

NYU School of Law Outline: Trademarks, Barton Beebe

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Fall Semester, 2009

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1 Introduction to Trademark and Unfair Competition Law

- Trademark law “offers the clearest insight into the modern human condition.” It can help us develop rules, descriptions, and points of theory about the modern consumer society, constitutional law, human history, and semiotics.
- Trademark seems easy. You can get the gist from one opinion in half an hour. But not knowing the details can lead to a train wreck.
- The economy has been “dematerialized”—an iPhone weighs a thousandth of a manhole cover but is much more valuable.
- Trademarks can contribute to “cultural imperialism,” for example.
- *Louis Vuitton Malletier v. Haute Diggity Dog*: An introduction.
 - Vuitton’s value is entirely within its trademarks.
 - It claimed that HDD’s “Chewy Vuitton” toys both infringed and diluted through tarnishment.
 - These days, there tend to be three main claims of affecting a trademark:
 - * Infringement: Taking someone else’s marks or close enough to trade on the goodwill customers have for the original.
 - * Dilution by blurring: Blurring the immediacy of the link between trademark and source.
 - * Dilution by tarnishment: Placing the brand name in an unsavory position that the company doesn’t want.
 - This case got thrown out on parody grounds, of course. But it’s an introduction to the concepts.

- Interestingly, you can copyright, trademark, and/or patent (as long as there's eligibility). And a trademark doesn't expire.

1.1 Sources and Nature of Rights

- *The Trade-Mark Cases*: The first major trademark case to reach the Supreme Court.
 - Supreme Court: “Trademark has a long and storied history, which we’re not going to prove.”
 - Translation: it doesn’t, and they can’t. Trademark is a post-scarcity development.
 - The Supreme Court distinguished copyright and patent, saying that the Copyright Clause was not a justification of trademark; they were not a writing, but an “adaptation of something already in existence,” and were “no work of the brain.”
 - If Congress couldn’t assert authority over barrels, casks, bottles, and boxes, why trademarks?
 - Nowadays, of course, there’s a big difference. But not back then.
 - The Commerce Clause couldn’t cover, either, because this was a 19th-century idea of interstate commerce. So the Feds couldn’t regulate trademarks, except with foreign nations and the Indian nations.
- In 1946, though, the Lanham Act was enacted. It was actually written in the '30s but World War II got in the way.

1.2 The Nature of Unfair Competition Law

- It is unfair competition to pass off your goods as those of another.
- This was actually broader than trademark law; but nowadays, since it’s encapsulated in the Lanham Act, unfair competition is almost a subset of trademark. (Or some weird co-set.)

1.3 Purposes of Trademark Law

- *The Trade-Mark Cases* were decided in 1879, post-Civil War and at the end of Reconstruction...the emergence of the national market. As the US became a more industrialized nation, trademarks became important to the economy and to source-identification of goods.
- Hesseltine, in 1906: “Trade-mark law is one of the results of machinery.” With the end of handmade goods, it became necessary to identify where they came from.
- Trademarks started as markings on crates with logos, so companies could claim goods if they were lost.

- They moved to become liabilities for guilds—you place your imprimatur on the product, so if it’s of bad quality, your guild can find out who’s responsible. The “sword breaking in combat” scenario.
- Then came the shift to a trademark as advertising asset.
- Three periods of consideration in trademark scholarship:
 - 1870- 1915: “Property Rights.” Trademarks are corporate property, and should be protected as such.
 - 1915-1930s: “Protect Consumers from Trademarks.” Trademarks persuade people to buy things they don’t need. The Department of Justice in particular was hostile to expansion of trademark protection in federal law—which was part of the delay on the Lanham Act.
 - 1980s: “Protect Consumers *with* Trademarks.” Trademarks help consumers by minimizing search costs and ensuring quality level.

1.4 The Lanham Act

- The Lanham Act §45 defines a trademark: “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. . . 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.
- One underlying theme of trademark law is that trademarks are associated with a product.
- Imagine a two-dimensional trademark space, with trademarks across the Y axis, and products along the X; each trademark gets a scope around the point. In the case of something like “Coke,” it’s practically all products.
- The “unique product” language is a response to the *Anti-Monopoly Game* case, where “Monopoly” was ruled generic because it was unique. It referred to the entire category of games (which had one item in it).
- The theory of trademark protections dating from the late 19th century was “Strict Source”: protect a trademark only if it refers to the place from which the goods originate or are manufactured. Companies can’t license.
- The modern theory, Anonymous source, says “who cares where they come from, as long as it’s consistent?” Hence, the “even if that source is unknown” language.
- The “bona fide intention” language refers to the “intent to use basis,” wherein a user can register a trademark that it *wants* to use. This language was established in 1988.

- There are many types of marks:
 - Trademarks
 - Service Marks
 - Certification Marks
 - Collective Marks
 - Geographic(al) Indicators
- Important sections of the Act include:
 - §1: Bases for registration, 1A (actual use) versus 1B (intent).
 - §2: The subject matter of the Lanham Act—what can be registered as a trademark in US law? §2(f) allows the registration of descriptive marks on a showing of secondary meaning.
 - §3-4: Service and collective/certification marks.
 - §8: Duration.
 - §15: A mess concerning incontestability of a mark.
 - §32: Remedies, infringement, and “innocent infringement.” This is the hinge, going from “what gets protected” to “what it gets protected against.”
 - §43(a): Very broadly allowing protections even to unregistered marks.
 - * This is traditional. There’s no rational explanation, but the section has been so modified over time that it refers to both registered and unregistered marks—and the protections apply to the same degree for both.
 - * There is a Brennan opinion saying, outright, that “the protection to unregistered marks is now the same as registered.”
 - * There are still advantages to registration: priority date, national rights, &c.
 - §45: Definitions.
- The EU Trademark Directive defines a trademark a bit differently: “A sign capable of being represented graphically (including trade dress), provided that such signs are capable of distinguishing one product from another.”
- The “graphical representation” bit is tricky. TRIPS allows visual perception—and the US allows smells, tastes, and sounds.

2 Distinctiveness

Lanham Act §45: “The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof...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.”

2.1 The Spectrum of Distinctiveness

- *Abercrombie & Fitch Co. v. Hunting World, Inc.*: Outlines a spectrum of how distinctive a trademark is:
 - Arbitrary and fanciful
 - Suggestive
 - Descriptive
 - Generic
- Arbitrary, fanciful, and suggestive marks can be registered.
- Descriptive marks can be registered upon a showing of “secondary meaning” – that it has acquired some sort of distinctiveness. “X300” as a mark for a version of a car, for example.
- Incidentally, misspelling a word (or spelling it in a foreign language) will not grant trademark protections when the word itself is not protectable: “Komputer” or “Lait” will not do.
- “Fanciful” means coined, or made up.
- “Arbitrary” means real words, but completely unrelated to the product.
- The stronger the trademark, the more protection it gets.

2.2 Descriptiveness and Secondary Meaning

- *Zatarain’s v. Oak Grove*: Discusses the doctrine of secondary meaning/acquired distinctiveness.
- How a court determines descriptiveness versus arbitrary or suggestive:
 - The dictionary definition (note: sometimes, there’s a debate about language. Stick with US.)
 - The “imagination test” (does the term “require imagination, thought and perception”?)
 - Competitive need (would competitors find the term useful to describe their similar products?)
 - Third-party uses (an in-practice examination of the competitive need)
- So once a term has been found descriptive, the court must decide whether it has secondary meaning. Factors include:
 - Amount and manner of advertising
 - Volume of sale
 - Length and manner of use

- Survey evidence (which may strike against, but which can be very helpful—“the most direct and persuasive way of establishing”)
- Testimony from consumers, proof of actual confusion, physical manner used, intentional copying
- It’s unknown how much each factor weights comparatively (besides the survey note).
- A descriptive term with advertising that emphasizes it, for example, might enhance the analysis.
- *In re Oppendahl & Larson*: Effort to register “patents.com” as a trademark.
- In this case, it was considered to be more akin to a street address or telephone number.
- Note that there are separate cybersquatting statutes (enforced by contract law) and that similarity is harder to show.

2.3 Generic Terms

- *Filipino Yellow Pages v. Asian Journal Pubs*: A trademark answers the question “who are you?” A generic answers the question “*what* are you?”
- Generic terms identify the genus, of which the product is a species.
- Generic terms can have secondary meaning, but even that doesn’t make it eligible for protection.
- Except that some trademarks that have fallen into genericism can be pulled back out. (But if a mark is decided to be generic from the start, it’s stuck there.)
- *Pilates v. Current Concepts*: Factors supporting a finding of genericism:
 - Dictionary definitions
 - Generic use by competitors
 - Plaintiff’s own generic use
 - Generic use in the media
 - Consumer surveys (again, very helpful)
- However, under the Lanham Act §14(3), a unique product (“Google that”—do they mean “search,” or Google itself?) is not generic simply because the product is unique.

