

A Trademark Primer

Editors

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The logo for Astrachan Gunst Thomas features a stylized, light blue swirl or wave graphic behind the text. The text "astrachan gunst thomas" is written in a lowercase, sans-serif font, with "astrachan" and "thomas" in a darker blue and "gunst" in a lighter blue.

astrachan gunst thomas

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Table of Contents

	<i>Page</i>
I. What Is A Trademark?	3
A. Introduction	3
B. A Trademark Must Be Distinctive	4
C. Does It Have “Secondary Meaning”?	5
D. Trade Dress Protection	5
II. Loss of Trademark Rights	7
A. Notify Others Of Ownership	8
B. Abandonment Can Lead To Cancellation	8
C. Preventing Loss Of Distinctiveness	10
III. Trademark Dilution and How To Prove It	11
A. Your Trademark Must Be ‘Famous’	11
B. Dilution By Tarnishment	12
C. Dilution By Blurring	13
IV. Trademark Infringement	14
A. Strength Of The Owner’s Mark	15
B. Similarity Of The Marks	16
C. Similarity Of The Goods or Services	16
D. Channels Of Trade, Advertising, And Prospective Purchasers	17
E. Evidence Of Confusion	18
F. Defendant’s Intent	18
G. Damages	19
V. Fair Use	19
VI. Internet Domain Names	21
Endnotes	22

I.
WHAT IS A TRADEMARK?

A. Introduction

THINK OF A TRADEMARK AS A PERSON'S NAME. HEARING THE name of a person you know conjures up the person's face, voice, and personality. The mark creates an association with a source. Similarly, marks give a product an identity and a familiarity, whether good or bad. When you see the mark COCA-COLA, you know the signature red and white label will guarantee that the product is the REAL THING, and that each bottle will taste the same as the preceding bottle. Without marks, you would wander the grocery store wondering if the soap you bought last week will be the same bar you buy this week. Or you may be left wondering if your crystal vase is BACCARAT or a product of inferior quality. Not only are marks a valuable tool in advertising and selling goods, they are a necessity for consumers because they educate.

The Trademark Act of 1946, more commonly known as the Lanham Act, defines a trademark as follows:

The term "trademark" includes any word, name, symbol or device or any combination thereof-

used by a person, or

which a person has a bona fide intention to use in commerce and applies to register on the principal register applied by this Act,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.¹

Examples of famous trademarks are GLAD brand plastic bags, ESTEE LAUDER brand cosmetics, SHELL brand gasoline, and KODAK brand film. When a trademark identifies a service rather than goods, it is called "service mark".² Examples include HERTZ drive yourself service or WEIGHT WATCHERS Diet Course.

Abbreviations, acronyms, slogans, colors, symbols, designs, sound combinations, product shapes and product containers can also be considered marks.³ For example, LIFESAVERS brand candy has trademarked the shape of its candy; NBC,

its three-note chime; OWENS-CORNING, its pink insulation; and COACH leather, its hang tag shape.

B. A Trademark Must Be Distinctive

Registering a trademark with the U.S. Patent and Trademark Office (PTO) in Washington D.C. notifies others that the owner of the mark claims exclusive rights to use the mark in association with products and services identical or substantially similar to those of the mark's owner.⁴ For example, if the mark CONGO was registered for use with facial tissues, another could not use the mark with bathroom tissues or table napkins. But another could use the mark with golf clubs. Because the main function of a trademark is to identify a product, the Trademark Office only accepts and protects marks that are inherently distinctive or recognizable as a mark.⁵ A mark is inherently distinctive, and readily registerable, if it is arbitrary, fanciful, or suggestive.

However, the mark need not be registered in order to have protectable rights in the mark. Use automatically provides trademark rights in the geographic area of use. But to obtain national rights, even before the mark is used nationally, the mark must be registered with the PTO.

There are two types of application that can be filed with the PTO: actual use in commerce and bona fide intent to use the mark in commerce. The intent to use registration actually reserves the mark, but the mark must be used in commerce or the reservation is lost. Still, this helps the brand manager who is testing marks and need to reserve their use. Keep in mind that trademark rights continue as long as you use the trademark, if you don't allow it to become generic.

Fanciful marks may be the strongest marks and include coined words such as XEROX, K-MART, POLAROID, and EXXON. These words do not exist in every day language and are invented solely for the purpose of identifying the product.⁶ These marks have no initial meaning, but with extensive advertising the marks become strongly associated with the source of the product. Arbitrary marks consist of words that are part of everyday language, but bear no relationship to the associated goods.⁷ Examples of arbitrary marks are IVORY soap, APPLE computers, and GIANT grocery stores.

