TRADEMARK REFORM ACT OF 1983

HEARING

BEFORE THE

SUBCOMMITTEE ON COURTS, CIVIL LIBERTIES, AND THE ADMINISTRATION OF JUSTICE

OF THE

COMMITTEE ON THE JUDICIARY HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

H.R. 4460

TRADEMARK REFORM ACT OF 1983

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TRADEMARK REFORM ACT OF 1983

THURSDAY, JUNE 28, 1984

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COURTS, CIVIL LIBERTIES
AND THE ADMINISTRATION OF JUSTICE,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The subcommittee met, pursuant to call, at 10:15 a.m., in room 2226, Rayburn House Office Building, Hon. Robert W. Kastenmeier (chairman of the subcommittee) presiding.

Present: Representatives Kastenmeier and DeWine.

Staff present: Michael J. Remington, chief counsel; David W. Beier, counsel; Joseph V. Wolfe, associate counsel; and Audrey K. Marcus, clerical staff.

Mr. KASTENMEIER. The subcommittee will come to order.

I hope that we will be joined shortly by more of our colleagues. I should report that many of our colleagues were at the Senate-House conference on bankruptcy last night until after 2:30 a.m., so they may be late this morning.

This morning the subcommittee will hear testimony on H.R. 4660, the Trademark Reform Act of 1983. The bill defines the appropriate test for courts to apply in determining whether a mark has become generic. It also provides for exclusive appellate jurisdiction over trademark cases in the U.S. Court of Appeals for the Federal Circuit.

Clarification of the provisions of the Lanham Trademark Act relating to genericness is necessary because of the Ninth Circuit Court of Appeals' decision in *Antimonopoly* v. *General Mills Fun Group, Inc.* That decision makes it extremely difficult for trademark owners to prevent their marks from becoming generic.

The provision of the bill which unites Federal appellate court jurisdiction in trademark cases is aimed at eliminating conflicting decisions among the circuits.

Generally, issues of trademark law are dealt with within the limited context and arena of a legal controversy. Nevertheless, the importance of trademark issues, especially the aspect of genericness, should not be underestimated. Established, recognizable and stable trademarks are absolutely essential to informed consumer purchasing. It is rare that this branch and the general public have the opportunity to receive the views of organizations and individuals so well versed in the law of trademarks. We certainly welcome this opportunity.

Our witnesses this morning will present views on the subject from three distinct perspectives—the judiciary, academia and the private sector.

We are very fortunate to have as our first witness this morning Circuit Judge Helen W. Nies, of the U.S. Court of Appeals, Federal Circuit. Judge Nies comes to us by designation of the chief judge of the Federal circuit, Howard T. Markey. Judge Nies has served on the Federal bench since 1980. She was appointed by President Carter to the Courts of Customs and Patent Appeals. Previously, Judge Nies practices trademark law for nearly two decades. Judge Nies' experience on the bench, as well as the bar, makes her a valuable witness on the subject of trademark law.

We welcome you, Judge Nies, and you may proceed as you wish.

TESTIMONY OF HON. HELEN W. NIES, CIRCUIT JUDGE, U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Judge NIES. Thank you, Mr. Chairman.

I want to congratulate you and Congressman DeWine and your staff on your great stamina in being here at 10 o'clock this morning when I know you were in session well past midnight last night.

I am honored, Mr. Chairman, to represent the U.S. Court of Appeals for the Federal Circuit in these hearings on H.R. 4460, which is designed to clarify the circumstances under which a trademark may be cancelled or considered abandoned.

I should add that I am not speaking for the Judicial Conference, which has not considered this bill.

Mr. KASTENMEIER. Would you have any reason that the judicial conference would have different views than your own with respect to jurisdictional problems?

Judge NIES. I think not. Originally, trademark jurisdiction was proposed for the Federal circuit. The bill that created the court originally included such a provision, and it is my understanding that that was endorsed by the Judicial Conference. But there has been no consideration of this particular bill by the Judicial Conference.

H.R. 4460 addresses this problem apart from the substantive law of trademarks, that is whether jurisdiction should lie in the Federal circuit. An amendment would be made in title 28, United States Code, section 1295(a)(1), which is the basis for the jurisdiction of the Federal circuit, which would grant exclusive jurisdiction to our court to hear appeals from all district courts in civil actions brought under the Federal trademark statute, 15 United States Code, section 1051 et seq.

Addressing the latter matter first, I reiterate Chief Judge Markey's position in his letter to you dated June 25, 1984. The judges of the Federal circuit express no opinion on the wisdom of placing jurisdiction over trademark and related unfair competition appeals—which is an increasingly used section of the Lanham Act, I might add—placing those appeals exclusively in the Federal circuit. Whether reasons exist for lodging exclusive jurisdiction over trademark matters in the Federal circuit is a matter for congressional determination taking into consideration most importantly

the needs of business, as they will be expressed to you by others, and also the public interest.

As far as the capabilities of the court, the judges now deal with trademark matters in appeals from the Patent and Trademark Office. Appeals come directly to our court from the PTO Trademark Trial and Appeal Board on matters concerning the initial or continued registrability of trademarks. This type of appeal can be either ex parte or inter partes. In an inter parte case, the issues are very much the same as in trademark infringement suits.

In addition, the Federal circuit hears appeals from district court decisions where the trademark issues are pendant to a patent claim. I have in mind a recent case before us on a design patent which was asserted to be infringed. A related claim of trademark infringement based on the acquisition of common law trademark rights in the same product came to the court under its pendant jurisdiction. The judges do have familiarity with this type of law, this area of the law.

The court has been advised that approximately 165 trademark appeals would be expected to be added to its docket by H.R. 4460. There are 11 active judges on our court, shortly to be 12. That would be a full complement of judges. With that number of judges, an increase in the caseload would be approximately 14 cases per year per judge. The cases vary in complexity. However, from my experience in private practice and on the bench, I would advise that the issues are not of easy or quick resolution. The judges of our court operate with a staff of three. That is a smaller staff than other circuit court judges. We have two technical or general law clerks and one secretary. Our docket is not as heavy as other circuit dockets in numbers. But I can assure you that the hours worked by the judges on our court are long and arduous.

Since submitting my prepared statement, it occurred to me that one reason for this is that our court has adopted a rule that a panel decision is binding on other panels. That is not the usual rule in other circuits. This means that the judges of our court study all cases that go through the court—not to participate in the decision, that is up to the panel—but to be sure that there is no divergence from other precedent of the court. One of the reasons for the creation of our court was to create uniformity in patent law, and we are very conscious of that objective. I know, personally, I studied 500 cases last year reviewing the opinion part—not the factual part, but the opinion part—of these decisions to be sure that there was no conflict with what was said in another decision. We are very proud of attempting to achieve this uniformity, and it is not a rule that other circuits follow.

We would attempt to assume—we being the judges—any additional work without an increase in staff. However, it may not be feasible to keep our docket as current as it is, which is a source of great pride to us and our chief judge and of satisfaction to the litigants, with additional resources. If that turns out to be necessary, the court will not hesitate to inform the Congress of our need for additional resources.

Turning to the bill itself, I do wish to point out one omission. If jurisdiction is given to the court, there is a need to set out a specific date in the statute after which appeals would be taken to the

Federal circuit, so there would be no argument over whether this is an appeal that should come to our court or another circuit court of appeals in this transition period. It would be of great help to have a specific provision such as you will find in the Federal Courts Improvement Act of 1982, section 403(e).

With respect to the portion of the bill dealing with substantive trademark law, the bill is generally in line with the decisions of the U.S. Court of Customs and Patent Appeals, one of our predecessor courts, one of the courts from which we were created. We have adopted the precedents of the Court of Customs and Patent Appeals for our court along with the precedents of the Court of Claims. However, to my knowledge, the Court of Claims did not have any trademark case in its history.

I have called attention in my written statement, which I ask to have made part of the record, to a decision In re *D.C. Comics*, where we address a problem somewhat similar to the *Monopoly* case which has stimulated this bill. The Trademark Trial and Appeal Board had held that a design of Superman which appeared on a package containing a Superman doll could not be a trademark for that product because there was no other name for the product, it was a unique product. The rationale of that decision is comparable to saying that a name such as *Monopoly* identifies a product.

Our court rejected that kind of reasoning. The test for genericness is whether the public uses the mark to identify competitive goods from more than one source. The Court of Customs and Patent Appeals did not specify that a particular percentage of the public must no longer use the mark as a mark since that was not the question before us. I am sure others will have something to say about the particular language of the bill, and I quote, "a majority of the relevant public."

Those words cause me problems. In my personal view, I don't know that you could get a majority of the relevant public to agree on who is President. Any specific number such as that is very difficult for a court to deal with. It seems to me that it would be much better if the bill somewhat tracked the theory that you will find in judicial opinions on establishing secondary meaning in a descriptive term. In other words, a substantial portion of the public understands a descriptive term to be an identification of source. So I have suggested that that language would be better written in more general and in negative terms, such as "no substantial portion of the public understands the trademark to function as a mark," and you would have to put that second "mark" in quotes, that is, as an identification of source.

On the other hand, the proposed amendment of section 45 of the bill to the definition of abandonment is, in my view, unduly broad. It fails to take into account that abandonment may be premised for a number of other reasons besides a mark becoming a common descriptive name. Abandonment may be premised on an uncontrolled licensing of a mark by the owner. A trademark owner, as a matter of Hornbook law, must control the nature and qualify of goods or services sold by others under his mark, his licensees, on penalty of loss of rights. This concept is part of the definition in section 45. By amending the section as is proposed, that ground for finding a loss of rights would be eliminated.

Similarly, rights can be lost by a naked assignment of the mark. By that, I mean an assignment of the trademark without the accompanying good will associated with that mark. In trademark law, we refer to it as a transfer in gross, which is contrary to the Supreme Court precedent.

In my view, no change is needed in section 45 or, if the proposed change is made, it should be more limited by adding after the word "origin," quote, "by reason of its having become a common descriptive name of goods or services." In that way, the objective of the bill would be accomplished without otherwise changing fundamental trademark law.

With those comments, I would close and would be happy to answer any questions.

[The statement of Judge Nies follows:]

STATEMENT

CIRCUIT JUDGE HELEN W. NIES

Before the
Subcommittee on Courts, Civil Liberties,
and the Administration of Justice
Committee on the Judiciary
House of Representatives
June 28, 1983

I am honored, Mr. Chairman, to represent the U.S. Court of Appeals for the Federal Circuit in these hearings on H.R. 4460 which is designed to clarify the circumstances under which a trademark may be cancelled or considered abandoned. H.R. 4460 also addresses a separate problem--namely, jurisdiction in the federal courts of appeals. An amendment would be made in Title 28 United States Code Section 1295(a)(1) which would grant exclusive jurisdiction to the Federal Circuit to hear appeals from all district courts in civil actions brought under the federal trademark statute, 15 United States Code § 1051 et seq.

Addressing the latter matter first, I reiterate Chief Judge Markey's position in his letter to you dated June 25, 1984. The judges of the Federal Circuit express no opinion on the wisdom of placing jurisdiction over trademark and related unfair competition appeals exclusively in the Federal Circuit. Whether reasons exist for lodging exclusive jurisdiction over trademark matters in the Federal Circuit is a matter for congressional determination taking into consideration the needs of the business community and the public interest.

As far as the capabilities of the court, the judges now deal with trademark matters in appeals from the Patent and Trademark Office (PTO). Appeals come directly to our court from the PTO Trademark Trial and Appeal Board on matters concerning the initial or continued registrability of trademarks. Such appeals can be either ex parte or inter partes. In the latter appeals, the issues are very much the same as in trademark infringement suits.

In addition, the Federal Circuit hears appeals from district court decisions where the trademark issues are pendant to a patent claim. For example, in a recent appeal a design patent was asserted to be infringed. A related claim of trademark infringement based on the acquisition of common law trademark rights in the same product shape came to the court under its pendant jurisdiction.

The court has been advised that approximately 165 trademark appeals would be expected to be added to its docket by H.R. 4460. There are 11 active judges, shortly to be 12, which means an increase in case load of approximately 14 cases per judge per year. The cases vary, of course, in complexity. However, from my experience in private practice and on the bench, I would advise that the issues are not of easy or quick resolution. The judges of the Federal Circuit operate with a staff of three--two technical or general law clerks and one secretary. Our docket is not as heavy as other circuits in numbers. I can assure you, however, that the hours worked by the judges on our court are long and arduous. We would attempt

to assume any additional work without an increase in staff. However, it may not be feasible to keep our docket as current as it is, a source of pride to us and satisfaction to litigants, without additional resources. If that turns out to be necessary, the court will not hesitate to inform the Congress.

I do wish to point out an omission from the bill. If jurisdiction is given to this court, there is a need to set out a specific date after which appeals would be taken to the Federal Circuit. A transitional provision of this nature can be found in the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, § 403(e), 96 Stat. 25, 58 (1982).

With respect to the portion of the bill dealing with substantive trademark law, the bill is in line generally with the decisions of the United States Court of Customs and Patent Appeals, one of our predecessor courts whose decisions the Federal Circuit has adopted as precedent. In particular, in the appeal styled In re D.C. Comics, reported at 689 F.2d 1042 (CCPA 1982), the Court of Customs and Patent Appeals reversed a decision of the Trademark Trial and Appeal Board which had held that a design of SUPERMAN could not be a trademark on the rationale that the mark identified a unique product, a SUPERMAN doll, rather than the source of that product. That rationale is comparable to holding that a word mark has become generic because it identifies a unique product, and it is the problem attacked in H.R. 4460. The court rejected that reasoning. The test for genericness is whether the public uses the mark to

identify competitive goods of more than one source. The Court of Customs and Patent Appeals did not specify that a particular percentage of the public must no longer use the "mark" as a "mark" since that was not a question before us. I am sure the particular language of the bill "a majority of the relevant public" will be the subject of other comments. In my personal view, it would be better written in more general and in negative terms, i.e., "no substantial portion of the public understands the trademark to function as a mark".

On the other hand, the proposed amendment of Section 45 to the definition of abandonment is, in my view, unduly broad. It fails to take into account abandonment premised on uncontrolled licensing of a mark by the owner. A trademark owner must control the nature and quality of goods or services sold by others under his mark on penalty of loss of rights.

Similarly, rights can be lost by a naked assignment of the mark without an accompanying transfer of goodwill associated with the mark, what trademark law refers to as a transfer "in gross".

In my view, no change is needed in Section 45 or, alternatively, the proposed amendment should be limited by inserting after "origin" --by reason of its having become a common descriptive name of goods or services--.

I would be glad, Mr. Chairman, to attempt to answer any questions of the Subcommittee.

Mr. KASTENMEIER. Thank you, Judge Nies.

In terms of assigning cases in the Federal circuit, do I understand that the assignment is based on short chance rather than having a judge who is usually familiar with the subject handle more than one-eleventh or one-twelfth of the cases? Can we assume that you will only get 14 cases out of 165, or will you get a larger number because of your expertise in the field?

Judge NIES. I would get the same number as any other judge, and less or more depending on a random selection. It is required under our enabling legislation that judges sit on a representative cross-section of cases. I sit on tax cases or Indian claims, patent cases, Government contract cases, whatever comes along.

We have a system of setting up panels randomly—in fact, not really randomly. We try to be ensured that every judge sits with ever other judge a certain number of times. In the year, that would average out. We set up panels of as many as we need for a particular month, five or six. The cases are then divided by the clerk by subject matter. If we have 15 patent cases, it is 1 for panel A, 1 for panel B, 1 for panel C. It is the same with the Government contract case or Merit Systems Protection Board case, they are all divided up equally among the panel. Then the panel identified by a letter is placed on one of those piles of cases. The cases are not guided to any particular judge.

Mr. KASTENMEIER. You indicate that the court has been advised that there would be approximately 165 trademark appeals will be expected if indeed the change in jurisdiction were made and this bill became law. How many——

Judge NIES. I assume those were last year's statistics. I don't really know the source of those statistics, except my chief judge told me so.

Mr. KASTENMEIER. I am sure he would not tell you a lie. I am sure he can be relied upon. [Laughter.]

Let me ask you further if you know how many presently trademark appeals annually does your court handle?

Judge NIES. I would say, from the Patent and Trademark Office, probably 50. It is not a large number. In connection with civil litigation, I know of only two that have come as pendant jurisdiction issues.

Mr. KASTENMEIER. Obviously, this is not a question that you would have considered, but I assume that, if this change is made, some day the question may occur whether copyright cases also ought to be uniquely referred to the court of appeals.

Judge NIES. Yes, that was originally proposed.

Mr. KASTENMEIER. Yes. And since it is the remaining exception, making the assumption that this might be acted, the bill before us, would you think without specific reference that, should that occur, that case load would be far more formidable than the 165 trademark appeals?

Judge NIES. I don't have any statistics on that at all. It seems to me that, as I read the advance sheets, the number of copyright cases in courts of appeals seems to be higher than trademark appeals, but I am not sure of that. There is a lot of litigation in the music field and in records.

Mr. KASTENMEIER. The reason, of course, I asked the question is, if changes are made, we should think of the consequence of the changes and the analog in terms of other changes made and will eventually be asked whether or not there was wisdom in doing that.

Judge NIES. If I were in private practice, I would feel freer to speak on matters. But I do have a feeling that copyright law is a Federal statute controlling throughout the country, and it is much more comparable to patent legislation. In the trademark field, there are certain portions of the Lanham Act that are national, in effect. The courts have developed a national unfair competition law under section 43(a) of the Lanham Act.

In other respects, trademark law is closely tied to State law. The Lanham Act itself is not a grant of your basic rights in a trademark. Those are developed from use, and they would be available without the Lanham Act. So it is not the same kind of Federal legislation as either the copyright or patent statutes provide. It is not the same kind of grant of right.

Now, certain rights are enhanced by the Lanham Act. The notice provisions of the Lanham Act make it easier to expand throughout the country. As far as the effects on business, I think decisions that conflict in the circuits make it difficult for business to operate, but I think we should hear the interests of business more than the interests of the judiciary on that subject.

Mr. KASTENMEIER. Following on that—and that is, of course, true, and we appreciate that analysis—what effect, if any, would the transfer of all trademark appeals to the court of appeals in the Federal circuit have on State court trademark litigation?

Judge NIES. From my experience in private practice, I found there were many very local trademark disputes on restaurants. Two Chinese restaurants open up under the name Wong Foo. I think there was one here in the District, Ruby Foo's. I think the Federal court litigation has almost no effect on that type of litigation in local courts. It would still continue.

Mr. KASTENMEIER. I am sorry?

Judge NIES. I think the change in the Federal law would have no effect on strictly local litigation, where two restaurants are fighting over a name, or two dry cleaners are opening up under a similar name. Those are local matters handled in local court.

The way cases get into Federal court under the Lanham Act is through registration, unless there is a claim under section 43(a). That was the principal advantage of registering a trademark that I saw, was that it gave you ready access to the Federal courts without proving him out in controversy or diversity of citizenship—that, plus the notice provision.

Mr. KASTENMEIER. Thank you very much, Judge Nies. You have been very helpful this morning outlining some of the considerations that must be taken up with respect to the bill. I think you make a very good point in suggesting we ought to have a transitional provision with respect to specific dates if we are serious about this. Thank you, Judge Nies.

Mr. KASTENMEIER. Our second witness this morning is Prof. Ralph S. Brown, of the Yale Law School. Professor Brown has been writing and teaching in the field in intellectual property for nearly

four decades. He is the author of one of the most well-known law texts on copyright and unfair competition. Professor Brown's views will obviously be most helpful to the committee. We are very pleased you could come this morning, Professor Brown. We greet you.

Of course, your reputation in the field of intellectual property precedes you wherever you go, I am sure.

TESTIMONY OF RALPH S. BROWN, PROFESSOR, SCHOOL OF LAW, YALE UNIVERSITY

Mr. BROWN. Thank you very much, Mr. Chairman.

You have a statement, which I will not read to you. I will hit a few highlights, and I hope very much we will have opportunity for some exchange of views.

Mr. KASTENMEIER. Without objection, then, your statement will be received and made part of the record, as well as the preceding witness' testimony.

Mr. BROWN. Thank you.

My first point is that I think the proposed legislation—I am now addressing the substantive part of the legislation, not the shift of jurisdiction—is that the proposed substantive legislation is unnecessary and, if you will, premature.

The *Monopoly* case did kick up an awful lot of dust, and that is surprising. It was a dramatic case. But there were a lot of elements in the *Monopoly* case beside this particular test that the court worked up about the motivation of buyers. I don't particularly wish to defend that particular line that it took. I don't think that what impels buyers to buy is irrelevant to these somewhat sometimes complex considerations of whether a mark has become generic or not.

But I do want to emphasize that that was only one part of the case. I give some of the background of the case in my statement. I suppose, of course, the irony has been lost on none of us that this great question of how long one could maintain circumstances under what one could maintain a monopoly of the trademark that arose in the case involving the well known game Monopoly, and the really critical commentary which Professor Anspach was making on that game when he devised the game that he called Antimonopoly.

I would like, if you consider it appropriate, also to submit for the record a very timely piece that came out just last week in a publication called the Journal of Higher Education, which is entitled "An Economist Who Doesn't Like Monopoly Beats Parker Brothers at Its Own Game." It is a piece about Professor Anspach and his games and all of that. I think it might be of relevance in the record of this case, especially since I might say that it appears that, under the terms of the settlement that Professor Anspach reached with General Mills, he or his counsel I learned are under wraps and can't talk about the case itself or the settlement. Nevertheless, Professor Ansbach gave out some fairly pungent remarks which I think may be of interest.

I am coming now more closely oriented to the cases. Judge Nies is the author of a well-known paragraph in the *DC Comics* case, in

a concurring opinion in the *DC Comics* case which she referred to, in which she, in effect, repudiates this motivational test, not passage in her opinion—all of these things are quoted here—it was picked up by the second circuit in a recent case which gave its approval to that language which is, as I say, disapproving of the so-called motivation test.

If I may refer to—I assume that the letter from the general counsel of the Department of Commerce will be made part of the record. If I may refer to that letter to Chairman Rodino, dated June 11, 1984, about the reception—or rather the nonreception in the cases of this particular aspect of the *Monopoly* opinion, on page 2 of that letter, their general counsel says, "The district courts in Connecticut and New York have used the motivation test respectively to find the marks 'Toll House' and 'Air Shuttle,'" and then they cite the relevant district court cases.

I respectfully have to disagree with that interpretation of those cases. It is true that both those cases held that the marks in question were generic. They are examples of the kind of thing where obviously there are differences of views on it. The plaintiffs trying to defend the marks thought differently. But the Toll House cookies, for heavens sake, I have been eating Toll House cookies all my life and I, as a member of the relevant public, never thought it was a trademark. But that is neither here nor there.

But my point is that the district court finding Toll House cookies to be a generic and then finding shuttle to be a generic term as relating to airplanes going back and forth between two familiar destinations, mainly New York to Washington, the courts, in my opinion, did not rely on the motivational test. It is true that the *Antimonopoly* case is cited in both of those opinions, but in a very general way. In one case it cited it only for the propriety of using consumer on tests and, in another case, just miscellaneous citations. The *Antimonopoly* case stands for a lot of propositions and it is not surprising to find it cited. But, with respect, I do not think it is correct to say that that particular test which so inflamed the trademark bar was called upon in either of those cases. In any event, those are district courts, and the tendency in the circuit court has already been indicated by Judge Oakes' remarks in the *Gay Toys* v. *Warner Brothers* case.

The ninth circuit itself has had a number of trademark cases since *Antimonopoly*. They cite it, but again with no particular reference to that particular test. So it is my view that this is the sort of thing that the judicial process can take care of in the normal manner of things and, if enough circuits repudiate that particular approach, then the ninth circuit, as circuits often do, will be appropriately chastened and will receive from it due course.

You may say that, never mind, wouldn't it be better to have the law clarified and avoid the risk of some hapless trademark owner getting caught again in the ninth circuit, as I suppose might happen. But I am very uncomfortable about that, because the Lanham Act, Mr. Chairman, is comparable to the general revision of the Copyright Act. It was a very elaborately considered act. I am so old that I remember when it was being discussed and was passed just about the time I started teaching. It is one of those statutes which has now had a very substantial body of interpretation, and it

was very carefully drafted. Judge Rich, now on Judge Nies' court was one of the principal draftsmen, and I don't like to see people fussing with it when it is not necessary. One never knows what these corrective changes in the language are going to be taken hold of and how they are going to be taken hold of and how they might come out.

I am particularly concerned, as I say in my statement, with the focus in these proposed amendments on the notion of some special concern—a unique product. Nobody, I think, is implying that a unique product—whatever that means, and that is going to take a lot of interpretation to get sorted out—I don't think anybody is suggesting that a unique product is not entitled to trademark protection. But at the foundation of trademark law is that a product, no matter how unique the manufacturer thinks it is—and that is a question of argument definition—a trademark has got to refer to a classic product coming from a particular source. That is the absolute basic paradigm of all trademarks.

I always illustrate it my classes by saying you have to have a trademark, it has to be X brand of Y that comes from Z. You can't just have trademarks floating in the air. Judge Nies was very cogent on that when she spoke about the abandonment portions of the amendment and one way that a mark gets abandoned if just simply an attempt was made to transfer it without the goodwill and a reference to a source that accompanies that mark.

So unique products are entitled to trademark protection, but there is also an obligation, I contend, on the part of the would-be trademark offer to relate that trademark to some generic name that the public can use to refer the product and that competitors can use when competitors have the right to compete in the sale of that product.

The Monopoly case is very instructive on that point. There was a patent, surely one of the most shakiest patents—no. I started to say one of the shakiest patents ever reached, but that is covering an awful lot of ground. There are a lot gf shaky patefts around, as we all know. But a patent was issued somehow for the system of that game in 1935 when the game had already been played for about 30 years or more, and called Monopoly, moreover. It was sometimes called Monopoly and sometimes called the Landlords Game. The history of it is always fascinating, but I won't you distract you with it at this point.

They had a patent whether they should have had it or not. They had a patent for 17 years. They had 17 years in which, since nobody challenged the patent, so far as I know, they were the only people who could sell the game which they called Monopoly.

All right. When that patent expires, it is certainly an important matter of public policy that other people are free to compete in the sale of whatever it was covered by that patent. That is absolutely fundamental law. But what were they to call it? What was the name of the game? The name of the game was Monopoly the court found.

So it is for that reason that unique products—nobody means to discriminate against what are considered unique products, but they do have to establish that their trademark is something referring to

something intelligible and understandable to the public as the broader genus of which that particular product is a species.

There has been some discussion in the vast outpouring of law review material following this is you can't have a genus with only one species. Maybe not in biology, I don't know about that, but you certainly can in trademark and marketing law, and a generic mark is precisely that. So the concern here in the bill, if it is attempting to provide some special protection for unique marks, gives me a considerable concern.

I share Judge Nies' view and also those, which I now had an opportunity to read, of the American Trademark Association. I share their concern also about this business of a majority, the language that says what—I have lost the statute here—that a majority of the relevant public understands that the trademark, the function of the mark, or as a common descriptive name. That seems to be much too narrow a test. For one thing, that seems to throw everything towards surveys, and surveys are no better than the surveyor. They are irrelevant, and they cause an awful lot of trouble in these cases, and courts often, very sensibly, use other sources.

There was a recent case in the seventh circuit where a mark was claimed to be generic, Auto Page. One person was using Auto Page for something to do with automobile burglar alarms, and another was using Auto Page for something else, I have forgotten what. The court said "Auto Page" is not generic because those words have a variety of meanings, that they don't take in just one product. They used the dictionary, they used commonsense—and I think there may have been survey polls as well—and then they went on to say that the mark might be a valid mark if it has become distinctive for the particular goods, but it hadn't even become that.

So, also, in these other recent cases, the *Toll House* case. The court looked at literary sources, looked at dictionaries, at cookbooks, at a lot of things. A lot of these generic names, in the end, come down essentially to applied commonsense.

I would hate to see the act appear to require courts to focus on the consequences of surveys. You would have to look only at the *Monopoly* case decision itself to see what a tangle you can get into with the surveys which, after all, in an adversary situation, the parties are always trying to push the survey a little bit their way, and you rarely get a survey that is wholly right down the middle.

In the end, this becomes, as I say, a matter of making open competition possible in types of goods which are not protected by patent or copyright. The Supreme Court spoke very emphatically on those matters, both administratively on a case back in 1928, and the *Sears* and *Compco* cases in 1964. *Compco* seems to be sort of under a cloud now, but never mind, they were unanimous decisions by the Supreme Court, and I think we ought to pay more attention to it.

I will be very brief on the transfer of jurisdiction. I am no expert in this and that. I think, as I said, it is a very bad idea. Just what I said about the aberration of the doctrine in the ninth circuit, if it was an aberration, having a lot of circuits close in on these things is the way our law develops.

Trademark is also a common law subject. Trademark does not have the esoteric technical qualities that patent has. Especially, what I learned from Judge Nies that I had not been aware of, they have a rule in this circuit that decisions of panel bind the whole court, that you can't have any intracourt differences, such as is often sometimes embarrassing develop in the other circuits. When I learned that one three-judge decision binds that whole court, it makes me even more uncomfortable about the propriety of the desirability of concentration jurisdiction there, because it means that one panel ties up the whole court, and then everybody has to go beating on the doors of the Supreme Court and they can beat for a long time before they are likely to get there on what the Supreme Court may find it can take the time to deal with it.

I appreciate the concerns that you very pungently expressed in your remarks when you introduced this bill about how you didn't much like the idea of this committee becoming a quasi-appellate body on these matters, but as I said in my statement, I am sure you can take the heat and, meanwhile, I think the system, as it is now constituted, can take care of these matters without either amending the Lanham Act or making the transfer of jurisdiction.

[The statement of Mr. Brown follows:]

STATEMENT BEFORE THE COMMITTEE ON THE JUDICIARY, SUBCOMMITTEE ON COURTS, CIVIL LIBERTIES, AND THE ADMINISTRATION OF JUSTICE, HON. ROBERT W. KASTENMEIER, CHAIRMAN JUNE 28, 1984, ON H.R. 4460.

My name is Ralph S. Brown. I am a Professor of Law at Yale Law School, Emeritus, and I am about to be a Visiting Professor at New York Law School. I have been teaching and writing in the field of intellectual property, with special attention to copyrights and unfair competition, since about 1947. My first major law review article, published in the Yale Law Journal in 1948 (57:1175), was really about trademarks (its pretentious title was "Advertising and the Public Interest: Legal Protection of Trade Symbols"). I have since then edited a casebook on Copyright and Unfair Competition (Kaplan and Brown, 1960, 1974, 1978; fourth edition in preparation).

These of course are academic credentials. I mention them to emphasize that I am here at the request of your staff, that I have no clients nor sponsors, that the views I present are my own (though I do not for a moment suggest that they are new), and that they represent one view of the public interest.

I am confident that it is the public interest that this subcommittee seeks to advance, not simply the interests of owners of major trademarks. These may or may not coincide with the larger public interest.

I am usually an admirer, Mr. Chairman, of the work of your subcommittee. I especially have in mind the masterly way in which over a prodigious period of gestation, you all brought the General Revision of the Copyright Act into being.

Having said all that, I now have to say, with all respect, that I think that H.R. 4460 puts forward two of the worst ideas I have encountered in some time. One is that it is necessary or desirable to amend the Lanham Act of 1956 with respect to generic marks. The other is that appellate jurisdiction in all federal trademark cases should be confined to the Court of Appeals for the Federal Circuit.

I. The Proposed Amendments Are Unnecessary.

As for marks that may be generic, the proposed amendments to the Trademark Act are unnecessary. They are in direct response to an approach taken by the Court of Appeals for the Ninth Circuit in its two opinions in one case, Anti-Monopoly v. General Mills Fun Group, Inc. 611 F.2d 296 (1979), 684 F.2d 1316 (9th Cir. 1982), cert. denied, 103 S. Ct. 1234 (1983). The controversial aspect of that decision, as I shall later explain, was not its outcome, which I submit was entirely correct, but the road taken to reach it, which perhaps overemphasized the motivation of purchasers of Monopoly, rather than focussing on the basic inquiry whether, in the language of the statute, "Monopoly" is the "common descriptive name" of the product, and therefore unregisterable, 15 U.S.C. §§1060(c) and 1065(4).

It is true that the Supreme Court denied certiorari; but we all know that no endorsement of the opinion or decision below follows from such management of the Supreme Court's docket.

My point here is that these proposed amendments are in response to one decision. Other courts and judges are already beginning to distance

themselves from the Ninth Circuit. I refer first to the concurring opinion of Judge Nies in In Re DC Comics, Inc. 689 F.2d 1042 (C.C.P.A. 1982), decided a month after the last opinion in Anti-Monopoly. The issue there was the registrability of a drawing of Superman; the opinions ranged over a variety of topics. Judge Nies, at p. 1054, wrote:

> Once it is understood that a trademark is functioning to indicate "source" when it identifies goods of a particular source, the truism then reflects the above-stated objectives of trademark law and the way trademarks actually function in the marketplace. The reason the public is motivated to buy the product, whether because of quality, particular features, source, pleasing design, association with other goods, price, durability, taste, or prestige of ownership, is of concern to market researchers but is legally immaterial to the issue of whether a particular designation is generic.

I of course cannot assert that she had Anti-Monopoly in mind (it was not cited), nor that Judge Oakes did when he referred with approval to the passage just quoted when he was writing for the Second Circuit in Warner Bros. Inc. v. Gay Toys, Inc. 724 F.2d 327 (2d Cir. 1983). It also was on a different issue; but to me the signals seem fairly clear.

As a pair of commentators on the Monopoly cases wrote:

> Trademark usage and trademarked product promotion could be influenced greatly by the court's position. It is likely, though, that the rationale of the "Monopoly" case will be tested in other courts; and, given the criticism the case has engendered, those courts will have to consider carefully just how broadly it should be applied, if at all. Only after a period of reflection through other court decisions will the actual impact of the "Monopoly" case be understood.
>
> (Lefkowitz and Graham, Legal Times, March 7, 1983, from 27 BNA PT&C Jour. 21 (1983).

If serious moves were made to amend the Trademark Act (or any other major statute) every time a Court of Appeals produced an aberrant decision, your committee would be kept very busy indeed. For example, the same 9th Circuit in 1950 found in §44 of the Lanham Act, which had to do on its face with rights under treaties on trademarks, the basis for a general federal law of unfair competition. Stauffer v. Exley, 184 F.2d 962. Other circuits rejected that theory, and in 1981 the 9th Circuit gave up its lonely eminence and repudiated Stauffer; see 2 McCarthy, Trademarks and Unfair Competition 685-6 (1984).

Now, the Anti-Monopoly case concededly had more potential for mischief than did Stauffer v. Exley, but is it not worth a little patience to find out whether the courts will not correct whatever needs correction?

Another way of dealing with the Anti-Monopoly decision is to simply dismiss it, as did Professor McCarthy in the new edition of his able treatise that I have just cited. He wrote:

> There is gratuitous dictum in the Ninth Circuit's "Monopoly" decision to the effect that a term is generic unless a majority of customers are motivated to buy the product because they know the trade name of the company that produces the product. This bizarre and aberrational view is outside the mainstream of trademark law, which only requires that a trademark identify a single, albeit anonymous source.
>
> (1 McCarthy, op. cit. 524).

It is no wonder that the Court of Appeals got off the track in the Monopoly case. It would all have been so simple if the trial judge on the first round, instead of finding everything for General Mills, had found that no one smart enough to play either game would confuse "Anti-Monopoly" with "Monopoly." Perhaps he should have required Professor Anspach, the deviser of Anti-Monopoly, to distinguish its format clearly from that of Monopoly, perhaps to add a disclaimer. It's reported in one of the many news stories about the case that he would readily have acceded to such conditions. But no, the so-called "Fun Group" of General Mills has, we are also told, used the law of trademarks determinedly to put down anything that resembled competition. When Anspach could not find the money to put up a bond on appeal, they had 40,000 sets of his game buried in a dump. The Court of Appeals sent the case back, strongly suggesting that the name Monopoly might be generic. That was in 1979, and the whole pattern of dubious analysis was there set forth. No one paid any attention, including the District Court, which stubbornly reiterated its previous findings. The Court of Appeals was just as stubborn, and had the advantage of being able to give orders not just suggestions. When it remanded the case again in 1982, there was no doubt of the outcome.

David beat Goliath. Ordinarily a victory for the underdog, even in our lawyer's sub-culture, provokes applause. Instead, consternation followed and still reigns.

This was not altogether surprising. To be even-handed in criticism, one should say that it was rather beyond the bounds of obiter dicta for

Judge Duniway and his colleagues to suggest, in commenting on a survey that showed a public response to Tide detergent similar to that elicited for Monopoly, that "Procter and Gamble might have cause for alarm." 684 F. 2d at 1326. If I were trademark counsel for Procter and Gamble, I too might have been clamoring to your committee for relief.

II. The Proposed Amendments are Ill-Advised.

You have responded to the clamor, as has the other body, with a bill that may create more trouble than it will resolve.

I will mention only two problems, prefacing my remarks with a concession that I do not know where this language came from. There has been more written about the Anti-Monopoly case than anyone should have to read, and I have not read it all. It may be that testimony before your committee will have produced a reasoned analysis of the language.

On its face, it is mightily concerned with "unique goods". We are told that "a registered mark shall not be deemed to be the common descriptive name of a product merely because the mark is used to identify a unique product or service". The "merely" makes that insertion fairly harmless, I suppose. I am not aware of any case that has held a mark generic "merely" because it identifies a unique product.

The amendments to Section 45 of the Act insert "including unique goods" in the existing serviceable definitions of "trademark" and "service mark".

What is all this solicitude for "unique goods"? What is meant by the phrase? Uniqueness, like beauty, lies in the eye of the beholder, or more likely in the eye of the seller. To say that something is unique literally means that it is one of a kind; more loosely, that it has no equal. I've no doubt that many sellers think their products fit the second definition. But if the implication of "unique", in a legal and commercial setting, is something that cannot be imitated or copied, then our system does not recognize that kind of uniqueness, except where the objects are for limited times protected by a copyright or a patent. That is the clear teaching of the Supreme Court in the Sears and Compco cases of 1964 and, long before them, of the Shredded Wheat case of 1938 * (The Shredded Wheat case was very like the Monopoly situation: a familiar product, expired patents, and a name that the Court held was clearly what the public called the product).

But we all know that sellers, having got accustomed to the quiet life that is the reward of a monopoly, try to fend off competition. One way of doing so is to try to hang on to a trademark and at the same time try to condition the public to use the mark as the name of the goods. That, if it succeeds, will keep the product "unique"; a new entrant will make no headway with an unfamiliar name.

But it is a dangerous strategy, because of the deeply-rooted aversion of our law to letting anyone keep to himself the common des-

*Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225; Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234; Kellogg Co. v. National Biscuit Co., 305 U.S. 111.

criptive name of a product or service. The Lanham Act forbids it; the common law forbids it. The attempt to interject some special solicitude for "unique" goods or services" tampers with a fundamental of our law of unfair competition.

The second unease that I will express arises from the second sentence of the proposed amendment to §14:

> The exclusive test for determining whether a registered trademark has become a common descriptive name shall be whether a majority of the relevant public understands the trademark to function as a mark or as a common descriptive name.

This seems to me to push the courts toward an exclusive reliance on surveys. Now, surveys are an important tool in helping a court determine whether what is claimed as a trademark is really the common descriptive name of the product. But we all know that surveys can be manipulated, or that even when they are framed and administered in good faith the results can be ambiguous. The Anti-Monopoly case itself is an example of the tussle that goes on over "Thermos" surveys versus "Teflon" surveys, and so on. Are we to banish common sense from this important corner of trademark law?

I will not burden this statement further with objections to the language of the amendments, because my basic position is that they are unnecessary and mischievous.

The law of trademarks and unfair competition has been largely shaped by the courts. Not the federal courts alone, although they have been most influential. The state courts have a role too, and

doctrine develops through the marvelous interplay of our federal system. The Lanham Act is a useful codification of the basic structure of unfair competition law stated in fairly simple and bold outline. Congress has the power to reshape that structure; but it should be hesitant to do so.

No aspect of trademark law is more dramatic than the occasional lightning flash when a court determines that a mark has become generic (or always was so). The courts have not been rash in making these pronouncements. Would it not be intolerable if "aspirin" and "cellophane" were still trademarks? And I do not observe that Bayer or Dupont have succumbed to competition. Is there any real doubt that "Monopoly" was the name of the game? It had been so long before a most shaky patent issued in 1935. This is clear from the record, and is vividly described in an article by Calvin Trillin in The New Yorker; your staff has a copy of it. That patent expired in 1952. It took thirty years for a beleagured innovator, who was not so much a competitor as a commentator on the old game, to end the monopoly on Monopoly.

III. The Proposal to Confine Trademark Appeals to the Federal Circuit is Unwise.

In the light of what I have already advanced about the desirability of letting courts — I emphasize the plural — work out these problems, I can be quite brief about Section 3 of H.R. 4460. The chairman's statement explaining the alteration of the Judiciary Act which would channel all appeals in trademark cases to the new Federal Circuit dwelt

on the desirability of "uniformity in trademark law", and the avoidance of "conflicting circuit court rules". These are desirable objectives, but they can be attained at too high a price. What appear to be conflicts among the circuits -- or conflicts between the federal courts and the state courts -- are a major way that the law develops. If the conflicts remain intractable, the Supreme Court, informed by the Court of Appeals, will in its own good time take hold of the problem.

But, as the Chairman's statement pointed out, the Supreme Court "rarely grants certiorari in trademark cases". Suppose the Federal Circuit, having exclusive jurisdiction, gets off the track. Unless and until the Supreme Court -- or the Congress -- or a change of votes in the Circuit -- corrects a bad outcome, we are stuck with it.

The Federal Circuit, like the Ninth Circuit in the Anti-Monopoly case, can get very set in its ways, and can even thwart the Supreme Court, as can any inferior court (the District judge in Anti-Monopoly comes to mind) by narrowly interpreting a mandate and persisting in its views. A line of cases on the patentability of computer programs (in the predecessor Court of Customs and Patent Appeals) comes to mind*. Others will have their own little lists.

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*See Kaplan and Brown, Cases on Copyright and Unfair Competition 133-4 (1978).

It is better, I submit, to put up with transitory differences of view than to impoverish the development of the law by putting all the cases in one court, no matter how able its judges.

The conferral of exclusive jurisdiction on the Federal Circuit in patent appeals may have been justified by the complex technical issues in patent cases, which were alleged to be beyond the competence of ordinary appellate judges. No such argument can be — or is, so far as I know — advanced in trademark cases. Happily, any one can understand the issues in trademark cases. Most of them deal, not with advanced technologies, but with the use and abuse of the English language, and with the perceptions of consumers. We all understand English; we are all consumers.

The Chairman's statement finally lamented that this "subcommittee runs the risk of becoming a quasi-appellate forum for litigation losses incurred in the Federal judical system or for unacceptable developments in trademark law such as arguably occurred in the ninth circuit. This is a risk that I would rather not face." (Cong. Record Nov. 18, 1983, p. E5700)

I am confident that if the experienced chairman and members of the subcommittee cannot take the heat, they would long since have got out of the kitchen. You do not need to change the trademark statute, and you do not need to tamper with the jurisdiction of the courts of appeals. Just let your chambers be ventilated with the cool breeze of the public interest in open competition.

Mr. KASTENMEIER. Does that conclude your remarks?

Mr. BROWN. Yes, it does.

Mr. KASTENMEIER. Thank you, Professor Brown.

Indeed, we will make a part of the record the news item that you gave us of the article, plus the letter from the Department of Commerce.

Would you have any feeling about whether intercircuit conflicts be resolved, whether that is a generally useful—might be useful in intellectual property or in trademarks, if not by having them all in the Federal circuit, by having what the Supreme Court would like to see as an adjunct and intercircuit tribunal to which it could refer on appeal to it, a subcourt under the Supreme Court, a resolution of circuit conflicts among or between circuits?

Mr. BROWN. Mr. Chairman, I hesitate to give an opinion on that. I am aware of the enormous controversies that surround these questions of the setting up of another not quite inferior court, and so on. From the standpoint of getting the conflicts resolved, I would have no objection.

I know it is easy for me to say this as an academic, and I don't sit in the hot seat that these important trademark owners do, but let a thousand flowers bloom. We have got along now for 200 years with intercircuit conflicts, and you and I both have our notions about which cases the Supreme Court ought to take. They can cope when the conflict gets severe. Often, as I say, it works itself out.

But I honestly support the particular schemes of concern. I would have to be excused because I don't consider myself——

Mr. KASTENMEIER. I guess maybe the question is, Do you see any need to resolve what may be potential conflicts in trademark area?

Mr. BROWN. I do not, Mr. Chairman. One goes back over the years and you see a lot of these things develop; one circuit does this and one circuit does that; after a while, things tend to level out.

Mr. KASTENMEIER. Is the possibility that a trademark to a product may become generic, do you think, a major factor in companies' decision, whether to develop new products? Is that a factor, do you think?

Mr. BROWN. I suppose. But I suppose the witnesses following me will be able to testify more to that.

One comment I would like to make is that it is a familiar game, as you look back over the marketing practices and trademark law over the years, that a company would like nothing better if it has a product that it is proud of and it thinks is unique or distinct, it wants the public to ask for that by the name of the product. A lot of them get just as close as they can to letting the mark become generic.

There are many examples, and you see those examples in advertising every day where a company fears that its mark may be becoming generic, and it backs off in its advertising. You have seen it, no doubt, in some of the Xerox ads where they say, "Don't Xerox it, copy it." Those ads obviously came from Xerox's concern, and an understandable one, too, that Xerox was about to become the generic name for photocopying. There was no need for it to do

so. The public has sort of run away with it, and Xerox, of course, was the most successful one for a long time.

So you do have a sort of game that goes on here of pushing the name of the product and then drawing back when you get to close to the brink. But my own view is that a company can always take care of that if it will honestly try to follow the basic outline of what a trademark is, if it will not suppress its own name as a manufacturer.

Now you look at a lot of boxes and things that you pick up in the supermarket, and you find in very small print who made it. In great big letters, the biggest letters, say "New," and the next biggest letters say something, "Spruce," or something. I hope that is a made-up trademark. Now what is Spruce? Who makes Spruce? The manufacturer wants you to go up there and buy Spruce, so they subordinate the generic name that, let's say, is detergent, and they subordinate the name of the company. Sometimes the company name is subordinated because the company is competing with itself; it has two or three detergents, let us say, and they would rather not have it understood that they are all coming from the same source because, after all, the ads are all saying that each of them is superior to the others in getting your collars clean.

So this all becomes a matter of marketing tactics. My view is that, except in very rare instances, a company can protect itself from having a mark become generic. Sometimes it just does run away. I mean aspirin is such a useful drug, and aspirin just became generic, there again because the only substitute was acetyl salicylic acid, or something like that, which nobody could or would say. But most of the famous instances of marks becoming generic, if you look over the records and the litigation, and so on, you will see that it is often the company's own doing; it just got a little too greedy about wanting people to ask for Spruce, and not say I want Spruce Detergent because it is good detergent and it is also made by that marvelous soap company whatever.

Mr. KASTENMEIER. Getting back to the other question, in terms of whether a single court such as the Federal Court of Appeals of the Federal Circuit or various courts of appeal determine pass-ons, do think there is a difference substantively in opinions that might be rendered by a single court such as the court of appeals of the Federal Circuit than collectively the courts of appeal generally?

Mr. BROWN. I do, Mr. Chairman, because I think that the court of appeals of the Federal circuit is a distinguished court, it has a lot of competence in what it deals in. But it tends to wear blinders somewhat. As it is now constituted, it deals all the time with the Patent Office in fields of contention, such as, for example, the patentability of the computer programs. They are forever fighting the Patent Office, and the Patent Office fights them, and then they fight the Supreme Court, and the Supreme Court can win if it stays with it, but it often gets weary, so to speak. Specialized courts make me very uncomfortable unless it is a terrible specialized topic.

When you spoke about putting copyright in that court—that is really my love—I really began to get the shivers with that thought, because the raw copyright, though it is essentially now under your general revision almost entirely Federal, it is a body of law that

has gotten developed in the circuits, the circuits where the business comes from, the second circuit, the ninth circuit and, of course, nowadays, the fifth circuit. Why Nashville? You know, you now get copyright opinions in large numbers coming from a source that they never used to.

But those courts, to the extent that the courts absorb the atmosphere where they are and all, are in the centers of activity. The district courts in those circuits are feeding the cases up to that circuit and you get a real good back-and-forth relationship between the circuit court and the district courts. It goes from the district off to who are these ladies and gentlemen in Washington. The district courts don't have the same rapport with them that—maybe a good rapport and maybe a bad rapport—but they don't have the same rapport with them that I think they do with their own circuit. When you think of the contributions to unfair competition law and of copyright law of a great judge like Learned Hand—and you don't have to have a Learned Hand to think of many examples of just marvelous influential opinions that have come out of several circuits that I don't think can be matched when you have a more specialized court.

Mr. KASTENMEIER. I think you and I both know that it has been charged at various times in the past, irrespective of what court we are talking about, the specialty courts, like agencies of the Federal Government, tend to become captives of the industries they deal with; in this case proprietary rights.

Mr. BROWN. Yes, that is always a concern. I don't mean to impugn this court. As I say, there are very good people on it. But they do tend to get sort of wrapped up in their special concerns.

Mr. KASTENMEIER. I want to express my appreciation for your willingness to come, and for your very forthright and candid views about the legislation before us. That is what we welcome.

Mr. BROWN. Thank you very much, sir.

Mr. KASTENMEIER. I regret we are not able to perhaps get into some other questions, but I will have to recess and rush over for a vote for a few minutes. But I would hope that you could give us some guidance on copyright matters from time to time.

Mr. BROWN. I would be delighted. Thank you.

Mr. KASTENMEIER. Thank you, sir.

The committee will recess for about 10 minutes—I beg the indulgence of the past panel of witnesses—so that a vote can be made.

[Recess.]

Mr. KASTENMEIER. The committee will come to order.

Our final witnesses today are three representatives from the U.S. Trademark Association, the nonprofit organization composed of trademark owners and those who serve trademark owners.

We will first hear from Delores K. Hanna who is president of USTA and senior attorney and trademark counsel for Kraft, Inc.

Following Ms. Hanna will be William A. Finkelstein, executive vice president of USTA and trademark counsel for Pepsico.

Last we will hear from the chairman of USTA's Federal Legislation Committee, Michael A. Grow, the law firm of Ward, Lazarus, Grow & Cihlar.

We welcome you. Ms. Hanna, would you like to proceed?

TESTIMONIES OF DOLORES K. HANNA, ESQ., PRESIDENT, U.S. TRANSPORT ASSOCIATION, AND SENIOR ATTORNEY AND TRADEMARK COUNSEL FOR KRAFT, INC.; WILLIAM A. FINKELSTEIN, ESQ., EXECUTIVE VICE PRESIDENT, U.S. TRADEMARK ASSOCIATION, AND TRADEMARK COUNSEL FOR PEPSICO; AND MICHAEL A. GROW, ESQ., CHAIRMAN, U.S. TRADEMARK ASSOCIATION, FEDERAL LEGISLATION COMMITTEE, LAW FIRM OF WARD, LAZARUS, GROW & CIHLAR

Ms. HANNA. Thank you, Mr. Chairman.

On behalf of the U.S. Trademark Association I want to express appreciation and thanks for your invitation to present testimony and to express the views of the association on H.R. 4460.

The association has filed a written statement with the committee and it is requested that it be made a part of the hearing record.

Mr. KASTENMEIER. Without objection, it will be received to be made part of the record.

Ms. HANNA. Thank you very much.

As trademark counsel for Kraft, I am also the designee of Kraft to the U.S. Trademark Association which is one of the member companies.

As you indicated, the association is a nonprofit organization and it is dedicated to the protection, development, and promotion of trademarks. Since its founding in 1878, 106 years ago, the association has remained constant to these purposes.

The members of the U.S. Trademark Association are trademarkowners, and as you indicated, those who also serve trademarkowners. We currently have approximately 1,600 members. These are corporations, law firms, professionals, associations, and individuals from more than 70 countries as well as the United States.

We estimate that over 90 percent of the companies, both large and small, with trademarks registered in the U.S. Patent and Trademark Office either are members of our association or are represented by USTA members.

The officers of the U.S. Trademark Association, its board of directors, and its committee chairpersons and members serve on a voluntary basis contributing thousands of hours to the association each year. Thus, we believe that the association has the qualifications and the interest to comment on the provisions of H.R. 4460.

With me today are William A. Finkelstein, trademark counsel for Pepsico and executive vice president of the association, and Michael A. Grow, partner in the Washington, DC law firm of Ward, Lazarus, Grow & Cihlar. He is chairman of the association's Federal legislation committee.

They will present a summary of the position of the association on the bill. Mr. Grow will comment on the proposed amendment to the Lanham Act and Mr. Finkelstein will discuss the jurisdiction of the Court of Appeals for the Federal circuit.

Mr. Grow.

Mr. GROW. Thank you.

Mr. Chairman, on behalf of USTA we deeply appreciate the concern which you have shown by introducing H.R. 4460 and the inter-

est it reflects in continuing to enable consumers and businesses to derive the protection that trademarks provide.

The rationale for laws providing trademark protection in this country are, as we all know, are a reflection of a recognition of basic commercial realities. Specifically, that when a manufacturer or a merchant uses a particular name in connection with the sale of goods or services, potential purchasers come to recognize that name or symbol as an indicator of origin and, thus, in a very real sense, these symbols or names become items of property, intellectual property which cannot be measured by metes and bounds as real estate, but property, nonetheless.

Therefore, trademark protection is an area where the public and private interests merge very obviously. To understand how that happens, it is important to recognize the functions which trademarks perform. First of all, they foster competition by enabling manufacturers or merchants to identify and distinguish their goods or services. Without trademark there could be no competition as we have in this country today.

In addition, they serve the public interest by aiding consumers to find and purchase desired goods or services. They also protect consumers against confusion by enabling them to avoid products which they are not satisfied with. They also serve to symbolize the reputation and goodwill of a trademark owner and thus permit the continuation of one of the basic aspects of our free enterprise system; namely, that businesses should be able to reap the rewards of their hard work and efforts.

Finally, they facilitate the distribution of goods and services throughout our country.

Generic or common descriptive names, on the other hand, serve a much different purpose. While trademarks serve to identify and distinguish the goods or services of a manufacturer or merchant, generic names serve only to identify the goods or services—they perform those distinguishing functions. As a result, there is a strong public policy favoring the permiting of businesses to use generic terms freely to identify or describe their goods or services.

Occasionally a valid trademark made for one reason or another become a generic name. When this happens the former owner no longer has an exclusive right to use the mark and competitors are free to use it. This, in a sense, is very much akin to a loss of a piece of property but there are times when it is appropriate.

It is our hope that this legislation will serve to resolve some very fundamental misconceptions that have arisen with respect to the circumstances under which trademark protection is appropriate.

The need is evidenced, perhaps, by judicial decisions such as that of the ninth circuit in the *Anti-Monopoly* case. But in reality the problem represented by that decision goes far beyond the points that it makes and really transcends the interests of the parties to that particular piece of legislation, or litigation.

One of the most critical misconceptions that is reflected by that in other decisions is the suggestion that in order to avoid a finding of genericness, a trademark owner must show that purchasers know the identity of the manufacturer of the goods on which the trademark appears. This is a very dangerous departure from existing precedent, it is inconsistent with the Lanham Act as it has

been interpreted to this point, and it reflects a very important need for this legislation.