2.4 Distinctiveness of Nonverbal Identifiers (Logos, Packages, Product Design, Colors)

2.4.1 Different Tests/Standards?

- *Seabrook Foods*: The Court of Customs and Patent Appeals decides whether the Seabrook Farms logo was distinctive. Several factors:
 - Whether the design is a “common” basic shape or design
 - Whether the design is unique or unusual in the field in which it is used
 - Whether the design is a “mere refinement” of a commonly-adopted and well-known form of ornamentation
 - Whether the design is capable of creating a commercial expression, distinct from the words.
- The Second Circuit insists that it uses the *Abercrombie* test for images and designs, but *Seabrook* factors keep slipping in.
- *Star Indus., Inc. v. Bacardi*: Stylized shapes or letters may qualify as marks, if the design is unique or unusual.
- The “O” design at issue satisfied the inherently-distinctive analysis. However, the mark is “thin,” entitled to limited protection (because other people can use the letter “O”).

2.4.2 Expanding the Types of Nonverbal Marks

- *Two Pesos v. Taco Cabana*: Trade dress (similar coloring, awning design, and architectural layout).
- Court found that trade dress can be inherently distinctive, and protectable, without a need to show secondary meaning.
- The Court was worried about trade dress of small businesses—“adding a secondary meaning requirement could have anticompetitive effects.”
- Meanwhile, Justice Stevens talks at length about how the Lanham Act §43(a) has morphed over the years. Not that he objects, but he thinks it’s worth it to emphasize the change.
- *Qualitex v. Jacobson*: There is no ontological bar to the protectability of certain forms. “It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve” as a trademark.
- The Court says, “we don’t care what it is, we care what it does.”
- If a plaintiff can show that its green-gold dry cleaning press pads have secondary meaning, which it did, it could get protection as a trademark.

- There could not be inherent distinctiveness, though. How do you show a color is inherently distinctive? You don't.
- (*Qualitex* can also be read as a functionality case, proposing a high bar to a finding of functionality.)

2.4.3 The Design/Packaging Distinction

- After *Qualitex*... well, in intellectual property, lower courts have a habit of marginalizing, massaging, or ignoring Supreme Court cases.
- *Duraco Prods.* (3d Cir.): a product configuration must be “unusual and memorable, conceptually separable from the product, and likely to serve primarily as a designator of origin” to be inherently distinctive.
- *Knitwaves v. Lollytogs* (2d Cir.): Inherent distinctiveness turns on “whether it is likely to serve primarily as a designator of origin.”
- *Wal-Mart Stores v. Samara Bros.*: The Supreme Court pulls back on *Two Pesos*.
- The Supreme Court quotes treatises that say that only *truly* inherently distinctive nonverbal marks are inherently distinctive.
- It also complicates things with the “tertium quid” discussion: “Yes, trade dress can be inherently distinctive—but not product design, just product packaging. There are three types: packaging, design, and some tertium quid that is akin to packaging.”
- Note that in this modern, post-industrial world, *everything* is the product—there is no “packaging,” everything is part of design. When you go to a restaurant, part of what they're selling you is the atmosphere and look of the place.
- The *Wal-Mart* case had a cert question: “What must be shown to establish that a design is inherently distinctive?”
- The answer was “That's impossible to show. A product design needs secondary meaning to be protectable.”
- And assume product design unless it's absolutely clearly packaging.

2.4.4 Trade Dress Protection After *Wal-Mart*

- *In re Chippendales USA*: TTAB opinion (with a dissent, which is unusual) that analyzes the “tertium quid.”
- The TTAB concludes that the tertium quid is “the provision of services.” If you're selling things, there's design, and there's packaging. If you're providing a service, the TTAB asks whether the product features are distinctive of source, period. So that's the tertium.

- What about a restaurant? Hard Rock Cafe or Rainforest Cafe are probably services too.
- *In re Slokevage*: “Flash Dare” jeans.
- First question when analyzing trade dress: Is it packaging? If so, how do we know whether it’s distinctive?
- Here: “If the feature is part of the product, it’s configuration/design. If it has utilitarian or aesthetically functional purposes, it’s configuration.”
- Here, the mark is part of the product, so it’s configuration. Must show secondary meaning.
- What about the LV stamped on a Louis Vuitton bag?
- “Sign value.” The mark is related only to reputation, so it’s not a design discussion.
- *Yankee Candle*: An example of the doctrinal questions. The YC display system has shelves, stores, and most centrally, the jars and the labels.
- YC tried to claim that the trade dress was “the total look and feel of the company,” and as a secondary matter, the look and feel of the jars—or perhaps the catalog.
- The problem with overly broad claims is that they might be too indefinite to grant any property rights. Also, the judge might find the whole thing to be configuration.
- YC argues that its product is candles, so everything associated with the sale of the candles is packaging. Such as the arbitrary choices made on the labels.
- But the court throws that out, finds no inherent distinctiveness, and then we go on to secondary meaning. No solid evidence, so it gets thrown out too.
- *General Motors v. Lanard Toys*: Similar analysis.
- How do *Abercrombie* and *Seabrook* get along?
- *Seabrook* is used in product packaging—it’s a test for inherent distinctiveness, after all.
- Circuits tend to use *Abercrombie* to define the categories, specifically the “inherently distinctive versus not inherently distinctive” divide, and then uses the *Seabrook* analysis to decide where some packaging that’s on the border falls.

- The *Abercrombie* hierarchy, generally, gives us five categories (plus, maybe, “mere ornamentation”). Use that to figure out where a mark falls; then, if it’s descriptive, use the factors in *Zatarain’s* and *Yankee Candle* (advertising, amount of sales, consumer surveys. . .) to decide secondary meaning.

2.5 The Edge of Protection: Subject Matter Exclusions?

2.5.1 Exotic Source-Identifiers

- *In re Clarke*: Can you register “a high-impact fresh floral fragrance reminiscent of plumeria blossoms” as a mark for yarn?
- *Qualitex* says there is no ontological bar. So the only question is, does this sign distinguish source? (And is it nonfunctional?) In this case, yes.
- So yes, you can register the fragrance.
- There are very few smell marks, actually.
- OHIM, the European trademark agency, won’t allow anything that can’t be represented visually. (Sound marks can be represented visually—either musical notes or a spectrogram.)
- Ecuador has allowed a texture mark to be registered.
- The design of a McDonald’s store, or Lamborghini scissor doors, or the configuration of an Aeron chair.

2.6 Review

1. Approaches to determining whether a mark is descriptive, rather than suggestive/arbitrary (*Zatarain’s*):
 - Dictionary definition
 - Imagination test
 - Competitive need
 - Third-party uses
2. Factors for determining secondary meaning (*Zatarain’s*)
 - Amount and manner of advertising
 - Volume of sale
 - Length and manner of use
 - Survey evidence
 - Additional factors from the Restatement:
 - Testimony from individual consumers
 - Proof of actual consumer confusion

- Physical manner in which used
- Intentional copying

3. Factors for determining genericism (*Filipino Yellow Pages*)

- Who are you vs. What are you: does the term identify the producer, or the product type?
- Anti-dissection rule: view the trademark as a whole, not as combining elements.
- Use by claimant as generic
- Use by third parties (such as media) as generic

4. Factors for determining genericism (*Pilates*)

- Dictionary definitions
- Generic use by competitors
- Plaintiff's generic use
- Generic use in media
- Consumer surveys

<i>Category</i>	<i>Verbal Mark</i>	<i>Packaging</i>	<i>Configuration</i>
Generic	3/4		
Descriptive w/out secondary	3/4		
Descriptive w/secondary	2	2	2
Suggestive	1	<i>Abercrombie/Seabrook</i>	

- *Abercrombie* is a spectrum, not factors.
- Packaging marks: Start by asking, “suggestive?” If not, examine descriptive same as verbal marks.
- *Samara Bros.*: Assume configuration, then use the verbal marks secondary meaning test.

3 Functionality

Lanham Act §2(e)(5): “[A trademark cannot be registered if it] comprises any matter that, as a whole, is functional.”

Lanham Act §2(f): “Except as expressly excluded in... (e)(5) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive...”