A suggestive mark includes a term (or terms) that suggests some quality or feature of the associated goods.⁸ The suggestion is less than obvious and clearly some imagination is needed to determine the type of goods covered. For example, UNCOLA is suggestive of a non-cola beverage and PIZZERIA-UNO is suggestive of pizza restaurants.⁹

C. Does It Have ‘Secondary Meaning’?

An important term in trademark law is “secondary meaning”. It is possible to receive trademark protection for a mark that is not initially inherently distinctive (i.e., one that is descriptive of the nature or characteristics of the goods/services or, that describes their use or function), if, through use and consumer awareness, the mark becomes distinctive.¹⁰ This acquisition is known as secondary meaning. The key element of secondary meaning is a mental association in the buyers’ minds between the mark and a single source of the product, even if the source is anonymous.¹¹ A labeled product has acquired secondary meaning if a buyer can look at it and not be confused as to the source.¹²

For example, through continuous advertising, BLOCKBUSTER Entertainment Group gave the word BLOCKBUSTER a new and different meaning to movie watchers. BLOCKBUSTER was no longer descriptive of a hit movie, but identified a particular video rental chain.¹³ Similarly, NU-ENAMEL paint has come to indicate a specific brand of paints, and is no longer merely a descriptive term for any paint.¹⁴

If an examiner at the Trademark Office thinks that a mark is descriptive of some characteristic of the goods or services provided under the mark, he or she will refuse to register the mark in the absence of proof of secondary meaning. Proof of secondary meaning includes continuous and substantially exclusive use of a mark in commerce for five years, direct consumer testimony, surveys, amount and manner of advertising, and established place in the market.

D. Trade Dress Protection

Trade dress refers to the overall appearance of a product or a business. It can include Web page appearances, on-screen messages, product shapes, package

designs, labels, colors, the appearances of a video game consoles, and even the look of sales brochures and reminder letters sent out by service centers. Trade dress is protectible if it is (1) non-functional and (2) inherently distinctive, or has acquired secondary meaning. Trade dress is non-functional if its serves no other purpose than to identify the source of a product or service.

The color black applied to outboard motors was functional as it made the motors look smaller. Conversely, the color pink, applied to insulation, serves no functional purpose. It merely identifies the source. A trade dress is inherently distinctive if it is arbitrary, fanciful or suggestive.¹⁵ Inherently distinctive can also mean that it is unique in its field. In other words, simply made up and not functional or descriptive. Secondary meaning is attained over time, through extensive use and advertising, to designate to the public a source of a product. In both cases, consumers associate the trade dress elements with the advertiser as the source of the product.

In a case involving two Mexican restaurants, trade dress was defined as the total image of a business, including the shape and general appearance of the building's exterior, signage, floor plan, decor, menus, equipment and fixtures, uniforms and other features that impact image.¹⁶ The defendant unsuccessfully argued that even if the trade dress was inherently distinctive, the owner had to prove that it had acquired "secondary meaning". The court ruled against the defendant and held that the only time the owner of a trade dress must prove secondary meaning is when the trade dress is merely descriptive.

Packages and labels may also be considered trade dress, and the same rules apply.¹⁷ If the package is common in the industry, or functional, it can't be protected as trade dress. An example is the use of clamshell packaging to distinguish more expensive videos from less expensive ones packaged in a sleeve. But where two trade dresses are similar, suit can be brought under Section 43(a) of the Lanham Act if the junior use is likely to cause confusion. Some packages such as the HAIG & HAIG PINCH Scotch bottle can even be registered trademarks.¹⁸ In another case, the length and width of a golf course's holes, the size and shapes of the greens, the slopes and elevation were protected trade dress.¹⁹ If distinctive and non-functional, trade dress is protectible and a competitor adopting packaging or product appearance too similar to another's can become an infringer, violating the federal Lanham Act.

Anyone, advising a client about trade dress design, or creating trade dress, must be careful when the products compete in the same market, because similar trade dress is likely to confuse and be actionable. In the restaurant case, the junior user did business for at least a year in its market before the senior user entered the market. At the time of entry, there was no extensive use or advertising by the senior user to establish secondary meaning. Nevertheless, the senior user was able to stop the junior user from using the trade dress that was similar to that established by the senior user in a far-away market several years before.

If this case teaches anything, it is that a brand manager must create original concepts for its products, and not just borrow from someone else's trade dress, even if from across the country. Remember, where the courts examine trade dress, the focus is on the overall look of the product or package. Some elements may be similar but the test for infringement is the general impression made by the offending article on the eye of the consumer. Will the consumer be confused as to source?

II.

LOSS OF TRADEMARK RIGHTS

IF THE U.S. PATENT AND TRADEMARK OFFICE HAS REGISTERED a trademark because it is inherently distinctive or has acquired secondary meaning, the mark is valuable property and needs to be protected. Trademark registration is good for 10 years (and is renewable for 10 year periods thereafter), but an Affidavit of Continuing Use must be filed with the Patent and Trademark Office between the fifth and sixth years following registration or cancellation occurs or registration will be lost.²⁰

Also, it's possible for registration to be canceled and an owner to lose his rights in the mark due to non-use or misuse of the mark.²¹ Trademark owners, as well as agencies using the marks in advertisements, should take steps to avoid this extreme outcome.

Finally, if a mark is determined at some future date to have been demeaning or scandalous at time of registration, registration will be cancelled. This happened to the WASHINGTON REDSKINS football team. Even though federal registration was lost, common law rights will continue. ^{21a}

A. Notify Others of Ownership

A registered trademark appearing in any advertisement or marketing tool should be identified as a registered trademark. This puts others on notice that the trademark is protected and shouldn't be used or copied without the owner's permission and allows an owner to recover damages if an infringement of the mark occurs. Notice that the mark is registered is given by displaying with the mark the letter "R" enclosed within a circle, ®.²² Failure to do this will result in the loss of the right to treble infringement damages. Unregistered marks, and marks for which an application to register has been filed, but not yet approved, should be identified with a "TM" symbol for trademarks and an "SM" symbol for service marks.²³ Although it's unnecessary to use the registration notice every time the mark appears in an ad, use it where the mark first appears or is most prominent.