It is easy to understand perhaps how this misconception has arisen over the years as courts have attempted to express various concepts of trademark laws in different ways, different forms of language have been used, and it is not uncommon to find decisions which indicate that trademarks perform the function of identifying source. While that may be partly true, trademarks do not generally identify source in the sense that they tell you who the manufacturer is. Many times purchasers don't know who the manufacturer is and they don't care, they are used to a certain level of quality with which they associate with a product, and they expect that quality when they see the trademark.

A second misconception that is embodied in recent decisions is the suggestion that trademarks applied to unique goods are on some lesser footing than trademarks applied to less unique goods. It is our hope that this legislation will ensure not that trademarks used on unique products be given special treatment, but at least that they be placed on equal status with other products. Virtually every product is unique to some extent.

The manufacturers of a Corvette automobile, I am sure, would insist that there is no other car like it in the world, but certainly the name Corvette is capable of distinguishing that particular type of vehicle from other vehicles, even though it is in many respects unique.

Finally, the third misconception which we believe this legislation will redress is the misconception that various types of purchaser motivation are somehow relevant to a determination of the issue of genericness. While it is true that if a purchaser is motivated to buy a product because he recognizes the mark as a symbol of quality that that is an indication of trademark function.

The test applied in the ninth circuit was much different and was much more unfair. In that case the litigants were required to show that purchasers were motivated to buy a product because they knew the identity of the manufacturer. And this, in our view, is totally improper.

We have heard testimony today from Professor Brown who indicated the belief that this legislation is not needed at this time because the courts may work this out in time on their own. It is our view that this is not the type of situation which lends itself to eventual judicial resolution, and there are several reasons for that.

I would mention, first of all, that USTA generally does not favor legislation directed at specific judicial decisions but in this case there are certain public and private vital interests at stake which I think require immediate legislative action.

First of all, there is no indication that judicial correction is now imminent, and there may not be an opportunity for such correction until such time as another action arises involving similar circumstances.

Second, a finding of genericness is very much like capital punishment in the sense that once it is mistakenly administered, there is no opportunity for correction. If a trademark, a valid trademark, is improperly held generic and other businesses are allowed to use it

in a generic sense, it very quickly will become generic in spite of the efforts of the manufacturer to prevent it.

So because of the drastic implications inherent in a misunderstanding as to this genericness issue, legislation is important now.

Also, for individual trademark owners or small companies there may not be the resources to fund an appeal from an improper district court decision based on one of these misconceptions which we have discussed. Legislation at this time would ensure that small businesses as well as large businesses will be protected from these kinds of misconceptions.

In addition, the public interest has to be taken into account. If a substantial portion of the public recognizes the term as a trademark and courts, through a finding of genericness, permit competitors to put the same mark in the marketplace it will be confused.

Finally, we don't believe that by acting at this time this committee will be placing itself in the position of serving as a court of last resort for unsatisfactory trademark decisions. Indeed, we believe that through this legislative action the law may be clarified to the extent that the need for the filing of appeals will be reduced; and that rather than proliferating problems among trademark litigants, they will be diminished.

There are two suggestions which we would make of a technical nature with respect to the bill. We would concur with Professor Brown with respect to his comments on the inclusion of the words majority in the statute. We agree that this would tend to indicate to litigants that you have to conduct a survey in order to determine what a majority of the public feels. Even with a properly conducted survey it is difficult to know what the public feels. In many cases there may be a substantial number of people who don't know whether a term is generic or descriptive and as a result there would be less than a majority.

In the case of certain types of trademarks and generic terms there may be a relatively small group of people. Maybe perhaps in the case of pharmaceutical marks, maybe only physicians know whether or not a term is a trademark or generic term. The public who purchases these products may not know.

In addition, there are numerous other factors which can and should be taken into account in addition to survey evidence to determine this issue.

We would also concur with Judge Nies' comments on the issue of abandonment and that portion of the bill relating to that issue to the extent that the bill is presently written could be construed as developing a single test for abandonment; obviously, there needs to be a change.

It is our sincere hope that while we disagree perhaps as to the proposed solution of conferring jurisdiction on the Federal circuit as a means of clarifying this problem, that there will be a continuing recognition of the need for legislative action and that an amendment of the Lanham Act will be made to clarify this area of misconception which has developed with respect to the issue of genericness.

That concludes my comments on that part of the bill. Mr. Finkelstein will address section 3.

Mr. KASTENMEIER. Let me ask you a question or two. I probably should have taken the occasion to ask others, both Judge Nies and Professor Brown, to review, for our committee who are not here but something which they will need to read—since we so seldom conduct hearings in the area of trademark as opposed to copyright or patents that there is very little lay understanding of what a trademark is or what it seeks to accomplish, or what some of the principal doctrines are. Some of them may seem contradictory, notably that because you are eminently successful in having the name of your product so generally known that you may in fact lose it for genericness, seems almost a contradiction.

Most people, I think, may think of a trademark in terms of its form, typeface, they see a word or phrase or even a symbol, as distinguished from the name as spoken or otherwise understood.

Is there a difference in terms of the protection or meaning of those two, of a symbol or form, say Mr. Finkelstein's company's competitor Coca-Cola, we know all the letters are formed on their bottles and the logo, in other words, and whether—I suspect, I don't whether it is a case or anything in it—but whether they, and then there is a question of whether it becomes almost generic in terms of least the word "Coke" and whether they can recover the word "Coke" in a sense and use that as presumably they attempt to do as a trademark form even though it has been used—while they were using Coca-Cola, others were using the term "Coke" for many years. You know, I don't know what considerations go into that, whether they can literally recover the word "Coke" or, indeed, whether the fact that the syrups are patented whether that makes any difference, has any relationship at all to trademark either in its form or public understanding.

I think those are some of the questions members of this committee have in terms of their understanding or lack of understanding of trademark. I think one of the common ones is that by having a product such as Xerox and because you are so successful, that the term is used generically that you wouldn't lose it. And yet, on the other hand, we see cases where terms are used that are not the same as others, and they are forbidden, strangely enough, appear to be forbidden even though they obviously do not have direct reference to the principal term employed by some other company at an earlier point in time.

I am afraid that is sort of a difficult conglomerate question but if you can attempt to clarify any of that we would appreciate it.

Mr. GROW. I think the concerns that you have expressed, Mr. Chairman, are those that many lay people and, indeed, many lawyers and judges encounter when they attempt to understand and deal with trademark issues. Fortunately, I believe that many of the answers to these questions that you have raised are contained in the Lanham Act as it is drafted now.

For one thing, the act does define a trademark as any word, name, symbol, or device that is used by a manufacturer or merchant to identify his goods or services and distinguish them from others. I think the two key words there are both identify and distinguish. Very often in the case of the famous trademark such as Coke, or Xerox, purchasers will use that term, not as a proper adjective, which a trademark is supposed to be, but as a noun in re-

ferring to the product. In that sense that should not necessarily be fatal, the mere fact that the trademark identifies the product so long as consumers continue to understand that it also performs a function of distinguishing the product from the goods or services of others.

In the case of Coke, Mr. Finkelstein may have a different view, but I am sure Coca-Cola would argue vigorously that Coke still does serve to distinguish their particular brand of soft drink from those of others.

With respect to your mentioning of the question of patent or trade secret protection for formulas that go into products, there is, as we know, a limitation with respect to patent rights, they last for 17 years and then everyone is free to use an invention.

There is no limit, however, with respect to trademarks, and that is a recognition of the fact that, as I mentioned at the beginning, the rationale for trademark protection is public recognition, public association of a mark with a particular source. So long as a term continues to perform that function indicating source, distinguishing the goods of one manufacturer from another denoting level of quality, then there is still a valid property right which merits protection.

And there are instances, as you have pointed out, Mr. Chairman, where competitors are forbidden from using a term that is similar, although perhaps not identical, with the previously used mark. The reason underlying that protection is also recognized in the Lanham Act, and that is that there is a very significant public interest against likelihood of confusion, and the standard is not actual confusion, but likelihood of confusion. If a particular mark is used in such a manner as to create a likelihood of confusion, then the courts have granted injunctive relief against the use of such marks. And the purpose is twofold to protect consumers as well as the owner who may very often have invested a very substantial amount of money in acquiring that goodwill and that public recognition.

Mr. KASTENMEIER. Let me ask you this, and maybe the *Anti-Monopoly* case is one of those cases—there are certain ones I know in terms of logos on t-shirts and garments and the like—is a parody of a trademark a class that is distinguishable from others? Obviously, there are certain new manufacturers who seek to parody others, whether they are held by the same standards or whether the mere fact of parody is a mitigating circumstance in terms of confusion or misunderstanding, or an attempt to profit is, at least in my mind, a good question.

Mr. GROW. I think, Mr. Chairman, there is some latitude in the cases that have been decided in this area for parody. There are times when someone may use another's trademark in such a sense that there is no likelihood of confusion and there is merely an obvious attempt at humor.

Occasionally these things have gone beyond the bounds that courts will tolerate. One example being a few years ago a company used a parody of the Coca-Cola trademark which consisted of the word cocaine written in the Coca-Cola script on a red circular background. And the courts felt that that was going a little too far.

Mr. KASTENMEIER. Thank you, that has been very helpful. I guess, Mr. Finkelstein, you wanted to talk about the courts.

Mr. FINKELSTEIN. I think that I will demur on my personal opinion, at least on the congressional record, with regard to the Coke trademark. I think that might be in order. I think what it is seriously symbolic of is the point that I think you raised earlier in another question—the extremes and standards, policies, whatever, that a trademark owner must put forth. And the efforts that the trademark owner must make to use its trademark as properly as it can.

It is sometimes difficult when members of the public, basically for convenience sake—a good example, for example, is the Budweiser trademark which, for obvious reasons, consumers started to refer to, gave it the shorthand nickname "Bud." And when confronted with this, the Anheuser-Busch people obviously saw the opportunity that they should also include this as a trademark of their own and, indeed, are probably using Bud now more than they are using Budweiser.

It made marketing sense, basically a marketing judgment based on what consumers had done. The difficulty would be, of course, if the Bud mark, for example, would be so well used as to denote any kind of beer that you get into a generic type of situation.

But it definitely is a burden upon trademark owners. And when a trademark is born, when a new product is created, every effort is made—I can testify at least to our own internal situation, we really try to develop a generic name along with the trademark so that the public associates both together when the new product is introduced.

The situation regarding unique products, on the other hand, does present similar problems, and possibly this legislation might be an answer to that. It is very difficult when you created a new product that is unique with a new name and you have a new generic and the public has to learn an awful lot all at once.

Again, there is a burden on the trademark owner here, and responsible trademark owners do make that effort to try and accomplish this entire education process all at once.

As Professor Brown noted, sometimes it gets out of hand with the Xerox, where you are so successful, and you are so unique for such a long period of time, that all of a sudden you have to take extreme measures to try and rein it back in. But it is something that is certainly a correctable kind of situation and in most instances trademark owners efforts can hope to resolve.

Regarding the jurisdictional issue, our statement is of record and there is no point in repeating a lot of the comments that have been made previously.

I would just deal a few minutes on basically what I see as an overview of the jurisdictional question. This is a question that came up in 1979 and 1980 at the time of the creation of the CFSC, and there was a great deal of effort focused, and energy focused, on the need for the uniformity in patent law and for consolidating patent appeals; and also trademark appeals where included in the legislation and then specifically deleted when it was determined there was no support and, indeed, there were objections to it.

USTA is not aware of in the last 4 years that that situation has changed. To our knowledge there has been no demands or other expressed desires for such a change to include trademark appeals by the business community, by trademark owners, by associations, bar groups, the judiciary, or the PTO.

I understand that the letter to Chairman Rodino on behalf of the Department of Commerce, which reflects the PTO to a certain extent, basically did not support this legislation and there are certain concerns why they would not necessarily reject it but, nonetheless, there was no support there.

We are really aware of no particular support for this legislation and, indeed, we are opposed to it because we feel that there are definitely many problems associated with it. Primarily, our basic feeling is it is just not necessary at this point in time.

One of the situations that compelled the patent inclusion in the CAFC was the need for uniformity. There was a terrible, terrible problem in patent law around the country throughout the various circuits with grave consequences to patent holders, which are just not present in trademark concerns.

Patents were being held invalid in remarkable percentages in certain circuits and valid in other circuits, and there was the resultant form-shopping races to courthouse by various litigants to get to the favorable circuit. That just doesn't exist in trademark law as far as we are aware.

There are not any terrible conflicts between the circuits. Sure there are some conflicts in terms of technical interpretations of trademark law, but the kinds of disastrous consequences of patent invalidity, there is no big groundswell of trademark invalidity in any particular circuit one way or the other.

The plus side of having the 11 circuits, as Professor Brown said, far outweighs any possible benefits. The progress of the law that has developed because of the cross-fertilization among the circuits has really been remarkable over the last 35 to 40 years of the Lanham Act. And the development of 43(a) is a classic example of where the second circuit developed this over a period of time in the commercially area and the other circuits took up on the lead and continued to develop that body of law.

The concern about the appeals to this committee are certainly well founded and an understandable concern but USTA is basically unaware that there has not been a large number of such requests throughout the last few years—the *Monopoly* case being so aberrational as we have heard from so many sources has generated this. But basically this is one of the first times in many, many years that an appeal has been made to Congress for clarification legislation.

On the other hand, with one circuit making all the decisions in trademark appeals in terms of the risk of a parade of complaining parties to this committee, I would say that I would predict a vast increase because there is no recourse. If the CAFC—and the CAFC is very, very competent—and in all deference to Judge Nies, there is a possibility that a panel without Judge Nies I would presume might make a poor decision.

And in the random sample of panels, it is possible. Assuming the odds on certiorari as we know is very, very high, the only appeal

would be to this committee. And I think those appeals to this committee would drastically increase and would be more strident because this would be the only recourse. Whereas, in other situations with the 11 circuits, there is a wide possibility that certain decisions would be ignored, overlooked, or eventually just not followed.

So for reasons of economy of this committee's work, let alone the progress of a law which I feel is the most important element here, that trademark law has evolved because there are many, many different regional and different commercial considerations around this country involving trademark law. As was said previously, it is a creature of common law of use, the State law very, very often is joined in many of these trademark cases. Almost every trademark litigation that I have ever been involved in has had several counts, both based on Federal law and on several different State statutes. And you would have the CAFC having to assimilate a wide variety of commercial business and legal considerations from throughout the country.

In essence, that summarizes USTA's position on the jurisdictional issue.

[The statement of the U.S. Trademark Association follows:]

Statement of

The United States Trademark Association

on

HR 4460

June 28, 1984

Mr. Chairman, The United States Trademark Association (USTA) appreciates and thanks you for the opportunity to express its views on HR 4460, the Trademark Reform Act.

USTA is a non-profit organization dedicated to the protection, development and promotion of public and private interests in trademarks. Since USTA's founding in 1878 its purposes have remained constant, (1) to protect the interests of the public in the use of trademarks; (2) to promote the interests of trademark owners in the use of their trademarks; and (3) to obtain, collect and disseminate information concerning the use, registration and protection of trademarks in the United States and other countries.

Membership in USTA, which is open to trademark owners and to those who serve trademark owners, stands at approximately 1,600. Its members are corporations, law firms, professionals, associations and individuals; they are drawn from more than seventy (70) countries and include roughly 85% of the Fortune 100 companies.

All of USTA's officers, its board of directors and its committee chairpersons and members serve on a voluntary basis, contributing thousands of hours to the Association each year.

As the oldest and largest organization in the world exclusively dedicated to furthering the trademark concept, USTA believes itself to be uniquely qualified to comment on the provisions of HR 4460.

HR 4460 addresses two separate and distinct issues of importance to USTA. First, it proposes to clarify the standard by which a trademark may be found generic and second, it intends to centralize all trademark appeals in the Court of Appeals for the Federal Circuit (CAFC). USTA's statement will address each aspect of the Bill individually.

Clarification of the Genericness Standard

HR 4460 proposes to amend the Lanham Act to clarify the standards by which a trademark may be deemed to have become a common descriptive (generic) term. USTA endorses the proposal in concept and is grateful for the interest Congress has shown this matter.

The economic interests of consumers and businesses, as well as our country's free enterprise system, depend heavily on trademarks. Among other things, trademarks (a) foster competition by enabling particular business entities to identify their goods or services and to distinguish them from those sold by others; (b) facilitate distribution by indicating that particular products or services emanate from a reliable source; (c) aid consumers in the selection process by denoting a level of quality relating to particular goods or services; (d) symbolize the reputation and good will of the owner, thereby motivating consumers to purchase or avoid certain trademarked products or services; and (e) protect the public from confusion or deception by enabling purchasers to identify and obtain desired goods or services.

Because of these valuable trademark functions, the need for a system of trademark protection has long been recognized. Such protection is necessary not only to preserve the often substantial investment made by trademark owners in advertising and promoting their products, but also to prevent deception or confusion among consumers.

Unlike patents and copyrights, which are obtained through statutory grant, trademark rights are created under the common law when a mark is used in connection with the sale of goods or services. The first person or business to use a mark in connection with particular goods or services is generally recognized as the trademark owner and is entitled to the exclusive right to use the mark with such goods and services.

To enhance this common law right to trademark protection, Congress, over a period of more than 100 years, has enacted a series of trademark registration statutes. Under the current statute, 15 U.S.C. Sec. 1051 et seq. (the Lanham Act), the United States Patent and Trademark Office maintains a registration system permitting trademark owners to register their marks and place others on notice of their claim of ownership.

The Lanham Act was enacted over 40 years ago. Although infrequent, there have been several instances when it has become apparent that the law has required clarification. Recently, a serious issue arose that strongly suggests that the provisions of the Act dealing with the standards for finding a term generic are not sufficiently explicit. In Anti-Monopoly, Inc. v. General Mills Fun Group, Inc. 195 USPQ 634 (N.D. Cal. 1977), rev'd and remanded, 611 F.2d 296 (9th Cir. 1979), on remand, 515 F.Supp (N.D. Cal. 1981), 684 F.2d 1316 (9th Cir. 1982), cert. den. sub. nom CPG Products Corp. v. Anti-Monopoly, Inc., ____ U.S.____, 103 Sup. Ct. 1234 (1983).

the Ninth Circuit adopted a wholly unanticipated and unintended standard for finding that the well-known "Monopoly" trademark had become generic.

USTA believes, in part, that the judicial error in this case occurred because of an ambiguity in the Lanham Act language and three misconceptions that have developed as a result. HR 4460 provides an appropriate and effective means for clarifying these misconceptions by eliminating the Lanham Act's ambiguity with respect to (1) the source indicating function of all trademarks; (2) the function of trademarks used on unique products; and (3) the role of trademarks in affecting purchaser motivation.

Section 45 of the Lanham Act (15 U.S.C. Sec. 1127) defines a trademark 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." Trademarks are to be distinguished from trade or commercial names, which the Act defines as terms "...used by manufacturers, industrialists, marchants, agriculturists, and others to identify their businesses." Thus, trademarks relate to and identify specific goods while trade names identify the producer, manufacturer or firm making those goods available.

In reality, it is only infrequently that purchasers know who the producer of a product is and it is more infrequent that they care. Consumers purchase goods not manufacturers. While the identity of a manufacturer may have an effect on a decision to purchase a particular product, more often than not, purchases are made on the basis of product quality, past experience, favorable references by others, or other factors related to the identity of the manufacturer.

As a consequence, the source indicating function of a trademark does not require the consumer to have specific knowledge of the name of the company making the goods available but, rather, informs and assures the consumer that the goods bearing the trademark come from or are sponsored by a single source that exercises control over and is responsible for their quality.

Over the years the distinction between trademarks and trade names sometimes has been misunderstood or confused. HR 4460 addresses and corrects any possible misunderstanding of the source indicating function of trademarks by amending the Lanham Act definitions of trademarks and service marks (service marks being trademarks applied to services rather than goods) to expressly acknowledge that consumers need not specifically know who the trade or service mark owner is.

The function of trademarks on unique products is another area where the Lanham Act is not specific and, therefore, ambiguous. It is also a matter which trademark owners are particularly conscious because some very familiar generic terms were first used as trademarks on new or innovative products. Examples include "escalator" (for moveable staircases), "aspirin" (for acetyl salicylic acid), "shredded wheat" (for wheat cereal), "cellophane" (for cellulose film), linoleum (for floor covering), "milk of magnesia" (for antacid), "zipper" (for fasteners) and "thermos" (for vacuum bottles). Each of these "fallen" trademarks resulted from some failure or omission of the owner in the use or protection of its trademark.

To suggest, however, that a trademark is entitled to lesser protection or should be measured by a different standard than other marks simply because it is used on a unique product is contrary to the principles of trademark law.

Virtually all products are unique to some extent, either in design, ingredients or in the standards and processes used in manufacture. This does not prevent trademarks used on such products from indicating source, denoting quality, symbolizing good will, or distinguishing the goods of one manufacturer from those of others. The fundamental question of trademark rights is whether consumers recognize and understand that the goods come from a single source, even if that source is anonymous, and not whether there is a competing brand.

HR 4460 remedies the Lanham Act's silence on the unique product issue by specifying that trademarks used on unique products should not be deemed a common descriptive term solely because they are used on unique products (or services).

The third misconception about trademarks that has evolved is the role "purchaser motivation" plays in determining whether a trademark has become a common descriptive (generic) term for the goods. "Purchaser motivation" is not only a difficult term to define, it is also difficult, if not impossible to quantify. In addition, when used in relation to trademarks, it is confusing.

Assessing why consumers opt to purchase a given product at a specific time and why they select one brand is difficult to assess. As stated earlier, factors motivating purchasers may include preference for the manufacturer, the recommendations of others, past experience (either favorable or unfavorable) or simply a desire to try something different. Therefore, to find that a trademark has lost its identifying character and become the common descriptive term for the product based on a survey which tries to assess "purchaser motivation" is misdirected.

USTA believes that the enactment of the proposed Lanham Act amendments set forth in HR 4460 will resolve those ambiguities that have resulted in the aforementioned misconceptions and misunderstandings. USTA is concerned, however, with some of the language of these Lanham Act proposals. While USTA believes that the legislative history may sufficiently clarify the intent of the amendments, it specifically suggests that use of the phrases "a majority of" on page 2, line 1, and "the majority of" on page 2, line 24 be deleted from the Bill.

The only way to determine whether a majority of the relevant public understands the trademark to function as a mark would be to either interview each member of the public or to conduct a survey using techniques of sampling and random selection which would make the survey projectable to the relevant public as a whole. Such surveys are extraordinarily costly and would be prohibitively expensive for many small businesses. Even carefully conducted surveys will have a margin of error of from 3 to 6%. Thus, if the survey showed that 51% thought that a term was a valid trademark and 49% thought it was a generic description, the results would be inconclusive.

There are numerous other reasons for rejecting the application of a majority standard. For example, if 40% of the public were shown to recognize the trademark status of a particular term, there is a significant likelihood that large numbers of people would be deceived if competitors were permitted to sell competing and possibly inferior goods under the mark in question. Another example is that some generic terms are known only to scientists or other individuals having particular technical expertise. Thus, if a majority standard were adopted, terms of this type might qualify for trademark protection even though under present standards they would properly be held generic.

To this point, judicial analysis of the issue of genericness have not been hampered by the absence of a specific percentage which must be established in order to uphold or invalidate a trademark. The courts should be permitted to continue to evaluate allegations of genericness, taking into consideration, not only survey evidence as to the precise level of purchaser recognition of trademarks but also other relevant factors.

USTA offers it assistance to the Committee as it continues its work on clarifying the Lanham Act's ambiguities with respect to the standards for finding genericness.

Centralization of Trademark Appeals in the Court of Appeals for the Federal Circuit

HR 4460 proposes to centralize all trademark appeals in the Court of Appeals for the Federal Circuit (CAFC). USTA opposes this centralization and has since it was first discussed during consideration of the CAFC's creation. Furthermore, USTA is troubled by the reemergence of this proposal in conjunction with Lanham Act amendments to clarify the standard for genericness.

In introducing HR 4460, Chairman Kastenmeier included in his remarks two primary reasons why this change was sought:

1) That trademark law, like patent and customs law, is national in scope and that, as a consequence, uniformity is desirable; and

2) That a failure to consolidate trademark appeals in a single appellate court may result in frequent calls upon Congress to modify the law to address unacceptable court decisions.

USTA does not share these concerns and believes there are substantive reasons why trademark appellate jurisdiction should be retained by the various regional courts.

First, while trademark law may, in many cases, be national in scope, it differs significantly from patent, copyright and customs laws. The latter are all preemptive and exclusively statutory with patent and copyright protection directly provided for in the Constitution. Conversely, trademark and trade name rights arise from common law and are created when a manufacturer or merchant uses a name or mark in connection with an established trade or business. That use may be either intrastate or interstate. Thus, trademark rights are neither dependent upon nor created by any federal statutory grant. Moreover, trademark rights are often geographically limited and affected by local market and statutory considerations.

Second, USTA submits that centralizing all trademark appeals in a single court might increase, rather than decrease, the demands made upon Congress to clarify the law. With all the appellate jurisdiction vested in a single court, the opportunity for other circuits to evaluate and adopt or disregard aberrational, unacceptable interpretations of the law would not exist.

Third, because trademarks are the subject of state and common law, complete uniformity would never be possible if in fact it were desirable. Unlike patent and copyright causes of actions, over which the federal courts have exclusive jurisdiction, actions arising under the federal trademark statute may be filed in either state or federal court. As a result, a vast body of precedent has been developed by the various state courts.

Trademark owners who are able to assert claims arising under the Lanham Act almost invariably include causes of action arising under state statutes or

the common law of the state in which the action is filed. This is advantageous because state statutes often provide causes of action or remedies which are unavailable under the Lanham Act. For example, each of the fifty (50) states have enacted statutes designed to enhance the ability of trademark owners to protect their common law rights. These statutes provide registration systems and trademark owners who seek state registrations obtain procedural advantages and legal remedies which enable them to protect such rights as they may have established in their respective states. Furthermore, approximately twenty-two (22) states have enacted anti-dilution statutes which provide an additional form of trademark protection. It is difficult, therefore, to imagine any circumstance in which a trademark owner would not link state and common law claims with causes of actions arising under the Lanham Act, since the inclusion of such claims provide a basis for relief in the event that the federal claims are dismissed. As a further illustration, if a plaintiff decided that it did not like the CAFC's rulings on particular issues it would always be possible to file suit in state court. Such actions in many cases would not be removable to federal court even if the plaintiff asserted causes of action arising under the Lanham Act. Alternatively, a litigant could avoid an appeal to the CAFC in trademark infringement actions filed in federal court by basing such actions solely on diversity, 28 U.S.C. Sec. 1332, rather than federal question jurisdiction, 28 U.S.C. Secs. 1331 and 1338.

Perhaps most importantly, consolidation of appellate jurisdiction for trademark matters in one court, regardless of where it may be, could result in an insular and doctrinaire court that would stultify the continuing development of

trademark law. Trademark "law" is a direct product of continuing commercial and business developments and accordingly should always be in a vibrant state of flux, as this benefits trademark owners as well as consumers. Centralization of all appeals could result in a more technical treatment of this body of law as opposed to a more flexible approach often provided by circuits sitting in various parts of the country reflecting the commercial concerns of their respective areas. There is a great benefit to be gained from the cross-fertilization of ideas among the circuits. A good example of this is the development of the progressive body of law involving the interpretation of Section 43(a) of the Lanham Act which was due in large measure to one particular circuit pioneering the way and other circuits picking up on its lead.

In conclusion, USTA believes that centralizing trademark appellate jurisdiction in the CAFC will not achieve the stated objectives of uniformity of trademark law and elimination of demands upon Congress to address evolving problems within trademark law--objectives with which USTA does not necessarily subscribe. Moreover, USTA does not believe there are any compelling reasons to effect such a dramatic change in appellate procedure.

To USTA's knowledge, there have been no requests whatsoever for such a change from trademark owners, bar groups or associations, legal commentators, the Patent and Trademark Office or any other interested parties. In addition, USTA is not aware of any support which has been generated for this proposal from any of the aforementioned parties anytime since this proposal was first raised in 1980. On the other hand, the Department of Justice, in April 1980 testimony

before this Subcommittee, stated its belief that trademarks should not be included in the CAFC and the Department of Commerce, the agency with responsibility for administering of the Federal Trademark Statute, in response to Chairman Rodino's request for comment on HR 4460, failed to endorse the change.

Conclusion

Once again, USTA thanks the Committee for the opportunity to appear today and welcomes the opportunity to answer questions.

Mr. KASTENMEIER. I appreciate the comment and it is indeed true the U.S. Department of Commerce states that it is in opposition to the change in jurisdiction of that you refer to.

I think that even though there may be as many as 160 cases, according to the Court of Appeals for the Federal Circuit or Judge Nies' testimony, that basically there is not a lot of litigation in the field. And that you do not have problems in form-shopping, that is to say, a litigation could take place in various circuits seeking a different result, a conflict as it were. That is one of the things, for example, the Department of Justice is always charged with, is operation in litigation so big if it doesn't get a correct result in one circuit they will relitigate it in another circuit, another case, soliciting a different outcome.

Is this a problem or a factor in litigation in the trademark area?

Mr. FINKELSTEIN. Very rarely. I cannot say, obviously, unequivocally not. But primarily it is not really a consideration, it really is not. Primarily a practical consideration when a trademark violation situation occurs of potential infringement, unfair competition, there is a need to have that redressed very, very quickly, as Mr. Grow pointed out, there can be severe consequences for this sort of thing if this business activity continues. Therefore, you want to resolve it most expeditiously and you will go to the court that is most likely to hear the issue without a whole series of skirmishes and legal battles over venue, jurisdiction, and all the rest. Very often—I know in my own personal experience, we have little compunction about going to the State or the local district court where the defendant resides, there is very little local bias when it comes to trademark situations. Courts tend to be commercially oriented in the sense that they realize the importance of trademark infringements, unfair competition, and often it can reflect very much a local business activity in that they may be most familiar with.

Mr. KASTENMEIER. I thank you for that response.

The committee may, I don't know that we will, but may want to explore this further with you—and I speak to all three of you—in the weeks or months to come, and might be in further touch with you if we need additional comments. But in any event, I want to express our appreciation to you, Ms. Hanna, and to you, Mr. Grow,

and Mr. Finkelstein, for your testimony this morning—we are already in the afternoon—on this subject. This is a subject the committee has very limited expertise on, although it has been in our jurisdiction for a very long time. Perhaps this will enable us to become more familiar with the subject which several witnesses today are most informed.

Accordingly, this concludes the testimony today and the committee will stand adjourned.

[Whereupon, at 12:20 p.m., the subcommittee adjourned.]

98TH CONGRESS
1ST SESSION

H. R. 4460

To clarify the circumstances under which a trademark may be cancelled or considered abandoned.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 17, 1983

Mr. KASTENMEIER introduced the following bill; which was referred to the Committee on the Judiciary

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A BILL

To clarify the circumstances under which a trademark may be cancelled or considered abandoned.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 14 of the Act of July 5, 1946 (commonly known as the Trademark Act of 1946 (15 U.S.C. 1064)), is amended by adding at the end thereof the following: "For purposes of subsection (c) of this section, a registered mark shall not be deemed to be the common descriptive name of a product merely because the mark is used to identify a unique product or service. The exclusive test for determining whether a registered trademark has become a common descriptive name

shall be whether a majority of the relevant public understands the trademark to function as a mark or as a common descriptive name.".

SEC. 2. (a) Section 45 of the Act of July 5, 1946 (15 U.S.C. 1127), is amended by striking out "The term 'trademark' " and all that follows through "goods of the sponsor." and inserting in lieu thereof the following:

"The term 'trademark' includes any word, name, symbol, or device or any combination thereof adopted and used to identify and distinguish the goods of one manufacturer or merchant, including unique goods, from those manufactured or sold by others and to indicate that the goods come from a single source, even if that source is unknown.

"The term 'service mark' means a mark used in the sale or advertising of services to identify and distinguish the services of one person, including unique services, from the services of others and to indicate that the services come from a single source, even if that source is unknown.".

(b) Section 45 of the Act of July 5, 1946, is further amended by adding after the period at the end of subsection (b) in the paragraph which begins to read "A mark shall be deemed 'abandoned' " the following: "The exclusive test for whether a mark has lost its significance as an indication of origin shall be whether the majority of the relevant public so understands the mark.".

SEC. 3. Section 1295(a)(1) of title 28, United States Code, is amended by striking out "or trademarks".

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United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 98th CONGRESS, FIRST SESSION

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House of Representatives

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TRADEMARK REFORM ACT OF 1983

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 17, 1983

● Mr. KASTENMEIER. Mr. Speaker, today I am introducing a bill to modify two aspects of trademark law: One substantive and the other procedural. First, the bill clearly defines the appropriate test for courts to apply in determining whether a mark has become generic. Second, the bill provides for exclusive appellate jurisdiction over trademark cases in the U.S. Court of Appeals for the Federal Circuit.

Earlier this year an unusual development in trademark law occurred and was duly brought to my attention. A three-judge panel of the Ninth Circuit Court of Appeals decided to apply a new method for determining whether a product had become generic.[1] Under the ninth circuit test, courts are encouraged to look toward the purchaser's motivation, not just as to identity of the product, but also as to source. Thus, for a trademark to avoid becoming generic its user must convince a majority of the relevant public that a particular company produces the product. Thus, because such a test would be so difficult to meet, a number of well-known products such as TIDE, Crest, Mr. Clean, or Brillo could become generic.

Because the test used by the ninth circuit may cause extreme uncertainty in trademark law and practice, and because it represents such a substantial departure from prior law, this bill clarifies the test for determining genericism. Under the bill, "the exclusive test for determining whether a registered trademark has become a common descriptive name shall be whether a majority of the * * * public understands it to function as a mark or as a common descriptive name.

[1] *Anti-Monopoly v. General Mills Fun Group, Inc.*, 684 F.2d 1370 (9th Cir. 1982), cert. denied — U.S. — (February 22, 1983).

The second part of the bill consolidates trademark jurisdiction in the Court of Appeals for the Federal Circuit. When the Federal Court Improvement Act—enacted as Public Law 97-164—was under consideration by the Congress, this assignment of jurisdiction was part of the original bill. However, the bill that eventually passed did not include this modification.

The change in Federal court jurisdiction found in title II of the bill is, in part, a response to the kind of situation typified by the aforementioned ninth circuit case. Trademark law is by tradition and business practice national in scope. It is similar to customs and patents law. As a result, uniformity in trademark law appears desirable. One of the motivations for modifying the ninth circuit rule on genericism is to avoid the potential for conflicting circuit court rules. Situations like the ninth circuit decision will be far less frequent if title II of the bill is enacted, because there would be only one appellate court—with national jurisdiction—to decide trademark cases. Under current law the potential for conflict is substantial.

The U.S. Supreme Court—because of other docket pressure—rarely grants certiorari in trademark cases. Thus, for all but the rare trademark case, an appellate court decision is the final word. Title II of the bill would merely consolidate this jurisdiction in one court with nationwide jurisdiction.

I recognize that Congress should exercise great care in reaching results contrary to court decisions. In this case, however, the bill does not affect the parties to the litigation in question. All the bill does is to clarify congressional intent on what tests should be used to determine genericism.

I also recognize that the proposal to modify the court jurisdiction of trademark cases will be controversial among some trademark attorneys. Nonetheless, I would like these lawyers to know that without this jurisdictional change, my subcommittee runs the risk of becoming a quasi-appellate forum for litigation losses incurred in the Federal judical system or for unacceptable developments in trademark law such as arguably occurred in the ninth circuit. This is a risk that I would rather not face. It is my hope that we can work together to fashion an approach which will create greater certainty, efficiency, and uniformity in trademark law at the appellate court level.

Persons and organizations interested in commenting on this bill are urged to contact the Committee on the Judiciary, Subcommittee on Courts, Civil Liberties, and the Administration of Justice, 2137-B Rayburn House Office Building, Washington, D.C. 20515 (phone 225-3926).●

98TH CONGRESS
2D SESSION

H. R. 6285

To clarify the circumstances under which a trademark may be canceled or considered abandoned.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 1984

Mr. KASTENMEIER (for himself, Mr. RODINO, Mr. FISH, Mr. MOORHEAD, Mr. HYDE, Mr. DEWINE, Mr. KINDNESS, and Mr. SAWYER) introduced the following bill; which was referred to the Committee on the Judiciary

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A BILL

To clarify the circumstances under which a trademark may be canceled or considered abandoned.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be referred to as the "Trademark Amendments Act of 1984".

SEC. 2. Section 14 of the Act of July 5, 1946 (15 U.S.C. 1064) (commonly known as the Trademark Act of 1946), is amended by adding at the end thereof the following: "For purposes of subsection (c) of this section, a registered mark shall not be deemed to be the common descriptive name of a product merely because the mark is used to identify a

unique product or service. The exclusive test for determining whether a registered trademark has become a common descriptive name shall be whether the relevant public understands the trademark to function as a mark or as a common descriptive name.".

SEC. 3. (a) Section 45 of the Act of July 5, 1946 (15 U.S.C. 1127), is amended by striking out the paragraph which begins to read "The term 'trademark' " and inserting in lieu thereof the following:

"The term 'trademark' includes any word, name, symbol, or device or any combination thereof adopted and used to identify and distinguish the goods of one manufacturer or merchant, including unique goods, from those manufactured or sold by others and to indicate that the goods come from a single source, even if that source is unknown.".

(b) Section 45 of the Act of July 5, 1946, is further amended by striking out the first sentence of the paragraph which begins to read "The term 'service mark' " and inserting in lieu thereof the following:

"The term 'service mark' means a mark used in the sale or advertising of services to identify and distinguish the services of one person, including unique services, from the services of others and to indicate that the services come from a single source, even if that source is unknown.".

(c) Section 45 of the Act of July 5, 1946, is further amended by adding after the period at the end of subsection (b) in the paragraph which begins to read "A mark shall be deemed 'abandoned' " the following: "Purchaser motivation shall not be a test for determination of abandonment under this subsection.".

SEC. 4. The amendments made by this Act shall not affect any action pending on the date of the enactment of this Act and shall not affect any mark which, before such date of enactment, was finally determined to have been abandoned.

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II

Calendar No. 1213

98TH CONGRESS
2D SESSION

S. 1990

[Report No. 98–627]

To clarify the circumstances under which a trademark may be canceled or abandoned.

IN THE SENATE OF THE UNITED STATES

OCTOBER 21 (legislative day, OCTOBER 17), 1983

Mr. HATCH (for himself, Mr. LEAHY, Mr. THURMOND, Mr. LAXALT, Mr. DOLE, Mr. SIMPSON, Mr. GRASSLEY, Mr. EAST, Mr. DECONCINI, Mr. BAUCUS, Mr. HEFLIN, Mr. MCCLURE, Mr. HELMS, Mr. DENTON, Mr. KENNEDY, and Mr. WILSON) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

September 20 (legislative day, SEPTEMBER 17), 1984

Reported by Mr. THURMOND, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To clarify the circumstances under which a trademark may be canceled or abandoned.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, ~~That this Act may be cited as the "Trade-Mark Clarification Act of 1983".~~

~~SEC. 2. Section 14(c) of the Lanham Trade-Mark Act (15 U.S.C. 1064(c)) is amended by adding before the semicolon at the end of such section the following: ", except that a registered mark shall not be deemed to be the common descriptive name of goods or services merely because such mark is also used as a proper name of or to identify a unique product or service. The primary significance of the registered mark to the purchasing public rather than purchaser motivation shall be the test for determining whether the registered mark has become the common descriptive name of goods or services in connection with which it has been used".~~

~~SEC. 3. Section 45 of the Lanham Trade-Mark Act (15 U.S.C. 1127) is amended as follows:~~

~~(a) Strike out "The term 'trade-mark' includes 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." and insert in lieu thereof the following: "The term 'trade-mark' includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify and distinguish his goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, albeit anonymous.".~~

~~(b) Strike out "The term 'service mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others." and insert in lieu thereof the following: "The term 'service mark' means a mark used in the sale or advertising of services to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, albeit anonymous.".~~

~~(c) Add at the end of subparagraph (b) in the definition of "Abandonment of mark" the following new sentence: "The primary significance of the mark to the purchasing public rather than purchaser motivation shall be the test for determining abandonment under this subparagraph.".~~

That this Act may be cited as the "Trademark Clarification Act of 1983".

SEC. 2. Section 14(c) of the Trademark Act of 1946, commonly known as the Lanham Trademark Act (15 U.S.C. 1064(c)) is amended by adding before the semicolon at the end of such section a period and the following: "A registered mark shall not be deemed to be the common descriptive 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 common descriptive name of goods or services in connection with which it has been used".

SEC. 3. Section 45 of such Act (15 U.S.C. 1127) is amended as follows:

(1) Strike out "The term 'trade-mark' includes 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." and insert in lieu thereof the following: "The term 'trademark' includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify and distinguish his 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.".

(2) Strike out "The term 'service mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others." and insert in lieu thereof the following: "The term 'service mark' means a mark used in the sale or advertising of services to identify and distinguish the services of one person, including a unique service, from the services of

others and to indicate the source of the services, even if that source is unknown.".

(3) Add at the end of subparagraph (b) in the paragraph which begins "A mark shall be deemed to be 'abandoned' ", the following new sentence: "Purchaser motivation shall not be a test for determining abandonment under this subparagraph.".

Calendar No. 1213

98TH CONGRESS 2d Session | SENATE | REPORT 98-627

THE TRADEMARK CLARIFICATION ACT OF 1984

SEPTEMBER 20 (legislative day, SEPTEMBER 17), 1984.—Ordered to be printed

Mr. THURMOND, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany S. 1990]

The Committee on the Judiciary to which was referred the bill (S. 1990), with respect to the clarification and amendment of the Lanham Act, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

I. PURPOSE AND SUMMARY OF LEGISLATION

The purpose of S. 1990 is to amend and clarify certain provisions of the Lanham Act (15 U.S.C. § 1064) with respect to the function of a trademark or service mark and the circumstances under which a mark may be cancelled or held to be abandoned. Specifically, S. 1990 is intended to clarify the accepted test to be used in determining whether or not a mark has become the common descriptive name of an article or service.

S. 1990 clarifies the Lanham Act by reaffirming and stating with precision the basic principles of trademark law that have been enunciated for more than half a century. First, S. 1990 prohibits the use of the so-called "motivation test" to determine genericism. Second, it confirms that the established test for genericism is whether the primary significance of the mark to consumers of the product or service in question is to identify a product or service which emanates from a particular source, known or unknown, or whether the mark merely functions as a common descriptive name for the product or service irrespective of its source.

The Lanham Act was originally enacted to, among other things, eliminate "confusing and conflicting interpretations of [the] various [trademark] statutes by the courts." Report of the Senate Commit-

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tee on Patents, 1946 U.S. Code, Cong. Serv., p. 1274. The Trademark Clarification Act of 1984 is also designed to promote that original goal.

II. Trademarks and Genericism

A. TRADEMARKS

Trademarks serve many functions. As the Chairman of the United States Trademark Association's Federal Legislation Committee testified before the Subcommittee:

> Among other things, trademarks (a) foster competition by enabling particular business entities to identify their goods or services and to distinguish them from those sold by others; (b) facilitate distribution by indicating that particular products or services emanate from a reliable though often anonymous source; (c) aid consumers in the selection process by denoting a level of quality relating to particular goods or services; (d) symbolize the reputation and good will of the owner, thereby motivating consumers to purchase or avoid certain trademarked products or services; and (e) protect the public from confusion or deception by enabling purchasers to identify and obtain desired goods or services.

Hearings on S. 1990 before The Subcommittee on Patents, Copyrights and Trademarks of the Committee on The Judiciary, 98th Cong., 2nd Sess. (Feb. 1, 1984).

Because of their importance to our nation's commerce, trademarks long have been protected from appropriation and misuse by others, both to protect the consumer from deception and confusion and to insure that producers are rewarded for their investment in the manufacture and marketing of their product. This protection was traditionally recognized and provided by the common law, with the first user of a mark normally being entitled to exclusive use thereof. For over 100 years, common law rights in trademarks have been supplemented by legislation, the most recent being the Lanham Act. The Lanham Act provides statutory benefits for the voluntary registration of trademarks, including constructive notice to others of a claim to a proprietary right in the registered mark.

B. GENERICISM

The above description of the functions of a trademark underscores the central method by which trademarks work, namely the identification of particular products or services with a particular source, even if the actual source is unknown. Thus, to function as a trademark, a term must be identified in the mind of the consumer as an indicator of source, sponsorship, approval or affiliation. If a term does not perform one or more of these functions, but rather serves merely as the common descriptive name for the article in question, the term is generic—it does not serve the purpose of a trademark and therefore is not entitled to protection. Words such as "car" and "cola soft drink" are common descriptive names for the article, and there is no association of the term with any par-

ticular source; no producer may usurp the terms for its exclusive use.

The classic test for whether a trademark has become generic was enunciated 60 years ago by Judge Learned Hand in *Bayer Co.* v. *United Drug Co.*, 272 F.2d 505, 509 (S.D.N.Y. 1921):

> The single question, as I view it, in all these cases, is merely one of fact: What do the buyers understand by the word for whose use the parties are contending? * * * Here the question is whether the buyers merely understood the word "Aspirin" meant this kind of drug, or whether it meant that and more than that: i.e., that it came from the same single, though, if one please anonymous, source from which they had got it before.

This test involves an inquiry into what is the "primary significance" of the term in the minds of the relevant consumer and has generally been the controlling test used by the courts to determine genericism. See *Kellogg Co.* v. *National Biscuit Co.*, 205 U.S. 111 (1938); *Vision Center* v. *Opticks, Inc.*, 596 F.2d 111 (5th Cir. 1979); *King-Seeley Thermos Co.* v. *Aladdin Industries, Inc.*, 321 F.2d 577 (2d Cir. 1963); *DuPont Cellophane Co.* v. *Waxed Products Co.*, 85 Fed. 75 (2d Cir. 1936).

Recently, however, an egregious deviation from and misapplication of this test has caused much confusion and concern.

III. Need for Legislation

A. THE ANTI-MONOPOLY CASE

On February 22, 1983, the Supreme Court let stand a decision of the Ninth Circuit Court of Appeals that held that the trademark registration of the term Monopoly for Parker Brothers' real estate trading board game was no longer valid. The Ninth Circuit declared that Monopoly had become the "common descriptive name" for that type of board game and thus determined that Parker Brothers no longer had protectable trademark rights in the term. *Anti-Monopoly, Inc.* v. *General Mills Fun Group Inc.*, 684 F.2d 1316 (9th Cir. 1982).

The legal battle that culminated in the threat to the Monopoly trademark arose out of a dispute between Parker Brothers and Anti-Monopoly, Inc., the makers of "Anti-Monopoly: the 'Bust-the-Trust' Game." Parker Brothers claimed the use of the term "Anti-Monopoly" as the title of the game was an infringement of their registered trademark Monopoly. Anti-Monopoly, Inc. disputed this claim and argued, among other things, that Parker Brothers' mark had become a generic term and therefore was no longer capable of trademark protection.

The District Court found that while "monopoly" is a "common word in the economic sense, its application to a game constitutes an unfamiliar use" and therefore permits its registration as a trademark. *Anti-Monopoly, Inc.* v. *General Mills Fun Group, Inc.*, 195 U.S.P.Q. 634 (N.D. Cal. 1977). The District Court went on to find:

> Nor is the trademark Monopoly invalid because, although once validly registered, it has now become generic or the common descriptive name of the article. This assertion contemplates a finding that the term monopoly now refers to all real estate trading board games and not to an individual game emanating from a single source. This is not the case. Monopoly can be differentiated from cellophane, thermos and aspirin. *King-Seeley Thermos Co.* v. *Aladdin Industries, Inc.*, 321 F.2d 577, 138 U.S.P.Q. 349 (2d Cir. 1963); *DuPont Co.*, v. *Waxed Products Co.*, 85 F.2d 75, 30 U.S.P.Q. 332 (2d Cir. 1936); *Bayer & Co.* v. *United Drug Co.*, 272 F.2d 505 (2d Cir. 1921). The primary significance of Monopoly in this context is not that it describes all board games involving real estate trading but rather that is the title of a particular and very popular board game produced by a single company. The public's understanding is that a particular game is called Monopoly and that game is produced by a single manufacturer. Therefore, Monopoly has not become "generic" or the common descriptive name of the article and the trademark remains valid [Footnote omitted.]

On the first of two appeals, the Ninth Circuit determined that the District Court had misapplied the genericness standard and remanded the case. The Ninth Circuit held that the Monopoly trade mark would be valid only if the primary significance of the term in the minds of the consuming public were not the product, but the producer of the game. *Anti-Monopoly, Inc.* v. *General Mills Fun Group, Inc.*, 611 F.2d 296 (9th Cir. 1979).

On remand, the District Court read the above test in conformity with traditional trademark law and determined that the mark Monopoly was perceived primarily by the public as signifying a product from a single source and was, therefore, not generic. 515 F. Supp. 448 (N.D. Cal. 1981). After the District Court again upheld the Monopoly mark, the Ninth Circuit again overruled the lower court's factual findings and decreed that the mark had become generic. 684 F.2d 1316 (9th Cir. 1982). The test formulated and applied by the Ninth Circuit represented a radical departure from the established trademark law. The Ninth Circuit ignored a brand name survey relied upon by the District Court that showed sixty-three percent of the public recognized Monopoly as a brand name signifying a single producer. The Ninth Circuit stated that because the Monopoly board game was a unique product, it was necessarily linked in the minds of the public with its single producer, and thus the results of the brand name survey were deemed irrelevant. Instead, the Ninth Circuit relied on a "motivation survey" conducted by Anti-Monopoly, Inc. which asked consumers which of the following statements best expressed their meaning when they asked to purchase Monopoly in a store:

> (A) "I would like a Parker Brothers' version of a real estate trading game because I like Parker Brothers' products," or
>
> (B) "I want a Monopoly game primarily because I am interested in playing the game of Monopoly. I don't much care who makes it."

Thirty-two percent of those interviewed chose the first alternative; sixty-five percent chose the second.

The District Court had rejected the motivation survey because it was inherently biased toward a favorable outcome for Anti-Monopoly. Nonetheless, the Ninth Circuit disregarded evidence that most consumers recognize Monopoly as a brand name, and relied on the results of a "motivation survey" to support the conclusion that the primary significance of Monopoly was to identify the product rather than a product from a single source. For these reasons, the court found that Monopoly was generic and no longer a valid trademark.

The *Anti-Monopoly* decision was immediately greeted with public and scholarly criticism. When Parker Brothers appealed the decision to the Supreme Court, no fewer than five organizations sought to file amicus briefs in opposition to the *Anti-Monopoly* decision's reasoning. The Bar Association of the District of Columbia and the District of Columbia Bar stated that the Ninth Circuit decision "radically alters established trademark law in a manner having immediate adverse consequences on the public and on trademark owners." Amicus Curiae Brief, p. 3. The United States Trademark Association noted:

> [T]he significance of the case goes far beyond the issue of whether Monopoly is a trademark. USTA is convinced that the test applied by the Ninth Circuit was wrong and that the decision stands as a threat to the validity of many important and widely used trademarks. [Amicus Curiae Brief, p. 2.]

B. FALLACIES OF ANTI-MONOPOLY DECISION

The basic fallacies of the *Anti-Monopoly* holding are several. First, the Ninth Circuit failed to recognize that a trademark does not automatically become a generic designation simply because the product on which it is used is a unique product. It also ignored the accepted concept that a trademark can serve a dual function—that of identifying a product while at the same time indicating its source. Admittedly, if a product is unique, it is more likely that the trademark adopted and used to identify that product will be used as if it were the identifying name of that product. But this is not conclusive of whether the mark is generic. The salient question is the primary significance of the term to the consumer. If the term indicates a product of a single producer to the consumer, it is a valid trademark.

Furthermore, the Ninth Circuit failed to grasp that a term may function as an indicator of source (and therefore as a valid trademark), even though consumers may not know the name of the manufacturer or producer of the product. The trademark serves to assure the consumer that the product is of uniform quality and performance and that it comes from a single source even if the identity of that source is not known.

Finally, the court's use of the so-called "motivation survey" or "motivation test" was unprecedented, irrelevant, and contrary to established law and principles for determining whether a valid trademark exists.

C. PROBLEMS WITH ANTI-MONOPOLY DECISION

The *Anti-Monopoly* decision has left the current status of the primary significance test unclear. While *Anti-Monopoly* was only one decision at the appellate level, it was rendered by an influential court in the largest federal circuit and has since been cited by courts in other circuits. See, e.g., *Eastern Air Lines, Inc.* v. *New York Airlines, Inc.,* 218 USPQ 71, 76 (S.D.N.Y. 1983): *Nestle Company* v. *Chester's Market, Inc.,* 571 F. Supp. 763, (D. Conn. 1983). It also continues to be relied upon by the Ninth Circuit. See *Park 'N Fly, Inc.* v. *Dollar Park & Fly, Inc.,* 718 F.2d 327, 330 (9th Cir. 1983); *Prudential Ins.* v. *Gibraltar Financial Corp.,* 694 F.2d 1150, 1156 (4th Cir. 1982).

Currently, there is much disagreement over the status of the decision both within and without the Ninth Circuit, but it has been unanimously criticized by every commentator discussing it. See, e.g., Greenbaum, Ginsburg & Weinberg, "A Proposal for Evaluating Genericism After 'Anti-Monopoly,'" 73 Trademark Rept'r 101, 109 (1983) ("the Ninth Circuit opinions fester with erroneous analysis"); Hewitt & Krieger, "Anti-Monopoly—An Autopsy for Trademarks," 11 Am. Pat. L. Ass'n J. 151, 156 (1984) ("the Ninth Circuit made fundamental errors in its interpretation of trademark law and relevant evidence"); Note, "Genericide: Cancellation of a Registered Trademark," 51 Fordham L. Rev. 666, 671 (1983) ("even the strongest trademarks are threatened by the purchaser motivation test").

One lower court that refused to follow the *Anti-Monopoly* decision noted the potential harm that might be caused were the Ninth Circuit's reasoning perpetuated:

> By my perception, this reasoning would invalidate many if not most of the major American Brands. Well-established trademarks that, like Monopoly, seem more likely to suggest the product than the producer would include Anacin, Bufferin, Tylenol, Excedrin, Ivory, Dove, Oxydol, Comet, Ajax, Woolite, Joy, Lysol, Raid, Q-Tips, Coppertone, Ban, Modess, Kotex, Playtex, Digel, Pepto-Bismol, Crest, Aim, Pepsodent, Polident, Lavoris, Scope, Dentyne, Sanka, Visine, Old Spice, Trojan, Chevrolet, Cadillac, Lincoln, Mercury, Plymouth, Lucky Strike, and Winston, to name only a few. If the Ninth Circuit's view correctly states the law, to say the very least a major segment of the American merchandising industry and its lawyers have been operating under a drastically mistaken understanding.

Osawa & Co., v. *B&H Photo,* 83 Civ. 6874 (PNL) (S.D.N.Y. May 24, 1984) at 40 n.*. However, since the United States Supreme Court declined to review the *Anti-Monopoly* case, the various lower courts have been left to decide on their own whether to embrace the influential yet erroneous decision.

IV. History of Legislation

On June 9, 1983, Senator Orrin G. Hatch (R-Utah) introduced S. 1440, to clarify the circumstances under which a trademark may be

cancelled. In introducing this legislation, Senator Hatch recognized the importance of timely action:

> I fear as do many others that without this amendment many more trademarks are on the brink of extinction. Must we wait until the numbers increase into billions of dollars worth of damages to respectable established manufacturers before we act or do we cure the problem now when it comes to our attention, when it has just begun to hurt our respected trademark owners. 129 Cong. Rec. S8136 (June 9, 1983, daily ed.).