3.1 The Concept

- This has been touched on already, in genericism regarding verbal marks.
- Can a Croc shoe be registered as a trademark?
- What is the function? “To serve as a shoe”? “To serve as a clog that can be donned and removed quickly, and that is comfortable”?
- Recall *Filipino Yellow Pages*. Is the market yellow pages, ethnic yellow pages, or Filipino yellow pages with particular headings?
- *In re Morton-Norwich Products*: The genesis of functionality law.
- De facto versus De jure functionality.
- “Examination into the possibility of trademark protection is not to the mere existence of utility, but to the degree of design utility.”
- The questions underlying functionality decisions:
 - Would protection restrict the right to effectively compete?
 - Will protection hinder the competitor in competition?
 - Would protection inhibit competition?
 - Is the availability of the design “essential to effective competition”?
 - Would protection put competitors at a *substantial non-reputation-related disadvantage*?
- This is the difference between “the thing” and “the design of the thing.”
- *Minnesota Mining and Manufacturing* was the first case that ever suggested the entire design of an article or container could function as the trademark.
- But the big issue early in *M-N* was “de facto” versus “de jure” functionality.
- What is the “de facto” function of a shoe? Protect the feet.
- But what about the apple on computers? Doesn’t that serve the function of identifying the computer?
- That’s why de facto functionality can’t work. Under that definition, all marks are functional.
- So there is *de jure* functionality: so functional that, if we allow exclusive rights, we are restricting competition.
- The judge listed four factors to be used to determine whether a given design was functional:

1. The existence of an expired utility patent (often dispositive when it exists).
 2. That the originator touts the utilitarian advantages in advertising.
 3. The availability of alternative designs (historically the leading factor; the patents usually don't exist).
 4. That the design results from manufacturing advantages.
- And aesthetic functionality is another mess entirely. What about a heart-shaped chocolate box?
 - For aesthetic functionality, the third factor—availability of alternative designs—is key.

3.2 The Scope of the Doctrine

- *Brunswick Corp.*: To give one company exclusive rights to the color black in outboard motors would impede competition.
- There was an idea of “product features that are essential to compete”—barriers to entry—being the limit of functionality.
- But *Brunswick* said that if the feature “is the best, or at least one of a few superior designs, for its de facto purpose.”
- Similarly, *Wallace Silversmiths* discusses aesthetic functionality given the market of baroque silverware.
- Examples of the *Morton-Norwich* factors:
 1. *Vornado* below.
 2. *Gibson Guitar* (shape of the guitar gives best sound) or *In re Babies Beat*. But see *In re Weber-Stephen*, where the advertising was “mere puffery.”
 3. *In re Zippo*: “This is the perfect, ideal design for a lighter—nothing else will be so effective.” Eventually reversed.

3.3 The Modern Approach

- *Inwood Laboratories v. Ives Laboratories*, footnote 10: “a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”
- *Qualitex Labs* expanded that point: “...‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,’ that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.”

- This equated the “essential” definition with the “non-reputation-related disadvantage” definition.
- Subsequent decisions, including Supreme Court decisions, cabined that to aesthetic functionality only. That allowed them to suppress the equating language.
- But recall the *de facto/de jure* question: because the term we’re using is “functional,” not “competitive need” or other, we have to deal with the *de facto* meaning of the word.
- So *de jure* functionality ends up with two tests:
 1. Essential to use or purpose (the *Inwood* test)
 2. Competitive need (the *Morton-Norwich* test, because of the prominence of the third factor)
- In later cases, we’ll see an attempt to redefine *de jure* functionality as *de facto*: lowering functionality to the point that “if it performs a non-reputation-related function, we will not allow trademark protection.” Borderline.
- *Vornado Air Circulation Sys v. Duracraft*: Vornado wanted to trademark its spiraling vent design. They had a patent, but it was expired.
- Note that it looks like Duracraft might have ceded the secondary meaning point (this is product design). But no matter.
- The problem is, patent law functionality is *de facto* (“serving some identified, beneficial purpose”), but trademark law functionality is *de jure* (“feature that is a competitive necessity, for which there are no equally satisfactory alternatives”).
- This was protecting an expired utility patent under trademark law.
- So the Tenth Circuit established a new doctrine: “where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress.”
- How do we decide “described, significant inventive aspect”? Where is that grounded in patent law? (It’s kind of not.)
- Furthermore, the suggestion from *Vornado* is that if the owner *can* show alternatives, the design gets trademark protection.
- *TrafFix Devices v. Marketing Displays*: The Supreme Court finally takes up the functionality question.

- MDI had an expired utility patent on the two-spring withstand-gusts-of-wind design for road signs. Traffix copied the design.
- The Court threw out the *Vornado* reasoning. “What is the purpose of this product feature? Is it an essential part? If so, it’s functional.”
- A utility patent has “vital significance,” and gives great weight to the presumption of functionality. It’s a very heavy burden (but the Court will not say it’s impossible; perhaps they learned their lesson after *Two Pesos*) to show non-functionality given a utility patent.
- The Court tries to get rid of the market-based analysis and examine the feature as an engineer—what purpose does the feature serve?
- A product feature is functional if “it is essential to the use or purpose of the article or if it affects the cost or quality of the article,” even if competitive alternatives are available.
- Does this give rise to a two-step test, two hurdles, or two tests? Who knows. But here they are:
 - If a feature is essential, it is functional, even if there are competitive alternatives.
 - If a feature is not essential, and there are no competitive alternatives, it is functional. (“Competitive advantage” test, perhaps.)

3.4 Post-*Traffix* Devices Applications

- Two lines of cases developed trying to make sense of *Traffix*.
- First was the *Valu Engineering* line (including *In re Organon* and *In re The Kong Company*, which have virtually ignored the *Traffix* decision (except to cite it for the nearly overwhelming significance of expired utility patents) and gone back to the *Morton-Norwich* factors.
- *Valu Engineering*: “The availability of alternative designs [can] be a legitimate source of evidence to determine in the first instance if a particular feature is in fact ‘functional.’”
- The second is the *Eppendorf* line, which applies the *Inwood* formulation formally. For example, in *Eppendorf*, because “fins of some shape, size or number are necessary,” *fins*—in general—are functional. This practically becomes de facto functionality!
- *Dippin’ Dots* outlines the two tests, and claims it’s using the first; but it says that color is functional because it indicates flavor, and size contributes to creamy taste, so...
- Footnote 7 also outlines how the competitive market gets defined—narrowly, it seems.

- Aesthetic functionality: use the competitive necessity test. The *Eppendorf* line, we guess.

4 Use

Lanham Act §1(a)(1): “The owner of a trademark used in commerce may request registration of its trademark...”

Lanham Act §45: “The term ‘use in commerce’ means the bona fide use of a mark in the ordinary course of trade... a mark shall be deemed to be in use in commerce on goods when... it is placed in any manner on the goods or their containers or the displays... and the goods are sold or transported in commerce.”

4.1 As a Jurisdictional Prerequisite

- There are six aspects of “use in commerce”:
 1. The limitations of “commerce” under the Commerce Clause
 2. How to establish priority (actual use for common-law rights versus actual *or* constructive use for federal registration rights)
 3. Establishing ownership
 4. Determining whether a mark has been abandoned
 5. Determining types of actionable use (does use in a search engine raise questions of liability?)
 6. Determining fair use
- Let’s knock off the first one real quick: Lanham Act §45 defines “commerce” as “all commerce which may be lawfully regulated by Congress.”
- The Commerce Clause is very, very broad. That’s about all we need.

4.2 As a Prerequisite for Acquiring Rights

4.2.1 Actual Use

- It is necessary to show actual use for common-law trademark rights; it is sufficient to show actual use for federal registration rights.
- *Planetary Motion v. Techsplosion*: Darrah releases CoolMail at the end of 1994, SuSe distributes it in 1995; Techsplosion activates the domain and solicitation in 1998, and Darrah assigns CoolMail to PMI in 1999.
- The Court gives several reasons why Darrah should be considered the first user of the mark “CoolMail”:
 - Used in connection with the software
 - Widespread distribution

- Giving away the software does not constitute not using it (“sold or transported in commerce”)
- The “Manly Moose” set of hypothetical facts lays out some of the possible places that actual use can be found:
 - May 1* Conception in the head is not enough.
 - May 5* The lease agreement is not enough; there must be some sort of public recognition.
 - May 7* Reserving a domain name, as a black letter rule, does not establish priority rights. (The existence of an actual web site, however, can help.)
 - May 10* Distributing fliers is probably not enough—though it’s starting to tip in that direction.
 - May 13* See May 10.
 - May 15* A reasonable court might have a valid argument that the pizza boxes, napkins, and sign constitute use; it wouldn’t be a clear-cut decision, though.
 - May 20* “Token use” is *not* enough to establish actual use, now that trademark law recognizes an “intent to use” application.
 - May 23* This is a lot closer—a court would probably agree that this cuts it here. Free distribution and promotional distribution are not problems.
 - May 25* Once the restaurant is open, and pizzas are sold, that’s definitely use. So if nothing else, it happens here.
- “Tacking-on”—claiming that a changed mark gets the priority of the earlier version—is very strict.
- The infringement standard is, of course, much wider.
- And “similarity” is very open-ended, with no doctrine to speak of.

