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ARTICLES

DEVELOPMENTS IN TRADEMARK AND UNFAIR COMPETITION LAW: IN THE COURTS, THE PATENT AND TRADEMARK OFFICE AND BEFORE THE TRADEMARK AND APPEAL BOARD*

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* The organization and headings in this paper generally correspond to the arrangement of PATTISHALL & HILLIARD, TRADEMARKS, Matthew Bender (1987) which is a useful source for additional background on these subjects.

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This article is based on materials presented at the 34th Annual Conference of Developments in Intellectual Property Law at the John Marshall Law School on February 22 and 23, 1990. The article reviews the noteworthy trademark and unfair competition cases published during the year prior to the Conference which explain, change or confuse existing law.

It was an extremely important year for many reasons; most notably, the 1988 Trademark Revision Act\(^1\) went into effect on November 16, 1989.\(^2\) The impact of the Revision Act on the various subject areas of trademark and unfair competition law will be mentioned throughout this article.

I. CREATION AND MAINTENANCE OF TRADEMARK RIGHTS

A. Adoption and use

First and continuous use of a trademark in connection with goods or services has long been the basis for establishing trademark rights in this country. Perhaps the biggest structural change in prior law which the Revision Act effected is the provision in section 1(c) that one now may apply for a federal registration based upon a “bona fide intent to use the mark in commerce.”\(^3\) Once use in commerce is initiated, the intent to use applicant obtains a nationwide constructive use date and prior use rights under section 7(c) as of the application filing date.\(^4\)

“Use” is defined in section 45 of the Lanham Act as “the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.”\(^5\) This new system is intended to facilitate the protection of a selected trademark during the often lengthy process of developing and bringing a new product to market, and to eliminate the common commercial practice of making early token shipments to establish priority rights.

It remains to be seen what practical effect the intent to use revision will have. We do know that over 3300 applications to register were filed on November 16, 1989, with approximately 2400 of them being intent-based. This is in contrast to the previous average of approximately 300 applications per day in the Patent and Trademark Office. Fittingly, the first intent-to-use application filed was for the mark PERESTROIKA.\(^6\)

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2. Id. at § 136.
While intent to use applications ultimately may have a profound effect on how trademark rights are developed and protected in this country, an intent to use applicant’s rights are still subject to another’s rights where use prior to the application is established.\(^7\) Furthermore, many trademark and unfair competition disputes will continue to be decided, in the absence of registration, on a common law basis.\(^8\) Therefore, the principle that first and continuous use creates protectable trademark rights continues to be valid. What constitutes adequate “use,” however, has been the subject of much litigation, and that question again faced the Patent and Trademark Office and courts in 1989.

Pre-sales publicity may under certain circumstances suffice to establish common law priority of use. In *Novel ID v. Hyman Products Inc.*,\(^9\) plaintiff had used the mark STRESS BALL at a trade show on packaging and on promotional displays in proximity to the product, a novelty gift ball, although not on the ball itself. Defendant subsequently used the mark STRESS BREAKER on a very similar product. On plaintiff’s motion for a preliminary injunction, the court found that plaintiff had received a large amount of publicity for its product prior to defendant’s first use, and that plaintiff’s pre-sale marketing activities “could arguably have been sufficient to have created an identification between the trademark and product in the minds of the public.”\(^10\) It concluded that plaintiff had a protectable common law trademark right in the STRESS BALL mark.\(^11\) In granting plaintiff’s motion, the court noted that both products were new and that monetary damages would be very speculative in the absence of any quantifiable sales success.\(^12\)

*Person’s Co. v. Christman*\(^13\) presented an unusual priority decision in which petitioner, a Japanese corporation, sought to cancel Christman’s registration of PERSON’S for wearing apparel, claiming priority based upon use of PERSON’S in Japan. Christman had seen Person’s products in Japan and decided to market the same products under the same marks in the United States.\(^14\) The Board rejected Person’s priority claim because its foreign use did not have

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10. *Id.* at 1141.
11. *Id.*
12. *Id.* at 1143.
14. *Id.* at 1479.
the requisite "effect on U.S. commerce," and the mark was insufficiently famous for protection under the Paris convention.\textsuperscript{15} The Board noted that a showing of "bad faith" on Christman's part required more than just copying; since Person's mark had no reputation or goodwill here, Christman could not be said to have intended, in bad faith, to trade on that reputation or goodwill.\textsuperscript{16}

Alleged token use was at issue in \textit{Wallace Computer Services, Inc. v. Sun Microsystems, Inc.}\textsuperscript{17} In this trademark infringement action, Wallace sought to cancel Sun's registration of TOPS for computer equipment on the grounds that Sun's first use was a sham transaction and not for the same product in connection with which the registered mark was ultimately used.\textsuperscript{18} In denying both parties' summary judgment motions, the court held that the fact that the trademark owner solicited his first customer, a friend, to purchase the product did not invalidate the initial interstate use of the mark.\textsuperscript{19} Evidence of payment for the transaction, the court ruled, also was not necessary since transportation in interstate commerce is sufficient "use in commerce" to satisfy the statutory requirements.\textsuperscript{20}

In rejecting the plaintiff's claim that the product eventually marketed differed from the product initially shipped, the court noted that as long as the goods in the initial shipment possessed "the inherent and identifiable character" of the later product, the use was valid, citing \textit{Ralston Purina Co. v. On-Cor Frozen Foods, Inc.}\textsuperscript{21} This standard was developed to allow business owners to protect their substantial investments by relying on use early on in the development of a product rather than having to wait until product completion to secure priority.\textsuperscript{22}

How might this case be decided under the Revision Act? Some have argued that the transportation of a prototype computer to a friend for evaluation could be \textit{bona fide} use in commerce, even though part of the purpose of the transaction was to establish, or, perhaps, "reserve" a right in a trademark. Such an evaluation or test market could be activity in the ordinary course of trade vis-a-vis the marketing of computers and, therefore, not use made "merely to reserve a right." Also, under the new definition of use, as under the old, a sale is not a prerequisite to valid use. Transpor-

\textsuperscript{15} \textit{Id.} at 1480.
\textsuperscript{16} \textit{Id.} at 1480-81.
\textsuperscript{17} 13 U.S.P.Q.2d (BNA) 1324 (N.D. Ill. 1989).
\textsuperscript{18} \textit{Id.} at 1325.
\textsuperscript{19} \textit{Id.} at 1326-27.
\textsuperscript{20} \textit{Id.} at 1327.
\textsuperscript{22} \textit{Id.}
tation of a product will suffice. Finally, nothing in the new Act necessarily affects the Ralston-Purina "inherent and identifiable character" test. It is quite possible, therefore, that we will continue to see litigated token use issues, or "use analogous to token use" issues, even under the new Act.23

B. Distinctive, suggestive and descriptive terms

Courts traditionally have used certain analytical categories to classify trademark types. A generic term, consisting of the language name of the product itself, for example, "chair" for a chair, is unregistrable and normally unprotectable.24 A descriptive mark is not registrable or protectable unless it is shown to have acquired secondary meaning, i.e., source-indicating significance.25 A term is descriptive if it immediately conveys the idea of the ingredients, qualities or characteristics of the goods to the consumer.26 An example would be TENDER VITTLES for cat food. Pictures, or aspects of trade dress may be considered descriptive as well. A suggestive mark, which suggests what the product is without actually being descriptive of it, for example, STRONGHOLD for nails, is registrable and protectable without any showing of secondary meaning.27 (The line drawn by the courts between descriptive and suggestive terms concededly is a fine one). Arbitrary or fanciful marks, like OLD CROW for whiskey or FAB for detergent, having no suggestive or descriptive connection with the product, and coined marks, like EXXON or KODAK, which have no meaning other than as a trademark, also need no proof of secondary meaning.28

In Echo Travel Inc. v. Travel Associates Inc.,29 defendant alleg-
edly attempted to pass off its vacation tour services as those of plaintiff, by distributing a promotional poster substantially identical to a poster used by plaintiff. The district court granted defendant summary judgment, holding that the poster, depicting a beach scene, was merely descriptive of vacation services and had not acquired secondary meaning.30

The Seventh Circuit affirmed.31 Evidence that approximately 25,000 beach scene posters were disseminated on 200 college campuses failed to establish that the poster had acquired a secondary meaning identifying plaintiff as a source of spring break tours.32 The lower court had not erred in limiting the relevant consumer class to college students, since plaintiff continually referred to this group in connection with its tours.33 The fact that the poster was only used for one "season" from fall to winter also undercut plaintiff's ability to demonstrate secondary meaning.34 Finally, the circuit court also noted the absence of any direct consumer evidence, such as a survey.35

In G. Heileman Brewing Co. v. Anheuser-Busch, Inc.,36 Anheuser-Busch argued that the district court erred in holding that the initials of descriptive words are inherently descriptive and that the mark LA therefore was merely descriptive for low alcohol beer. In affirming the lower court's holding for Heileman, the Seventh Circuit opined that there is a natural assumption that initials do generally stand for something, and ordinarily, no operation of the imagination is required to convey that initials stand for descriptive words.37 Fashioning a new test for the protection of initials, the court held that there is a presumption that to the public initials mean, or will soon come to mean, the descriptive phrase from which they are derived.38 A party seeking protection for the initials of a descriptive term has the burden of rebutting that presumption.39 This represents a compromise between the positions of those courts which had previously held initial marks to be arbitrary or suggestive and those courts which had held such marks to be generic.40

30. Id. at 1265, 10 U.S.P.Q.2d (BNA) at 1369.
31. Id.
32. Id. at 1269, 10 U.S.P.Q.2d (BNA) at 1373.
33. Id. at 1267, 10 U.S.P.Q.2d (BNA) at 1371.
34. Id. at 1268-69, 10 U.S.P.Q.2d (BNA) at 1373.
35. Id. at 1267-68, 10 U.S.P.Q.2d (BNA) at 1371-72.
36. 873 F.2d 985, 10 U.S.P.Q.2d (BNA) 1801 (7th Cir. 1989).
37. Id. at 994, 10 U.S.P.Q.2d (BNA) at 1808-09.
38. Id.
39. Id.
40. Other descriptiveness cases of interest include: Investacorp, Inc. v. Arabian Inv. Banking Corp., 722 F. Supp. 719 (S.D. Fla. 1989), where the court summarily held that plaintiff's mark, INVESTACORP for financial services, was descriptive and the plaintiff's sales and advertising evidence, including sales to-
C. Geographical terms

The number of geographical terms applicable to a given locality is limited, and such terms are commonly used for trade identity purposes. In determining the scope of protection, if any, to be accorded a geographical mark, the public interest in having its use available to all residents of the locality must be balanced against the prior user's right to protection of the goodwill it has developed in the mark. Where secondary meaning has attached, a non-deceptive geographical term is protectable and may be federally registered.

Geographic marks can be divided into four basic categories: (1) geographic marks which are not "primarily geographically descriptive," because the geographic meaning is minor, obscure, remote or unconnected with the goods, examples being HYDE PARK for clothing, ANTARTICA for soft drinks, and DUTCH BOY for paint; (2) marks which are "primarily geographically descriptive," because the public would associate the goods with the identified place and be right, an example being DENVER WESTERNS for western-style shirts manufactured there; (3) marks which are "primarily geographically deceptively misdescriptive" because the public would make a goods/place association and be wrong, but the misdescription would not be material to the purchase, an example being CAMBRIDGE for Florida oranges; and (4) geographic marks which are deceptive because the public would make a goods/place association and be wrong, and the misdescription would be material to the purchase, an example being PARIS for perfume made in New Jersey. Category (1) needs no proof of secondary meaning; categories (2) and (3) need such proof for protection and registration; and category (4) is unregistrable and normally unprotectable.

These trademark principles can be difficult for an experienced practitioner to sort through, and a recent Sixth Circuit decision demonstrates the difficulty courts often have understanding them. 

talling $27 million in less than five years, was insufficient to establish secondary meaning, specifically noting the lack of a survey or other direct evidence of secondary meaning; In re Associated Theatre Clubs Co., 9 U.S.P.Q.2d (BNA) 1660 (T.T.A.B. 1988) where GROUP SALES BOX OFFICE for theater ticket sales services was refused registration as merely a combination of two descriptive terms that had not become distinctive of applicant's services; Syrelec v. Pass & Seymour, Inc., 869 F.2d 838, 10 U.S.P.Q.2d (BNA) 1479 (5th Cir. 1989), affirming cancellation based on likely confusion between registrant's SYRELEC mark and petitioner's trade name Syracuse Electronics, (abbreviated as Syr.Elec.), both for electronic services. The court rejected registrant's contention that petitioner had the burden to prove secondary meaning in the abbreviation, finding the abbreviation neither descriptive nor commonly used. Id. at 1480.

41. See B. PATTISHALL & D. HILLIARD, supra note 24, at § 2.05 for a discussion of geographical terms.
42. Id.
43. Id.
In *Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.*, the appellate court affirmed the lower court's holding that the mark APPALACHIAN LOG STRUCTURES was primarily geographically descriptive and not distinctive and therefore, not infringed by defendant's mark APPALACHIAN LOG HOMES. In the case, there were two basic questions: (1) was plaintiff's mark APPALACHIAN LOG STRUCTURES primarily geographically descriptive of log homes manufactured in Virginia (a part of the geographic region known as Appalachia); and (2) if so, did it obtain secondary meaning before defendant began using the mark APPALACHIAN LOG HOMES.45

In its initial analysis, the court made the unusual observation that "[u]se of a geographic term such as . . . WORLD to describe carpets . . . is entirely arbitrary. The protected mark [WORLD] has no relationship to the source of goods since none of the goods were manufactured in the geographic area described." If the carpets were not manufactured in the world, one wonders where they were manufactured. In the end, however, the court reasonably concluded that a challenging defendant need not demonstrate that the geographical area at issue is noted for the goods in question, and affirmed the holding that a goods/place association was made by plaintiff's mark regardless of whether the area was noted for log cabins, and that the mark was, therefore, descriptive.47

As to secondary meaning, the court declined to rely on a PTO finding that plaintiff's two year period of use with $2,000,000 in gross sales and $100,000 in advertising expenditures was sufficient to establish secondary meaning.48 The court's majority found the fact that plaintiff had only used its mark for twenty months before defendant began to use the mark APPALACHIAN LOG HOMES sufficient to rebut the PTO's finding.49 The dissent thought "convincing proof" should be necessary to rebut a PTO finding, and that the cited evidence was insufficient.50

In *In re Jacques Bernier, Inc.*, the Board had refused to register the mark RODEO DRIVE for perfume on the grounds the mark was primarily geographically deceptively misdescriptive. The Board had found that Rodeo Drive in Beverly Hills is "a geographic location which is well known for expensive stores selling costly con-

44. 871 F.2d 590, 10 U.S.P.Q.2d (BNA) 1443 (6th Cir. 1989).
45. Id.
46. Id. at 594, 10 U.S.P.Q.2d (BNA) at 1445.
47. Id. at 595, 10 U.S.P.Q.2d (BNA) at 1446.
48. Id. at 595-96, 10 U.S.P.Q.2d (BNA) at 1446-47.
49. Id. at 596, 10 U.S.P.Q.2d (BNA) at 1447.
50. Id. at 598, 10 U.S.P.Q.2d (BNA) at 1448-49.
sumer items such as clothing, perfume and jewelry to a wealthy chic and/or famous clientele," and that applicant's perfume admittedly was not manufactured, produced or sold there. The appellate court reversed, finding no evidence in the record that people would believe that applicant's perfume originated on Rodeo Drive in Beverly Hills.

D. Surnames

As with geographical marks, the courts and the Patent and Trademark Office recognize the public interest in allowing people to use their own surnames in connection with their business. Surnames therefore are not ordinarily registrable or protectable unless secondary meaning is demonstrated.

In Yankelovich, Skelly and White v. White, Yankelovich, Skelly Consulting Group, Inc., defendants made millions when they sold their first market research business and the right to use of their names. When they tried to get back into competition with their former business under a slightly revised version of their old name, they were preliminarily enjoined. The court rejected their argument that they should be able to use their own names, citing Cervantes' observation that "a good name is better than great riches." The court then set out the correct proposition that one can use one's own name only if it does not create a likelihood of

52. Id.
53. Id. In In re Bisseci S.p.A., 12 U.S.P.Q.2d (BNA) 1149 (T.T.A.B. 1989), the applicant, an Italian clothing manufacturer, attempted to register AMERICAN SYSTEM and Design for men's and women's clothing. The Board found the mark deceptive because clothing is manufactured in the U.S., "buying American" is now important to the public, and the public would likely believe erroneously that applicant's goods originated here. Id. at 1150-51. A similar result was reached in In re Perry Mfg. Co., 12 U.S.P.Q.2d (BNA) 1751 (T.T.A.B. 1989), where applicant sought to register PERRY NEW YORK and Design for women's clothing. The Board affirmed the Examiner's refusal of registration on the ground that applicant was located in North Carolina, making the mark deceptive. Id. at 1752. Since New York is a world-renowned center of fashion, people would believe that applicant's clothes originated there. In In re California Pizza Kitchen, Inc., 10 U.S.P.Q.2d (BNA) 1704 (T.T.A.B. 1989), applicant appealed from the Examiner's refusal to register CALIFORNIA PIZZA KITCHEN for restaurant services. The Board held that the primary significance of "CALIFORNIA" was geographical, rather than describing a particular cooking style, and affirmed the Examiner's finding that consumers would believe that applicant's services originated in California. Id. at 1706-07. That applicant's restaurant services were rendered both within and outside of California did not warrant a finding that public would not associate those services with California. Id. at 1706.
54. See B. PATRISHALL & D. HILLIARD, supra note 24, at § 2.06 for a discussion of surnames.
56. Id. at 1387-90.
57. Id. at 1386.
confusion. In this case, evidence of actual confusion and intent supported the court’s decision to enjoin the use. As a remedy, the court did allow defendants’ use of the name with a proper disclaimer. In a similar case, Sears Roebuck v. Charles Wm. Sears Real Estate, the defendant was not allowed to use his name SEARS alone for his real estate business, but had to use his full name, Charles W. Sears.

E. Colors

The general rule formerly was that color was accorded trademark protection only when employed as an element of distinctive design, the concern being the limited number of colors available. In allowing registration of the color pink for insulation in In re Owens-Corning Fiberglas Corp., however, the Federal Circuit recognized that a non-functional color which has acquired secondary meaning for a particular product and “does not deprive competitors of a reasonable right or a competitive need” should be registrable and protectable without reference to a design.