Following widespread discussion of this legislation among the trademark bar and affected industries, Senator Hatch introduced a new version of his legislation on October 21, 1983. This bill, S. 1990, is cosponsored by Senator Patrick Leahy (D-Vt.), Senator Strom Thurmond (R-S.C.), Senator Paul Laxalt (R-Nev.), Senator Robert Dole (R-Kans.), Senator Alan Simpson (R-Wyo.), Senator Charles Grassley (R-Iowa), Senator Dennis DeConcini (D-Ariz.), Senator Max Baucus (D-Mont.), Senator Howell Heflin (D-Ala.), Senator James McClure (R-Idaho), Senator Jesse Helms (R-N.C.), Senator Edward Kennedy (D-Mass.), Senator John East (R-N.C.), Senator Jeremiah Denton (R-Ala.), and Senator Pete Wilson (R-Calif.). In his introductory statement, Senator Hatch clearly stated the narrow and precise intention of this legislation:

> The bill is not intended to effect important substantive changes in the mainstream of trademark law. Thus its purpose remains primarily that of clarifying and rendering more precise in the statute what the law is today and should be in the years to come, undisturbed and undiverted by the troubling and potentially dangerous elements of the Antimonopoly case.

129 Cong. Rec. S14378, S14380 (daily ed., Oct. 21, 1983). (Congressman Robert Kastenmeier (D-Wis.) introduced similar legislation, H.R. 4460, on November 17, 1983, and hearings were held on that bill in the House on June 28, 1984.)

Hearings were conducted on S. 1990 by the Subcommittee on Patents, Copyrights and Trademarks of the Committee on the Judiciary on February 1, 1984. The lead-off witness at the hearing was Assistant Secretary of Commerce and Commissioner of Patents and Trademarks Mossinghoff, who supported the legislation on behalf of the Administration. Supporting testimony was also presented by Michael Grow, Chairman of the Legislative Committee of the U.S. Trademark Association; Julius Lunsford, a private trademark attorney from Atlanta, Georgia; and Professor Kenneth Germain, who teaches Intellectual Property Law at the University of Kentucky. The witnesses unanimously favored ccngressional enactment of the subject legislation.

The Subcommittee on Patents, Copyrights and Trademarks met to consider S. 1990 on July 31, 1984, and unanimously ordered the bill favorably reported with an amendment in the nature of a substitute offered by Senator Hatch.

The Senate Judiciary Committee, with a quorum present, approved S. 1990 with an amendment in the nature of a substitute by voice vote and without objection heard on August 2, 1984.

V. Analysis of S. 1990

S. 1990 rectifies the confusion generated by *Anti-Monopoly* by directly addressing the four major reasoning errors of that decision. The bill does so by amending sections 14(c) and 45 of the Lanham Act (15 U.S.C. §§ 1064(c) and 1127) to

(*a*) Clarify that a mark may have a "dual purpose" of identifying goods and services and indicating the source of the goods and services;

(*b*) Clarify that a mark may serve to identity a unique product or service so long as the mark serves also to identify a single source of the product or service;

(*c*) Clarify that identification of a mark with a source does not require that the identify of a producer or producers be known by the consumer; and

(*d*) Prohibit the use of the "motivation test" in determining genericism, and reaffirm the use of the "primary significance" test.

S. 1990 does not overrule the *Anti-Monopoly* decision as to the parties in that case. The bill overturns the reasoning in that case, but it does not say whether or not Monopoly is a valid trademark.

Furthermore, this legislation is not intended to establish a new or different test for resolving what happens to a mark which is used to identify a patented product after the patent expires and other manufacturers are free to market an identical product.

In summary, S. 1990 does not create new law or establish new standards, but rather reaffirms and clarifies the established principles of trademark law existing before the *Anti-Monopoly* decision. Such clarification and reaffirmation would assure uniformity among the various circuits and would eliminate the confusion and uncertainty currently existing not only among jurists and legal scholars, but also among merchants who must change their marketing practices if the erroneous theory underlying the *Anti-Monopoly* decision is maintained.

A. DUAL PURPOSE AND UNIQUE PRODUCTS

While the court in *Anti-Monopoly* explicitly recognized the "dual function" of a trademark, it determined that the "uniqueness" of Parker Brothers' board game made the application of this tenet inappropriate. However, it is clear that whether a product is unique does not determine whether a term associated with the product functions as a trademark or as a generic designation. Most firms, in fact, attempt to market and promote their products as unique in some way. The important question is whether the primary significance of the term to the relevant consuming public is to identify a product which emanates from a single, albeit anonymous, source, or merely to identify the product itself. Of course, if the public primarily understands the term as identifying a product, rather than a product emanating from a particular, albeit anonymous, source,

the term is generic. See, e.g., *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 118 (1938).

S. 1990 specifies in several places that a mark is not invalid solely because the producer or the public uses the mark as a name of a unique product or service. The bill also makes clear that an otherwise valid mark is not invalidated solely because the manufacturer or the public utilizes the mark in referring to a product of service. This is the widely accepted "dual function" analysis. These changes also correct the error of the Ninth Circuit in the *Anti-Monopoly* decision by not subjecting the product or service marketed under a registered mark to an analysis of whether it is unique, or as the Ninth Circuit decision stated, whether the article or product is its own genus or a member of a species. The factual analysis of whether a product is its own genus or a member of a species is highly confusing. Therefore, the proposed text clarifies the statute to make it clear that the test used by the Ninth Circuit should not be used in future trademark proceedings.

As originally introduced, S. 1990 would have provided that a registered mark is not to be deemed the common descriptive name of a product "merely" because the mark is used as a name of or to identify the product. The Committee substitute changed the work "merely" to "solely" to make clear that while use of a mark to identify a unique product is not determinative of the purchaser's perception of the mark, evidence that the mark is used and promoted as a common name may be probative on the issue of genericness. See, for example, *Bayer Co.* v. *United Drug Co.*, 272 Fed. 505 (S.D.N.Y. 1921). The central inquiry remains, both before and after this legislation, whether the primary significance of the mark is to identify a product which comes from a single source—though the product be unique or the source anonymous—as opposed to identifying the product itself.

B. UNKNOWN PRODUCER

The bill clarifies the Lanham Act to recognize that the identity of a specific producer of a good or service is not required to be known by the consuming public for trademark protection to adhere. This is accomplished in Sections 2 and 3 of the bill by amending the definitions of "trademark" and "service mark" in Section 45 of the Lanham Act to clarify that a mark need only "identify the source of the goods, even if that source is unknown."

C. PURCHASER MOTIVATION

As stated above, one of the major criticisms of the *Anti-Monopoly* decision is its use of the so-called "purchaser motivation" test. While the Ninth Circuit was clearly trying to develop an objective test ot help it in making a factual determination of whether a mark was generic, the test it chose was misguided and irrelevant. While it may not ordinarily be the province of legislation to specify the methods by which a finder of fact makes its determinations, the use of the "purchaser motivation" test exceeds the bounds of merely an improper test; rather, it shows a disregard for the basic purposes of trademark protection. As such, the Committee concludes that it is necessary to clarify and reaffirm that the test for

genericism is whether the relevant consuming public perceives a mark as an indication of source.

S. 1990 amends Section 14(c) of the Lanham Act explicitly to prohibit a "purchaser motivation" test in determining genericism. In addition, the bill amends Section 45 of the Act by prohibiting a "purchaser motivation" test in the determination of whether a mark had been abandoned. The latter prohibition is necessary since one definition of abandonment includes the loss by a mark of its significance as an indication of origin. To the extent that this significance is the same concept as that used to determine genericism, the Committee believes it important to specify here as well as in Section 14(c) that a purchaser motivation test is inappropriate.

D. SINGLE SOURCE

References to the fact that trademarks serve to indicate a "single source" should not be construed as inconsistent with the established "related company" doctrine embodied in 15 U.S.C. § 1055. This doctrine recognizes that where a mark is used by a licensee or related company of the trademark owner, and the owner exercises proper control over the nature and quality of services or products sold under the mark, all use by the licensee or related company inures to the benefit of the trademark owner. The mark still functions as an indicator that goods or services emanate from a single source, even though more than one person or company is involved in using the mark. Thus, this legislation would not impair the right of franchise organizations and other licensing organizations to continue using their marks in accordance with established law and practice.

E. PROSPECTIVE APPLICATION

The Committee has frequently expressed concern over legislation with potentially retroactive application. It is thus important to note that the *Anti-Monopoly* litigation has been concluded. This legislation is not intended to be retroactive in effect as to the parties to completed litigation. Since the bill is intended primarily to restate and clarify existing law already applicable to pending cases, the legislation will apply to cases where there has no final judgment. Such application is not a form of retroactivity.

VI. COST OF THE LEGISLATION

In accordance with paragraph 11(a), rule XXVI of the Standing Rules of the Senate, the Committee offers the following report of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 19, 1984.

Hon. STROM THURMOND,
Chairman, Committee on the Judiciary,
Dirksen Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 1990, the Trademark Clarification Act of 1983, as ordered

reported by the Senate Committee on the Judiciary, August 2, 1984.

S. 1990 would clarify the test used to determine whether or not a mark has become the descriptive name of an article or service. Based on information from the Patent and Trademark Office, we expect that enactment of S. 1990 would not result in any cost to the federal government, or to state and local governments.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

RUDOLPH G. PENNER.

VII. REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b), Rule XXVI of the Standing Rules of the Senate, the Committee has concluded that no significant additional regulatory impact would be incurred in carrying out the provisions of this legislation; there would not be additional impact on the personal privacy of companies or individuals; and there would be no additional paperwork impact.

VIII. CHANGES IN EXISTING LAW

In compliance with paragraph 12, Rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 1990, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter printed in italic is [underlined], and existing law in which no change is proposed is shown in roman):

ACT OF JULY 5, 1946

SECTION 14

SEC. 14. A verified petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed by any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905—

* * * * * * *

(c) at any time if the registered mark becomes the common descriptive name of an article or substance, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsections (a), (b), or (c) of section 1052 of this title for a registration hereunder, or contrary to similar prohibitory provisions of said prior Acts for a registration thereunder, 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 in connection with which the mark is used; or

* * * * * * *

A registered mark shall not be deemed to be the common descriptive 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 common descriptive name of goods or services in connection with which it has been used.

SECTION 45

SEC. 45. In the construction of this chapter, unless the contrary is plainly apparent from the context—

* * * * * * *

[The term "trade-mark" includes 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.]

The term "trademark" includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify and distinguish his 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 term "service mark" means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others.]

The term "service mark" means a mark used in the sale or advertising of services to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

* * * * * * *

A mark shall be deemed to be "abandoned"—

(a) When its use has been discontinued with intent not to resume. Intent not to resume may be referred from circumstances. Nonuse for two consecutive years shall be prima facie abandonment.

(b) When any course of conduct of the registrant, including acts of omission as well as commission, causes the mark to lose its significance as an indication of origin. *Purchaser motivation shall not be a test for determining abandonment under this subparagraph.*

* * * * * * *

○

APPENDIX 2

GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE
Washington, D.C. 20230

30 DEC 1983

RECEIVED
JAN 3 1984
JUDICIARY COMMITTEE

Honorable Peter W. Rodino, Jr.
Chairman, Committee on the Judiciary
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your recent letter requesting the views of the Department of Commerce on H.R. 4460 and H.R. 4462.

H.R. 4460 is a bill to clarify the circumstances under which a trademark may be cancelled or considered abandoned. The Cabinet Council on Commerce and Trade has established a Working Group on Intellectual Property to consider a number of topics in the intellectual property field. The Working Group, which is chaired by Assistant Secretary and Commissioner of Patents and Trademarks Gerald J. Mossinghoff, began consideration of the issues raised by the Anti-Monopoly, Inc. v. General Mills Fun Group, Inc. decision earlier this year in connection with S. 1440. As part of this consideration, the views of a number of national organizations concerned with intellectual property rights were sought but to date only two responses have been received. Based on the discussions held within the Working Group and the fact that responses from all of the organizations contacted have not yet been received, I do not believe that we are in a position to provide you with a report on H.R. 4460 at this time. We will bring your request to the attention of the Working Group and make every effort to provide you with a report in the near future.

H.R. 4462 is based on a proposal which was forwarded to the Speaker of the House by Secretary Baldrige on July 18, 1983 with the approval of the Office of Management and Budget. It will merge two administrative patent tribunals now found in the Patent and Trademark Office. The existing Board of Appeals and the existing Board of Patent interferences will be combined into a new Board of Appeals and Interferences.

The combining of the two boards will achieve procedural efficiencies of benefit to the Patent and Trademark Office, and more importantly to inventors, particularly those involved in proceedings to determine which of several inventors of a given invention is the first inventor. At present, these proceedings take place before one board, and should certain questions arise, a transfer to the other board is required because of the differing jurisdictions of each of the boards. By combining the boards, all matters will be more expeditiously handled by a single tribunal.

As H.R. 4462 provides significant benefits for the public, and particularly inventors, as well as for the Patent and Trademark Office, the Department of Commerce strongly endorses the bill.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

Irving P. Margulies
Acting General Counsel

GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE
Washington, D.C. 20230

JUN 11 1984

RECEIVED
JUN 11 1984
JUDICIARY COMMITTEE

Honorable Peter W. Rodino, Jr.
Chairman, Committee on the Judiciary
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in further response to your request for our views on H.R. 4460, a bill to clarify the circumstances under which a trademark may be cancelled or considered abandoned.

In my letter of December 30, 1983, I explained that the Intellectual Property Working Group of the Cabinet Council on Commerce and Trade had requested the views of various national intellectual property organizations on a number of possible solutions to the problem created by the decision in Anti-Monopoly v. General Mills Fun Group, 684 F.2d 1316 (9th Cir. 1982). Since all responses had not been received, I promised to provide you with a report on H.R. 4460 in the near future. Even though not all of the organizations have responded to our request, events have required us to formulate a position on the basis of the inputs we have received. Specifically, the Senate Subcommittee on Patents, Copyrights and Trademarks held a hearing on the companion bill, S. 1990, at which Commissioner of Patents and Trademarks Gerald J. Mossinghoff testified. Accordingly, I would like to share with you the views of the Department of Commerce on H.R. 4460.

The purpose of H.R. 4460 is to bar the use of a "motivational test" to determine genericness such as the one which was used by the Ninth Circuit Court of Appeals in the Anti-Monopoly case. It would also give the Court of Appeals for the Federal Circuit (CAFC) exclusive jurisdiction of all appeals from final district court decisions involving claims relating to trademarks if the district court jurisdiction was based in part or wholly on 28 U.S.C. 1338.

Motivation Test

The Patent and Trademark Office has stated its disagreement with the Ninth Circuit's Anti-Monopoly decision in its brief before the Court of Appeals for the Federal Circuit in In re Polar Music International (appeal Nos. 83-501 and 83-514, decided August 3, 1983). They also noted in this brief that we agree with Judge Nies' concurring opinion in In re D. C. Comics, Inc., 689 F.2d 1042 (CCPA 1982). In discussing purchaser motivation, Judge Nies said that "motivation does not change a descriptive term which has acquired distinctiveness or any arbitrary word, name, symbol or device into a generic designation."

I would like to emphasize that, although we strongly disagree with the "motivational test," the Patent and Trademark Office takes no position on whether the mark "Monopoly" is generic under the proper test.

H.R. 4460 would clarify the Lanham Trademark Act by reaffirming and spelling out the basic principles that have underscored the trademark law of genericness for more than 60 years. The basic test is the level of consumer understanding regarding the mark in question, that is, do consumers recognize a trademark as the name of a product that comes from a particular source, even though they may not be able to identify that source. We believe that any trend of courts to adopt the motivation test needs to be brought to an abrupt halt before the confusion that the motivation test has caused creates trademark chaos.

The district courts in Connecticut and New York have used the motivation test respectively to find the marks "Toll House" and "Air-Shuttle" generic. (The Nestle Company v. Chester's Market, Inc., 571 F.Supp. 763 (D.Conn. 1983) and Eastern Airlines Inc. v. New York Airlines Inc., 559 F.Supp. 1270 (S.D.N.Y. 1983)). However, the Second Circuit in Warner Bros. Inc. v. Gay Toys, Inc., ___ F.2d ___ (decided December 21, 1983) has disagreed with the Ninth Circuit. In the Warner Bros. case, the Second Circuit Court of Appeals held that a trademark owner need only show that the mark identified goods of a "particular source," not that consumers are motivated to buy the goods because they believe the goods are made or sponsored by a particular source. In discussing consumer motivation, the Second Circuit cites Judge Nies' opinion in the D. C. Comics case.

Since the Supreme Court has already denied certiorari in the Anti-Monopoly case (51 U.S.L.W. 3608 (1983)), it is doubtful that the conflict will be resolved in the near future. In Prudential Insurance v. Gibraltar Financial Corp., 694 F2d 1150 (9th Cir. 1982), the Ninth Circuit referred to the "Monopoly" motivational survey as one conducted "according to accepted principles." Thus, there seems to be little hope that the Ninth Circuit will abandon its motivation test. For this reason, we believe that legislation is needed.

Appellate Jurisdiction

At first glance, it appears that an effective way to solve this problem and possible future problems is to give the CAFC jurisdiction in trademark cases arising from the district courts as it has in patent cases. However, we believe that a closer look indicates that such may not be the case.

Unlike the case with patents, trademark rights arise from use and are based on common law rights. Federal registration is basically a recognition of those rights. Trademark cases almost always have

claims based upon state unfair competition and common laws included in them. Such cases would require the CAFC to decide many issues outside of the Federal trademark law and to apply the unfair competition law of the state which was the locus of the tort.

These factors are the principal ones which prompted the trademark bar and the United States Trademark Association to oppose the inclusion of trademarks in the CAFC's jurisdiction when the court was created. This opposition still exists.

If section 3 of H.R. 4460, which gives appellate trademark jurisdiction to the CAFC, is retained, it will make the bill controversial and delay its passage. Such delay will increase the anxiety trademark owners are experiencing from fear of having their marks adjudicated under the motivation test. It will encourage forum shopping, and it could result in the loss of valuable trademarks which would not be endangered but for the application of the motivation test.

Recommended Drafting Changes

H.R. 4460 proposes to add at the end of section 14 of the Trademark Act of 1946 (15 U.S.C. 1064):

> "For purposes of subsection (c) of this section, a registered mark shall not be deemed to be the common descriptive name of a product merely because the mark is used to identify a unique product or service. The exclusive test for determining whether a registered trademark has become a common descriptive name shall be whether a majority of the relevant public understands the trademark to function as a mark or as a common descriptive name."

We think the language could create difficulties because the term "majority" could lead to differing interpretations. We believe that the language in the companion bill, S. 1990, avoids this potential problem. We also believe that it would be preferable to place the language at the end of section 14(c) of the Trademark Act rather than at the end of the entire section.

In connection with the language in S. 1990, we assume that the legislative history will show that the phrase "primary significance of the registered mark to the purchasing public" refers to a determination of whether a mark is perceived by purchasers as indicating singleness of source. Likewise, we assume that the legislative history will show that the "purchaser motivation" test which is prohibited is the type of test used in the Anti-Monopoly decision.

We also have a suggestion to offer with respect to the phrase "common descriptive name of an article or substance" in section 14(c) of the Trademark Act. Although this has always been construed to include services, the Subcommittee may wish to add the word "service."

We agree that the definition of "abandonment" in section 45 of the Trademark Act should be amended to preclude the use of a purchaser motivation test. There are, however, various acts of commission or omission which can lead to the abandonment of the mark. For example, failing to provide for quality control in a trademark license can result in the abandonment of a mark. Therefore, we would suggest that the sentence proposed in section 2(b) of the bill be changed to read "Purchaser motivation shall not be a test for determining abandonment under this subparagraph."

Conclusion

We believe that the Anti-Monopoly motivation test should be barred from use for determining whether a trademark has become generic. We believe that this should be done as soon as possible. Because the transferring of appellate jurisdiction to the Court of appeals for the Federal Circuit is highly controversial, we believe that this aspect of the bill should not be pursued at this time.

With the changes we have recommended, the Department of Commerce supports enactment of H.R. 4460.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this letter to the Congress from the standpoint of the Administration's program.

Sincerely,

Irving P. Margulies
General Counsel

875 THIRD AVENUE
NEW YORK, N. Y. 10022

March 1, 1984

Michael Remington, Esq.
Subcommittee on Courts, Civil Liberties
and the Administration of Justice
U.S. House of Representatives
Committee on Judiciary
Washington, D.C. 20515

Dear Mike:

It was a pleasure meeting with you last Thursday. As we discussed, I enclose a memorandum which addresses the specifics of the proposed trademark bill but does not go into the issue of whether or not such proposed legislation is a good or a bad idea.

I understand that you will be sending me some information concerning proposed patent legislation. I will be glad to be of help to your Committee to the extent that I can.

I can be contacted here at my office in New York City, 875 Third Avenue, 29th Floor, New York, New York 10022 (Telephone 212-715-0653) or at The University of Pennsylvania Law School, 3400 Chestnut Street, Philadelphia, PA. 19104 (Telephone: 215-898-6427). I think it would be easier to reach me at my New York address and telephone number.

Cordially yours,

Herbert F. Schwartz

HFS:NJC
enclosure

c.c. + enclosure:
David Beier, Esq.

MEMORANDUM WITH RESPECT TO H.R. 4460

Some Comments On The Language Of H.R. 4460

These comments are directed solely to the language of the bill and do not address the issue of whether or not such legislation is appropriate.*

I. Amendment Of 15 U.S.C. § 1064(c)

15 U.S.C. § 1064(c) currently provides in pertinent part:

> "A petition to cancel a registration of a mark ... may ... be filed by any person who believes that he is or will be damaged by the registration of a mark ...
>
> * * *
>
> "(c) at any time if the registered mark becomes the common descriptive name of an article or substance...."

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* The consumer motivation test announced by one panel of the Ninth Circuit in Anti-Monopoly, Inc. v. General Mills Fun Group, 684 F.2d 1316 (9 Cir. 1982), cert. denied ___ U.S. ___, 51 U.S.L.Week 3613 (February 22, 1983), was not cited by a different panel of the same Court in Coca-Cola Co. v. Overland, Inc., 692 F.2d 1250 (9 Cir. 1982). Coca-Cola was argued before, but decided after, the decision in Anti-Monopoly was handed down.

Two District Courts, which have cited Anti-Monopoly in considering whether marks were generic, have not relied on the consumer motivation test. Nestle Co., Inc. v. Chester's Market, Inc., 571 F. Supp. 763 (D.Conn. 1983); Eastern Air Lines v. New York Air Lines, Inc., 559 F.Supp. 1270 (S.D.N.Y 1983) Two other Courts have rejected the consumer motivation test. Warner Bros., Inc. v. Gay Toys, Inc., 83 Civ. 7365 (2 Cir. December 21, 1983); In re DC Comics, Inc., 689 F.2d 1042 (CCPA 1982).

The bill proposes to amend 15 U.S.C. § 1064(c) by adding at the end of 15 U.S.C. § 1064 the following language:

> "For purposes of subsection (c) of this section, a registered mark shall not be deemed to be the common descriptive name of a product merely because the mark is used to identify a unique product or service. The exclusive test for determining whether a registered trademark has become a common descriptive name shall be whether a majority of the relevant public understands the trademark to function as a mark or as a common descriptive name."

A. "unique product or service"

Because the Ninth Circuit suggested that the MONOPOLY game was "unique", the bill proposes that "a registered mark shall not be deemed to be the common descriptive name of a product merely because the mark is used to identify a unique product or service." The notion of a "unique" product or service is one which has no meaning in trademark law at the present time. Virtually every product or service can be said to be "unique" because it differs from every other product or service in some respects, e.g., a FORD differs from a CHEVROLET. On the other hand, there are virtually no products or services which are "unique" in the sense that they are sold or offered in a competitive vacuum, e.g., a FORD and a CHEVROLET are both automobiles.

B. "exclusive test ... majority of the relevant public understands"

In response to the Ninth Circuit motivation test, the bill proposes that the "exclusive test for determining whether a registered trademark has become a common descriptive name shall be whether a majority of the relevant public understands the trademark to function as a mark or as a common descriptive name".

The law has long recognized that the question in genericness cases is "what do the buyers understand by the word for whose use the parties are contending"* and that the answer turns on whether the "primary significance" of the term is a mark or a generic term.** Evidence of various kinds is traditionally submitted on the genericness issue.*** As the Anti-Monopoly case demon-

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* Bayer Co. v. United Drug Co., 272 F. 505, 509 (2 Cir. 1921), cited in Surgicenters of America v. Medical Dental Surgeries, 601 F.2d 1011, 1016 (9 Cir. 1979) ("[I]n making the sometimes elusive determination of genericness courts have consistently followed the test stated by Judge Learned Hand in Bayer Co., Inc. v. United Drug Co., 272 F. 505, 509 (S.D.N.Y. 1921)").

** See Kellogg Co. v. Nat. Biscuit Co., 305 U.S. 111, 118 (1938).

*** I am not aware of any case in which a mark was found to be generic solely on the basis of a survey. Survey evidence has been used to support a finding of genericness which is supported by other evidence, including misuse of the mark by its owner and the public and references to the mark in dictionaries. See, e.g., American Thermos Prod. Co. v. Aladdin Industries, Inc., 207 F.Supp. 9, 20 (D.Conn. 1962), affirmed 321 F.2d 577 (2 Cir. 1963) ("There is sufficient evidence in the case, exclusive of the opinion polls ..., to show that 'thermos' has become and is now a generic term. ... The polls tend to corroborate what the court has found to be demonstrated by the other evidence in the case.")

strates, when a decision concerning the validity of a mark becomes divorced from the evidence as a whole and narrowed to survey evidence, the results may be unsound. The language in the proposed bill encourages the use of surveys to determine consumer understanding and suggests that this may be the only type of evidence a court should consider.

C. The Proposed Amendment Is Limited To 15 U.S.C. § 1064(c)

The proposed amendment has the following limitations:

-- the amendment would not apply to common law marks;

-- even as to registered marks, the amendment would apply only to petitioning to cancel the registration of a mark. It is not clear what effect the amendment would have on the validity of the mark itself;

-- it is not clear how an amended 15 U.S.C. § 1064(c) would be reconciled with other sections of the statute that relate to common descriptive names, including 15 U.S.C. §§ 1065(4) and 1115(b), as to which no amendment has been proposed.

D. Other Draftsmanship Problems

15 U.S.C. § 1064(c) refers only to the common descriptive name of an "article or substance", suggesting that the section does not apply to service marks. The

proposed amendment does not correct this problem. It also has draftsmanship problems:

-- "a registered mark shall not be deemed to be the common descriptive name of a product merely because the mark is used to identify a unique product or service." The use of "product" and "product or service" is inconsistent with the existing reference to "article or substance". The use of "product" is inconsistent with the use of "product or service";

-- the phrase "exclusive test for determining whether a registered trademark has become a common descriptive name" ignores the earlier reference to "service".

II. Amendment Of The Definition Of A "Trademark" And "Service Mark"

15 U.S.C. § 1127 currently defines "trademark" and "service mark" as follows:

> "The term 'trademark' includes 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.
>
> "The term 'service mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. ..."

The bill proposes to amend these definitions by providing that:

> "The term 'trademark' includes any word, name, symbol, or device or any combiantion thereof adopted and used to identify and distinguish the goods of one manufacturer or merchant, including unique goods, from those manufactured or sold by others and to indicate

that the goods come from a single source, even if that source is unknown.

"The term 'service mark' means a mark used in the sale or advertising of services to identify and distinguish the services of one person, including unique services, from the services of others and to indicate that the services come from a single source, even if that source is unknown."

A. The definitions of a trademark and a service mark have served since the statute was enacted in 1947, and the definition of a trademark contained in the statute has its origins in the common law.* There is no sound reason why the proposed restatements of the definitions of a trademark and a service mark should be cast in this way at this time.

B. The addition of the phrase "and to indicate that the goods [services] come from a single source" appears to be redundant in view of the earlier phrase "identify and distinguish the goods of one manufacturer or merchant",** i.e., both phrases define a mark as a word, name, symbol or device which identifies goods or services from one source.

C. The anonymous source rule is a fundamental principle of trademark law which does not need to be spelled out in the statute by including the phrase "even if that source is unknown."

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* See Trade-Mark Cases, 100 U.S. 82, 92 (1879). At the time of that decision and for years afterward, it was not generally recognized that a mark could identify services.

** In the definition of a service mark, the phrase is "identify and distinguish the services of one person."

III. Amendment Of The Definition Of "Abandoned" In 15 U.S.C. § 1127

15 U.S.C. § 1127 currently provides:

"A mark shall be deemed to be 'abandoned' --

"(a) When its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie abandonment.

"(b) When any course of conduct of the registrant, including acts of omission as well as commission, causes the mark to lose its significance as an indication of origin."

The bill proposes to amend this definition by adding to section (b): "The exclusive test for whether a mark has lost its significance as an indication of origin shall be whether the majority of the relevant public so understands the mark."

The proposed amendment does not address problems in the current definition of "abandoned". The term "abandoned" should be used to mean the surrender of a valid mark by its owner through non-use or through acts of the owner which cause the mark to become associated with the goods or services of someone other than its original owner.* This is a different concept from the complete loss of a mark's "significance as an indication of origin" of the goods or services of any one person.**

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* This could happen, for example, in the case of a naked license or an assignment in gross.

** This could happen, for example, in the case of a naked license or an assignment in gross. It could also occur where a mark becomes generic, either as a result of the owner's conduct or despite the owner's attempt to preserve its mark.

By proposing essentially the same test of public understanding in 15 U.S.C. § 1127 and 15 U.S.C. § 1064(c), the bill appears to assume that the only way a mark may lose its "significance as an indication of origin" is by conversion of the mark into a common descriptive name.* As noted above, significance may be lost in a number of ways.

Finally, the proposed amendment to 15 U.S.C. § 1127 is subject to the same criticism as the proposed amendment to 15 U.S.C. § 1064(c) to the extent that it encourages the use of surveys as the sole method of establishing whether a mark has lost it significance as an indication of origin.

HERBERT F. SCHWARTZ

---

* It is not clear why the bill even proposes an amendment of the definition of "abandoned" inasmuch as Anti-Monopoly does not deal with the issue of abandonment.

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March 21, 1984

The Honorable Robert W. Kastenmeier
United States House of Representatives
Room 2232
Rayburn House Office Building
Washington, D. C. 20515

Dear Representative Kastenmeier:

The bill to amend the Trademark Act of 1946 which you introduced into the House of Representatives as HR 4460 has been the subject of study by the Committee of this Association which studies trademark and unfair trade practices legislation. This Committee is chaired by Mr. Frank Thompson.

At a meeting of our Association on March 14, 1984 the Committee presented its final report and the following Resolution was adopted:

> "The Connecticut Patent Law Association favors enactment of HR 4460."

We think it pertinent to point out that our Association has a current membership of 236 and is inclusive of private practitioners and patent lawyers from most of the major corporations whose headquarters are located in Connecticut.

Very truly yours,

Denis A. Firth

DAF:maw



March 23, 1984

Hon. Robert W. Kastenmeier
Chairman, Committee on the Judiciary,
Sub Committee on Courts, Civil Liberties,
and the Administration of Justice
2137-B Rayburn House Office Building
Washington, D.C. 20515

RE: H.R.4460

Dear Chairman Kastenmeier:

PepsiCo, Inc., as you are undoubtedly aware, is a multi-faceted consumer goods company which, as the owner of numerous trademarks in the United States, has a strong committment to a viable trademark legal system in this country. We thus have been monitoring developments with regard to H.R.4460 with great interest and concern.

Although we are generally not in favor of piecemeal legislation to remedy the effects of particular court decisions, nonetheless we feel, as do many other trademark owners, that the decision of the Ninth Circuit in the Anti-Monopoly v. General Mills case is so aberrational and disturbing as it relates to the basic tenets of trademark law that legislation may be necessary to clarify the basic issues and principles of genericism. We understand that the language regarding genericism in the above Bill is presently under revision and anxiously await the final version of the Bill on this issue at which time we will make a final determination regarding our support.

On the other hand, we do not feel that decisions such as the Ninth Circuit's necessarily justify the other proposed portion of H.R.4660 providing for exclusive appellate jurisdication over all trademark cases in the United States Court of Appeals for the Federal Circuit (CAFC). In fact,

we do not know of any compelling reasons why trademark appeals should be so consolidated and, moreover, feel to do so would probably be greatly detrimental to the development of trademark law in this country.

First, the impetus for consolidating patent appeals in the CAFC was quite different from that involving trademark appeals and indeed is indicative of the significant differences between patents and trademarks. While patents are purely the creature of a constitutional grant and only exist as a federal right, trademark rights, of course, spring from actual use and common law rights and the "optional" federal trademark registration system merely is an affirmation of those rights based upon Congress's power to regulate commerce. While patent rights are solely governed and controlled by strict statutory provisions, trademark rights are merely a species of the general law of unfair competition and often are incidental to such broad legal concerns.

Furthermore, the desire to consolidate patent appeals in one federal court arose from a very real and often disastrous problem of conflicts among the various circuits which had resulted in extreme instances of forum shopping. The incredibly large investments in research and development leading to patent protection were often placed in jeopardy by the wide disparity in the treatment of patents by the various circuits. The percentage figure of patents that were ultimately held to be invalid by courts was extremely high in particular circuits and thus the resultant forum shopping.

These concerns, we believe, simply do not exist with regard to trademarks. There is relatively little forum shopping regarding trademark matters and we are not aware of any particularly high percentage of trademarks being held invalid, let alone by any one particular circuit. Moreover, the consolidation of trademark appeals in the CAFC would not prevent forum shopping throughout the various state courts which would still have jurisdication over unfair competition. Indeed, such a consolidation may force some litigants to go to state courts, resulting in even less uniformity in judicial treatment of trademarks and probably more forum shopping.

Additionally, there are many related issues of intellectual property, including unfair and deceptive trade practices, dilution, unfair competition and others, that are purely the subject of state laws and would thus present difficulties for one federal court with appellate jurisdication. Furthermore, most trademark cases involve issues of a non-technical nature for which the particular expertise of the CAFC is not necessary. Trademark rights typically involve equitable issues with which judges sitting on the various circuit courts are well equipped to deal.

Finally, and perhaps most importantly, consolidation of appellate jurisdication for trademark matters in one court, regardless of where it may be, could result in an insular and doctrinaire court which would stultify the continuing development of trademark law. Trademark "law" is a direct product of continuing commercial and business developments and accordingly should always be in a vibrant state of flux, as this benefits trademark owners as well as consumers. Consolidation in one court could result in a more technical treatment of this body of law as opposed to a more flexible approach often provided by circuits sitting in various parts of the country reflecting the commercial concerns of their respective areas. There is a great benefit to be gained from the cross-fertilization of ideas among the circuits. A good example of this is the development of the progressive body of law involving the interpretation of Section 43(a) of the Lanham Act which was due in large measure to one particular circuit pioneering the way and other circuits picking up on its lead.

It has been expressed that consolidating appellate trademark jurisdiction would result in fewer demands for piecemeal remedial legislation but, frankly, we were unaware of any significant volume of such requests to date. On the other hand, it would seem that such demands would still be forthcoming if the CAFC with consolidated jurisdiction were to make alleged "bad" decisions itself. In fact, demands would be even more strident since the consolidated jurisdiction would foreclose the possibility of other circuits not following the lead of one aberrational circuit. Moreover, the number of such demands would undoubtedly increase because legislation would often be the only remedy for a "disagreeable" CAFC decision, taking into account the extremely low percentage of cases granted certiorari by the Supreme Court.

We recognize that some of the points just expressed may have equally applied to the patent appeals situation but, from the history of which we are aware, these drawbacks were felt to be a necessary trade-off to overcome the more pressing patent-specific problems discussed above. Because these problems do not exist with regard to trademarks in any significant measure, we feel it would be a mistake to include the provision involving consolidated appellate trademark jurisdiction in H.R.4460. Indeed, it would be unfortunate if this issue were to jeopardize support of the more important genericism standards issue.

If we can be of any further assistance with regard to the points expressed above, please do not hesitate to contact the undersigned.

Very truly yours,

William A. Finkelstein

William A. Finkelstein
Trademark Counsel

WAF:eb

THE NEW YORK PATENT, TRADEMARK
AND COPYRIGHT LAW ASSOCIATION, INC.

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and the
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March 29, 1984

The Honorable Robert W. Kastenmeier
Room 2232
Rayburn House Office Building
Washington, D.C. 20515

Re: H.R. 4460

Dear Mr. Kastenmeier:

The New York Patent, Trademark and Copyright Law Association has carefully reviewed the text of H.R. 4460, which you introduced in the Congress on November 17, 1984. We offer for your consideration the following recommendations and comments.

1. The New York Patent, Trademark and Copyright Law Association is of the opinion that legislation "to clarify the circumstances under which a trademark may be cancelled or considered abandoned" is at this time inappropriate or at least premature. The Association considers the decision of the Court of Appeals for the Ninth Circuit in Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316 (9th Cir. 1982) to be anomalous. In this regard, the Association notes the recent decision of the Court of Appeals for the Second Circuit in Warner Bros. Inc. v. Gay Toys, Inc., 658 F.2d 76 (2d Cir. 1983) in which the Court said that "the actual motivation of

purchasing consumers -- whether they were motivated because of quality, source, feature, design, price, durability, or otherwise -- is essentially irrelevant." That case more correctly sets forth the test in determining the primary function of a trademark or service mark.

2. The Association also objects to the "majority test" proposed as an amendment to 15 U.S.C. §1064. Rather, the test should be whether a significant portion of the relevant public recognizes the mark in issue as a mark or as a common descriptive name. Corrective legislation should not require that the exclusive test for determining whether a mark is generic be whether a majority of the relevant public recognizes the mark in issue as a mark or as a common descriptive name.

3. The Association considers the proposed amendment to Section 1295(a)(1) of Title 28, United States Code, whereby the Court of Appeals for the Federal Circuit would be vested with exclusive appellate jurisdiction of trademark cases, to be

unwarranted and inappropriate at this time.

There are several grounds of objection at this time to this proposed amendment, including:

a) Trademark rights are founded in the common law, not in federal statutory law, as is the case with the patent and copyright laws. Unlike patent and copyright law, Federal Courts do not have exclusive jurisdiction of trademark cases;

b) There has been presented no compelling argument for the creation of a specialized appellate court for the resolution of trademark disputes. Discrepancies in the law from Circuit to Circuit in trademark law are generally no more pronounced than in other areas of the law. Further, the need for appellate review by a panel with technical expertise in patent cases is not similarly present in trademark cases;

c) The proposed change would not obviate the need, in appropriate circumstances, to legislate-away incorrect or misguided decisions -- the CAFC and Supreme Court decisions are also subject to error or obsolescence.

Finally, the New York Patent, Trademark and

Copyright Law Association requests that it be notified of any hearings scheduled for H.R. 4460 and that it be allowed time to testify at any such hearings.

Respectfully submitted,

Douglas W. Wyatt, President
The New York Patent, Trademark
and Copyright Law Association

cc: OFFICERS and BOARD OF DIRECTORS
New York Patent, Trademark
and Copyright Law Association

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COUNSEL

DOANE TWOMBLY
OF COUNSEL

April 1984

My Dear Congressman Rodino:

As a New Jersey lawyer who has devoted some 40 years of his life to trademark and patent practise in New Jersey may I impose upon your busy day to direct your attention upon an important judiciary committee matterthat can be important to every citizen :

There is considerable concern among the Trademark Bar and among knowledgeable clients about a proposal currently under consideration by the Kastenmaier Committee which would transfer jurisdiction over trademark causes from the individual federal district and circuit courts which are so familiar with local trademark laws and competitive conditions to Federal Courts of the Federal Circuit. So many of us have noted what an excellent job our own Federal Judges in New Jersey have constantly done in trademark cases. In addition and most regrettably the 15 member (when all available) Circuit Court for the Federal Circuit numbers only one experienced trademark attorney among its judges. It can hadly be argued that D C judges have more knowledge of trademark and trade conditions than do the distinguished Federal Judges in New Jersey and in other states and territories. In fact there have been those who claim that judges from other parts of the country are often nominated for this service in Washington because there are objections against their service in their home territories. It has been claimed that at least one of these jurists was nominated because one of his parents was physician to a president's relative and the disturbing recent struggle about the late attorney Unger's attempted nomination tothe Federal Circuit only supports what regrettably had to be said here.

Finally there is a clear distinction between patents which constitutionally are a subject of federal jurisdiction and trademarks which are a subject left to the states by our Constitution.

May I therefore appeal to you to leave jurisdiction in trademark matters which the individual Circuit and District Courts throughout this Great Country.

I have been active throughout my life in the professional associations involves, am currently Chairman of the Patent, Trademark, Copyright and Unfair Competition Section of the New Jersey Bar and past President of the New Jersey Patent Law Association, one of this country's most active such associations.

NEWARK
APR 19

Respectfully,

Norman St. Landau

RECEIVED

UNIVERSITY OF KENTUCKY
LEXINGTON, KENTUCKY 40506-0048

COLLEGE OF LAW
LAW BUILDING

May 4, 1984

MAY 1984

Hon. Robert W. Kastenmeier
United States Representative
2732 Rayburn House Office Bldg.
Washington, DC 20515

Dear Congressman Kastenmeier:

Over two months have passed since a number of concerned persons--myself included--testified on S.1990 before the Senate Subcommittee on Patents, Copyrights and Trademarks. As I am sure you know S.1990 is an anti-Anti-Monopoly bill, that is, a bill designed to right the wrongs done to the law of trademark genericization by the Federal Ninth Circuit Court in its 1982 Anti-Monopoly decision.

I am writing to you now to inquire about the status of H. R. 4460, introduced by you some time ago and also aimed at ameliorating the Ninth Circuit's egregious errors. I also want to encourage you to continue the examination of this bill (and its Senate counterpart), as it relates to the genericization matter. (I am reserving comment on the matter of the trademark infringement jurisdiction of the Court of Appeals for the Federal Circuit, a matter I have not fully studied and evaluated yet.) Toward this purpose I am taking the liberty of enclosing a copy of my written submission to the Senate subcommittee and a copy of the two pairs of questions and answers that served as an addendum to my oral remarks before that subcommittee. (I am also submitting a copy of my resume for background purposes.)

If I can be of any assistance to you or your subcommittee, please feel free to call upon me at the above address or at (606) 257-1936.

Very truly yours,

Kenneth B. Germain
Professor of Law

KBG:mjj
Enclosures

UNIVERSITY OF KENTUCKY
LEXINGTON, KENTUCKY 40506-0048

COLLEGE OF LAW
LAW BUILDING

MEMORANDUM

TO: Randy Rader

FROM: Ken Germain

RE: Answers to Senator Hatch's Written Questions re S. 1990

DATE: February 2, 1984

I enjoyed attending and participating in yesterday's hearing. You and your associates ran a tight ship! Thanks for your good work.

Here are the two questions--and my two answers:

Question 1

Abandonment of a trademark and genericness are generally two separate legal tests to determine if a trademark should be cancelled. This bill amends the abandonment section of the Lanham Act as well as the genericness section. In what ways might the purchaser motivation test upset abandonment law if this section is not included in the bill?

Answer 1

"Abandonment", as defined in Section 45 (particularly subparagraph (b), thereof), includes the loss of trademark (i.e., source-indicating) function due to inappropriate management of a trademark by its owner. Application of the "purchaser motivation" test (as per Anti-Monopoly II) would cause the same problems regarding "abandonment" as it creates regarding genericization under Section 14(c). This is because Section 45(b) really provides for "abandonment resulting from "genericization," and thus really is dependent upon the test for determining "genericization."

Question 2

This bill also specifically prevents a product from losing its trademark protections "merely because the mark is also used as a proper name of or to identify a unique article or substance." How can uniqueness of a product or use of a proper name as a trademark affect the subject of genericness? Does this bill appropriately treat these issues?

Answer 2

"Uniqueness" of a product (or service) complicates the issue of genericization because it is easier for consumers/users to view the trademark applied to "unique" goods as the "name" of the type of goods. It also, of course, is easier for courts to draw the conclusion that a trademark for "unique" goods constitutes a "genus" rather than the "species" of those goods; the nonexistence of identical or virtually identical competing products makes possible the (spurious) argument that the "unique" goods make up their own "genus."

The phrase "a proper name," in my opinion, is not ideal because it gives the very impression (source-indicating designation, probably headed by a capital letter) that is sought to be avoided. The phrase should be deleted in favor of "the name," with this phrase being understood (and explained in the legislative history) as referring to a description of the type or kind of goods involved. Use of a "trademark" solely as "a proper name"/"the name" of goods is tantamount to genericization; however, use of a "trademark" both in that way and as an indicator of source (so-called "dual function") is sufficient for maintenance of trademark rights.

As qualified above and with the change of "article or substance" to "goods or services" as suggested in my written materials, S. 1990 does treat these matters in appropriate fashion.

KBG:mjj

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PROFESSIONAL CONFERENCES ATTENDED BY
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(1) Association of American Law Schools, Annual Meetings: Chicago (Dec. 1971); New Orleans (Dec. 1973); San Francisco (Dec. 1974); Houston (Dec. 1976); Phoenix (Jan. 1980); Cincinnati (Jan. 1983).

(2) "Contract Remedies," Practicing Law Institute (Atlanta, July 1975).

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(4) "Practice Before the Trademark Trial and Appeal Board" (Arlington, Virginia, September 1978).

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WRITTEN MATERIALS TO ACCOMPANY ORAL TESTIMONY OF PROFESSOR KENNETH B. GERMAIN* BEFORE THE UNITED STATES SENATE JUDICIARY COMMITTEE, SUBCOMMITTEE ON PATENTS, COPYRIGHTS AND TRADEMARKS, IN REGARD TO S. 1990 (February 1, 1984)

To The Subcommittee, Hon. Charles McC. Mathias, Jr., Chairman:

I thank you for affording me the opportunity to present my views on this important piece of prospective legislation. The substance of these views is contained in the appendices to this introductory memorandum:

Appendix A: Summary and Critique of the 1982 Anti-Monopoly Decision

Appendix B: General Remarks on the Doctrine of Genericization

Appendix C: Specific Suggestions Regarding S. 1990

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*Professor of Law, University of Kentucky College of Law (Lexington, KY); Counsel, King & Liles, P.S.C. (Lexington, KY)

Appendix A: Summary and Critique of the 1982 Anti-Monopoly Decision*

In one of the year's (decades?) most significant cases, the District Court's upholding[1] of the validity of the famous MONOPOLY trademark for a real estate trading board game was again reversed by the Court of Appeals for the Ninth Circuit--this time being final from the looks of the latter Court's opinion.[2] After touching base with a few procedural matters[3] the Court briefly reiterated the controlling substantive rules of genericism that appeared in its first opinion in the MONOPOLY saga[4] and fairly quickly explained why it agreed with the District Court's conclusion that MONOPOLY was not generic at the time of its adoption by Parker Brothers, the declaratory judgment defendant's predecessor in interest.[5] Then the Court reached the crux of the case: whether MONOPOLY had become genericized after its inception and thus had lost its validity as a trademark for defendant's game. It was this matter, of course, that proved fatal to MONOPOLY.

The introduction to the genericization discussion was acceptable enough: The Court acknowledged the "dual-function" aspect of many trademarks, that is, that a mark simultaneously can serve to identify both a product and a producer[6]; it noted that it is not the efforts made by a trademark owner to forestall genericization that count, but rather their effect,[7] and that the choice of a suggestive word as a mark is an invitation to genericization[8]; it also noted, without using the catch-word, that "de facto" source recognition does not carry the day.[9]

The main part of the genericization discussion was devoted to analyses of the various consumer surveys that appeared in the case's record. It is this part which is subject to doubt concerning propriety and sensibility. Actually, the Court's remarks on the "brand name" survey (or so-called "Teflon survey"[10]) are mildly persuasive. This survey asked people whether MONOPOLY was a "brand name" or a "common name" by reference to this example: "By brand name, I mean a name like Chevrolet, which is made by one company; by common name, I mean 'automobile,' which is made by a number of different companies."[11] As the Court noted, respondents had virtually no choice, the MONOPOLY game being made by only one company. (It could be said, ironically, that the public recognized MONOPOLY as a product made by one company only because it also regarded MONOPOLY as an indicator of source.)

A survey patterned after the one done in the famous "Thermos" case[12] was run by the plaintiff. People who initially indicated that they were 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 then asked how they would call for such games in stores; about 80% said they would request "Monopoly."[13] Brushing criticisms aside without sufficient explanation, the Ninth Circuit Court found this evidence very persuasive of MONOPOLY's generic status. One is tempted to ask whether the conclusion here was not as preordained as with the brand-name survey, for here the above-quoted description of the game was so comprehensive as to exclude any response other than "Monopoly."

The third survey to be discussed is the most important one in terms of the impact of this case. This one, unlike the two previously discussed, was not based upon any antecedent survey already subjected to critical scrutiny. Instead, this one, the "motivation survey," was commissioned by the plaintiff in this case after having been conjured up by the Ninth Circuit Court in the earlier appeal.[14] It asked why ("motivation") people purchased MONOPOLY games--because they liked products made by Parker Brothers, or because they wanted a MONOPOLY game, regardless of its source. This was supposed to focus attention upon whether the consuming public was "source particular"--which would have led to a finding of continued trademark validity--or not. The results--not surprisingly again--showed overwhelmingly that people wanted MONOPOLY because of the game's attributes rather than its "source".[15] The Appellate Court was quick to dub "clearly erroneous" the lower court's rejection of the survey because it probed motivation of instead of meaning to the consuming public; the Appellate Court re-emphasized that it was consumer use rather than understanding that mattered.

In this Commentator's view the Ninth Circuit Court was way off base: if, as it expressly recognized, trademarks can function dually, why should such sole reliance be placed upon consumers' motivation and/or use in the face of substantial, and apparently successful, efforts by the trademark owner to educate the public into understanding that its mark did indeed serve as an indication of source? Furthermore, it is generally accepted that a term validly functions as a "mark", i.e., an indicator of

source, when consumers view it as linking the product to a particular manufacturer, distributor, or seller, whether or not they know the name of such "source."[16]

The last of the surveys to be analyzed by the Ninth Circuit Court was the so-called "Tide" survey. This was conducted at the instigation of the defendant and intended as a reductio ad absurdum regarding the motivation survey. It showed that about 60% of the surveyed group, when asked the "motivational" type questions about TIDE detergent, a famous brand bearing a mark generally thought to very strong, gave "product" rather than "producer" responses. The Court gave very short shrift to this challenge, unfairly refusing to take it seriously.[17]

In sum, the Ninth Circuit Court of Appeals refused to view a special type of case--one involving a mark for a "unique" product, i.e., one not thus far faced with competition from a very similar product--as sui generis with respect to genericization. Thus, it insisted on applying the usual "product or producer" test to a circustance which in the modern context requires a different analysis. This approach is oddly reminiscent of the "monopolophobia" of yesteryear. Also of (critical) note, the Court coined a new approach to genericization--motivation of consumers. As indicated above, this is a very ill-advised, authority-bare approach, and should not be adhered to by courts in other circuits.[18]

Appendix B: General Remarks on the Doctrine of Genericization

The overall doctrine of trademark genericness--including one of its two constituent parts, "genericization"--is concerned with establishing and maintaining an appropriate balance between the two concepts--"unfair" and "competition"--that blend to form the somewhat self-contradictory body of jurisprudence known as "unfair competition." The negative "unfair" concept refers both to consumer interests (e.g., misrepresentation of source, leading to mistaken purchases) and manufacturer/seller interests (e.g., misappropriation of acquired trade advantages). The positive "competition" concept, consistent with the anti-trust laws, refers to the maintenance of open markets in trademark-bearing goods. Sometimes, of course, the two constituent concepts conflict with each other, and difficult decisions must be made. The challenge is to make these decisions in the most appropriate fashion--one that minimizes the adverse impact on the non-chosen alternative.

Why is Legislation Needed in the Wake of "Anti-Monopoly II"?[19]

The Ninth Circuit's opinion--not merely its decision--in Anti-Monopoly II--has the potential to cause major disruption of an important aspect of United States trademark law. The thrusts of the opinion, the consumer usage and consumer motivation approaches, truly came from nowhere precedentially, and are anomalies with respect to theretofore settled doctrine. Coming as they do from a prestigious court exercising appellate jurisdiction over a large area including major commercial interests,

these thrusts are likely to be particularly influential, especially at the very significant district court level.

Secondly, the United States Supreme Court has already passed up its first--and best, perhaps--opportunity to deal with the furor caused by Anti-Monopoly II by denying the petition for certiorari, despite numerous urgent amicus requests. As indicated elsewhere by the author of these comments, this behavior by the Supreme Court is quite typical of its modern historic refusal to grapple with significant issues of "unfair competition."[20]

Thirdly, cancellation of the federal registration of a trademark is likely to have disastrous consequences for the affected trademark owner. Not only is the loss of federal protection a loss of major proportions, but the cancellation of federal rights is likely to be followed by the loss of state law based protections either directly, due to principles of res judicata and/or collateral estoppel, or indirectly, due to application of state decisional law following in the footsteps of the federal determination.

Finally, although some pause may attend any attempt to modify a major statute in a relatively minor way--the pejorative term being "tinkering"--in the opinion of this commentator, such "pause" should be overidden where, as here, the need is manifest.

What Should Be Done?

Consistent with the plaintive pleas of others,[21] it is submitted that the two-pronged approach of Anti-Monopoly II

should be ousted from the trademark corpus juris. The "consumer usage" test, substituted by the Ninth Circuit in lieu of the prevailing "consumer understanding" test, ignores the pivotal "duality" of trademarks, i.e., that they can serve both as indicators of source (trademarks) and as indicators of goods themselves (generic designations) concurrently. The "consumer motivation" test conjured up by the Ninth Circuit flies in the face of years and volumes of authority to the effect that indicators of single source, albeit anonymous in nature, do serve valuable, legitimate, and protectible functions.[22]

What is recommended is the reinstatement of the pre-Anti-Monopoly II state of affairs with, perhaps, a few clarifications. Of greatest importance is the return to the test of whether an alleged trademark serves "primarily" to indicate the producer (source) of goods rather than the product (goods) themselves. In other words, trademarks should answer the question "Who is the producer/seller of this product?" rather than "What is this product?". A matter that might merit attention is the definition of "primary": Does it mean that a particular view is subscribed to by "most," "a majority", or only "a significant minority" of relevant consumers. (The central alternative is recommended.)

Return to the pre-Anti-Monopoly II approach would also provide a welcome opportunity to temper reliance upon such "objective" criteria as consumer surveys. While these instruments can be valuable adjuncts to the decision-making process regarding genericization, they also can be given too dominant a position. This, of course, runs the risk of over-objectifying

a matter of classic equitable cognizance while concommitantly relying upon information derived from technical, sometimes controversial, methodologies and interpretations.[23] It would be preferable to expand the genericization issue to include such matters as the availability of alternative generic designations, the investment of the trademark owner, and the efforts of such person to avoid genericization of the relevant trademark.

Finally, a matter that may warrant attention is the burden of proof ("persuasion") required of one who challenges a registered trademark on the basis of genericization. Anti-Monopoly II, relying upon a minority view that a "preponderance" of the evidence was sufficient, ousted the district judge's choice of the "convincing" evidence standard. The majority view, however, is more in keeping with a modern sense of the balance between "vested interests" and "new entrants" into the relevant market. This matter might be addressed legislatively, either by an across-the-board requirement of "convincing" evidence, or by the application of such a standard to trademarks the registrations of which had passed the "noncancellability"[24] or "incontestability"[25] points prior to the filing of the action challenging validity on the basis of genericization.