4.2.2 Constructive Use

Lanham Act §1(b): “A person who has a bona fide intention...to use a trademark in commerce may request registration of its trademark...” Lanham Act §7(c): “Contingent on the registration of a mark on the principal register provided by this Act, the filing of the application to register such mark shall constitute constructive use of the mark...”

- Intent to use was established in the Trademark Law Revision Act, to harmonize US law with international, settle uncertainty, and open the advance date to those who couldn’t take advantage of token use.
- The ITU application date is treated as the date of priority.

- An application is filed, examined, and published; if there is no opposition, a notice of allowance is issued contingent on good faith and actual use.
- There are both defensive and offensive cases of using the §7(c) establishment of constructive use as use.
- Take the basic facts as in the *Warnervision* case:
 - A files an intent-to-use application with the office.
 - Z files for and begins to use the mark.
 - A perfects its application.
- If A seeks to prevent Z from applying or using the mark, that’s offensive. “Applicant uses ITU application to enjoin post-application-date ‘intermediate’ actual user from using the mark.”
- If Z tries to enjoin A from using its mark, and A relies on the ITU application, that’s defensive. “Applicant uses ITU application to prevent a post-application-date ‘intermediate’ actual user from enjoining applicant’s eventual actual use of the mark.”
- At the PTO, 7(c) can be used both defensively and offensively, since all they care about is registration anyway.
- In federal court, 7(c) may only be used defensively. An application must wait until completion of the registration process to use 7(c) offensively.
- In other words, in federal court, you may say “we have an ITU application” to block an injunction, but you can’t get an injunction issued on the strength of the ITU application.
- So, what can A do about Z’s use before A perfects its application? Nothing. Z is living on borrowed time—and while it logically should stop using sooner, it doesn’t always.
- Perfecting an application can take a while, anyway.

4.3 “Surrogate” Uses

4.3.1 By Affiliates

- *The Boogie Kings v. Guillory*: Franchise use “inures to the benefit” of the mark owner.
- If a franchisee starts using a mark, that use works as use for the franchisor.

4.4 The Public as Surrogate

- *Coca-Cola Co. v. Busch*: Over time, a trademark can take forms of abbreviation that the company can assert rights in, even if it wasn’t responsible for them. (Confusion is confusion.)

4.5 Loss of Rights

4.5.1 Abandonment Through Non-Use

Lanham Act §45: “A mark shall be deemed to be ‘abandoned’ if...its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances.”

- Three consecutive years of non-use is prima facie evidence of abandonment.
- Evidence of intent to resume use in the reasonably foreseeable future can counter that, though.
- So, the two questions when a claim of abandonment comes up:
 - Did the plaintiff fail to use the mark for three consecutive years?
 - If so, can the plaintiff show intent to resume use during that period?
- The use has to be “the bona fide use of such mark made in the ordinary course of trade, not merely to reserve a right.”
- And the plaintiff must show it had an intent to resume *during the three-year period*, not afterward. (*ITC Ltd. v. Punchgini*)
- If A abandons a mark, but takes it back before anybody else, that’s not a problem. But if someone has taken the mark in the interim, and then A resumes, A is now the junior user.

4.5.2 Abandonment Through Failure to Control Use

Lanham Act §45: “A mark shall be deemed to be ‘abandoned’ if...any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name...”

- Trademark law often requires a disclaimer, even after abandonment, to prevent any appropriation of residual goodwill. But there isn’t much case law.
- *Stanfield v. Osborne*: Acts of omission.
- The court found that Stanfield had engaged in “naked licensing,” with no quality control whatsoever.
- These days, naked licensing is rare—it must be pretty blatant.
- *U. Bookstore v. U. Wis. Bd. of Regents*: More about failure to control. In this case, the court finds no abandonment, instead finding a “royalty-free, nonexclusive, implied license” (and setting up the university down the line for more lawsuits which it will win this time. Laches blocked these).

5 Registration

5.1 The Registration Process

5.1.1 Overview

Lanham Act §33: “Any registration...of a mark registered on the principal register...shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration.”

- 1(a) (actual use) application:
 1. Application
 2. Examination
 3. Publication
 4. Opposition (if brought)
 5. Registration
- 1(b) (intent to use/constructive use) application:
 1. Application
 2. Examination
 3. Publication
 4. Opposition (if brought)
 5. Statement of Use
 6. Registration
- Why does someone bother to register?
 - Prima facie evidence of validity, ownership, and exclusive rights
 - Date of filing establishes priority if ITU/constructive use
 - Registration starts the clock running for purposes of incontestability and the limitations on cancellation.

5.1.2 Post-Registration Actions

Lanham Act §8: “Each registration shall remain in force for 10 years...upon the expiration of...6 years following the date of registration.”

Lanham Act §9(a): “[E]ach registration may be renewed for periods of 10 years at the end of each successive 10-year period following the date of registration...”

- During the sixth year after registration, an owner must file §8 Declaration of Continuing Use, and probably should file §15 Declaration of Incontestability.

- Every tenth year from registration, owner must file §8 Declaration and §9 Renewal Application.

5.1.3 Sample Questions

From the casebook on p. 304:

1. You haven't lost the opportunity to register a mark by starting to use it before registering, nor does failing to get the registration mean you have to stop using it. You just don't get exclusive rights without registration.
2. State protection is a worthless embarrassment; don't even admit you have it. (Unless you're an older company that just doesn't know how to get federal protection.)
3. There is no obligation to do a search for trademarks before you register, but it's a good idea and most people do it.
4. Trademarks last ten years but can be re-upped indefinitely.
5. The ® symbol denotes registration with the office. The ™ symbol denotes a mark you will claim rights in (whether common-law or statutory). They are not mandatory, but probably useful (such as giving notice)
6. Incontestability is strong in some ways, but never "bullet-proof."
7. If you're going to introduce a mark and want to register in advance, use the ITU application process.
8. There is a well-known marks doctrine, but other than that, separate registration is needed. You can use the Madrid system of going from a USPTO registration to a WIPO one.
9. The USPTO has processing fees, which can add up, but compared to a patent application they're dirt cheap.

5.2 Exclusions from Registration

Lanham Act §2: "No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it..."

5.2.1 Overview

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5.2.2 Scandalous, Disparaging, and Deceptive under §2(a)

Lanham Act §2(a): "... Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute." Lanham Act §2(e)(1): "... when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them."

- *Harjo v. Pro-Football*: Are the "Washington Redskins" disparaging of, well, Native Americans?
- An interesting note. According to §14 of the Lanham Act, a mark can be cancelled, even if incontestable, if it was "contrary to the provisions of... subsection (a), (b), or (c) of section 2."
- Meaning that in this case, the court had to look at whether the term "Redskins" *was* disparaging back in the 1960s, when the mark was registered.
- The Federal Circuit goes through the definition of "scandalous," and then "disparaging," making sure to emphasize that the two are different.
- Note also that it seems that more non-Native Americans than Americans found the term disparaging, at least as of 1996. But the survey was 1996, not the 1960s!
- *In re Budge*: Three-step test for analyzing "deceptive" and "deceptively misdescriptive":
 1. Is the term misdescriptive of quality, function, composition, or use?
 2. If so, are purchasers likely to believe that the misdescription actually describes the product?
 3. If so, is that belief likely to affect a portion of the purchasers' decision to buy the product?
- If yes to all three questions, the mark is "deceptive" and may not be registered, in accordance with §2(a).
- If yes to 1 and 2 but no to 3, the mark is "deceptively misdescriptive," and may be registered upon a showing of secondary meaning, in accordance with §2(e)(1) as read with §2(f).
- Reminder: §2(f) allows marks denied registration under §§2(e)(1), (2), and (4) to be registered upon a showing of secondary meaning.

5.2.3 Geographic

Lanham Act §2(e)(2): “... when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin.”

Lanham Act §2(e)(3): “... when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them.”