In Keds Corp. v. Renee International Trading Corp., defendant appealed a preliminary injunction against its use of a blue rectangle label on its canvas sneakers, arguing that the label was functional. The court rejected this argument, finding the label’s only “function” was to identify the product. Given Keds’ uncontestable registration in the blue rectangle label, and the similarity of the products and their distribution, the court declined to overturn the injunction. The court also dismissed Renee’s argument

58. Id.
59. Id. at 1387-90.
61. In Emilio Pucci Societa a Responsibita Limitata v. Pucci Corp., 10 U.S.P.Q.2d (BNA) 1541 (N.D. Ill. 1988), the court held that plaintiff’s mark EMILIO PUCCI had acquired secondary meaning and defendant’s use of PUCCI was likely to cause consumer confusion. However, it found that “defendant may have a statutory prior use defense with respect to the Chicago metropolitan area.” Id. at 1545. The court ordered defendant to use both his first and last name in all advertising anywhere outside of Chicago and to disclaim any connection to Emilio Pucci. Id. The examiner’s refusal to register CECIL ADAMS, a fictitious name used as a byline for a collectively authored column, was appealed in In re Chicago Reader, Inc., 12 U.S.P.Q.2d (BNA) 1079 (T.T.A.B. 1989). Noting that pseudonyms are not generally regarded as serving a trademark purpose, the Board affirmed, finding that CECIL ADAMS was not being used as an indication of source, but merely to identify the author. Id. at 1080.
62. See B. PATRISHALL & D. HILLIARD, supra note 24, at § 2.07 for a discussion of trademark protection of colors.
64. Id. at 1122, 227 U.S.P.Q.2d (BNA) at 421.
66. Id. at 221, 12 U.S.P.Q.2d (BNA) at 1812.
67. Id. at 222, 12 U.S.P.Q.2d (BNA) at 1813.
that the color blue was non-registrable, noting that Keds combined the color with a distinctive design and that the "color depletion theory" was somewhat out of date.68

II. TRADEMARK REGISTRATION AND ADMINISTRATIVE PROCEEDINGS

A. The benefits of federal registration

The benefits that accrue from federal registration include: (1) constructive notice of the registrant's claim of ownership of the mark, section 22 of the Lanham Act;69 (2) nationwide constructive use as of the date of application, section 7(c);70 (3) prima facie evidence of the registration's validity, the registrant's ownership of the mark, and the registrant's exclusive right to use the mark in commerce on the goods or services specified in the registration certificate, section 7(b);71 (4) the right to institute a trademark action in federal courts without regard to diversity of citizenship or the amount in controversy, section 39;72 (5) the right to request customs officials to bar the importation of goods bearing infringing trademarks, section 42;73 (6) provision for treble damages, attorneys' fees and other remedies in civil actions for infringement, sections 34-38;74 and (7) the right, after continuous use of the mark for five years after registration, to have the registration become incontestable and thereby constitute conclusive evidence of registrant's right to use the mark in commerce for the identified goods or services, subject to certain defenses enumerated in section 33(b) including fraud, abandonment, misrepresentation, prior use, use in violation of antitrust laws and fair use.75

An important result of the Revision Act enactment was to resolve the previous debate as to whether equitable challenges not specifically enumerated in section 33(b) are available against an incontestable registration.76 The Revision Act now expressly provides that they are.77

68. Id. at 221, 12 U.S.P.Q.2d (BNA) at 1812.
There is a split of authority on whether incontestability mandates a finding that a mark is strong. In Majorica, S.A. v. Majorca International, Ltd., where plaintiff owned an incontestable registration of MAJORICA for jewelry, the court denied plaintiff’s motion to strike defendant’s affirmative defenses, holding that Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., does not preclude attacks on the strength or scope of protection of an incontestably registered mark.

In Dieter v. B & H Industries of Southwest Florida, Inc., the lower court had concluded that Dieter's mark SHUTTERWORLD for “pre-hung wooden shutter assemblies” was merely descriptive and thus, a relatively weak mark despite its incontestable status. It relied upon Source Services Corp. v. Chicagoland Jobsource, Inc., which held that validity and likelihood of confusion are distinct inquiries and the incontestable status of a registration has no bearing on the likelihood of confusion analysis. On appeal, Dieter argued this was tantamount to requiring proof of secondary meaning despite incontestable rights.

The Eleventh Circuit found that the trial court’s analysis did not require Dieter to prove secondary meaning in order to enforce its incontestable rights, and that Park 'N Fly left open the question of whether incontestable affects the strength of the mark for purposes of determining likelihood of confusion. The appellate court, however, declined to follow Source Services, expressly holding that incontestability is a factor to be considered in determining likelihood of confusion. Because the registration at issue had become incontestable, the mark was presumed to be at least descriptive with secondary meaning and thus, a relatively strong mark. Compare the 1988 Sixth Circuit decision, Wynn Oil Co. v. Thomas, where the court held that defendant was precluded from relitigating “the original strength or weakness” of plaintiff’s incontestably registered mark CLASSIC for hair care products, and that such an incontestably registered mark “must be considered strong and worthy of full protection.”

82. Dieter, 683 F. Supp. at 1355 n.7.
84. Id. at 328, 11 U.S.P.Q.2d (BNA) at 1726.
85. Id. at 328-29, 11 U.S.P.Q.2d (BNA) at 1226.
86. Id.
88. Id.
The court found plaintiff's incontestable rights did not extend to goods not identified in the registration and denied plaintiff's motion for a preliminary injunction in *Galaxy Chemical Co. v. BASF Corp.* 89 Plaintiff used the mark GALAXY for a root killer in sewers and pipes and defendant used the same mark for a soybean herbicide. 90 Plaintiff's incontestable registration did not cover herbicides and plaintiff had never used the mark for a soybean herbicide. 91 The court, therefore, found plaintiff's incontestable rights did not encompass defendant's type of product. 92 The court also noted that the wide variety of products for which the mark GALAXY is registered made the mark "far from strong." 93

### B. Acquisition and maintenance of federal registrations

Federal registration of a trademark on the Principal Register is obtained by filing a verified written application with the Trademark Division of the United States Patent and Trademark Office, accompanied by a drawing of the mark, specimens, labels or facsimiles of the mark as actually used, and the statutory filing fee. 94 A mark which is "capable of distinguishing applicant's goods or services and not registrable on the principal register" may be registered on the Supplemental Register. 95

Descriptive marks are registrable on the Principal Register if they have acquired distinctiveness (i.e. secondary meaning). 96 Under the Revision Act, the Commissioner may accept as prima facie evidence of distinctiveness (e.g. by affidavit) substantially exclusive and continuous use in commerce of the mark during the five years preceding the date on which the claim of distinctiveness is made. 97

As mentioned above, the Revision Act's most significant change over prior trademark registration practice is to provide for applications based on *bona fide* intent to use a mark in commerce. A party has six months from allowance of an intent to use application to begin actual use (which may be extended up to an additional 30 months upon good cause), and, upon registration, nationwide constructive use exists from the date the application is filed. 98 The Revision Act also reduced the term of registration from twenty years

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89. 11 U.S.P.Q.2d (BNA) 1279 (N.D. Ill. 1989).
90. *Id.* at 1280.
91. *Id.* at 1281.
92. *Id.*
93. *Id.*
97. *Id.*
to ten years to reduce "deadwood."\footnote{15 U.S.C. § 1058(a) (1988).}

The question of what constitutes a registrable "service" arose in In re Mitsubishi Motor Sales of America Inc.,\footnote{11 U.S.P.Q.2d (BNA) 1312 (T.T.A.B. 1989).} where the Board reversed a refusal of registration for the mark DIAMOND CARE and Design for automotive vehicle preparation, sales and service programs. The examining attorney had found that the services offered did not differ from the primary activity of selling a new car and so did not constitute a separate "service" under the Lanham Act.\footnote{Id. at 1313-15.} The Board found that the following extra services were offered under DIAMOND CARE and Design were more than just normal "dealer prep" as found by the examining attorney: (1) a full tank of gas, (2) a video cassette used to train dealers in the provision of quality assurance services, (3) audio cassettes provided to customers which contain instructions in the use of the automobile, (4) personalized, unsolicited telephone calls to every customer, (5) periodic news letters, (6) an optional comprehensive 1,000 mile evaluation of the car's performance, independent of warranty repairs.\footnote{Id. at 1314.} The Board concluded that the evidence did not support the Examining Attorney's position that "applicant's services are no more than are to be expected from any other car dealer."\footnote{15 U.S.C. § 1062(b) (1988); 37 C.F.R. § 2.71(b) (1990).} The Board further noted that registrable services under the statute can be ancillary to a primary activity.\footnote{In re Nationwide, 6 U.S.P.Q.2d (BNA) 1882, 1885 (T.T.A.B. 1988) (interpreting 37 C.F.R. § 2.72).}

C. Federal administrative proceedings

The Board has been strict in the past regarding proposed amendments of an application during Board proceedings, but the Revision Act authorizes amendment of trademark applications and registrations during Board proceedings to clarify or limit the scope of goods or services.\footnote{15 U.S.C. § 1062(b) (1988); 37 C.F.R. § 2.71(b) (1990).} In countering a refusal to register, an applicant also may be permitted to amend its application to obviate confusion if the amendment does not materially alter the mark or if the applicant seeks to add a mark to the applied for mark, and already owns a registration of the mark sought to be added for the same goods as those listed in the application.\footnote{In re Nationwide, 6 U.S.P.Q.2d (BNA) 1882, 1885 (T.T.A.B. 1988) (interpreting 37 C.F.R. § 2.72).} Concurrent use registrations may be obtained where two or more parties concurrently use the same or similar marks in distinct territories such that their respective uses do not create a likelihood
of confusion. An application converted into a concurrent use proceeding, the registrant of the mark PINNOCHIO'S for restaurant services operated one small restaurant in Maryland with no plans for expansion. Applicant, a remote prior user, used virtually the same mark, PINNOCHIOS without the apostrophe, in connection with ten larger restaurants in Texas, and had plans to expand to two other states. The court granted a concurrent use registration to applicant nationwide except for the state of Maryland and a fifty mile square radius around registrant's restaurant, which might include areas outside of Maryland.

III. LOSS OF RIGHTS

A. Generic marks

A mark which is only a generic term for an item cannot be registered and generally cannot be protected. The Revision Act officially changes the denomination of this category of marks from "common descriptive name" to "generic."

Each year yields new decisions by the Trademark Trial and Appeal Board and the courts declaring purported trademarks generic. In Murphy Door Bed Co. v. Interior Sleep Systems, Inc., Murphy sued an ex-distributor for selling wall beds under the mark MURPHY BED. Murphy's application to register MURPHY BED, based on nearly eighty years of use, twice had been refused by the T.T.A.B. on the ground of genericness. Despite the T.T.A.B.'s findings, the district court held MURPHY BED was not generic and had acquired secondary meaning, noting only one competitor (among many) used MURPHY BED as a name for the goods. It permanently enjoined defendant's use of MURPHY BED and awarded plaintiff over $820,000 in profits and punitive damages.

On appeal the Second Circuit held that the T.T.A.B.'s genericness ruling should have been accorded great weight, and that the inclusion of MURPHY.BED in many dictionaries as "a standard description of a wall-bed," as well as numerous examples of use of the term in newspapers and magazines to describe a type of bed, all

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109. Id. at 1228.
110. Id. at 1229.
111. B. PATTISHALL & D. HILLIARD, supra note 24, at § 4.02.
114. Id. at 759-61.
115. 874 F.2d 95, 97 (2d Cir. 1989).
warranted a finding that MURPHY BED was generic. Its holding of no trademark infringement, however, did not foreclose the broader unfair competition claim. The court found that defendant's invoice description of its beds as MURPHY BEDS, using plaintiff's style numbers, and its advertisements referring to its products as "Original" constituted intentional passing off. It also upheld the permanent injunction against use of MURPHY BED under a contract theory, because defendant had agreed to cease such use upon termination of the distribution agreement. The case was then remanded for a reformulation of damages.

Of interest in the MURPHY BED case was the court's discussion of who bears the burden of proof in genericness cases. The district court had put the burden on defendant and found it not met. The appellate court explained that the burden of proof depends on the origin of the term in question. If a mark is in effect invented for use in connection with a product (examples being aspirin, thermos and cellophane), and it is asserted that the public has expropriated the mark for generic use, the burden properly is on the party claiming the mark has become generic. It stated, "[t]his presumption of nongenericness of a product name in the case of apparent public expropriation is justified by the commercial protection a developer of innovations deserves." In this case, although MURPHY is a surname and not a coined word, plaintiff was the first to use it in connection with wall beds. Since the claim was that the public had expropriated the mark and made it generic, the burden was on defendant. If the mark in question had been in common use by the public in connection with the goods before the plaintiff developed his product and applied the mark to it, the burden would be on plaintiff. The court used the mark VIDEO BUYER'S GUIDE as an example.

In Dial-A-Mattress Franchise Corp. v. Page, plaintiff owned a local telephone number for his mattress business which spelled M-A-T-T-R-E-S-S. Defendant later acquired 1-800-M-A-T-T-R-E-S-S for his mattress business. The court upheld an order that preli-

116. Id. at 101.
117. Id. at 102.
118. Id.
119. Id. at 102-03.
120. Id. at 100-01.
121. Id.
122. Id.
123. Id.
124. Id.
125. Id.
126. Id.
127. Id.
narily enjoined defendant from using the 800 number in the New York metropolitan area, and required defendant to notify the telephone company not to connect up any phone calls originating from that area. While agreeing that the term "mattress" was generic, the court stated "[t]elephone numbers may be protected as trademarks, and a competitor's use of a confusingly similar number may be enjoined as both trademark infringement and unfair competition."

In another telephone number case, defendant was enjoined from advertising that its 800 telephone number spelled L-A-W-Y-E-R-S or using the word LAWYERS in connection with the word DIAL for legal services, based upon plaintiff's prior use of L-A-W-Y-E-R-S as his local number and his incontestable registration of DIAL-L-A-W-Y-E-R-S.

In Burger King Corp. v. Pilgrim's Pride Corp., Burger King obtained a jury verdict against Pilgrim's Pride, holding that defendant's use of CHICKEN TENDERS and CHICKEN BREAST TENDERS infringed Burger King's prior use of the mark CHICKEN TENDERS on its chicken product. In denying Pilgrim's Pride's motion for judgment n.o.v., the court rejected its contention that CHICKEN TENDERS was generic. Although there was some evidence of genericness in the poultry industry, the term was distinctive with respect to the general public.

In considering defendant's counterclaim that RUFFLES is generic for potato chips in Frito-Lay, Inc. v. Bachman Company, the court noted that defendant had "offered no proof of widespread, as distinguished from fairly scattered, consumer use of 'ruffles' as a generic term for food in general or for potato chips in particular, even though the mark has been in use for potato chips for over thirty years." Due to plaintiff's policing measures, defendant also could show no widespread industry use. Defendant's summary motion on its counterclaim was denied.

129. Id. at 676-77, 11 U.S.P.Q.2d (BNA) at 1645.
130. Id. at 678, 11 U.S.P.Q.2d (BNA) at 1646.
133. Id. at 1525-26, 12 U.S.P.Q.2d (BNA) at 1528-29.
134. Id. at 1525.
136. Id. at 440, 14 U.S.P.Q.2d (BNA) at 1034.
137. Id. Other cases of related interest include: Sebastian International, Inc. v. Hask Toiletries, Inc., 12 U.S.P.Q.2d (BNA) 2008 (T.T.A.B. 1989) (the Board finding "spritz" generic in the hair care industry, cancelled opposer's registration of SPRITZ for hair spray, and dismissed the opposition to STIFF SPRITZ for hair conditioner); General Conference Corp. of Seventh-Day Adventists v. Seventh-Day Adventist Congregational Church, 887 F.2d 228, 12 U.S.P.Q.2d
B. Abandonment

A mark is abandoned when use has been discontinued with intent not to resume. Nonuse of a registered mark for two consecutive years constitutes prima facie evidence of abandonment.

_Ferrari S.p.A. Esercizio Fabbriche Automobili E Corse v. McBurnie Coachcraft, Inc._ raises the issue of whether residual goodwill in abandoned marks may be protected. Plaintiff alleged defendant infringed the protectable body style of its Ferrari Daytona Spider via defendant’s manufactured “replica” of that car. Defendant moved for summary judgment that, even if plaintiff’s Daytona Spider body was protectable as trade dress, plaintiff had abandoned its rights. Despite plaintiff having ceased production over 13 years earlier, with no intent to resume production, the court denied defendant’s motion. It found plaintiff’s evidence of continued goodwill associated with the vehicle and ongoing parts support, “if true, . . . could be sufficient” to establish non-abandonment.

_In Board of Governors of University of North Carolina v. Helpingstine,_ plaintiff had introduced a licensing program in 1982 and registered its marks, including the University Seal Design, UNC, UNIVERSITY OF NORTH CAROLINA and the Tarheel Foot Design. Defendant defended its use of plaintiff’s marks on t-shirts and clothing by claiming plaintiff had abandoned its rights by its previous failure to prosecute infringers or license its marks. The court found no abandonment because “it is clear that UNC-CH’s marks

(BNA) 1491 (9th Cir. 1989), _cert. denied_, 110 S. Ct. 1134 (1990) (reversing judgment on the pleadings for plaintiff in light of defense that SEVENTH DAY ADVENTIST refers to set of beliefs, not an organization, and is therefore generic); Best Buy Warehouse v. Best Buy Co., Inc., No. 88-1201-CV-W-5 (W.D. Mo., Nov. 27, 1989)(LEXIS, Patcop library, T.T.A.B. file)(BEST BUY generic for retail store services); Transfer Print Foils, Inc. v. Transfer Print America, Inc., 720 F. Supp. 425, 12 U.S.P.Q.2d (BNA) 1753 (D.N.J. 1989) (TRANSFER PRINT not generic for surface decorating machines and services); AFP Imaging Corp. v. Photo-Therm, Inc., 12 U.S.P.Q.2d (BNA) 1594 (D.N.J. 1989) (the court finding that AFP was not generic for automatic film processing equipment, that it had considerable secondary meaning attached to it, and that defendant’s change from AFP to “Model AFP-1” did not substantially alter the likelihood of confusion, so that preliminary relief was warranted).