B. Abandonment Can Lead to Cancellation

Lack of usage can lead to forfeiture of legal rights. This loss is known as "abandonment".²⁴ Under the Lanham Act, a trademark is abandoned when there is: 1) non-use for an extended period of time (non-use for three years may be sufficient to establish abandonment); and 2) the owner intends not to resume use of the mark.²⁵ An intent to resume requires the trademark owner to have plans to resume commercial use of the mark.²⁶

Usually, the owner of a mark won't explicitly state that it doesn't plan to resume the use of the mark; however, abandonment can be inferred from the surrounding circumstances.²⁷ The most persuasive evidence of intent not to resume use is the amount of time that the mark hasn't been used. For example, Roger Myers exported wine from France and used the trademark F. REMY and sometimes the word REMY by itself. For six years, Myers stopped shipments to the United States and let his F. REMY mark lapse. Meanwhile, Remy Martin & Co, distillers of fine brandy and cognac, began a massive advertising campaign in the U.S. using their registered REMY trademark. When Myers revived shipment to the United States and began to use the F. REMY mark again, Remy Martin sued claiming Myers had abandoned its mark and

was now infringing their REMY mark. Myers had abandoned his mark, and showed no sign of plans to resume use of the mark during the six year period. A business intending to resume commercial use of his mark wouldn't have let the mark lapse.²⁸

Abandonment can also occur immediately.²⁹ A public announcement of an intention to discontinue the sale of a certain product can result in immediate abandonment of a mark and must be carefully considered. When Hiland Potato Chip Co. publicly announced that it was discontinuing the sale of KITTY CLOVER brand chips, the KITTY CLOVER trademark was immediately up for grabs. This type of announcement, a court ruled, is a circumstance from which intent not to resume use of the mark may be inferred.³⁰

Abandonment due to non-use of a mark over three years can be rebutted by showing valid reasons for non-use.³¹ Abandonment will not result from a temporary forced abandonment from the market.³² But once the cause for abandonment has passed, the owner should resume use within a reasonable time. For example, in *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.* a three year hiatus of importation of fish into the United States was due to the unprofitability of importing during those years. Star-Kist had used the ROSE BOWL trademark and bowl of roses design trademark on its can and intended to resume the use of the trademarks when profits could be made again.³³

Sometimes, if a mark has been officially abandoned, but still evokes an association with the old use, the mark remains off limits.³⁴ For example, the Indianapolis Colts and the NFL prevented a Canadian Football League (CFL) Team located in Baltimore from adopting the BALTIMORE COLTS name. Although the BALTIMORE COLTS trademark was abandoned when the team left Baltimore, use of the mark by the CFL team could cause the public to mistakenly believe that the Indianapolis Colts were somehow associated with the CFL Baltimore Colts, or the CFL team was actually a new NFL team.³⁵

But the BALTIMORE COLTS trademark could be used in connection with anything other than football or merchandise in connection with football. Similarly, over the objection of the Los Angeles Dodgers, a U.S. District Court allowed a restaurant to use the name BROOKLYN DODGER because no one would think the team was reincarnated as a restaurant.³⁶

Although continual use must be bona fide and not pretextual, a trademark owner who wants to preserve a mark may want to commit to continuation of sales, albeit at a reduced level, of a particular product.

Also, while a mark may not be considered abandoned, a court may refuse to enforce the rights of an owner who has looked the other way or has not been diligent in protecting its rights.

C. Preventing Loss of Distinctiveness

If the public begins to use a mark to designate a type of product instead of identifying a particular brand, the mark may be cancelled because it has become generic.³⁷ This erosion of a mark is called “genericide.” Marks that have become generic are CELLOPHANE, LINOLEUM, THERMOS, ESCALATOR, and DRY ICE.

Genericide isn’t caused by what an advertiser does, but rather by what it fails to do. The test to determine whether the mark should be canceled is whether the mark’s principal significance to the public has become a generic term no longer associated with a specific product.³⁸ Aspirin is a great example. How many brands of aspirin are there? Although Bayer, once owners of the ASPIRIN trademark, thought there was just one, theirs, the public believed that aspirin was the generic name for the drug. The trademark was canceled. This was mainly due to Bayer advertising its product as “Bayer-Tablets of Aspirin” and not emphasizing that ASPIRIN was Bayer’s brand name for the generic drug.³⁹

An advertiser can reduce the risk that a trademark will become a generic term by following some basic principles.⁴⁰

A trademark is an adjective that describes a noun; therefore, in advertisements, one should use the trademark with the generic name of the product to avoid confusing the two. For example, LEVI’S brand jeans, PRINCE brand tennis rackets, and MONT BLANC brand pens.

Because a trademark is an adjective, avoid using the mark in the possessive form (WINDEX’s shine, OCEAN SPRAY’s taste) or as a verb (to XEROX or to MIDASIZE).

Use the mark on different, but related, products such as DONNA KARAN ties and scarves and TITLEIST golf clubs and balls.

Distinguish the mark from the surrounding text by capitalizing the first letter, the entire mark, or use bold type.