- *Burke-Parsons v. Appalachian Log Homes*: Geographic descriptiveness.
- There is a basic first question: *is this mark primarily geographic?* What about “Vittel” for a village in France that nobody’s ever heard of?
- Note that “champagne,” “cognac,” and similar terms have *sui generis* laws under the US/EU Wine Agreement.
- Once we decide that, we have to figure out whether purchasers are likely to make an association with the place. “Moon” brand cheese, for example.
- Once that, we ask whether the mark really does describe the product.
- To review, the three-step test for *geographic descriptiveness*:
 1. Is the primary significance of the mark a generally-known geographic location?
 2. If so, would purchasers be likely to make an association between the product and the place?
 3. If so, does the mark actually identify the origin of the product?
- If yes to all three questions, the mark is “geographically descriptive,” and may be registered upon a showing of secondary meaning, in accordance with §2(e)(2) as read with §2(f).
- If yes to 1 and 2 but no to 3, we ask the materiality question akin to the “misdescriptive/deceptive” test above.
- So, if we go through the *Burke-Parsons* descriptiveness test, and come up with not descriptive, we go through the four-part test from *California Innovations* for *geographically deceptively misdescriptive/geographically deceptive*:
 1. Is the primary significance of the mark a generally-known geographic location?
 2. If so, do the goods or services **not** come from that place?
 3. If so, would purchasers be likely to believe that they originate there?
 4. If so, would the representation be a relative factor in a significant portion of the purchasers’ decision to buy?

- If yes to all four, the mark is “geographically misdescriptive” (or “geographically deceptive”—more on that in a second), and cannot be registered in accordance with §2(e)(3) (or §2(a)).
- Before NAFTA, a geographically misdescriptive, as opposed to deceptive, mark (lacking materiality—mirroring the non-geographic setup) could be registered on secondary meaning.
- After NAFTA, geographically misdescriptive was out too.
- So courts imposed the materiality test on misdescriptive, bringing it up to a level with geographically deceptive. (The USPTO only uses the “misdescriptive” language, though.)
- Note that *all tests here are serial tests*.
- See the flowchart for everything at once.
- Other examples: “Baik” vodka. (The applicant’s argument that there’s no such thing as a generally-known geographic location to Americans got shut down.) The PTO said there wasn’t evidence to rebut the presumption of a goods-place association, so now it was secondary meaning time.
- Note also the *Napa Valley Mustard* hypo: you don’t have to stop calling yourself the company if you don’t get the rights; someone would have to sue for false advertising.
- Note also that if Napa Valley Mustard had once been in Napa, established secondary meaning, and moved, they could get their registration cancelled. §14(3) of the Lanham Act: registration can be cancelled “if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used.”

5.2.4 Name Marks

Lanham Act §2(e)(4): “...is primarily merely a surname.”

- Reading with §2(f), again, secondary meaning saves.
- *In re United Distillers*: four-part balancing test (not a serial test) for determining whether a term is “primarily a surname”:
 - Whether it is rare
 - Whether anyone connected to the product has the name
 - Whether the term has another meaning
 - Whether the term has “the look and feel” of a surname (probably the most important)

- The mark standard applies equally to first names.
- *In re Sauer*: “Bo Ball”: Implied association with Jackson?
- §2(a) and §2(c): falsely suggesting a connection with persons, living or dead; versus “name, portrait, or signature identifying a living individual without consent.”
- There is a question about pointing unmistakably; for example, “Notre Dame” cheese doesn’t mean the university.
- Also, once enough time has passed, Da Vinci watches or Beethoven watches are safe (barring a descendants issue).
- And if you’re using something like George Washington Ate Here for a restaurant in Indiana, where it probably never happened and no one would figure it did, you’re OK.
- Also, something like “Margaritaville” can be an appropriation of Jimmy Buffett’s identity, for example.

5.2.5 Incontestability

Lanham Act §15: “[Subject to certain exceptions,] the right of [a] registrant to use [a] registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable.”

- The five-year time limit on cancellation (subject to the exceptions of §§14(3)-(5)) is triggered whether the applicant follows procedure or not.
- Incontestability itself, which makes the registration presumption “conclusive” except for certain defenses, is only triggered if the registrant follows procedure.
- There are nine defenses that are preserved, even through incontestability, in §33(b).
- But, the claim is, §33(b) incorporates the exceptions within §15 by reference, which incorporate §§14(3)-(5), which incorporate §§2(a)-(c) and §4.
- There are so many exceptions to the doctrine of incontestability that, at this point, the only thing the doctrine in and of itself is good for is the *Park ‘N Fly* claim: that a descriptive mark with secondary meaning can get incontestable status in order to prevent being struck down as descriptive without secondary meaning. (It can still be found generic, though.)
- §37 of the Lanham Act gives the court broad discretion over, well, everything. It’s rarely invoked.

- §33(b)'s nine exceptions:
 1. Fraud in registration
 2. Abandonment
 3. Misrepresentation
 4. Defendant's name or descriptive in good faith (fair use)
 5. Adopted without knowledge of the registration during the ITU/pre-publication period
 6. Prior registration (only for whatever area the registration was in)
 7. Mark is being used to violate antitrust
 8. Mark is functional
 9. Equitable principles such as laches or acquiescence apply

6 Geographic Limits on Rights

Lanham Act §7(c): "the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect."

Lanham Act §22: "Registration of a mark...shall be constructive notice of the registrant's claim of ownership thereof."

6.1 Limits on Common-Law Rights: *Tea Rose*

- The *Rectanus* case: a remote senior user, unregistered, who appears after registration.
- Nowadays, the senior user gets "frozen" to the area he was using the mark, while the registered junior user gets the rest of the country.
- It's unsure when the senior user is frozen, though. Probably registration, but it could be at application.
- The Internet is complicated—you'd have to show consistent nationwide IP addresses connecting to you to constitute a nationwide zone of expansion.
- This does still come up. Trade dress is a big area—even with brand-owning companies, trade dress is often not registered.
- Either way, without SS7(c) or 22, a user's right extends to his use in geographic space.
- If the user can show that the remote junior user is not a good-faith adopter (registered to steal the good will or good ideas of the senior user, or block the senior user's expansion into the junior user's space), the courts under common law would probably enjoin the junior user.

- “If a subsequent use is remote and adopted in good faith, use may continue in that remote region.” Lanham Act §33(b)(5).
- Take these facts: A is the senior user, Z files application, perfects. A is frozen to its region. But it can’t enjoin Z at all. Normally, the US has a use-based system... but not here.
- *Burger King v. Hoots*: An interesting example. A uses (but not in Z’s region), then Z uses, then A registers. Z is frozen to its area (rights only extend as far as use without registration), even though A used first.

6.2 Limits on Registered Rights

- Consider three timelines. Timeline 0: Nobody registers. That’s *Tea Rose-Rectanus*: rights extend as far as use. (Common in trade dress cases to this day.)
- Timeline 1: Senior user is registrant. The scenario:
 - S uses
 - *If J starts using here, that’s 33(b)(5)/Burger King. J has a radius of defense, into which S cannot go.*
 - S applies
 - *If J starts using here, that’s §7(c), or Thrifty Rent-a-Car as would be modified for 7(c). J cannot use the mark once it’s perfected—living on borrowed time. If the mark is never perfected, well, that’s Tea Rose-Rectanus.*
 - S perfects
 - *If J starts using here, it’s infringing—see below.*
- Timeline 2: Junior user is registrant.
 - S uses
 - J uses
 - J applies and perfects
- :
- The doctrine here is... mysterious. It’s the “remote senior user” or “senior common-law user” doctrine. §§7(c), 22, 15, and 33 apply, freezing S to its area at the time of application or registration. (Which one is unclear, but it usually doesn’t matter.)
- *Dawn Donut*: Even if you have a nationwide priority, you can’t get an injunction if the defendant can show no confusion. Again, borrowed time—if the senior, registered, user extends into your region, you’re dead in the water.

- *Circuit City Stores v. CarMax* out of the Sixth Circuit disagrees with that.
- *What-a-Burger, VA v. Whataburger*: Laches situation—delay means no rights.
- But the Fourth Circuit finds a dodge—the Texas company couldn’t have gotten an injunction before now, even if it knew of the name, because they weren’t in Virginia. They keep their exclusive rights, such that if they ever *do* move into Virginia, they get to kick out the VA company.

6.3 The Territorial Nature of U.S. Rights

- *Person’s Co v. Christman*: A foreign mark, unless so well-known or famous that it has recognition already, has no rights in the US. Even though Person’s was a Japanese company, Christman was the first one to register the mark in the US, and so he keeps it.
- Sometimes, there is a well-known mark: if “the foreign mark is famous, or the use is a nominal one made solely to block the prior foreign user’s planned expansion,” the foreign mark can have rights in the US.
- *Grupo Gigante*: Ninth Circuit. Massive supermarket chain in Mexico, lots of immigrants know it. “An absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud.” Entirely judge-made.
- The question is whether a mark is inherently distinctive—how notorious is it?
- The surveys in *Gigante* had shown 20-22% recognition, which isn’t that bad.
- But *ITC v. Punchgini*: the Second Circuit refuses to read the well-known marks doctrine into federal law. So it asks the New York Court of Appeals about state common law.
- The Court of Appeals says that well-known marks get the same secondary meaning as everything else. Nothing higher, but goodwill is protectable through normal unfair competition/misappropriation.
- Generally, a US trademark lawyer would say that federal law protects well-known marks in the Ninth Circuit, and everywhere else, state law preventing commercial bad acts protects them.
- The US uses that argument to claim it has satisfied its international obligations under treaty.