Appendix C: Specific Suggestions Regarding S. 1990

Section 2: While the basic thrust of this section is appropriate, a few word additions/changes are recommended:

(1) The words "or purchaser usage per se" should be inserted after the term "purchaser motivation" on page 2, line 4. This would clarify that both incorrect aspects of the Anti-Monopoly II case are being rejected.

(2) The phrase "an article or substance" in § 14(c)(1), as proposed, should be replaced by "goods or services" to conform the language to that of the additions. [If this change is made in § 14, it should also be made in § 15(4), 15 U.S.C. § 1065(4).]

(3) The placement of the new material at the end of § 14(c) is not optimal. It would be better for § 14(c) to be split into subsections, such that § 14(c) would read as follows:

(c) at any time if the registered mark--

(1) becomes the common descriptive name of the goods or services, except that a registered mark shall not be deemed to be the common descriptive name of goods or services merely because such mark is also used as a proper name of or to identify a unique product or service. The primary significance . . . used; or

(2) has been abandoned; or [etc.]

Section 3(a): The phrase "albeit anonymous" (page 2, line 19) seems misplaced; it probably should be moved so as to follow "source", as follows: ". . . indicate the source, albeit anonymous, of the goods."

Also, the phrase "albeit anonymous," regardless of its location, may not be as meaningful as such phrases as "even if anonymous", "anonymous or otherwise," or "known or anonymous." The existing phrase, however, has the benefit of current recognition.

Section 3(b): Same remarks as re Section 3(a).

Section 3(c): Same remarks as noted under "(1)" with reference to Section 2.

NOTES

* Adapted from Germain and Weinberg, The Thirty-Sixth Year of Administration of the Lanham Trademark Act of 1946, 73 T.M.R. 577 (1983), with the permission of the copyright owner, the United States Trademark Association.

1 Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 515 F. Supp. 448, 212 U.S.P.Q. 748 (N.D. Cal. 1981), discussed in Germain, The Thirty-Fifth Year of Administration of the Lanham Trademark Act of 1946, 72 T.M.R. 559, 681-82 (1982), on remand from 611 F.2d 296, 204 U.S.P.Q. 978 (9th Cir. 1979), rev'g 195 U.S.P.Q. 634 (N.D. Cal. 1977).

2 Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 216 U.S.P.Q. 588 (9th Cir. 1982), cert. denied, 103 S. Ct. 1234 (1983), motion for reconsideration of denial of cert. petition denied sub nom. CPG Products Corp. v. Anti-Monopoly, Inc., 103 S. Ct. 1805 (1983).

3 In particular, the court paused to correct the burden of proof standard (relative to showings of genericness) from "convincing evidence," as indicated by the trial judge, to "preponderance of the evidence." Id. at 1319, 216 U.S.P.Q. at 590. (This Commentator is tempted to question whether, for an already established mark that was not generic ab initio, the former standard might not make better sense.)

4 See id. at 1319, 216 U.S.P.Q. at 590-91, where, inter alia, the following passage appears:

> Even if only one producer--Parker Brothers--has ever made the MONOPOLY game, so that the public necessarily associates the product with that particular producer, the trademark is invalid unless source indication is its primary significance.

5 See id. at 1319-21, 216 U.S.P.Q. at 591-92, where the history of the game and mark are summarized. See also id. at 1321, 216 U.S.P.Q. at 592, where the following conclusion is reached:

> When a small number of people use a particular thing and call it by a particular name, one which is not a common descriptive term for the thing, a person may appropriate the name and register it as a trademark. The purpose of the doctrine that generic terms cannot be made trademarks is to prevent the appropriation of a term that is already in wide use among those who are potential purchasers of the thing that the term describes. If those who might purchase the thing know it by a particular name, then to forbid the use of that name by potential producers will erect unwarranted barriers to competition.

6 "Yet it is nearly always the case . . . that a trademark will identify both the product and its producer. . . . Indeed, its value lies in its identification of the product with its producer." Id. at 1321, 216 U.S.P.Q. at 592-93.

> 7 [Defendant] and its predecessor have spent time, energy and money in promoting and policing use of the term "MONOPOLY." That fact, however, is not of itself sufficient to create legally protectable rights. . . .
>
> The real question is what did [defendant] get for [its] money and efforts?

Id. at 1322-23, 216 U.S.P.Q. at 593-94.

> 8 A monopolist has a monopoly. By choosing the word as a trademark, [defendant] subjected itself to a considerable risk that the word would become so identified with the game as to be "generic."

Id. at 1322, 216 U.S.P.Q. at 593.

> 9 It is not, of itself, enough that over 55% of the public has come to associate the product, and as a consequence the name by which the product is generally known, with [defendant].

Id. at 1322-23, 216 U.S.P.Q. at 594, citing Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118, 39 U.S.P.Q. 296, 299 (1938).

10 See E.I. DuPont de Nemours & Co. v. Yoshida International, Inc., 393 F. Supp. 502, 185 U.S.P.Q. 597 (E.D.N.Y. 1975).

11 Id. at 1323, 216 U.S.P.Q. at 594, quoting from the defendant's survey.

12 See American Thermos Products Co. v. Aladdin Industries, Inc., 207 F. Supp. 9, 20-21 (D. Conn.), aff'd sub nom. King Seeley Thermos Co. v. Aladdin Industries, Inc., 321 F.2d 577, 138 U.S.P.Q. 349 (2d Cir. 1962).

13 Id. at 1323, 216 U.S.P.Q. at 594, quoting from plaintiff's survey.

14 See id. at 1324, 216 U.S.P.Q. at 595, referring to "Anti-Monopoly I," supra fn. 1, 611 F.2d at 305-06, 204 U.S.P.Q. at 986.

15 The most direct dichotomy was between the 65% who chose "'I want a 'Monopoly' game primarily because I am interested in playing 'Monopoly,' I don't much care who makes it.'" and the 32% who chose "'I would like Parker Brothers' 'Monopoly' game primarily because I like Parker Brothers' products.'" Id.

16 See 1 J. Thomas McCarthy, Trademarks and Unfair Competition § 3:3B (1973).

17 The court's entire response is as follows:

> There were various respects in which this survey was different from the motivation survey used by [plaintiff], but we shall not suddenly attach great importance to technical considerations. We suspect that these results tend to show that the general public regards "Tide" as the name of a particular detergent, having particular qualities, rather than as one producer's brand name for the same detergent which is available from a variety of sources. We do not know whether the general public thinks this, or if it does, is correct in thinking this, or whether Procter and Gamble intend them to think it. If the general public does think this, and if the test formulated in Anti-Monopoly I could be mechanically extended to the very different subject of detergents, then [TIDE'S producer] might have cause for alarm. The issue is not before us today. The motivation survey conduct by [plaintiff] was in accordance with the views we expressed in Anti-Monopoly I. The results in the Tide Survey are of no relevance to this case.

Id. at 1326, 216 U.S.P.Q. at 596.

18 For a thorough and insightful critique of the Monopoly decision see Greenbaum, Ginsburg & Weinberg, A Proposal for Evaluating Genericism After "Anti-Monopoly," 73 T.M.R. 101 (1983).

19 Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., supra fn. 2.

20 See Germain, The Supreme Court's Opinion in the Inwood Case: Declination of Duty, 70 Ky. L. J. 731, 731-33 (1981-82).

21 See generally Greenbaum, Ginsburg & Weinberg, A Proposal For Evaluating Genericism After "Anti-Monopoly," supra fn. 18; Note, Genericide: Cancellation of a Registered Trademark, 51 Ford. L. Rev. 666 (1983).

22 See generally the ~~valid~~ veiled criticism of Anti-Monopoly II by Judge Nies (of the former Court of Customs and Patent Appeals) in In re DC Comics, 689 F.2d 1042, 1053-54, 215 U.S.P.Q. 394, 403-05 (C.C.P.A. 1982).

23 On the disparateness of surveying techniques, etc., see the "Survey Issue" of The Trademark Reporter, 73 T.M.R. 349 (1983).

24 Under Lanham Act § 14(a), 15 U.S.C. § 1064(a), a trademark registered on the Principal Register automatically becomes immune to some grounds of cancellation upon reaching the fifth anniversary of its registration. However, id. § 14(c), 15 U.S.C. § 1064(c), allows for cancellation on the basis of (inter alia) genericization "at any time." No evidentiary standard is mentioned.

25 Under Lanham Act § 15, 15 U.S.C. § 1065, a registration becomes "incontestable" upon reaching its fifth anniversary and the filing of an appropriate affidavit. The presumption of validity of the registration consequently escalates from "prima facie" (see id. § 7(b), 15 U.S.C. § 1057(b), and id. § 33(a), 15 U.S.C. § 1115(a)) to "conclusive" (see id. § 33(b), 15 U.S.C. § 1115(b)). However, § 33(b)(2), 15 U.S.C. § 1115(b)(2), expressly provides a "defense or defect" to an otherwise "incontestable" registration where the "mark has been abandoned," which may include genericization as defined in id. § 45, 15 U.S.C. 1127, and § 15 itself excludes "incontestability" for "common descriptive names" by inclusion of a cross-reference to § 14(c). No evidentiary standard, however, is provided.

Consumers Union
Publisher of Consumer Reports

May 14, 1984

Honorable Robert W. Kastenmeier
Chairman, Subcommittee on Courts,
Civil Liberties and the Administration of Justice
Committee on the Judiciary
2137 Rayburn House Office Bldg.
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Consumers Union would like to express its support for H.R. 4460, a bill to clarify the circumstances under which a trademark may be cancelled or considered abandoned. This bill would clarify the existing rule of trademark law that the test of trademark genericism is the primary significance of the mark to the public, not purchaser motivation.

A 1982 decision of the U.S. Court of Appeals for the Ninth Circuit, Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., departs from that important principle. Abandonment of the principle could harm consumers, both by creating confusion about products with imitative trademarks and by reducing trademark protection to the point where there are inadequate incentives to create unique products.

While we express no view as to the appropriate outcome of the above-cited case under the appropriate legal test, we believe that it is important for the Congress to reaffirm the traditional test as existing law.

Sincerely,

Mark Silbergeld
Director, Washington Office

MS:rmj

OSCAR MAYER FOODS CORPORATION
MADISON, WISCONSIN 53707
608-241-3311

THOMAS J. RYAN
VICE PRESIDENT & CHIEF LEGAL COUNSEL

August 22, 1984

Honorable Robert W. Kastenmeier
c/o Otto Festge, Home Secretary
119 Monona Avenue, Suite 505
Madison, WI 53703

Dear Mr. Kastenmeier:

I am writing to express Oscar Mayer Foods Corporation's enthusiastic support for bill H.R. 4460 of which you are a key sponsor. We believe the bill provides much needed clarification of the proper test a court should apply in determining if and when a trademark has become generic.

Oscar Mayer does, however, object to Title II of the bill which consolidates trademark appeal jurisdiction in the Court of Appeals for the Federal Circuit. We believe that this change is unnecessary since the current system appears adequate for trademark matters.

We appreciate your efforts to sponsor this important bill and your continued perserverance to get it passed in the upcoming session.

Sincerely,

Thomas J. Ryan

nb

The Cosmetic, Toiletry and Fragrance Association, Inc.
1110 Vermont Avenue, N.W., Washington, D.C. 20005 (202)331-1770 Telex 89-2673

E. Edward Kavanaugh
President

September 12, 1984

The Honorable Robert W. Kastenmeier
Chairman
House Judiciary Subcommittee on
Courts, Civil Liberties and
The Administration of Justice
2137 Rayburn House Office Building
Washington, DC 20515

Dear Representive Kastenmeier:

The Cosmetic, Toiletry and Fragrance Association appreciates your sponsorship of H.R. 4460, the Trademark Reform Act, which is now pending before your Subcommittee. CTFA represents some 250 companies that manufacture or distribute approximately 90 percent of the finished cosmetic and cosmetic drug products in the United States. CTFA also includes 210 associate member companies from related industries, such as manufacturers of raw materials and packaging materials. The personal care industry relies heavily on the trademark protection afforded to its products and thus supports legislative efforts to clarify the circumstances under which a trademark is deemed cancelled or abandoned.

CTFA specifically endorses three clarifications that the bill would make to the Lanham Act. First, it affirms that a mark will not lose its trademark status simply because it is used to identify a unique product or service. Second, it specifies that the source indicating function of a trademark is not lost even if the source of a product or service is unknown. Third, it disavows the so called "purchaser motivation" test for determining whether a mark has lost its trademark status and affirms that the test for determining whether a mark has become a common descriptive name would be whether the public understands the trademark to function as a mark or simply as a common descriptive name.

As other witnesses did at your June 28th hearing, CTFA would urge the deletion of the second section of the bill, which would centralize all trademark appeals in the Court of Appeals for the

Federal Circuit. Since regional commercial developments and local case law play an important part in determining the validity of trademarks for localized products and services, cases involving trademark rights should be determined by the circuit court in the pertinent geographical area. The cross-fertilization of ideas among the various circuits regarding trademark issues would be lost if appellant jurisdiction were consolidated in the CAFC. Additionally, CAFC judges may not have the trademark expertise that judges in the other circuits have accumulated during their tenure.

We appreciate your consideration of our views, and we hope that the first section of this much needed bill will be enacted during the 98th Congress.

Sincerely,

E. Edward Kavanaugh

EEK:wft

APPENDIX 3

[From the New York Times, Sept. 7, 1983]

A LOT RIDES ON A GOOD NAME—TRADEMARK LAW IS UNSETTLED

(By Paul Hemp)

To most people, the board game Monopoly is nothing more than a pleasant diversion. But for executives at the Nestlé Company and many other consumer products concerns, a lot more than $200 for passing Go has been riding on the well-known Parker Brothers game.

Last month, a trademark case involving Monopoly was cited to support a court finding that Nestlé's "Toll House cookie" is a generic name, one that no longer identifies a particular producer. The Toll House decision invoked a controversial Federal appeals court opinion reached last year that the Monopoly name was a generic term and thus not a protected trademark.

In the intervening year the Monopoly decision has been left intact by the Supreme Court, which in February refused to review it. Besides the recent Nestlé decision, the Monopoly case has been cited in a finding that Eastern Air Lines' "Air-Shuttle" is a generic name. Moreover, the controversial decision, Anti-Monopoly Inc. v. General Mills Fun Group Inc., has prompted increased sensitivity on the part of some businesses about their brand names. To that end, companies are stepping up existing programs meant to prevent their trademarks from slipping into generic use.

The case "has put the fear of God in people," said J. Thomas McCarthy, who teaches trademark law at the University of San Francisco Law School. "Marketers are listening to their trademark lawyers more now."

In the Monopoly case, the appeals court in San Francisco said a court may look to the motivation behind a buyer's purchase of a product, as well as his perception of the product's name, in determing whether that name is generic. The case has been criticized by many legal commentators as an aberration from traditional trademark law.

The Supreme Court, in a case involving the name "shredded wheat," said in the 1930's that a name becomes generic and loses trademark status when the "primary significance" of the term in the minds of the consuming public is the product and not the producer.

Courts have held that, through years of use, such names as thermos, aspirin and shredded wheat have become part of the language and so lost their trademarks status.

But if the name signified a "single, albeit anonymous, source," then it has usually been protected by courts, according to Mr. McCarthy. Such names as Teflon, Formica and Coke have been upheld as trademarks,

In the Monopoly case, General Mills, which owns Parker Brothers, sued the makers of Anti-monopoly, a game that rewards players for breaking up monopolies. This time, however, the court, in addition to looking to cousumer perception of the name "Monopoly," focused on whether consumers were motivated to buy the game because Parker Brothers made it. The court found they were not so motivated.

This motivation test has been roundly criticized as irrelevant.

"The only people who are going to buy a Parker Brother product because they like Parker Borthers are the stockholders," said Brian Leitten, a trademark attorney at Hillenbrand Industries, makers of American Tourister luggage.

'ESOTERIC AND EXTRANEOUS'

The motivation test has also been criticized by the United States Patent and Trademark Office. It has been assailed by the appeals judge in another circuit as "as esoteric and extraneous inquiry." It was ignored by another panel of judges in the same circuit in a later case upholding the trademark status of "Coke." And it has prompted Senator Orrin G. Hatch, Republican of Utah, who said that "most popular quality brands" are threatened by the Anti-Monopoly decision, to propose an amendment to Federal trademark laws that would outlaw the motivation test.

But the Monopoly case itself has retained its force, despite the criticism. Two recent decisions invoked the case, though without expressly relying on its motivation test.

In the Nestlé Company Inc. v. Saccone's Toll House Inc., Nestlé sued the Toll House restaurant, where toll house cookies were first baked more than 40 years ago, for continuing to sell cookies under the Toll House name. Nestlé said it owned the

right to use the Toll House trademark for its chocolate chips. But a Federal District Court found that the term "toll house" does not identify the producer of the ingredients in the cookies. It "is now merely a descriptive term for a type of cookie," the court said.

In Eastern Air Lines Inc. v. New York Airlines Inc. a Federal District Court held that the term "shuttle" was generic and did not primarily denote Eastern's Air-Shuttle service.

The Anti-Monopoly case, even if an aberration, has also resulted in increased sensitivity to trademark issues among manufactures.

The United States Gypsum Company, which makes Shoetrock Brand wall board, has increased advertising intended to educate the public that Shoetrock is a brand, not a generic name, according to Kenneth E. Roberts, a attorney with the company. "There is increased corporate sensitivity that our own brand may have some of the same problems discussed in the Monopoly case," he said.

Another method often used by producers to protect a trademark is so-called line extension, where a brand name that is becoming generic is given to a number of different products. The use of the name Vaseline on products other than petroleum jelly, and Kleenex for products besides facial tissue are examples of this.

A company may also try to associate a popular trademark with a generic term—for instance, "Jello Brand gelatin"—or simply affix the word "brand" to the product name whenever possible, as in "Sanka Brand" decaffeinated coffee.

Advertising can be less subtle. Well-known companies such as Xerox confront the problem head on by admonishing the consumer to use the company's name only in reference to the product. "So please: *copy* things, don't 'Xerox' them," one brochure implores.

THE TRADEMARK REPORTER®

A PROPOSAL FOR EVALUATING GENERICISM AFTER "ANTI-MONOPOLY" *

By Arthur J. Greenbaum,** Jane C. Ginsburg*** and Steven M. Weinberg****

Introduction

The trademark doctrine of genericism is easily stated: a "common descriptive name" or "generic" term[1] is one that the public primarily understands as identifying a particular product, rather than the source of that product.[2] Once a term has become part of the vernacular and is commonly understood by the purchasing public to identify "goods" per se, rather than goods from a particular source, courts impose the legal conclusion that the term should be freely available for use by competitors and by the public as a designation of the goods which the term commonly identifies. Were the term not freely available, competitors would not be able to call their goods by the term commonly understood by the public to identify those goods.[3] This legal conclusion comports with basic objectives of trademark law: affording competitors free use of a term ruled generic promotes vigorous and effective compe-

EDITOR'S NOTE: Mr. Greenbaum and Ms. Ginsburg acted as counsel for the Committee on Trademarks and Unfair Competition of the Association of the Bar of the City of New York in that Committee's motion for leave to file brief amicus curiae (and on the annexed brief) before the United States Supreme Court on petition for certiorari in the "Anti-Monopoly" case. Mr. Weinberg was of counsel on the brief.

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1. 15 USC §§1064(c) and 1065(4) provide for initiation of proceedings to cancel the registration of a mark which is or has become the "common descriptive name of an article or substance." Courts have used the rubric "generic" synonymously with "common descriptive name." See, eg, Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 611 F2d 296, 301, 204 USPQ 978 (CA 9 1979) (Anti-Monopoly II); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F2d 4, 9, 189 USPQ 759 (CA 2 1976), modfd in part on rehearing 189 USPQ 769 (CA 2 1976).

2. See, eg, Kellogg Co. v. National Biscuit Co., 305 US 111, 118, 59 USPQ 296 (1938).

3. See, eg, Miller Brewing Co. v. G. Heileman Brewing Co., 561 F2d 75, 80, 195 USPQ 281 (CA 7 1977), cert denied 434 US 1025, 196 USPQ 572 (1978); CES Publishing Corp. v. St. Regis Publications, Inc., 531 F2d 11, 13, 188 USPQ 612 (CA 2 1975).

tition in the product offered, without engendering public confusion as to the source of the product.[4]

Judicial application of the doctrine often has been less felicitous than its formulation. Many courts fail to recognize the way in which trademarks actually function in the market place: most trademarks do not identify source only, as opposed to goods.[5] Rather, they serve a dual function; that is, a trademark can simultaneously identify both the goods and their source.[6] "Source identification" means that a term or symbol is understood by the public to be a trademark, i.e., it identifies the goods of a single (albeit often anonymous) source.[7] Thus, evidence that the public believes the term at issue identifies a "product" does not, without more, resolve whether a term is "generic," because it may, at the same time, also identify the source of the goods. The relevant question is whether the public primarily understands that the term at issue is a trademark which identifies the goods as coming from a single source.

Judicial attempts to determine public understanding frequently are inconsistent and focus on factors irrelevant to the commonly understood meaning of the disputed term. The most egregious recent example of judicial misapprehension and misapplication of the genericism doctrine is the Ninth Circuit Court of Appeals' decision in Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.[8] The Supreme Court's denial of certiorari leaves standing an opinion whose analysis, if perpetuated in the Ninth Circuit or adopted by other courts, would jeopardize protection accorded virtually any term used as a single product trademark.

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4. See generally 1 J. Thomas McCarthy, Trademarks and Unfair Competition §§2:1-2:14 (1973).

5. For purposes of this article, we divide trademarks into two broad classes: house or product line marks, which identify the source of a host of distinct products, eg, REVLON, and single product marks, which identify the source of a particular product, eg, TIDE. Single product marks function "dually," because they call to mind both the characteristics of the individual product as well as its producer. Single product marks are the subject of this article.

6. See generally In re DC Comics, 689 F2d 1042, 1053-54, 215 USPQ 394 (CCPA 1982) (Nies, J. concurring); Jerre B. Swann, The Validity of Dual Functioning Trademarks: Genericism Tested by Consumer Understanding Rather Than By Consumer Use, 69 TMR 357 (1979).

7. See, eg, Miller Brewing Co. v. Falstaff Brewing Corp., 503 F Supp 896, 903, 208 USPQ 919, 928 (D RI 1980), revd on other grounds, 655 F2d 5, 211 USPQ 665 (CA 1 1981) ("Once a word or logo comes to be associated by the consumer with a particular brand of product, then it is in the interest of both the consumer and the brand's producer to forbid other manufacturers from concurrently using that same (or a confusingly similar) symbol to mark their brands").

8. 684 F2d 1316, 216 USPQ 588 (CA 9 1982), cert denied BNA's PTCJ, Vol 25, No 618, p 351 (US 2/22/83) (2/24/83), petition for rehearing filed March 18, 1983; rehearing denied BNA's PTCJ, Vol 25, No 626, p 507 (US 4/18/83) (4/21/83) (Anti-Monopoly IV).

This article sets forth certain trademark principles underlying the genericism doctrine, reviews and criticizes the Anti-Monopoly decision, and offers what the authors believe to be the correct approach to determine, in a consistent fashion, whether a term is generic, or whether a term which once functioned as a trademark has since become generic.[9]

A. Basic Principles of Trademark Law Underlying the Genericism Problem

Protection of trademark rights promotes two important interests. Because a trademark[10] identifies and distinguishes the goods of one producer,[11] a trademark (1) protects "trade identity, which may be the most valuable asset of a business" and (2) protects "the public from confusion created by those who would encroach on an identity which the public associates with another."[12] Inherent in these statements are the following propositions: (a) trade identity arises when a producer of goods adopts and uses a term to identify and distinguish his goods from those of others, and when the term is primarily understood by the public to identify and distinguish his goods; (b) public confusion as to source will arise only so long as the term is primarily understood by the public as identifying the goods of one producer; and (c) if the public does not primarily understand the term to denote source, the term does not symbolize trade identity—it therefore is not a trademark, and may be used freely by others.

In trademark law, all terms have traditionally been divided into four categories. The first category groups "arbitrary" and "coined" or "fanciful" terms. An "arbitrary" term is a word, or a collection of words whose commonly understood meaning bears little or no relationship to the goods to which they are applied. For example, the word "jellybeans" means a kind of candy. Thus, when applied to a roller skating rink, JELLIBEANS is an "arbi-

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9. Extensive discussion of the many opinions which have considered whether a particular term is generic is beyond the scope of this article. For articles affording such a review, see, eg, Ralph H. Folson and Larry L. Teply, Trademarked Generic Words, 89 Yale LJ 1323, 70 TMR 206 (1980); Swann, supra note 6; James M. Treece and David Stephenson, Another Look at Descriptive and Generic Terms in American Trademark Law, 66 TMR 452 (1976); Norman H. Zivin, Understanding Generic Words, 63 TMR 173 (1973).

10. The principles discussed, and the proposal made in this article, are directly applicable to service marks as well as trademarks. Design marks are not a subject of this article.

11. See 15 USC §1127 (defining "trademark"). See generally McCarthy, supra note 4, §3:2.

12. In re DC Comics, supra note 6 at 1053, 215 USPQ at 404 (Nies, J. concurring).

trary" term.[13] A "coined" or "fanciful" term is a made-up word, for example, DACRON or YUBAN.

The second category consists of "suggestive" terms. These are words or word combinations which convey some information about the goods to which they are applied, but which do not impart an immediate description of the goods. Examples of terms held suggestive are PLAYBOY for magazines[14] and HABITAT for home furnishings.[15] Arbitrary, coined, and suggestive terms are entitled to protection and to federal trademark registration without presentation of proof of distinctiveness (secondary meaning), because they are presumed to identify the source of the goods to which they are applied.[16]

The last two categories are labeled "descriptive" and "generic." A descriptive term conveys an immediate description of the nature, or of a major aspect, of the goods, but is not the name by which the goods are commonly known. Such a term, therefore, does not, at the outset, denote source. A descriptive term may function as a trademark if its first user can demonstrate that the public has come to identify the term with the source of the goods.[17] For example, assume selection of the term FAST FRYERS for chickens. The term instantly imparts the information that the product is a frying chicken, and that it fries more quickly than other frying chickens. The term is, therefore, merely descriptive. But if the producer extensively promotes and properly uses the term as a trademark, and no other producer adopts it, the public probably will come to believe over a period of time that FAST FRYERS is the brand name of chickens from a single source. The term therefore will have achieved "secondary meaning" and will be entitled to trademark protection.

By contrast, a generic term not only fails to denote source, but is a term which commonly identifies the type of goods to which the term is applied. In other words, a generic term does not just describe a leading characteristic of the goods, but is generally recognized as a common name of the article. For example, "fryer" is a generally recognized common name for a small chicken in-

13. Jellibeans Inc. v. Skating Clubs of Georgia, Inc., 212 USPQ 170 (ND Ga 1981).

14. Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc., 687 F2d 563, 566, 215 USPQ 622 (CA 2 1982).

15. Habitat Design Holdings, Ltd. v. Habitat Inc., 436 F Supp 327, 196 USPQ 425 (SDNY 1977), mdfd (in other respects) mem 573 F2d 1290, 200 USPQ 10 (CA 2 1978).

16. See eg, West & Co. v. Arica Institute, Inc., 557 F2d 338, 342, 195 USPQ 466 (CA 2 1977); Abercrombie & Fitch, supra note 1 at 11, 189 USPQ 759.

17. Lanham Act, §2(f), 15 USC §1052(f).

tended for frying. The term is a complete identification of the goods, and imparts no suggestion that the goods come from any particular source. Thus, the term is not entitled to trademark protection. Moreover, to permit exclusive use of such a term would foreclose other purveyors of frying chickens from selling their goods under a name by which the goods are commonly known.

In the case of FAST FRYERS, this term, at least at the time of its selection, substantially described the nature of the goods. Since, however, the public never before had encountered this combination of words for this product, the term FAST FRYERS was not the commonly recognized name for the goods. Thus, unlike "fryer," the term FAST FRYERS was not "born" generic (though of course the "fryer" component of it was, and always would remain, free for all to use). Indeed, most terms intended for trademark use are not "born" generic. As a practical matter, a producer is not likely to select as an intended trademark a term which the public will never perceive to be a brand name. But, just as proper promotion and use of the term FAST FRYERS as a brand name can lead to trademark protection, so improper use of the term can convert it into a generic term. Thus, if the producer of FAST FRYERS promotes the term as, for example, "a new kind of chicken" without emphasizing that this product comes from a single source, the public may come to understand the term as synonymous with quick-frying chickens from any source. At that point, the term "fast fryers" would have entered the common vernacular, and other producers of quick-frying chickens should be fully entitled to call their product by the name commonly understood to refer to this kind of chicken.[18]

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18. The same holds true for arbitrary or coined terms. Thus, for example, on the day of its adoption, the term "Thermos" was a coined word which functioned as a trademark. But improper promotion and policing of the term led the public to understand that the term "Thermos" was the name of a container which keeps liquids hot or cold. Thus, continued protection for the "Thermos" term would have disabled other purveyors of such containers from selling their competitive products under the common name by which the public recognized the goods. See King-Seeley Thermos Co. v. Aladdin Industries, Inc., 321 F2d 577, 138 USPQ 349 (CA 2 1963). See also DuPont Cellophane Co., Inc. v. Waxed Products Co., Inc., 85 F2d 75, 80 USPQ 332 (CA 2 1936) (producer's misuse of term "cellophane"); Bayer Co. v. United Drug Co., 272 F 505, 11 TMR 178 (SDNY 1921) ("aspirin"); Haughton Elevator Co. v. Seeberger, 85 USPQ 80 (Comr Pats 1950) ("escalator").

The FAST FRYERS hypothetical is based on the facts of In re Minnetonka, Inc., 212 USPQ 772 (TTAB 1981), in which the Trademark Trial and Appeal Board held that the term "softsoap" for liquid soap was already a common descriptive name for the goods, and even were it not the common descriptive name of the product at the time the goods were first marketed, the producer's improper promotion of "softsoap" "as the name of a new kind of product rather than as an indicator of source in the trademark sense" caused the term to fall into the common vernacular, and thus to become generic. 212 USPQ at 778.

The basis of the rationale underlying the genericism doctrine is concern that protecting a term which is or has come to be no more than the commonly understood identifier of the goods will curtail effective competition in those goods. Thus, the genericism doctrine, properly applied, disqualifies from trademark protection those terms which (1) are primarily understood by the purchasing public to be the common names of the goods; and (2) are needed for effective competition in those or in related goods.

It is important to observe at this point that a term is not generic simply because it conveys some impression of the goods, or indeed, conjures up an image of the product. For example, if the term FAST FRYERS had been properly promoted and used as a trademark (e.g., "FAST FRYERS™ brand quick-frying chickens") and thus had come to denote source, it would not have ceased to evoke an impression of the product. But any term used as a trademark for a single product (as opposed to a line of different products), whether the term be descriptive or arbitrary, performs two functions: (1) it tells the public that the goods come from a particular source, and (2) also identifies the goods themselves. Thus, for example, TIDE evokes a detergent of particular strength, quality and utility—which the public associates uniquely with one producer.

Therefore, in determining whether a single product term is or has become generic, one must ascertain not merely whether the term denotes a product, but whether the public understands the term to identify a particular product from any source, or a particular product from a single source. Only in the former instance is the term generic. Thus, the question is whether the term's "primary significance" to the public is merely as an identification of the product itself, regardless of its producer, or as an identification of the source of the product.[19] How primary significance should be gauged is the subject of part C of this article. Finally, we note that the public may, but need not, know the name of the producer or manufacturer of the product, so long as the public believes that the product emanates from a single, albeit perhaps anonymous, source.[20]

19. The Supreme Court endorsed the "primary significance" approach, albeit in a somewhat different context, in Kellogg Co. v. National Biscuit Co., supra note 2. Since then, most courts have recited this rubric, with varying results. Compare the District Court decision with the Court of Appeals decision in Miller Brewing Co. v. Falstaff Brewing Corp., supra note 7.

20. See generally McCarthy, supra, note 4, §3:3B.

B. The Anti-Monopoly Case

Anti-Monopoly Inc., producers of the ANTI-MONOPOLY board game, sought a declaratory judgment of the invalidity of the MONOPOLY trademark. The producers of the MONOPOLY game counterclaimed for trademark infringement. Anti-Monopoly asserted that the MONOPOLY mark was or had become the generic name for the MONOPOLY real estate trading board game, and thus did not function to indicate source. The District Court rejected this assertion. It held that while the term "monopoly" is a common descriptive name in the economic sense, its application to a board game was unique and arbitrary.[21] The District Court further held that MONOPOLY had not become generic for the class of board games involving real estate trading, but rather that the public understood the name to refer to a particular game produced by a single source; therefore MONOPOLY continued to function as a trademark. Based on evidence that the public believed the ANTI-MONOPOLY game was produced or authorized by the makers of MONOPOLY, the court concluded that ANTI-MONOPOLY infringed the MONOPOLY trademark.

On appeal, the Ninth Circuit Court of Appeals held that the District Court grounded its genericism analysis in an improper identification of the class of goods. Since the MONOPOLY game may involve a unique playing strategy, the appellate court stated that consumers may think of MONOPOLY as a unique version of a real estate trading game, and that MONOPOLY therefore would constitute its own "product category."[22] After confining MONOPOLY to its own class, the appellate court remanded to the District Court to determine whether the primary significance of the term to the public was as an indication of source, or merely as an identification of a unique game.

On remand, the District Court reviewed two surveys produced by the parties. Anti-Monopoly advanced a survey which identified MONOPOLY as a Parker Brothers game, and then inquired whether the interviewees would purchase MONOPOLY "primarily because I like Parker Brothers' products" or "primarily because I am interested in playing 'Monopoly.' I don't much care who makes it."[23] According to this "motivation" survey, only one-

21. Anti-Monopoly Inc. v. General Mills Fun Group, Inc., 195 USPQ 634, 638 (ND Calif 1977) (Anti-Monopoly I).
22. Anti-Monopoly II, supra note 1 at 305, 204 USPQ 978.
23. Anti-Monopoly Inc. v. General Mills Fun Group, Inc., 515 F Supp 448, 453 fn 5, 212 USPQ 748, 752 (ND Calif 1981) (Anti-Monopoly III).

third of the public would purchase MONOPOLY because it entertained warm feelings toward Parker Brothers. The District Court rejected this survey, deeming it completely inapposite to determining trademark significance. "[M]ost consumers, indeed an overwhelming proportion thereof, purchase any given product not out of good will or affection for the producer, but because they want or favor the product. . . . Moreover, the 'primary significance' of a trademark corresponds more to the recognition of a mark as the brand name of a particular producer than it does to a reason for purchasing." [24]

Stating that "[t]he dispositive issue hence is not why consumers buy MONOPOLY sets, but rather, what is their understanding of the name MONOPOLY," [25] the District Court credited a survey which explained the difference between a "common name" and a "brand name," and then asked interviewees to indicate which of a list of names were common names and which were brand names. Sixty-three percent of the persons surveyed identified MONOPOLY as a brand name. The survey further inquired whether the interviewees responding "brand name" could name the producer. Fifty-five percent of those persons correctly identified Parker Brothers. Based on this evidence, the court concluded that consumers were aware that MONOPOLY denotes source, and further, that this awareness extended to the actual identity of the source. Thus, the court held, the name MONOPOLY in the public eye means more than a popular game; it means a game by a particular and known producer, and therefore the term enjoys primary trademark significance.

In the second appeal, the Ninth Circuit Court of Appeals rejected the District Court's treatment of the survey evidence. The court observed that the "brand name" survey defined a brand name as the name of a product made by one company. MONOPOLY, the court stated, is made by only one company, and therefore by definition would have to be a brand name. Thus, this survey could not reveal trademark significance.[26] Instead, the court embraced the Anti-Monopoly "motivation" survey. It believed that this survey's separation of "product related" reasons for a purchase from "source related" reasons gauged the significance the consumer attached to the term's source-denoting char-

24. Id at 454, 212 USPQ at 752-53.
25. Id at 454, 212 USPQ at 753 (emphasis omitted).
26. Anti-Monopoly IV, supra note 8 at 1323, 216 USPQ 588.

acteristics.[27] Since only one-third of the surveyed public would purchase MONOPOLY out of affection for Parker Brothers, and the majority remainder would buy the game because it liked the game, the Ninth Circuit Court of Appeals held the primary significance of the name MONOPOLY to refer to a popular game, rather than to a particular producer of the game. Therefore, MONOPOLY is a generic term. The court remanded to the District Court whether the producers of ANTI-MONOPOLY were taking adequate steps to inform the public that the ANTI-MONOPOLY game did not come from the producers of the MONOPOLY game.

Despite considerable adverse reaction from the business community, and the submission of seven amicus briefs urging review, the Supreme Court denied certiorari on February 22, 1983.

The Ninth Circuit opinions fester with erroneous analyses. First, the relegation of MONOPOLY to a "unique product" category presents an extreme exercise in "sophistry," and a substantial misconception of the way goods are promoted and marketed. As Judge Nies of the United States Court for the Federal Circuit observed, producers constantly endeavor to distinguish their goods from their competitive counterparts by emphasizing their goods' supposedly superior qualities.[28] Thus, a producer of toothpaste will claim that his product whitens teeth better, a producer of laundry detergent will assert that his product cleans clothes better, etc. Nonetheless, according to the Ninth Circuit Court, any distinctive "product-related" feature of a product, even a product with many competitive counterparts, may result in classification of that product as "unique" and its own "genus." Furthermore, if the product is its own "genus," its trademark is virtually, by definition, generic. Thus, if TIDE laundry detergent cleans clothes better than its counterparts, TIDE may be the generic term for a detergent with its superior characteristics.[29]

The Ninth Circuit Court's product classification exercise derives in part from the long-standing, widely-embraced fallacy that genericism may be determined by dividing the relevant world of goods into genuses and species. If the term at issue applies to a "genus" of goods, it is generic, but if it applies to a "species"

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27. Id at 1325, 216 USPQ 588.
28. In re DC Comics, supra, supra note 6 at 1053-54, 215 USPQ 394 (Nies, J. concurring).
29. See discussion infra note 32.

within that genus, the term may be a trademark.[80] Thus, for example, the term "car" refers to the genus automobile, but CHEVROLET denominates a species within that genus. Imposition of this Linnean classification system does nothing to advance analysis of the central question: whether the term at issue primarily identifies goods which may originate with any number of sources, or whether the term at issue primarily identifies the goods of a single source. In fact, the genus-species test's application of irrelevant biological rubrics tends to substitute for analysis. As the Ninth Circuit opinion persuasively, albeit unintentionally, demonstrates, such classification attempts are meaningless, and are infinitely manipulable.

Reference to the rationale of the genericism doctrine supplies the only relevant "product category" appropriate to the genericism inquiry. Since a holding of genericism reflects the legal conclusion that a term ought to be free for competitors' use in connection with competitive goods because the public does not primarily understand the term as a brand name, the pertinent question is whether the term at issue is a commonly understood name of those goods.

The second, most egregious, error of the Anti-Monopoly appellate decision is its adoption of a "motivation" test to determine the "primary significance" of the term MONOPOLY. Believing that public recognition that the product bearing the contested term comes from a single source does not suffice when the product is "unique," the Ninth Circuit sought some method to delve into the minds of consumers. Since "primary significance" by definition means that the consumer's understanding of the term as a trademark must override the consumer's understanding of the term as an identification of the product, the court determined that the public must believe the term at issue primarily refers not to "product-related" aspects of the goods, but to "source-related" factors. Thus, according to the court, if the public would buy the MONOPOLY game for "product-related" reasons—for example, because it liked the way the game plays—the public is not attaching trademark significance to the term MONOPOLY

80. For examples of other decisions applying the "genus-species" test, see, e.g., Keebler Co. v. Rovira Biscuit Corp., 624 F2d 366, 207 USPQ 465 (CA 1 1980); Econ Publishing Co., Inc. v. Hampton International Communications, Inc., 620 F2d 7, 205 USPQ 585 (CA 2 1980); Abercrombie & Fitch, supra note 1; Council of Better Business Bureaus, Inc. v. Better Business Bureau of South Florida, Inc., 200 USPQ 22 (SD Fla 1978); Editorial America S.A. v. Gruner + Jahr AG & Co., 213 USPQ 48 (TTAB 1982). See also McCarthy, supra note 4, §12:6.

But, if the public buys MONOPOLY because it likes its producer, this would be a "source-related" reason for the purchase, and would demonstrate primary trademark significance.

The "motivation" test, and its separation of "product related" from "source related" reasons for a purchase, manifests several fundamental misconceptions of trademark law. The division of motivations ignores, or rather severs, the essential link the consumer makes between the "product related" qualities he seeks, and a single source. As the Supreme Court has stated, "A trademark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. . . . [The producer's] aim . . . [is] to convey through the mark, in the minds of potential consumers, the desirability of the commodity upon which it appears." [31]

For example, take two famous trademarks for chocolate wafer cookies filled with vanilla cream, OREO and HYDROX. Cookie connoisseurs will know that OREO cookies and HYDROX cookies are not exactly the same: the OREO filling is somewhat richer and thicker, while the HYDROX wafers impart a slightly more intense chocolate flavor. Thus, the trademarks alert consumers to, and serve as shorthand for, these subtle differences. These differences also influence the purchasing decision. Consumers who favor a more generous filling are likely to select OREO cookies, while consumers partial to a stronger chocolate taste will probably prefer HYDROX cookies. Thus, the choice between these cookies is likely to be made for cookie-specific, "product related" reasons. According to the Ninth Circuit Court of Appeals' approach, both OREO and HYDROX would be generic for each distinctive variety of chocolate wafer-vanilla cream cookie (indeed, their distinctions would probably confine each cookie to its own "genus"), and this result would apparently apply despite demonstration that consumers fully expect and believe that every time they encounter the term OREO (or HYDROX) on a box of cookies, that term informs the consumers that the cookies consistently come from the same source.[32]

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31. Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co., 316 US 203, 205, 53 USPQ 323, 325 (1942).

32. Lest the reader think this a frivolous or extreme example, we refer to the court's own discussion of the trademark TIDE. Attempting to demonstrate the irrelevance of Anti-Monopoly's motivation survey, General Mills conducted a similar survey with respect to TIDE detergent; not surprisingly TIDE fared poorly. Nonetheless, the results of application of the "motivation" test to TIDE did not motivate the Ninth Circuit Court to reconsider the validity of its approach.

Applying the logic of its "motivation" test, the Ninth Circuit Court observed that the failure of TIDE (whose eighty-nine percent score on the "brand name" test makes

The "motivation" test's requirement that consumers buy the product because of its producer also runs afoul of the well-recognized "single anonymous source" rule. This rule acknowledges that the public often will not know the name of the producer or manufacturer behind the trademark. Therefore, so long as the public believes the term claimed as a trademark to refer exclusively to a single source, "the '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." [33] Under the Ninth Circuit approach, however, the public's ignorance of the actual manufacturer, or its parent company, would doom a trademark; a public which does not know who the producer is can hardly be expected to buy the product because of the identity of the producer.

These considerations demonstrate the inappositeness of the Anti-Monopoly "motivation" test to any rational evaluation of genericism. Indeed, as Judge Nies of the Court of Appeals for the Federal Circuit aptly branded it, the motivation test is "an esoteric and extraneous inquiry." Judge Nies' further comments on the "motivation" test deserve quotation:

> Once it is understood that a trademark is functioning to indicate "source" when it identifies goods of a particular source, the truism [that a trademark indicates the source of the goods, not merely the goods themselves] then reflects the above-stated objectives of trademark law [to protect business identity and guard against consumer confusion] and the way trademarks actually function in the marketplace. The reason

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it one of the most popularly recognized trademarks) to score over thirteen percent on the motivation test suggested that "Procter and Gamble might have cause for alarm." Anti-Monopoly IV, supra note 8 at 1326, 216 USPQ at 596. Since sixty percent of the surveyed public stated it would buy TIDE because it does a good job, and sixty-eight percent stated it would buy TIDE primarily because it likes the detergent, the Court stated, "We suspect these results tend to show that the general public regards 'Tide' as the name of a particular detergent, having particular qualities, rather than as one producer's brand name for the same detergent which is available from a variety of sources." Ibid. According to the court's inexorable logic, it appears: (1) TIDE, as a good quality detergent, is, like MONOPOLY, in a product category of its own; (2) the public's selection of "product related" reasons for buying TIDE (it does a good job) means that the name TIDE is generic.

33. McCarthy, supra note 4, §3:3B at 92. See also E. I. duPont de Nemours & Co., Inc. v. Yoshida International, Inc., 393 F Supp 502, 527 fn 57, 185 USPQ 597, 616 (EDNY 1975) (declining to take into account evidence that the public was not aware that DuPont was the producer of TEFLON: such evidence "would be pertinent on the genericization issue only if the mark itself were an important component of the name of the manufacturing company, e.g., Coca-Cola Bottling Co. But where, as here, the mark is entirely distinct from the identity of the manufacturer, such evidence is of no value.").

the public is motivated to buy the product, whether because of quality, particular features, source, pleasing design, association with other goods, price, durability, taste, or prestige of ownership, is of concern to market researchers but is legally immaterial to the issue of whether a particular designation is generic. . . . [The motivation] rationale ignores the reality that the primary objective of purchasers is to obtain particular goods, not to seek out particular sources or producers, as such. Motivation does not change a descriptive term which has acquired distinctiveness or any arbitrary word, name, symbol or device into a generic designation. The correct inquiry is whether the public no longer associates what was a trademark with that single source.[84]

C. A Proposed Evaluation of Genericism

The genericism doctrine, properly applied, raises a two-part inquiry: (1) How the first user of the term at issue and the rele-

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84. In re DC Comics, supra note 6 at 1054, 215 USPQ at 404 (Nies, J., concurring) (emphasis omitted). The Patent and Trademark Office recently has indicated its agreement with Judge Nies' rejection of the motivation test. See PTO brief in Matter of Polar Music Int. AB, No 83-501 at p 12 fn 5 (CA FC 1983).

One might further argue that the Ninth Circuit Court of Appeals erred in embarking on its genericism excursion at all. Since the genericism doctrine disqualifies from trademark protection those terms which are, or have come to be, the common names of the goods at issue, so that competitors may compete freely in those goods, one might contend that absent actual or potential competition in the goods whose trademark is alleged to be generic, there is no basis to allege genericism. In Anti-Monopoly the parties produced different board games. There was no question that the MONOPOLY mark did not commonly identify board games generally. Thus, the producer of the ANTI-MONOPOLY game did not need to appropriate the term MONOPOLY in order to inform the public that his product was a board game. When the court held that MONOPOLY was generic for that particular board game, it neglected to observe that ANTI-MONOPOLY was not the same game, or even an "anti-" version of it. Had plaintiff in Anti-Monopoly sought to produce a MONOPOLY game, or even an "anti" MONOPOLY one, then its alleged need to call that game by that name would properly have provoked a genericism inquiry. But MONOPOLY, if generic at all, is not generic for some other game.

This argument, albeit appealing, is incorrect, at least in those instances where (as in the Anti-Monopoly case) the trademark proprietor is claiming that the challenger's mark infringes his trademark. Even though the challenger may not be producing the same goods, the challenged mark, if enforced, would forbid the challenger from using the term on his goods. But if the term is generic, it is not a trademark. A producer of the same goods or of related goods who uses the term therefore cannot be committing trademark infringement, and should be free to make generic use of the term with respect to those goods.

Assuming the Ninth Circuit Court was correct that MONOPOLY is the generic term for a particular real estate trading board game, however, the question still remains whether the designation ANTI-MONOPOLY for a board game which is not a variant of the MONOPOLY game is misleading. The District Court in Anti-Monopoly I observed that "Use of the entire name MONOPOLY in the [ANTI-MONOPOLY] game title gives rise to an inference that the game is a variation of the MONOPOLY game. . . ." Supra note 21 at 639. The producers of ANTI-MONOPOLY therefore may have been falsely describing the nature of their game. Whether that portion of Section 43(a) of the Lanham Act, 15 USC §1125(a), which forbids false advertising, would afford the producers of MONOPOLY a claim for injunctive relief or damages is a question we do not pursue in this article.

vant purchasing public have been using the term; and (2) Wh does the purchasing public primarily understand the term to mea

1. *First User's Use and Public Misuse*

Although terms traditionally have been classified as eith coined, arbitrary, suggestive, descriptive or generic, it is usef for purposes of the genericism inquiry to review the terms a cording to the manner in which they are adopted and used. The are four primary categories: (a) new combinations of descri tive terms for a pre-existing product (e.g. VISION CENTE for clinic providing optical services);[35] (b) new combinations descriptive terms for a new product (FAST FRYERS for quic frying chickens);[36] (c) suggestive, arbitrary or coined terms combinations of terms for a pre-existing product (TIDE f laundry detergent); and (d) suggestive, arbitrary or coined ter or combinations of terms for a new product (ESCALATOR f moving stairs).[37]

Terms comprising categories (a) and (b) are, ab initi merely (or otherwise) descriptive. Since, however, the public h never before encountered these new descriptive combinatio these combinations of terms are not "born" generic because, new combinations, they are not, by definition, commonly us Further, these descriptive terms can acquire distinctiveness ("s ondary meaning") and thereby achieve trademark status. The fore, in assessing whether such terms have become entitled protection and registration, the proper inquiries are: has t term been properly used and promoted by the first user; and h the relevant purchasing public come primarily to understand t term as denoting source, that is, as the brand name of the goo of that single producer.

Since (1) these descriptive terms are not initially in comm use and may, through proper use and promotion, acquire disti tiveness, and (2) public understanding ultimately determi whether the term is or is not generic, it further follows that

35. See, The Vision Center Inc. v. Opticks, Inc., 596 F2d 111, 116 fn 12, USPQ 333, 340 fn 17 (CA 5 1979), cert denied 444 US 1016, 204 USPQ 696 ("Although the phrase is descriptive of a business that deals in optical goods, w not think that it has become a common, recognized name of such establishments").

36. Included within these categories of descriptive terms are new variation versions of terms which are descriptive or, arguably, generic. For example, the LITE for less-filling, "light" beer. See discussion infra at text at notes 60-66.

37. As previously noted, it is a rare situation where a producer would ado an intended trademark a term already commonly used and understood by the p as the common name of the product.

administrative or judicial ruling that such a term is generic on grounds that the term "aptly" or "obviously" describes the goods[38] is improper in the absence of evidence of the first user's use and of public understanding. Further, because the meaning of a term is subject to change, what may seem "apt" or "obvious" to an individual arbiter may not be so to the relevant purchasing public. Moreover, ruling a descriptive term generic in the absence of evidence of the term's use and of consumer understanding may doom a term which, through proper use and promotion, in reality has begun acquiring distinctiveness and which potentially may achieve trademark status.

For the same reasons, it should not be the province of a Patent and Trademark Office Trademark Attorney in initial ex parte registration proceedings to rule such a term generic. The Trademark Attorney should not assume the prerogative at the outset of ruling the term incapable of attaining trademark significance. If an applicant seeks to register a term which the Trademark Attorney deems merely descriptive, the applicant has the right and the obligation to demonstrate that the term has acquired distinctiveness through the applicant's proper use of the term as a trademark.[39] If a merely descriptive term is properly used, it should not be found generic. If it is improperly used, that improper use (and insufficient evidence of distinctiveness), but not the initial selection of the term, is what justifies a denial of registration.

A producer makes proper trademark use of a merely descriptive term if his labeling and advertising promote recognition of the term as a brand name for the goods. Improper use occurs when the producer uses or promotes the term as a mere synonym

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38. Several decisions have held terms generic on the ground that the term at issue is the "obvious" name of the article or service, even though the term itself may not have been a part of the common vernacular. See, eg, Surgicenters of America Inc. v. Medical Dental Surgeries, Inc., 601 F2d 1011, 202 USPQ 401 (CA 9 1979) ("surgicenter" for "services rendered in and out of surgical facilities"); Leon Finker Inc. v. Schlussel, 469 F Supp 674, 202 USPQ 452 (SDNY 1979), aff'd mem 614 F2d 1288, 204 USPQ 433 (CA 2 1979) ("trilliant" and "trillion" for "triangle shaped brilliant cut diamonds"). But see, In re Ideal Industries Inc., 508 F2d 1336, 184 USPQ 487 (CCPA 1975) (Rich, J.) (WING-NUT for flanged wire connectors, albeit an "apt descriptive name," held not so "apt" as to be generic; "the name of the goods is wire connectors"); Salton Inc. v. Cornwall Corp., 477 F Supp 975, 205 USPQ 428 (D NJ 1979) (holding term HOTRAY for electric food warmer descriptive of a tray that gets hot, but not generic). See also, In re H.U.D.D.L.E., 216 USPQ 358 (TTAB 1982) (holding TOOBS for towel racks and other kitchen and bathroom fixtures made of curved tubes merely descriptive; genericism suggested in dictum. This suggestion was improper; the common name of the goods was towel racks, not tubes).

39. A showing under Section 2(f) of the Lanham Act, 15 USC §1052(f), includes submission of samples of the goods, and examples of advertisements. Trademark Rule of Practice 2.41. A Section 2(f) showing also may include survey evidence. Ibid.

for the goods, or as one which simply describes the qualities of the goods. The slide toward genericism may also occur when the producer fails to police against public misuse of the term as a mere synonym for the goods. If the merely descriptive term is used properly, the public should come to understand that the term functions dually: the term both describes the kind of goods offered, and signals that the goods come from one source. If the term is misused, the public will understand that the term identifies the kind of goods offered, but will not associate the goods with any one source; rather, the term will denote a kind of goods which may come from any number of sources.

Improper use rendering a term generic is by no means confined to merely descriptive terms. An arbitrary or fanciful term (i.e., a term which initially had no commonly understood descriptive or designative meaning with respect to the goods) may also become generic through the producer's or the consuming public's misuse of the term as a synonym for the goods. "Thermos," "cellophane," "aspirin" and "escalator" are famous examples of fanciful words which, over time, lost public association in the United States with a single source, and came solely to denominate the goods to which they were applied.[40] In these cases, the producers themselves used the terms generically, and substantially failed to police against public misuse of the term.

Whether a term initially be merely descriptive, or arbitrary or fanciful, proper trademark use and policing against public misuse of the terms therefore are crucial to maintenance of trademark status. The recent rash of circled "R"s and insertions of the word "brand" in packaging and advertisements represents producers' heightened sensitivity to the dangers of improper promotion and policing.[41]

Not all public misuse of a trademark as shorthand for the goods to which the mark is applied, however, results in a finding of genericism. As one court correctly stated in rejecting a genericism challenge to the mark DICTAPHONE, the question is

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40. See citations, supra note 18.