III. TRADEMARK DILUTION AND HOW TO PROVE IT

DILUTION IS A TYPE OF DAMAGE TO A TRADEMARK WHERE there is no competition between the owners of the two marks. The Federal Trademark Dilution Act of 1995 defines dilution as “lessening the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of...likelihood of confusion, mistake or deception.”⁴¹ Diluting a mark is like adding water to a bottle of perfume. When it’s diluted, even slightly, it loses its strength and the damage is done.

Prior to the federal law, only half of the states protected trademarks against dilution, but this “patch-work” protection didn’t have any bite. A state dilution case resulting in an injunction could only be issued and enforced in the state where the suit was brought. Now, owners of famous marks can rely on nationwide relief.

Dilution of a trademark can be shown by either a “tarnishment” or “blurring” of the mark.

A. Your Trademark must be ‘Famous’

The federal dilution law only protects famous marks. To determine whether a mark is famous consider the following questions:⁴²

- Is there a high degree of inherent or acquired distinctiveness to the mark?
- Has the mark been associated with goods or services for an extended period?
- Has the mark been used in product advertisements for an extended period?
- Is the mark known outside of a limited geographic region?
- Is there a high level of recognition of the mark?
- Is the product unique to the product market?
- Is the mark registered?
- Are there a significant number of other users of the same or similar marks?

One example of a “famous” mark that was not protectable is the RINGLING BROS.-BARNUM & BAILEY’S THE GREATEST SHOW ON EARTH. Ringling has used the mark since the 1870’s in its advertisements, television programs, t-shirts, playing cards and coloring books. It presents 1,000 shows per year to approximately 12 million people. Although the phrase is composed of common, ordinary words, the composite phrase has become a distinctive mark which SHOULD BE entitled to protection against dilution.⁴³ However, in two separate cases, courts have refused to enjoin use of these slogans: THE GREATEST BAR ON EARTH and THE GREATEST SHOW ON EARTH.^{43a}

GENOVESE DRUG STORES, owner of the trademark WE’LL TAKE GOOD CARE OF YOU, sued a seller of home health care products that named its store TAKE GOOD CARE. The Genovese mark wasn’t famous because it had only been used in commerce for 9 years and wasn’t distinctive.⁴⁴ Note, also, that the mark must be famous across all segments of consumers; not just users of the product associated with the mark.

Dilution of a famous mark can occur when used by an advertiser even though there never will be any possibility of confusion, mistake, or deception. For example, a software company that names its product TIFFANY’S is infringing under the federal law, despite the fact that TIFFANY’S will probably never sell software. Again, the infringed mark must be famous, and the courts will consider factors such as extended use of the mark, broad geographical use, high level of recognition and registration of the mark.

B. Dilution By Tarnishment

Sellers of commercial products trying to attract attention to their commercials or products by poking fun at a widely recognized mark risk diluting that mark by tarnishment. Tarnishment happens when the mark becomes linked to products of inferior quality or the mark is portrayed in an “unsavory context.”⁴⁵

For example, New England Tees and two other tee-shirt companies recently settled out of court after DUNKIN DONUTS sued claiming that “Funkin Donuts” spelled out in the company’s pink and orange letters created an unsavory association. Similarly, AMERICAN EXPRESS COMPANY stopped VIBRA APPROVED LABORATORY CORP. from selling a condom package in the likeness of an American Express card with the inscription “Never leave home without it.”

Dilution by tarnishment isn't limited to sordid conduct. For instance, DEERE & CO., the world's largest supplier of agricultural products is famous for its Deere logo, the silhouette of a leaping deer in profile. When MTD Products, a competitor, ran a commercial for its YARD-MAN tractor altering the DEERE trademark from an imposing, proud deer to one that is frail and cowardly, Deere claimed its logo had been tarnished.⁴⁶ Dilution of this famous mark was tarnishment.⁴⁷

The federal law doesn't prevent the courts from appreciating a good joke or realizing that every alteration is not a dilution. They still give leeway to satiric expression and humorous ads. When Hormel Foods Corporation argued that Jim Henson's "Spa'am" puppet character linked its luncheon meat SPAM to a wild boar, the court brushed the claim aside. Henson's parody wasn't ridiculing Hormel's SPAM to sell more of its competitive products. In fact, it found Spa'am to be a likeable, positive character and that there was no evidence that the character would call the quality of Hormel's meat into question.⁴⁸

C. Dilution By Blurring

Blurring of a mark occurs when an advertiser's distinctive mark is used on other, unauthorized products⁴⁹. The mark loses its distinctive ability to identify the source of its products. Think of "blurring" as the whittling away of a trademark's selling power through unauthorized use by others. Hypothetically, examples of blurring are KODAK pianos, TIMEX gowns, BUDWEISER paint, or MERCEDES shoes. To determine whether a mark has been blurred courts will consider the following questions and balance the answers:⁵⁰

Are the marks similar? For example, the MIRACLE-GRO mark for plant products is similar to the MIRACLE GRO mark for hair care products.⁵¹

Are the products similar? The greater the similarity, the greater the chance of dilution.

What is the sophistication level of the consumers? Apparently, if the customers are sophisticated, they are less likely to blur the marks. For example, attorneys who use the LEXIS computer research tool aren't likely to blur that mark with the LEXUS automobile mark.⁵²

Did the junior user have a predatory intent? This is probably the most persuasive evidence in a dilution case. In other words, was the junior user trying to benefit commercially from association with the famous mark?