7 Confusion-Based Liability Theories

Lanham Act §32(1): “Any person who shall, without the consent of the registrant, use in commerce any reproduction, counterfeit, copy, or colorable imitation [or make the reproduction and apply it to packages or ads]... which... is likely to cause confusion, or to cause mistake, or to deceive... shall be liable in a civil action.”

Lanham Act §43(a): “Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which is likely to cause confusion... shall be liable in a civil action.”

7.1 The Evolution of the Confusion Standard

- There are two sections in the Lanham Act for anti-confusion damages. §32 (registered marks) and §43(a) (unregistered marks; but at this point, the protections are virtually the same.)
- The European law, Article 5.1 of the EC Trademark Directive, forbids any sign that is identical on identical goods, or any sign that is identical to or similar to the mark on identical or similar goods and therefore creates a likelihood of confusion.
- The TRIPS agreement presumes a likelihood of confusion when it's the identical sign on identical goods; the US doesn't, it always goes through the analysis, but that's no matter; it comes out the same.
- Most LoC opinions look the same:
 - Four-part claim: §32 confusion, §43(a) confusion, §43(c) confusion, and state law.
 - Motion for summary judgment
 - Recitation of the facts
 - Description of the standard for summary judgment
 - A list of the three-part process (which, in the *Louis Vuitton* case, because of parody, led to each factor getting its own section)
- The three-part process:
 1. Plaintiff owns the mark (sometimes formulated “plaintiff owns a valid and protectable mark”)
 2. The mark is valid and protectable (sometimes replaced with the “defendant uses an imitation in commerce”—see below for the use prerequisite)
 3. The defendant's use is likely to cause confusion

- *Borden Ice Cream v. Borden's Condensed Milk*: Defendants were acting in bad faith, but the approach under state common law was so medieval that because Borden didn't sell ice cream, no confusion. No "pulling away of trade."
- *Fleischmann Distilling*: Black & White Scotch and Black & White beer. Same thing—too far apart.
- Changes to the Lanham Act removed "purchasers" from the "likely to confuse" language and took out "as to the source." Now, it's just "cause confusion, cause mistake, or deceive." Big, big change.
- Similar big changes happened in 1995 (first dilution statute) and 2006 (TDRA).

7.2 Unauthorized Use Prerequisite

- Note that the basic elements of trademark infringement (however they are defined) require *use in commerce*.
- This is logic setting up the subject matter that's now being applied to scope. Suddenly defendants can say "we weren't using it in commerce!"
- *Holiday Inns*: The trademark is 1-800-HOLIDAY, not the underlying phone number.
- The defendant claimed 1-800-405-4329, which would be the alphanumeric 1-800-HOLIDAY.
- Addresses, mind, can be registered on a showing of secondary meaning. 30 Rock, perhaps?
- The Circuit concluded that the mark was not the phone number, and the defendants didn't ever use 1-800-HOLIDAY, that the defendants didn't cause confusion, but took advantage of existing confusion.
- Similarly, in *1-800-Contacts v. WhenU.com*, the Second Circuit found that since there was just the pure machine-linking function, and no actual use of the trademark was ever seen by consumers, that wasn't use in commerce.
- The Circuit made clear that for purposes of §32 and §45(a), "use in commerce" is defined by §45. That's still Second Circuit doctrine, confirmed by *Rescuecom*.
- The Circuit affirmed that before you get to infringement, you have to satisfy use.
- *Rescuecom v. Google*: "Even if it caused confusion, Google's actions are not use in commerce. But going forward, we're going to try to cut that formalism out."

- Even if Google lost the use-in-commerce argument, there were others: does it actually confuse?
- Note that product placement is established as not a problem not because it's inherently allowable, but because it doesn't cause confusion.
- But Google is trying to argue product placement in the use in commerce issue.
- Of course, the Circuit, while feeling bound by *1-800-Contacts*, also distinguished it. Keyword Suggestion was external use, and using the marks (instead of the the URL only) as part of the keyword was use.

7.3 The Factors Analysis

- Each circuit has its own test. The Second Circuit's *Polaroid* test is pretty prominent.
- The test often comes down to two or three factors. Do judges tend to weigh the factors, or just settle one or two? Do they stampede—decide which way to go and then have a clerk write an opinion supporting that—or analyze the factors individually?
- The tests trace back to the 1938 Restatement of the Law of Torts, then move on to cases such as:
 - *Polaroid v. Polarad*
 - *Pizzeria Uno v. Temple*
 - *Frisch's Restaurants v. Elby's Big Boy*
 - *Helen Curtis v. Church and Dwight*
 - *SquirtCo v. Seven-Up*
 - *E.I. DuPont v. Nemours & Co.*

7.3.1 Similarity of the Marks

- Necessary, but not sufficient, for plaintiff. (Though a recent case has suggested it's not necessary always.)
- Flexible analysis—not considered in isolation, but summarizing—or as an effect of—the others.
- Anti-dissection principle: don't break the mark into components.
- Sight, sound, meaning... the analysis can shift across all of those to establish identity/similarity.
- Not a side-by-side comparison, unless the products are frequently near each other on shelves.

7.3.2 Defendant's Intent

- Second most important, numerically.
- Sometimes not important to LoC; but it's still in the *Polaroid* factors.
- Maybe it's akin to an estoppel claim—if they thought they were confusing, they can't claim in court that they weren't.
- This indicates how the multifactor test isn't a pure factfinding analysis. Legal rules and realism weaves in.
- A finding of bad faith strikes against defendant; but no bad faith does not favor defendant. Rules are either positive/neutral or negative/neutral.
- When the court finds this factor, it tends in practice to stampede the others.

7.3.3 Proximity of Goods/Possible Gap-Bridging

- Highly flexible factor
- Arguably, all policy, no factfinding at all. Why do we care, if LoC is empirical, that the plaintiff is planning to bridge the gap?

7.3.4 Strength of Plaintiff's Mark

- Courts care about this one. It's the first factor in *Polaroid*.
- There are two sub-factors: Conceptual/inherent, and actual/acquired/marketplace.
- The *Abercrombie* ranking doesn't matter here. (Though there is a correlation between success of inherently-distinctive claims and confusion claims.)
- And empirical strength trumps theoretical. In most cases where a mark was inherently weak but commercially strong, the strength factor favored confusion in the analysis; where vice versa, strength did not favor anything.
- With strength goes scope—the stronger the mark the wider the band of products.

7.3.5 Evidence of Actual Confusion

- Anecdotal evidence, survey evidence. Three common formats:
 - *Eveready*: “Who puts out this brand? Name other products by the company.”
 - *Exxon*: “What's the first thing to come to mind?”
 - *Squirt*: “Do you think X and Y are by the same or different companies?”

- Survey evidence is only credited less than half the time. But doing a survey and not releasing it, or not doing one at all, might lead courts to make an “adverse inference.”
- If both sides do surveys and the results disagree, they could cancel each other out.

7.3.6 Sophistication of Consumers

- Plaintiff: “They’re dumb.”
- Defendant: “They’re smart.”
- Nuclear reactors, or schools (given how much research parents do), are different.
- A mixed population—sophisticated and not—averages out.
- If the defendant’s goods are low quality, that also weighs against defendant, as a policy determination (tarnishment seeping into LoC).

7.4 Applying the Multi-Factor Test

7.4.1 Internet

- *GoTo.com v. Walt Disney*: the “Internet troika” of similarity, relatedness of goods, and use of the Web as a marketing channel.
- In 2000, an Internet user was seen as very unsophisticated. That may have changed.

7.4.2 Private Label Goods

- Generic versions of goods often get found not to be confusing as a policy matter. Facilitating generics trumps the test. See *Conopco*

7.5 Confusion Away from Point-of-Sale

7.5.1 Initial Interest Confusion

- *Gibson v. Paul Reed Smith*: Gibson has a trademark on the design of the single-cutaway guitar body.
- The case turns on initial interest confusion. As in *Brookfield*, if Burger King puts up a sign on a highway saying “McDonald’s, Next Exit,” hoping people will pull off, not see McDonald’s, and go to BK, that’s covered under the Lanham Act.
- On the other hand, a policy of “To get to X, you get offered Y along the way” is not the same—nothing in the law prevents that.