138. See B. Pattishall & D. Hilliard, _supra_ note 24, at § 4.03 for a discussion of abandonment.
141. _Id._ at 1280.
142. _Id._ at 1282.
143. _Id._
144. _Id._
146. _Id._ at 170-71, 11 U.S.P.Q.2d at 1509.
would still be regarded by the public as having originated with the University. It is also relevant that the University has never discontinued its use of the marks, for continuous use indicates a lack of intent to abandon."\textsuperscript{147} The court, however, denied summary judgment to both parties, finding the likelihood of confusion evidence insufficient.\textsuperscript{148}

The Federal Circuit recently analyzed the relative burdens of proof and production of evidence for abandonment allegations in a cancellation proceeding. In \textit{Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.},\textsuperscript{149} respondent defended a cancellation proceeding by introducing evidence of plaintiff’s non-use of MEDALLO DE ORO for beer between 1977 and 1986. Once \textit{prima facie} abandonment has been established, the court ruled, only the burden to produce some rebuttal evidence shifts to the registrant, not the burden of proof in the sense of the risk of non-persuasion.\textsuperscript{150} If the registrant can offer sufficient rebuttal evidence, the party seeking cancellation must then persuade the fact finder that despite registrant’s evidence, the mark has been abandoned.\textsuperscript{151} Plaintiff’s rebuttal evidence, however, including testimony that the beer was for sale “probably in 1978” and that plaintiff had begun to plan re-introduction in the U.S. by 1984, was held insufficient to overcome the abandonment presumption, and the registration was cancelled.\textsuperscript{152}

\textbf{C. Assignment without goodwill}

An assignment of a trademark without the goodwill of the business associated with it results in an abandonment of rights.\textsuperscript{153} In \textit{Main Street Outfitters, Inc. v. Federated Department Stores, Inc.},\textsuperscript{154} defendant was assigned the mark MAIN STREET for clothing by Work Wear Corporation for $62,000. Although no tangible assets were transferred, the agreement recited that all the goodwill attached to the mark was assigned.\textsuperscript{155} In rejecting plaintiff’s abandonment claim, the court held the assignment valid, because the defendant was using the mark on essentially the same goods as the assignor, namely clothing, the parties intended to transfer all good-

\begin{itemize}
\item \textsuperscript{147} \textit{Id.} at 171, 11 U.S.P.Q.2d (BNA) at 1510.
\item \textsuperscript{148} \textit{Id.} at 173, 11 U.S.P.Q.2d (BNA) at 1511.
\item \textsuperscript{149} 892 F.2d 1021, 13 U.S.P.Q.2d (BNA) 1307 (Fed. Cir. 1989).
\item \textsuperscript{150} \textit{Id.} at 1025-26, 13 U.S.P.Q.2d (BNA) at 1311-12.
\item \textsuperscript{151} \textit{Id.} at 1026-27, 13 U.S.P.Q.2d (BNA) at 1312-13.
\item \textsuperscript{152} \textit{Id.} at 1027, 13 U.S.P.Q.2d (BNA) at 1312.
\item \textsuperscript{153} See B. \textsc{Pattishall} \& D. \textsc{Hilliard}, supra note 24, at § 4.04 for a discussion of assignment without goodwill.
\item \textsuperscript{154} 730 F. Supp. 289, 13 U.S.P.Q.2d (BNA) 1332 (D. Minn. 1989).
\item \textsuperscript{155} \textit{Id.} at 290, 13 U.S.P.Q.2d (BNA) at 1333.
\end{itemize}
will associated with the mark, and the public was not deceived.156

D. Licensing in gross

Licensing a trademark in gross, whereby the trademark owner does not control the quality of the licensed goods, can result in abandonment of rights as well.157 In Midwest Plastic Fabricators, Inc. v. Underwriters Laboratories, Inc.,158 petitioner, Midwest Plastic Fabricators, manufactured electrical equipment certified by respondent UL. Petitioner offered extensive evidence that UL had not adequately policed the quality of products sold by two of petitioner's competitors, and moved to cancel UL's certification mark.159 In denying cancellation, the Board held UL had exercised "considerable diligence" and that its inspection and follow up need not be 100% effective.160

Not all acts of non-compliance by a licensee put the licensor at risk of losing its marks. In fact, if the licensor seeks to terminate its license without sufficient justification, the agreement can be specifically enforced against the licensor.161 In Ron Matusalem & Matusa, Inc. v. Ron Matusalem, Inc.,162 plaintiff appealed the district court's holding that defendant had not breached its sub-franchise contract, and that plaintiff's termination of the sub-franchise was invalid. In affirming, the court held that plaintiff's evidence as to the extent and duration of the sub-franchisee's alleged deviation from the required secret formula for RON MATUSALEM rum was inconclusive.163 The record also showed that both parties at times had ignored the letter of agreement.164 Nor had defendant repudiated the sub-franchise agreement by applying to register RON MATUSALEM for rum, and refusing to assign the application to plaintiff, because by seeking a registration, the defendant was acting for plaintiff's benefit.165 The court did affirm the order that the registrations and applications be assigned to plaintiff.166

156. Id. at 292, 13 U.S.P.Q.2d (BNA) at 1334.
159. Id. at 1268-69.
160. Id. at 1275.
161. See B. PATTISHALL & D. HILLIARD, supra note 24, at § 4.05 for a discussion of licensing in gross.
162. 872 F.2d 1547, 10 U.S.P.Q.2d (BNA) 2014 (11th Cir. 1989).
163. Id. at 1552, 10 U.S.P.Q.2d (BNA) at 2018-19.
165. Id.
166. Id. at 1554, 10 U.S.P.Q.2d (BNA) at 2020-21.
A potentially far-reaching decision on the tort liability of a trademark licensor was rendered in *Torres v. Goodyear Tire & Rubber Co.* In that case a federal district court had granted summary judgment that defendant, Goodyear Tire & Rubber Co. (Goodyear USA) was not subject to strict liability for an allegedly accident-causing defective tire manufactured by Goodyear Tyre & Rubber Great Britain, Ltd. and designed by a Luxembourg Goodyear licensee. The appellate court took two cracks at the matter and in its second opinion certified the question of licensor liability to Arizona's highest state court. The Arizona Supreme court held that a trademark licensor is strictly liable: (1) where a licensee marketed the defective unreasonably dangerous product as if it were the licensor's; (2) where the licensor's relationship with the technical manufacturer or seller made it a significant participant in the enterprise by which the product is brought to market; and (3) where the licensor controlled or had the ability to control the design, manufacture or quality of the merchandise.

The court sidestepped the economic consequences issue which had concerned the Ninth Circuit majority, opining that denying recovery to those entitled to compensation may be an efficient way to keep insurance costs lower, but it was not the "optimum" approach.

IV. INFRINGEMENT OF TRADEMARK RIGHTS

A. Likelihood of confusion, mistake or deception

There are several categories of evidence that are usually relevant and material to the question of likelihood of confusion: evidence of source-indicating significance; evidence of actual confusion; the conditions of trade; evidence of intent; testimony of dealers and others experienced in the trade; and reaction tests or surveys. These categories apply whether the term is used as a trademark or trade name.

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168. *Id.* at 88, 786 P.2d at 940.
169. *Id.*
170. *Id.* at 95, 786 P.2d at 946-47.
171. *Id.* at 96-97, 786 P.2d at 946.
172. See B. Pattishall & D. Hilliard, supra note 24, at § 5.01.
173. See, e.g., Accuride Int'l, Inc. v. Accuride Corp., 871 F.2d 1531, 10 U.S.P.Q.2d (BNA) 1589 (9th Cir. 1989) (no likelihood of confusion between trade name ACCURIDE INTERNATIONAL INC. for the maker of truck wheels and trade name ACCURIDE CORP. for the maker of drawer slides).

In the following cases, the marks at issue were found to be confusingly similar. Miss Universe, Inc. v. Pitts, 714 F. Supp. 209, 14 U.S.P.Q.2d (BNA) 2004 (W.D. La. 1989) (MRS. USA, MRS. UNIVERSE and MRS. [State or locality] USA and MISS USA, MISS UNIVERSE and MISS [State or locality] USA for beauty contests); HRL Assoc., Inc. v. Weiss Assoc., Inc., 12 U.S.P.Q.2d (BNA)
B. Similarity of appearance, sound or connotation

The similarity of appearance, sound, or connotation may lead to confusion. A mark that has a different connotation may dispel confusion between it and an otherwise similar mark. However, similarity in sound may create a likelihood of confusion.

C. Marketing environment

In Dieter v. B & H Industries, Inc. both parties used the mark SHUTTERWORLD for window shutters, but the district court found confusion unlikely based upon dissimilarity of the parties' customers and methods of sale. The appellate court reversed,

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174. See B. PATTISHALL & D. HILLIARD, supra note 24, at § 5.02 for a discussion of similarity of appearance, sound or connotation.

175. Country Floors, Inc. v. Gepner, 11 U.S.P.Q.2d (BNA) 1401 (E.D. Pa. 1989), summary judgment granted, 16 U.S.P.Q.2d (BNA) 1941 (E.D. Pa. 1990) (COUNTRY FLOORS for ceramic tiles and related goods insufficiently likely to be confused with COUNTRY TILES for tiles to warrant preliminary relief, the court noting that the use of COUNTRY in plaintiff's mark connoted rural or rustic origins, while in defendant's it described tiles originating from various countries).


finding that because the people who bought the shutters of both parties were home owners in a relatively small geographic area, the fact that Dieter made most of its sales from retail outlets and through dealers, and B&H through home solicitation, did not distinguish their retail strategies enough.\(^{178}\) The court also reversed the finding that the geographic distance between the parties decreased the likelihood of confusion, stating that their geographic areas, located in Southwest Florida, were close enough for there to be significant advertising overlap.\(^{179}\)

D. Similarity of goods and services

In *Tiffany & Co. v. Classic Motor Carriages, Inc.*,\(^{180}\) the Board sustained Tiffany & Co.'s opposition to Classic Motor Carriages' application to register the mark CLASSIC TIFFANY for automobiles. Due to the fame of opposer's TIFFANY mark for jewelry and its reputation for luxury goods, consumers were likely to be confused into believing that applicant's luxury automobiles were sponsored by or associated with the opposer.\(^{181}\)

E. Actual Confusion

It is a black letter law that evidence of actual consumer confusion is not a prerequisite to prevailing in a trademark infringement suit.\(^{182}\) Similarly, it has often been said that the absence of actual confusion is not dispositive because such evidence is difficult to ob-

\(^{178}\) Id. at 326-27, 11 U.S.P.Q.2d (BNA) at 1724.

\(^{179}\) Id. In American Int'l Group, Inc. v. American Int'l Airways, Inc., 726 F. Supp. 1470, 14 U.S.P.Q.2d (BNA) 1933 (E.D. Pa. 1989), *later proceedings*, Nos. 88-8242, 89-7610 (E.D. Penn. Feb 8, 1990) (LEXIS, Genfed library, Dist. File), American International Group, ("AIG") sought to preliminary enjoin American International Airways from using the mark AMERICAN INTERNATIONAL for airline transportation services. AIG owned a registration of the mark for insurance underwriting, financial services and real estate investment services. *Id.* at 1474, 14 U.S.P.Q.2d at 1935. While AIG owned some planes and provided air transport to its own and other executives, it did not provide air transportation to the public. *Id.* In denying AIG's motion, the court stated that AIG had not acquired secondary meaning in defendant's market and that the parties' services were sufficiently different to preclude likely confusion. *Id.* at 1478-80, 14 U.S.P.Q.2d at 1938-40. As to AIG's market expansion arguments, the court took note of its officer's comments that it would be "very confusing" for AIG to be in the aviation insurance business and also a commercial carrier. *Id.* at 1480, 14 U.S.P.Q.2d at 1940.

\(^{180}\) Id. at 1841-42. In Saks & Co. v. Snack Food Association, 12 U.S.P.Q.2d (BNA) 1833 (T.T.A.B. 1989), the Snack Food Association applied to register SFA for its association services. Saks opposed based on its registered mark SFA for retail goods and services, which included various snack foods marketed through its gourmet shop. *Id.* The Board held that the parties' goods and services were only remotely connected and dismissed the opposition. *Id.* at 1836.

\(^{181}\) See B. PATTISHALL & D. HILLIARD, *supra* note 24, at § 5.01 for a discussion of confusion in terms.
tain. People who are confused often do not know it, or will not admit it. Nonetheless, some courts have found that lengthy contemporaneous use without evidence of actual confusion supports a finding that confusion is unlikely.\textsuperscript{183} There appears to be no clear guideline, however, as to when this principle will be applied, as was illustrated by two cases in the past year.

In \textit{Greentree Laboratories, Inc. v. G.G. Bean, Inc.},\textsuperscript{184} the marks at issue were ODKLEEN and ODORKLEEN for deodorizing products. Despite the near-identity of the marks, the court found that four years of contemporaneous marketing without any evidence of actual confusion "strongly indicate[d]" that no likelihood of confusion existed.\textsuperscript{185} In contrast, in \textit{Nina Ricci S.A.R.L. v. ETF Enterprises Inc.},\textsuperscript{186} the Federal Circuit held that confusion was likely between VITTORIO RICCI for handbags, clothing and accessories and NINA RICCI for perfume, clothing and accessories, despite the absence of actual confusion evidence over ten years of contemporaneous use, since plaintiff's mark was particularly strong and the difference in first names failed to overcome the strong similarity of the two marks.

One possible explanation for the discrepancies between such decisions is that with weaker marks a relatively short period of time without evidence of actual confusion will weigh against the plaintiff, but where strong famous marks are involved relatively long periods of time without such evidence will be tolerated.\textsuperscript{187}

\textbf{F. Intent}

One of the most interesting decisions of the year was \textit{E & J Gallo Winery v. Gallo Cattle Co.},\textsuperscript{188} a soap opera featuring Ernest and Julio Gallo and their not so famous brother Joseph. The case commenced after Joseph decided to market GALLO cheese. In very detailed findings of fact, the court sets out Ernest and Julio's rags to riches story which started back in 1933 and evolved until Gallo became the best-selling brand of wine in the United States, with two billion bottles of Gallo wine sold in the last 15 years.\textsuperscript{189} Ernest and Julio also license Sara Lee to use the mark GALLO

\begin{itemize}
\item \textsuperscript{183} \textit{Id.}
\item \textsuperscript{184} 718 F. Supp. 998 (D. Me. 1989).
\item \textsuperscript{185} \textit{Id.} at 1002.
\item \textsuperscript{186} 889 F.2d 1070 (Fed. Cir. 1989).
\item \textsuperscript{187} \textit{See also} Berkshire Fashions, Inc. v. Sara Lee Corp., 725 F. Supp. 790 (S.D.N.Y. 1989), \textit{aff'd} 904 F.2d 33 (2d Cir. 1990) (actual confusion in the trade is highly probative of likely confusion, since the trade is more sophisticated than average consumers).
\item \textsuperscript{188} 12 U.S.P.Q.2d (BNA) 1657 (E.D.Cal. 1989).
\item \textsuperscript{189} \textit{Id.} at 1659-61. The history of E. & J. Gallo Winery is set forth in the court's findings of fact F8-27.
\end{itemize}
SALAME for prepared meats and cheeses. Although it started out as a surname and therefore was not immediately distinctive, the GALLO mark has, as the court states, “become one of a handful of uniquely well-known consumer trademarks.” This is another example of a mark which was weak at its inception but with advertising and promotion became extremely strong and entitled to a broad scope of protection.

Joseph had been invited to join Ernest and Julio early on in their business but refused, a decision he undoubtedly came to regret. Joseph essentially had been a rancher and grape farmer and until 1983, had never used his name on any retail product. At that time, he decided to sell cheese at retail. His brothers warned him not to use the GALLO name and he agreed. But apparently Joseph’s marketing advisors convinced him the only way he would really succeed would be by using his name JOSEPH GALLO to trade on the famous GALLO trademark. This was all documented in what became known as the “Cheese Notes,” discussed further below. For two years, the brothers tried to work out their problems. Finally, Ernest and Julio sued.

The “Cheese Notes” episode is remarkable. The cheese notes were the smoking gun, happily discussing the good fortune that consumers would obviously believe JOSEPH GALLO cheese comes from the folks who sell the wine. The “Cheese Notes” were located in the files of the defendant’s advertising agency. When those files were subpoenaed, however, the cheese notes were not in them. They apparently were taken out and put in an income tax file marked “Joseph E. Gallo Tax File-Old.” The court commenting on this clever bit of self destruction stated:

The inference is unavoidable that Defendants removed the Cheese Notes from [the ad agency file] and hoped to prevent plaintiffs discovery of the Cheese Notes by burying the documents in an irrelevant tax file. The cheese notes are cogent, independent evidence of likelihood of confusion. Defendants’ obvious attempt to forestall Plaintiff’s discovery of such evidence is indicative of a conscious purpose to conceal the truth.

The defendant was enjoined from all trademark use of JOSEPH GALLO. However, the court did allow the defendant some minimal and secondary trade name use of Joseph Gallo, which under
the circumstances appears generous.\textsuperscript{196}

\textbf{G. Counterfeiting}

Counterfeiting cases under the Lanham Act typically demonstrate the most blatant examples of bad intent. In order to be a counterfeit a mark need not be exactly like the true mark, but must only be substantially indistinguishable from it.\textsuperscript{197}

Trademark owners may obtain an \textit{ex parte} seizure of the counterfeit goods upon court order pursuant to section 34(d) of the Lanham Act.\textsuperscript{198} The seizures, however, must be carried out properly. An applicant must show that he has not publicized the seizure,\textsuperscript{199} and after the seizure, the court is bound to protect the party from publicity.\textsuperscript{200} Similarly, the court is explicitly bound to protect the accused party from disclosure of confidential information.\textsuperscript{201} If a seizure order is exceeded, the defendant may counterclaim for damages due to wrongful seizure, including damages for loss of materials, loss of goodwill, lost profits and punitive damages.\textsuperscript{202}

In \textit{General Electric Co. v. Speicher},\textsuperscript{203} the district court had found plaintiff liable for wrongful seizure because it took unauthorized photographs of defendant's place of business, seized goods which were not counterfeits, and kept the seized goods rather than placing them in the court's custody. For those wrongful acts, plaintiff was held liable for $1,100.00 in lost profits and attorney's fees.\textsuperscript{204}

\textsuperscript{196} \textit{Id.} at 1678. Another noteworthy intent case is United States Hosiery Corp. v. Gap, Inc., 707 F. Supp. 800, 10 U.S.P.Q.2d 1721 (W.D.N.C. 1989), where defendant moved for summary judgment on the grounds that its use of WORK FORCE for denim products was not likely to cause confusion with plaintiff's use of WORKFORCE for socks, relying on its alleged good faith use. The court stated that lack of intent to profit by another's mark is not a defense to infringement when confusion is likely; evidence that such intent exists, on the other hand, is highly probative on the confusion issue. \textit{Id.} at 814, 10 U.S.P.Q.2d at 1731. In this case, defendant had anticipated plaintiff's objection to its use of WORK FORCE. While this did not necessarily evidence a guilty heart, it created a genuine issue of material fact regarding defendant's intent. \textit{Id.}

\textsuperscript{197} ASICS Corp. v. Antillas Shoe Corp., 11 U.S.P.Q.2d (BNA) 1783 (D. P.R. 1989) (defendant counterfeited plaintiff's ASICS TIGER, Cross Line Design and TIGER Cross Line Design marks for shoes; design mark "nearly identical").