41. For example, the Xerox Corporation has been endeavoring to promote consumer awareness of its trademark through the advertisement "There are two Rs in Xerox"; the second "R" is the trademark registration symbol ®. Similarly, Robert Young was seen on television extolling "SANKA brand decaffeinated coffee." Selchow and Righter packages its famous SCRABBLE game as "SCRABBLE® Brand Crossword Puzzle Game." See also, Sidney A. Diamond, How to Use a Trademark Properly, 61 TMR 431 and USTA Executive Newsletter, No 9 (April 1971), an update of which currently is being prepared by William M. Borchard, Member of the Board of Directors, USTA.

not only whether the public misuses the term, but how the term is misused, and whether that misuse betrays ignorance that the term is a trademark. Thus, while many persons may colloquially misuse DICTAPHONE as a convenient shorthand for any brand of dictating machine, this does not mean that these same persons do not know that DICTAPHONE is one company's brand name for its dictating machine. The Court therefore isolated the pertinent category of misuse: the "only truly relevant usage . . . was the use of 'Dictaphone' by buyers when seeking to buy dictation equipment." In fact, few buyers misused DICTAPHONE, and in the case of those who did, "on further inquiry, the customers usually realized that they had used 'Dictaphone' mistakenly." [42] Finally, misuse of a trademark does not result in a finding of genericism when the misuser of a trademark is a competitor seeking by his misuse to cast the term into the common vernacular.[43] Whether the misuse is the public's or a competitor's, the question remains whether colloquial misuse of a trademark as a convenient synonym for a product is simply a slip of speech, or reveals public ignorance of the term's source-denoting function.[44] The latter cannot be determined without a fuller inquiry into public understanding of the term's meaning.

2. *Public Understanding*

Despite the Ninth Circuit Court of Appeals' anomalous decision, the prevailing test for genericism has been: "What do buyers understand by the word for whose use the parties are contending?" [45] In other words, determining public understanding, not motivation, reveals whether the term at issue is a trademark, or is or has become generic. Moreover, as the Supreme Court, and innumerable lower court decisions have declared, public understanding that the term is a trademark must be "primary" or "major." [46] That is, the term at issue must, to a majority of the

42. Dictaphone Corp. v. Dictamatic Corp., 199 USPQ 437, 445 (D Ore 1978). Accord, E. I. duPont, supra note 33 at 526, 185 USPQ 597.

43. See, eg, Stix Products Inc. v. United Merchants & Mfgrs., Inc., 295 F Supp 479, 160 USPQ 777 (SDNY 1968) (involving CON-TACT for self-adhesive plastic coverings).

44. For the same reasons, inclusion of a term as a common noun in a dictionary should not be the sole basis for determining that a term is generic.

45. Bayer Co. v. United Drug Co., supra note 18 at 509, 11 TMR 178 (L. Hand, J.). Accord, the Ninth Circuit Surgicenters of America case, supra note 38 at 1016, 202 USPQ at 405 ("in making the sometimes elusive determination of genericness courts have consistently followed the test stated by Judge Learned Hand in Bayer Co., Inc. v. United Drug Co. . . .").

46. See, eg, Kellogg Co. v. National Biscuit Co., supra note 2 at 118, 39 USPQ 296 ("primary significance"); King-Seeley Thermos Co., supra note 18 at 579, 138 USPQ 349 ("major significance").

public, more than incidentally or subordinately signal a product's source. These statements do not, however, explain how to determine how the public sorts out and ranks product-producer associations in its collective mind.

As discussed above, the manner in which a trademark proprietor and the public use the term at issue affords some indication of public perception of the term, but this alone is not enough. The best gauge of the public's primary understanding, we believe, combines examination of these uses with evaluation of the results of a survey based on the survey endorsed in E. I. duPont v. Yoshida,[47] (the TEFLON-EFLON survey), and rejected by the Anti-Monopoly appellate court. Our version of this survey would include the term at issue in a list which intersperses widely-recognized brand names for single products, such as TIDE, COKE and SANKA, with various common names, such as refrigerator, aspirin and margarine. The interviewee would be asked to indicate which of these names are common names, and which are brand names.[48]

It is important to note that these widely-recognized single product marks function dually. That is, these terms both evoke a type of product, and would also inform the interviewee that the product comes from a single (although perhaps anonymous) source. For example, the term SANKA identifies the product, decaffeinated coffee, and the term COKE denotes a cola beverage. But these terms also would be recognized by the interviewee as the brand name of a decaffeinated coffee and a cola beverage, respectively. The interviewee's recognition of these terms as brand names, despite the terms' capacity to identify a type of product, demonstrates that the terms' dominant meaning is as a trademark. By contrast, the term "refrigerator" identifies the product, but conveys no indication that the product comes from a single source. Its only meaning, therefore, is as a common name. Because the survey limits the universe of potential responses to the

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47. Supra note 33.

48. The original TEFLON-EFLON survey and its results were reproduced id at 526 fn 54, 185 USPQ at 615. The survey found the following to be brand names: STP (90%-5%-5% don't know); THERMOS (51%-46%-3%); TEFLON (68%-31%-2%); JELL-O (75%-25%-1%) and COKE (76%-24%-0%). "Margarine" (91%-9%-1%), "refrigerator" (94%-6%-0%) and "aspirin" (86%-13%-0%) were found to be common names.

Since STP now is applied to more than one kind of automobile-care product, and the JELL-O mark now appears on puddings as well as gelatin desserts, a survey based on the TEFLON-EFLON test today should include different brand names, thus ensuring that all the selected brand names are single product marks. For example, in place of STP and JELL-O, the survey might include SANKA, Q-TIPS or BETAMAX.

choices "brand name," "common name" or "don't know," the interviewee's primary understanding of the disputed term will be reflected by his answer. Therefore, if the interviewee responds "brand name" even though the disputed term will, as a single product mark, also have called forth the product in the interviewee's mind, the interviewee's selection of the rubric "brand name" must mean that, to the respondent, the term's trademark significance overwhelms the term's product-denoting function. The term therefore enjoys "primary" trademark significance.[49]

The flaw in the rejected Anti-Monopoly version of the TEFLON-EFLON survey, which defined brand name as "one company's" mark (and thus automatically defined a "unique product" as a brand name) can be remedied by omitting the definition, and simply supplying the interviewee with examples of brand names and common names. Since exposure to both brand names and common names is a familiar experience to the public, interviewees provided with such examples will pick up on the concept of brand name versus common name. Attempting to afford consumers precise definitions of these terms may result only in confusion; although a consumer may have his own understanding of the difference between a brand name and common name, this understanding may not be the same as the definition. Since understanding is being tested, once the interviewee who has been given various examples indicates that he understands the difference between brand names and common names, a survey based on the TEFLON-EFLON test can be administered.[50]

In addition to its accuracy as an indicator of trademark understanding, a properly introduced TEFLON-EFLON-type sur-

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49. Answers in the "don't know" category should, perhaps, be interpreted as indicating lack of trademark significance. If the respondent does not know, then the term's trademark meaning obviously cannot be "primary" to him, (though if he is not instructed that certainty is not necessary, he may simply be exercising caution to avoid giving the "wrong" answer). The "don't know" category certainly ensures that a majority response of "brand name" will reflect consumer certainty that the term is a trademark.

One might consider further whether an "I never heard of it" choice on a TEFLON-EFLON survey might be appropriate. Unlike the "don't know" response, which has the same effect as a "common name" response, an "I never heard of it" response is neutral: the term means neither a "brand name" nor a "common name." Indeed, such a response would remove from the "don't know" category persons who have no basis for a choice, as opposed to persons who have encountered the term, but simply are not sure of its meaning.

50. The original TEFLON-EFLON survey apparently explained the difference between brand names and common names by way of examples (eg, CHEVROLET/car) rather than by resort to a definition. Id at 526, 185 USPQ at 615.

Although we refer to our proposed survey as "a TEFLON-EFLON survey," the proposed survey is not in all respects identical. The methodology is the same, but the names on the list would to some extent differ. See supra note 48.

vey manifests two further virtues. It is easy to administer, and it is "self-validating." That is, responses correctly identifying the common names and the well-known brand names on the list will confirm the status of the term at issue. Moreover, having been approved by several courts,[51] this kind of survey is probably the most widely-used device to gauge trademark significance. Universal adherence to this test would eliminate the current confusion and inconsistency which judicial subscription to different tests now promotes. As comparison of a TEFLON-EFLON-type survey with the Anti-Monopoly "motivation" test reveals, what may appear to be a trademark under one test may not be a trademark under another.[52] Given disparate tests, a trademark proprietor can never be sure what is the status of his mark, and therefore suffers uncertainty in this use and policing of the mark.

The persons who should be interviewed in a TEFLON-EFLON survey are the actual purchasers of the goods. These are the persons who would be expected to encounter the term as a trademark, and for whose patronage the first user and the challenger are competing. It is extremely important to isolate the relevant class of consumers because terms used as trademarks may convey different meanings to the purchasing public and to members of "the industry." For example, in a trademark infringement action initiated by the producers of TYLENOL against the producers of EXTRANOL, defendant claimed that the suffix "-NOL" was generic because persons in the pharmaceutical industry understood the term to designate any non-aspirin based pain re-

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51. See Dictaphone, supra note 42 and E. I. duPont, supra note 33.

52. Another, somewhat frequently used opinion survey, is patterned after the one set forth in the District Court's opinion in American Thermos Products Co. v. Aladdin Industries, Inc., 207 F Supp 9, 21 fn 8, 134 USPQ 98, 108 (D Conn 1962), aff'd sub nom King-Seeley Thermos Co. v. Aladdin Industries, supra note 18. This survey inquired what respondents would call a product of a given description. This survey however fails to assess whether the name offered is viewed as a "brand" name or as a "common" name. For example, in response to the question "What would you call a paper product with which you wipe your nose?," interviewees might well reply "Kleenex." This does not in any way indicate whether or not the interviewees know that KLEENEX is one producer's brand name for "tissues." See, eg, E. I. duPont, supra note 33 at 527, 185 USPQ at 616 (criticizing and rejecting a survey which asked interviewees to supply "a name" for a product of a given description because "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 the article, rather than an indication of its origin.' "). Cf Dictaphone, supra note 42 (casual misuse by the public of a trademark as shorthand for the product does not reveal whether the public is in fact ignorant that the term is a trademark). Compare American Thermos Products Co., id at 21-22, 134 USPQ at 108 (seventy-five percent of survey respondents replied that they would call a container which keeps liquids hot and cold a thermos), with E. I. duPont, supra note 33 (fifty-one percent of TEFLON-EFLON survey respondents stated that THERMOS was a "brand name").

liever. The Court rejected this argument on the grounds that the "consuming public" did not perceive the term as generic, and that absent such perception, the term "cannot truly be considered 'generic'. . . ."[53]

On the other hand, in some instances, the actual purchasers are not the general public, but members of a particular trade or industry. In these instances, the nonpurchasing general public may not perceive the term at issue as a trademark, but the actual industry purchasers might. For example, while to some members of the general public, FORMICA may be simply a synonym for plasticized-wood wall or furniture coverings, to interior decorators and persons in the construction industry who actually purchase the product, the generic term is known to be "plastic laminate," and FORMICA is recognized as a particular producer's brand name. The appropriate class of interviewees for a TEFLON-EFLON-type survey concerning FORMICA therefore would not be the general public, but interior decorators and contractors. By the same token, some products and marks are first test marketed or sold in a restricted geographic area. Consumers in the test market areas therefore may recognize the term as a brand name, but consumers nationwide, who have not been exposed to the goods or term at issue, may not. Therefore, the appropriate class of interviewees would be confined to consumers in the restricted geographic areas.

Finally, what percentage of the respondents to a survey based on the TEFLON-EFLON test must reply "common name" to result in a ruling of genericism? Although some courts reviewing public understanding of a term's meaning, whether under a TEFLON-EFLON-type test, or through some other measure, have stated that substantially all buyers must equate the term solely

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53. McNeil Laboratories, Inc. v. American Home Products Corp., 416 F Supp 804, 808, 193 USPQ 486, 490 (D NJ 1976). Accord, Big O Tire Dealers, Inc. v. Goodyear Tire & Ruhber Co., 561 F2d 1365, 1369, 195 USPQ 417 (CA 10 1977), cert denied 434 US 1052 (1977) (relevant meaning is to purchasing public, not to the industry); Salton Inc. v. Cornwall Corp., supra note 38 at 985, 205 USPQ 428 (same); Stix Products, supra note 43 at 488, 160 USPQ at 785 (Evidence of generic or descriptive usage of term CON-TACT in trade journals does not illuminate the inquiry; "[the] meaning to a nonpurchasing segment of the population is not of significance; rather, the critical question is what it means to the ultimate consumer."); Editorial America, S.A. v. Gruner + Jahr AG & Co., supra note 30 (reference to NATIONAL GEOGRAPHIC magazine by members of the publishing industry, but not by the general reading public, as "National Geo" does not render term GEO generic for geographical magazines). Cf Bayer Co., supra note 18 ("aspirin" held generic term in the understanding of the general public, but a trademark to chemists, physicians and pharmacists; competing producers therefore permitted to use "aspirin" term for over-the-counter sales, but initially required to use professionally understood generic term, acetyl salicylic acid, for sales to the "trade").

with a product,[54] most have required a simple majority understanding of the term as a common name.[55]

D. De Facto Secondary Meaning

One of the most confusing aspects of judicial treatment of the genericism doctrine is the concept and application of the so-called "de facto secondary meaning" rule. Briefly stated, the rule holds that even when the public is aware that there is only one source for the goods whose term is at issue, that term will not be entitled to trademark protection.[56]

There are two types of "de facto secondary meaning." The first type arises in those situations in which the public does not recognize the term at issue as a brand name, but nonetheless may know that there is a single source for the goods. This occurs when the producer is the single source of the goods because he enjoys a patent monopoly, or because others are otherwise unable or unwilling to compete, and the producer has not been using the term applied to the goods in a proper trademark fashion. Although the term may have been arbitrary or suggestive, or may have been a descriptive term capable of achieving trademark significance, the producer's misuse has converted the term into a generic designation. Had there been competition in the goods, the term at issue therefore would mean simply those goods from any source. The reason the public may be aware that there is only one source for the goods is not because the term applied to the goods is used and perceived as a brand name, but because the public happens to know that no others produce those same goods. Since "secondary meaning" is a term of art for public understanding that a term with descriptive connotations is a brand name, it is clear that in this kind of situation there is no "secondary meaning"; hence the, perhaps unfortunate, rubric "de facto secondary meaning."

The other type of "de facto secondary meaning" occurs in those rare instances where a producer selects as a trademark a term which is deemed to have been already the commonly recognized, i.e. generic, name of the goods, but, through substantial advertising, proper trademark use, and market dominance, succeeds in establishing public trademark recognition for this other-

54. See eg, Marks v. Polaroid Corp., 129 F Supp 243, 105 USPQ 10 (D Mass 1955) aff'd 237 F2d 428, 111 USPQ 60 (CA 1 1956), cert denied 352 US 1005, 112 USPQ 494 (1957); see also Dictaphone Corp., supra note 42 at 445.

55. See, eg, King-Seeley Thermos, supra note 18; McCarthy, supra note 4, §12:2C.

56. See generally McCarthy, supra note 4, §§12:14, 12:16.

wise common name.[57] In this case, despite the "de facto secondary meaning" appellation, there is real secondary meaning, because the public has come to understand the term as the producer's brand name. Nonetheless, the judicial result is the same whether the term became generic (but the public, because of the producer's de jure or de facto monopoly, knew there to be a single source), or whether the term began generic (but acquired actual public recognition as a brand name). Courts have stated that "de facto secondary meaning" of either type cannot convert a generic term into a trademark.[58]

The rationale for the statement is plain: if the term initially was, or has become, the common name of the goods, persons endeavoring to compete once the patent has expired, or once the market allows for competition, must be able to call the goods by their commonly recognized names. To permit a producer the exclusive use of a term which either was initially generic, or which has become generic, but which enjoys either type of "de facto secondary meaning," would in effect afford that producer an improper extradurational monopoly in the goods. Thus, at bottom, the "de facto secondary meaning" doctrine reflects the legal conclusion that even if the public is aware that there has been only one source for the goods whose term is at issue, or even if the public further perceives the term as a brand name, that term must be held free for competitive use if it is in fact the commonly recognized name of the goods.[59]

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57. See, eg, In re G.D. Searle & Co., 360 F2d 650, 149 USPQ 619 (CCPA 1966) (Plaintiff drug company's attempts to build up public recognition in "The Pill" as its trademark for oral contraceptive, even if successful, would not entitle it to registration because as a generic term, "The Pill" "cannot be appropriated as a trademark").

This second type of de facto secondary meaning is also, and improperly, applied where the producer selects as a trademark a variation of a commonly recognized name for the goods. See Miller Brewing Co. v. G. Heileman Brewing Co., supra note 8 (LITE for light beer). See discussion infra text at notes 60-66.

58. See, eg, S.S. Kresge Co. v. United Factory Outlet, Inc., 598 F2d 694, 696-97, 202 USPQ 545 (CA 1 1979); Reese Publishing Co., supra note 30.

59. Cf Kellogg Co. v. National Biscuit Co., supra note 2. In that case, Nabisco had, pursuant to a patent, been the exclusive producer of Shredded Wheat. The Supreme Court's somewhat delphic opinion indicates that the Court considered the term Shredded Wheat either generic ab initio, or used in a generic fashion by Nabisco. Hence, any source recognition stemmed only from Nabisco's legal exclusivity. Once the patent expired, continued protection for the name "shredded wheat" would have effectively foreclosed competitors from informing consumers that they, too, produced the pillow-shaped wheat cereal. See also Singer Mfg. Co. v. June Mfg. Co., 163 US 169 (1896) (holding that trademark SINGER fell into public domain along with expiration of patent on sewing machines because public referred to sewing machines generically as "a singer"). But see, Singer Mfg. Co. v. Briley, 207 F2d 519, 99 USPQ 303 (CA 5 1953) (holding mark SINGER for sewing machines "recaptured" from the public domain because in the intervening years, Singer Mfg. Co. had extensively promoted SINGER as a trademark, and there had been a proliferation of brand names in connection with competing sewing machines).

The second type of "de facto secondary meaning," which disregards evidence of actual secondary meaning if the court believes the term at issue to have been generic ab initio, is prone to abuse; it may be evoked improperly to shore up an incorrect ruling of initial genericism. As a result, one court has strongly questioned the validity of this type of "de facto secondary meaning." That court maintained that the concepts of genericism and secondary meaning are opposites: if a term is truly generic, it is not perceived as a brand name; if the term enjoys true secondary meaning, that is, if the public perceives the term as a brand name, then the term cannot be generic.[60] This criticism is correct to the extent that it suggests that the term at issue was not generic ab initio, but was merely, even "aptly," descriptive. Where the term at issue was in fact the commonly recognized name of the goods, however, the criticism fails to meet the legitimate policy considerations underlying the de facto secondary meaning rule.

The Lite beer decisions illustrate both proper and improper invocation of the second type of de facto secondary meaning. Miller Brewing Co. owned a trademark registration of LITE for reduced calorie, low alcohol content, light beer. Miller initiated infringement actions against several producers labeling their less-filling beers "Light." Despite survey evidence showing public recognition of LITE as a trademark, the Seventh Circuit Court of Appeals held, on the basis of industry practice, dictionary definitions, and state statutory references to low alcohol content beers as "light," that "Light" was the generic term for low alcohol content, light beers. The court held LITE, as a mere misspelling of Light, equally generic,[61] and in a subsequent case ordered cancellation of the trademark registration.[62]

Note, however, that expiration of a patent does not necessarily mean that the term applied to the patented goods automatically falls into the public domain along with the goods. See, eg, Dresser Industries, Inc. v. Heraeus Englehard Vacuum, Inc., 267 F Supp 963, 969, 152 USPQ 743, 748 (WD Pa 1967), aff'd 395 F2d 457, 158 USPQ 65 (CA 3 1968), cert denied 393 US 934, 159 USPQ 799 (1968) ("Where during the life of a patent, a name, whether it be arbitrary or that of the inventor, has become the identifying and generic name of the thing patented, this name passes to the public with the expiration of the patent. . . . However, the mere expiration of the patent covering the thing patented does not cause the name of the thing to pass . . . into the public domain. The test is whether the name of the patented thing has become generic, that is, whether the name of the patented thing has come to mean primarily what kind of thing it is, rather than that it comes from a single source."

60. Miller Brewing Co. v. Falstaff Brewing Corp., supra note 7 at 907-08, 208 USPQ 919.

61. Miller Brewing Co. v. G. Heileman Brewing Co., supra note 3.

62. Miller Brewing Co. v. Jos. Schlitz Brewing Co., 605 F2d 990, 203 USPQ 642 (CA 7 1979), cert denied 444 US 1102, 205 USPQ 96 (1980).

Three years later, in another forum, Miller initiated a Lanham Act Section 43(a) claim against a producer of light beer who was also labeling its beer LITE, on the ground that concurrent usage of the term LITE fostered consumer confusion as to the source of the beer. The District Court of Rhode Island criticized the Seventh Circuit Court for its conclusory ruling that LITE imparted the same commercial impact as "light." The District Court held that if the term LITE had ever properly been ruled generic, Miller had in the intervening years recaptured trademark significance in the term.[63] The First Circuit Court of Appeals reversed, holding that the District Court should have accorded preclusive (collateral estoppel) effect to the Seventh Circuit decision, and that even if LITE now signaled Miller to the public, the term still continued to mean light beer.[64]

The Seventh Circuit's first holding, that the term "light" was the commonly recognized name for light beers, may have been proper.[65] To the extent that the decision permitted competitors to label their beers "light," despite public trademark recognition of LITE, the court's holding comports with the basic principles of the genericism doctrine. More dubious, however, is the holding that LITE is just as generic as "light." Although the court observed that the two terms sound alike, the court did not consider the different visual and commercial impact of the terms. Indeed, while LITE was certainly descriptive, it was not generic ab initio, since, in the format used by Miller, the term had not been in common use. Therefore, it does not follow from a holding that "light" was generic ab initio and accordingly free for competitive use, that registration of the term LITE, a descriptive term which was used as a trademark, and had achieved considerable trade-

63. Miller Brewing Co. v. Falstaff Brewing Co., supra note 7. The "recapture" doctrine is rarely applied. The Singer cases, supra note 59, offer the only instance in which a term previously ruled generic was later deemed to be no longer the common descriptive name of the article. Moreover, unlike LITE for beer, the term "Singer" before invention of the sewing machines had nothing to do with stitching. Nonetheless, the theory of the "recapture" doctrine acknowledges that language is fluid, and words which today may be in common parlance may in the future drop out of the vernacular. Thus, a now-obsolete term should be subject to trademark protection. For example, we suggest that the term "bodkin" for knives, see Shakespeare, Hamlet, Act III, scene 1, lines 69; 74-75 ("For who would bear the whips and scorns of time /.../ When he himself might his quietus make/ With a bare bodkin") would be a perfectly acceptable trademark.

64. Miller Brewing Co. v. Falstaff Brewing Corp., supra note 7.

65. But see, Arthur J. Greenbaum, The Thirty-First Year of Administration of the Lanham Trademark Act of 1946, 68 TMR at 783-85 (1978) (criticizing the Seventh Circuit's apparent equation of de criptive adjectives and generic nouns: "The Seventh Circuit has managed to define a generic term in such a manner that almost any descriptive term could be deemed to be generic.").

mark significance, should be canceled, thereby permitting other light beer producers unrestricted use of the term LITE. No commercial interest was advanced by allowing competitors to make a demonstrably confusing use of LITE. Use of that term was not necessary to inform consumers of the nature of the beer; use of "light" would have sufficed. The different commercial impact and the public trademark recognition of LITE should have led to the conclusion that LITE was protectible, albeit only against unauthorized trademark uses of the identical term.[66] Application of the "de facto secondary meaning" rule against LITE, in the face of substantial brand name understanding, simply promotes consumer confusion, without advancing other producers' interests in effective competition.

E. If the Mark Is Properly Ruled Generic

A ruling of genericism does not necessarily mean that the term in question lacks all trademark significance. Most often, especially where a long-standing mark which has fallen into genericism is concerned, the term will still have trademark significance for some, albeit not a majority, of the purchasing public. Therefore, if the term is held free for competitive use, some people will be confused as to the source of the goods. In this instance, it is appropriate to require the second-comer to label his goods in some distinguishing manner.[67] The manner in which the second-comer may use the generic term, and the form and extent of his distinguishing matter should be dictated by the percentage of the surveyed public which understands the term to be a brand name, and by the extent of the proprietor's prior efforts to educate the public that the term was a trademark. Thus, for example, in the Thermos case, the first user attempted, albeit too late, vigorously to promote the term as a trademark, and about twelve percent of the survey respondents in fact understood the

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66. Indeed, the "fair use" exception to trademark infringement, which permits competitors to use, in a descriptive, but not in a trademark, fashion, descriptive words making up another's trademark—see 15 USC §1115(b)(4); see generally McCarthy, supra note 4, §11:17—dictates a similar conclusion. Since "light" is generic for light beers, the term can be used by competitors to identify their products; but that does not mean that the term LITE can be used in a trademark fashion by competitors.

For a recent example of application of the fair use rule see Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F2d 786 (CA 5 1983), in which the Court of Appeals for the Fifth Circuit held the term FISH-FRI for fish fry batter mix protectible as a descriptive term which had achieved secondary meaning, but only in that format, and hence held a competitor's descriptive designation of his batter mix as "fish fry" a fair and good faith use.

67. See King-Seeley Thermos Co., supra note 18.

term as a trademark.[68] Therefore the court prohibited the second-comer from labeling his goods as "the original" or "the genuine" THERMOS, and required him to use his company's name in conjunction with the word thermos (in lower case letters).[69] By the same token, when the first user has misused the term, and the public displays little awareness of the term's trademark significance, the second-comer's obligation to distinguish his goods from the first comer's should be correspondingly small.[70]

Conclusion

The trademark doctrine of genericism has suffered from widespread misapprehension and misapplication, most notoriously in the recent Ninth Circuit Anti-Monopoly decision. We have attempted to offer here a rational and consistent approach to determining whether the relevant purchasing public understands the term at issue as the brand name of the goods of a single source, or simply as the name of the goods, regardless of source. Review of the producer's and the relevant public's use of the term in question, together with evaluation of responses to a survey which directs respondents to answer whether the term in question is a brand name or a common name, we believe, supply the appropriate measure of public understanding of a term's status as a trademark or as a generic designation.

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68. See American Thermos, supra note 52 at 21-22, 138 USPQ 98.

69. King-Seeley Thermos, supra note 18 at 581, 138 USPQ 349. The first user should be permitted to call his goods "the original," if that producer was in fact the original source of the goods.

70. When, despite the producer's efforts to educate the public that the term at issue is a trademark, an overwhelming majority of the relevant purchasing public fails to recognize the term as a brand name, there still should be some obligation on the part of the second-comer to negate possible public understanding of affiliation with the first user, particularly when the first user's efforts at instilling trademark awareness have been recent and/or substantial. In such instances, any trademark awareness that exists may be the direct result of the first-user's educational efforts. A non-distinguishing second-comer thus could be profiting by the first user's attempts to build up his own good will in the term.

U.S. JOURNAL: BERKELEY, CA—MONOPOLY AND HISTORY

Ralph Anspach sits in the Berkeley hills plotting against the General Mills Fun Group. Anspach's disagreement is specifically with Parker Brothers, manufacturers of the game Monopoly, but General Mills swallowed Parker Brothers up into its Fun Group several years ago, making Anspach's adversary part of what he likes to refer to as "a giant conglomerate." He often mentions the enemy's resources ("They have four law firms") and even its capacity for shrewd maneuvering ("They are not dumdums"). Still, he retains a sort of limited optimism. "I have a scintilla of hope that justice will be done," he said recently. "We're still alive. Maybe a little guy can win." Win or lose, he has already got in some good licks, his principal weapon being historical research. While doing research for a legal dispute that grew out of his marketing a game called Anti-Monopoly, he has managed to prove that one of the abiding inspirational tales of American commerce—the tale of how Monopoly was invented—is not true. No matter what the little brochure in Monopoly sets has always said, Monopoly was not in fact devised during the Depression by an unemployed engineer named Charles B. Darrow, sketching out on his kitchen table a game that would permit him to recall happier days in Atlantic City and get in some vicarious capitalism at the same time. One version or another of monopoly had been played for years—largely by people who thought of it as a game that was, to quote from rules typed out several years before Darrow's involvement, "designed to show the evils resulting from the institution of private property." Anspach has brought a restraint-of-trade action against General Mills in federal court, scattering all sorts of embarrassing documents and depositions around the country in his effort to prove that Parker Brothers gained monopolistic control of the monopoly market through a patent that was fraudulent. He has held a press conference in Atlantic City to inform the citizens that a plaque they installed on the Boardwalk to honor the inventor of Monopoly has the wrong person's picture on it. Once, some of his confederates stole into the dining room where the press banquet of the international Monopoly tournament was to be held, and slipped the true story of Monopoly's origins under every reporter's plate.

General Mills has got in a few good licks of its own. Last April, it won a suit in federal district court claiming trademark infringement by Anti-Monopoly, on the ground that the similarity of names could cause customers to buy Anspach's game under the impression that they were buying a Parker Brothers' product. Although Anspach appealed, the district-court ruling enabled Parker Brothers to plow forty thousand Anti-Monopoly games into a landfill near Mankato, Minnesota. "If we had been a big corporation, we could have put up a bond to prevent that," Anspach said later. He saw the burial of his games as one more chapter in "a kind of educative fable of our time"—a battle over monopoly between someone who owns just about everything on the board and someone who is about on the point of having to mortgage Mediterranean Avenue.

Anspach is professionally qualified to appreciate the ironies of a small business fighting a monopoly on monopoly: He is a professor of economics at San Francisco State University. He went into the game business on the side several years ago, figuring to invent a board game that demonstrated the harmfulness rather than the glories of monopolistic practices and to make an unseemly amount of money, for a professor, while doing it. His professional observations on his own controversy sometimes call to mind those black professors from Tuskegee Institute who twenty years ago passed their time while standing in static voting-registration lines by polishing dissertations on the difficulties facing black voters attempting to register in the rural counties of Alabama. He sounds rather academic describing some action of General Mills against him as an example of "the negative effects of concentration of economic power" or explaining that a patent is actually "a statutory monopoly granted by the government." He is even more reminiscent of the sort of people found here and there in America who are convinced that they are on to something that more powerful elements in the society refuse to recognize—critics of the Warren Commission Report, for instance. Anspach has their ferocious scholarship. He can thrust his hand into a teetering pile of documents and come out with a color picture of a 1910 monopoly board or a copy of the agreement by which Parker Brothers bought out an early competitor whose version of the game obviously predated Darrow's patent. Anspach knows what the properties on a monopoly board were called by people who played an early version in Princeton or Reading; he knows who named Pennsylvania and who named Mediterranean. Sometimes, trying to piece together the tangle of trademarks and copyrights and patents and purchases, he'll pick three or four phrases our of two or three documents and spin out a

long hypothesis that begins, "What must have happened, what really must have happened . . ."

Even if there were no legal implications, Parker Brothers might be expected to resist historical research that disproved its version of how Charles Darrow invented Monopoly. The Darrow story is, after all, a good story—a nice, clean, well-structured example of the Eureka School of American industrial legend. If Darrow invented the story rather than the game, he may still deserve to have a plaque on the Boardwalk honoring his ingenuity. There is Charles B. Darrow, a Yankee tinkerer down on his luck, sitting at his kitchen table in Germantown, Pennsylvania. The Great Depression has drained him of every resource but his ingenuity and his pluck. His wife is about to have their second child. Invention after ingenious invention has failed. He is reduced to taking odd jobs. He begins to dream of prosperous times when he and his wife could vacation in Atlantic City. "Strictly for his own amusement," a brochure says, he begins to devise a game on a piece of oilcloth. His resourcefulness is comparable to that of the American pilots who make it out of German P.O.W. camps in escape moves, Tiny houses are cut from scraps of wooden molding that have been discarded by a lumberyard, title cards are typed on "stray pieces of cardboard," the equipment is painted with paint that a local store happens to be handing out as free samples. Even being turned down at first by Parker Brothers does not thwart Darrow. "Dejected but undaunted," he manufactures Monopoly on his own until Parker Brothers is finally won over. "Little did he know," one Parker Brothers brochure says, "that he would soon be able to retire for life at the age of 46 and become a millionaire gentleman farmer, world traveler—especially to ancient cities—motion picture photographer, and collector of exotic orchid species." Parker Brothers must have considered Darrow a marvellously appropriate inventor: When a game called Bulls and Bears was developed by the Parker Brothers staff a couple of years after Monopoly went on the market, it was introduced to the public as the second game invention of the remarkable Charles B. Darrow.

What Anspach discovered about the history of monopoly could never be packaged in a neat couple of paragraphs that are short enough to leave room in the brochure for some Monopoly anecdotes—how twenty people in Danville, California, once played Monopoly for eight hundred and twenty hours, or how two teams of scuba divers once managed eleven hours of play at the bottom of a swimming pool in Beverly, Massachusetts. History tends to be messy. The Darrow story has an appealing consistency. A plucky and ingenious American invents a game that allows sufferers from the Great Depression to become vicarious capitalists, and for his pluck and ingenuity he is showered with all the rewards capitalism can provide. ("From the first, Monopoly was banned in Soviet Russia as being 'too capitalistic,'" the "Banned by Reds" section of the brochure says. "But we have reason to believe it may be played there underground.") Anspach's versio is, by comparison, full of ragged edges and contradictions. Monopoly, Anspach found, was not really an invention but one result of a game's being changed and adapted and misremembered by people who had greatly varying views on American capitalism—Socialists, for instance, and Eastern fraternity boys, and Quakers, and even Depression dreamers not so different from Charles Darrow.

In court, there was no disagreement about Monopoly's having derived from a game thought up by Lizzie J. Magie around the turn of the century as a way to popularize the theories of Henry George, the late-nineteenth-century reformer who believed that capitalism could work only if no one were permitted to profit from the ownership of land. The game she devised, called the Landlord's Game, was widely played in Arden, Delaware, a community founded by Georgists—or Single Taxers, as they were more commonly known, after Henry George's proposal that land alone be taxed as a way of distributing its profits to all. The Single Taxers had founded Arden as a model of Georgist theories, but they were hospitable to a variety of people who did not necessarily agree with them. Arden was known as much for its tolerance and its artsy-craftsy airs as for its economic theories. The acknowledged leader of the community was a strong Single Taxer known to most residents as Patro, the Esperanto word for "father." But, according to a film on the community called "Experimental Village," Ardent also accommodated, at one time or another, Mother Bloor, a well-known Communist labor organizer, and Fred Whiteside, a perennial Socialist candidate for governor of Delaware who was known around the state for making retreats in a tree house. Among the non-Georgists who lived for a time in Arden early in the century was Scott Nearing, who was fired from the University of Pennsylvania as a left-winger in 1915 and was made an honorary emeritus professor of economics there some sixty years later, after he and his wife had become renowned as models for the latest movement of educated young Americans toward a simpler life on the land. Nearing, now in his nineties, still recalls playing

the Landlord's Game in Arden. In fact, Anspach suspects that it may have been Nearing's brother Guy who expanded the Landlord's Game a bit so that it would demonstrate the anti-social nature of not just land monopoly but any sort of monopoly.

The game the Nearings began playing on homemade boards with students and colleagues at Penn essentially varied from the current version only in that landing on a piece of property caused that property to be auctioned off to the players at large rather than sold at a set price. The most sophisticated and ruthless monopolist won. Still, even into the thirties monopoly—as everyone seems to have called it by then—was thought of as a left-wing game by many who played it. (One of the people who had been taught the game at Columbia by George S. Mitchell, later the executive director of the Southern Regional Council, wrote Anspach, "It was considered a point of honor not to sell it to a commercial manufacturer, since George told me it had been worked out by a group of Single Taxers who were anxious to defeat the capitalist system." Apparently, a monopolist demonstrated his wickedness while winning the game, the same way the villain in a professional wrestling match does when he is permitted to pin the hero through some filthy, underhanded trick. All of which may mean that there is no reason for the Masters of the Kremlin to ban Monopoly: They need only explain its moral.

Monopoly, still played on homemade boards, spread quickly, particularly to college towns. Rexford G. Tugwell, who later became one of Franklin Roosevelt's Brain Trusters, remembers playing it at the University of Pennsylvania in 1915. A few years later, there was a board with properties named after streets in Cambridge, Massachusetts. The brothers of Theta Xi played monopoly at the University of Michigan. Anspach has legal reasons for trying to prove that the game was widely played—his case is based partly on the contention that monopoly was a folk game, in the public domain, like checkers or chess—but his personal interest has always been most engaged by any chain that would lead to Charles Darrow. He discovered that in the twenties Louis Thun, whose family was part-owner of the Berkshire Knitting Mills just outside of Reading, Pennsylvania, took a game of monopoly with him to Williams College, where he taught it to a number of his fraternity brothers in the D.K.E. house. One of the Dekes, Daniel Layman, took it back to Indianapolis and taught it to a friend who taught it to Ruth Hoskins, who took a board with her when, after a Christmas vacation in Indianapolis, she returned to her teaching job at a Quaker school in Atlantic City. It now seems clear that the Quakers changed the auction to a straight sale of property—there is some testimony that they may have found the noise of an auction offensive—and changed Ruth Hoskins' board to reflect Atlantic City street names. A visitor to Atlantic City took the game back to the Philadelphia area, where the Nearings and their friends had played it twenty years before, and taught it to a hotel manager, Charles Todd, of Germantown. The Todds taught the game to a number of people including, it has since been testified, the former Esther Jones, a childhood friend of Todd's and her husband, Charles B. Darrow. Darrow, Todd has testified, "asked a lot of what I thought were pretty dumb questions."

Charles Darrow died ten years ago, but a remarkable number of other people from those days were found alive and full of memories. Anspach—travelling around the country to interview old monopoly players, advertising for new leads, piecing together documents produced by the discovery motions of his lawyers—managed to construct a history with the sort of documentation professors consider necessary. He produced pre-Darrow boards and pre-Darrow monompoly money. He produced corroborating testimony from witnesses to virtually every development of the game—including testimony from the Atlantic City Quakers about which properties were named for the streets of which regular players. He disovered more than anyone had ever known about the origins of Monopoly, and he also discovered the limitations of historical research as a weapon.

Lawyers are interested in history only insofar as it affects the case at hand. In the trademark-infringement action, the General Mills lawyers did not attempt to challenge Anspach's evidence on how Monopoly originated; they merely said that the origins of Monopoly were irrelevant to whether Anti-Monopoly was infringing on its trademarked name. Robert Barton, the retired president of Parker Brothers, did no harm to the corporation's case by acknowledging in court that he had known almost from the beginning about Monopoly's having been derived from the Landlord's Game: Parker Brothers had long ago bougth the rights to the Landlord's Game. Barton also testified freely that virtually the same game Darrow patented as his invention in 1935 was already on the market; Parker Brothers bought the competing game in 1936. ("Get rid of the competition, then up the price," Anspach says of that transaction, folding it into his educative fable. "It fits totally into the spirit

of the Monopoly game.") Anspach believes that history will be a more important element of the restraint-of-trade suit he has brought, but so far the legal defense of General Mills against the volleys of historical research fired at it by Anspach seems to be that it doesn't really make much difference who invented Monopoly.

It apparently does not make enough difference, at least, to justify burdening the consumers with a lot of messy details. If someone inquires about the history of Monopoly from Parker Brothers today, the official release he is sent—"The Story of Monopoly," recopyrighted in 1977, after all of Anspach's evidence had been presented in federal court—says that Charles Darrow, hard hit by the Depression but not one to mope around feeling sorry for himself, "decided to devise a game dealing with imaginary real estate investments," and "placed a piece of oil-cloth on the kitchen table and began to sketch out street names from Atlantic City. . . ." The brochure that is included in every Monopoly set sold today begins by saying, "PARKER BROTHERS Real Estate Trading Game MONOPOLY was invented during the Great Depression by Charles B. Darrow of Germantown, Pennsylvania."

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The Surveys That Broke Monopoly

Hans Zeisel†

When a trademark becomes the common descriptive name of the type of article with which it has been associated, the owner of the mark loses the exclusive right to its use. The genericness doctrine marks the only place in the law of intellectual property in which success is punished rather than rewarded. Many terms that were once trademarks have long since become assimilated into ordinary speech. Trampoline, yo-yo, brassiere, and escalator were once registered trademarks. The word "thermos" began as the trade name of one particular brand of bottle that kept cold liquids cold and hot liquids hot. At one time, only Bayer used the word "aspirin," only DuPont used "cellophane."

Last year, the Ninth Circuit decided that Parker Brothers no longer had the exclusive right to the word "monopoly" as a trademark for its real estate trading game.[1] Although the court did not

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† Professor of Law and Sociology Emeritus, University of Chicago. I am much indebted to my colleague Douglas Baird who not only read early drafts of this article but in lengthy discussion broadened my vision of the many problems involved in this case. Prior to the first trial in the district court, Monopoly produced a survey on the likelihood of confusion. Although that survey is unrelated to this article, I note that lawyers for Parker Brothers consulted me on some technical aspects of that survey.

[1] Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316 (9th Cir. 1982). Anti-Monopoly was invented by a professor of economics, Dr. Anspach. It was marketed unsuccessfully as "Bust the Trust," but found commercial success when it was marketed as "Anti-Monopoly" and packaged in a way that bore remarkable similarities to Monopoly "in terms of box-size, lettering, board configuration, and design." Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 515 F. Supp. 448, 450 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982).

The case arose in the following sequence: when Anti-Monopoly appeared on the market, Parker Brothers protested. Anti-Monopoly responded with a suit demanding a declaratory judgment against continued use of the trademark "Monopoly" by Parker Brothers. Anti-Monopoly claimed that the mark was only "the common descriptive name" of an article, and therefore not entitled to protection. In defense, Parker Brothers insisted that Monopoly was its trademark for a particular game within the product category "real estate board games." Parker Brothers also asserted a counterclaim for infringement. In 1977 the district court ruled in favor of Parker Brothers. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 195 U.S.P.Q. (BNA) 634 (N.D. Cal. 1977). On appeal, the Ninth Circuit reversed and remanded. Anti-Monopoly, Inc. v. General Mills Fun Group, 611 F.2d 296 (9th Cir. 1979) [hereinafter cited as Anti-Monopoly I]. On remand, the district court again found for Parker Brothers. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 515 F. Supp. 448 (N.D. Cal. 1981) [hereinafter cited as Anti-Monopoly II]. The Ninth Circuit again reversed. Anti-Mo-

squarely face the question, it would appear that henceforth anyone can make a game identical to that made by Parker Brothers, call it "Monopoly," and sell it as his own, provided he clearly indicates that he, rather than Parker Brothers, is the producer of the game.

In this paper I will, after a brief description of the trademark law of genericness, review the Ninth Circuit's treatment of the surveys offered by the litigants. In the end I shall argue that even though the plaintiff's surveys were flawed, the real problem lies with the way the court interpreted trademark law, rather than its use or misuse of the statistical evidence.

I. The Genericness Doctrine

A trademark is any word, name, symbol, or device adopted and used by a manufacturer to identify his own goods and to distinguish them from those manufactured or sold by others.[2] Trademarks help consumers to distinguish one producer from another. Someone who wants to buy the same cola beverage he drank yesterday can ask for "Coke" or "Pepsi" and be confident that he will be getting the same thing he bought yesterday. It would be harder for a consumer to identify a particular soft drink if competitors could not adopt marks, such as Coke and Pepsi, to identify their goods. Giving a competitor trademark protection for whatever word he chooses, however, might impoverish the language of commerce. For example, if only one producer could adopt "telephone" as a trademark for its telephones, all other makers of these devices would find it harder to tell consumers what they made, and consumers would have a harder time finding them.

A basic principle of trademark law therefore is that one cannot adopt as a mark a word that merely describes the goods one is selling unless one can show that the descriptive word has become distinctive of one's own goods in commerce.[3] One has to show that the word, which was once descriptive, has acquired "secondary meaning," that its primary significance in the minds of the consuming public is not the product, but the producer.[4] Nabisco ulti-

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nopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316 (9th Cir 1982)[hereinafter cited as Anti-Monopoly III]. The saga has apparently ended with denial of Parker Brothers' writ of certiorari by the Supreme Court. CPG Prods. Corp. v. Anti-Monopoly, Inc., 103 S. Ct. 1234 (1983).

[2] Lanham Act § 45, 15 U.S.C. § 1127 (1976).

[3] *Id.* § 2(f), 15 U.S.C. § 1052(f) (1976). The statute allows trademark protection of descriptive marks that are "distinctive of the applicant's goods in commerce." *Il.* § 2(e), 15 U.S.C. § 1052(e) (1976) (excluding descriptions from trademark protection).

[4] *Id.* § 2(f), 15 U.S.C. § 1052(f) (1976).

mately could not protect "shredded wheat" and Miller could not protect "lite beer" because these words simply described the products they (and others) were selling;[5] the words did not serve a trademark function, for they did not distinguish Nabisco's or Miller's goods from those sold by others.

A more difficult problem arises when a trademark is not descriptive, but has been used for a long period of time by a single producer, often because the product had been patented. During the first part of this century, for example, Bayer had a patent on acetyl salicylic acid and used the mark "aspirin" to identify it. The question of whether the mark signified the product or the producer to the consuming public was not meaningful, because the public never had reason to make the distinction. There had been only one product made by a single producer. When other producers entered the market and tried to sell acetyl salicylic acid, they could not easily tell the public what they were selling. The public was wholly unfamiliar with the name of the chemical; it knew the product entirely by a registered trademark.[6]

Cases like *Bayer* present an awkward choice: either force new producers to spend time and energy reeducating the public, or take away from the first producer a mark that he has spent time and energy developing. This dilemma has been resolved in favor of the new entrants. Someone who develops a new product must make sure that he creates both a common descriptive name and a trademark for the article. Xerox is a mark for a kind of plain paper copier; Sanka is a mark for a kind of decaffeinated coffee; Vaseline is a mark for a kind of petroleum jelly. If a manufacturer fails to take such precaution and his mark becomes the common descriptive word for the article he sells, he loses the mark.

As stated so far, the doctrine is uncontroversial. Yet it leaves a difficult problem unexposed. Trademarks began as symbols that identified particular producers. Over time, however, marks have been used more to identify particular products and to distinguish them from other products than merely to distinguish them from the products of other producers. Although the consuming public associates the word "Thunderbird" primarily with a particular kind of car, it is well aware that the car is manufactured by a particular manufacturer, Ford. The advertising behind Smirnoff

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[5] Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 116-17 (1938) (Shredded Wheat); Miller Brewing Co. v. G. Heileman Brewing Co., 561 F.2d 75, 80-81 (7th Cir. 1977), *cert. denied*, 434 U.S. 1025 (1978) (Lite Beer).

[6] Bayer Co. v. United Drug Co., 272 F. 505 (S.D.N.Y. 1921).

vodka is directed not so much at identifying the producer as at distinguishing this vodka from others, including Popov vodka, which is made by the same manufacturer. Courts have never squarely asked whether a producer forfeits trademark protection if he induces consumers to associate a name with a particular product, rather than with himself. Indeed, few have ever thought that such a forfeiture might arise.

This problem was raised but not satisfactorily solved in the *Anti-Monopoly* case, in which the Ninth Circuit had both to define the category of which Monopoly was a member and to decide whether to give trademark protection to "Monopoly" if the game were the only member of the product category.

In reaching its conclusions, the Ninth Circuit relied heavily on three consumer surveys submitted by the plaintiff, while rejecting two surveys submitted by the defendant. As the court put it: "The principal evidence in the case was in the form of consumer surveys . . . ."[7]

II. The Surveys and the New Test of "Primary Meaning"

In this part I examine the five surveys presented to the court and try to assess their evidentiary value and their importance for the court's decision. This assessment can be made only in the context of the new test of "primary meaning" the Ninth Circuit established in the *Anti-Monopoly* case.

The traditional method of testing the primary meaning of a mark is based on the proposition that people may understand and use it to mean either the brand or the product category. Once a majority or a substantial minority of persons understands the mark to mean the category rather than the brand, the mark is lost. The test, however, is meaningful and hence applicable only if there is a real difference between the product and the product category. If the product and the product category coincide, i.e. if the category consists of one member only, the traditional primary meaning test makes no sense.

To fit that situation, the Ninth Circuit has fashioned a new test it believed had been established in *Kellogg Co. v. National Biscuit Co.*[8] (*"Shredded Wheat"*). The court concentrated on the Supreme Court's statement in *Shredded Wheat* that a mark acquires protection when its "primary significance . . . in the min-

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[7] Anti-Monopoly III, 684 F.2d at 1323.

[8] Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938).

of the consuming public is not the product but the producer."[9] In the Ninth Circuit's view, each person, instead of belonging to one group or the other, is expected to harbor both meanings, with one of them occupying the "primary" position. There is another difficulty with equating the issue in the *Shredded Wheat* case with that in *Anti-Monopoly;* the Supreme Court used its test in the *Shredded Wheat* case to determine whether the mark had acquired secondary meaning, which is necessary to protect a descriptive mark. In *Anti-Monopoly* the Ninth Circuit applied the test to a mark that did not need secondary meaning to be protected.

A. The "Thermos" Survey

Shortly before the first trial, Anti-Monopoly produced a survey that was consciously modeled on the one the court relied on in finding that the word "thermos" had become generic.[10] There are, however, important, if subtle, differences between the original and its copy. The threshold question in the Thermos case was

> [a]re you familiar with the type of container that is used to keep liquids, like soup, coffee, tea and lemonade, hot or cold for a period of time?[11]

The threshold question in the Anti-Monopoly "Thermos" survey was

> [a]re you 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, or not?[12]

In form, the two questions, except for the limping "or not," seem to be alike. But the typical interviewee (especially in a telephone interview) must have perceived the two questions to be very different. Most consumers when asked the Thermos question will have an approximate awareness of the many different shapes, colors, and even materials of containers that keep cold beverages cold and hot beverages hot, because they are usually well displayed in drug stores and supermarkets. Speaking of a "type of" container there-

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[9] *Id.* at 111, *quoted in* Anti-Monopoly I, 611 F.2d at 302.

[10] American Thermos Prods. Co. v. Aladdin Indus., Inc., 207 F. Supp. 9, 14, 20-21 (D. Conn. 1962), *aff'd sub nom.* King-Seeley Thermos Co. v. Aladdin Indus., Inc., 321 F.2d 577 (2d Cir. 1963), *order modified,* 320 F. Supp. 1156 (D. Conn. 1970).

[11] *Id.* at 21 n.8.

[12] Anti Monopoly III, 684 F.2d at 1323. Approximately 53% of the respondents answered they were familiar with board games of this kind. *Id.*

fore makes eminent sense. The parallel reference to "board *games* of the kind . . ." in the Anti-Monopoly Thermos survey has no counterpart in reality. The sneaked-in plural, however, buttressed by the addition of "the kind," probably had little effect. The rare interviewee on whom that nuance was not lost most likely perceived it as not more than an awkward introduction to the description of the familiar game. Otherwise, a stickler for precision who took the plural seriously would have had to answer: "No—I am familiar with only one game that fits your description." Under these circumstances, the answers to the question that follows,

> [i]f 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?[13]

held no surprise. About 80% of the interviewees answered, "Monopoly,"[14] because in their understanding all they had been asked was whether, from the detailed description of the game Monopoly they could identify its name. Why then did the authors of this survey put that false clause "games of the kind" into the question? They obviously intended[15] to establish direct proof of the generic character of the Monopoly name. If the court had followed the strict logic of question and answer, it might have concluded that the consumers had called the *type* of such games by the name Monopoly. But the court responded, as the interviewees undoubtedly did, by concluding "that the results of this survey are compelling evidence of a proposition"[16] that could not have been in much doubt, namely that those who are familiar with the game will call it Monopoly. The survey was of no help in defining the product category.

B. The "Teflon" Survey

Parker Brothers also introduced a survey that measured consumer perception of Monopoly as a brand name. This survey was patterned after the survey that helped DuPont retain its Teflon trademark.[17] It was designed to find out what proportion of the public considered Monopoly to be a brand name. The Monopoly

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[13] *Id.*

[14] *Id.*

[15] Recall, as the court made clear, that Anti-Monopoly drafted the Anti-Monopoly Thermos survey. *Id.*

[16] *Id.* at 1324.

[17] E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 528 (E.D.N.Y. 1975).

interviewer, like the DuPont interviewer, began by explaining the survey's two key terms.

> By *brand* name, I mean a name like *Chevrolet*, which is made by *one* company; by common name, I mean 'automobile,' which is made by a number of different companies.[18]

In the questions that followed the interviewee was then asked for each of eight different product names, read to him or her in turn, "[w]ould you say [the name] is a brand name or a common name?" Three of the eight names were brand names, three were common names, with Monopoly and Thermos thrown into the list.[19] The brand names were identified as such by more than two-thirds of the interviewees;[20] all generic names were identified as such by close to 90% of the interviewees;[21] 63% of all interviewees identified Monopoly as a brand name; 54% identified Thermos as a generic name.[22]

The survey provides fairly direct evidence to the effect that a substantial majority of the population understands Monopoly to be a brand name.[23] The court, however, gave the Teflon survey short shrift because in its view the survey begged the question: "The results of this survey had no relevance to the question in this case. Under the survey definition 'Monopoly' would have to be a 'brand name' because it is made by only one company."[24] The court's logic is correct, but its psychology is wrong. If the survey had omitted all references to a single or multiple source and the explanatory definition instead had stated that "Chevrolet, for instance is the *brand* name; automobile is the *common* name," I do not believe the survey results would have been any different. The

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[18] Anti-Monopoly III, 684 F.2d at 1323. *See also* E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 526 (E.D.N.Y. 1975).

[19] The three common names were refrigerator, margarine, and aspirin. Each interviewee was presented three brand names from a pool of six: Tide, Lavoris, Seville, Coke, STP, and Jello. Merl et Facts—New York, Inc., A Further Study Concerning the Trademark Monopoly 2 (unpublished report, June 1981) (on file with *The University of Chicago Law Review*).

[20] The respective percentages were Tide 89%, Lavoris 85%, STP 83%, Seville 77%, Coke 74%, and Jello 68%. *Id.* at 10.

[21] The respective percentages were refrigerator 92%, margarine 88%, and aspirin 87%. *Id.*

[22] *Id.*

[23] Arguably, the relevant universe should have been only that part of the population that had heard of the game Monopoly. In that case the brand identification ratio would have been even larger. The "Thermos" survey, *see supra* notes 10-16 and accompanying text, found that 92% of the public knows of the game. Anti-Monopoly III, 684 F.2d at 1324. The restriction would have raised the brand identification ratio from 63% to 68% (.63/.92).

[24] Anti-Monopoly III, 684 F.2d at 1323.

survey showed that in the consumer's mind Monopoly's primary meaning is that of a product.

C. Motivation Survey I

Anti-Monopoly designed a telephone survey that purported to track the legal rule the Ninth Circuit had announced the first time it heard the Monopoly case, namely, that "the MONOPOLY trademark is valid only if 'the primary significance of the term in the minds of the consuming public is not the product but the producer.' "[25] The court went even further and suggested how this rule might be translated into operational terms:

> It may be that when a customer enters a game store and asks for MONOPOLY, he means: "I would like Parker Brothers' version of a real estate trading game, because I like Parker Brothers' products. . . ." On the other hand, the consumer may mean: "I want a Monopoly game. . . . I am interested in playing the game of Monopoly. I don't much care who makes it."[26]

The survey-makers, following the court's instructions, framed the question as follows:

> Which of these two statements best expresses your meaning when you ask for 'Monopoly' in a store? . . .
>
> 'I would like Parker Brothers' Monopoly game primarily because I like Parker Brothers' products.'
>
> OR
>
> 'I want a Monopoly game primarily because I am interested in playing Monopoly.' I don't much care who makes it.[27]

Assuming for the moment that this is a proper way of formulating the court's doctrine,[28] it is noteworthy how the survey makers de-

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[25] Anti-Monopoly I, 611 F.2d at 302 (quoting Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118 (1938)).

[26] *Id.* at 305-06.