When B.E. WINDOWS CORP. opened THE GREATEST BAR ON EARTH on the 107th floor of the World Trade Center, RINGLING BROS.-BARNUM & BAILEY didn't clown around. It filed suit alleging the GREATEST SHOW ON EARTH mark was diluted. Weighing the factors listed above, the court decided that blurring was unlikely to occur because the words "show" and "bar" made the marks different; the two businesses, a circus and a bar, were different; and, the bar owner never intended to capitalize on the circus's famous mark.⁵³ This is a tough decision to reconcile.

Blurring is more likely to occur in the mind of the consumer if the products are similar.⁵⁴ Competition isn't a factor, but it helps. For example, use of the R US suffix in the children's toy shop and clothing context blurred the famous TOYS R US mark.⁵⁵

As this is written, the United States Supreme Court is considering whether a dilution plaintiff must prove evidence of actual economic harm caused by the junior user before relief can be granted.^{55a}

IV. TRADEMARK INFRINGEMENT

THE OWNER OF A TRADEMARK MUST PROTECT ITS MARK against all infringing uses to ensure the mark remains strong. Section 1114 of the Lanham Act outlines actions that could infringe someone else's mark: "Any person who shall, without consent of the registrant, use in commerce any reproduction, counterfeit, copy or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive ... shall be liable in a civil action by the registrant."⁵⁶ Section 43(a) of the Lanham Act (15 U.S.C. § 1125 (a)), which encompasses claims for trademark infringement of both registered and unregistered marks, imposes civil liability on any person who uses any mark which is "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the

origin, sponsorship or approval of his or her goods, services or commercial activities by another person. ...”

The touchstone for analysis in any trademark infringement case is whether consumers are likely to be misled, or confused, as to the source of the goods or services in question or whether an affiliation exists between the parties.⁵⁷ To determine if confusion between two marks is likely, courts balance these factors:⁵⁸ 1) the strength of the owner’s mark; 2) the similarity of the marks; 3) the similarity of the goods; 4) the relationship between the parties’ channels of trade; 5) the relationship between the parties’ advertising; 6) the classes and sophistication of prospective purchasers; 7) evidence of actual confusion; and 8) the defendant’s intent in adopting the mark as his own.

A. Strength Of The Owner’s Mark

A mark’s strength refers to its ability to identify the goods or services sold under the mark.⁵⁹ A “strong mark” is inherently distinctive and is afforded much greater protection than a “weak mark” such as a generic term which will not be protected.⁶⁰ In ascending order of strength and level of protection, marks can be arbitrary or fanciful, suggestive, descriptive or generic.

An example of a fanciful mark is KODAK since it consists of a word that does not exist in everyday language.⁶¹ Arbitrary marks consist of words that are part of everyday language but which are arbitrarily applied to a particular good.⁶² DUTCH BOY as applied to paint is arbitrary but the words are not made up. An example of a suggestive mark is PENGUIN for food freezers. Descriptive marks are CHAP STICK for lip balm and ALO for aloe vera. To be protected, these marks must develop secondary meaning; that is, an association between product and source. Generic marks will never be protected. ASPRIN and THERMOS are examples of MARKS THAT HAVE BECOME generic due to the owners’ misuse. Although at one time these were protected as trademarks, these words slipped into the general language to describe a class of products, e.g., a thermos bottle.

B. Similarity Of The Marks

Similarity is based on the total effect of the entire mark, not the individual features of the mark.⁶³ When considering the similarity of two marks, think about the appearance, sound and meaning of the marks and the manner in which they're used. For example, a blue rectangular label on the heel and instep of a tennis shoe that reads KEDS is infringed by another tennis shoe company's use of a blue rectangular label with any word printed on it.⁶⁴

Sometimes, even if two marks are phonetically identical, infringement of the original mark doesn't occur if the marks are used with different visual displays.⁶⁵ For example, when the rock group AEROSMITH titled one of its albums PUMP, there was no infringement of the registered trademark of another rock band named PUMP. Although both use the same word, AEROSMITH's PUMP design is plain and simple and is seen on the door of a truck, whereas the PUMP band's logo is stylized with a pattern of lines resting on musical notes.

C. Similarity Of The Goods Or Services

This factor focuses on whether the two product or services serve the same purpose. The closer the products or services, the more likely the use of similar marks will cause confusion.⁶⁶ For example, when DOUGIES brand popped up in the diaper aisle, HUGGIES sued because the marks sounded similar and both were used for diapers. Dougies infringed the Huggies mark because substantial likelihood of confusion amongst consumers who thought Dougies was an off shoot of the popular Huggies brand diapers.⁶⁷ Had the Dougies mark been used for a completely different item such as paper plates or a soft drink, no confusion would have existed.

The TAJ MAHAL case is a great example of this principle. The TAJ MAHAL casino in Atlantic City used the identical mark of the Taj Mahal restaurant in Washington D.C. Since the use of the marks for business services were so distinct, however, there was no infringement.⁶⁸

D. Channels of Trade, Advertising, And Prospective Purchasers

An advertiser often uses another company's trademark in its ads for a variety of reasons. For example, a ROLEX watch may add sophistication to a cosmetics ad. In showing the ROLEX watch in its ad, the cosmetic advertiser must protect against creating a likelihood that buyers will be confused into believing that ROLEX is somehow affiliated with the cosmetic seller, or that ROLEX was paid a fee to allow use of its famous trademark.