\textsuperscript{203} 676 F. Supp. 1421, 6 U.S.P.Q.2d (BNA) 1258 (N.D. Ind. 1988), rev'd, 877 F.2d 531 (7th Cir. 1988).

\textsuperscript{204} \textit{Id.} at 1436, 6 U.S.P.Q.2d (BNA) at 1269.
The Seventh Circuit reversed, finding no wrongful seizure.\textsuperscript{205} It held the plaintiff had not exceeded the broad seizure order entered by the district court, which encompassed non-counterfeit items and authorized General Electric to retain the seized items.\textsuperscript{206} As to the unauthorized photographs, the court found no violation of the Order as everything that was photographed could have been seized.\textsuperscript{207} The case was remanded for a new trial on plaintiff’s damage entitlement.\textsuperscript{208}

Absent extenuating circumstances, a party found to have intentionally trafficked in counterfeit goods is liable for treble damages, attorneys’ fees and investigatory fees.\textsuperscript{209} In \textit{Louis Vuitton S.A. v. Lee},\textsuperscript{210} Vuitton sued two immigrant retailers. The uncontested pre-trial order included the parties’ written stipulation that defendants “knowingly and willfully” sold counterfeit Vuitton merchandise.\textsuperscript{211} The district court interpreted the stipulation to mean only that defendants had knowingly sold the merchandise, as opposed to knowing the merchandise was counterfeit.\textsuperscript{212} The court granted a permanent injunction, but denied all monetary relief on “equitable”

\begin{footnotes}
\item[205] General Electric Co. v. Speicher, 877 F.2d 531 (7th Cir. 1989).
\item[206] Id. at 537-38.
\item[207] Id.
\item[208] Id. at 539. In Skierkewicz v. Gonzalez, 711 F. Supp. 931 (N.D. Ill. 1989), \textit{later proceeding}, Slaengers Ltd. v. Stoller, No. 88c3722 (M.D. Ill. July 24, 1989) (LEXIS, Genfed library, Dist. file) on a motion to dismiss plaintiff’s wrongful seizure action, the defendant’s attorneys contended that their alleged misrepresentations were made in the course of representing their client’s “legitimate trademark interest” and could not be attacked absent a showing of malice. In holding plaintiff’s allegations of misleading statements and bad faith sufficient to state a claim, the court stated that the statute “does not explicitly or implicitly require the plaintiff to show the applicant [for the seizure order] acted with malice in obtaining the order, even where the applicant was an attorney allegedly acting on his client’s behalf.” \textit{Id.} at 934. Count II, in which plaintiffs alleged that the defendants used the seizure order to obtain jurisdiction and possession over plaintiff’s property, was dismissed, however, “because plaintiffs have failed to allege that the defendants used the Order of Seizure to accomplish a purpose beyond the intended scope of the Order.” \textit{Id.} at 935.

Although denying summary judgment for plaintiff on defendant’s counterclaim for wrongful seizure, the Court in Slaengers Ltd. v. Stoller, No. 88 C 3722 (N.D. Ill. May 31, 1988) (LEXIS, Genfed library, Dist. file), strongly suggested that plaintiff had not acted improperly in seeking an \textit{ex parte} temporary restraining order and seizure order based upon defendant’s sale of allegedly counterfeit PANTHER tennis racquets. The court distanced itself from earlier intimations that plaintiffs may have acted excessively, stating that the court’s statements themselves may have been “excessive.” \textit{Id.} The court also ruled that its failure to technically comply with Fed. R. Civ. P. 65 in framing its preliminary injunction order did not invalidate the order, since 15 U.S.C. 1116 provided a separate basis for the injunction, and held defendants in contempt. \textit{Id.}

\item[210] 875 F.2d 584, 10 U.S.P.Q.2d (BNA) 1935 (7th Cir. 1989).
\item[211] Id. at 587, 10 U.S.P.Q.2d (BNA) at 1937-38.
\item[212] Id.
\end{footnotes}
grounds, and stated "[t]he trademark laws entitled plaintiffs to protect their merchandise, as they did and should, but this court need not, and will not, allow plaintiffs to use the laws as a sword, and their millions as a mace, to crush two small unsophisticated and unsavory immigrant merchants."213

On appeal, the Seventh Circuit held that the district court improperly interpreted the stipulation, as it could only mean that the defendants knew they were selling counterfeits.214 Observing that "willful blindness" is sufficient to satisfy the knowledge requirement of section 1117(b), the court also found that defendants, at the very least, had an obligation to ask their suppliers whether the Vuitton items were genuine or counterfeit.215 Criticizing the denial of monetary relief, the court further stated, "'Equity' is not a roving commission to redistribute wealth from large companies to small ones. The Lanham Act was not written by Robin Hood."216 In ordering that a new judge be assigned to the case, the appellate court further observed that the lower court "forgot that while the Lee's are human, so are the customers, employees, suppliers and owners of Louis Vuitton. A corporation is not a thing; it's a network of relations among human beings."217 It accordingly reversed and remanded for a new trial on damages.218

214. Id. at 587, 10 U.S.P.Q.2d (BNA) at 1937.
215. Id. at 590, 10 U.S.P.Q.2d (BNA) at 1939.
216. Id. at 589, 10 U.S.P.Q.2d (BNA) at 1939.
217. Id. at 590, 10 U.S.P.Q.2d (BNA) at 1940.
218. Id. at 591, 10 U.S.P.Q.2d (BNA) at 1940. Counterfeiting also is a crime punishable by up to five years in prison and a $250,000 fine for first time offenders. 18 U.S.C. § 2320 (1988). In United States v. Torkington, 874 F.2d 1441, 11 U.S.P.Q.2d (BNA) 1871 (11th Cir. 1989), a criminal counterfeiting case, defendant’s explanation that he had purchased counterfeit watches for $20 to $25 a piece, and sold them for between $30 and $35 was not excluded from defendant’s criminal trial for trademark counterfeiting even though he had not been read his Miranda rights, because a reasonable person in his position would not have considered himself under arrest or subject to governmental restraint at the time the statements were made. Id. at 1445.

In United States v. Yamin, 868 F.2d 130, 10 U.S.P.Q.2d (BNA) 1300 (5th Cir. 1989), cert. denied, 109 S. Ct. 3258 (1989), Yamin was a joint owner of a corporation that sold thousands of counterfeit watches. Witnesses testified that watches were also purchased at Yamin’s apartment, and that he was present during many sales and sold watches himself. Id. at 134, 10 U.S.P.Q.2d (BNA) at 1302. The appellate court upheld defendant’s criminal counterfeiting conviction and held that the district court did not commit error when his jury instruction referred to likelihood of confusion in the post-sale context. Id. at 132-33, 10 U.S.P.Q.2d (BNA) at 1301. The court also found ample evidence of Yamin’s “knowing participation in a conspiracy to make the sales.” Id. at 134, 10 U.S.P.Q.2d (BNA) at 1302. While finding plausible the defendant’s “novel argument” that the government had violated the best evidence rule by failing to introduce into evidence any watches showing the “written” counterfeit mark, the court nonetheless found that the “object bearing a mark is both a chattel and a writing, and the trial judge has discretion to treat it as a chattel, to which
V. PROOF OF INFRINGEMENT

A. Surveys and reaction tests

Survey evidence has been employed increasingly in trademark litigation to help prove issues such as secondary meaning or likelihood of confusion.

In *Girls Clubs of America, Inc. v. Boys Clubs of America, Inc.*,\(^{219}\), defendant organization had been preliminarily enjoined from changing its name from BOYS CLUBS OF AMERICA to BOYS AND GIRLS CLUBS OF AMERICA. The court found that defendant’s annual meeting notice proposing a vote to change the name to BOYS AND GIRLS CLUBS USA, did not constitute contempt.\(^{220}\) An injunction against such a vote pending completion of trial, however, was granted.\(^{221}\)

Defendants offered a survey to support its contention that the proposed name was not likely to cause confusion, but the court found it seriously flawed:

[B]y focusing on the organizations’ logos, rather than their names, defendant focused the attention of the respondents, the interviewers, and the supervisors on the most distinctive feature of the images of the cards. Defendant thus introduced an element of distinctiveness which does not exist when the organizations’ names appear with their logos less prominently displayed or without their logos altogether, e.g., in the media, or when they are heard rather than seen .... The distinctiveness of the logos, and the prominence with which they were featured in the presentation made to the respondents, improperly skewed the results toward a showing of distinctiveness, and away from similarity.\(^{222}\)

A second serious flaw was the failure to control or record in what order the logo cards were presented to respondents.\(^{223}\) In addition, the test field was crowded with nine different logos for no justifiable reason.\(^{224}\)

In *Vision Sports, Inc. v. Melville Corp.*,\(^{225}\) plaintiff’s survey helped convince the court that the color scheme and graphic display of its VSW logo was distinctive. Over 80% of the survey’s respondents identified the logo with plaintiff’s clothing, designed for

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\(^{220}\) Id. at 1529.

\(^{221}\) Id.

\(^{222}\) Id. at 1526-27 (quoting plaintiff’s post-hearing memorandum at 16).

\(^{223}\) Id. at 1527.

\(^{224}\) Id.

\(^{225}\) 888 F.2d 609 (9th Cir. 1989).
skateboard enthusiasts.\textsuperscript{226} Limiting the universe to 10 to 18 year olds who were in attendance at skateboarding events or read skateboarding magazines, rather than 15 to 25 year olds who purchase active wear, did decrease the probative value of the survey.\textsuperscript{227} Nonetheless, in conjunction with plaintiff’s sales and advertising, and evidence of direct copying, the survey was found persuasive.\textsuperscript{228}

VI. SPECIAL DEFENSES AND LIMITATIONS

A. Laches and acquiescence

The basic elements of laches are that (a) plaintiff had knowledge of defendant’s use of its marks; (b) plaintiff inexcusably delayed in taking action with respect thereto; and (c) defendant detrimentally relied upon plaintiff’s inaction or otherwise would be inequitably prejudiced were plaintiff permitted to assert its rights at the time of filing.\textsuperscript{229} As noted above, the Revision Act establishes that equitable defenses such as laches and acquiescence are avail-

\textsuperscript{226} Id. at 615.

\textsuperscript{227} Id.

\textsuperscript{228} Id. Other survey cases of interest are Kingsford Products Co. v. Kingsfords, Inc., 715 F. Supp. 1013, 11 U.S.P.Q.2d (BNA) 1350 (D. Kan. 1989), where the court (1) denied plaintiff’s motion to preliminarily enjoin defendant’s use of the trade name KINGSFORD on barbecue sauce based on plaintiff’s back label use of KINGSFORD on its K.C. MASTERPIECE barbecue sauce, and (2) criticized plaintiff’s confusion survey because it was conducted in a limited geographical area where defendant’s product was not sold; and Prince Mfg., Inc. v. Bard Int’l Assoc., Inc., 11 U.S.P.Q.2d (BNA) 1419 (D.N.J. 1988) (not for publication), where the court (1) denied plaintiff’s motion to preliminarily enjoin defendant’s use of BARD PRINCESS for tennis rackets based on plaintiff’s mark PRINCE for tennis rackets, and (2) gave plaintiff’s statistical “non-probability” survey scant weight, first, because it focused on the marks PRINCE and PRINCESS rather than BARD PRINCESS, second, because it did not canvass BARD PRINCESS’S “niche market,” namely, girls or small women who buy a $130 racquet, and third, because the questions were leading and directed primarily to trade dress; see also E. & J. Gallo Winery v. Gallo Cattle Co., 12 U.S.P.Q.2d (BNA) 1657 (E.D. Cal. 1989) (survey in which half of respondents were shown defendant’s label and half shown a hypothetical defendant label bearing a disclaimer showed both a high level of confusion and that disclaimer did not significantly reduce source confusion); G. Heileman Brewing Co. v. Anheuser-Busch, Inc., 873 F.2d 985 (7th Cir. 1989) (discounting survey of “thoroughly uninformed consumers” regarding perception of initials LA on beer); Berkshire Fashions, Inc. v. Sara Lee Corp., 725 F. Supp. 790 (S.D.N.Y. 1989), aff’d, 904 F.2d 33 (2d Cir. 1990) (defendant’s survey rejected where side-by-side comparison was utilized and underlying data was not made available to the Court or other party); Transfer Print Foils, Inc. v. Transfer Print America, Inc., 720 F. Supp. 425 (D.N.J. 1989) (survey showing 48% of respondents believed TRANSFER PRINT was generic for surface printing equipment rejected where respondents were selected from defendant’s customer list).

\textsuperscript{229} See B. Pattishall & D. Hilliard, supra note 24, at § 7.02 for discussion of laches and acquiescence.
able in actions involving incontestable registrations.\textsuperscript{230}

In \textit{Nabisco Brands Inc. v. Conusa Corp.},\textsuperscript{231} the court preliminarily enjoined defendant from selling its hard roll candy which was virtually identical in color, size, and configuration to plaintiff’s \textit{LIFESAVERS} candies. The court held that plaintiff’s configuration was non-functional and had acquired secondary meaning, and that plaintiff was likely to succeed on the merits.\textsuperscript{232} In rejecting defendant’s contention that plaintiff’s delay in bringing suit precluded a finding of irreparable harm, the court stated that “laches should not necessarily always be measured from defendant’s very first use of the contested mark, but from the date that defendant’s acts first significantly impacted on plaintiff’s goodwill and business reputation.”\textsuperscript{233} Given defendant’s history of sporadic sales, the court held that plaintiff’s delay was not so unreasonable as to give rise to laches.\textsuperscript{234}

A delay of several months can undercut a plaintiff’s ability to show irreparable harm and lead to the denial of a motion for preliminary injunction. In \textit{Comic Strip, Inc. v. Fox Television Stations, Inc.},\textsuperscript{235} plaintiff operated comedy clubs under the name \textit{THE COMIC STRIP} and sought a preliminary injunction against Fox’s use of \textit{COMIC STRIP} in connection with its TV broadcasts. The court found plaintiff was likely to succeed in proving that its mark had acquired secondary meaning, and that confusion was likely.\textsuperscript{236} However, the court denied preliminary relief on the ground that

\begin{itemize}
  \item \textsuperscript{230} See Emilio Pucci Societa a Responsibilita Limitata v. Pucci Corp., 10 U.S.P.Q.2d (BNA) 1541 (N.D. Ill. 1988) (pre-Revision Act case addressing the applicability issue).
  \item \textsuperscript{231} 722 F. Supp. 1287 (M.D.N.C. 1989), aff’d, 892 F.2d 74 (4th Cir. 1989).
  \item \textsuperscript{232} Id. at 1291-92.
  \item \textsuperscript{233} Id. at 1292.
  \item \textsuperscript{234} Id. Despite waiting over eight years to sue, the former manager of the singing group “The Three Degrees” was awarded an injunction against former group members who resumed use of the name following a dispute. Three Degrees Enterprise, Inc. v. Three Degrees Worldwide, Inc., No. 89-5131 (E.D.Pa. Oct. 11, 1989) (LEXIS, Genfed library, Dist. file). The court found the manager owned the right to use the name, but that his undue delay constituted laches warranting denial of an accounting of profits. \textit{Id.}
  \item \textsuperscript{235} 710 F. Supp. 976, 10 U.S.P.Q.2d (BNA) 1608, (S.D.N.Y. 1989).
  \item \textsuperscript{236} \textit{Id.} at 980, 10 U.S.P.Q.2d (BNA) at 1613.
\end{itemize}
plaintiff's seven month delay in bringing suit (including three months after settlement negotiations concluded) militated against a finding of irreparable harm.\footnote{237}

B. Unclean hands

In \textit{Bambu Sales, Inc. v. Testini},\footnote{238} plaintiff alleged that defendant sold counterfeits of its BAMBU cigarette papers. While essentially conceding infringement, the defendants nonetheless argued that plaintiff had unclean hands since its product bearing the mark was used in connection with illicit drugs, namely marijuana.\footnote{239} The court ruled that unclean hands was not a defense to liability but was only relevant to the issue of damages.\footnote{240}

C. Concurrent rights

Although federal registration normally gives the mark owner national rights to use the mark, a good faith pre-registration user is entitled to use the mark in the areas in which he has acquired rights by his continuous use.\footnote{241}

In \textit{Uno’s Pizza, Inc. v. Pizzeria Uno Corp.},\footnote{242} both parties claimed superior rights in the mark UNO’S for restaurant services in the small town of Cheektowaga, N.Y. Defendant used the mark in connection with a Chicago based pizzeria chain. Plaintiff and defendant had previously agreed that plaintiff would restrict its use to an ill-defined trading area in Western New York.\footnote{243} In 1989 plaintiff sued defendant over defendant’s plans to open a restaurant in a mall near one of plaintiff's restaurants.\footnote{244} The court found that plaintiff failed to establish a violation of the agreed trading boundaries, or that attracting occasional customers from Cheektowaga established that the mall fell within those boundaries.\footnote{245} Conversely, the defendant failed to establish that the mall did not. Accordingly,