[27] *See* Corey, Canapary & Galanis, National Telephone Survey and Intercept Survey at App. (telephone survey form) (unpublished report, June 1981) (on file with *The University of Chicago Law Review*). *See also* Anti-Monopoly II, 515 F. Supp. at 453 n.5 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982).

[28] The district court chided Anti-Monopoly for the form of the survey question: "These responses were pulled, verbatim, from an illustration in the text of the appellate court opinion. Plaintiff's expert, not a trained attorney, misconstrued the purpose of the illustration, which was to illustrate a point, not to suggest language for a scientific study.' Anti-Monopoly II, 515 F. Supp. at 453-54 n.5 (emphasis added; citation omitted), *rev'd*, 684 F.2d 1316

veloped the question schedule that led up to this key question; again the court informs us that the schedule was provided by Dr. Anspach, Anti-Monopoly's president.[29] His first question—"Are you aware of 'Monopoly,' the business board game produced by Parker Brothers?"—answered by 92% of the interviewees in the affirmative,[30] is followed by "[w]hy would you buy Monopoly? (PROBE FOR COMPLETE RESPONSE)."[31] At first glance these introductory questions seem innocent enough. On closer examination one can see how they might have affected the respondent's answer to the subsequent key question that asks the interviewee for his primary reason for buying Monopoly. First, describing the game initially as a business board game produced by Parker Brothers may have steered people away from listing the name of the manufacturer as a reason for buying the game. Those asked may have felt themselves pushed to provide information beyond that which they had already been told. A person might say that he liked a particular glass of beer because it was Budweiser, but the same person might not respond to the question, "Why do you like Budweiser beer," by saying that he liked Budweiser beer because it was Budweiser beer. This response, unlike the first, sounds tautological.

A second defect of the motivation survey was that it prodded the consumers first to list all the reasons why they would buy Monopoly; the interviewer was instructed to "probe for a complete response" (i.e., keep asking "any other reasons?"), a discretion normally avoided in legal surveys. This may have biased them in favor of saying that they would buy the game for reasons other than the single reason that it was made by Parker Brothers. It is not surprising, therefore, that a majority of the answers to the next question, "Why would you buy Monopoly?," referred to the product and the gratifications provided by the game.[32] But in spite of this thorough effort to focus the interviewees' attention on the product, a surprising 32% of them answered that the primary meaning of their asking for "Monopoly" would be that they like Parker Broth-

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(9th Cir. 1982). The court of appeals had a different opinion, describing the survey as "a reasonable effort . . . to find out [what the purchaser meant by "Monopoly"] and was modelled closely on what we said in our opinion." Anti-Monopoly III, 684 F.2d at 1325.

[29] Anti-Monopoly III, 684 F.2d at 1324.

[30] *Id.*

[31] *See* Corey, Canapary & Galanis, *supra* note 27, at App. (survey forms).

[32] Anti-Monopoly III, 684 F.2d at 1324. Eighty-four percent of the portion of the sample aware of the game mentioned an aspect of playing the game as the reason they had or would purchase it.

ers' products.[33] The district court justly remarked that this was an "impressive display of the amount of goodwill which Parker Brothers has imbued throughout its various games."[34] Be that as it may, the fact that 65% of the interviewees responded to the key question that for them, "Monopoly" meant primarily the game and not its producer,[35] gave the court the handle for canceling the mark.

D. Motivation Survey II

The second motivation survey, also prepared by the plaintiff, was of little import. Its only apparent purpose was to allay the plaintiff's concern that the key question in Motivation Survey I, which had followed the court's instructions very literally, might be considered biased towards eliciting the answer that favored the plaintiff. The change between the two surveys was slight:

Motivation I	Motivation II
Which of these two statements best expresses your meaning when you ask for 'Monopoly' in a store?	Which of these two statements best expresses the primary reason why you would buy (did buy) 'Monopoly?'
—I would like Parker Brothers' 'Monopoly' game primarily because I like Parker Brothers' products.	—Primarily because of the way Parker Brothers manufacturers [sic], advertises or prices games.
or	or
—I want a 'Monopoly' game because I am interested in playing 'Monopoly.' I don't much care who makes it.	—Primarily because I like playing the 'Monopoly' game.[36]

In the first Motivation survey, 65% had chosen the game-alternative; in the second, 84% chose it.[37] But since Motivation Sur-

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[33] *Id.*

[34] Anti-Monopoly II, 515 F. Supp. at 455, *rev'd*, 684 F.2d 1316 (9th Cir. 1982).

[35] Anti-Monopoly III, 684 F.2d at 1324. The court of appeals disagreed with the district court's finding of methodological flaws in the survey, finding that the judgment used in constructing the survey was reasonable. *Id.* at 1325.

[36] *See* Corey, Canapary & Galanis, *supra* note 27, at App. (telephone and intercept survey forms) (interviewer's instructions omitted).

[37] *Id.* at 4, 8.

vey II was based on an "intercept" sample (the high sounding name for grabbing the first person that comes along—no sample at all), the court merely noted: "The results were very close to those of [Motivation I], but the expert did not claim that the intercept study was validly projectable."[38]

E. The "Tide" Survey

Defendant Parker Brothers attempted to undercut the plaintiff's surveys by duplicating the plaintiff's first motivation survey, but substituting for Monopoly the brand "Tide"—one of the strongest and best known trademarks.[39] The results obtained in this survey suggest that under the court's legal rule the Tide mark would be lost, a reductio ad absurdum of the rule. Here are the results of the two surveys:

Would you buy Tide (Monopoly) primarily because you like—

	TIDE survey[40] %	MONOPOLY survey[41] %
the product itself	68	65
this manufacturer's products	12	32
other reasons and don't know	13	3

The Ninth Circuit did not cope well with this challenge. It stated:

> We suspect that these results tend to show that the general public regards "Tide" as the name of a particular detergent, having particular qualities, rather than as one producer's brand name for the same detergent which is available from a variety of sources. We do not know whether the general public thinks this, or if it does, is correct in thinking this, or whether Procter and Gamble intend them to think it. If the general public does think this, and if the test formulated in *Anti-Mo-*

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[38] Anti-Monopoly III, 684 F.2d at 1324-25.

[39] The district court commented that "it seems beyond argument that TIDE is a valid trademark." Anti-Monopoly II, 515 F. Supp. 448, 454 n.5 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982). The Ninth Circuit may not have been convinced. *See infra* note 42 and accompanying text.

[40] Quatra Marketing Research, Inc., Tide Purchase Study 3 (unpublished report, June 20, 1980) (on file with *The University of Chicago Law Review*).

[41] These are the results of Anti-Monopoly's Motivation Survey I, on which the court relied. Corey, Canapary & Galanis, *supra* note 27, at 4. *See also supra* notes 32-35 and accompanying text.

> *nopoly I* could be mechanically extended to the very different subject of detergents, then Procter and Gamble might have cause for alarm.[42]

Tide, identified as a brand name by 89% of the general public,[43] backed up by a safely entrenched generic name (laundry detergent), "might have cause for alarm"? Somebody must be kidding. There is only one possible reason for alarm, namely, the possibility that the primary meaning test prescribed in *Anti-Monopoly* would generally supersede the traditional primary meaning test. It is to this question that we now turn.

III. The Ninth Circuit's Test of Primary Meaning

In developing its legal rule, the Ninth Circuit relied on language from the *Shredded Wheat* case, but that case does not stand for the proposition that all trademarks must identify in the public's mind the producer rather than the product. When a word, such as "monopoly," is not descriptive of the product in question, it is not necessary to establish "secondary meaning"; a word that is merely suggestive of the goods is routinely given trademark protection.[44] To be a trademark the word must only distinguish the goods from those of others, but there is no explicit requirement in the Lanham Act that a mark must both distinguish one's goods from those made by others *and* identify the goods as coming from an identifiable producer. Adding the latter requirement as a condition of trademark protection would defeat many marks now in existence. The court misapplied for its own use the crucial passage in *Shredded Wheat* that to retain the trademark protection it is necessary to show "that the primary significance of the term in the minds of the consuming public is not the product but the producer."[45] This passage describes the test for secondary meaning; the language does not justify the Ninth Circuit test.

We have seen that the difference between the traditional test of generic marks and the new Ninth Circuit test is more than a shift in emphasis; it poses a radically different question, and the difference goes deep. The traditional test has a clear meaning and, in principle at least, can be verified through corresponding observ-

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[42] Anti-Monopoly III, 684 F.2d at 1326.

[43] *See supra* note 20 and accompanying text.

[44] *See* Miller Brewing Co. v. G. Heileman Brewing Co., 561 F.2d 75, 79 (7th Cir. 1977), *cert. denied*, 434 U.S. 1025 (1978).

[45] Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118. (1938). *See also supra* notes 9, 25 and accompanying text.

able behavior. Thus, someone who uses "Thermos" to mean the brand will be irritated when the sales clerk brings a different brand of insulated bottle. Someone to whom Thermos means the genus will console and correct the sales clerk who answers "Sorry, we are out of the 'Thermos' brand but we have other brands of such bottles."

The verbal statement of the Ninth Circuit's test cannot be translated into a commensurate, observable behavior. Until "primary meaning" is defined with more precision in terms of the behavior it represents, it has no meaning, or at best only a very vague one.[46] What might be a meaningful translation of the statement "[b]y Monopoly I mean primarily the game, not Parker Brothers"? Here are some possibilities:

> I am informed that Parker Brothers ceased to manufacture Monopoly; another company does that now. In this situation, do I buy Monopoly from the other company, or another board game from Parker Brothers?
>
> I am informed that in addition to Parker Brothers two other firms now make Monopoly. If I have to choose, will I choose the Parker Brothers' product? What will I choose if in this situation a price differential obtains?

There may be many translations of the Ninth Circuit's "primary meaning" statement. The question is whether a test of such vagueness should determine what is probably the weightiest issue in trademark law. The traditional primacy test, measuring the proportion of customers who understand the name to mean the genus and not a species, a product category and not a brand, is clear and simple and can be translated into meaningful behavior, which in turn is directly related to the law's intent. It can be applied to all situations in which the genus consists of more than one member. The Ninth Circuit's primacy test, counting the proportion of persons who say they understand the name as primarily designating the product rather than the producer, is vague, and it is not at all certain that it can be translated with precision into any relevant behavior. Its juxtaposition to the old test, when there is more than one product in the genus, as was done by Parker Brothers' "Teflon" survey, reveals the inferiority of the Ninth Circuit's test.

It would seem that before anyone can demand that a trade

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[46] This should not surprise. "There are so many answers to the simple 'Why?' that we have no way of knowing how all these reasons fit together, if indeed we could elicit them all in the first place." H. ZEISEL, SAY IT WITH FIGURES 153 (5th ed. 1968).

name be cancelled because it had become generic, a genus must have come into existence, that is, a real genus of at least two members. The legal construct of a genus of one cannot suffice, because for such a genus there is as yet no meaningful operational way of making the fateful distinction.

Conclusion

The role the surveys played in *Anti-Monopoly* was important only in a superficial way. They did not have much effect on an outcome that was preordained by the incorrect legal rule the court had established. The surveys could have played an important role had the court seen their significance. By rejecting the "Teflon" survey on an unimportant technicality, and not seeing the relevance of the anomaly pointed out by the "Tide" survey, the court missed the opportunity to reassess its earlier ruling. The surveys should have led the court to ask whether Monopoly was fundamentally different from Tide or whether the court's initial holding was in fact more sweeping than was intended. Surveys typically implement a legal rule; the ones in the *Anti-Monopoly* case should have forced a reexamination of the rule.

GENERICIDE: CANCELLATION OF A REGISTERED TRADEMARK

INTRODUCTION

The purpose of a trademark is to indicate to the public that goods come from a particular source.[1] The use of trademarks is regulated by the Lanham Act (Act).[2] Congress created the Act in order to protect a trademark owner in his use of a particular mark and to prevent public confusion concerning the source of goods.[3] Registration of a mark

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1. Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 412-13 (1916). A trademark is defined by federal statute 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." 15 U.S.C. § 1127 (1976). Judge Learned Hand wrote that a manufacturer's trademark "is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. . . . [A] reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask." Yale Elecs. Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928). As one court stated, "[a] trade-mark is a trade-mark because it is indicative of the origin of the goods." G.&C. Merriam Co. v. Saalfield, 198 F. 369, 372 (6th Cir. 1912), *aff'd in part*, 238 F. 1 (6th Cir.), *cert. denied*, 243 U.S. 651 (1917).

Trademarks have been used for hundreds of years. They were developed in order to trace responsibility for shoddy workmanship. Rogers, *The Lanham Act and the Social Function of Trade-marks*, 14 Law and Contemp. Probs. 173, 173-74 (1949). For a comprehensive discussion of trademark law, see generally L. Amdur, Trade-Mark Law and Practice (Lanham Act ed. 1948); 3 R. Callmann, the Law of Unfair Competition, Trademarks and Monopolies (3d ed. 1969 & Supp. 1982); 1 J. McCarthy, Trademarks and Unfair Competition (1973); E. Vandenburgh, Trademark Law and Procedure (2d ed. 1968).

2. Pub. L. No. 79-489, 60 Stat. 427 (1946) (current version at 15 U.S.C. §§ 1051-1127 (1976)). Federal registration of a trademark serves as notice to the public of an ownership claim. *Id.* § 1072. The trademark owner is granted exclusive use of his mark, *id.* § 1057(b), so that all others are prohibited from affixing that mark to similar goods. *Id.* § 1114(1). Four categories of marks have been recognized for determining whether registration of a term is appropriate: 1) arbitrary (a common term, used in an unfamiliar manner); 2) fanciful (a newly created or coined term), or suggestive (a term requiring imagination to link it to the trademarked goods); 3) descriptive (a mark that describes a quality or characteristic of the trademarked product and will be registered only if the term has acquired a secondary meaning, so that the public associates the term with the producer); and 4) generic (a term that is the common name for a type of goods, is part of the general vernacular and which will not be registered as a trademark). *See, e.g.*, Surgicenters of Am., Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1014-15 (9th Cir. 1979); McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1131-32 (2d Cir. 1979); Educational Dev. Corp. v. Economy Co., 562 F.2d 26, 28 (10th Cir. 1977); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9-11 (2d Cir. 1976); Nabisco Brands, Inc. v. Quaker Oats Co., 547 F. Supp. 692, 697-98 (D.N.J. 1982); Discount Muffler Shop, Inc. v. Meineke Realty Corp., 535 F. Supp. 439, 444-45 (N.D. Ohio 1982); Nature's Bounty, Inc. v. Superx Drugs Corp., 490 F. Supp. 50, 53 (E.D.N.Y. 1980).

3. S. Rep. No. 1333, 79th Cong., 2d Sess. 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1274.

creates a presumption that it is valid;[4] however, the Act provides that a registered mark may be cancelled if it has become the "common descriptive name" for a product.[5] In other words, a mark may be cancelled if it has lost its trademark significance and become generic.[6] A generic term, such as the word "car," designates a type or class of goods, rather than indicating that the product comes from a single source.[7]

The traditional standard for determining genericness is based on how the public perceives the contested mark[8]—whether consumers understand the mark to mean only a type of product, or whether they recognize the name as being source indicative.[9] A new standard,

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4. 15 U.S.C. § 1057(b) (1976); *e.g.*,Coca-Cola Co. v. Overland, Inc., 692 F.2d 1250, 1254 (9th Cir. 1982); Playboy Enters. v. Chuckleberry Publishing Inc., 687 F.2d 563, 567 (2d Cir. 1982); American Home Prods. Corp. v. Johnson Chem. Co., 589 F.2d 103, 106 (2d Cir. 1978); Venetianaire Corp. of Am. v. A & P Import Co., 429 F.2d 1079, 1080 n.1 (2d Cir. 1970); Miss Universe, Inc. v. Patricelli, 408 F.2d 506, 509 (2d Cir. 1969); Aluminum Fabricating Co. v. Season-All Window Corp., 259 F.2d 314, 316 (2d Cir. 1958); Trak Inc. v. Ski-Trac, Inc., 209 U.S.P.Q. (BNA) 507, 510 (N.D. Cal. 1980).

5. 15 U.S.C. § 1064(c) (1976). Although this section provides that cancellation may be granted on several grounds, this Note addresses only the issue of genericness, and all references to cancellation concern cancellation based on a finding that a mark is the common descriptive name for a product.

6. "A 'generic' term 'conveys information with respect to the nature or class of an article,' while a trademark identifies the *source* of a particular product or article." E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 523 n.43 (E.D.N.Y. 1975) (quoting 3 R. Callmann, *supra* note 1, § 70.4, at 111); *see* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976); King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577, 579 (2d Cir. 1963); Discount Muffler Shop, Inc. v. Meineke Realty Corp., 535 F. Supp. 439, 444 (N.D. Ohio 1982); Bayer Co. v. United Drug Co., 272 F. 505, 509 (S.D.N.Y. 1921).

7. Carcione v. Greengrocer, Inc., 205 U.S.P.Q. (BNA) 1075, 1077 (E.D. Cal. 1979) ("If the primary significance of the term in the minds of the consuming public is that the term refers to the producer and not to the general class of goods or services, then the term is not generic."); *accord* Surgicenters of Am., Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1016 (9th Cir. 1979).

8. The public perception test has been consistently applied in cancellation cases. *See, e.g.*, Feathercombs, Inc. v. Solo Prods. Corp., 306 F.2d 251, 256 (2d Cir.), *cert. denied*, 371 U.S. 910 (1962); Ross-Whitney Corp. v. Smith Kline & French Labs., 207 F.2d 190, 194-95 (9th Cir. 1953); DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 81 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936); Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437, 445 (D. Or. 1978); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 523 (E.D.N.Y. 1975); Stix Prods., Inc. v. United Merchants & Mfrs., 295 F. Supp. 479, 490 (S.D.N.Y. 1968); Bayer Co. v. United Drug Co., 272 F. 505, 509 (S.D.N.Y. 1921); 3 R. Callmann, *supra* note 1, § 74.2, at 237; 1 J. McCarthy, *supra* note 1, § 12:2(A), at 406-07.

9. DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 77 (2d Cir.), *cert denied*, 299 U.S. 601 (1936); Bayer Co. v. United Drug Co., 272 F. 505, [illegible] (S.D.N.Y. 1921); R. Guastavino Co. v. Comerma, 180 F. 920, 921 (C.C.S.D.N 1910); L. Amdur, *supra* note 1, at 310-12.

however, was recently established by the Ninth Circuit in *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*,[10] which examines purchasers' motivation for buying trademarked goods in order to determine whether those goods constitute their own product category (genus).[11] Under this standard, if a court finds that the trademarked goods constitute a distinct genus, the relevant mark would be the generic name for that category of goods, its registration would be subject to cancellation, and its use available to everyone.[12]

The *Anti-Monopoly* case raises the dual question of what standard should be applied in determining whether a registered trademark has become generic, and what burden of proof must be met to satisfy the appropriate standard. This Note concludes that public perception is the correct standard and proposes a set of factors to be considered in determining how the public perceives the contested mark. The Note further contends that the policy concerns of the Act mandate placing a heavy burden of proof on the party that is challenging a trademark's validity.

I. The Proper Test: Public Motivation or Public Perception?

A. *Defining the Tests*

Although the Act does not set forth a standard for determining whether a registered mark has become generic, Judge Learned Hand established such a test in the early 1900's: "The single question . . . is merely one of fact: What do the buyers understand by the word for whose use the parties are contending?"[13] This standard, the public perception test, has consistently been applied in cancellation proceedings.[14] It is the correct standard to apply because it focuses on the ultimate purpose of a trademark—to denote that marked goods have been produced by a single manufacturer—and evaluates whether consumers understand that the mark indicates one manufacturer's goods.[15] An evaluation of public understanding serves the Act's basic

10. 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

11. *Id.* at 1324-25. For the appellate court's first decision in this case, see Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 611 F.2d 296, 302-04 (9th Cir. 1979).

12. 611 F.2d at 302-03.

13. Bayer Co. v. United Drug Co., 272 F. 505, 509 (S.D.N.Y. 1921).

14. See *supra* note 8.

15. *See, e.g.*, McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1131 (2d Cir. 1979); United States Jaycees v. San Francisco Junior Chamber of Commerce, 513 F.2d 1226, 1226 (9th Cir. 1975) (Ely, J., concurring); King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577, 580 (2d Cir. 1963); Blisscraft of Hollywood v. United Plastics Co., 294 F.2d 694, 699-701 (2d Cir. 1961); Independent Nail & Packing Co. v. Stronghold Screw Prods., Inc., 205 F.2d 921, 925-26 (7th Cir.), *cert. denied*, 346 U.S. 886 (1953); Le Blume Import Co. v. Coty, 293 F. 344, 353-58 (2d Cir. 1923); Nabisco Brands, Inc. v. Quaker Oats Co., 547 F. Supp. 692, 698 (D.N.J.

objectives of protecting valid trademarks and preventing public confusion concerning the origin of goods.[16] If consumers recognize the trademark as a brand name, they will not be confused concerning the goods' origin. Thus, because the term is fulfilling the proper function of a trademark, it should be afforded the full protection of the law.

In *Anti-Monopoly*, however, the Ninth Circuit established a different standard for determining whether a registered mark has become generic.[17] The court's analysis focused on an evaluation of whether the relevant trademarked goods constitute an entire genus, or merely a species.[18] A genus is a broad category or class of goods (laundry soap, for example), whereas a species is one of many similar products making up a larger category of goods[19] ("Tide" is a species of laundry soap). Under the Ninth Circuit standard, a term may be generic even though the public recognizes the contested term as a brand name, which is source indicative, if the court finds that the trademarked goods constitute their own genus.[20] This determination is made by evaluating why consumers purchase the trademarked goods.[21] The court reasoned that consumers' motivation for buying the relevant goods would indicate whether the product is unique, or so different from other manufacturers' products that it should be considered to be its own genus.[22]

The court employed a two-part public opinion survey designed to ascertain public motivation in purchasing the trademarked goods, Parker Brothers' real estate trading board game, "Monopoly." Consumers were first asked simply to state their reasons for purchasing the

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1982); Loctite Corp. v. National Starch & Chem. Corp., 516 F. Supp. 190, 199 (S.D.N.Y. 1981).

16. S. Rep. No. 1333, 79th Cong., 2d Sess. 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274; *accord* Scott Paper Co. v. Scott's Liquid Gold, Inc., 589 F.2d 1225, 1228 (3d Cir. 1978); Smith v. Chanel, Inc., 402 F.2d 562, 566 (9th Cir. 1968); Maier Brewing Co. v. Fleischmann Distilling Corp., 390 F.2d 117, 122-23 (9th Cir.), *cert. denied*, 391 U.S. 966 (1968); *In re* DC Comics, Inc., 689 F.2d 1042, 1053 (C.C.P.A. 1982) (Nies, J., specially concurring); *In re* National Distillers & Chem. Corp., 297 F.2d 941, 951-53 (C.C.P.A. 1962) (Rich, J., concurring); D. Robert, The New Trade-Mark Manual xx-xxi (1947).

17. *See* 684 F.2d at 1324-25.

18. *See id.* at 1324; Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 611 F.2d 296, 302-04 (9th Cir. 1979). The Ninth Circuit reasoned that a product can change from being a species into being a genus if "a product's popularity is such that its mark is no longer primarily source-identifying, the product itself, though originally a species of another generic class, 'becomes its own genus' and its name is then deemed generic." 3 R. Callmann, *supra* note 1, § 74.5, at 88 (Supp. 1982).

19. *See* Surgicenters of Am., Inc. v. Medical Dental Surgeries Co., 601 F.2d 1011, 1014 (9th Cir. 1979); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976).

20. *See* 684 F.2d at 1322-24.

21. *Id.* at 1324-25.

22. 611 F.2d at 302-04.

trademarked goods.[23] Reasons relating to the product itself were considered an indication that the product constituted a genus.[24] Examples of such reasons included that the game was interesting, educational, fun or a family game.[25] Durability, price and quality were classified as source-related reasons indicating that "Monopoly" is only a species.[26]

The second part of the test involved asking those interviewed which of the following statements best expressed their reasons for buying the trademarked goods: "I would like Parker Brothers' 'Monopoly' game primarily because I like Parker Brothers' products"—an indication that the consumers are buying for source-related reasons; or "I want a 'Monopoly' game primarily because I am interested in playing 'Monopoly,' I don't much care who makes it"—a product-related reason.[27]

The Court of Customs and Patents Appeals recently rejected the idea that a unique product should be deemed to constitute a new product category and therefore be denied the exclusive use of its trademark name.[28] The special concurring opinion specifically rejected the purchaser motivation test, stating that the public's reasons for buying products are "legally immaterial" in determining whether a mark is generic, and that such a determination should not depend upon how broadly or narrowly the court defines the genus of goods.[29] Similarly, in *Bayer Co. v. United Drug Co.*,[30] the landmark case in which Judge Learned Hand set forth the public perception test, the court noted that a trademark's validity should not rigidly depend

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23. 684 F.2d at 1324.

24. *See id.* at 1324-25.

25. *Id.* at 1324.

26. 611 F.2d at 303.

27. 684 F.2d at 1324.

28. *In re* DC Comics, Inc., 689 F.2d 1042, 1045 (C.C.P.A. 1982). In SK & F Co. v. Premo Pharmaceutical Labs., Inc., 481 F. Supp. 1184, 1188 (D.N.J. 1979), *aff'd*, 625 F.2d 1055 (3d Cir. 1980), the district court afforded protection to the contested trademark (the trade dress of the goods) based on the fact that the product was unique and no similar product existed on the market.

29. *In re* DC Comics, Inc., 689 F.2d 1042, 1054 (C.C.P.A. 1982) (Nies, J., specially concurring); *accord* 1 J. McCarthy, *supra* note 1, § 12:6, at 417 ("[T]he problem of defining a genus of products is merely a secondary test to the ultimate question: What do buyers think the word means?").

The district court in *Anti-Monopoly* also rejected the motivation survey, stating that the dispositive issue was not why the public buys "Monopoly" sets, but rather what they understand the term "Monopoly" to mean. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 515 F. Supp. 448, 454 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983). Based on the cumulative weight of the evidence, the district court found that the term "Monopoly" was not generic. *Id.* The appellate court reversed that finding as being "clearly erroneous." 684 F.2d at 1322-26.

30. 272 F. 505 (S.D.N.Y. 1921).

upon differentiating between goods that constitute a genus and those that constitute a species.[31]

B. *The Aftermath of* Anti-Monopoly

Even the strongest trademarks are threatened by the purchaser motivation test.[32] Two surveys concerning the trademark "Tide" clearly illustrate this concern. In one survey, 89% of those interviewed recognized "Tide" as a brand name.[33] Under the public perception test, "Tide" would be considered a very strong trademark because it clearly denotes source to the public. In a survey based on the purchaser motivation test, however, more than two-thirds of those interviewed gave product-related reasons for purchasing "Tide";[34] therefore, "Tide" would constitute its own genus and be subject to cancellation as being generic. In response to the "Tide" survey, the court in *Anti-Monopoly* stated:

> [The] results tend to show that the general public regards "Tide" as the name of a particular detergent, having particular qualities, rather than as one producer's brand name for the same detergent which is available from a variety of sources . . . . If the general public does think this . . . Proctor and Gamble might have cause for alarm.[35]

Many trademarks would be threatened if unique products, or trademarked goods that are substantially different from other manufacturers' goods, are classified as being a genus unto themselves.[36] Manufac-

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31. *Id.* at 513.

32. *See* Petition for Certiorari, CPG Prods. v. Anti-Monopoly, Inc., No. 82-1075 (U.S. Dec. 23, 1982), *reprinted in* 25 Pat. Trademark & Copyright J. (BNA) 189, 189 (1983); 3 R. Callmann, *supra* note 1, at § 74.5, at 90 (Supp. 1982).

33. Brief for Parker Brothers as Defendant, Counterclaimant and Appellee at 15, Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

34. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 1326 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

35. *Id.*

36. *See* Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 611 F.2d 296, 303 (9th Cir. 1979). In E.R. Squibb & Sons, Inc. v. Cooper Labs., Inc., 536 F. Supp. 523 (S.D.N.Y. 1982), the district court applied the genus/species test and found that the plaintiff's trademark "Angle" was generic. It concluded that the term "Angle" designates a category or genus of goods: all toothbrushes with bent handles. *Id.* at 528. The court focused on defining the genus, rather than examining public perception of the contested mark and noted that "little direct evidence of the public's understanding of the term was presented." *Id.* The court also noted that if the trademark owner were permitted to retain exclusive use of the term as a trademark, competitors would still be able to describe products that were similar to the trademarked product. *Id.* See *infra* pt. II(A) for a discussion of the need for alternative terms.

turers generally promote their goods based on the products' unique qualities.[37] Many manufacturers spend fortunes publicizing their goods with the idea that if the public associates the trademark with a desirable characteristic of the product, such as quality or social status, consumers will be persuaded to buy the trademarked goods.[38] Producers often emphasize that their goods differ from other manufacturers' goods by advertising a special taste, an unsurpassed cleaning power, a secret recipe or an unusually challenging game.[39] Who is to say which product qualities may safely be promoted without causing the trademarked goods to be classified as a genus and which may not? The purchaser motivation test attempts to establish precisely such a delineation.

An analogy may be made to antitrust law by applying the rationale set forth by the Supreme Court:

> A retail seller may have in one sense a monopoly on certain trade because . . . no one else makes a product of just the quality or attractiveness of his product, as for example in cigarettes. Thus one can theorize that we have monopolistic competition in every non-standardized commodity with each manufacturer having power over the price and production of his own product. However, this power that, let us say, automobile or soft-drink manufacturers have over their trademarked products is not the power that makes an illegal monopoly . . . . [T]here are certain differences in the formulae for soft drinks but one can hardly say that each one is an illegal monopoly.[40]

Although products differ from one another, it can hardly be said that such differences create entirely new categories of goods, requiring denial of trademark rights.[41]

Under the purchaser motivation standard, a product constitutes its own genus if consumers indicate that they are interested in buying the product, but do not care who makes it.[42] This implies that consumers

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37. *In re* DC Comics, Inc., 689 F.2d 1042, 1053-54 (C.C.P.A. 1982) (Nies, J., specially concurring); *see* Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210, 1223 (8th Cir.) (the uniqueness of the product's design entitled the product to trademark protection), *cert. denied*, 429 U.S. 861 (1976).

38. Maier Brewing Co. v. Fleischmann Distilling Corp., 390 F.2d 117, 122 (9th Cir.), *cert. denied*, 391 U.S. 966 (1968).

39. *In re* DC Comics, Inc., 689 F.2d 1042, 1053-54 (C.C.P.A. 1982) (Nies, J., specially concurring).

40. United States v. E. I. DuPont de Nemours & Co., 351 U.S. 377, 392-93 (1956)(footnotes omitted).

41. *In re* DC Comics, Inc., 689 F.2d 1042, 1045 (C.C.P.A. 1982) ("[A]ppellant cannot be considered to have created a new product category, the rubric of which . . . should remain available for all to employ in commerce, simply by having originated and promoted . . . [a] unique [product].").

42. *See* Anti-Monopoly Inc. v. General Mills Fun Group, 684 F.2d 1316, 1324 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

must know the identity of the producer for a trademark to be valid.[43] An individual, however, is generally unaware of who makes the trademarked goods,[44] and usually a person's primary objective is to buy particular goods and not to seek out a particular producer per se.[45] Trademark law has traditionally afforded protection to marks that indicate source, even though the source is anonymous.[46] The value of a trademark is that it permits consumers to be confident that they are getting the goods they have asked for and want to receive.[47] The trademark becomes the manufacturer's symbol in place of his name[48] so that purchasers need not know the identity of the manufacturer; rather, they need only know that a trademark identifies the excellence of his work.[49]

C. *Legislative Policies*

Both the public perception test and the concept that a mark may be valid even though the producer is anonymous were set forth more than twenty years before the Act was adopted.[50] In passing the Act, Congress intended to remedy certain judicial interpretations of the trademark law that existed at that time.[51] It did not establish an alternative test for determining genericness, nor did it indicate that a producer's name need be known by the public as a prerequisite to trademark validity.

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43. *See* 3 R. Callmann, *supra* note 1, § 74.5, at 89-90 (Supp. 1982).

44. E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 512 & n.8 (E.D.N.Y. 1975); 3 R. Callmann, *supra* note 1, § 82.2(a), at 774; *id.* § 84.1, at 935.

45. *In re* DC Comics, Inc., 689 F.2d 1042, 1054 (C.C.P.A. 1982) (Nies, J., specially concurring).

46. *See, e.g.*, McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1131 (2d Cir. 1979); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 381 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); Feathercombs, Inc. v. Solo Prods. Corp., 306 F.2d 251, 255 (2d Cir.), *cert. denied*, 371 U.S. 910 (1962); Tas-T-Nut Co. v. Variety Nut & Date Co., 245 F.2d 3, 7 (6th Cir. 1957); Crescent Tool Co. v. Kilborn & Bishop Co., 247 F. 299, 300 (2d Cir. 1917); National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 658-59 (W.D. Wash. 1982); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 512 (E.D.N.Y. 1975); Bayer Co. v. United Drug Co., 272 F. 505, 509 (S.D.N.Y. 1921); 3 R. Callmann, *supra* note 1, § 74.2, at 235-36.

47. S. Rep. No. 1333, 79th Cong., 2d Sess. 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1274; *accord In re* National Distillers & Chem. Corp., 297 F.2d 941, 952 (C.C.P.A. 1962)(Rich, J., concurring); D. Robert, *supra* note 16, Introduction at xxi.

48. Yale Elecs. Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928).

49. *See* R. Guastavino Co. v. Comerma, 184 F. 549, 550 (S.D.N.Y. 1911).

50. *See* Bayer Co. v. United Drug Co., 272 F. 505, 509 (S.D.N.Y. 1921).

51. S. Rep. No. 1333, 79th Cong., 2d Sess. 5, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1276.

Disregarding public understanding of a mark runs counter to the basic teachings of trademark law[52] and loses sight of the underlying goals of the Act.[53] A determination of whether a registered mark has become generic should be based on public perception of the contested term, rather than on public motivation for purchasing the trademarked goods.

II. Proposed Factors for Determining Genericness

Public understanding of a mark is an amorphous concept[54] for which no single definitive evidentiary factor exists. Moreover, courts have failed to establish a standard set of factors to be examined in evaluating public perception. Evaluating the validity of a mark based on a cohesive group of factors would further the goals of the Act by ensuring consistency in the application of trademark law.[55] Such factors should include: 1) availability of alternative terms; 2) likelihood of confusion; 3) public opinion surveys; 4) secondary meaning; 5) advertising and sales; and 6) manner and length of use. These factors have all been used at different times in cancellation or trademark infringement cases and should be considered as a group whenever a trademark is challenged as generic.

A. *The Availability of Alternative Terms*

A primary consideration in cancellation proceedings is whether there are terms, other than the contested mark, that can be used to accurately describe the relevant goods.[56] This factor should be given

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52. DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 81 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936); *accord* 3 R. Callmann, *supra* note 1, § 74.2, at 237.

53. *See In re* DC Comics, Inc., 689 F.2d 1042, 1053 (C.C.P.A. 1982) (Nies, J., specially concurring).

54. *See* McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1133 (2d Cir. 1979); Del Labs., Inc. v. Alleghany Pharmacal Corp., 516 F. Supp. 777, 781 (S.D.N.Y. 1981); E. I. DuPont de Nemours & Co. v. Yoshida Int'l. Inc., 393 F. Supp. 502, 512 (E.D.N.Y. 1975); 3 R. Callmann, *supra* note 1, § 82.1(1); at 757; *see also* HMH Publishing Co. v. Brincat, 504 F.2d 713, 716 (9th Cir. 1974)("[D]octrinal confusion, conflicting results, and judicial prolixity" are the "hallmarks" of trademark infringement cases, which also involve an examination of whether the public associates a trademark with a single source.).

55. *See* S. Rep. No. 1333, 79th Cong., 2d Sess. 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1274.

56. *See, e.g.*, Donald F. Duncan, Inc. v. Royal Tops Mfg. Co., 343 F.2d 655, 663 (7th Cir. 1965); Ross-Whitney Corp. v. Smith Kline & French Labs., 207 F.2d 190, 195 (9th Cir. 1953); DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 79-80 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936); Bayer Co. v. United Drug Co., 272 F. 505, 510-11 (S.D.N.Y. 1921); Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437, 445 (D. Or. 1978).

considerable weight in determining whether a term is generic because the doctrine of genericness is based on the concept that manufacturers and consumers should be able to describe goods that are similar or identical to the trademarked goods.[57] If the public knows the product by only one description, no individual will be granted the exclusive use of that name.[58]

The term "aspirin," for example, had been used generically by the producer and the public for more than a decade[59] and was found to be generic because it had become the only name by which the public knew that particular kind of drug.[60] The only alternative description available to competitors marketing the same product was "acetyl salicylic acid," a complicated term with which the public was unfamiliar.[61]

Granting exclusive use of a term that is the only publicly recognizable name for a category of goods unfairly limits competition[62] because it confers a monopoly on the trademark owner by rendering competitors unable to describe their goods effectively.[63] Competitors are hampered in the sale of their goods, and consumers cannot easily discover whether products similar to the trademarked goods are available from other sources. If adequate synonyms are available, however, permitting a trademark owner to retain exclusive rights in a mark does not handicap competitors or consumers.[64] Widespread use of alternative terms may prove that competitors do not need the contested mark to describe their goods.[65] Moreover, trademark protec-

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57. *See* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 10 (2d Cir. 1976); Bada Co. v. Montgomery Ward & Co., 426 F.2d 8, 11 (9th Cir.), *cert. denied*, 400 U.S. 916 (1970); National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 663 (W.D. Wash. 1982); Del Labs., Inc. v. Alleghany Pharmacal Corp., 516 F. Supp. 777, 780 n.1 (S.D.N.Y. 1981) (quoting Reese Publishing Co. v. Hampton Int'l Communications, Inc., 620 F.2d 7, 10 (2d Cir. 1980)); L. Amdur, *supra* note 1, at 310.

58. L. Amdur, *supra* note 1, at 310; *see* Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437, 445 (D. Or. 1978); 1 J. McCarthy, *supra* note 1, § 12:2(F), at 409-10.

59. Bayer Co. v. United Drug Co., 272 F. 505, 510-12 (S.D.N.Y. 1921).

60. *Id.*

61. *Id.* at 511.

62. Smith v. Chanel, Inc., 402 F.2d 562, 566-69 (9th Cir. 1968).

63. Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 10 (2d Cir. 1976); CES Publishing Corp. v. St. Regis Publications, Inc., 531 F.2d 11, 13 (2d Cir. 1975).

64. L. Amdur, *supra* note 1, at 310.

65. Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437, 447 (D. Or. 1978); *see* Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479, 483-84 (S.D.N.Y. 1968)(contested term was found valid; alternative descriptions had been used by competitors for many years to describe similar products); Q-Tips, Inc. v. Johnson & Johnson, 108 F. Supp. 845, 863 (D.N.J. 1952)(same), *aff'd*, 206 F.2d 144 (3d Cir.), *cert. denied*, 346 U.S. 867 (1953).

tion may be afforded to the contested mark even though existing synonyms are not generally used.[66] Along the same lines, consideration should be given to whether use of the contested trademark is necessary to describe certain goods or whether a challenging party simply hopes to reap the benefits of the owner's advertising and goodwill. Whether a competitor is "riding the coattails" of the trademark owner[67] is frequently a factor in trademark infringement cases.[68]

A valid trademark does not, by itself, constitute a restraint of trade.[69] When the Act was passed, Congress specifically stated that trademark protection does not foster monopolies.[70] Moreover, as noted by one court, "it is significant that in almost every reported instance where the antitrust misuse of a trademark has been raised as a defense, it has been rejected."[71] Trademark protection bars competi-

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66. *See* E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 526 (E.D.N.Y. 1975).

67. Stork Restaurant, Inc. v. Sahati, 166 F.2d 348, 356-57 (9th Cir. 1948).

68. *See, e.g.*, Spring Mills, Inc. v. Ultracashmere House, Ltd., 689 F.2d 1127, 1134 (2d Cir. 1982); James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 277 (7th Cir. 1976); Maier Brewing Co. v. Fleischmann Distilling Corp., 390 F.2d 117, 122 (9th Cir.), *cert. denied*, 391 U.S. 966 (1968); Stork Restaurant, Inc. v. Sahati, 166 F.2d 348, 356-57 (9th Cir. 1948); SK & F Co. v. Premo Pharmaceutical Labs., Inc., 481 F. Supp. 1184, 1190 (D.N.J. 1979), *aff'd*, 625 F.2d 1055 (3d Cir. 1980).

Interestingly, in *Anti-Monopoly* the plaintiff first marketed his game under the name "Bust the Trust" with unsuccessful results. After changing the name to "Anti-Monopoly," the plaintiff sold more than 400,000 games, making almost a million dollars. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 195 U.S.P.Q. (BNA) 634, 636-37 (N.D. Cal. 1977), *rev'd and remanded*, 611 F.2d 296 (9th Cir. 1979), *on remand*, 515 F. Supp. 448 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983). As one court noted, it is sometimes difficult to understand why a manufacturer would choose "a mark that had long been employed . . . and had become known to the trade instead of adopting some other means to identify its goods . . . unless there was a deliberate purpose to obtain some advantage . . . which [the trademark owner] had built up." Miles Shoes, Inc. v. R.H. Macy & Co., 199 F.2d 602, 603 (2d Cir. 1952), *cert. denied*, 345 U.S. 909 (1953); *accord* Spring Mills, Inc. v. Ultracashmere House, Ltd., 689 F.2d 1127, 1135 (2d Cir. 1982); American Chicle Co. v. Topps Chewing Gum, Inc., 208 F.2d 560, 562-63 (2d Cir. 1953).

69. S. Rep. No. 1333, 79th Cong., 2d Sess. 3-4, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1275; *see* Smith v. Chanel, Inc., 402 F.2d 562, 566 (9th Cir. 1968) (use of trademarks promotes competition by enabling consumers to identify goods that please them); *see also* Rogers, *supra* note 1, at 175 (Without trademarks, "[t]here would be competition, to be sure, but it would be competition to see who could make the worst goods, not the best; and he would win whose product was the cheapest, poorest, and most dishonest.").

70. S. Rep. No. 1333, 79th Cong., 2d Sess. 3-4, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1275.

71. Carl Zeiss Stiftung v. V.E.B. Carl Zeiss, Jena, 298 F. Supp. 1309, 1314 (S.D.N.Y. 1969), *aff'd*, 433 F.2d 686 (2d Cir. 1970), *cert. denied*, 403 U.S. 905 (1971). *But see* Borden, Inc. v. FTC, 674 F.2d 498, 512 (6th Cir. 1982) ("When a seller possesses an overwhelmingly dominant share of the market, . . . and differenti-

tors from using one particular term but does not prevent the competitive production and sale of identical goods.[72] Except for the contested term, a wealth of other words and phrases is available to competitors to describe their goods to the public.[73]

Modern advertising techniques have greatly enhanced a manufacturer's ability to describe his product to the public.[74] Recognition of this fact is appropriate in light of the Act's objective of conforming trademark law to "present-day" business practices.[75] Advertising that involves visual representations, such as television, billboards, magazine and newspaper ads, permits a manufacturer to reinforce the description of the product with a picture of the goods. As a result, the manufacturer is able to illustrate to the public the type of goods he is attempting to sell, thus reducing a producer's need for a single term to describe his product.

Comparative advertising also enhances a competitor's ability to communicate with the public, providing a tool by which he can educate consumers concerning the goods he is attempting to sell.[76] A competitor may actually use the contested trademark in his advertising to clarify what he is selling.[77] For example, the defendant's use of the trademark "T.V. Guide" in a television commercial was found to be acceptable comparative advertising.[78] The defendant used the

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ates its product from others through a recognized and extensively advertised brand name, thereby enabling the seller to control prices or unreasonably restrict competition, then monopoly power may be found to exist.").

72. Carl Zeiss Stiftung v. V.E.B. Carl Zeiss, Jena, 298 F. Supp. 1309, 1314 (S.D.N.Y. 1969), *aff'd*, 433 F.2d 686 (2d Cir. 1970), *cert. denied*, 403 U.S. 905 (1971); *see* National Football League Properties, Inc., v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 663 (W.D. Wash. 1982) ("Plaintiffs do not seek to prohibit the manufacture of jerseys, only jerseys which bear their marks. The jerseys are the product and not the marks.").

73. R. Guastavino Co. v. Comerma, 184 F. 549, 550 (S.D.N.Y. 1911); *accord* Aluminum Fabricating Co. v. Season-All Window Corp., 259 F.2d 314, 317 (2d Cir. 1958); Stork Restaurant, Inc. v. Sahati, 166 F.2d 348, 361 (9th Cir. 1948); Coca-Cola Co. v. Old Dominion Beverage Corp., 271 F. 600, 604 (4th Cir.), *cert. denied*, 256 U.S. 703 (1921); Formica Corp. v. Newnan Corp., 396 F.2d 486, 488 (C.C.P.A. 1968) (quoting Florence Mfg. Co. v. J.C. Dowd & Co., 178 F. 73, 75 (2d Cir. 1910).

74. *See* Aluminum Fabricating Co. v. Season-All Window Corp., 259 F.2d 314, 317 (2d Cir. 1958) ("[T]he ingenuity of the public relations profession supplies new words and slogans as they are needed.").

75. S. Rep. No. 1333, 79th Cong., 2d Sess. 5, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1276.

76. Seven-Up Co. v. No-Cal Corp., 191 U.S.P.Q. (BNA) 202, 209 (E.D.N.Y. 1976); *see* Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d 769, 776 (9th Cir. 1981); Smith v. Chanel, Inc., 402 F.2d 562, 565 (9th Cir. 1968); Lee, *Comparative Advertising, Commercial Disparagement and False Advertising*, 71 Trade-Mark Rep. 620, 621 (1981).

77. *E.g.*, Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d 769, 776 (9th Cir. 1981); Smith v. Chanel, Inc. 402 F.2d 562, 563-64 (9th Cir. 1968).

78. Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc., 445 F. Supp. 875, 877-78 (S.D. Fla. 1978), *aff'd*, 626 F.2d 1171 (5th Cir. 1980).

trademark to inform the public about the type of product it produced. The commercial stated:

> This is a T.V. Guide. When you buy it . . . that's all you get. . . . This is the Miami Herald's T.V. Book. When you buy it . . . you get . . . extras.[79]

Using this kind of advertising, a manufacturer marketing a board game similar or identical to "Monopoly" could develop an ad that says: "Here is our new real estate trading board game. It's just like Parker Brothers' game, 'Monopoly,' but ours is better because . . . ."

In evaluating a trademark's validity, considerable weight should be given to the question of whether alternative terms exist that may be used to describe goods similar to the trademarked product. In making this evaluation, the competitors' enhanced ability to describe their goods as a result of modern day marketing techniques and comparative advertising should be taken into account.

B. *Likelihood of Confusion*

A major objective of the Act is to prevent public confusion concerning the origin of goods.[80] Congress intended to regulate the use of trademarks in such a manner that consumers could be confident that when purchasing a trademarked product they would in fact get the goods they intended to receive.[81] In determining whether a mark should be deemed generic, an evaluation should be made as to whether cancellation would result in confusion concerning the origin of goods bearing the contested mark.[82] One court noted that cancellation should be granted only "[i]f the mark has come to be so public and in such universal use that nobody can be deceived by the use of it, and . . . [therefore induced] to believe that he is buying the goods of the original trader."[83] In other words, cancellation should not be

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79. *Id.* at 877 n.4.

80. S. Rep. No. 1333, 79th Cong., 2d Sess. 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1274.

81. *Id.* at 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1274. Trademark law attempts to "minimize confusion of the public as to the origin of the product and to avoid diversion of customers misled by a similar mark." Scott Paper Co. v. Scott's Liquid Gold, Inc., 589 F.2d 1225, 1228 (3d Cir. 1978); *accord* Nabisco Brands, Inc. v. Quaker Oats Co., 547 F. Supp. 692, 698 (D.N.J. 1982); *see* Rogers, *supra* note 1, at 176.

82. *See* Brooks Bros. v. Brooks Clothing, Ltd., 60 F. Supp 442, 453 (S.D. Cal. 1945)(The likelihood of confusion "is inherent in the use of the . . . [contested mark] by anyone but the plaintiff."), *aff'd per curiam*, 158 F.2d 798 (9th Cir.), *cert. denied*, 331 U.S. 824 (1947).

83. DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 82 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936) (quoting Ford v. Foster, 7 L.R.-Ch. 611, 628 (Ch. App. 1870)); *see also* L. Amdur, *supra* note 1, at 304 (same).

granted if confusion is likely to result from an appreciable number of buyers associating the contested mark with a single source and, after cancellation, being unaware that the cancelled mark may be used by other manufacturers.[84]

In trademark infringement cases, courts will act to prevent confusion when "there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled or indeed simply confused, as to the source of the goods in question."[85] When surveys have indicated that as little as 11% to 25% of the public might be deceived, courts have granted trademark protection to the relevant term to avoid confusion.[86] Application of a similar standard is appropriate in cancellation proceedings because both trademark infringement and cancellation cases focus on whether the public perceives a mark as indicating that goods derive from, or are associated with, a particular source.[87] In a case in which a large percentage of the public associates the contested term with the producer, such as the *Anti-Monopoly* case,[88] the likelihood of confusion becomes even more significant. The best indicator of probable confusion is evidence showing that there have been instances of actual confusion.[89] Therefore, in a

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84. *See* Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 412-13 (1916)("The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another."), *quoted in* Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78, 84 (3d Cir. 1982); S.C. Johnson & Son v. Johnson, 116 F.2d 427, 429 (2d Cir. 1940)("[T]he wrong involved is diverting trade from the first user by misleading customers who mean to deal with him."); 3 R. Callmann, *supra* note 1, § 74.2, at 236 (a trademark should not be cancelled if "part of the public continues to associate the mark with a particular . . . source").

85. Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978) (per curiam), *cert. denied*, 439 U.S. 1116 (1979); *accord* Spring Mills, Inc. v. Ultracashmere House, Ltd., 689 F.2d 1127, 1129 (2d Cir. 1982); McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1130 (2d Cir. 1979); 3 R. Callmann, *supra* note 1, § 84, at 929.

86. Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 385-86 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); *e.g.*, Squirtco v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980)(25%); James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 279 (7th Cir. 1976)(15%); Jockey Int'l, Inc. v. Burkard, 185 U.S.P.Q.(BNA) 201, 205 (S.D. Cal. 1975)(11.4%).

87. *See, e.g.*, Coca-Cola Co. v. Overland Inc., 692 F.2d 1250, 1254 n.10 (9th Cir. 1982) (cancellation case); Helene Curtis Indus. v. Church & Dwight Co., 560 F.2d 1325, 1332 (7th Cir. 1977)(same), *cert. denied*, 434 U.S. 1070 (1978); James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 275 (7th Cir. 1976)(trademark infringement case); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 387 (7th Cir.)(same), *cert. denied*, 429 U.S. 830 (1976).

88. The survey accepted by the Ninth Circuit indicated that more than 55% of the public associated the term "Monopoly" with a single source. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 1322-23 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

89. Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 383 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); Roto-Rooter Corp. v. O'Neal, 513 F.2d 44, 45-46 (5th

cancellation proceeding, evidence of actual confusion is another factor to be examined.

The competitive need to describe goods similar to the trademarked goods must be balanced against the risk that a number of buyers who know and use the term as a trademark will be deceived if other manufacturers use that mark.[90] If the possibility of confusion exists, protection of consumers "must be given primary consideration."[91]

C. *Public Opinion Surveys*

No generally accepted formula for determining public perception by means of a survey has been established by the courts,[92] even though survey evidence is often employed in cases concerning public perception.[93] Conclusions regarding public understanding may vary dramatically, depending upon the survey used.[94] In a case pertaining to the trademark "Teflon,"[95] for example, one survey indicated that 68% of the purchasers considered "Teflon" to be a brand name,[96] so that it denoted source and was therefore a valid trademark. A different

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Cir. 1975); Spangler Candy Co. v. Crystal Pure Candy Co., 353 F.2d 641, 643-44 (7th Cir. 1965); Standard Oil Co. v. Standard Oil Co., 252 F.2d 65, 74 (10th Cir. 1958).

90. American Thermos Prods. Co. v. Aladdin Indus., 207 F. Supp. 9, 27 (D. Conn. 1962), *aff'd sub nom.* King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577 (2d Cir. 1963); Marks v. Polaroid Corp., 129 F. Supp. 243, 270 (D. Mass. 1955), *aff'd*, 237 F.2d 428 (1st Cir. 1956), *cert. denied*, 352 U.S. 1005 (1957).

91. American Thermos Prods. Co. v. Aladdin Indus., 207 F. Supp. 9, 27 (D. Conn. 1962), *aff'd sub nom.* King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577 (2d Cir. 1963); *see* Black Hills Jewelry Mfg. Co. v. LaBelle's, 489 F. Supp. 754, 756 (D.S.D.) ("Under the Lanham Act the interests of the public are supreme."), *aff'd*, 633 F.2d 746 (8th Cir. 1980).

92. Standard Oil Co. v. Standard Oil Co., 141 F. Supp. 876, 887 (D. Wyo. 1956), *aff'd*, 252 F.2d 65 (10th Cir. 1958); *see* American Thermos Prods. Co. v. Aladdin Indus., 207 F. Supp. 9, 21 (D. Conn. 1962), *aff'd sub nom.* King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577 (2d Cir. 1963).

93. *See, e.g.*, Squirtco v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980); James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 277-79 (7th Cir. 1976); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 386 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 525-28 (E.D.N.Y. 1975); Jockey Int'l Inc. v. Burkard, 185 U.S.P.Q. (BNA) 201, 205 (S.D. Cal. 1975); American Thermos Prods. Co. v. Aladdin Indus., 207 F. Supp. 9, 20-22 (D. Conn. 1962), *aff'd sub nom.* King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577 (2d Cir. 1963); *In re* Raytheon Co., 202 U.S.P.Q. (BNA) 317, 319-20 (Trademark Trial & App. Bd. 1979); *see also* 1 J. McCarthy, *supra* note 1, § 12:2(G), at 410 ("Since the ultimate test of genericness is customer usage, consumer survey evidence is relevant to the generic significance of a term.").

94. *See* E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 525-27 (E.D.N.Y. 1975); N.Y. Times, Oct. 27, 1982, at B1, col. 1.

95. E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502 (E.D.N.Y. 1975).

96. *Id.* at 526.

survey, however, indicated that 86% of the consumers considered it to be the common descriptive term for a type of product,[97] which would mean that the term was generic. Similarly, in *Anti-Monopoly*, the surveys introduced by the parties also reached opposite conclusions concerning public perception of the mark.[98]

One expert in the field of public opinion surveys has asserted that different responses may be elicited simply by rearranging certain questions in the survey.[99] Another polling expert has commented that if five surveys were conducted, there would be five different results.[100] Given these inconsistencies,[101] survey evidence should not be afforded great weight, but rather it should be used only to corroborate evidence presented by the other factors discussed in this Part.[102]

The Ninth Circuit, however, relied on a survey as compelling evidence that the mark "Monopoly" had become generic.[103] In this survey, interviewers described a board game involving the buying, selling and trading of real estate, in which the winner succeeded in bankrupting opponents.[104] Approximately 80% of the interviewees who were familiar with the goods described said that if they were to buy such a game they would ask for "Monopoly."[105] The court therefore held that the term "Monopoly" was generic, based on the premise that the public uses the name of the game to denote the game itself rather than its producer.[106] A similar survey had been used in the case involving the trademark "Teflon."[107] Yet, the *Teflon* court rejected the survey's

97. *Id.* at 525.