Unfair competition may occur when an advertiser adopts a mark similar to an existing mark even though the products are in no way related. In 1970, a court enjoined the use of COMCET on computers because even sophisticated engineers might believe that the COMCET computer was related to COMSAT — the Communications Satellite Corporation — and that COMSAT had expanded its line of business. In 1988 Mead Data's LEXIS division almost stopped Toyota from naming its car LEXUS.

The influential Court of Appeals for the federal district encompassing New York said that for infringement arising from confusion to exist, the public is not required to believe that the owner of the mark actually produced or sold the goods. All that is required is that the public believe that the owner of the mark gave permission for use of its mark, sponsored the seller or is otherwise associated with the seller.

Sometimes use of a disclaimer in an ad stating that the advertiser is not affiliated with the owner of the mark it has highlighted will avoid infringement. Some courts hold it will not; it will only highlight the problem. A dollop of common sense and an informal office poll will often assist to determine if confusion is likely.

Because these factors overlap, courts discuss them together. The test is whether the parties have similar potential markets and seek to exploit those markets in similar ways.⁶⁹ The relative success or failure of either party in reaching potential customers is immaterial.⁷⁰ Using the diaper example, both parties attracted the same customers-parents. Each advertised in shopping circulars and each was shelved in the same shopping section of the grocery store. These similarities supported the decision that Dougies infringed Huggies.⁷¹

In contrast, after considering the content, geographic distribution and market position of two mark users, surprisingly, a court decided that THE KARATE KID movie mark didn't infringe THE KARATE KID comic book.⁷² The marks were said not to be in competition. Not only did they differ in content and purpose, but the products were also marketed differently. The movie was marketed through movie theaters and video chains while the comic book was marketed through flyers, business cards, and comic book exhibitions. Also, the movie's trademark enjoyed international distribution, while the comic book was limited to small areas of New York, New Jersey and Florida.⁷³ Another decision that is hard to reconcile.

E. Evidence Of Confusion

This factor looks to see if any consumers have actually been confused by the products bearing the allegedly confusing marks. Trademark infringement protects only against mistaken purchasing decisions and a likelihood of confusion, not a mere possibility. The best evidence of likelihood of confusion is testimony of consumers who have purchased the junior user's product believing it was connected to the original product.

Classic evidence of mark confusion was shown in a case involving GOODYEAR'S Bigfoot tires. A YELLOW PAGE representative testified that she refused to place an ad for the BIG O company for its Big Foot tire because she knew the name BIGFOOT already belonged to GOODYEAR TIRE.⁷⁴

F. Defendant's Intent

This factor considers whether the junior user of the mark adopted its mark with the intention of capitalizing on the original user's reputation and goodwill.⁷⁵ Factors that support good faith on behalf of the junior user include selection of a mark that reflects the product's characteristics, a request for a trademark search and reliance on the advice of an attorney.⁷⁶

No single factor is determinative of a substantial likelihood of confusion that could lead to a trademark infringement. Courts will weigh and balance the various factors' cumulative impact.⁷⁷

G. Damages

Remedies for trademark infringement may include injunctive relief;⁷⁸ monetary relief in the form of the defendant's profits *and* damages sustained by the plaintiff; and the costs of the action; corrective advertising; reasonable attorney's fees, in *exceptional cases*;⁷⁹ and impoundment and destruction of infringing articles.⁸⁰ A usual remedy where dilution or other infringement is proven under the Lanham Act is an injunction. But often a court will "deter" a defendant by trebling damages. This is especially true where a defendant intentionally infringed.

To recover monetary damages for trademark infringement, a plaintiff must prove that it was damaged, or that the defendant profited, *as a result of the infringement*. In other words, has the defendant profited based on the use of the trademark or has the plaintiff suffered some loss as a result of the use? Speculative damages will not be awarded, and if a plaintiff cannot show probability of actual loss caused by the infringement, a court may deny recovery of damages.⁸¹

V.

FAIR USE

NO ONE HAS A MONOPOLY IN THE USE OF THEIR OWN trademark. In trademark infringement claims, a defense of "fair use" can be asserted as long as the mark is used in a descriptive sense and not as a trademark, so that the use of the term is in its original "primary" or descriptive sense. The underlying purpose behind the fair use defense is to ensure that a monopoly is not created in the marketplace based on the unavailability of a trademarked term.⁸² In one case, a court held that "[t]he use of the phrase [the joy of bathing] ... is designed to suggest the pleasure which will accompany the use of the defendant's product, and thus performs a descriptive function. To give the plaintiff [JOY] the protection it seeks would be the first step in bestowing upon it a virtual monopoly of any phrase commencing with the [trademarked] word ..."⁸³

Numerous courts have discussed what it takes for a term to be used in a descriptive fashion as opposed to a trademark. For example, one court allowed use of a descriptive phrase (RIBBED) very similar to the plaintiff's trademark (SENSI-

RIBBED) stating that “[u]nless attention is drawn to the particular word or term as being indicative of source or origin of that product, the term is not being used as a trademark.” In making its determination that the use was descriptive, that court noted “[v]isual attention is not focused on the mark, but on the brand name, TROJAN. TROJAN is printed in solid white lettering which noticeably contrasts with the varying shades of gold and brown in the background. On the other hand, RIBBED is in pencil-lined gold lettering which blends in with the other color tones on the package.” Since the brand name was prominently displayed on the packaging and the word in question (RIBBED) was not used to identify or distinguish defendant’s products, it was merely descriptive of a product attribute.⁸⁴