\footnote{238. No. 87 CV 3190 (E.D.N.Y. Mar. 21, 1989) (LEXIS, Genfed library, Dist file).}
\footnote{239. \textit{id.}}
\footnote{240. \textit{id.}}
\footnote{241. \textit{See} B. PATTISHALL \& D. HILLIARD, \textit{supra} note 24, \textit{at § 7.05} for discussion of concurrent rights.}
\footnote{242. 722 F. Supp. 971 (W.D.N.Y. 1989).}
\footnote{243. \textit{id.} at 973-74.}
\footnote{244. \textit{id.}}
\footnote{245. \textit{id.} at 976.}
the court denied both parties' preliminary injunction motions.\textsuperscript{246} In \textit{Tally-Ho, Inc. v. Coast Community College District},\textsuperscript{247} Tally-Ho had obtained a Florida state registration for \textsc{you and the law} for a cable television show shown in Dade County. Coast, however, had previously used the same mark for educational videotapes shown on college campuses in parts of Florida other than Dade County.\textsuperscript{248} In denying Tally-Ho's motion for preliminary injunction, the district court found that Coast's rights in the mark extended to television broadcasts and expanded Coast's presumptive priority to all of Florida.\textsuperscript{249} It apparently confused the "related goods" doctrine, which extends a trademark owner's right to related goods or services, with the "zone of natural expansion" doctrine which extends a trademark owner's rights to geographic areas which are considered natural areas of business expansion.\textsuperscript{250} The appellate court reversed, finding that Tally-Ho's rights were prior in Dade County.\textsuperscript{251} Coast had not sufficiently demonstrated its tendency for geographic expansion by the date of Tally-Ho's use to establish rights in Dade County.\textsuperscript{252}

When two or more individuals work together to develop a product, disputes can arise as to ownership rights. In \textit{Hoyle Knitting}

\textsuperscript{246} Id. at 977.
\textsuperscript{247} 889 \textit{F.2d} 1018 (11th Cir. 1989).
\textsuperscript{248} Id. at 1021.
\textsuperscript{249} Id. at 1021-22.
\textsuperscript{250} Id. at 1073.
\textsuperscript{251} Id. at 1027.
\textsuperscript{252} Id. at 1028. Other concurrent use cases of interest include the following: \textit{Mid-States Dist. Co. v. Morrison Oil Co.}, 10 \textit{U.S.P.Q.2d} (BNA) 1860 (T.T.A.B. 1989), a concurrent use proceeding, involved a modification of the parties' earlier concurrent use agreement. Having let prior registrations lapse, both Mid-States and Morrison applied again for a registration of DUREX for anti-freeze with Mid-States now seeking more territory. The court held that in the absence of any clear evidence of overlapping use, there was no justification for refusing a concurrent registration to Mid-States for the states requested (with the exception of Pennsylvania and North Carolina); it also restricted the scope of Morrison's registration. \textit{Id.}

In \textit{Action Temporary Serv., Inc. v. Labor Force, Inc.}, 870 \textit{F.2d} 1563, 10 \textit{U.S.P.Q.2d} (BNA) 1307 (Fed. Cir., 1989), a concurrent use proceeding involving the mark \textsc{labor force}, the court reversed the Board's grant of summary judgment to Labor Force, Inc., holding that although a registration provides constructive notice during its existence, a cancelled registration does \textit{not} provide such constructive notice, and cannot prevent a party from being a "lawful user" of mark if that party's use is subsequent to cancellation. \textit{Id.}

In \textit{Shell Stores Corp. v. Joy Optics}, NO. 87-4184 (D.N.J. May 24, 1989) (LEXIS, Genfed library, Dist file) (not for publication), plaintiff and its predecessors sold ready-made glasses and sunglasses under the marks \textsc{joy} and \textsc{joy optical}. To dispose of an opposition filed by defendant, plaintiff consented to use by defendants of the marks \textsc{joy} and \textsc{joy optics} on eyeglass frames, sunglass frames, eyeglasses and other related items. \textit{Id.} The agreement basically divided the market between the ophthalmic and non-ophthalmic trade. \textit{Id.} Plaintiff brought suit alleging that defendant had breached the agreement and infringed its mark by selling to non-professionals. \textit{Id.} The court refused to
Mills, Inc. v. T.J. Manalo, Inc., applicant sought to register the mark MIX CONCRETE for young men’s sweaters. Opposer, a former business partner, claimed that it had participated in the development of that particular line of sweaters and was therefore a joint owner of the mark. The Board dismissed the opposition, concluding that the MIX CONCRETE line was essentially applicant’s creation, with no substantial contribution from opposer.

D. Gray market goods

A gray market good is a foreign-manufactured good that bears a valid domestic (U.S.) trademark but is imported without the consent of the domestic (U.S.) trademark owner. Customs’ Regulation interpreting section 526 of the Tariff Act previously permitted the entry of goods manufactured abroad without the domestic trademark owner’s written consent where both the foreign and the U.S. trademark were owned by “the same person” (c(1)), or where the foreign and domestic trademark owners were parent and subsidiary companies or otherwise subject to common ownership or control (c(2)), or where use of the trademark by a foreign manufacturer was authorized by the U.S. trademark owner (c(3)). In K Mart Corp. v. Cartier Inc., a majority held that given the ambiguities in the statutory terms “foreign manufacture” and “owned by”, c(1) and c(2) were valid regulatory interpretations of section 526. However, a different majority struck down c(3) which permitted importation where an independent foreign manufacturer was authorized (i.e. licensed) to use the trademark by the domestic trademark owner. Customs has now deleted the c(3) portion of the...
In Yamaha Corp. of America v. ABC International Traders Corp.,\textsuperscript{262} plaintiff, owner of U.S. registrations for YAMAHA, alleged violations of section 526 of the Tariff Act, section 43(a) of the Lanham Act, and California law based upon defendant's unauthorized importation of goods bearing the YAMAHA trademarks. The goods at issue were manufactured by Yamaha-Japan, plaintiff's Japanese parent.\textsuperscript{263} The defendant had disclaimed that it was officially sponsored or approved by Yamaha-Japan or Yamaha-America or that it could supply the purchaser with a YAMAHA warranty or authorized service or training.\textsuperscript{264} The court held that there was no triable issue of fact as to the genuineness of the goods or the possibility of customer confusion.\textsuperscript{265} Relying on \textit{K Mart}, the court held that plaintiff, as a wholly owned subsidiary of Yamaha-Japan, was not entitled to claim protection under section 526 of the Tariff Act.\textsuperscript{266} Further, the court held that the importation of genuine goods was not actionable under the Lanham Act, and granted defendant's motion for summary judgment.\textsuperscript{267}

In \textit{Weil Ceramics & Glass Inc. v. Dash},\textsuperscript{268} plaintiff, the wholly-owned subsidiary of a foreign manufacturer and owner of U.S. rights in the LLADRO trademark, sought to prevent defendant's importation of LLADRO porcelain under both the Tariff Act and the Lanham Act. On appeal, Weil argued that since it was not a sham corporation and independently owned the United States LLADRO trademark, the \textit{K Mart} decision did not preclude section 526 protection.\textsuperscript{269} The Third Circuit, however, found that Weil's relationship with its foreign parent presented the potential for an undesired monopoly of the domestic market and warranted application of the section 133.21 common control exception.\textsuperscript{270}

The court also held that Weil was not entitled to protection under either section 42 or section 32 of the Lanham Act because Weil was not independent of the foreign manufacturer, but instead received profits from the foreign parent's sales to defendant.\textsuperscript{271} Furthermore, the foreign parent had the power to cease the sales to

\textsuperscript{263} \textit{id.} at 1400, 10 U.S.P.Q.2d (BNA) at 1135.
\textsuperscript{264} \textit{id.} at 1402, 10 U.S.P.Q.2d (BNA) at 1136.
\textsuperscript{265} \textit{id.}
\textsuperscript{266} \textit{id.} at 1403, 10 U.S.P.Q.2d (BNA) at 1137-38.
\textsuperscript{267} \textit{id.} at 1404, 10 U.S.P.Q.2d (BNA) at 1138.
\textsuperscript{269} \textit{id.} at 666, 11 U.S.P.Q.2d (BNA) at 1006.
\textsuperscript{270} \textit{id.}
\textsuperscript{271} \textit{id.} at 668, 11 U.S.P.Q.2d (BNA) at 1008.
defendant and prevent the objectionable importation.\textsuperscript{272} Since the goods were identical, the court found that consumers got precisely what they believed they were purchasing, and that Weil's goodwill was not diminished by an association with goods of a lesser quality.\textsuperscript{273}

In \textit{Lever Brothers Co. v. United States},\textsuperscript{274} plaintiff, Lever Brothers (Lever U.S.), a domestic corporation affiliated with a British corporation, Lever U.K., unsuccessfully sought to preliminarily enjoin Customs' application of section 133.21 to third party parallel imports of British SHIELD deodorant soap and SUNLIGHT dishwashing detergent. On appeal, Lever U.S. argued that where foreign-manufactured genuine goods are materially different from the domestic, the foreign products "copy or simulate" the domestic trademark in violation of section 42 of the Lanham Act.\textsuperscript{275} Consumer letters expressing rage or disappointment at what they had believed to be a discounted version of the familiar U.S. product supported Lever's position.\textsuperscript{276}

The appellate court found that the SUNLIGHT and SHIELD trademarks had different meanings in the two countries, and that their use in the U.S. for the U.K. products was not truthful.\textsuperscript{277} It also found that section 42 bars foreign goods bearing a trademark identical to a valid U.S. trademark, but different in physical content, regardless of the trademark's genuine character abroad or the affiliation between the producing firms.\textsuperscript{278} The court adopted its findings tentatively, however, and remanded, stating, "subject to some persuasive evidence running against our tentative conclusion, we must say that Lever's probability of success is quite high."\textsuperscript{279}

In a 1983 consent judgment, Global Imports, Inc. was enjoined from importing and selling in the U.S. DURACELL batteries manufactured abroad by Duracell, Inc. In \textit{Duracell, Inc. v. Global Imports, Inc.},\textsuperscript{280} Global sought to have the judgment vacated on the ground that \textit{K Mart} constituted a change in the law making continued enforcement inequitable. The court first observed that \textit{K-Mart} held that the "common control exception" regulations were valid but left open the Lanham Act issues.\textsuperscript{281} In refusing to vacate the injunction, the court held that in the Second Circuit, the U.S. trade-

\textsuperscript{272} \textit{Id.}
\textsuperscript{273} \textit{Id.} at 672, 11 U.S.P.Q.2d (BNA) at 1012.
\textsuperscript{274} \textit{977 F.2d 101, 11 U.S.P.Q.2d (BNA) 1117 (D.C. Cir. 1989).}
\textsuperscript{275} \textit{Id.} at 103-04, 11 U.S.P.Q.2d (BNA) at 1119.
\textsuperscript{276} \textit{Id.} at 103, 11 U.S.P.Q.2d (BNA) at 1118.
\textsuperscript{277} \textit{Id.} at 108, 11 U.S.P.Q.2d (BNA) at 1122.
\textsuperscript{278} \textit{Id.} at 111, 11 U.S.P.Q.2d (BNA) at 1125.
\textsuperscript{279} \textit{Id.}
\textsuperscript{280} \textit{12 U.S.P.Q.2d (BNA) 1651 (S.D.N.Y. 1989).}
\textsuperscript{281} \textit{Id. at 1653 n.1.}
mark owner's right to a private remedy remained unchanged, since gray market goods covered by the "common control exception" may still cause consumer confusion in violation of the Lanham Act.\textsuperscript{282}

\textbf{E. Permitted use}

Parodies or other uses of another's trademark normally are permitted where no likelihood of confusion is created, although a particular use may be enjoined if dilution occurs.\textsuperscript{283}

In \textit{Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group Inc.},\textsuperscript{284} the district court preliminarily enjoined distribution of SPY NOTES, a parody which mimicked the distinctive cover design of CLIFFS NOTES study guides. Doubleday argued that parody is a form of artistic expression protected by the first amendment, while Cliffs Notes argued that the court should apply the traditional likelihood of confusion test.\textsuperscript{285} The Second Circuit followed \textit{Rogers v. Grimaldi} and held that the Lanham Act was generally applicable to artistic works, including parody, where the public interest in avoiding consumer confusion outweighed the public interest in free expression.\textsuperscript{286} The court further stated that "the expressive elements of parodies require more protection than the labeling of ordinary commercial products" and that a higher risk of confusion accordingly should be tolerated when a trademark holder seeks to enjoin a parody.\textsuperscript{287} Applying the \textit{Rogers} balancing test, the court found that the public interest in parody outweighed the risk of confusion between SPY NOTES and CLIFFS NOTES, and vacated the injunction.\textsuperscript{288}

In \textit{Schieffelin & Co. v. Jack Co. of Boca, Inc.},\textsuperscript{289} the court denied defendant's motion to dismiss plaintiff's trademark infringement action. Plaintiff, owner of the registered trademarks DOM PERIGNON and a Shield Design sued defendant over the use of plaintiff's label on its popcorn bottle and the mark DOM POPIGNON.\textsuperscript{290} Rejecting defendant's parody defense, the court found that defendant's use was not a sufficiently strong parody to

\textsuperscript{282} \textit{Id.} at 1653.

\textsuperscript{283} For a discussion of trademark parody and the dilution theory, see Note, \textit{Trademark Parody: A Fair Use and First Amendment Analysis}, 72 Va. L. Rev. 1079, 1092-99 (1986).

\textsuperscript{284} 886 F.2d 490, 12 U.S.P.Q.2d (BNA) 1289 (2d Cir. 1989).

\textsuperscript{285} \textit{Id.} at 493, 12 U.S.P.Q.2d (BNA) at 1291.

\textsuperscript{286} 695 F. Supp. 112 (S.D.N.Y. 1988), aff'd, 875 F.2d 994 (2d Cir. 1989); see Section VII(B) of this article for a discussion of \textit{Rogers}.

\textsuperscript{287} 886 F.2d at 494-95, 12 U.S.P.Q.2d (BNA) at 1292.

\textsuperscript{288} \textit{Id.} at 495, 12 U.S.P.Q.2d (BNA) at 1292.

\textsuperscript{289} \textit{Id.}, 12 U.S.P.Q.2d (BNA) at 1293.

\textsuperscript{290} 725 F. Supp. 1314 (S.D.N.Y. 1989).

\textsuperscript{291} \textit{Id.} at 1316.
dispel confusion, particularly in light of plaintiff's pilot survey demonstrating a high level of consumer confusion.292

Another form of permitted use is the fair use of a trademark as a descriptive term.293 In Cullmann Ventures, Inc. v. Columbian Art Works, Inc.,294 plaintiff sued to enjoin defendant from infringing plaintiff's AT-A-GLANCE mark for appointment books and diaries. The court found AT-A-GLANCE mark suggestive and strong based upon extensive sales.295 Noting that defendant's marks were identical to plaintiff's, it concluded that consumer confusion was inevitable.296 Defendant's fair use defense also failed because plaintiff's mark was suggestive and defendant's use was neither descriptive nor in good faith, and confusion was likely.297 The only fair use, the court opined, would be one "where the words 'At A Glance' are used, without hyphens, in a sentence in a catalog or advertisement."298

F. Res judicata and collateral estoppel

In enjoining the defendant in Magazine Press, Inc. v. Doubleday Book & Music Clubs, Inc.,299 the court gave preclusive effect to a Board decision which upheld the plaintiff's predecessor's priority against defendant's predecessor in the mark CIRCULO DE LECTORES for a Spanish language book club. That previous ac-

292. Id. at 1324.
295. Id. at 121-22.
296. Id. at 127.
297. Id. at 132-34.
298. Id. at 134. There are two other noteworthy fair use cases. In Dayton Progress Corp. v. Lane Punc Corporation, 12 U.S.P.Q.2d (BNA) 1695 (W.D.N.C. 1989), aff'd, 917 F.2d 836, 16 U.S.P.Q.2d (BNA) 1700 (4th Cir. 1990), plaintiff, a manufacturer of precision punches, identified its products with three-letter product designations (e.g., VJX, VPO, LJX, HJX). Defendant used some of the same designators to identify its punch products. Id. at 1696-97. Lane unsuccessfully alleged that the designators were descriptive and unprotectable or that it was making "fair use" of them. The Court found that the designators principally served as trademarks and issued a permanent injunction. Id. at 1697.

In Munters Corp. v. Matsui America, Inc., 730 F. Supp. 790 (N.D. Ill. 1989), the plaintiff used the incontestably registered mark HONEYCOMBE on its industrial dehumidifiers and also for wheel rotors. Defendant had previously agreed not to use HONEYCOMB as a trademark on its dehumidifiers, but continued to refer to its wheel rotors as honeycomb-shaped, and to use "honeycomb" as an adjective in its advertising literature. Id. at 793. Despite its incontestable status, in the strength (and likelihood of confusion) context the court found plaintiff's HONEYCOMBE mark merely descriptive and lacking secondary meaning, which weighed against confusion being likely and concluded that injunctive relief was not warranted. Id. at 802. Alternatively, the court held that defendant's use of HONEYCOMB constituted "fair use" as the term was used in good faith to describe its product, not as a trademark. Id.

tion was dismissed with prejudice upon defendant's withdrawal, defendant having had a full opportunity to litigate the priority issue. A dismissal of a subsequent cancellation proceeding similarly barred defendant from alleging abandonment. In its motion for reconsideration, defendant unsuccessfully sought to similarly bar plaintiff from alleging likelihood of confusion, because plaintiff's predecessor in its answer in the previous proceeding had denied confusion was likely. The court rejected this argument, finding the confusion issue had not previously been resolved.

In Baltimore Luggage Co. v. Samsonite Corp., the court held that an International Trade Commission ruling had res judicata effect in a later civil action. Samsonite had filed a complaint in the ITC under section 337 of the Tariff Act alleging that Baltimore's importation of its new luggage constituted unfair competition. The ALJ's determination, upheld by the ITC, was that Baltimore's defenses of unclean hands and anti-trust violations were unsupported by the evidence. In granting summary judgment to Samsonite on the Baltimore's antitrust and trademark misuse allegations, the court found that res judicata applied to the administrative agency's ruling as the parties had a full and fair opportunity to adjudicate the issues. To hold otherwise would allow an unsuccessful ITC litigant to circumvent an appeal to the Federal Circuit by collaterally attacking an ITC determination in district court.