98. *See* Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 1321-24 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983). Four separate surveys were introduced as evidence: 1) the "Brand-name" survey; 2) the "Thermos" survey; 3) the "Motivation" survey; and 4) the "Tide" survey. *Id.* at 1323-26.

99. N.Y. Times, Oct. 27, 1982, at B1, col. 5.

100. *Id.* at B5, cols. 3-4.

101. Surveys may not accurately reflect public perception because many individuals "do not take the same trouble to avoid confusion when they are responding to sociological investigators as when they spend their cash." American Footwear Corp. v. General Footwear Co., 609 F.2d 655, 660-61 n.4 (2d Cir. 1979) (quoting American Luggage Works, Inc. v. United States Trunk Co., 158 F. Supp. 50, 53 (D. Mass. 1957)), *cert. denied*, 445 U.S. 951 (1980); *accord* Hawley Prods. Co. v. United States Trunk Co., 259 F.2d 69, 78 (1st Cir. 1958); General Motors Corp. v. Cadillac Marine & Boat Co., 226 F. Supp. 716, 737-38 (W.D. Mich. 1964).

102. *See* American Thermos Prods. Co. v. Aladdin Indus., 207 F. Supp. 9, 20-21 (D. Conn. 1962), *aff'd sub nom.* King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577 (2d Cir. 1963); Monsieur Henri Wines, Ltd. v. Duran, 204 U.S.P.Q. (BNA) 601, 606 (Trademark Trial & App. Bd. 1979).

103. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 1323-24 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

104. *Id.* at 1323.

105. *Id.*

106. *Id.*

107. *See* E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 525 (E.D.N.Y. 1975) ("Survey I").

validity because the survey focused on obtaining the name that consumers would use to ask for the goods described, without regard to what they understood the name to mean.[108]

A trademark is often used by the public to identify both the product and the producer.[109] As one court stated, a mark should not be deemed "generic merely because it has *some* significance to the public as an indication of the nature or class of an article. . . . [T]o become generic the *principle* significance of the word must be its indication of the nature or class of an article, rather than an indication of its origin."[110] The public's understanding of a term as being indicative of both product and producer was well illustrated in a case involving the trademark "Dictaphone."[111] Almost all of the non-expert witnesses presented by the challenging party testified that the name "Dictaphone" was generally used to designate a type of product.[112] This would indicate that the term had become generic. Cross-examination revealed, however, that although the witnesses used the name to refer to a type of product, they knew that the term was in fact a trademark for a specific manufacturer's goods.[113] The mark was therefore valid because it was source indicative. The witnesses also stated that they were aware of alternative descriptions for the relevant goods, such as "dictating machines" or "dictation equipment."[114]

That consumers request a product by the name given to the goods by the manufacturer does not negate the mark's source-denoting func-

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108. *Id.* at 527 (The dispositive issue is not what purchasers would ask for; rather it is whether they recognize the term as a brand name or whether they view it solely as a common descriptive term for a category of goods.); *see* Q-Tips, Inc. v. Johnson & Johnson, 108 F. Supp. 845, 863 (D.N.J. 1952) ("Instances of use of the word . . . in a generic sense . . . do not of themselves necessarily establish that the buyers' understanding is that it is the name of a kind of goods sold."), *aff'd*, 206 F.2d 144 (3d Cir.), *cert. denied*, 346 U.S. 867 (1953).

109. *In re* DC Comics, Inc., 689 F.2d 1042, 1054 (C.C.P.A. 1982) (Nies, J., specially concurring). Courts have recognized the dual function of a name. *E.g.*, Life Savers Corp. v. Curtiss Candy Co., 182 F.2d 4, 8 (7th Cir. 1950); Q-Tips, Inc. v. Johnson & Johnson, 108 F. Supp. 845, 863 (D.N.J. 1952), *aff'd*, 206 F.2d 144 (3d Cir.), *cert. denied*, 346 U.S. 867 (1953); R. Guastavino Co. v. Comerma, 180 F. 920, 921 (C.C.S.D.N.Y. 1910).

110. Feathercombs, Inc. v. Solo Prods. Corp., 306 F.2d 251, 256 (2d Cir.), *cert. denied*, 371 U.S. 910 (1962); *accord* Coca-Cola Co. v. Overland, Inc., 692 F.2d 1250, 1254 n.10 (9th Cir. 1982); Helene Curtis Indus. v. Church & Dwight Co., 560 F.2d 1325, 1332 (7th Cir. 1977), *cert. denied*, 434 U.S. 1070 (1978); 1 J. Gilson, Trademark Protection & Practice, § 2.02(1), at 2-11 to 2-14 (1976).

111. Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437 (D. Or. 1978).

112. *Id.* at 445.

113. *Id.*

114. *Id.*

tion.[115] As described by one court, "[w]hen a person informs us that he has bought a Ford, he need not add that it was an automobile. And when he buys a Stetson, we know that he is buying a hat."[116] The name indicates both product and producer: therefore, a survey indicating that the public would use a trademark to ask for certain goods described to them is ambiguous. Such a survey fails to clarify the primary significance of the name used.[117]

In *Anti-Monopoly*, another survey—the "brand name" survey—was conducted in which consumers were asked to classify various words as either a common name for an item (the word "car" was given as an example of a common name) or as a brand name (e.g. "Chevrolet").[118] The results indicated that 63% of the population recognized the term "Monopoly" as a brand name.[119] This survey duplicated the method that had been accepted by the court in the "Teflon" case.[120] Nevertheless, the Ninth Circuit rejected this survey because a "brand name" was defined as a term indicating a product made by one company.[121] The court stated that "[u]nder the survey definition, 'Monopoly' would have to be a 'brand name' because it is made by only one company."[122] Yet, this rationale presupposes that the public is aware that only one company produces "Monopoly," which, if true, would show that the term is source indicative. In any case, the definition used is appropriate because the purpose of a brand name is to indicate to the public that the goods are made by a single producer.[123]

That a product is manufactured by only one company is irrelevant in determining a mark's validity.[124] As stated by Judge Learned Hand,

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115. *In re* DC Comics, Inc., 689 F.2d 1042, 1054 (C.C.P.A. 1982) (Nies, J., specially concurring) ("Such a given name is a proper name, like the name of an individual, not a generic name, so long as the public uses it to identify a product of a single source."); *see* Petition for Certiorari, CPG Prods. v. Anti-Monopoly, Inc., No. 82-1075 (U.S. Dec. 23, 1982), *reprinted in* 25 Pat. Trademark & Copyright J. (BNA) 189, 189-90 (1983).

116. Brooks Bros. v. Brooks Clothing, Ltd., 60 F. Supp. 442, 454 (S.D. Cal. 1945), *aff'd per curiam*, 158 F.2d 798 (9th Cir.), *cert. denied*, 331 U.S. 824 (1947).

117. *See* King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577, 580 (2d Cir. 1963); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 527 (E.D.N.Y. 1975).

118. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 1323 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

119. *Id.* at 1321.

120. *See* E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 527 (E.D.N.Y. 1975).

121. 684 F.2d at 1323.

122. *Id.*

123. See *supra* note 1.

124. *In re* DC Comics, Inc., 689 F.2d 1042, 1054 (C.C.P.A. 1982) (Nies, J., specially concurring).

"all that is needed for a valid trade-mark is that the name should indicate the manufacture of the owner, whether there are other manufacturers or not."[125]

The "brand name" survey appears to present the most reliable evidence concerning public perception because it addresses the essential question of a term's primary significance and the public's understanding of it.[126]

In surveys used to ascertain public perception of a contested mark, the trademarked goods should be shown to the interviewees, packaged as the goods would normally be at the time of sale.[127] Asking questions pertaining to trademarked goods that the interviewees can see better reflects the reality of the marketplace than do questions posed in the abstract.[128]

D. *Secondary Meaning*

Another factor to be examined in a cancellation proceeding is whether the challenged mark has acquired and retained a secondary meaning. If the public associates the relevant trademarked goods with a single source, the mark is said to have acquired a secondary meaning.[129] Consequently, the term has become a brand name, and its

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125. R. Guastavino Co. v. Comerma, 180 F. 920, 921 (C.C.S.D.N.Y. 1910).

126. E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 527 (E.D.N.Y. 1975)("[T]he public is quite good at sorting out brand names from common names.").

127. *See, e.g.*, Amercian Footwear Corp. v. General Footwear Co., 609 F.2d 655, 660-61 n.4 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980); James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 277-78 (7th Cir. 1976); National Football League Properties, Inc. v. Dallas Cap & Emblem Mfg. Inc., 26 Ill. App. 3d 820, 823, 327 N.E.2d 247, 250 (1975); *see also* Squirtco v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980) (Likelihood of confusion "is based on an examination of the marks as a whole, including visual impression."); *In re* Abcor Dev. Corp., 588 F.2d 811, 814 (C.C.P.A. 1978) ("Evidence of the context in which a mark is used on labels, packages, or in advertising material directed to the goods is probative of the reaction of prospective purchasers to the mark.").

128. A trademark should be examined in relation to normal buying conditions. McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1137 (2d Cir. 1979); *see* Spring Mills, Inc. v. Ultracashmere House, Ltd., 689 F.2d 1127, 1133 (2d Cir. 1982); Squirtco v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir. 1980); Grotrian, Helfferich, Schulz, Th. Steinweg Nechf. v. Steinway & Sons, 523 F.2d 1331, 1341-42 (2d Cir. 1975); Quaker Oats Co. v. General Mills, Inc., 134 F.2d 429, 433 (7th Cir. 1943); Del Labs., Inc. v. Alleghany Pharmacal Corp., 516 F. Supp. 777, 782-83 (S.D.N.Y. 1981) (quoting 3 R. Callmann, *supra* note 1, § 82.2(c), at 807); *In re* Abcor Dev. Corp., 588 F.2d 811, 814 (C.C.P.A. 1978).

129. Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210, 1219 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 380 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); G. & C. Merriam Co. v. Saalfield, 198 F. 369, 373 (6th Cir. 1912), *aff'd in part*, 238 F. 1 (6th Cir.), *cert. denied*, 243 U.S. 651 (1917); National Football League Properties, Inc. v. Wichita

primary significance is necessarily source indicative.[130] As such, the mark should not be cancelled.

The Ninth Circuit, however, stated that a registered mark might be invalid even if more than 50% of the public associates the mark with one producer.[131] The court incorrectly based its conclusion on *Kellogg Co. v. National Biscuit Co.*,[132] in which the Supreme Court held that the term "shredded wheat" was generic even though many people associated the product with a single manufacturer.[133] The doctrine of secondary meaning could not be applied in that particular case[134] because the contested mark had been used generically for many years before the case was heard and moreover, had been denied trademark registration based on a finding that the term was generic.[135]

Courts have consistently held that if a term is originally generic, and therefore part of the common vernacular prior to registration or use, the term cannot acquire secondary meaning and thus be granted trademark protection.[136] A registered mark, however, is presumed to be non-generic[137] and may acquire secondary meaning.[138] In *Anti-*

Falls Sportswear, Inc., 532 F. Supp. 651, 658 (W.D. Wash. 1982); Black Hills Jewelry Mfg. Co. v. LaBelle's, 489 F. Supp. 754, 756-57 (D.S.D.), *aff'd*, 633 F.2d 746 (8th Cir. 1980); 3 R. Callmann, *supra* note 1, § 77.2, at 346.

130. Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 380 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); G. & C. Merriam Co. v. Saalfield, 198 F. 369, 373 (6th Cir. 1912), *aff'd in part*, 238 F. 1 (6th Cir.), *cert. denied*, 243 U.S. 651 (1917); *see* Feathercombs, Inc. v. Solo Prods. Corp., 306 F.2d 251, 256 (2d Cir.) (a registered mark becomes non-distinctive and generic when it loses its secondary meaning), *cert. denied*, 371 U.S. 910 (1962); National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 663 (W.D. Wash. 1982) (contested mark was not generic based on proof of secondary meaning, and the likelihood that confusion would result from use by a producer other than the trademark owner); 3 R. Callmann, *supra* note 1, § 74.2, at 236-37 (trademark should not be cancelled so long as "part of the public continues to associate the mark with a particular, albeit unknown, source").

131. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 1322-23 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

132. 305 U.S. 111 (1938).

133. *Id.* at 118-19.

134. *Id.*

135. *Id.* at 116, 118.

136. *E.g.*, Purolator, Inc. v. EFRA Distribs., Inc., 687 F.2d 554, 562 (1st Cir. 1982); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976); J. Kohnstam, Ltd. v. Louis Marx & Co., 280 F.2d 437, 440 (C.C.P.A. 1960); *see* 1 J. McCarthy, *supra* note 1, § 15:7, at 534 ("Once determined to be a generic designation of a class of goods, no amount of evidence of purported secondary meaning can give legal protection to that generic term.").

137. Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d 769, 775-76 (9th Cir. 1981); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 11 (2d Cir. 1976); Aluminum Fabricating Co. v. Season-All Window Corp., 259 F.2d 314, 317 (2d Cir. 1958); *see* 15 U.S.C. § 1115(a) (1976).

138. *See* McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1131-32 (2d Cir. 1979); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 380 (7th Cir.), *cert.*

Monopoly, the Ninth Circuit failed to distinguish between terms originally generic and terms that have been granted registration, which are therefore presumed to be valid.[139]

E. *Advertising and Sales*

In cancellation proceedings, courts should also consider the amount of time, money and energy expended by the trademark owner in promoting his trademark, together with the volume of sales generated.[140] These factors are already consistently used to evaluate whether a term has acquired a secondary meaning,[141] based on public perception. They are particularly valuable because no scientifically accurate method of measuring public understanding exists.[142]

In *Anti-Monopoly*, the district court gave weight to the fact that Parker Brothers had made a substantial investment in the promotion

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denied, 429 U.S. 830 (1976). If a term is generic before registration, it "already belongs to the public." G. & C. Merriam Co. v. Saalfield, 198 F. 369, 373 (6th Cir. 1912), *aff'd in part*, 238 F. 1 (6th Cir.), *cert. denied*, 243 U.S. 651 (1917). This differs from a cancellation proceeding in which it must be determined that a word which has been used exclusively by the trademark owner for some period of time has become *publici juri*. *See* W.E. Bassett Co. v. Revlon, Inc., 435 F.2d 656, 661 (2d Cir. 1970) (the "Shredded Wheat" case was distinguished because the term "shredded wheat" was originally generic, whereas the contested term in *Bassett* was merely descriptive, and therefore could acquire a secondary meaning). Similarly, in Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976), the court stated that the defendant was wrong in relying on the "Shredded Wheat" case "for the proposition that . . . a particular name is incapable of acquiring a secondary meaning even through long and exclusive use with a single product." *id.* at 1219 n.12, which is the proposition upon which the Ninth Circuit relied. The Eighth Circuit explained that on the facts of the "Shredded Wheat" case, the doctrine of secondary meaning was inapplicable for policy reasons: " 'the courts will never apply the "secondary meaning" doctrine so as to create monopoly rights.' " *Id.* (quoting *In re* Deister Concentrator Co., 289 F.2d 496, 504 (C.C.P.A. 1961)).

139. *See* Petition for Certiorari, CPG Prods. v. Anti-Monopoly, Inc., No. 82-1075 (U.S. Dec. 23, 1982), *reprinted in* 25 Pat. Trademark & Copyright J. (BNA) 189, 189 (1983).

140. This consideration is consistent with the underlying objective of the Act to protect a trademark owner who "has spent energy, time, and money" to promote his trademarked goods. S. Rep. No. 1333, 79th Cong., 2d Sess. 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1274.

141. *See, e.g.*, Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78, 82 (3d Cir. 1982); Faberge, Inc. v. Saxony Prods., Inc., 605 F.2d 426, 428 (9th Cir. 1979); McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1133 n.4 (2d Cir. 1979); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 380 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479, 483 (S.D.N.Y. 1968); La Maur, Inc. v. Alberto-Culver Co., 179 U.S.P.Q. (BNA) 607, 610 (D. Minn. 1973), *aff'd per curiam*, 496 F.2d 618 (8th Cir.), *cert. denied*, 419 U.S. 902 (1974); 3 R. Callmann, *supra* note 1, § 77.3, at 349.

142. See *supra* note 101.

and policing of the "Monopoly" trademark.[143] On appeal, however, the Ninth Circuit discounted these factors, stating that a trademark owner's investment in a mark does not of itself create protectable rights.[144] The court based its reasoning on the premise that promotion of a mark is irrelevant unless the trademark owner succeeds in convincing consumers that the term is primarily source indicative.[145] This premise, however, begins with the conclusion that such promotion has failed to convince the public; in the initial determination of whether a term is source indicative, the amount of expenditures is an important factor to be considered.

Both advertising and the sale of the trademarked goods can have a substantial impact on how the public perceives the mark. Both bring the trademark to the consumers' attention and act as reminders that the trademark is a brand name,[146] thereby educating the public to recognize a term as the hallmark of a particular manufacturer.[147] A large quantity of sales may indicate that purchasers are pleased with the goods produced by that particular manufacturer and have thus chosen to continue purchasing that brand of goods.[148] Consequently, the source-denoting value of a mark may be greatly strengthened by a trademark owner's expenditure of time, money and energy, and by a large volume of sales.[149]

Another case involving the "Monopoly" trademark, heard by the Trademark Trial and Appeals Board[150] during the period of time that the *Anti-Monopoly* case was being tried and appealed in the Ninth Circuit, illustrates the importance of these factors. A subsequent user of the term "Monopoly" was prohibited from registering it as a brand name for wearing apparel because such use was likely to cause confusion concerning the source of the goods. The Board accorded weight

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143. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 515 F. Supp. 448, 454 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

144. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 1322 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

145. *Id.* at 1322-23 (citing HMH Publishing Co. v. Brincat, 504 F.2d 713, 719 (9th Cir. 1974)).

146. *See* Blisscraft of Hollywood v. United Plastics Co., 294 F.2d 694, 701-02 (2d Cir. 1961).

147. *See* Telemed Corp. v. Tel-Med, Inc., 588 F.2d 213, 219 (7th Cir. 1978); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 512 (E.D.N.Y. 1975); 3 R. Callmann, *supra* note 1, § 82.1, at 756.

148. *See* Smith v. Chanel, Inc., 402 F.2d 562, 566-67 (9th Cir. 1968).

149. *See* Telemed Corp. v. Tel-Med, Inc., 588 F.2d 213, 219 (7th Cir. 1978); Blisscraft of Hollywood v. United Plastics Co., 294 F.2d 694, 701 (2d Cir. 1961); National Lead Co. v. Wolfe, 223 F.2d 195, 197 n.1 (9th Cir.), *cert denied*, 350 U.S. 883 (1955); Stork Restaurant, Inc. v. Sahati, 166 F.2d 348, 356 (9th Cir. 1948); Car-Freshner Corp. v. Auto Aid Mfg. Corp., 201 U.S.P.Q. (BNA) 233, 238 n.10 (N.D.N.Y. 1979).

150. General Mills Fun Group, Inc. v. Tuxedo Monopoly, Inc., 204 U.S.P.Q. (BNA) 396 (Trademark Trial & App. Bd. 1979), *aff'd*, 648 F.2d 1335 (C.C.P.A. 1981).

to the fact that Parker Brothers had used the term "Monopoly" for over forty years, actively policing and promoting its use.[151] Recognizing that the manufacturer had sold more than 80 million "Monopoly" game sets and had invested more than $5 million on advertising,[152] the Board concluded that the game "enjoys an enormous popularity, and the term 'MONOPOLY' . . . is the symbol of a widespread, pervasive, and very favorable goodwill."[153] Extensive advertising and steady sales present circumstantial evidence[154] that a mark has acquired the type of distinctiveness described by the Board. An inference may therefore be drawn that the endeavors of the trademark owner have resulted in a public awareness that the contested mark is a brand name and source indicative.[155]

F. *Manner and Length of Use*

The Senate hearings pertaining to the Act indicate that a mark should not be cancelled solely because of the public's misuse of that term: rather, cancellation should be granted only when misuse by the public is coupled with misuse by the trademark owner.[156] By using a generic term in conjunction with the use of the trademark to describe the product, the owner may provide the public and other manufacturers with an alternative method of describing the product and thereby prevent public misuse.[157]

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151. *Id.* at 398-99.

152. *Id.* at 398.

153. *Id.* at 400. The Board commented that "Monopoly" "falls within that category of marks known as 'famous' marks." *Id.*

154. Telemed Corp. v. Tel-Med, Inc., 588 F.2d 213, 219 (7th Cir. 1978); Blisscraft of Hollywood v. United Plastics Co., 294 F.2d 694, 701-02 (2d Cir. 1961); Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437, 440-41 (D. Or. 1978); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 512 (E.D.N.Y. 1975); Roux Labs., Inc. v. Clairol, Inc., 427 F.2d 823, 827-29 (C.C.P.A. 1970).

155. The steady promotion of a mark "impregnate[s] the atmosphere of the market with the drawing power of a congenial symbol," Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942), so that it becomes "more likely than not" that the trademark owner has succeeded in establishing a public awareness of the source-denoting value of the contested mark. W. E. Bassett Co. v. Revlon, Inc., 435 F.2d 656, 661 (2d Cir. 1970); *see* Kampgrounds v. North Del. A-OK Campground, Inc., 415 F. Supp. 1288, 1293 (D. Del. 1976) (the contested mark had become distinctive as a trademark through the promotional efforts maintained by the trademark owner over a long period of time), *aff'd*, 556 F.2d 566 (3d Cir. 1977).

156. D. Robert, *supra* note 16, at 34 ("[A] company that has a good trade-mark and is making every effort to maintain its rights, should not lose the right because the public wants to use that name." (quoting Senate hearings on H.R. 82, 78th Cong., 2d Sess. 103)).

157. *See* E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 528 (E.D.N.Y. 1975); Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479, 482-83 (S.D.N.Y. 1968).

In many instances, improper use of a trademark by its owner has been responsible for the term's becoming generic.[158] The terms "aspirin"[159] and "cellophane,"[160] for example, were used generically by the trademark owners to define the product being sold. The product labels provided no indication that the terms were meant to denote source, or were brand names.[161] The manufacturer of "Singer" sewing machines also advertised his product as "Singers" without using the generic designation, "sewing machines."[162] In each instance, generic use of the term had become so widespread and pervasive that the public knew of no other terms to describe the relevant goods.[163] In addition, the trademark owners of "thermos" and "cellophane" acquiesced in the generic use of the terms by the public for an extended period of time.[164] Although both manufacturers subsequently attempted to regenerate the value of their marks as source indicative, the efforts made were too few and too late.[165] On the other hand, the

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158. 3 R. Callmann, *supra* note 1, § 74.2, at 240-42; *see, e.g.*, Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 180 (1896); Donald F. Duncan, Inc. v. Royal Tops Mfg. Co., 343 F.2d 655, 663 (7th Cir. 1965); DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 78-80 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936); Bayer Co. v. United Drug Co., 272 F. 505, 510-12 (S.D.N.Y. 1921); Questor Corp. v. Dan Robbins & Assocs., 199 U.S.P.Q. (BNA) 358, 364 (Trademark Trial & App. Bd. 1978), *aff'd*, 599 F.2d 1009 (C.C.P.A. 1979).

Because the trademark owner is powerless to control the manner in which the mark is used in dictionaries, journals and newspapers, cancellation based on evidence of generic use in such publications has been criticized. *See* James Huggins & Sons v. Avenarius Bros., 106 U.S.P.Q. (BNA) 271, 272-73 (C.C.P.A. 1955); *In re* Bridge, 170 U.S.P.Q. (BNA) 428, 430 (Trademark Trial & App. Bd. 1971); 1 J. McCarthy, *supra* note 1, § 12:9, at 422-23. *See generally* Robb, *Trademark Misuse in Dictionaries: Inadequacy of Existing Legal Action and a Suggested Cure*, 65 Marq. L. Rev. 179 (1981). Affording weight to dictionary usage has also been criticized because it indicates the lexicographer's perception of the mark, but does not necessarily reflect public understanding of the term. Surgicenters of Am., Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1021 (9th Cir. 1979) (Goodwin, J., dissenting); *see* Blisscraft of Hollywood v. United Plastics Co., 294 F.2d 694, 699 (2d Cir. 1961).

159. Bayer Co. v. United Drug Co., 272 F. 505, 510-11 (S.D.N.Y. 1921).

160. DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 78-80 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936).

161. *Id.*; Bayer Co. v. United Drug Co., 272 F. 505, 510-11 (S.D.N.Y. 1921).

162. Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 180-81 (1896).

163. *Id.* at 180; DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 79-80 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936); Bayer Co. v. United Drug Co., 272 F. 505, 510 (S.D.N.Y. 1921); Q-Tips, Inc. v. Johnson & Johnson, 108 F. Supp. 845, 863 (D.N.J. 1952), *aff'd*, 206 F.2d 144 (3d Cir.), *cert. denied*, 346 U.S. 867 (1953).

164. King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577, 578-79 (2d Cir. 1963); DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 78-80 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936); *see* E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 528 (E.D.N.Y. 1975); Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479, 483 n.11 (S.D.N.Y. 1968).

165. King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577, 578-79 (2d Cir. 1963); DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 78-80 (2d Cir.),

trademark owner of "Teflon" had consistently used a generic term to describe the trademarked goods whenever the trademark was used, and for many years had fought misuse of the term by others.[166] One court noted that the strength of a trademark is "an amorphous concept with little shape or substance when divorced from the mark's commercial context, including an appraisal of the owner's policing efforts to ensure that whatever distinctiveness or exclusivity has been achieved is not lost through neglect, inattention, or consent to infringing use."[167]

The length of time for which a mark has been used is also important in this respect.[168] A mark is strong if it is distinctive;[169] it is distinctive if consumers have been educated to recognize it as the symbol of a particular source.[170] As one commentator has noted, "[i]t seems to follow as a necessary conclusion that the trade-mark has the advantage of strength where its owner . . . can point to a long period of time during which his mark was used on a great quantity of articles, as symbolic of his business."[171] The Act itself recognizes the importance of the length of use by the trademark owner; it provides that exclusive and continuous use of a mark for a period of five years is prima facie evidence that the mark has acquired a secondary meaning and is therefore source indicative.[172]

Each of the factors discussed in Part II can be valuable in determining the validity of a trademark. Cancellation, however, should not be based on a random analysis of miscellaneous factors, but rather should be based on the weight of the evidence presented by a coherent group of factors, applied in a consistent manner.

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cert. denied, 299 U.S. 601 (1936); *see* E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 528 (E.D.N.Y. 1975).

166. E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 528 (E.D.N.Y. 1975); *see* Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437, 446 (D. Or. 1978) (court noted that the trademark owner had consistently taken action to prevent misuse of the contested term).

167. E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 512 (E.D.N.Y. 1975).

168. *See, e.g.*, Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78, 82 (3d Cir. 1982); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 380 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); La Maur, Inc. v. Alberto-Culver Co., 179 U.S.P.Q. (BNA) 607, 611 (D. Minn. 1973), *aff'd per curiam*, 496 F.2d 618 (8th Cir.), *cert. denied*, 419 U.S. 902 (1974); *see also* Massey Junior College, Inc. v. Fashion Inst. of Tech., 492 F.2d 1399, 1402 (C.C.P.A. 1974) (the longer a trademark has been used, "the greater may be the number of facts . . . to be considered in determining the quantum of proof required").

169. Telemed Corp. v. Tel-Med, Inc., 588 F.2d 213, 219 (7th Cir. 1978); James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 276 (7th Cir. 1976); Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437, 440 (D. Or. 1978); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 512 (E.D.N.Y. 1975); *see* Blisscraft of Hollywood v. United Plastics Co., 294 F.2d 694, 701-02 (2d Cir. 1961).

170. Telemed Corp. v. Tel-Med, Inc., 588 F.2d 213, 219 (7th Cir. 1978).

171. 3 R. Callmann, *supra* note 1, § 82.1, at 756, *quoted in* Telemed Corp. v. Tel-Med, Inc., 588 F.2d 213, 219 (7th Cir. 1978).

172. 15 U.S.C. § 1052(f) (1976).

III. The Appropriate Burden of Proof

In determining how the public perceives a contested trademark, the point at which sufficient evidence has been presented to prove that the contested mark has become generic is unclear.[173] Although the factors to be considered permit the court to give weight to both the need of competitors to describe their products[174] and the consumers' need to be protected against confusion concerning source,[175] the factors enumerated afford very little opportunity to weigh the interests of the trademark owner. In light of the Lanham Act's basic objective of protecting both the goodwill the owner has developed and his investment in the trademark,[176] weight should be given to the harm that cancellation may cause the trademark owner.[177] His interests, therefore, should be an important element in selecting the proper burden of proof.

A registered trademark often has substantial value to the trademark owner;[178] it may actually be a company's most valuable asset,[179] con-

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173. *See* Dictaphone Corp. v. Dictamatic Corp., 199 U.S.P.Q. (BNA) 437, 445 (D. Or. 1978); Roux Labs., Inc. v. Clairol Inc., 427 F.2d 823, 829 (C.C.P.A. 1970).

174. See *supra* pt. II(A).

175. See *supra* pt. II(B).

176. S. Rep. No. 1333, 79th Cong., 2d Sess. 3, 5, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1274, 1276; *see* Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 412 (1916) ("The redress that is accorded in trade-mark cases in based upon the party's right to be protected in the good-will of a trade or business."); Massey Junior College, Inc. v. Fashion Inst. of Tech., 492 F.2d 1399, 1403 (C.C.P.A. 1974) ("The problem of achieving [the] legislative purpose of the Act becomes apparent from the variable factors which can be present in [a] . . . cancellation proceeding: degree of likelihood of confusion, relative length of time of use of a mark, and relative investment in good will by the parties."). The addition of § 1064(c), providing for cancellation of a registered mark, does not appear to have altered the underlying goals of the Act. Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 375-76 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976) (citing D. Robert, *supra* note 16, at 138).

177. *See* American Footwear Corp. v. General Footwear Co., 609 F.2d 655, 664 (2d Cir. 1979) (the equities involved must be weighed, trademark infringement case), *cert. denied*, 445 U.S. 951 (1980); Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 49 (2d Cir. 1978) (per curiam), *cert. denied*, 439 U.S. 1116 (1979); Chandon Champagne Corp. v. San Marino Wine Corp., 335 F.2d 531, 534 (2d Cir. 1964); United States Jaycees v. San Francisco Junior Chamber of Commerce, 354 F. Supp. 61, 78 (N.D. Cal. 1972), *aff'd per curiam*, 513 F.2d 1226 (9th Cir. 1975); *see also* 3 R. Callmann, *supra* note 1, § 74.3(c), at 252 ("It appears highly inequitable to deprive a pioneer of the very substantial value in the goodwill of his trademark, which took time and money to establish.").

178. Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942); Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 412 (1916), *quoted in* Ideal Toy Corp. v. Plawner Toy Mfg. Corp., 685 F.2d 78, 84 (3d Cir. 1982); W.D. Byron & Sons, Inc. v. Stein Bros. Mfg. Co., 377 F.2d 1001, 1003 (C.C.P.A. 1967). Assets involving millions of dollars are often at stake. *See, e.g.*, Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479, 483 (S.D.N.Y. 1968) (trademark

stituting the cornerstone upon which a successful business has been built. Cancellation might well be destructive to such a business,[180] causing a loss of patrons and damage to the trademark owner's reputation.[181] If members of the public continue to associate the term with the trademark owner, cancellation of the mark may damage his reputation because work bearing that mark will be attributed to him.[182] Customers may be so dissatisfied with the product they have purchased that they will not buy that product again or any other product that they believe comes from the original trademark owner.[183]

One court concluded that both the Act and "fair competition [require] that those who invest time, money and energy into the development of goodwill and a favorable reputation be allowed to reap the advantages of their investment."[184] In a case involving the well-known trademark "Coke,"[185] the Supreme Court recognized and gave weight to the tremendous goodwill that the producer had developed in his trademark. Writing for the Court, Justice Holmes observed that the trademark had acquired a meaning "in which perhaps the product is more emphasized than the producer but to which the producer is entitled."[186]

Registration of a mark creates a strong presumption of validity,[187] and "[t]he general presumption of validity resulting from federal registration includes the specific presumption that the trademark is

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for goods with sales of $90 million over a fifteen-year period); Questor Corp. v. Dan Robbins & Assocs., 199 U.S.P.Q. (BNA) 358, 362 (Trademark Trial & App. Bd. 1978) (sales of approximately $14 million over a six-year period), *aff'd*, 599 F.2d 1009 (C.C.P.A. 1979).

179. Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942); *In re* DC Comics, Inc., 689 F.2d 1042, 1053 (C.C.P.A. 1982) (Nies, J., specially concurring).

180. *In re* Myers, 201 F.2d 379, 383-84 (C.C.P.A. 1953); *see* Questor Corp. v. Dan Robbins & Assocs., 199 U.S.P.Q. (BNA) 358, 364 (Trademark Trial & App. Bd. 1978), *aff'd*, 599 F.2d 1009 (C.C.P.A. 1979).

181. *See* Vitarroz Corp. v. Borden, Inc., 644 F.2d 960, 967 (2d Cir. 1981); Smith v. Chanel, Inc., 402 F.2d 562, 566 n.13 (9th Cir. 1965).

182. Stork Restaurant, Inc. v. Sahati, 166 F.2d 348, 356-57 (9th Cir. 1948); *see* Vitarroz Corp. v. Borden, Inc., 644 F.2d 960, 967 (2d Cir. 1981); Maier Brewing Co. v. Fleishmann Distilling Corp., 390 F.2d 117, 122 (9th Cir.), *cert. denied*, 391 U.S. 966 (1968).

183. Maier Brewing Co. v. Fleischmann Distilling Corp., 390 F.2d 117, 122 (9th Cir.), *cert. denied*, 391 U.S. 966 (1968).

184. Truck Equip. Serv. Co. v. Fruehauf Corp., 536 F.2d 1210, 1215 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *see* Inwood Labs., Inc. v. Ives Labs., Inc., 102 S. Ct. 2182, 2188 n.14 (1982) ("Applying a trademark to goods produced by one other than the trademarks's owner . . . deprives the owner of the good will which he spent energy, time and money to obtain." (trademark infringement case)).

185. Coca-Cola Co. v. Koke Co., 254 U.S. 143 (1920).

186. *Id.* at 146.

187. See *supra* note 4.

not generic."[188] In a cancellation proceeding, therefore, the burden of proof rests on the challenging party,[189] and sufficient evidence must be presented to overcome the presumption of validity.

In *Anti-Monopoly*, the district court ruled that "convincing evidence" was needed to overcome the presumption of validity.[190] Yet, the appellate court ruled that the presumption could be overcome by a "preponderance of the evidence,"[191] a lighter burden. To be consistent with the Act's objective of protecting a trademark owner's investment,

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188. Coca-Cola Co. v. Overland, Inc., 692 F.2d 1250, 1254 (9th Cir. 1982); Reese Publishing Co. v. Hampton Int'l Communications, Inc., 620 F.2d 7, 11 (2d Cir. 1980); McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1132 (2d Cir. 1979); Miss Universe, Inc. v. Patricelli, 408 F.2d 506, 509 (2d Cir. 1969).

189. Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d 769, 775-76 (9th Cir. 1981); Surgicenters of Am., Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1020-21 (9th Cir. 1979) (Goodwin, J., dissenting); Miss Universe, Inc. v. Miss Teen U.S.A., Inc., 209 U.S.P.Q. (BNA) 698, 704 (N.D. Ga. 1980); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 523 (E.D.N.Y. 1975); American Thermos Prods. Co. v. Aladdin Indus., 207 F. Supp. 9, 14 (D. Conn. 1962), *aff'd sub nom.* King-Seeley Thermos Co. v. Aladdin Indus., 321 F.2d 577 (2d Cir. 1963); James Huggins & Son, Inc. v. Avenarius Bros., 223 F.2d 494, 497 (C.C.P.A. 1955); 3 R. Callman, *supra* note 1, § 74.2, at 244 ("[I]t is the defendant's burden to prove that the . . . trademark has passed into public domain. This is a heavy burden to sustain."). In Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 515 F. Supp. 448 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983), the district court properly placed the burden of proof on the challenging party. The court concluded that the presumption of validity had not been overcome: "This court cannot say from the facts before it that [source attribution] is not the 'primary significance' of the mark." *Id.* at 455. The appellate court, on the other hand, concluded that even though the evidence showed that 55% of the public associated "Monopoly" with the producer, the term was generic. 684 F.2d at 1322-23. The appellate court thereby shifted the burden of proof from the challenging party to the trademark owner. In Dan Robbins & Assocs. v. Questor Corp., 599 F.2d 1009 (C.C.P.A. 1979), the court pointed out that the challenging party had erroneously attempted to shift the burden of proof onto the trademark owner. *Id.* at 1015.

190. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 515 F. Supp. 448, 451-52 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983).

191. Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316, 1319 (9th Cir. 1982), *cert. denied*, 51 U.S.L.W. 3613 (U.S. Feb. 22, 1983). For a discussion of the phrase "preponderance of the evidence," see Spaulding Bakeries Inc. v. Interstate Brands Corp., 209 U.S.P.Q. (BNA) 355, 356-57 (Trademark Trial & App. Bd. 1980).

The Ninth Circuit based its ruling on Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d 769, 775-76 (9th Cir. 1981), without discussing the rationale for imposing the lighter burden of proof. The *Vuitton* case also offered no rationale, relying on Massey Junior College, Inc. v. Fashion Inst. of Tech., 492 F.2d 1399 (C.C.P.A. 1974), 644 F.2d at 775-76. In *Massey*, the court merely stated that "a preponderance of evidence will usually be 'sufficient' " to prove that a defendant's mark is so similar to the trademark owner's symbol that a likelihood of confusion exists. 492 F.2d at 1403. The court does not discuss what burden of proof must be met to cancel a mark on the grounds of genericness, nor does it address the question of whether a heavy burden or a light one is preferable.

a heavy burden of proof[192] should be applied. A trademark owner can be afforded substantial protection by requiring the challenging party to show that to the "*public as a whole*" the contested mark has "lost all its trademark significance."[193] Similarly, it has been held that cancellation should be denied unless the challenging party can show that misuse of the contested term has become "so widespread and of such duration that there can be no doubt that to the . . . public generally the mark identifies the article as to kind rather than as to source."[194] Other courts have required that the evidence be "clear and convincing"[195] or "conclusive."[196] Any of these standards are appropriate because they further the objectives of the Act by protecting registered trademarks and protecting the owners' investments therein.[197]

When doubts exist concerning the primary significance of the contested term, an additional measure of protection may be afforded the trademark owner by resolving such doubts in favor of the trademark's validity.[198] When evidence leaves unresolved doubts in a trademark infringement case, those doubts are resolved in favor of the trademark owner.[199] Application of this standard in cancellation proceedings is

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192. *See, e.g.*, Surgicenters of Am., Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1021 (9th Cir. 1979) (Goodwin, J., dissenting); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 523-24 (E.D.N.Y. 1975); Thomas Pride Mills, Inc. v. Monsanto Co., 155 U.S.P.Q. (BNA) 205, 208 (N.D. Ga. 1967).

193. Marks v. Polaroid Corp., 129 F. Supp. 243, 270 (D. Mass. 1955), *aff'd*, 237 F.2d 428 (1st Cir. 1956) (emphasis in original), *cert. denied*, 352 U.S. 1005 (1957); *accord* Maremont Corp. v. Air Lift Co., 463 F.2d 1114, 1118 (C.C.P.A. 1972).

194. Formica Corp. v. Newnan Corp., 149 U.S.P.Q. (BNA) 585, 587 (Trademark Trial & App. Bd. 1966), *rev'd on other grounds*, 396 F.2d 486 (C.C.P.A. 1968); *see* DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 82 (2d Cir.), *cert. denied*, 299 U.S. 601 (1936); L. Amdur, *supra* note 1, at 304.

195. E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 528 (E.D.N.Y. 1975).

196. Thomas Pride Mills, Inc. v. Monsanto Co., 155 U.S.P.Q. (BNA) 205, 208 (N.D. Ga. 1967); James Huggins & Son, Inc. v. Avenarius Bros., 97 U.S.P.Q. (BNA) 474, 476 (Examiner in Chief 1953), *aff'd*, 223 F.2d 494 (C.C.P.A. 1955); 3 R. Callmann, *supra* note 1, § 74.2, at 244; *see* Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 180 (1896).

197. S. Rep. No. 1333, 79th Cong., 2d Sess. 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274, 1274.

198. Surgicenters of Am., Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1021 (9th Cir. 1979) (Goodwin, J., dissenting); E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc., 393 F. Supp. 502, 523-24 (E.D.N.Y. 1975); Massey Junior College, Inc. v. Fashion Inst. of Tech., 492 F.2d 1399, 1403 n.7 (C.C.P.A. 1974); Fricks' Foods, Inc. v. Mar-Gold Corp., 417 F.2d 1078, 1080 (C.C.P.A. 1969); 3 R. Callmann, *supra* note 1, § 74.2, at 236.

199. *See, e.g.*, San Fernando Elec. Mfg. Co. v. J.F.D. Elecs. Components Corp., 565 F.2d 683, 684 (C.C.P.A. 1977); Formica Corp. v. Newnan Corp., 396 F.2d 486, 488 (C.C.P.A. 1968); General Mills Fun Group, Inc. v. Tuxedo Monopoly, Inc., 204 U.S.P.Q. (BNA) 396, 401 (Trademark Trial & App. Bd. 1979), *aff'd*, 648 F.2d 1335 (C.C.P.A. 1981).

appropriate because it would be irreconcilable to interpret the Act as requiring vigilance in preventing trademark infringement, while at the same time interpreting it to require a lenient standard for cancellation of a mark. Such a standard is also appropriate because consideration must be given to the likelihood that cancelling a mark will cause confusion for those consumers who know the term as a brand name. The interests of the trademark owner can best be protected by imposing a heavy burden of proof on the challenging party, and resolving doubts in favor of validity.

CONCLUSION

Public understanding is the key for determining whether a registered trademark has lost its source-denoting value and become generic. To evaluate public perception, a broad set of factors should be examined as a whole, including the availability of alternative terms, the likelihood that cancellation will cause confusion concerning source, and the trademark owner's use and promotion of the contested term. A heavy burden of proof should be imposed on the challenging party and any remaining doubts should be resolved in favor of the term's validity in order to further the basic Lanham Act objective of protecting the trademark owner. Such guidelines will create a balanced method of evaluating a mark's validity and will result in consistent and equitable decisions in cancellation proceedings.

Jacqueline Stern

UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK

(83 Civ. 6874 (PNL))

OSAWA & COMPANY, *Plaintiff,* v. B&H PHOTO, TRI STATE INC. and JOHN DOES 1-10, *Defendants.*

Opinion and Order Dated May 24, 1984

Appearances: Wallenstein, Wagner, Hattis, Strampel & Aubel, Robert E. Wagner, Linda A. Kuczma, 100 South Wacker Drive, Suite 2100, Chicago, IL 60606, Attorneys for plaintiff.

Miller, Cassidy, Larroca & Lewin, Nathan Lewin, James L. Volling, 2555 M Street, NW, Suite 500, Washington 20037.

Groman & Wolf, P.C., Marvin H. Wolf, 153 Jefferson Avenue, Mineola, NY 11501, Attorneys for defendant B&H Photo.

Harvey M. Greene, Esq., 540 Madison Avenue, New York, NY 10022, Attorney for defendant Tri State Inc.

Pierre N. Leval, U.S.D.J.

The owner of U.S. trademarks pertaining to goods of foreign manufacture seeks by this action to enjoin others from independently importing and dealing in goods of the same manufacture, bearing the same marks lawfully applied abroad by the foreign owner of the marks. The commerce against which this action is directed is colloquially named the "grey market".

Plaintiff Osawa & Company, a Delaware corporation, is the registered owner of United States trademark rights for the Mamiya marks,[1] which are used on high quality medium-format photographic equipment manufactured in Japan by the Mamiya Camera Co. ("Mamiya Co."). Mamiya Co. is the owner of the Mamiya marks in Japan, where it lawfully places those marks on the camera equipment it manufactures. J. Osawa & Co. Ltd., a Japanese entity ("Osawa-Japan"), is the exclusive worldwide distributor of Mamiya Co.'s products. It has granted exclusive U.S. distribution rights to the plaintiff, to whom it sells. Osawa-Japan and Mamiya Co. owns, respectively, 93% and 7% of plaintiff's stock. Osawa-Japan owns 30% of Mamiya Co.'s stock. Under the "Genuine Goods Exclusive Act," 19 U.S.C. § 1526, in May 1982 plaintiff, as the owner of the U.S. trademark rights, was granted by the U.S. Customs Service an order of exclusion barring the unauthorized importation of goods bearing the Mamiya marks.

The defendants B & H Photo and Tri State Inc. are New York discount camera dealers. They are alleged to have imported cameras and related equipment bearing the Mamiya marks to the United States without plaintiff's authorization and in violation of the Customs order of exclusion.

Plaintiff moves for a preliminary injunction barring the defendants from advertising and dealing in such Mamiya-marked equipment. Plaintiff alleges that its right to such an injunction is conferred by the Exclusion Act as well as § 42 of the Lanham Act, 15 U.S.C. § 1124, by §§ 32 and 43 of the Lanham Act, 15 U.S.C. §§ 1114, 1125, forbidding trademark infringement and unfair competition, and by state law principles of unfair competition and trademark dilution.

This is plaintiff's second effort to obtain an injunction against any grey market importation and sale of Mamiya-marked products. On the first occasion, plaintiff, then using its predecessor name *Bell & Howell : Mamiya Co.* (reflecting that at the time it was 50%-owned by Bell & Howell Company), brought a similar action in the U.S. District Court for the Eastern District of New York against another dealer, Masel Supply Co. Judge Edward Neaher, finding trademark infringement and a substantial likelihood of confusion, granted a preliminary injunction. *Bell & Howell : Mamiya Co.* v. *Masel Supply Co.,* 548 F. Supp. 1063 (E.D.N.Y. 1982). The Court of Appeals ruled that plaintiff had not adduced sufficient evidence of likelihood of confusion to carry its burden of showing irreparable harm and vacated the injunction. *Bell & Howell : Mamiya Co.* v. *Masel Supply Co.,* 719 F.2d 42 (2 Cir. 1983).

In the *Masel* action, plaintiff had proceeded on the theory that proof of infringement would entitle it to injunctive relief and therefore offered no substantial evidence of harm. The hearing in this action was held after the Court of Appeals' reversal of *Masel.* At this hearing plaintiff remedied the deficiency, offering substantial proofs of irreparable harm.

"To obtain a preliminary injunction in this circuit, a party must make 'a showing of (a) irreparable harm and (b) either (1) likelihood of success on the merits or (2)

[1] These include Mamiya, Mamiya RB 67, Mamiya-C and Mamiya-Sekor.

sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the party requesting the preliminary relief.' *Jackson Dairy, Inc.*, v. *H.P. Hood & Sons, Inc.*, 596 F.2d 70, 72 (2d Cir. 1979) (per curiam);" *Bell & Howell : Mamiya Co.* v. *Masel Supply Co.*, 719 F.2d at 45. I find that the standard has been thoroughly and convincingly met. I find that plaintiff has proved entitlement to the preliminary injunction under the Exclusion Act, 19 U.S.C. § 1526, and, although it is unnecessary at this stage to decide on additional grounds, under the trademark laws as well.

I. FACTS

Plaintiff is the duly registered owner in the United States of the Mamiya marks. Although a controlling interest on plaintiff's stock is owned by Osawa-Japan, plaintiff functions as a legally separate entity with its board of directors and executive staff. For a number of years it has been the exclusive distributor of Mamiya products in the United States. Over these years (including also the period during which plaintiff was 50%-owned by Bell & Howell Company), plaintiff has devoted extensive expenditures, activities and energies to the successful development of goodwill for the Mamiya marks.

The Mamiya equipment is sophisticated and expensive, designed for use by professional photographers and advanced amateurs. Accordingly it includes a wide range of peripheral equipment designed for special applications. In order to be able to supply promptly the needs of its professional photographer customers, plaintiff maintains at all times a stock of all such peripheral equipment.

Plaintiff purchases advertising and incurs other public relations expenses. To educate users, dealers and potential customers in the advantages and complex capabilities of its equipment, it organizes seminars, which are conducted in various parts of the country. To stimulate sales, it occasionally offers rebates, sometimes consisting of a free piece of peripheral equipment to one who purchases a Mamiya camera during a specified period.

Plaintiff distributes the Mamiya equipment through authorized camera dealers who apply for dealerships. Plaintiff's sales policy is based on its perception of a fundamental difference between equipment of such complexity and a simple amateur's camera. Because of the high cost and complexity of the equipment and because of the sophisticated demands of purchasers, plaintiff foresees a continuing relationship between dealer and customer involving advice, service and the future purchase of specialized peripheral equipment expanding the capabilities of the camera. According to its perception, a purchaser of a Mamiya camera who was unable to obtain such support from his dealer would soon be a dissatisfied customer. Accordingly, plaintiff has been unwilling to distribute its equipment through any camera store but will authorize and sell only to those dealers who demonstrate a willingness to take in an adequate full line stock so that they will be both able and motivated to service future needs of their customers.

Plaintiff also devotes considerable care to handling, including inspection on arrival. It offers free warranty repairs, performed either by its employees or by authorized service representatives, who must receive training in the equipment.

Defendants are discount camera dealers, offering camera equipment often at prices substantially cheaper than are available at other stores. Defendants advertise in national photography magazines. These advertisements characteristically are concerned with price; they set forth, mostly in small print, items of available equipment with prices. They sell by mail and by telephone to credit card purchasers, as well as over the counter. Defendants formerly were authorized Mamiya dealers purchasing from plaintiffs. Their dealerships were terminated as a result of the dispute over grey market merchandising.

Defendants advertise and sell Mamiya equipment that has been imported in violation of the Customs exclusion order. They are found also to have imported such merchandise.[2] They sell this equipment at retail prices far below the prices of au-

[2] Defendants have never denied dealing in grey market Mamiya cameras. They initially denied importing the cameras, contending rather that they purchased them from the grey market importers. During discovery, B&H refused to identify its seller, giving as the reason for refusal the close relationships among this community of camera dealers. B&H was offered the choice of disclosing its source or being found to be the importer as a sanction under Rule 37, F.R. Civ. P. It chose rather to accept the finding. Tri State also has failed to disclose its source and is also accordingly found to have imported Mamiya equipment.

thorized dealers. In some cases they sell at prices cheaper than those at which plaintiff offers its merchandise to its dealers.

The reasons for the price disparity have not been fully shown by the evidence. Defendants contend it is because Osawa-Japan, the worldwide distributor, discriminates against the U.S. consumer by selling to plaintiff at arbitrarily higher prices than it charges to distributors in other countries. However, defendants have offered no proof that this is true. Nor have they shown in which countries their equipment is purchased or from whom.

Plaintiffs point to several possible factors explaining price differences. One is currency fluctuation, especially the recent strength of the U.S. dollar as against certain European currencies. Another possible explanation suggested by plaintiff is price differences set by Osawa-Japan that are not arbitrary or discriminatory but are justified by differing cost factors.[3]

Third, plaintiff has convincingly proved that in support of the Mamiya trademarks it incurs substantial costs that defendants do not have. These include the whole range of activities described above in which plaintiff engages in order to create, maintain, protect and enhance the goodwill of the Mamiya marks.[4]

Defendants seek to undercut this proof by showing that they too incur expenses of similar nature. But their contentions miss the point and do not alter the conclusion. For example, defendants point out that they also advertise, contending that this undermines plaintiff's argument as to its advertising expenses. Indeed defendants place ads, but they do not undertake advertising to publicize the quality of the Mamiya products. To the extent their ads mention the Mamiya name, it is only to show, in a one-line-per-item listing, how cheap their prices are. Thus it misses the point to say they have advertising. The expense they do not have is advertising to support the Mamiya marks.

Similar observations are pertinent as to handling expenses. No doubt the defendants incur some handling expenses. But defendants have no incentive to support the goodwill of any mark they sell; their sales are based solely on price advantage. It stands to reason that they conduct their operations as cheaply as possible and do not undertake the same degree of care (equals expense) in inspection and handling as plaintiff does to insure consumer satisfaction with Mamiya products.

Defendants' response is also inadequate on the subject of inventory costs. It was noted above that plaintiff maintains a vast inventory of related peripheral gadgets of special application to be able to satisfy promptly the needs of its professional photographer customers. Plaintiff contends convincingly that this is another cost not incurred by defendants. Defendants try to counter this point by showing that their purchase invoices over a substantial period have included every item in plaintiff's catalogue. This altogether misses the point. Defendants may well have sold every catalogue item at one time or another. That does not show that defendants maintain an inventory. Defendants have no reason to engage in such an expensive practice, and there is no evidence that they have done so.

Defendants of course have borne no warranty service expense. This is a particularly significantly item in several respect. First, plaintiff has not only borne warranty expenses on its own merchandise but has also provided warranty service on grey market equipment sold by defendants. Defendants argue that the latter injury is self-inflicted. Plaintiff has no obligation to warranty defendants' sales and could refuse the service. Defendants also argue that plaintiff could handle the packaging and warranty cards in such a way as to make the purchasing public better aware which cameras were warranted and which were not. These observations are factually correct but miss the point. Plaintiff gives warranty service on defendants' grey market sales not out of stupidity or neglect but because plaintiff's management perceives that dissatisfied purchasers of Mamiya cameras will damage the reputation of the Mamiya mark, which is the most significant asset on which plaintiff's business is founded. The customers do not know the cameras they purchased are from the grey market because defendants do not tell them. Thus, as to warranty repairs, not only are defendants operating free of a significant cost that plaintiff bears, but their sales increase plaintiff's cost.

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[3] As a possible example, there is evidence that Osawa-Japan and Mamiya Co. are contractually obligated to plaintiff to contribute to plaintiff's expenses of advertising and warranty repairs. It is possible that such commitments result in a higher price charged by Mamiya Co. for the merchandise shipped to plaintiff for U.S. sales.

[4] An issue left in some doubt was whether defendants' grey goods pay Customs duties on importation. It is clear Customs is not told it is Mamiya cameras that are being imported since such a declaration would result in their seizure. Defendants have offered no evidence that the goods were declared or duty paid.

Similarly, it is all very well for defendants to argue that plaintiff can protect itself to a degree by spending additional money so as to better warn the public which cameras carry, and which do not carry, warranties. It seems to me a significant equitable factor that defendants could also have undertaken to warn their customers that their merchandise was not imported by the authorized U.S. Mamiya distributor and carried no warranty protection. Instead the opposite has been done. *See* Plaintiff's Exhibits 79, 80, 85. This aspect of the defendants' conduct can be properly characterized as bad faith. It deceives the public and conceals the significance to the customer of the double market structure defendants have created. Defendants tell the customers the good news about their cheap prices. But they conceal or affirmatively misrepresent the bad news. Plaintiff is left with the choice of providing free warranty service on defendants' merchandise or suffering damage to the reputation of its marks.

Defendants now state that they will offer their own warranty service on their grey Mamiya merchandise. Apart from the fact that this is a newly contrived litigation strategy designed to deal with a glaring weakness in defendants' position, it is also an unsatisfactory resolution that (in ways discussed below) risks to increase, rather than solve, the problems of trademark confusion.

II. IRREPARABLE HARM

I turn now to the issue of likelihood of confusion and irreparable harm, which was insufficiently proved in *Masel,* but which here was proved in abundance. Plaintiff has shown consumer confusion, damage in consumers' eyes to the reputation of the mark, and devastating effects on plaintiff's business resulting from defendants' grey market imports.