In another example, use of a competitor’s trademark (DENTIST’S CHOICE) as a descriptive phrase (the dentist’s choice) was allowed because a court found it was used in a descriptive and explanatory manner merely to describe a quality or attribute of the product (this toothpaste is “the dentist’s choice”).⁸⁵ That phrase was always accompanied by the CREST trademark which was prominently used as the source identifier, and the phrase often was followed by an additional explanatory phrase (e.g., The dentist’s choice for fighting cavities). Inclusion of an endorsement by the American Dental Association also served to make the phrase descriptive by signaling that it had the approval of the ADA and therefore was “the dentist’s choice”. These factors taken together indicated that the phrase was being used to describe an important attribute of the CREST product, so no consumer confusion as to source was likely.

Fair use is not always a successful defense so caution must be exercised. One court ruled that a phrase claimed by the defendant to be used in a descriptive sense (GOBBLE GOBBLE) was in fact used as a trademark, thus infringing the plaintiff’s trademark (an auditory “gobble-gobble”).⁸⁶ Defendant’s use of GOBBLE GOBBLE was not in the ordinary meaning of the word or phrase (i.e., the dictionary definition of to eat greedily or hastily). The defendant, therefore, used “gobble gobble” as a trademark in order to allow consumers to use “gobble gobble” to identify it as a source of the product. That case also mentions a PERDUE chicken advertisement that the court considered a fair use of the term GOBBLE GOBBLE because it was used in its dictionary meaning (“watch them gobble gobble it up”).

Judges who hear these cases, particularly at the temporary restraining order phase, when they may only hear one side, often react viscerally and quickly develop an opinion as to whether a defendant is infringing a plaintiff's mark. If they react in favor of the plaintiff, they will be sure to justify granting of injunctive relief.

One key questions to ask, however, is whether there is an attentive term available to describe the product. One need not use KLEENEX to describe "facial tissues". But how does a newspaper describe NEW KIDS ON THE BLOCK without use of their trademark? Caution must still be exercised to assure that the use of the mark does not confuse as to source or affiliation, for if it does there will be no fair use defense.

Be mindful, also, that artistic expression involving another's mark is often protected under the First Amendment. Parody falls into this category. Satire does not. The difference is that parody ridicules the mark or the source; satire uses the mark to ridicule something else.⁸⁷

VI.

INTERNET DOMAIN NAMES

SECTION 1125(d) WAS ADDED TO THE LANHAM ACT TO FIGHT cybersquatting. This law is applicable to persons who, in bad faith, try to profit by registering, trafficking in, or using a domain name that is identical or likely to be confused with a distinctive trademark or the name of a living person. Even if there is no competition between the marks, if a domain name will dilute a distinctive or famous mark, cancellation will occur. Like copyright law, an injured plaintiff can elect "statutory" damages which can be as high as \$100,000. These prohibitions generally do not apply when someone has registered a domain name for purposes of criticism, as these uses are protected under the First Amendment. An example might be GENERALMOTORSSUCKS.COM.

The registrars of Internet domain names also have dispute resolution policies that domain name registrants must abide by. Under this policy, a domain name registration will be cancelled if the domain name is (i) identical or confusingly similar to a senior mark; (ii) the registrant has no rights or legitimate interest in the mark; and (iii) the domain name was registered, or is used in bad faith.

ENDNOTES

1. 15 U.S.C.A. § 1127.
2. *Worthington Foods, Inc. v. Kellogg Co.*, 732 F.Supp. 1417, 1429 (1990).
3. *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F.Supp. 1339, 1345 (E.D.N.Y. 1994).
4. *Birthright v. Birthright, Inc.*, 827 F.Supp. 1114, 1134 (1993).
5. 15 U.S.C.A. § 1052.
6. *Exxon Corp. v. Xoil Energy Resources, Inc.*, 552 F.Supp. 1008, 1014 (1981).
7. *Miller Brewing Co. v. Carling O'Keefe Breweries of Canada, Ltd.*, 452 F.Supp. 429, 447 (1978).
8. *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522 (1984).
9. *Id.*
10. *Boston Beer Co. v. Slesar Bros. Brewery Co., Inc.*, 9 F.3d 175, 181 (1st Cir. 1993).
11. *Id.*
12. *Id.* at 182-183.
13. *Blockbuster Entertainment Group v. Laylo, Inc.*, 869 F.Supp. 505, 510 (E.D.Mich. 1994).
14. *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 59 S.Ct. 191, 201 (1938).
15. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S.Ct. 2753, 2758 (1992).
16. *Id.* at 2755.
17. *Ex Parte Haig & Haig Ltd.*, 18 U.S.P.Q. 229 (Comm'r 1958).
18. *Id.*
19. *Pebble Beach Company, et al. v. Tour 18 I, Ltd.*, 1996 WL 511928 (S.D.Tex.).
20. 15 U.S.C.A. § 1509.

