc 2d at 758-759). The defendants "appropriate[d] the good will plaintiffs [had] created in the name Maxim's as a restaurant," and were therefore held liable for unfair competition based on misappropriation even though the parties were "not in present actual competition" (*id.* at 759). "The trend of the law, both statutory and decisional," the court opined, "has been to extend the scope of the doctrine of unfair competition, whose basic principle is that commercial unfairness should be restrained whenever it appears that there has been a misappropriation, for the advantage of one person, of a property right belonging to another" (*id.* at 759 [citations omitted]; see also *Roy Export Co. v Columbia Broadcasting Sys.*, 672 F2d 1095, 1105 [2d Cir 1982] [with decline of general federal common law after inception of misappropriation branch of unfair competition tort in *International News Service*, "the doctrine was developed by the states, New York in particular; there it has flourished in a variety of factual settings"]).

[7] While expositors of the famous marks doctrine point to *Prunier* and *Vaudable* (see 5 McCarthy on Trademarks and Unfair Competition § 29:4 n 2 [4th ed 2007] [citing *Prunier* and *Vaudable* as "(p)erhaps the most famous examples" of the "well known" marks doctrine]), *Prunier* and *Vaudable* themselves in no way explain or proclaim—let alone rely on—any famous or well-known marks doctrine for their holdings. Instead, *Prunier* and *Vaudable* fit logically and squarely within our time-honored misappropriation theory, which prohibits a defendant from using a plaintiff's property right or commercial advantage—in *Prunier* and *Vaudable*, the goodwill attached to a famous name—to compete unfairly against the plaintiff in New York.

[8] Under New York law, "[a]n unfair competition claim involving misappropriation usually concerns the taking and use of the plaintiff's property to compete against the plaintiff's own use of the same property" (*Roy Export*, 672 F2d at 1105). The term "commercial advantage" has been used interchangeably with "property" within the meaning of the misappropriation theory (see *Flexitized, Inc. v National Flexitized Corp.*, 335 F2d 774, 781-782 [2d Cir 1964]). What *Prunier* and *Vaudable* stand for, then, is the proposition that for certain kinds of businesses (particularly cachet goods/services with highly mobile clienteles), goodwill can, and does, cross state and national boundary lines.

[9] Accordingly, while we answer "Yes" to the first certified question, we are not thereby recognizing the famous or well-known marks doctrine, or any other new theory of liability under the New York law of unfair competition. Instead, we simply reaffirm that when a business, through renown in New York, possesses goodwill constituting property or a commercial advantage in this state, that goodwill is protected from misappropriation under New York unfair competition law. This is so whether the business is domestic or foreign.

III.

Certified Question No. 2

[10] "How famous must a foreign mark or trade dress be to permit its owner to sue for unfair competition?"

[11] Protection from misappropriation of a famous foreign mark presupposes the existence of actual goodwill in New York (see e.g. *Roy Export*, 672 F2d at 1105 [misappropriation under New York law usually requires use in state of plaintiff's property or commercial advantage to compete against plaintiff]). If a foreign plaintiff has no goodwill in this state to appropriate, there can be no viable claim for unfair competition under a theory of misappropriation. At the very least, a plaintiff's mark, when used in New York, must call to mind its goodwill. Otherwise, a plaintiff's property right or commercial advantage based on the goodwill associated with its mark is not appropriated in this state when its unregistered mark is used here. Thus, at a minimum, consumers of the good or service provided under a certain mark by a defendant in New York must primarily associate the mark with the foreign plaintiff (cf. *Allied Maintenance Corp. v Allied Mech. Trades*, 42 NY2d 538, 545 [1977]).

[12] Whether consumers of a defendant's goods or services primarily associate such goods or services with those provided by a foreign plaintiff is an inquiry that will, of necessity, vary with the facts of each case. Accordingly, we cannot—and do not—provide an exhaustive list of the factors relevant to such an inquiry. That said, some factors that would be relevant include evidence that the defendant intentionally associated its goods with those of the foreign plaintiff in the minds of the public, such as public statements or advertising stating or implying a connection with the foreign plaintiff; direct evidence, such as consumer surveys, indicating that

consumers of defendant's goods or services believe them to be associated with the plaintiff; and evidence of actual overlap between customers of the New York defendant and the foreign plaintiff.

[13] If the customers of a New York defendant do not identify a mark with the foreign plaintiff, then no use is being made of the plaintiff's goodwill, and no cause of action lies under New York common law for unfair competition. As a result, to prevail against defendants on an unfair competition theory under New York law, ITC would have to show first, as an independent prerequisite, that defendants appropriated (i.e., deliberately copied), ITC's Bukhara mark or dress for their New York restaurants. If they successfully make this showing, plaintiffs would then have to establish that the relevant consumer market for New York's Bukhara restaurant primarily associates the Bukhara mark or dress with those Bukhara restaurants owned and operated by ITC.

[14] Accordingly, the certified questions should be answered in accordance with this opinion.

Comments and Questions

1. *The final disposition of ITC v. Punchgini.* The case returned to the Second Circuit, which affirmed the district court's initial grant of summary judgment to the defendant on the ground, among others, that BUKARA for restaurant services had no secondary meaning in New York. *ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159 (2d Cir. 2008), *aff'g* 373 F.Supp.2d 275 (S.D.N.Y. 2005).

2. *"Well-known marks doctrine" or "famous marks doctrine"?* In a footnote in a portion of the New York Court of Appeals opinion not included in the excerpt above, the court addressed the terminological ambiguity over the correct name of the doctrine at issue:

There is some ambiguity regarding the proper name for what has been variously called the "famous marks doctrine," the "well-known marks doctrine" and the "famous mark doctrine" (*see e.g.* 5 McCarthy on Trademarks and Unfair Competition § 29:4 [4th ed 2007] [using the above names interchangeably]). Apparently, the use of "well-known" in place of "famous" took hold after the Lanham Act was amended by passage of the Federal Trademark Anti-Dilution Act of 2006, which uses "famous" as a term of art (*see* 15 USC § 1125 [c]). At any rate, "famous" and "well-known," "mark" and "marks," have been used interchangeably to describe the putative doctrine, and no distinction is intended by our choice of words here.

ITC Ltd. v. Punchgini, Inc., 880 N.E.2d 852, 856 n.1 (N.Y. 2007).