Plaintiff has shown a drastic decline in its sales in 1983 as compared with average levels over the past nine years. Concommitantly, it has laid off a large part of its personnel, including a significant part of the repair force, and has suffered consequent delays in time needed for warranty repairs. The advertising budget for the Mamiya mark has been severely slashed. Competition from grey marketers has caused demoralization, disaffection and misunderstanding among authorized dealers, 40% of whom have dropped the Mamiya line since 1980. There is evidence that some dealers have misunderstood the cause of the problem, believing that plaintiff was granting preferred price treatment to their competitors.

Another aspect of the harm is that plaintiff's advertising expenditures and public relations efforts are incurred largely for the benefit of its competitors, the grey market sellers, who free ride on plaintiff's publicity.

Also in order to avoid consumer confusion, disaffection and resentment, plaintiff has performed warranty repairs and honored rebate offers on grey market cameras, essentially furnishing free service and benefit to support the sales of its competitors.

A number of the circumstances mentioned above as harmful to plaintiff's business also cause damage to its goodwill and to the public reputation of its Mamiya marks. Naturally, a reduced advertising budget means reduced opportunity to publicize the marks and consequently further reduced sales. The widespread disaffection among authorized dealers by reason of the grey market price competition creates a substantial risk of loss of enthusisam or bad-mouthing (where it matters most since buyers are likely to look to dealers for advice on brands and equipment). Delay in performing warranty repairs as a result of staff reductions also creates resentment directed against the brand. Plaintiff's reputation also suffers when defendants perform inadequate inspections of merchandise. For example, grey market cameras have been found to contain instruction manuals written in foreign languages, which causes understandable consumer dissatisfaction.

The issue of warranties, discussed above, is of significant importance on the subject of irreparable harm and confusion.

Of course, in economic analysis, no single answer is ever complete or sufficient. There is undoubtedly a measure of validity to some of counsel's arguments, but they do not undercut the essential persuasiveness of the plaintiff's case.

As to confusion over the warranty obligation and rebates, defendants argue (and the Court of Appeals in *Masel* suggested) that the confusion can be avoided or diminished if plaintiff includes in its packages forms essential to claim these benefits. Defendants show that Hasselblad, a medium-format competitor, has adopted the use of such forms. While it is no doubt true that by reliance on such forms plaintiff might dimish confusion and reduce its receipt of warranty claims for grey cameras, this would not deal adequately with the problem of confusion and loss of goodwill. Many purchasers of grey goods would not realize they lacked warranty protection

until they sought to claim. The realization would come too late and would engender hostility.

Furthermore, the argument sits ill in the mouth of B & H since it has gratuitously contributed to the confusion in the manner described above.

As noted above, B & H has developed a new strategy in litigation and now undertakes that it will warrant the grey Mamiya merchandise that it sells. (It also offers to parallel all Mamiya rebate offers by similar offers of its own.) This ingenious strategem, however, offers only a superficial solution. More realistically it can be seen as aggravating the problem. For the warranty is of value to the goodwill of the mark only if offered by one who has the incentive to uphold the reputation of the mark. B & H would have no such incentive. Plaintiff would have no assurance that B & H's warranty repairs would be properly performed or that the obligation would be graciously accepted. It would be constantly subject to the risk that B & H would disavow the obligation or perform inadequate repairs. Disparities between plaintiff's and defendants' performance of warranty work would further confuse the marketplace as to the standing and meaning of the Mamiya mark.

I note, in response to a question raised by the Court of Appeals in *Masel,* that plaintiff cannot be adequately protected by the remedy of accounting. An accounting could not purport to protect against consumer confusion, loss of goodwill and injury to the reputation of the marks. Even as to transfer of the grey marketer's profits, the remedy is inadequate in these circumstances. For grey marketers operate at (or outside) the fringes of legality. Their operations are in large part held in secrecy, as evidence by the defendants' refusal to furnish essential disclosure in the discovery proceedings. Their business record, to the extent here disclosed, are scanty and informal. Furthermore, it appears that there are numerous dealers in grey market merchandise. It would be both difficult and expensive for plaintiff even to know their identifies, much less to attempt to monitor their sales. In short, there is no way plaintiff could rely on an accounting to give it any reasonable protection.

I find that within the meaning of the *Masel* case and the numerous prior precedents, plaintiff has proved that it has suffered irreparable harm and will continue to suffer it if a preliminary injunction is not granted pending final resolution on the merits.

III. BALANCE OF HARDSHIPS

The balance of hardships tips decidedly in plaintiff's favor as does the balance of the equities. The principal undertaking of plaintiff's business is the promotion of the Mamiya marks in connection with the importation and distribution of Mamiya equipment. Plaintiff has already suffered great injury to that business and will continue to suffer if grey marketing continues. It has incurred big losses and contends convincingly that its survival is threatened.

The hardship that would be imposed on defendants by a preliminary injunction is of a comparatively trivial order. Defendants are dealers in all manner of photographic equipment. Undoubtedly they are realizing significant profits from dealing in Mamiya grey goods, but there is no suggestion that an injunction foreclosing this element of their profits would have any serious impact on the overall conduct of their business.

Defendants furthermore have no expectation of making such profits a continuing aspect of their business. These profits are available to defendants only because they have been willing to violate a U.S. Customs order. If the lawfulness of the Customs order is sustained in the final resolution of this litigation, defendants will of course be barred from further pursuing those profits. And even if they win the litigation and procure a judgment voiding the Customs order of exclusion, that will also deprive defendants of the opportunity to earn these profits. For then they will face open competition from those who are now deterred by sensitivity to the illegality of such importing, whereas now the competition is restricted to those prepared to violate the Customs order. It is therefore clear, balancing not only the weight of the hardships but the equities as well, that the balance tips decidedly in plaintiff's favor.

IV. THE MERITS

Although the Court of Appeals' discussion in *Masel* focused on proofs of harm and included no discussion or ruling on the substantive legal questions, it could be con-

strued to express skepticism as to whether an infringement action can lie against goods genuinely marked abroad.[5]

I respectfully believe that when the issue presents itself for full review, any such doubts will be resolved, *see A. Bourjois & Co.* v. *Katzel,* 260 U.S. 689 (1923); *Am Bourjois & Co.* v. *Aldridge,* 263 U.S. 675 (1923) (per curiam); *Model Rectifier Corp.* v. *Takachiho International, Inc.,* 221 U.S.P.Q. 502 (9 Cir. 1983); *Sturges* v. *Clark D. Pease, Inc.,* 48 F.2d 1035 (2 Cir. 1931) (A.N. Hand, J.); *E. Leitz, Inc.* v. *Watson,* 152 F. Supp. 631, 635-37 (D.D.C. 1957), *aff'd,* 254 F.2d 777 (D.C. Cir. 1958); *Roger & Gallet* v. *Janmarie, Inc.,* 245 F.2d 505 (C.C.P.A. 1957). I find likelihood of success on the merits (an *a fortiori* a fair ground for litigation), and I accordingly grant a preliminary injunction.

A. University, territoriality and a separate local goodwill

See Derenberg, *Territorial Scope and Situs of Trademarks and Good Will,* 47 Va. L.Rev. 753 (1961). This view, sometimes referred to as the "universality" principle, underlay a series of decisions of the Circuit Court under which U.S. trademark owners holding contracts for the exclusive right to import foreign trademarked goods were held powerless as against others who purchased abroad goods genuinely marked abroad and imported them to the U.S. for sale. *See Appollinaris Co.* v. *Scherer,* 27 F. 18 (C.C.S.D.N.Y. 1886); *Fred Gretsch Mfg. Co.* v. *Schoening,* 238 F. 780 (2 Cir. 1916); *A. Bourjois & Co.* v. *Katzel,* 275 F. 539 (2 Cir. 1921), *rev'd,* 260 U.S. 689 (1923).

However, the Court of Appeals' *Bourjois* decision was overturned both by Act of Congress, *see* Tariff Act of 1922, Pub. L. No. 67-318, tit. III § 526, 42 Stat. 858, 975 (1922), and by the Supreme Court, *see A. Bourjois & Co.* v. *Katzel,* 260 U.S. 689 (1923). In *Katzel,* plaintiff had purchased the U.S. business and the U.S. trademark rights for JAVA, a French cosmetic powder. The defendant purchased genuine JAVA powder in France, imported it to the U.S. and sold it under the JAVA mark. The district court had granted plaintiff an injunction. The Court of Appeals vacated the injunction, holding that since defendant's merchandise was genuine French JAVA powder there could be no infringement. In an oft cited opinion of Justice Holmes, the Supreme Court reversed and reinstated the injunction, explaining that the true significance of the trademark was not to indicate the origin or manufacture of the goods, but rather to signify the lcoal business goodwill of the domestic owner of the mark. *See* 260 U.S. at 692. The genuine French JAVA powder was found to infringe the U.S. owner's exclusive right to that mark.

Later that year, in *A. Bourjois & Co.* v. *Aldridge,* the theory of *Katzel* was extended to § 27 of the Trademark Act of 1905, the predecessor of § 42 of the Lanham Act, 15 U.S.C. § 1124, which excluded from entry into the U.S. marks that "copy or simulate" registered U.S. marks. The Supreme Court ruled, in favor of the same plaintiff, that the Collector of Customs was required to exclude from entry genuine goods bearing the French "Manon Lescaut" mark, because the French mark was held to "copy or simulate" the assignee's identical U.S. mark.

While *Katzel* was pending in the Supreme Court, Congress likewise acted to overturn the decision of that Court of Appeals. In 1922, it passed the Genuine Goods Exclusion Act, § 526 of the Tariff Act of 1922 (later reenacted as § 526 of the Tariff Act of 1930), 19 U.S.C. § 1526. This statute made it illegal to "import into the United States any merchandise of foreign manufacture if such merchandise . . . bears a trademark owned by a citizen of, or by a corporation . . . created or organzied within, the United States . . . unless the written consent of the owner is produced at the time of making entry."

Since Holmes' decision, the universality principle has faded and been generally supplanted by the principle of "territoriality," upon which the *Bourjois* rulings were based. 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. *See A. Bourjois & Co.* v. *Katzel,* 275 F. 539, 543-44 (2 Cir. 1921) (Hough, J., dissenting). *See also Sturges*

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[5] And in *DEP Corp.* v. *Interstate Cigar Co.,* 622 F.2d 621 (2 Cir. 1980), an opinion decided solely on the basis that plaintiff was not the owner of the trademark, which included no discussion of the theories or authorities relevant to the substantive issue of infringement, a dictum set forth in a footnote expressed such doubt. *See id.* at 622 n. 1.

v. *Clark D. Pease, Inc.*, 48 F.2d 1035 (2 Cir. 1931)); *E. Leitz, Inc.* v. *Watson*, 152 F. Supp. 631, 635–37 (D.D.C. 1957), *aff'd*, 254 F.2d 777 (D.C. Cir. 1958); *Roger & Gallet* v. *Janmarie, Inc.*, 245 F.2d 505, 509–10 (C.C.P.A. 1957). The territoriality of trademark rights is reflected in several Supreme Court opinions, which ground the doctrine in the independent sovereignty of nations, *see Ingenohl* v. *Walter E. Olsen & Co.*, 273 U.S. 541, 544 (1927); *Baglin* v. *Cusenier Co.*, 221 U.S. 580, 594–97 (1911); *see also George W. Luft Co.* v. *Zande Costmetic Co.*, 142 F.2d 536, 539 (2 Cir.) *cert. denied*, 323 U.S. 756 (1944), as well as in the view that trademark rights arise out of use of the mark in a particular geographic market, *see United Drug Co.* v. *Theodore Rectanus Co.*, 248 U.S. 90, 98 (1918); *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403, 415–16 (1916); *see also La Societe Anonyme des Parfums LeGalion* v. *Jean Patou, Inc.*, 495 F.2d 1265, 1271 (2 Cir. 1974).

The universality principle upon which the older cases had been decided was flawed in several related respects. First, it failed to recognize that legal rights within one sovereignty are creatures of that sovereignty's law. The established by A of legal rights to exclusively in one country could obviously not satisfactorily be squared with B's establishment of exclusive right in a second country, if either right (much less if both) were thought to extend across the world universally. The principle was perhaps based on an idealistic view of the world as a single marketplace. That view, however, did not conform to reality or to international treaty. While it might have been possible to imagine the development of a unified world marketplace, organized on the same set of assumption that have dominated the creation of a single marketplace among the United States, the development between nations did not occur in that fashion. *See* Paris Convention for the Protection of Industrial Property, March 20, * * *, *as revised*, art. 6 *quarter*, 21 U.S.T. 1583, 24 U.S.T. 2140, T.I.A.S. No. 6923, 7727 (authorizing territorial assigments of trademark rights subject to national law); General Inter-American Convention for Trade Mark and Commercial Protection, Feb. 20, 1929, art. 11 (authorizing territorial transfers given reliable proof, subject to national law of transfer and registration). *See generally* Derenberg, *Current Trademark Problems in Foreign Travel and the Import Trade*, 49 T.M.R. 674, 690–96 (1958).

A second flaw, an outgrowth of the first, is the failure to recognize that, within one country, a mark may represent a factually different goodwill from that which the mark signifies elsewhere. A few examples illustrate the importance of the distinction between the goodwill associated simply with the product name and that of the domestic distributor.

(a) Suppose a manufacturer makes in Japan and sells under his trademark X a fine computer; the reputation of the X mark is high in the country of manufacture and in certain other countries, where it is distributed and serviced under equally high standards. However, the U.S. distributor and owner of mark X conducts its business in a shoddy way: fails to inspect the equipment for damage upon importation; handles it without care in distribution; fails to stock and make available a broad inventory of needed parts and attachments; fails to provide user instruction programs; establishes no maintenance and repair service; provides grudging, slow and incompetent warranty service or no warranty at all. It is readily perceived that mark X will have an altogether different value and significance in the U.S. than elsewhere, because the mark does not merely identify the manufacturer; it signifies the goodwill (or in this example the badwill) of the U.S. owner.

(b) Keeping the same basic example but altering certain facts, suppose the local owner of the X mark earned an excellent reputation not only by selling quality equipment under the mark but also by conscientiously providing all the peripheral services whose absence was noted in (a). Then the mark will come to represent an excellent public reputation. It is easy to see, in connection with the present dispute, how the reputation attached to the mark of a conscientious domestic distributor could be seriously injured if strangers were free to import and sell the computer under its brand name. For they would be trading on X's earned *domestic* reputation and would have no incentive to insure the continuing goodwill of the mark. Purchasers from the grey market importers, although buying essentially the same equipment, might receive damaged goods, unsatisfactory warranty protection or inadequate service, etc. The reputation of the X mark would inevitably be damaged at the markholder's expense for deficiencies over which he had no control.

(c) The point is still more clearly made if the foreign markholder and the domestic markholder seek to develop the goodwill in different directions. Suppose that the mark had originally applied to conservative, costly, French high fashions and continued to be used only in that manner in the U.S. with great success, but that in the meantime the French trademark owner finds for whatever reasons that his profits are dwindling in the French market and decides to use the famous mark on a new

line of low-priced clothes of daring fashion catering to the young and wild. Third parties then import the cheap, young and wild clothes bearing their "genuine" French mark to the U.S., where the mark has been developed by its local owner as a status symbol catering to the wealthy and conservative. If the U.S. mark owner were powerless to prevent the marketing of the new French line in the U.S. under his mark, he would promptly suffer a destruction, or in any event a drastic alteration, of the goodwill associated with his U.S. mark.

These examples illustrate that a mark may have not only a separate legal basis but also a different factual significance in each separate country where the local mark owner has developed an independent goodwill. That is the basis of the territoriality principle recognized by Justice Holmes in the *Bourjois* decisions. The principle has become still more solidly implanted in United States law by the 1962 amendment to § 32 of the Lanham Act, 15 U.S.C. 1114, which repealed the requirement that a plaintiff in a trademark action show confusion as to "source of origin" of the goods. *See Syntex Laboratories, Inc.* v. *Norwich Pharmacal Co.*, 437 F.2d 566, 568 (2 Cir. 1971).[6]

The universality decisions were superficially and deceptively consistent with the trademark doctrine of "exhaustion." Under this doctrine, as applied within the borders of a sovereignty, a markholder may no longer control branded goods after releasing them into the stream of commerce. After the first sale, the brandholder's control is deemed exhausted. Down-the-line retailers are free to display and advertise the branded goods. Secondhand dealers may advertise the branded merchandise for resale in competition with the sales of the markholder (so long as they do not misrepresent themselves as authorized agents). *See Prestonettes, Inc.* v. *Coty*, 264 U.S. 359 (1924); *Trail Chevrolet, Inc.* v. *General Motors Corp.*, 381 F.2d 353 (5 Cir. 1967); *Chrysler Corp.* v. *Thayer Plymouth Center, Inc.*, 303 F. Supp. 543 (C.D. Cal. 1969). *See generally* 3A R. Callman, *The Law of Unfair Competition, Trademarks, and Monopolies* § 21.17 (4 ed. 1983). The application of the exhaustion concept to international trade seemed to suggest that once the original mark owner had lost control of the marked goods by releasing them into commerce, his assignee in a foreign country could not logically own rights superior to those of the assignor. The right of control seemed exhausted.

This reasoning is flawed, however, where the assignee of the mark in the second country has developed a separate, factually independent goodwill. If no such independent goodwill has been developed, then in spite of recognition of territorial limits, arguably there might be no infringement. If the U.S. mark represents nothing more than a foreign outpost of the goodwill associated with the original mark * * *.

And as to the Exclusion Act, § 526, defendants' attempt to contradict its plain meaning by snatching at fragments from its legislative history is unconvincing. The fact that it was passed to overturn the Court of Appeals decision in *Katzel* does not mean that, in spite of its broad language, it should govern only the narrowest version of the *Katzel* facts. Defendants have suggested no compelling reason to doubt that the statute means what it says.

Defendants seek support for their argument in the opinion of Judge Learned Hand in *Coty, Inc.* v. *LeBlume Import Co., Inc.*, 292 F. 264 (S.D.N.Y.), *aff'd*, 293 F. 344 (2 Cir. 1923). That decision does not support the inferences defendants seek to draw from it. To the contrary, it is support for the opposite conclusion. That case involved cross actions between a U.S. corporation owned by the famous French perfumer Coty and a U.S. competitor LeBlume who sought to market perfume under the name Origan, over which Coty held trademark rights both in France and in the United States. U.S. Coty had obtained a customs order of exclusion under the Exclusion Act, which had resulted in the detention of LeBlume's merchandise. The pertinent part of the opinion is the last paragraph, which deals with Coty's motion to dismiss LeBlume's suit to vacate the order of exclusion. Judge Hand denied the motion ruling that the exclusion statute did not deprive the importer of the right to test the validity of the trademark in the courts. Judge Hand then wrote: "Section 526(a) . . . was intended only to supply the casus omissus, supposed to exist in section 27 of the Act of 1905 . . ., because of the decision of the Circuit Court of Ap-

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[6] Certain commentators in the 1950's took the view that the goodwill associated with a so-called "worldmark" could have as its situs only the place where the goods were made. *See* Vandenburgh, *The Problem of Importation of Genuinely Marked Goods is not a Trademark Problem*, 49 T.M.R. 707 (1959); Callman, *Worldmarks and Antitrust Law*, 11 Vand. L.Rev. 515, 518-19 (1958). For reasons just explained, I reject this narrow view. *See* Derenberg, *Territorial Scope, supra*, at 736-37 and 750 (establishment by domestic markholder of local goodwill justifies trademark protection against grey market imports).

peals in *Bourjois* v. *Katzel*. . . . Had the Supreme Court reversed that decision last spring, it would not have been enacted at all." 292 F. at 268–69.

Section 27 of the Act of 1905 had given Customs authority to exclude imported goods that "copy or simulate" a registered U.S. mark. However, in *Gretsch* v. *Schoening, supra*, the Court of Appeals had held that § 27 could not be invoked by the owner of a valid U.S. trademark against goods bearing the genuine mark of the foreign manufacturer, as the importation and sale of such genuine goods did not infringe the U.S. mark. The Court of Appeals in *Katzel* reaffirmed the principle, citing *Gretsch*. When Holmes reversed *Katzel*, finding infringement despite the "genuineness" of the imported goods, a corollary implication was, as indeed the Supreme Court was soon to rule in *Aldridge*, that such "genuine" marks, being infringers, would also be excludable under § 27. Thus, in Judge Hand's terms, the "casus omissus, supposed to exist in § 27" was foreign goods with genuine marks imported in derogation of the U.S. mark owner's trademark rights. This previously supposed omission from the coverage of § 27 was independently plugged both by the passage of § 526 and by the *Bourjois* decisions. What Hand's observation meant was only that the passage of § 526 would have been unnecessary and would not have occurred if the *Bourjois* Supreme Court decisions had been rendered earlier, bringing such "genuine" goods within the coverage of § 27. There is absolutely no basis in Hand's language for the suggestion argued by defendants that it refers only to the arm's-length relationship between the domestic and foreign markholders in *Katzel*. In fact it must mean the opposite. For it is clear (and beyond dispute) that exclusion lay under § 27 against goods that "copy or simulate" regardless of relationship between the domestic and the foreign mark holder. Such a relationship would have no conceivable relevance to the unlawfulness of a counterfeit mark. If, as Judge Hand states, § 526 simply fills the omission supposed to exist in § 27, then the relationship between foreign and domestic markholder would be equally irrelevant under § 526.

Defendants' next arguments are that this interpretation of the trademark laws and of § 526 fosters anticompetitive practices, discriminatory pricing and violations of antitrust law and policy. Defendants argue that the opportunities for grey marketing are necessarily the consequence of an attempt by Osawa-Japan to discriminate against the U.S. consumer by charging higher prices to its U.S. distributor than it charges to distributors elsewhere. The only way to prevent this, defendants contend, is to construe the trademark laws as they advocate.

There are several sufficient answers to this contention. First, as noted above, there are many possible explanations why a grey market importer can sell cheaper than the exclusive distributor. Although arbitrary price discrimination is one possible explanation, there are many others, as noted above, including particularly fluctuations in international currency markets, differing cost conditions in other countries, and the fact, amply demonstrated here, that the plaintiff-markholder incurs many costs that the grey marketer does not. These include, at a minimum, all the costs incurred for the maintenance and enhancement of the mark's reputation, such as advertising and public relations, consumer and dealer education, warranty service, and maintenance of inventory. No proofs have been adduced by defendants that arbitrary price discrimination was practiced by Osawa-Japan.

But even assuming that it was, and assuming further that those practices violated the antitrust laws or other laws governing fair business practice, it does not follow that the problem should be remedied by an illogical misapplication of the trademark laws. A trademark is, like a patent, a monopoly conferred by law. Unquestionably they are susceptible to abuse and to employment in illegal fashion. When this occurs, the proper remedy is either to deny enforcement in appropriate instances or to impose liability by reason of the finding of unfair competition, violation of the antitrust laws or whatever, and not by distortion of the trademark laws in a fashion that will defeat legitimate trademark expectations.

This raises the curious history of the perfume antitrust actions, *see United States* v. *Guerlain, Inc.*, 155 F. Supp. 77 (S.D.N.Y. 1957), *vacated and remanded*, 358 U.S. 915 (1958), *action dismissed*, 172 F. Supp. 107 (S.D.N.Y. 1959), and the subsequent Customs regulations under § 526, all of which are so lucidly discussed in Judge Neaher's fine opinion in *Masel*.

In *Guerlain*, the Justice Department had instituted an action against U.S. distributors of French perfumes each of which was found by the district court to be part of a "single international enterprise" that included a French trademark owner. The Government contended initially that their obtaining of exclusion orders under § 526 violated § 2 of the Sherman Act. The district court found in favor of the Government. However, on appeal to the Supreme Court, the Government reversed its position, apparently believing that such changes in the law as it sought must come from legislation rather than adjudication. The Supreme Court vacated the district court's

order, 358 U.S. 915 (1958), and the action was subsequently dismissed with prejudice at the instance of the Government, 172 F. Supp. 107 (S.D.N.Y. 1959). Legislation that was later proposed, H.R. 7234, 86th Cong., 1st Sess. (1959), was never enacted.

In the meantime Customs, apparently influenced by the thinking of the Justice Department that prompted the bringing of the *Guerlain* action, adopted regulations that substantially narrowed the rights conferred by § 526. These regulations denied the remedy of exclusion provided by § 526 if the foreign and U.S. trademarks were owned by "related" companies. 19 C.F.R. § 11.14(b) (1954). Although this limitation was dropped by Customs after the dismissal of the *Guerlain* cases, *see* 19 C.F.R. §§ 11.14 and 11.15 (1960), its substance was reasserted by Customs in new regulations in 1973. The current regulations deny exclusion in various circumstances including where the foreign and domestic holders are in a parent-subsidiary relationship or otherwise are under common ownership or control. 19 C.F.R. §§ 133.21(c)(2), 133.2(d) and 133.12(d).

The pertinence of the Customs regulations to this action arises from defendants' contention that Customs violated them in granting the exclusion order to plaintiff. They contend that Osawa-Japan controls Mamiya Co. through its 30% ownership, as well as controlling plaintiff, with the result that "the foreign and domestic trademark . . . owners are . . . subject to common . . . control. . . .", 19 C.F.R. § 133.21(c)(2).[7] Accordingly, defendants argue that plaintiff is ineligible to receive an exclusion order, and that it should be vacated.

Accepting the regulations at face value, defendants have not shown that they were inaccurately, unfairly or wrongly applied. It is noted that defendants have not availed themselves of their statutory right to challenge Customs' determinations by protest under 19 U.S.C. § 1514. In any event, defendants' proofs do not demonstrate that Customs' factual determination was in error.

I note in passing, however, that the more substantial question, which need not be decided here in view of Customs' grant of an exclusion order to plaintiff, is whether Customs exceeded its authority in promulgating the regulations in question. The language of the statute broadly and unqualifiedly proclaims the unlawfulness of importing "any merchandise of foreign manufacture . . . [that] bears a trademark owned by a citizen of, or by a corporation or association created or organized within, the United States. . . ." It contains no suggestion that the right of the U.S. markholder to receive its benefits depends on subtle variations in its relationship with the foreign markholder.

The promulgation of the regulations represented an effort on the part of Customs to implement its perception of antitrust policy. *See* Atwood, *Import Restrictions on Trademarked Merchandise—The Role of the United States Bureau of Customs,* 59 T.M.R. 301 (1969). But nothing in the statute suggests that Congress conferred authority on the Bureau of Customs to condition its benefits on Customs' analysis of antitrust policy.

Equally questionable are the wisdom and necessity for such regulations. Antitrust questions are far too complex to be reasonably decided by reference to a short questionnaire on corporate ownership. The determinations made by Customs on this basis take no account, for example, of whether the similarly marked goods in fact compete with one another, or if so, what is the definition of the relevant market in which they compete.[8] The opinion of the district court in *"Guerlain,* adopting the same theory as these regulations, has been roundly criticized, *see* Handler, *Trademarks—Assets or Liabilities?,* 48 T.M.R. 661 (1958); *Bell & Howell : Mamiya Co.* v. *Masel Supply Co., supra,* 548 F. Supp. at 1077, and was, of course, disavowed by the Government when it changed its position on appeal and caused its own case to be dismissed with prejudice. But the district court in *Guerlain* at least considered the

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[7] Defendants contend that facts not placed before Customs by plaintiff in its application for the exclusion order including Osawa-Japan's distibutorship of Mamiya Co.'s products outside Japan and the substantially smaller size, as compared with Osawa-Japan's 30%, of the individual holdings constituting the other 70% of Mamiya Co.'s stock, would have led Customs to the conclusion of common control.

[8] It is also most curious that the regulation denying exclusion of genuine-foreign-trademark goods based on the relationship between the U.S. and foreign markholder also denies exclusion of imports bearing counterfeit trademarks on the same basis. ("The restrictions set forth in paragraphs (a) (marks that copy or simulate] and (b) [genuine foreign marks] . . . do not apply to imported articles when: [the foreign and domestic owners are related].") I cannot imagine what principle of antitrust law is served by withholding the exclusion of counterfeits by reason of relationships between the domestic and foreign markholder, especially in view of the fact that § 42 of the Lanham Act (the former § 27, providing for the exclusion of copying or simulating marks), unlike § 526, extends protection to foreign holders of U.S. marks (under certain circumstances) as well as to U.S. citizens and corporations.

particular facts of the perfume industry before reaching its conclusion. The Customs regulations presume antitrust violation without reference to market considerations, from the sole fact of common control of foreign and domestic trademark owners. I consider this unsound both as antitrust policy and as trademark law. More significantly, these crude regulations denying rights granted by statute seem unnecessary to protect the interests they seek to guard. Although international business complexes might conceivably use trademarks and exclusion orders in a manner that violated the antitrust laws, ample remedies exist. These would include actions in the U.S. courts to void the exclusion order based on antitrust violation, treble damage actions, suits for unfair competition and defenses to infringement actions. *See Timken Roller Bearing Co.* v. *United States,* 341 U.S. 593, 598–99 (1951); *Carl Zeiss Stiftung* v. *V.E.B. Carl Zeiss, Jena,* 298 F. Supp. 1309, 1314 (S.D.N.Y. 1969), *aff'd,* 433 F.2d 686 (2 Cir. 1970), *cert. denied,* 403 U.S. 905 (1971); 15 U.S.C. § 1115(b)(7). *See generally* Handler, *Trademarks—Assets or Liabilities?,* 48 T.M.R. 661 (1958).[9]

Defendants also argue that plaintiff's position would give plaintiff an unjustifiable monopoly on the U.S. sale of Mamiya equipment. This is simply not so. Nothing in this opinion would bar defendants from importing and selling the equipment manufactured by Mamiya Co. in Japan. What is forbidden is infringing on plaintiff's rights to the Mamiya marks. So long as defendants take steps so as not to infringe on plaintiff's trademark rights, nothing in the reasoning of this opinion would prevent them from dealing in the same equipment. Indeed it is noteworthy that one of the remedies provided in § 526(c) is the removal of the infringing trademark. *See Sturges* v. *Pease, supra.*

Defendants next contend that plaintiff is merely a licensee of the Mamiya marks and not the assignee of enforceable rights. This contention is based on the fact that a prior assignment in plaintiff's chain of title of two of the four marks included a restriction on alienation and a promise to reconvey under certain circumstances.[10] According to defendants' argument, that limitation, which devolved on plaintiff, is not compatible with ownership of enforceable rights. The argument is not compelling. First, it concerns only two of the four marks on which plaintiff sues. Second, retention of a reversionary interest by the transferor of a trademark does not preclude a determination that the ownership of the mark has been assigned. *See* 3 R. Callman, *The Law of Unfair Competition, Trademarks, and Monopolies,* § 19.46 at 201 (4 ed. 1983); *In re George J. Ball, Inc.,* 153 U.S.P.Q. 426 (T.T.A.B. 1967).

Defendants further argue that plaintiff lacks sufficient "indicia of trademark ownership," contending that Osawa-Japan did not pay Mamiya Co. for the trademark rights it acquired; that plaintiff has no freedom to choose the source from which it will purchase goods on which to affix the Mamiya marks; that plaintiff does not control the quality of Mamiya goods; and that the public does not identify plaintiff as the source of the goods. Defendants concede they have not "conclusively proved" that plaintiff "is not the 'owner' of the MAMIYA marks." Brief of Defendant B&H Photo in Opposition to Plaintiff's Motion for a Preliminary Injunction at 35. These unproved contentions are insufficient to cast in doubt plaintiff's right to a preliminary injunction. As to public perception of the identity of the mark owner, defendants' argument misperceives the law. It is of little significance to the establishment of trademark rights whether the public can identify correctly by name the

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[9] Further developments in this action may require adjudication concerning these regulations. Defendants have sought to implead Customs to reverse its grant of the exclusion order under authority of the regulations. In response, plaintiff pleads to void the regulations. The present state of the record requires no adjudication. For the moment, it suffices to note, with respect to defendants' arguments, that others have questioned the lawfulness of the regulations, as well as their wisdom. *See Bell & Howell : Mamiya Corp.* v. *Masel,* 548 F. Supp. at 1078–79; Kuhn, *Remedies Available at Customs for Infringement of a Registered Trademark,* 70 T.M.R. 387, 394 (1980).

[10] The assignment in question, in 1971 to Caprod, Ltd., a prior exclusive U.S. distributor of Mamiya goods, provided in part:

(2) Assignee agrees that in the event of the termination of its present contract of exclusive distributorship, or any subsequent contract pursuant to which it is the exclusive distributor of merchandise bearing the trademarks in question in the United States, or in the event that it fails to continue to guarantee, repair and replace such merchandise under such circumstances that the goodwill associated with the mark no longer identifies such goods as emanating from assignee, or assignee ceases to engage in the business in which it employs said trademarks, then, under those circumstances, assignee agrees that it will forthwith, and without expense to assignor, reassign said trademarks and any and all goodwill of the business connected therewith to the assignor.

(3) Assignor further agrees that this assignment is personal to it and that it will not at any time assign to any third party the aforesaid trademarks or the goodwill of the business in connection with which they are employed, nor will assignee abandon use thereof without first giving notice of the intent to do so to assignor.

owner of the mark. Judge Learned Hand stated that enforceable rights would be found on a showing that the mark owner's "use of the word . . . has become enough associated with himself as to justify the inference that buyers under that name are his customers. It is, of course, not necessary that he should be known as the maker; on the contrary, it will suffice if the article be known as coming from a single, though anonymous, source." *Coty* v. *LeBlume, supra,* 292 F. at 267. What is significant is whether the public perceives the existence of a single commercial entity as the sponsor of the mark, not whether the public can accurately name that entity.[11]

* * * * * * *

I conclude that plaintiff has made out its entitlement to preliminary relief under § 526, as well as for trademark infringement.

So Ordered:

Dated: New York, NY, May 24, 1984.

PIERRE N. LEVAL U.S.D.J.

COWAN, LIEBOWITZ & LATMAN, P.C.,
New York, N.Y., February 16, 1984.

MICHAEL J. REMINGTON, Esq.,
Chief Counsel to Subcommittee on Courts, Civil Liberties and the Administration of Justice, Committee on the Judiciary, House of Representatives, Washington, DC.

DEAR MR. REMINGTON: I very much enjoyed the opportunity to meet you and discuss trademark and copyright issues with you during our meeting on February 9, 1984 with Yvonne Chicoine of USTA.

I enclose a photocopy of the recent Second Circuit decision in *Warner Bros. Inc.* v. *Gay Toys, Inc.* You may be particularly interested in the material on pages 9 to 14 relating to the so-called consumer motivation test. This was rejected by the Second Circuit without any mention of the Night Circuit's anti-monopoly decision.

The fact that there is now a conflict between Circuits does not, in my view, remove the need for clarifying legislation. It is unlikely that the U.S. Supreme Court will resolve this conflict. Furthermore, the pending legislation clarifies the present confused standards being applied by the courts in deciding whether or not a term has become generic. It would seem useful for all of the courts to be applying the same standard even though they may not be uniform in the way in which the standard is applied.

Sincerely yours,

William M. Borchard.

U.S. COURT OF APPEALS FOR THE SECOND CIRCUIT

No. 161—August Term, 1983

(Argued October 26, 1983, Decided December 21, 1983)

Docket No. 83-7365

WARNER BROS. INC., *Plaintiff-Appellee,* v. GAY TOYS, INC., *Defendant-Appellant.*

Before Lumbard, Oakes, and Kearse, Circuit Judges.

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[11] To the extent that the recent opinions of the Ninth Circuit in *Anti-Monopoly, Inc.* v. *General Mills Fun Group,* 611 F.2d 296 (1979), 684 F.2d 1316 (1982), hold otherwise, I would decline to follow them. In the "Monopoly" case, that court ruled that a mark is generic, and unprotectable, unless its "primary" significance in the mind of the consumer is the producer rather than the product. Thus the famous board game trademark "Monopoly" was found generic because consumers associate the mark with the game more readily than with the producer of the game. By my perception, this reasoning would invalidate many if not most of the major American brands. Well-established trademarks that, like Monopoly, seem more likely to suggest the product than the producer would include Anacin, Bufferin, Tylenol, Excedrin, Ivory, Dove, Oxydol, Comet, Ajax, Woolite, Joy, Lysol, Raid, Q-Tips, Coppertone, Ban, Modess, Kotex, Playtex, Digel, Pepto-Bismol, Crest, Aim, Pepsodent, Polident, Lavoris, Scope, Dentyne, Sanka, Visine, Old Spice, Trojan, Chevrolet, Cadillac, Lincoln, Mercury, Plymouth, Lucky Strike, and Winston, to name only a few. If the Ninth Circuit's view correctly states the law, to say the very least a major segment of the American merchandising industry and its lawyers have been operating under a drastically mistaken understanding. I believe Judge Hand's formulation quoted above correctly states the law.

Appeal from an order of the United States District Court for the Southern District of New York, Whitman Knapp, Judge, finding that Gay Toys violated § 43(a) of the Lanham Act and enjoining it from continuing to manufacture or sell toy cars resembling the "General Lee" car featured in the "Dukes of Hazard" television series.

Affirmed. Robert G. Mentag, Detroit, MI (Milton Wolson, New York, NY, Bernard Malina, New York, NY, of counsel), for Appellant.

Arthur J. Greenbaum, New York, NY (Carol F. Simkin, Louis S. Ederer, Jane Ginsburg, Cowan, Liebowitz & Latman, New York, NY, Michael Davis, Weiss, Dawid, Fross, Zelnick & Lehrman, New York, NY, of counsel), for Appellee.

Oakes, Circuit Judge:

This is the rather unusual case of an appeal from the grant of a final injunction after this court had directed the district court to enter a preliminary injunction. *Warner Bros. Inc.* v. *Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981). On remand, the United States District Court for the Southern District of New York, Whitman Knapp, Judge, granted summary judgment for Warner Bros. Inc. (Warner), on its claim under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1976), that the toy cars marketed by Gay Toys, Inc. (Gay Toys), and patterned after the "General Lee," [1] an automobile featured in Warner's television series "The Dukes of Hazzard," tended to confuse purchasers as to their source or sponsorship. We affirm.

Our previous opinion held that (1) unregistered trademarks are protected under § 43(a), 658 F.2d at 77–78; (2) protection may extend to symbols associated with specific ingredients of successful television series such as the symbols which identify the "General Lee," *id.* at 78; (3) to obtain an injunction under § 43(a) only a likelihood of confusion as to source or sponsorship need be shown, *id.* at 79; and (4) Gay Toys' use of the "General Lee" symbols created a likelihood of confusion as to the source or sponsorship of the toy cars, *id.* at 78, 79. We rejected Gay Toys' argument that for likelihood of confusion to exist it was necessary that Warner be the manufacturer of the real "General Lee" toy car. *Id.* at 79.[2]

On remand the district court, after questioning the applicability of the Lanham Act in the first instance, 553 F. Supp. at 1019, said that our opinion "conclusively presumed" both the desire of Warner's audience for officially sponsored toys and the deliberate creation by Gay Toys of sufficient confusion to invoke the Act. *Id.* at 1020. The court, then, assumed that the consumers' motivation in desiring to buy officially sponsored toys was somehow relevant in establishing the requisite secondary meaning to show identification with a source. It concluded that in our earlier opinion we "presumed" that consumers' desire for the "official" toy demonstrated this motivation. The court then rejected the defense that the design of the "General Lee" is "functional" insofar as the symbols are required to permit children to play "The Dukes of Hazzard" with the toy car. *Id.* at 1020–21. It also rejected defenses of abandonment and lack of clean hands. 553 F. Supp. at 1020–21.

On this appeal Gay Toys renews the argument of "functionality" made below. It further claims that because "consumer motivation" is a necessary element of secondary meaning required to show identification with a source, and proof of such was lacking here, the district court decision (and by implication, at least, our previous decision) was contrary to a long line of authority in this court.[3] Finally it argues that the district court erred in rejecting as a matter of law the defenses of lack of clean hands and abandonment by "naked licensing."

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[1] Warner's "General Lee" is an imitation 1969 Dodge Charger of bright orange color with a Confederate Flag emblem on the car roof and the numberals "01" placed on the door. Gay Toys' imitations, made after failure to obtain a license from Warner, while taking various forms and hearing a different name, usually had the same emblems except for a reversal of the numbers to "10." Upon complaint from Gay Toys' customers that the numerals were incorrect, Gay Toys would send them labels of a "1" and a "0," informing the customer to affix the numbers as he saw fit.

[2] The district court had previously held that Warner's failure to have a reputation as a toy car maker was relevant. *Warner Bros. Inc.* v. *Gay Toys, Inc.*, 513 F. Supp. 1066, 1069 (S.D.N.Y. 1981).

[3] Our previous decision ordering the district court to issue a preliminary injunction referred without discussion to the "General Lee" symbols as "non-functional," 658 F.2d at 77, and addressed the question of likelihood of confusion as to source and sponsorship. That decision, however, does not foreclose consideration of the arguments Gay Toys makes on appeal from an order granting a final injunction. *See Hamilton Watch Co.* v. *Benrus Watch Co.*, 206 F.2d 738, 742 (2d Cir. 1953); 11 C. Wright & A. Miller, *Federal Practice and Procedure* § 2950, at 494–96 (1973). *See also Imperial Chemical Industries Ltd.* v. *National Distillers & Chemical Corp.*, 354 F.2d 459, 463 (2d Cir. 1965).

FUNCTIONALITY

Functional symbols (those that are essential to a product's use as opposed to those which merely identify it) are not protected under § 43(a), *see, e.g., Vibrant Sales, Inc.* v. *New Body Boutique, Inc.*, 652 F.2d 299, 303 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982). Gay Toys claims the "General Lee" symbols in question are functional in the sense that they are essential to enable children to play "Dukes of Hazzard" with the cars. This is a paradoxical argument, since it is precisely the fact that the symbols provide identification that make them "functional" in the sense urged on us by Gay Toys, while Warner's exclusive right to use its own identifying symbols is exactly what it seeks to protect. Carried to a logical conclusion, Gay Toys' argument would enlarge the functionality defense so as to eliminate any protection for any object, since presumably each feature of any object is designed to serve a particular "function" in Gay Toys' sense of the terms.

Warner's position is that functionality should be considered in terms of toy cars generally and not "Dukes of Hazzard" toy cars specifically, so that, for example, the use of wheels cannot be protected, but the Confederate flag marking coupled with the numerals, all on a bright orange background, can be. It cites *In re DC Comics*, 689 F.2d 1042, 1045 (C.C.P.A. 1982) (dolls generally and not Superman dolls are the class by which functionality is determined), and language of this court relying upon a law review note that identifies functional features as those "having value independent of identification." *Vibrant Sales, Inc.*, 652 F.2d at 303 (citing *Developments in the Law—Competitive Torts*, 77 Harv. L. Rev. 888, 918 (1964)).

Gay Toys relies primarily on a Ninth Circuit case which held that an identifying insignia of a fraternal organization is functional and nonprotectable as a trademark when used on jewelry, at least as long as no one is confused that the jewelry was made or licensed by the fraternity. *International Order of Job's Daughters* v. *Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981). Though the decisions of various circuits are not uniform on this question, we agree with Warner both on grounds of logic and of policy.

While there has been some confusing language in the case law, particularly that linking what is functional to the commercially successful features of a product, *see In re DC Comics, Inc.*, 689 F.2d at 1045 (discussing cases), an examination of the roots and purposes of the functionality doctrine suggests coherent limits to its use. In *Singer Manufacturing Co.* v. *June Manufacturing Co.*, 163 U.S. 169, 184–85 (1896), the Supreme Court held that the form, size, shape, and appearance of sewing machines once protected by various patents fell into the public domain upon expiration of the underlying patents. The shape or form necessary to the once patented features, even though distinctive and identifying, could be copied without competing unfairly.

Applying the teaching of *Singer* to an attempt to copy design features of an early version of the vacuum cleaner in an unfair competition suit, the Seventh Circuit said in *Pope Automatic Merchandising Co.* v. *McCrum-Howell Co.*, 191 F. 979, 981–82 (7th Cir. 1911):

"Development in a useful art is ordinarily toward effectiveness of operation and simplicity of form. Carriages, bicycles, automobiles, and many other things from diversity have approached uniformity through the utilitarian impulse. 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 a 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 the unpatented utilities and in the trade that had been built up thereon, but who used on their products conspicious name-plates containing unmistakably distinct trade-names, trade-marks, and names and addresses of makers, and in relation to whose products no instance of deception had occurred—he would be given gratuitously a monopoly more effective than that of the unobtainable patent in the ratio of eternity to 17 years."

See also Flagg Manufacturing Co. v. *Holway*, 178 Mass. 83, 59 N.E. 667 (1901) (Holmes, C.J.) (holding design of zither not protectable: "In the absence of a patent the freedom of manufacture cannot be cut down under the name of preventing unfair competition.").

More recently courts have continued to understand the functionality defense as a way to protect useful design features from being monopolized. The Supreme Court, In *Inwood Laboratories, Inc.* v. *Ives Laboratories, Inc.*, 456 U.S. 844, 850–51 n.10 (1982) (dictum), defined a functional feature as one that "is essential to the use or purpose of the article or [that] affects the cost or quality of the article." A design feature of a particular article is "essential" only if the feature is dictated by the

functions to be performed; a feature that merely accommodates a useful function is not enough. *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332, 1342 (C.C.P.A. 1982) (shape of plastic container for spray products not essential to its purpose as a sprayer). And a design feature "affecting the cost of quality of an article" is one which permits the article to be manufactured as a lower cost, *e.g., Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 122 (1938) (pillow shape of shredded wheat biscuit functional as cost would be increased and quality lessened by other form), or one which constitutes an improvement in the operation of the goods, *e.g., Fisher Stoves Inc.* v. *All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980) (two-tier design of woodstove functional because improving the operation of the stove in three respects).

The functionality defense, then, was developed to protect advances in functional design from being monopolized.[4] It is designed to encourage competition and the broadest dissemination of useful design features. The question posed is whether by protecting the "General Lee" symbols we are creating an eternal monopoly on the shape or form of some useful object, thereby limiting the sharing of utilitarian refinements in useful objects.

With the functionality defense thus defined it is obvious that the "General Lee" symbols—flag emblem and numbers in tandem with the color orange—are not the kind of "useful objects" that the functionality defense was designed to protect. Rather than representing an advance in the useful arts, the symbols merely function to enable consumers, especially children, to identify a toy car with a particular television series.

This conclusion, that only functions which represent development of useful features, and not functions which serve merely to identify, are considered in determining functionality, is reinforced by earlier as well as by our own recent case law. In *Moline Pressed Steel Co.* v. *Dayton Toy & Specialty Co.*, 30 F.2d 16 (6th Cir. 1929), the court held that two toy manufacturers could each make identifical toy dump trucks modeled after an actual truck, but that the one could not use the other's trade name of "Buddy-L" on the truck. It could use its own trade name "Sonny" which the court found neither in sound nor in appearance was "likely to be confused" with "Buddy-L." *Id.* at 18. Nor could the "Sonny" truck "use on its trucks any unique design or coloring, lacking functional utility, which has become identified with [the 'Buddy-L' truck]." *Id.* We have already referred to *Vibrant Sales, Inc.* v. *New Body Boutique, Inc.* (weight loss waistbelt design functional), which points out that "[t]he additional requirement that copied features must be non-functional if the copying is to come within the prohibition of § 43(a) reflects the concern that first-comers not be allowed to prevent the widespread use of useful but non-patentable features." 652 F.2d at 303. In *Dallas Cowboys Cheerleaders, Inc.* v. *Pussycat Cinema, Ltd.*, 604 F.2d 200 (2 Cir. 1979), the court held that the design of the Dallas Cowboys cheerleaders' costume using "white boots, white shorts, blue blouse, and white star-studded vest and belt" "imparts a western flavor appropriate for a Texas cheerleading squad" but was "arbitrary" and worthy of trademark protection even though the uniform was otherwise functional. *Id.* at 203 n.4, 204. The court there held that "the fact that an item serves or performs a function does not mean that it may not at the same time be capable of indicating sponsorship or origin, particularly where the decorative aspects of the item are nonfunctional." *Id.* at 204. So, too, with the "General Lee." Its distinctive markings indicate origin and go to appearance and dress; they are arbitrary and nonfunctional.

CONSUMER MOTIVATION

Gay Toys' second principal argument concerns the issue of secondary meaning. To prove a violation of the false designation of origin prohibition in § 43(a) of the Lanham Act protecting unregistered trademarks, it is first necessary to prove that the mark in question has acquired a second meaning to the consumer primarily as a mark identifying the product with a particular source. *E.g., Vibrant Sales*, 652 F.2d at 303. Gay Toys claims that to show secondary meaning a trademark holder must show that consumers are motivated to buy the allegedly infringing goods in question because they believe the goods are sponsored or manufactured by a particular source identified by the trademark symbol in question. It was not proved that consumers of "General Lee" models care whether the goods are manufactured or sponsored by any single source, the district court found. Since Warner has not proved

[4] The doctrine is analogous to the exception in the Copyright Act denying copyrightability as to the "mechanical or utilitarian aspects" of works of artistic craftsmanship. 17 U.S.C. § 101 (1976); 37 C.F.R. § 202.10 (1983); *see Kieselstein-Cord* v. *Assessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980); 1 M. Nimmer, Copyright § 2.08[B] at 2-87—2-96.4 (1983).

"consumer motivation," the argument runs, it has not shown "secondary meaning," and its infringement claim must fail.

We are referred to what is said to be "consumer motivation" language in a line of cases including *Crescent Tool Co.* v. *Kilborn & Bishop Co.*, 247 F. 299, 300 (2d Cir. 1917) ("whether the public is moved in any degree to buy the article because of its source"); *Blisscraft of Hollywood* v. *United Plastics Co.*, 294 F.2d 694, 697 (2d Cir. 1961) ("To establish a secondary meaning . . . it must be shown that . . . purchasers are moved to buy it because of its source."); *Hygienic Specialties Co.* v. *H. G. Salzman, Inc.*, 302 F.2d 614, 620 (2d Cir. 1962); *American Footwear Corp.* v. *General Footwear Co.*, 609 F.2d 655, 663 (2d Cir. 1979) ("The crucial question . . . always is whether the public is moved in any degree to buy an article because of its source."), *cert. denied*, 445 U.S. 951 (1980).

In each of these cases, however, the plaintiff failed to establish source association in the general sense of associating the term or symbol used by the defendant with the plaintiff. *Crescent Tool*, 247 F. at 300; *Blisscraft*, 294 F.2d at 697; *Hygienic Specialties*, 302 F.2d at 620; *American Footwear*, 609 F.2d at 660, 662. Here there *was* proof of association of the "General Lee" toy car with the "Dukes of Hazzard" television series. Nor is there any doubt that consumers wanted the toy in part because they (or their children) identified the toy with the television series. This is sufficient even though Warner is not a manufacturer of toy cars; it is sufficient though there was no showing that consumers believed that the toy cars marketed by Gay Toys were sponsored or authorized by Warner.

In a case for all practical purposes identical to ours, involving the very "General Lee" and another imitator, the Seventh Circuit recently said:

"[T]his court has previously noted that to establish secondary meaning it is not necessary for the public to be aware of the name of the manufacturer which produces a product. . . .

"[A]s a matter of law the capacity of the PPC "Rebel" or the "General Lee" cars to indicate the "Dukes of Hazzard" television show establishes the existence of secondary meaning in this case inasmuch as the toy cars are associated with a single source—the television series sponsored by Warner Bros. This follows even though Warner Bros., Inc. is not a manufacturer of toy cars."

Processed Plastic Co. v. *Warner Communications, Inc.*, 675 F.2d 852, 856 (7th Cir. 1982) (citations omitted).

What then of the consumer motivation language of the cases? Initially it should be noted that the language carries an ambiguous meaning. To say consumers are motivated to buy an article "because of its source" can mean either that, for example, customers buy it because they identify it with the television show, or that customers buy it because they believe the article is produced by or authorized by the television show makers. Most of the authority Gay Toys provides for its "consumer motivation" test, then, does not really demonstrate that the test has been applied in the restrictive manner Gay Toys urges upon us.

The "consumer motivation" language, moreover, may have some more specific application where there is a concern over the assertion of exclusive rights in the shape of useful objects, *see Hygienic Specialties*, 302 F.2d at 620 (dicta), or when the symbol in question generates a "generalized linkage" to a particular source, but the symbol's primary significance remains its independent aesthetic or utilitarian appeal.[5] *See e.g., American Footwear*, 609 F.2d at 663.

The ultimate test for secondary meaning, however, as Judge Nies of the Court of Customs and Patent Appeals has pointed out, is simply whether the term, symbol or device identifies goods of "a particular source," in which case it is protectable. If it does not identify goods with a particular source, it is not protectable. *In re DC Comics, Inc.*, 689 F.2d at 1054 (concurring opinion). "[T]he reality," he adds, is that "the primary objective of purchasers is to obtain particular goods, not to seek out particular sources or producers, as such." *Id.* This is what "secondary meaning" means; the true inquiry is whether the primary function of a particular design is other than referential, leading to association in the public mind with no one or nothing, or, by virtue of its distinctiveness, it is designed to create an association with a single source. In making that inquiry, the actual motivation of purchasing consumers—whether they were motivated because of quality, source, feature, design, price, durability, prestige, or otherwise—is essentially irrelevant. *Id.* Different people, for example, buy Rolls Royce automobiles for different reasons including

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[5] Since for a mark to acquire secondary meaning its primary signficance to consumers must be its referential character, a mark that has some referential sense but whose primary purpose is independent of its source-identifying character has not acquired sufficient secondary meaning to warrant protection. E.g., American Footwear, 609 F.2d at 663.

combinations of the above factors, but the distinctive overlapping "R's" symbol is nevertheless surely protectable. Irrespective of customers' motivations in making a purchase, they recognize and associate the symbol with the auto manufacturer.

The symbols on the "General Lee" just as clearly have a secondary meaning in the eyes of the consumer of the toy car. There was ample evidence—indeed Gay Toys' sales of its imitations are themselves proof—that the public did associate the "General Lee" with the "Dukes of Hazzard" television series. Its distinctive markings and color made it a "Dukes of Hazzard" car, or a toy depicting that car. It is because of that association, the identification of the toy car with its source, Warner's television series, that the toy car is bought by the public. That is enough.

ABANDONMENT AND UNCLEAN HANDS

The abandonment and unclean hands defenses advanced by Gay Toys can be dealt with more quickly. The unclean hands defense is based on Warner's cease and desist letter to Gay Toys threatening criminal prosecution for copyright infringement, a claim not pressed in this suit. Warner did have copyright registration for the "Dukes of Hazard" show, so that its claim would not be wholly baseless. In addition, as this court held in *Maatschappij Tot Exploitatie Van Rademaker's Koninklijke Cacao & Chocoladefadrieken* v. *Kosloff,* 45 F.2d 94, 96 (2d Cir. 1930), the defense of unclean hands applied only with respect to the right in suit; making a false trademark claim there did not bar plaintiff from an unfair competition claim.

Dismissal of the abandonment defense was also proper. Even if we accord Gay Toys the most favorable inference, it has not met the "high burden of proof" required to show abandonment through failure to police, at least in light of Warner's uncontroverted evidence of quality control standards which it enforced upon its licensees. *See United States Jaycees* v. *Philadelphia Jaycees,* 639 F.2d 134, 140 (3d Cir. 1981).

In view of our determination of the principal issues, it is unnecessary to pass on Warner's claims that Gay Toys has violated the New York law of unfair competition.

Judgment affirmed.

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