21. 15 U.S.C.A. § 1127.
- 21a. *Harjo v. Pro-Football, Inc.*, U.S.P.Q. 2d 1705 (T.T.A.B. 1999)
22. 15 U.S.C.A. § 1111.
23. *1 Jerome Gilson, Trademark Protection and Practice*, § 4.06.
24. *Quality Inns Intern., Inc. v. McDonald's Corp.*, 695 F.Supp. 198, 214 (D.Md. 1988).
25. 15 U.S.C.A. § 1127.
26. *Id.*
27. *Remy Martin & Co., S.A. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1532 (11th Cir. 1985).
28. *Remy Martin*, 756 F.2d at 1532.
29. *Hiland Potato Chip Co. v. Culbro Snack Foods, Inc.*, 585 F.Supp. 17, 22 (1982).
30. *Id.*
31. *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (1985).
32. *Id.*
33. *Id.*
34. *Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club Limited Partnership*, 34 F.3d 410, 416 (7th Cir. 1994).
35. *Id.*
36. *Major League Baseball Properties, Inc. v. Sed Non Olet Denarius, Ltd.*, 817 F.Supp. 1103, 1128 (S.D.N.Y. 1993).
37. 15 U.S.C.A. § 1127.
38. *Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y. 1921).
39. *Id.*

40. *1 Trademark Protection and Practice*, § 2.02[7].
41. 15 U.S.C.A. § 1127.
42. *Genovese Drug Store, Inc. v. TGC Stores, Inc.*, 939 F.Supp. 340, 349 (D.N.J. 1996).
43. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F.Supp. 204, 206 (S.D.N.Y. 1996).
44. *Genovese Drug Store*, 939 F.Supp. at 437.
45. *Hormel Food Corp. v. Jim Henson Productions, Inc.*, 73 F.3d 497, 507 (2nd Cir. 1996).
46. *Deere & Co. v. MTD Products, Inc.*, 41 F.3d 39, 43 (2nd Cir. 1994).
47. *Hormel Food*, 73 F.3d at 507.
48. *Id.*
49. *Deere & Co.*, 41 F.3d at 43.
50. *Ringling Bros.*, 937 F.Supp. at 211.
51. *Stern's Miracle-Gro Prods., Inc. v. Shark Prods., Inc.*, 823 F.Supp. 1077, 1091 (S.D.N.Y. 1993).
52. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1029 (2nd Cir. 1989).
53. *Ringling Bros.*, 937 F.Supp. at 214.
54. *Toys R Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F.Supp. 1189, 1208 (E.D.N.Y. 1983).
55. *Id.*
- 55a. *A&H Sportswear Co. v. Victoria's Secret Stores, Inc.*, 2001 U.S. Dist. LEXIS 2867 (E.D. Pa. Mar. 12, 2001)
56. 15 U.S.C.A. § 1114.
57. *Pump, Inc. v. Collins Management, Inc.*, 746 F.Supp. 1159, 1165 (D.Mass. 1990).

58. *Boston Athletic Association v. Sullivan*, 867 F.2d 22, 29 (1989).
59. *Volkswagenwerk Atiengesellschaft v. Wheeler*, 814 F.2d 812, 819 (1987).
60. *Id.*
61. *Exxon*, 552 F.Supp. at 1014.
62. *Boston Beer*, 9 F.3d at 181.
63. *Keds Corp. v. Reise Intern. Trading Group*, 888 F.2d 215, 221 (1st Cir. 1989).
64. *Id.*
65. *Pump, Inc.*, 746 F.Supp. at 1167.
66. *Id.*
67. *Kimberly-Clark Corp. v. H. Douglas Enterprises*, 774 F.2d 1144 (1985).
68. *Taj Mahal Enterprises LTD v. Trump*, 745 F.Supp. 240 (D.N.J. 1990).
69. *Kimberly-Clark*, 724 F.Supp. at 1146.
70. *Pump, Inc.*, 746 F.Supp. AT 1169.
71. *Kimberly-Clark*, 774 F.Supp. at 1146.
72. *DeClemente v. Columbia Pictures Industries Inc.*, 860 F.Supp. 30, 50 (E.D.N.Y. 1994).
73. *Id.*
74. *Big O Tire Dealers v. Goodyear Tire & Rubber Co.*, 408 F.Supp. 1219 (D.Colo. 1976).
75. *DeClemente*, 860 F.Supp. at 49.
76. *Id.*
77. *Volkswagenwerk*, 814 F.2d at 817.
78. 15 U.S.C.A. § 1116.

79. 15 U.S.C.A. § 1117.

80. 15 U.S.C.A. § 1118.

81. See, J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 30:77 at 30-131 (1997); and *Pioneer Leimel Fabrics, Inc. v. Paul Rothman Industries, Ltd.*, 25 U.S.P.Q. 2d 1096, 1105-1106 (E.D.Pa. 1992), *aff'd* 933 F.2d 225 (3d Cir. 1993).

82. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 11.45 at 11-79 (1997).

83. *Jean Patou, Inc. v. Jacqueline Cochran, Inc.*, 201 F.Supp. 861 (S.D.N.Y. 1962).

84. *In re Schmid Laboratories v. Youngs Drug Products Corp.*, 482 F.Supp. 14 (D.N.J. 1979).

85. *Wonder Labs Inc. v. Proctor & Gamble Company*, 728 F.Supp. 1058 (S.D.N.Y. 1990).

86. *Louis Rich Inc. v. Horace W. Longacre, Inc.*, 423 F.Supp. 1327 (E.D.Pa. 1976).

87. *Ciff Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490 (2d Cir. 1989).