G. Sovereignty immunity

In United States Gold & Silver Inv., Inc. v. United States, plaintiff sold gold bullion under the mark U.S. GOLD, and sued the U.S. Mint for marketing gold medallions under the same mark. The court dismissed the action, holding it barred by sovereign immunity. The Federal Tort Claims Act did not waive the government's immunity, the court held, because the action was based on Federal Law (the Lanham Act) rather than state law.
VII. TRADE IDENTITY LAW

A. Dilution

Dilution does not exist as a cause of action under the Lanham Act. The inclusion of a dilution provision in the Revision Act was considered and ultimately rejected. Nonetheless, a statutory cause of action exists in many states. The essence of dilution is the weakening of the potency of a mark and the gradual debilitation of its selling power.\(^{312}\) To obtain relief the mark allegedly being diluted normally must be distinctive or famous.

In *Mead Data Central, Inc. v. Toyota Motor Sales, Inc.*,\(^{313}\) the plaintiff, Mead Data Central, sought injunctive relief alleging Lanham Act violations and dilution under New York's anti-dilution statute. The district court held there was no likelihood of confusion under the Lanham Act between plaintiff's use of LEXIS in connection with computer-assisted legal research services and defendant's proposed use of LEXUS in connection with a new line of luxury automobiles.\(^{314}\) However, the court found the LEXUS mark was likely to dilute Meads' distinctive LEXIS mark, and enjoined Toyota's use.\(^{315}\)

On appeal, the Second Circuit reversed the district court and vacated the permanent injunction.\(^{316}\) Although the anti-dilution statute does not require confusion of product or source, the Second Circuit held that the marks at issue must be "very" or "substantially" similar to state a viable claim of dilution.\(^{317}\) The court concluded that the determination of similarity should be based on the use of the marks in commercial advertising, not "every day spoken english."\(^{318}\) Noting that commercials generally contain precise diction and a visual reference to the mark and product, the court held that there was no substantial similarity between Mead's LEXIS mark and Toyota's LEXUS mark.\(^{319}\)

The court further noted that a mark which circulates only in a limited market is unlikely to be associated generally with the mark for a dissimilar product circulating elsewhere.\(^{320}\) Here, the distinctiveness of the LEXIS mark was limited to a narrow market of so-

\(^{312}\) See B. PATTISHALL & D. HILLIARD, *supra* note 24, at § 8.01 for a discussion of dilution.


\(^{314}\) *Id.* at 1040.

\(^{315}\) *Id.* at 1044.

\(^{316}\) 875 F.2d 1026 (2d Cir. 1989).

\(^{317}\) *Id.* at 1029.

\(^{318}\) *Id.* at 1030.

\(^{319}\) *Id.*

\(^{320}\) *Id.* at 1031.
phisticated consumers consisting of attorneys and accountants.\textsuperscript{321} Thus, the court held that it was unlikely that there would be any significant amount of blurring between the LEXIS and LEXUS marks.\textsuperscript{322}

In \textit{Coca-Cola Co. v. Alma-Leo U.S.A., Inc.},\textsuperscript{323} the district court enjoined the defendant candy company from marketing and selling MAD SCIENTIST MAGIC POWDER bubble gum in a plastic container simulating Coca-Cola's bottle on the ground that such use diluted the distinctiveness of Coca-Cola's bottle trademark. The court held that Coca-Cola's bottle constituted a distinctive mark within the meaning of the Illinois Anti-Dilution Statute and that the MAGIC POWDER container closely resembled it.\textsuperscript{324} The court noted that the MAGIC POWDER bubble gum was a white powder resembling cocaine.\textsuperscript{325} Accordingly, the court held that sale of MAGIC POWDER in a bottle with the same shape as Coca-Cola would injure Coca-Cola's reputation, whether or not confusion took place.\textsuperscript{326}

In \textit{American Express Co. v. Vibra Approved Laboratories Corp.},\textsuperscript{327} American Express sued over defendant's marketing of a "condom card", a "credit" card with a condom attached to it, bearing the name AMERICA EXPRESS and slogan "Never leave home without it." After finding confusion unlikely, the court found that the defendant's use was likely to dilute plaintiff's "AMERICAN EXPRESS" credit card mark and its slogan "Don't leave home without it."\textsuperscript{328}

\textbf{B. Misrepresentation}

In another credit card-related case, \textit{MasterCard International, Inc. v. Arbel Corp.},\textsuperscript{329} Mastercard moved for summary judgment on the defendant's 43(a) claim concerning the slogan "Master the travel possibilities." Both parties provided travel related services, but did not directly compete. The court denied summary judgment because the plaintiff's good faith was in dispute.\textsuperscript{330} The court also recognized the possibility of reverse confusion ("that consumers

\begin{footnotes}
\item 321. \textit{Id.}
\item 322. \textit{Id.} at 1031-32.
\item 323. 719 F. Supp. 725 (N.D. Ill. 1989).
\item 324. \textit{Id.} at 728.
\item 325. \textit{Id.}
\item 326. \textit{Id.}
\item 330. \textit{Id.} at 1962.
\end{footnotes}
would be led to believe that the product or service of the senior user, Arbel, emanated from or originated with the junior user, in this case, MasterCard”), and stated that the defendant should be given the chance to prove damages from such confusion.\footnote{331}{Id. at 1963.}

In \textit{Monoflo Intl., Inc. v. Sahm},\footnote{332}{726 F. Supp. 121, 13 U.S.P.Q.2d (BNA) 1823 (E.D. Va. 1989).} the defendant, a former purchaser of the plaintiff’s collapsible plastic boxes, was accused under section 43(a) of falsely representing to plaintiff’s American distributor that it was plaintiff’s exclusive European sales agent. The plaintiff also alleged that the defendant misrepresented to plaintiff that plaintiff breached various oral agreements with the defendant, and had threatened criminal action to extort money.\footnote{333}{Id. at 123.} The court held that the defendant’s statements regarding its commercial relationship to plaintiff were not “false... representations” made “in connection with any goods or services” so as to state a claim under the Lanham Act.\footnote{334}{Id. at 125.} The court also found a failure to state a claim under the state unfair competition law as the alleged threats had to be directed to customers.\footnote{335}{Id. at 128.}

In \textit{Rogers v. Grimaldi},\footnote{336}{695 F. Supp. 112 (S.D.N.Y. 1988), aff’d, 875 F.2d 994 (2d Cir. 1989).} Ginger Rogers brought suit under section 43(a) of the Lanham Act and Oregon right of publicity law to enjoin distribution of film entitled “Ginger and Fred.” The film depicted the story of two fictional Italian cabaret performers who imitated Rogers and Fred Astaire. The district court had granted summary judgment for Grimaldi holding that First Amendment concerns precluded application of the Lanham Act or right of publicity law to movie titles.\footnote{337}{Id. at 120-21.}

The Second Circuit affirmed, but observed that the district court’s approach, in effect, insulated titles of artistic works from all Lanham Acts claims.\footnote{338}{875 F.2d at 997.} The Second Circuit adopted a balancing test, finding application of the Lanham Act to artistic works did not violate the first amendment where the public interest in avoiding consumer confusion outweighed the public interest in free artistic expression.\footnote{339}{Id. at 999.} For titles using a celebrity’s name, the court held that the balance weighed against applying the Lanham Act unless the title had no artistic relevance to the underlying work or was expressly misleading.\footnote{340}{Id.} Since the title at issue was artistically relevant to the content of the film and was not expressly misleading,
the Lanham Act interests were outwieghed by First Amendment considerations. The court also found that under the Oregon law the right of publicity did not extend to the use of celebrity's name in the title of a fictional work.

In two cases, alleged improper author attribution was at issue. In Feerick v. Arthur Young & Co., Feerick edited part of "The Arthur Young Guide to Mergers and Acquisitions," but left the firm before the book was completed. Feerick's introduction and chapter were deleted, and he was not named as editor of the volume, but was mentioned only in the acknowledgments. Feerick sued to enjoin publication, under a section 43(a), false attribution of editorial credit theory. The court rejected this theory, noting that the book had been substantially altered and that the acknowledgement accurately described Feerick's contribution. Summary judgment was granted for the defendant.

In Goldsmith v. Main Line Book Co., the plaintiff sued the defendant for publishing an edited paperback edition of plaintiff's book, "The Growth of Presidential Power, A Documented History." The plaintiff alleged that in editing the paperback, the defendant's attribution of the work to the plaintiff wrongfully misled the public. The court held that the plaintiff's claim could withstand the defendant's summary judgment motion.

C. False Advertising

Section 43(a) of the Lanham Act also applies in false advertising actions. Some courts previously limited its application to misrepresentations made about a party's own product. The Revision Act now provides that misrepresentations about another's products or services is actionable under section 43(a). In ALPO Petfoods,
Inc. v. Ralston Purina Co., 353 two leading pet food firms sued each other for false advertising. Alpo alleged that Ralston Purina advertised that its PUPPY CHOW prevented canine hip dysplasia, a malady primarily affecting large dogs. 354 Ralston counterclaimed, alleging that Alpo had claimed that its puppy food contained the formula most preferred by veterinarians. 355 The trial court found both claims to be false. As to damages, the trial court adopted the cost-of-advertising approach originated in U-Haul International, Inc. v. Jartran, Inc., 356 awarding Alpo double the approximately $5.2 that Ralston spent on advertising. 357 The court refused to award Ralston damages against Alpo because the court concluded that Ralston was the greater wrongdoer. 358 On appeal, the D.C. Circuit vacated the judgment in favor of ALPO, reversed the award of attorneys' fees and remanded the case for redetermination of damages. 359

In Playskool, Inc. v. Product Development Group, Inc., 360 the district court issued a preliminary injunction against the defendant's broad claim that its children's construction product "attached to" the plaintiff's product. The claim, although true in limited circumstances, created a false impression as not all pieces were compatible nor were all connections safely made. 361 As a remedy, in addition to enjoining the claim, the court required a product recall. 362

In Diversified Marketing, Inc. v. Estee Lauder, Inc., 363 the defendant moved for summary judgment claiming that Diversified's BEAUTY USA advertising slogan "If you like ESTEE LAUDER...you'll love BEAUTY USA" diluted the defendant's famous mark for cosmetics and misappropriated defendant's good will in violation of New York unfair competition law. The court held that the plaintiff's campaign was permissible comparable advertising and that defendant's alleged injury was not the type meant to be addressed by the anti-dilution statute as the defendant had shown no whittling away of the distinctiveness of the ESTEE

354. Id. at 196, 12 U.S.P.Q.2d (BNA) at 1180.
355. Id. at 196-97, 12 U.S.P.Q.2d (BNA) at 1180.
356. 793 F.2d 1034 (9th Cir. 1986).
358. Id. at 216, 12 U.S.P.Q.2d (BNA) at 1196.
361. Id. at 1060, 9 U.S.P.Q.2d (BNA) at 1715.
362. Id. at 1063, 9 U.S.P.Q.2d (BNA) at 1718.
In Paramount Pictures Corp. v. Video Broadcasting Systems, Inc., Paramount unsuccessfully sought a preliminary injunction against the distribution of Paramount videotapes containing unauthorized commercials. The court found that there was no evidence that the public perceived rented videotapes to contain only Paramount products. Further, the court found it was reasonable to infer that the defendants merely sought to seize the opportunity to advertise goods to a captive audience, rather than intending to pass off. The court emphasized that the lack of actual confusion evidence was particularly probative given the novel nature of this type of advertising. Although defendant’s advertisements in some instances overlapped or obliterated pre-recorded Pepsi commercials and FBI warnings, the court also held that the addition of the defendant’s advertisements did not alter, mutilate, edit or change the motion picture recorded by Paramount in violation of section 43(a) of the Lanham Act.

D. Configuration and trade dress

Trade dress is protectable where it is non-functional and, if not inherently distinctive, has acquired secondary meaning.

In Schwinn Bicycle Co. v. Ross Bicycles, Inc., the Seventh Circuit attempted to clarify its test for functionality. The defendant had appealed a preliminary injunction entered against its use of an exercise bike configuration, arguing in part that the configuration was functional. The Seventh Circuit vacated the order, holding that the lower court had not analyzed the functionality issue properly.

Conceding that at least one of its past decisions may have created confusion, the court reiterated the standard of W.T. Rogers that “[a] feature is functional if it is one that is costly to design around or do without, rather than one that is costly to have.” It

364. Id. at 133-34, 9 U.S.P.Q.2d (BNA) at 1886.
366. Id.
367. Id.
368. Id.
370. See B. Pattishall & D. Hilliard, supra note 24, at § 8.04 for a discussion of configuration and trade dress.
372. Id. at 1188, 10 U.S.P.Q.2d (BNA) at 1011.
373. Id. at 1190-91, 10 U.S.P.Q.2d (BNA) at 1013-14.
374. Id. at 1189, 10 U.S.P.Q.2d (BNA) at 1012.
then clarified that trademark protection theoretically could be denied on the grounds of aesthetic functionality:

[i]t was an error of law for the district court to ignore the ‘pleasing’ aspects in determining the functionality of the overall design because we have stated that attractiveness may, at some point, become functional: ‘Though a producer does not lose a design trademark just because the public finds it to be pleasing, there may come a point where the design feature is so important to the value of the product to consumers that continued trademark protection would deprive them of competitive alternatives; and at that point protection ceases.’

In Plasticolor Molded Products v. Ford Motor Co., the court found Plasticolor’s use of Ford’s marks on its automotive floor mats served both a trademark and a functional purpose, i.e., to show one’s allegiance to Ford, and thus, Plasticolor’s products were “mixed-use articles.” The court held that established principles were inapplicable to claims involving “mixed-use articles” because total protection of the mark “defeats much of the feature’s functionality,” while denying any protection “would be decimating a cause of action explicitly provided by Congress.” Thus, the court stated, “We must look, therefore, for a solution that permits trademarks to be copied as functional features, but minimizes the likelihood the public will associate the copied mark with the registrant.”

The court’s solution was to require sufficient disclaimers at the point-of-purchase to avoid likelihood of confusion, but to tolerate some post-purchase confusion, by only requiring “all reasonable steps to eliminate post-sale confusion.” The tolerance of post-purchase confusion was based on its conclusion that few customers would be attracted to a “floor mat whose upper surface reads ‘FORD (not authorized by Ford Motor Company).’” After articulating its new standard for evaluating claims against “mixed-use articles,” the court held that the evidence in the case was insufficient for summary disposition on that issue.

In Blue Bell Bio-Medical v. Cin-Bad, Inc., the Fifth Circuit upheld the lower court’s finding that the plaintiff’s design had not achieved secondary meaning and that the design of the defendant’s medical cart was not confusingly similar to the plaintiff’s medical cart in light of the high degree of care exercised by hospitals in

375. Id. at 1191, 10 U.S.P.Q.2d (BNA) 1013-14 (citations omitted).
377. Id. at 1337, 1338, 11 U.S.P.Q.2d (BNA) at 1030, 1031.
378. Id. at 1339, 11 U.S.P.Q.2d (BNA) at 1031.
379. Id., 11 U.S.P.Q.2d (BNA) at 1032.
380. Id.
381. Id. at 1340, 11 U.S.P.Q.2d (BNA) at 1032-33.
purchasing such products. Further, prominent labels identifying each manufacture helped to obviate any possible confusion.\(^3\)

Although the defendant was former distributor of the plaintiff, the court found that the prior relationship between the parties did not provide a basis for imposing a greater duty of the defendant to distinguish its goods.\(^3\)

Courts addressed two cases regarding the protectability of lamps designs in 1989. In \textit{PAF S.r.l. v. Lisa Lighting Co.},\(^3\) PAF manufactured the DOVE, a high quality, Italian-designed desk lamp which is the second-best selling model in the world and the recipient of numerous accolades for its distinctive design.\(^3\) The defendants sold the SWAN, a low quality, Taiwanese imitation. PAF sued for trade dress infringement under section 43(a).\(^3\) The court held that the design of the lamp was not functional, noting the existence of hundreds of other lamp configurations.\(^3\) Secondary meaning was abundantly shown by sales figures, advertising expenses, unsolicited media coverage, and evidence that defendant's copying was intentional.\(^3\) The court concluded that confusion was likely, and held that the identification of the SWAN through hang tags or an embossed logo would not prevent confusion.\(^3\) A permanent injunction was issued against the defendants, with profits and attorneys’ fees also awarded.\(^3\)

In \textit{Remcraft Lighting Products, Inc. v. Maxim Lighting, Inc.},\(^3\) the defendant moved for summary judgment on plaintiff’s allegations that defendant had copied three lamp designs. Neither professionals nor defendant's own representatives could distinguish the parties' products. In finding that a disputed issue of fact existed over whether the overall appearance of the plaintiff’s lighting fixtures was primarily nonfunctional, the court noted that it is not the “shades, swivels or canopies which the plaintiff seeks to protect, but the plaintiff’s unique design of these elements.”\(^3\) A disputed issue of fact also was found to exist over whether the overall appearance of the plaintiff’s lamps was inherently distinctive or had acquired secondary meaning.\(^3\)

\begin{itemize}
  \item 383. Id. at 1260, 9 U.S.P.Q.2d (BNA) at 1876.
  \item 384. Id. at 1257-58, 9 U.S.P.Q.2d (BNA) at 1873-74.
  \item 386. Id. at 397-98, 12 U.S.P.Q.2d (BNA) at 1163.
  \item 387. Id. at 397, 399, 12 U.S.P.Q.2d (BNA) at 1163, 1165.
  \item 388. Id. at 401-02, 12 U.S.P.Q.2d (BNA) at 1166-67.
  \item 389. Id. at 403, 12 U.S.P.Q.2d (BNA) 1167-68.
  \item 390. Id. at 410, 12 U.S.P.Q.2d (BNA) at 1174.
  \item 391. Id. at 412-14, 12 U.S.P.Q.2d (BNA) at 1177-78.
  \item 393. Id. at 857, 11 U.S.P.Q.2d (BNA) at 1809.
  \item 394. Id. at 858-59, 11 U.S.P.Q.2d (BNA) at 1810-11.
\end{itemize}
In *Time, Inc. v. Globe Communications Corp.*, Time was granted a preliminary injunction restraining the defendants from using elements of Time’s PEOPLE magazine cover format in their CELEBRITY PLUS magazine cover. The court held that specific elements of the cover format, if considered separately, would be functional, but the cover format as a whole was non-functional and distinctive.