- The problem here is, Gibson didn't claim confusion at the time of sale—nobody was going to buy a guitar without checking to make sure it was a Gibson.
- They claimed the “smoky bar” theory—would someone be confused when looking across a smoky barroom to see the guitar?
- The Sixth Circuit resisted; giving IIC protection to shape would expand the scope and subject matter of trademark protection too far. Once we protect shapes, that allows the registrant to establish a monopoly. From distance, all guitars look the same.
- The Kennedy concurrence-and-dissent would probably be what the Second Circuit did if faced with the question: “if a product shape is so weird and bizarre as to be distinctive, and cause IIC, we'll allow a cause of action in that context.” More fact-based, less formal. Still reeling from *Two Pesos*, perhaps.

7.5.2 Post-Sale Confusion

- Sumptuary law, as derived from ancient Rome (where only certain societal ranks could have or use certain products).
- *Ferrari v. Roberts*: Defendant was making a kitbash to make a Chevy look like a Ferrari.
- He argued that the purchasers knew the products weren't genuine; the confusion was the onlookers, the people who see it later.
- Ferrari wasn't losing a sale to those people.
- The judge, though, brought up a dilution argument, keeping the exclusive status symbols exclusive. (Really? Is that the point of trademark law?)
- But the same argument gets used by counterfeiters all the time.
- *Mastercrafters* was similar, the Atmos clock and a knockoff: “some customers would buy plaintiff's cheaper clock to gain the prestige of the real thing. They wanted to poach the reputation of the real deal.”
- And ditto the red tag on jeans (*Levi Strauss*).
- Finally, the *GM v. Keystone* with placeholder logo. (This is why fashion houses line their bags with their monogram. Even without the trademark symbol, it's still recognizable, and therefore, post-sale confusion.)

7.6 Reverse Confusion

- *A & H Sportswear v. Victoria's Secret*: Senior “David” user uses “Miracle Suit” for swimwear. Junior “Goliath” Victoria’s Secret uses “Miracle Bra,” then expands into the swimwear line, keeping “Miracle.”
- Even though VS put a disclaimer on its clothing, “not affiliated with A & H, that doesn’t dispel reverse confusion. (It would dispel forward confusion, but here, A & H would have to put the disclaimer on, and it’s the senior user.)
- Similarly, if VS was to put its house-mark (“Ford” is a house mark, put on cars such as “Ford Mustang”) on its items, that could *increase* reverse confusion; people could end up associating “Miracle” with VS even more. (Again, fact-dependent, a house mark can dispel forward confusion.)
- Most of the factors are similar to the normal test, but there are a few key differences:
 - In commercial strength analysis, the court analyzes the commercial strength of the junior mark, not the senior; it has to determine whether the junior mark is overwhelming the senior by flooding the market. Is the junior user “famous enough”?
 - When doing inherent strength analysis, a stronger mark is more likely to have been come up with only one company. If a mark is strong, then consumers are more likely to think the two products are connected; a weaker mark is not as likely. *Note this: the chance that two companies might have come up with the same mark can be considered as part of the multifactor test.*
 - Defendant’s intent is important; while “intent to confuse” isn’t present, courts have been known to find explicit intent to flood the market and overwhelm the senior user. See *Attrezzi v. Maytag*.
- Practically speaking, the changes for the Third Circuit in reverse confusion are the same as the Second Circuit changes.
- *Harlem Wizards v. Washington Wizards*: Was there a licensing agreement?
- The “Wizards” mark for sports teams is inherently strong, and the commercial strength of the Washington Wizards also high. And the marks are identical.
- The Washington Wizards won by arguing a fundamental difference between trick basketball and professional basketball.
- Other cases include Domino’s Brooklyn-style pizza and the Texas restaurant “Brooklyn’s old neighborhood style pizza,” Aerosmith’s “Pump” with the band Pump, and Tunnel Bar versus Tunnel.

7.7 Indirect and Vicarious Theories

- No statutory section authorizes secondary liability in trademark law. It's just part of the common law interpreting the statute.
- *Inwood Labs v. Ives*: Cyclospasmol had gone generic, but the patent holder (Ives) tried to assert control over the market by roughing up the manufacturers of the generics for (so they claimed) encouraging pharmacists to sell the generic as the brand, and pocketing the difference.
- Ives claimed Inwood was either encouraging, or had knowledge and supplied anyway.
- Remember: Contributory liability is when the defendant doesn't control the infringer, but still induces or assists. Vicarious is where the defendant has control.
- This case, though, turned on factual showings. The District Court found that Ives had failed to show Inwood either intentionally induced, or supplied with knowledge.
- Footnote 13 rejects the "reasonable anticipation" standard. More than that is required to find knowledge.
- Proprietors—such as auction companies, see below—often try to position themselves as common carriers. We don't blame the phone company when thieves talk on the phone!
- *Tiffany v. eBay*: Contributory liability is either intentional inducement (which is usually obvious—the standard is effectively obviousness with clear evidence) or else knowledge and material contribution (easier to meet; the same facts show this more than they show inducement). Vicarious liability is the control ("the right and ability to supervise") and direct financial benefit.
- The District Court found that "the law does not impose liability for contributory trademark infringement on eBay for its refusal to take such preemptive steps in light of eBay's 'reasonable anticipation'...the law demands more specific knowledge."
- EU courts have been less sympathetic, calling eBay the lowest-cost avoider.
- Is this true? eBay would need to enforce all brands, and there are a lot; besides, Tiffany can more easily tell a fake. But then, there's more than one auction site, and eBay has everything close at hand—and can hire humans to do it.
- Sullivan, the district judge, said the law was the law; if policy needed to be changed that was Congress's problem.

- *Georgia-Pacific v. Myers*: Nothing in trademark law accounts for the creation of expectation by consumers. So there's no connection between a GP dispenser and GP towels. This is a common situation—brand dispenser, generic item. Are the consumers expecting the item to be brand? Fact-intensive analysis.
- By the way, the part of §33 of the Lanham Act dealing with antitrust is dead and never used.

8 Non-Confusion-Based Theories

8.1 Dilution Protection

Lanham Act §43(c)(1): “the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owners mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark.”

8.1.1 Evolution of the Cause of Action

- There are two forms of dilution recognized in the law since the 2006 Trademark Dilution Revision Act (TDRA): Blurring and tarnishment.
- The FTDA (Federal Trademark Dilution Act) and the TDRA are distinct—though some courts don't realize that. Some still refer to the FTDA as law.
- The *Ringling Bros.* case is the best overall analysis of dilution.
- Frank Schechter's 1927 article, “Rational Basis of Trademark Protection,” launched the dilution theory. “The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.”
- In the *Borden* world, nothing would stop “Rolls-Royce chewing gum” from trading on the goodwill of the car.
- The idea is to prevent blurring (though Schechter never used the word) of the link between the mark and the product.
- Schechter never mentions tarnishment, but we have folded that in too.
- As Posner put it, a trademark “minimizes on information costs” (or “imagination costs”).

- But what about a mark like “United,” which is used on many products? That’s accounted for—the TDRA factors for determining blurring include, at Lanham Act §43(c)(2)(B)(iii), “The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.”
- But the courts usually don’t go through the TDRA analysis.
- Another way to think about blurring is about “brand dominance” (“Trucks” recalls Ford, Toyota, Mack), and “brand typicality” (“Porsche” means cars, “Nike” means shoes. . .)
- Blurring would be a diminution in “brand typicality.”
- Of course, Nike and Virgin are arguably self-blurred. The companies expanded so much that we don’t know what we mean when we think of them.
- They would respond that they sell a state of mind, a lifestyle, not particular products.
- *Ringling Bros.* discussed Schechter’s article in detail, including his desire for “rights in gross.” But that was too extreme for any court.
- Judge Sweet, in a concurrence under state law that got appropriated under the FTDA, laid out a six-part test in *Lexis v. Lexus*:
 1. Mark similarity
 2. Product similarity
 3. Consumer sophistication
 4. Predatory intent
 5. Renown of the senior mark
 6. Renown of the junior mark
- This looks a lot like a LoC test; and the Second Circuit’s *Nabisco* factors were worse.
- Courts originally understood blurring to be a form of anti-infringement protection, a shield preventing the increase of search costs.
- Really, it’s more like a sword—promoting the decrease of search costs.

8.1.2 Actual v. Likelihood

- In many ways, the courts judicially nullified the FTDA. The TDRA got slightly more respect, but in three years of its existence, only one case has ever found dilution but specifically not infringement.
- Why have the law if it didn’t change things?