In *Score, Inc. v. Cap Cities/ABC, Inc.*, the court found that the plaintiff’s rights in an irreverent television sports trivia show were not infringed by the defendant’s television production. The plaintiff’s show featured a host who would ask questions about sports personalities and events, sometimes showing film clips, and awarding prizes to listeners who called in with the correct answers. Plaintiff contended that the host’s use of phrases such as “Take a Hike” in response to a slow caller, or “Who’s playing Time Out for Trivia” were protectable, as were various other features of the show, including red, white and blue bunting, sports logos and the intermittent presentation of crowd noises.

The plaintiff’s host left the show and joined defendant’s “Monday Night Live” sports telecast which was not limited to trivia, but also provided informational features. In denying the plaintiff’s motion for a preliminary injunction, the court found that the plaintiff would not be irreparably harmed as it had already altered its show’s format following the exit of its host. The court further found the show elements at issue were functional and had not developed a secondary meaning.

In *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, L.A. Gear sued Thom McAn for infringing the trade dress of its HOT SHOTS line of athletic footwear consisting of an original configuration of mesh, colored underlay, piping and a logo. The court held that while the newness of the HOT SHOTS design militated against finding of secondary meaning, the defendant’s intentional copying, the plaintiff’s advertising expenditures and sales success, consumer surveys, and unsolicited media coverage all supported protection of L.A.

396. Id. at 407, 10 U.S.P.Q.2d (BNA) at 1918.
398. Id. at 195, 13 U.S.P.Q.2d (BNA) at 1230.
399. Id. at 196, 13 U.S.P.Q.2d (BNA) at 1231.
400. Id.
401. Id. at 198-99, 13 U.S.P.Q.2d (BNA) at 1232-33.
402. Id. at 199-200, 13 U.S.P.Q.2d (BNA) at 1234-35.
Gear’s “secondary meaning in the making.” Likelihood of confusion was found to exist owing to the similarity of the products and their distribution channels. The court awarded an injunction plus actual damages. In Warner Lambert Co. v. McCrory's Corp., Warner-Lambert, maker of LISTERINE, moved unsuccessfully for a preliminary injunction against McCrory's distribution of its own unflavored amber mouthwash in “bar-bell” type waisted bottles. The court found the amber color functional and the black cap unprotectable, but found the waisted bottle potentially protectable. In denying the motion, however, the court relied on McCrory's evidence that a number of chains had marketed products in similar trade dress for at least six years with the Warner Lambert's acquiescence, Warner Lambert's seven month delay in bringing suit, and the fact that the LISTERINE bottles are ordinarily sold inside a paper wrapper.

404. Id. at 1011.
405. Id. at 1012-13.
406. Id. at 1014 (the court denied the plaintiff enhanced damages).
408. Id. at 396, 12 U.S.P.Q.2d (BNA) at 1889-90.
409. Id. at 394, 399, 12 U.S.P.Q.2d (BNA) at 1888, 1891-92. Other trade dress and configuration cases of interest include the following: In Clamps Mfg. Co. v. Enco Mfg. Co., 870 F.2d 512, 10 U.S.P.Q.2d (BNA) 1226 (9th Cir. 1989), cert. denied, 110 S. Ct. 202 (1989), the appellate court affirmed a ruling that the plaintiff's rights in its KANT-TWIST cantilevered clamp configuration were infringed even though the defendant labeled its product with its own name, finding plaintiff's configuration had acquired secondary meaning due to being prominently featured in plaintiff's advertising and promotional efforts. In Sturm, Ruger & Co., Inc. v. Arcadia Machine & Tool Inc., 10 U.S.P.Q. 2d 1522 (D.C. Cal. 1988), 10 U.S.P.Q.2d (BNA) 1522 (C.D. Cal. 1988), the court held that the overall external configuration of the plaintiff's pistol was non-functional. Noting the availability of many alternative designs, the court held that the plaintiff's particular combination of features was “not necessary to the functioning of the gun,” and therefore was entitled to trademark protection under § 43(a). Id. at 1528-29.

In White Swan Ltd. v. Clyde Robin Seed Co., 729 F. Supp. 1257, 12 U.S.P.Q.2d (BNA) 1985 (N.D.Cal. 1989), the parties both sold flower seeds packaged in shaker-top cans. The plaintiff claimed rights in the overall combination of the can, company names, logos, color schemes and word trademarks. The court denied defendant's summary judgment motion that the plaintiff's trade dress was functional, or lacked secondary meaning since it was only two years old. Id. at 1261-62. Evidence of actual confusion, evidence of the defendant's bad intent and other factors demonstrated that a trial was warranted, even though the court had earlier denied a preliminary injunction. Id. at 1262-63.

In Vision Sports, Inc. v. Melville Corp., 888 F.2d 609, 12 U.S.P.Q.2d (BNA) 1740 (9th Cir. 1989), Melville brought out a line of sportswear similar in style to Vision's, under the label STREET CLOSED. It then altered the configuration of this label so as to resemble Vision's VISION STREET WEAR label. Id. at 611, 12 U.S.P.Q.2d (BNA) at 1741. The logos were also printed prominently on the clothing itself in some cases. The court of appeals upheld the lower court's finding that the VISION STREET WEAR logo was not functional and had ac-
E. Misappropriation

Misappropriation theory posits that intangible things such as ideas, information, formulas, designs, and artistic creations may be protectable as "quasi-property" under appropriate circumstances. It was first enunciated by the Supreme Court in the still controversial International News Service v. Associated Press case. Although rejected by some courts as federal common law obviated by Erie R.R. Co. v. Tompkins the doctrine has shown new vitality in recent years.

In Koret, Inc. v. RJR Nabisco, Inc., Koret claimed to have created the idea of marketing cigarettes under a designer label, and to have brokered a deal between RJR and Yves Saint Laurent, both of whom allegedly misappropriated the idea. Koret also claimed that RJR violated an express agreement to compensate it for its efforts. By Koret's own admission, the idea was not novel and therefore could not be the subject of a successful misappropriated secondary meaning, and confusion was likely. Id. at 613-17, 12 U.S.P.Q.2d (BNA) at 1743-45.

See also Bloomfield Indus. v. Stewart Sandwiches, Inc., 716 F. Supp. 380, 12 U.S.P.Q.2d (BNA) 1626 (N.D.Ind. 1989) (defendant unsuccessfully moved for summary judgment that it was not infringing the plaintiff's coffee maker trade dress, the court finding genuine issues of fact as to whether a secondary meaning had developed through plaintiff's promotion and whether confusion was likely as it was unclear whether all of the defendant's coffee makers were labeled and how sophisticated the purchasers were); Sun Products Group, Inc. v. B & E Sales Co., 700 F. Supp. 366 (E.D. Mich. 1988) (defendant infringed plaintiff's distinctive trade dress for its foldable head rest, the court noting defendant even pictured plaintiff's product on defendant's packaging); Second Earth Enter., Inc. v. Allstar Prod. Mkting. Co., 717 F. Supp. 302, 307 (E.D.Pa. 1989) (the use of the prismatic foil on disposable lighters was held functional because it "is directly related to the commercial success of the product and therefore is not used solely for the purpose of identification. The use of the prismatic foil allows a wrapped lighter to be sold for much more than the price of an unwrapped lighter, dramatically increasing the profit margin." Moreover, "the prismatic foil is related to the utilitarian function of the product," namely causing the wrapped lighter to light up); Car-Freshener Corp. v. Scentex, Inc., 12 U.S.P.Q.2d 1361 (N.D.N.Y. 1989) (while the defendant had been sued previously for infringement of plaintiff's CAR FRESHENER mark, there was only minimal evidence of bad faith in this instance, and its current automobile air freshener design was only slightly reminiscent of plaintiff's pine tree and the packaging of the two products was quite distinct warranting a denial of plaintiff's preliminary injunction motion).

410. See B. PATTISHALL & D. HILLIARD, supra note 24, at § 8.03 for a discussion of misappropriation.

411. 248 U.S. 215 (1918).


414. Id. at 413, 10 U.S.P.Q.2d (BNA) at 1471.
The court also held that, in the absence of a written agreement, no action for fraud or breach of contract could be maintained.\textsuperscript{416}

\section*{F. Right of publicity}

The right of publicity has been defined as "the right of an individual, especially a public figure or celebrity, to control the commercial value and exploitation of his name and picture or likeness and to prevent others from unfairly appropriating this value for their commercial benefit."\textsuperscript{417} It is an offshoot from the law of privacy, under which protection may be had for such things as a person's feelings and private affairs.

In \textit{Pirone v. MacMillian, Inc.},\textsuperscript{418} the plaintiff, an heir to Babe Ruth, and the owner of the registered trademark BABE RUTH for playing cards, writing paper, envelopes and other goods, sued the defendant under the Lanham Act and right of publicity law for its use of three photographs of Ruth on the cover and interior of its engagement calendar. The court granted the defendant summary judgment.\textsuperscript{419} The plaintiff had not established through use or registration a trademark in any photograph resembling defendant's photos.\textsuperscript{420} The photographs of Ruth, furthermore, were not used on the calendar to identify source, but merely to identify one of many baseball players shown.\textsuperscript{421} The court further held that in New York the common law right of publicity was superceded by the New York Civil Rights Law, and that an individual's statutory right did not descend to his heirs.\textsuperscript{422}

In \textit{Nurmi v. Peterson},\textsuperscript{423} the creator of VAMPIRA, a 1950's horror movie hostess and television character brought suit against the creator of ELVIRA, a similar horror movie hostess and TV character being portrayed today, based on California Civil Code section 3344, which prohibits unauthorized use of another's "likeness," and on common law right of publicity. The district court dismissed the section 3344 claim because under section 3344, "likeness" meant an exact copy of another's features and not merely a suggestive resemblance as was found to exist between VAMPIRA and ELVIRA.\textsuperscript{424}

\begin{footnotesize}
\begin{enumerate}
\item[415.] \textit{Id.} at 414, 10 U.S.P.Q.2d (BNA) at 1472.
\item[416.] \textit{Id.} at 414-15, 10 U.S.P.Q.2d (BNA) at 1472-73.
\item[419.] \textit{Id.}
\item[420.] \textit{Id.}
\item[421.] \textit{Id.}
\item[422.] \textit{Id.}
\item[423.] 10 U.S.P.Q.2d (BNA) 1775 (C.D. Cal. 1989).
\item[424.] \textit{Id.} at 1777.
\end{enumerate}
\end{footnotesize}
The court also dismissed the plaintiff’s right to publicity claim because it did not allege that Vampira’s actual features were used for commercial purposes, but only that defendant had created a new character that resembled VAMPIRA. 425

G. Passing off

In Roho, Inc. v. Marquis, 426 the defendant used wheelchair cushions bearing the plaintiff’s trademark ROHO to make mattresses for sale to hospitals. In granting a preliminary injunction, the court accepted the plaintiff’s “reverse palming off” theory that “by obliterating its ‘ROHO’ trademarks and patent information from the bottom of the cushions and placing its own label on the cushions, Marquis is expropriating Roho’s products in a way that is likely to cause consumers to be confused as to the product’s origins.” 427

In Blinded Veterans Association v. Blinded American Veterans Foundation, 428 the district court had found that defendant BAVF had infringed BVA’s trademark, BAV, and enjoined BAVF “from using the name ‘Blinded American Veterans Foundation,’ the initials ‘BAV’ or ‘BAVF,’ and any name in which the words ‘veterans’ and ‘blind’ or ‘blinded’ appear as noun and modifying adjective.”

The appellate court found the term “blinded veterans” is generic and unprotectable, stating “[i]t is difficult to imagine another term of reasonable conciseness and clarity by which the public refers to former members of the armed forces who have lost their vision.” 429 However, the court found that BVA might upon remand be able to prove “passing off.” 430 To succeed on this claim “BVA must prove that the likely effect of BAVF’s actions is to induce the public to think that BAVF is BVA.” 431 It suggested a prominent disclaimer as a remedy if passing off were found. 432

H. State business and consumer protection acts

In Nash v. CBS Inc., 433 the plaintiff alleged copyright infringement and state law claims based upon defendant’s alleged infringe-
ment of plaintiff's John Dillinger story. Defendant's motion for summary judgment was granted on the copyright claims.\footnote{Id. at 831, 10 U.S.P.Q.2d (BNA) at 1032.} Summary judgment was denied on the state statutory law claims, on the grounds that the Copyright Act does not preempt claims under Illinois Uniform Deceptive Trade Practices Act, since UDTPA's goal of consumer protection from deception renders it sufficiently "different" from Copyright Act so as to avoid pre-emption.\footnote{Id. at 833, 10 U.S.P.Q.2d (BNA) at 1034.} The court did find the author's common law claim for misappropriation was pre-empted.\footnote{Id. at 835, 10 U.S.P.Q.2d (BNA) at 1035-36.}

In \textit{Cinema Concepts Theatre Service Co. v. Filmack Studios},\footnote{11 U.S.P.Q.2d (BNA) 1564 (N.D.Ill. 1989), aff'd, 899 F.2d 1537 (7th Cir. 1990).} the court held that section 262 of the Illinois Consumer Fraud and Deceptive Trade Practices Act,\footnote{ILL. REV. STAT. ch. 121, para. 262 (1987).} authorizes a remedy only when the defendant's conduct injured consumers generally or affected competition in the marketplace. Indirect injury to consumers was held insufficient to convey standing to a competitor.\footnote{Id. at 1566-67.} Under paragraph 312 of that Act, the court noted that a statement of opinion of comparable or better quality in comparison with a competitor's product is neither actionable nor conduct likely to cause confusion or misunderstanding.\footnote{Id. at 1566.}

In \textit{Hospitality International, Inc. v. Northway Inn Corp.},\footnote{12 U.S.P.Q.2d (BNA) 1238 (N.D.N.Y. 1989).} the plaintiff sued for trademark infringement under the Lanham Act and the New York trademark statute. The defendant moved to dismiss the state law claim because plaintiff never registered its mark in New York.\footnote{Id. at 1239.} The court declined to dismiss the state law count, holding that registration is not necessary to state a claim under the New York statute.\footnote{Id. at 1239.}

\section*{VIII. Jurisdiction and Remedies}

\subsection*{A. Jurisdiction}

1. Subject matter jurisdiction

An initial hurdle for any litigant is establishing that the court has subject matter jurisdiction.

In \textit{Reebok International, Ltd. v. American Sales Corp.},\footnote{11 U.S.P.Q.2d (BNA) 1229 (C.D.Cal. 1989).} the
defendant transported allegedly counterfeit REEBOK products through a foreign trade zone in the U.S., without entering customs, and also sold them abroad. In upholding subject matter jurisdiction, the court stated that the Lanham Act has a broad jurisdictional grant that extends to foreign trade zones.\textsuperscript{445} It found that the purchase of the products, with letters of credit from within its district, arranged by the defendant within the district, and the fact that the shoes were offered for sale to buyers in the U.S. also contributed to the grant of subject matter jurisdiction.\textsuperscript{446}

In \textit{Fitzgerald v. J \& R Chicken \& Ribs, Inc.},\textsuperscript{447} a non-diversity infringement action over the mark CHICKEN HOLIDAY for take-out chicken restaurants, the court found a lack of subject matter jurisdiction. The court stated that plaintiff "has failed to allege any facts which could show that either his business or that of J\&R has any connection to interstate commerce. On the contrary, plaintiff appears to acknowledge that both his take-out chicken business as well as that of the alleged infringer, J\&R, are local in nature. . . ."\textsuperscript{448}

In \textit{Calvin Klein Industries, Inc. v. BFK Hong Kong, Ltd.},\textsuperscript{449} the plaintiff had rejected defective CALVIN KLEIN sportswear manufactured by defendant. The court granted an injunction prohibiting defendant from selling the rejected sportswear anywhere in the world where the plaintiff had a presence.\textsuperscript{450} The court based its jurisdiction for this broad order on the effect defendant's sales would have on U.S. commerce.\textsuperscript{451} Specifically, such sales by defendant would undermine exclusive rights of plaintiff's licensees and would undermine plaintiff's goodwill and reputation because the defendant's goods were inferior.\textsuperscript{452} Further, jurisdiction was proper because the injunction did not encroach upon any foreign trademark law.\textsuperscript{453} Finally, defendant was incorporated in New York and the original contract was signed there.\textsuperscript{454}

Federal courts do not have exclusive jurisdiction over Lanham Act claims. In \textit{Scientific Technology, Inc. v. Stanford Telecommunications, Inc.},\textsuperscript{455} the court remanded back to state court a trademark suit originally brought under state law, which had been

\textsuperscript{445.} \textit{Id.} at 1230-31.
\textsuperscript{446.} \textit{Id.} at 1231.
\textsuperscript{448.} \textit{Id.} at 1386.
\textsuperscript{450.} \textit{Id.} at 80, 10 U.S.P.Q.2d (BNA) at 1732.
\textsuperscript{451.} \textit{Id.}
\textsuperscript{452.} \textit{Id.}
\textsuperscript{453.} \textit{Id.}
\textsuperscript{454.} \textit{Id.} at 78, 80, 10 U.S.P.Q.2d (BNA) at 1731, 1732.
removed by defendant after plaintiff amended its complaint to include a Lanham Act cause of action.

Appellate jurisdiction over non-final orders was at issue in *Copelands' Enterprises, Inc. v. CNV, Inc.*, where the Board had granted partial summary judgment in favor of CNV on the issue of whether CNV misused the registration symbol. Copelands appealed to the Federal Circuit, and CNV moved to dismiss for lack of jurisdiction on the grounds that the Board decision was non-final, interlocutory and non-appealable.

Although the statutory provision outlining the jurisdiction of the Federal Circuit does not expressly require finality, the court recognized that its predecessor court, the Court of Customs, and Patent Appeals had regularly held finality a prerequisite to appeal. Further, the court noted that both the C.C.P.A. and the Federal Circuit have allowed appeal from a non-final decision where the effect of the lower court's interlocutory order was "fundamental to the further conduct of the case" under the test set forth in *Gillespie v. United States Steel Corp.* The court, however, stated that *Gillespie* was subsequently limited to its "unique facts" involving wrongful death and that similar facts could not possibly arise before the Board. In dismissing Copelands' appeal, the Federal Circuit held that *Gillespie* no longer provides a jurisdictional basis to hear discretionary appeals from interlocutory T.T.A.B. decisions or orders.

2. Personal Jurisdiction

Sales of infringing product in a judicial district may constitute the minimum contacts necessary to establish personal jurisdiction and may also be sufficient to establish venue in appropriate cases under the "where the claim arose" provision of the federal venue statute.

In *Swift-Eckrich, Inc. v. American Suzuki Motor Corp.*, Swift owned the registered mark SWIFT for food products, and sued Suzuki for using the same mark on cars. Defendant Murphy, an Illinois resident, was one among defendant's many authorized dealers nationwide, and had only sold three trucks under the

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456. 887 F.2d 1065 (Fed. Cir. 1989).
457. Id. at 1067.
461. Id.
mark. The court dismissed Murphy as a party because he had "no role in the selection, adoption and use of the 'SWIFT' trademark," and had been selected merely to prevent a transfer of venue. The claim against Suzuki arose in the Central District of California, because all the pertinent decisions and actions and 24% of the sales, as opposed to 3% in Illinois, were made there. In deciding to transfer venue there, the court also emphasized that most of the defendant's principal witnesses and its records were located there.

The court issued a remarkable sanction in Curtis Management Group, Inc. v. Academy of Motion Picture Arts & Sciences. The plaintiff represented James Dean's heirs. The defendant over a three year span had sold James Dean posters to a New York distributor who then arranged for their sale in Indiana. More than 1,600 posters, half of them of James Dean, were sold in Indiana during that time. The court found that these were insufficient minimum contacts for personal jurisdiction in Indiana, as they failed to demonstrate "a continuous and systematic presence by the Academy in Indiana." Nor was there any indication defendant knew or should have known that its posters would be sold in Indiana. Venue was also improper; the infringement claim did not arise there since the posters were neither made there nor directly sold there by defendant. Nonetheless, the court found that affidavits filed by the defendants erroneously admitting only 61 poster sales in Indiana warranted Rule 11 sanctions because of the delay and expense they caused. In an extremely unusual holding, the court penalized defendant by striking its motion to dismiss and allowing the action to take place in the Southern District of Indiana even though there was no personal jurisdiction or proper venue.

In Thomas J. Lipton, Inc. v. Grist Mill Co., Lipton claimed that its FUN FRUITS trade dress for fruit snacks was infringed by defendant. Defendant, a Delaware company with its principal place of business in Minnesota, moved to dismiss for a lack of personal

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464. Id.
465. Id.
466. Id.
467. Id.
469. Id. at 1366.
470. Id. at 1367.
471. Id. at 1371.
472. Id. at 1372.
473. Id.
474. Id. at 1373-74.
jurisdiction and improper venue. Defendant’s use of a business office in New Jersey having an employee and office telephone number, and the use of food brokers in the state, constituted sufficient minimum contacts for personal jurisdiction. The court found venue proper deferring to plaintiff’s choice of forum since the claim could have arisen in a number of different locations. Applying Leroy v. Western United Corp., the court found that the plaintiff would suffer as much hardship in having its witnesses go to Minnesota as defendants would in having witnesses come to New Jersey. The court found that venue was also proper under the doing business test, equating doing business with amenability to personal jurisdiction.

3. Venue

Venue in a case where jurisdiction is not based solely upon diversity is proper where either the claim arose or where defendant resides. The venue statute was amended in 1988 to define corporate residency to exist where the corporation is subject to personal jurisdiction.

In Universal Manufacturing Company v. Douglas Press, Inc., a trademark dispute over gaming materials was dismissed for improper venue because the defendant had “no offices, employees, telephone listings, property or bank accounts in Missouri; less
than 2% of defendant's sales were distributed to companies located in Missouri... and all of defendant's facilities, employees and records were located in Illinois. All purchase orders were accepted in Illinois. The only connection with Missouri was defendant's limited Bingo tax license and a single shipment of goods. The court determined that these contacts were insufficient to constitute "doing business" and transferred the case to the Northern district of Illinois.

4. Standing

In Dovenmuehle v. Gilidorn Mortgage Midwest Corp., the Seventh Circuit affirmed the district court's holding that plaintiffs, members of family surnamed "Dovenmuehle," lacked standing under section 43(a) to challenge defendant's use of the trade name "Dovenmuehle." The Seventh Circuit found that plaintiffs failed to show any interest in the trade name after the sale of their family business. Plaintiffs' emotional desire to prevent others from using the trade name, furthermore, did not create an interest giving rise to Lanham Act standing.

485. Id.
486. Id. In Weight Watchers Intl., Inc. v. Stouffers Corp., 11 U.S.P.Q.2d (BNA) 1544 (S.D.N.Y. 1989), although Stouffers was in the process of ending its business in New York, the court ruled that venue was proper because the defendant was licensed to do business there at the time of the lawsuit. Intent to cease doing business was held irrelevant. Id. at 1546; see also Powell Corp. v. Fun Wear, Inc., No. CV 89-0835 (SVW) (C.D. Cal. April 14, 1989) (LEXIS, Genfed library, Dist file), 12 U.S.P.Q.2d (BNA) 1233 (C.D. Cal. 1989) (company "doing business" for purposes of venue where it attends trade shows and solicits business); Harris Moran Seed Company v. Moreton Seeds Inc., 88 Civ. 2006 (PKL) (S.D.N.Y. Mar. 1, 1989) (LEXIS, Genfed library, Dist file) (venue transferred to Western District where conduct underlying the claim occurred); Creative Structures, Inc. v. Contemporary Systems, Inc., No. 88-7373 (E.D.Pa. Mar. 3, 1989) (LEXIS, Genfed library, Dist file) (sending of cease and desist letters into forum insufficient to provide basis for venue).

487. 871 F.2d 697, 10 U.S.P.Q.2d (BNA) 1550 (7th Cir. 1989).
488. Id. at 701, 10 U.S.P.Q.2d (BNA) at 1553.
489. Id. In Staff Builders of Philadelphia, Inc. v. Ephraim Koschitzki, No. 88-6103 (E.D.Pa. Aug. 18, 1989) (LEXIS, Genfed library, Dist file), the plaintiffs, licensees of the defendant, sued under the Lanham Act to cancel the defendant's supplemental registration of STAFF BUILDERS for temporary services businesses, and for an injunction in six counties in Pennsylvania to prevent further licensing of the mark by the defendant. Since the plaintiffs' trademark rights were derivative of defendant's, the court held that the plaintiffs' claim was essentially for breach of contract, not for infringement, and dismissed it. Id.

In Shima Am. Corp. v. S.M. Arnold, Inc., No. 88 C 10064 (E.D.Ill. June 5, 1989) (LEXIS, Genfed library, Dist file), plaintiff was assigned an Illinois registration for a distinctive cover for a moisture absorbent drying sponge. The court found the assignor was not a necessary party, as defendant asserted, since the assignment was valid, despite limitations such as reversion on a condition subsequent. Id.
B Remedies

The Revision Act provides that all remedies available to a registrant for trademark infringement are also available to a claimant for misrepresentation under section 43(a).\footnote{Cf. Knorr-Nahrmitel A.G. v. Reese Finer Foods, 695 F. Supp. 787 (D.N.J. 1988) (finding attorneys' fees available under § 43(a)).}

1. Injunctions

In *Boston Athletic Assn. v. Sullivan*,\footnote{867 F.2d 22 (1st Cir. 1989).} plaintiff sought an injunction against an ex-licensee's use of the words BOSTON MARATHON, with a picture of a runner and the year on T-shirts. The district court, affirmed by the First Circuit, had denied preliminary injunctive relief, finding no irreparable harm because of the annual and discrete nature of the harm, the availability of damages and the late date at which the plaintiff's instituted suit in federal court.\footnote{Id. at 26.} On appeal from a subsequent summary judgment for defendant, the First Circuit reversed and ruled that defendant should be permanently enjoined from using the words BOSTON MARATHON on T-shirts.\footnote{Id. at 35.}

In *Fishing Hot Spots, Inc. v. Simon & Schuster*,\footnote{720 F. Supp. 746 (E.D. Wis. 1989).} the court interpreted its Lanham Act authority to grant preliminary injunctions as independent and not limited by Rule 65 of the Federal Rules of Civil Procedure in rejecting the defendant's argument that the court was bound by Rule 65(c) to provide security. The court nonetheless ordered the plaintiff to post a bond.\footnote{Id. at 748; see also Slazengers Ltd. v. Stoller, 16 U.S.P.Q.2d (BNA) 2007 (N.D. Ill. 1989) (15 U.S.C. § 1116 an independent grant of injunctive authority not limited by Rule 65, F.R.C.P.).}

In *El Greco Leather Products Co. v. Shoe World*,\footnote{726 F. Supp. 25, 14 U.S.P.Q.2d (BNA) 1534 (E.D. N.Y. 1989).} the plaintiff owned the registered trademark CANDIES for shoes, and had rejected an order of shoes bearing the mark. The defendant, also a shoe company, then bought and sold the rejected shipment. The Second Circuit had decided in an earlier proceeding that defendant was selling counterfeit goods because they were sold without plaintiff's permission or knowledge.\footnote{Id. at 26, 14 U.S.P.Q.2d (BNA) at 1535.} In this proceeding, the court considered appropriate remedies and determined that an injunction satisfied the equities of the case.\footnote{Id.} It rejected plaintiff's damages plea because of defendant's good faith, emphasizing that the district court originally found no Lanham Act violation before being re-
versed. There also was no unjust enrichment because defendant had no knowledge of the non-genuine character of the shoes. Nor was the plaintiff's goodwill damaged as plaintiff had not rejected the shoes on quality grounds.

In *Money Store, Inc. v. Harriscorp Finance Inc.*, the Money Store moved to modify a previously granted injunction, preventing it from marketing its lending services under the mark THE MONEY STORE within the Chicago metropolitan area. It claimed that in the intervening 5 years local user Harriscorp had so reduced its use of THE MONEY STORE as to no longer warrant such broad protection. The court declined to modify the injunction, holding that Harriscorp's use remained extensive, and that the extent of its use should be measured in absolute terms rather than relative to its prior use.

2. Contempt

*Manhattan Industries, Inc. v. Sweater Bee By Banff, Ltd.*, arose out of the 1981 consent judgment permitting each party to use the KIMBERLY mark in connection with women's apparel, but only when accompanied by a "source reference," e.g. KIMBERLY BY SWEATER BEE and KIMBERLY BY BAYARD. The district court held Manhattan in civil contempt for failing to so distinguish its goods, but declined to award compensatory sanctions because Sweater Bee had not shown willfulness, any loss of sales or profits, or other economic harm. The Second Circuit again noted that contempt sanctions can be imposed without a finding of willfulness. Furthermore, a contempt plaintiff may be entitled to the defendant's profits without direct proof of injury under an unjust enrichment theory. Since Manhattan did not have the right to sell KIMBERLY goods, but only KIMBERLY BY BAYARD goods, the court found that all profits derived from the sale of goods without the source reference constituted unjust enrichment. Sweater Bee therefore was entitled to contempt sanctions in an amount equal to Manhattan's net profits for the period of the contempt.

499. *Id.* at 27, 14 U.S.P.Q.2d (BNA) at 1535.
500. *Id.* at 30, 14 U.S.P.Q.2d (BNA) at 1538.
501. *Id.* at 31, 14 U.S.P.Q.2d (BNA) at 1539.
503. *Id.* at 373, 12 U.S.P.Q.2d (BNA) at 1285.
504. *Id.* at 373, 12 U.S.P.Q.2d (BNA) at 1286.
506. *Id.* at 5.
507. *Id.*
508. *Id.* at 6.
509. *Id.* at 6-7.
which totalled over $147,000.\textsuperscript{510}

In \textit{Soft Sheen Products, Inc. v. Revlon, Inc.},\textsuperscript{511} the court held that an "[i]njunction that prohibited trade dress infringement defendant from using trade dress that is 'confusingly similar' to plaintiff's defined trade dress is sufficiently specific to provide fair notice of prohibited conduct, and defendant's hair care product which utilizes trade dress that is identical to plaintiff's except for color of jar top is 'confusingly similar' and warrants finding of contempt." The court recommended that Revlon submit any proposed products that might arguably fall within the scope of the injunction to Soft Sheen's counsel prior to their introduction into the marketplace.\textsuperscript{512}

If the parties determined that a genuine dispute existed as to the proposed product, Revlon was directed to petition the court for a construction of the injunction order.\textsuperscript{513}

\section{3. \textit{Damages}}

In \textit{William Wrigley Jr. Co. v. Waters},\textsuperscript{514} plaintiff obtained a $135,000 judgment against defendants, former trademark agents of plaintiff, for negligent performance of services and breach of contract. The defendants had billed Wrigley one lump sum for services rendered in maintaining foreign registrations, including retaining foreign law firms and paying them for their services.\textsuperscript{515} When Wrigley terminated its arrangement with the defendants, it learned

\textsuperscript{510} Id. at 7-8.

\textsuperscript{511} 11 U.S.P.Q.2d (BNA) 1696, 1702 (N.D. Ill. 1989).

\textsuperscript{512} Id. at 1703.

\textsuperscript{513} Id. In Girls Clubs of America, Inc. v. Boys Clubs of America, Inc., 11 U.S.P.Q.2d (BNA) 1523 (S.D.N.Y. 1989), No. 81 Civ. 0093 (CSH) (S.D.N.Y. July 23, 1990) (LEXIS, Genfed library, Dist. file); No. 81 Civ. 0093 (CSH) (S.D.N.Y. Sept 17, 1990) (LEXIS, Genfed library, Dist. file); No. 81 Civ. 0093 (CSH) (S.D.N.Y. Jan. 1, 1991) (LEXIS, Genfed library, Dist. file); No. 81 Civ. 0093 (CSH) (S.D.N.Y. Jan. 25, 1991) (LEXIS, Genfed library, Dist. file), the defendant had been preliminarily enjoined from changing its name from BOYS CLUBS OF AMERICA to BOYS AND GIRLS CLUBS OF AMERICA. The court then held that the defendant had not committed contempt by issuing an annual meeting notice proposing a vote on changing the name to BOYS AND GIRLS CLUBS USA. \textit{Id.} at 1529. It nevertheless granted injunctive relief to delay the vote pending completion of trial of the trademark infringement action. \textit{Id.}

\textsuperscript{514} 890 F.2d 594, 13 U.S.P.Q.2d (BNA) 1125 (2d Cir. 1989).

\textsuperscript{515} Id. at 596, 13 U.S.P.Q.2d (BNA) at 1126.
that some of the foreign associates hired by defendant had not been paid.\textsuperscript{516} The court ordered the amount due be paid to Wrigley and imposed a constructive trust requiring Wrigley to distribute the funds as appropriate.\textsuperscript{517} The court also awarded Wrigley over $55,000 in "clean up" costs, namely, reviewing and reconstructing the trademark files that defendants had mismanaged.\textsuperscript{518} The Second Circuit upheld the lower court's assessment of damages and use of a constructive trust to achieve orderly payment to the foreign law firms.\textsuperscript{519} Although the court could have imposed a constructive trust on the defendants, the court upheld the lower court's method as sound and clearly within the law.\textsuperscript{520}

4. Punitive damages

\textit{Getty Petroleum Corp. v. Island Transportation Corp.},\textsuperscript{521} involved an award of compensatory and punitive damages against the defendants arising out of the sale of "non-Getty" gasoline to GETTY franchised service stations for resale under the GETTY trademark. The court noted its earlier decision in \textit{Getty Petroleum Corp. v. Bartco Petroleum Corp.},\textsuperscript{522} that the Lanham Act does not authorize punitive damages awards, but nevertheless sustained the punitive award ($250,000) under New York law.\textsuperscript{523} Since a reasonably prudent consumer driving up to a GETTY pump would believe it was getting GETTY gas, actual confusion and a "wrong... aggravated by recklessness or willfulness" logically followed.\textsuperscript{524}

5. Interest

In \textit{Gorenstein Enterprises Inc. v. Quality Care-USA Inc.},\textsuperscript{525} the Seventh Circuit upheld the award of treble damages, plus attorney fees and compound prejudgment interest, against an ex-franchisee who continued using the QUALITY CARE trademark after termination of the franchise. Noting the absence of any reference to prejudgment interest in the Lanham Act, the court, nonetheless, held that prejudgment interest should be presumptively available to victims of federal law violations, since without it, plaintiff's compensa-

\textsuperscript{516} Id.
\textsuperscript{517} Id. at 597-98, 13 U.S.P.Q.2d (BNA) at 1127.
\textsuperscript{518} Id. at 597, 13 U.S.P.Q.2d (BNA) at 1127.
\textsuperscript{519} Id. at 600, 13 U.S.P.Q.2d (BNA) at 1129.
\textsuperscript{520} Id.
\textsuperscript{521} 878 F.2d 650, 11 U.S.P.Q.2d (BNA) 1334 (2d Cir. 1989).
\textsuperscript{523} \textit{Island Transp. Corp.}, 878 F.2d at 657, 11 U.S.P.Q.2d (BNA) at 1340.
\textsuperscript{524} Id.
\textsuperscript{525} 874 F.2d 431, 10 U.S.P.Q.2d (BNA) 1762 (7th Cir. 1989).
tion is incomplete and the defendant has an incentive to delay.\textsuperscript{526}

6. **Attorneys' fees**

In *TakeCare Corp. v. Takecare of Oklahoma Inc.*,\textsuperscript{527} the plaintiff, a health maintenance organization, obtained a permanent injunction against the defendant's use of the mark TAKECARE for its HMO services. The defendant challenged the district court's award of attorney's fees, claiming that this was not an "exceptional case" because the defendant's actions were taken on the advice of counsel.\textsuperscript{528} The Court of Appeals refused to rescind the award, stating that the defendant had failed to prove that its reliance had been reasonable.\textsuperscript{529}

**CONCLUSION**

Overall, the decisions in the year preceding the 34th Annual Conference sound themes common to years past. There were continuing developments of significance in the areas of gray market, dilution, parody and trade dress, with some key decisions involving licensor liability, trademark functionality and false advertising. Chief among the common themes is that trademark infringement and unfair competition are torts of deceit. The judicial perception of bad intent often plays a decisive role in determining the infringement of rights. In looking forward, changes to the Lanham Act involving bona fide intent and bona fide use are likely to increase judicial focus on intent as an element affecting the creation of rights as well.

\textsuperscript{526} Id. at 436, 10 U.S.P.Q.2d (BNA) at 1764-65.
\textsuperscript{527} 889 F.2d 955 (10th Cir. 1989).
\textsuperscript{528} Id. at 956-57.
\textsuperscript{529} Id. at 957-58.