- Influence of lobbyists, and maybe a C&D tactic.
- In *Moseley*, the court found that the plaintiff had to show actual dilution. (All but impossible, right?)
- That’s the first thing the TDRA overturned—it established a “likelihood of dilution” standard.
- The list of what the TDRA did:
 1. Established likelihood of dilution standard
 2. Provided that non-inherently-distinctive marks could get protection (overruling the SDNY)
 3. Rejected “niche fame”—fame had to be nationwide (no WaWa)
 4. Reconfigured the factors for finding fame
 5. Stated that blurring and tarnishment were both forms of dilution
 6. Set forth the factors for finding blurring
 7. Expanded the scope of exclusions
- Note that the FTDA still exists somewhat; damages are still handled under FTDA rules. But a lot of courts apply the FTDA provisions without realizing it.

8.1.3 TDRA Case Law

- To show dilution by blurring, you must show:
 1. An association
 2. That the association arises from the similarity of the second mark with the famous mark
 3. That the association impairs the distinctiveness of the famous mark
- *Nikepal* and *Art Van* suggest that all you really need to show is association, and that does it.
- Other cases, such as *V. Secret* and *Charbucks*, suggest that you have to show association and impaired distinctiveness. (Which is hard to prove—maybe judges are nullifying again?)
- Using surveys and measurements, Jacoby found that yes, dilution exists; but it’s so minor. 1/10th of a second, at best.
- In *V. Secret*, the court found that all six TDRA factors supported blurring, but the impairment—which was unproven—was critical. All the factors just went to association. Very odd, no?
- *Charbucks* argued that tarnishment required the coffee to be bad. Courts normally say quality isn’t important.

- *Charbucks* was also state law.
- Tarnishment is, as the EU puts it, about association, not confusion.
- The elements association (no test):
 1. An association
 2. Arising from the similarity of a mark
 3. That harms the reputation of
 4. A famous mark
- Jacoby does suggest that some brands are dilution-proof—they're too strong. But the dilution statutes are intended to protect strong brands. Odd.

8.1.4 The European Approaches

- Article 5.2: A person cannot use “any sign which is identical with or similar to the trademark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of the sign takes unfair advantage of or is detrimental to the distinctive character or reputation of the trade mark.”
- Note that the law says non-similar goods. The ECJ resolved this in *David-off* by deciding it applied to similar goods too, because that would be unequal otherwise.
- *Adidas*: the ECJ said that the plaintiff had to show a link in the consumer's mind.
- Sounds like borderline nullification. (Not that the US is better.)

9 Permissible Uses of Another's Trademarks

9.1 Fair Use

Lanham Act §33(b)(4): it is a defense, even in the face of incontestability, “[t]hat the use of the name, term, or device is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.”

9.1.1 Descriptive Fair Use

- Under the SDNY rules, the defendant must show three things to show fair use:
 1. The defendant is using the term descriptively
 2. The defendant is not using the term as a mark
 3. The defendant is using the term in good faith
- *KP Permanent*, though a Supreme Court case, is being seriously pared down in casebooks. Micro Colors had a trademark, and KP referred to its “Microcolor pigment”—in a way that looked a lot like a trademark, but no matter.
- Under most circuits, pre-*KP*, the rule was that you don’t need to make a fair use defense until the plaintiff had made its LoC case.
- But the Ninth Circuit had made a rule that making out LoC foreclosed fair use.
- After the USSC ruling, even if the plaintiff has shown LoC, defendant could claim fair use.
- There’s a balancing test: determine LoC as normal, then go through the fair use balance to see if there is *so* much confusion that it forecloses fair use.
- The Ninth Circuit tends to go through an analysis including “Degree of likely confusion, strength of trademark, descriptive nature of the term and availability of alternate descriptive terms, use prior to registration, differences among the times and contexts.”
- Some of those are *Sleekcraft* (the *Polaroid* for the Ninth Circuit) factors; some aren’t.
- *Desert Beauty v. Mara Fox*: Second Circuit shakeup: “DBI must have made use of the mark...”
 1. Other than as a mark
 2. In a descriptive sense
 3. In good faith
- This is not nominative fair use, mind.
- “Other than as a mark” refers to looking at the way something—such as “love potion”—is used as a description, not a name.
- “Descriptively”—examine the definition of love potion. (Reminiscent of functionality?)

- “In good faith”: Tends to import a lot of the same discussions of the previous. A summary factor, maybe, analogous to “market harm” in copyright fair use.
- *International Stamp Art v. USPS*: Comes down to good-faith: did the defendant intend to trade on the good will of the owner?
- International Stamp discussion factors include a commercially viable alternative (court: “there is none”), that they didn’t consult counsel (court: “not a problem since they didn’t do anything wrong”), and that they knew someone else was using the design (court: “So? They had the right to do what they did”).
- The Court might also be slapping International Stamp around for what it’s doing.
- Similarly, a pine-tree-shaped pine air freshener was using the shape fairly.

9.1.2 Nominative Fair Use

- *New Kids on the Block* is the leading circuit case (there is *nothing* in the Second Circuit on it). Three factors:
 1. The product or service must be one not readily identifiable without use of the trademark
 2. The user must be using only so much of the mark as is reasonably necessary
 3. The user must do nothing that would suggest sponsorship or endorsement
- There is no clear statement on what the doctrine is, but Second Circuit district courts have done this:
 - *Polaroid* test, burden on plaintiff
 - If confusion found, turn to NFU and apply *New Kids* test, burden on defendant.
- The Ninth Circuit has *New Kids* completely supplant *Sleekcraft*. If the defendant claims nominative fair use, the courts skip LoC. Which means, if the defendant loses NFU, it loses LoC by default. Nasty.
- *R.G. Smith v. Chanel*: Set out the idea of NFU. One of the only cases where a court recognized how trademarks create “economically irrational elements introduced into consumer choices.”
- *Tiffany v. eBay* discussed an interpretation of the *1-800-Contacts* doctrine from the “I want to buy a sponsored link” client side.
- For example, if eBay put in its advertising “come to eBay, we have Tiffany!” the district court thinks that would be NFU.

9.2 Use on Genuine Goods: “First Sale” Doctrine

- First sale, aka “exhaustion of rights.” If someone customizes a Ford Expedition into a stretch SUV, do they have to pry off the trademarks?
- C.D. Cal. and 9th Cir.: No. “Consumers would not be confused.”
- *Champion Spark Plugs v. Sanders*: Has the rebuilder of spark plugs indicated, with sufficient clarity, that these are refurbs?
- It came down to the terms of the injunction and whether the refurbisher had to remove the word “Champion.”
- The outcome was straightforward: No, no removal, but the refurbisher had to bake the term “Refurbished” into the plug. As long as the original manufacturer isn’t being identified with the inferiority that would result from wear and tear, that’s sufficient.
- Similarly, in *Nitro Leisure Products*, if you strip off the outer layer of the golf ball, then reapply it with the trademark, that’s not a problem. The narrative theory was “only we can sign our names!” But the court said, as long as they were marked refurbs, consumers aren’t confused.
- Exhaustion of rights is not important in US law, but in EU law, with the common market issue (sold in one place, shipped elsewhere), it’s more complex.

9.3 Use in Parody or Speech

- *Wal-Mart v. Smith*: Outlines how the courts treat expressive use.
- *Anheuser-Busch*: Frustrating, annoying, hopefully deprecated.
- Far out on the edge of trademark law restricting speech.
- A bigger disclaimer might have been enough, really. But doesn’t appropriationist art require alienation, only realizing it at the last minute?
- And are the survey questions valid, the way they were phrased? And doesn’t 6% (12 people) suggest pure noise?
- Parody-satire: *Mattel v. MCA Records*, “Speech-Zilla meets Trademark Kong.”
- The parody-satire distinction can be important. Why go after the trademark in the *Anheuser* case? Why choose them? (“Cat Not in the Hat” distinction too.) It’s not like he was attacking Budweiser directly.
- *Haute Diggity Dog* is on the edge, because there, they were satirizing the people who buy LV, not making a point about LV directly.

- No doubt in *Mattel*, they were satirizing Barbie herself.
- There are three doctrinal approaches to expressive-use matters (as outlined in *Rosa Parks v. LaFace Records*):
 - Consider it as an element of LoC (this is how things are going—*Smith, Haute*). The parody issue is weaved into LoC. The problem here is the appropriationist issue—“similar, but different enough to avoid confusion” might also be “similar but different enough to not work properly.”
 - As a trigger of the “alternative avenues of communication” analysis (*Mutual of Omaha*): “Mutual’s rights...need not yield to the exercise of First Amendment rights under circumstances where alternative avenues of communication exist.” Why go after the innocent company (Mutual or Anheuser)?
 - As a trigger of the First Amendment balancing test, such as *Rogers v. Grimaldi*: “somewhat more risk of confusion is to be tolerated—we weigh the likelihood of confusion against the desire to allow expressive speech in society.”