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Trademarks and Unfair Competition

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VII. TRADEMARKS AND UNFAIR COMPETITION

A. Books and Magazines

1. *Magazine Enjoined From Use of "Playmen" Title*

Separating the "Men" from the "Boys" was literally at issue in this federal appellate court decision regarding trademark infringement between publishers of two male sex-oriented magazines. Based on likelihood of confusion, the Second Circuit affirmed a lower court ruling granting the publishers of PLAYBOY magazine permanent injunctive relief barring publishers of a similar magazine from using the word PLAYMEN in its title or subtitle.¹

Tattilo Editrice SPA ("Tattilo") began publishing a male sex-oriented magazine in Italy in 1967.² The magazine bore the English title PLAYMEN, but was written entirely in Italian.³ In July, 1979, Tattilo announced plans to publish an English language version of the magazine in the United States.⁴ To that end, it contracted with Chuckleberry Publishing, Inc. ("Chuckleberry") for the magazine's exclusive, world-wide publishing rights.⁵ Before Chuckleberry could print its first issue, Playboy Enterprises, Inc. ("PEI"), owner of the registered trademark PLAYBOY since 1954, sued for injunctive relief.⁶ PEI alleged trademark infringement,⁷ false designation of origin,⁸ unfair competi-

1. *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 687 F.2d 563, 564 (2d Cir. 1982).

2. *Id.* at 564.

3. *Id.*

4. *Id.*

5. *Id.*

6. *Id.*

7. Section 32 of the Lanham Act, 15 U.S.C. § 1114(1) (1976) reads in pertinent part:

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy or colorable limitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant. . . .

8. Section 43 of the Lanham Act, 15 U.S.C. § 1125(a) (1976) reads in pertinent part:

(a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or

tion based on infringement of its common law trademark rights and violations of the New York Anti-Dilution Statute.⁹

While the federal district court judge in New York was considering PEI's motion for a preliminary injunction, Chuckleberry offered to change the name of its magazine to ADELINA with the subtitle, "America's Edition of Italy's Playmen."¹⁰ The defendants asked the district court judge to sanction the use of the new name.¹¹ The judge advised the parties that this request presented a new issue for litigation and therefore he would not address its propriety.¹² Nevertheless, the defendants began publishing the magazine in January, 1980, under the alternative title, ADELINA, using PLAYMEN in the subtitle.¹³ In February the district court judge granted a preliminary injunction prohibiting the defendants' use of the title PLAYMEN.¹⁴ The grounds for the decision were three-fold: likelihood of product confusion, confusion as to source, and subliminal or conscious association with plaintiff's well-known name.¹⁵ The judge found that the confusion was created by the similarity of the marks and the similarity of the magazines in form and content.¹⁶ The judge was also impressed by the fact that no credible explanation had been offered as to why the similar name had been adopted "other than to trade on PLAYBOY's widespread popularity."¹⁷

Rather than appeal the order granting the injunction, the defend-

services to enter into commerce . . . shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

9. N.Y. Gen. Bus. Law § 368-d (Consol. 1980). "The section provides in substance that likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be ground for injunctive relief in cases of infringement of a mark or unfair competition notwithstanding the absence of competition or confusion as to the source of the goods." *Ives Laboratories, Inc. v. Darby Drug Co., Inc.*, 455 F. Supp. 939, 951 (1978).

10. 687 F.2d at 565.

11. *Id.*

12. *Id.*

13. *Id.*

14. *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 486 F.Supp. 414 (S.D.N.Y. 1980), *aff'd*, 687 F.2d 563 (2d Cir. 1982).

15. The difference between product confusion and confusion of source is explained in the following manner: The consumer "may believe because of the similarity of mark and product dress that he is obtaining the same goods he received the last time he purchased the product in question. This would be confusion of goods. He might, likewise, know he is not receiving the same goods but believe that the goods he is purchasing come from the same manufacturer as other goods. This is confusion of source or origin." E. Kitch & H. Perlman, *Legal Regulation of the Competitive Process* 348 (2d ed. 1979).

16. 687 F.2d at 565.

17. *Id.*

ants asked for an expedited trial.¹⁸ After the trial on the merits in October, 1980, PEI moved for a permanent injunction against the use of PLAYMEN in either the title or subtitle of the magazine, published in the United States and elsewhere.¹⁹ In addition, PEI asked for punitive damages, legal fees and costs.²⁰ A permanent injunction and legal fees of \$5,000 were awarded because the defendants failed to controvert any of the lower court's findings of confusion between the two magazines upon which the preliminary injunction had been based.²¹

On appeal, the Second Circuit considered whether the district court's findings of fact regarding likelihood of confusion were clearly erroneous within the meaning of the Lanham Act.²² The court determined there was substantial evidence in the record to support the finding of likelihood of confusion and affirmed the lower court's decision.²³

The circuit court first addressed the use of PLAYMEN as the new magazine's title.²⁴ In analyzing the alleged infringement, the court took the same approach as in *McGregor-Doniger, Inc. v. Drizzle, Inc.*²⁵ where the seller of "Drizzler" golf jackets sued the seller of "Drizzle" women's coats. There the court employed a two-pronged test—whether the marks are similar and whether the similarity is likely to provoke confusion upon prospective purchasers.²⁶

Applying this test here, the court looked to the uncontroverted testimony of plaintiff's expert who characterized the purchase of a magazine as a brief, four-step process, ending in impulse buying.²⁷ The consumer first sees the product on the newsstand where only the left-hand corner of the covers are exposed.²⁸ The consumer then picks up and scans the entire cover which is specifically designed to attract his attention.²⁹ The consumer opens the magazine to examine the contents and finally, in sex-oriented magazines, the consumer flips to the centerfold.³⁰ In this context, the court ruled that the evidence supported the lower court's conclusion that PLAYMEN's presence on the

18. *Id.*

19. *Id.*

20. *Id.*

21. *Id.* at 566.

22. *Id.*

23. *Id.*

24. *Id.*

25. 599 F.2d 1126 (2d Cir. 1979).

26. 687 F.2d at 566.

27. *Id.*

28. *Id.*

29. *Id.*

30. *Id.*

newsstand would result in confusion.³¹

The court then focused on the PLAYBOY mark's strength which, according to the decision in *McGregor-Doniger*, will determine "both the ease with which it may be established as a valid trademark and the degree of protection it will be accorded."³² Here the court found the PLAYBOY mark to be "distinctive" and widely recognized, "due in large part, to the long standing success of PLAYBOY magazine."³³

The court agreed with the district court that the PLAYBOY mark was "suggestive," entitling it to protection without proof of secondary meaning.³⁴ A "suggestive" mark is one that "suggests rather than describes an ingredient or characteristic of the goods and requires the observer or listener to use imagination and perception to determine the nature of the goods."³⁵ Taking the ordinary dictionary meaning of "playboy," the court found that it did not describe the product or its contents and therefore was not "descriptive." If the mark had been deemed descriptive, it would have been ineligible for trademark protection unless the mark had acquired secondary meaning—the special significance that attaches to a mark when it becomes distinctive of one's goods.³⁶

The court also noted that the strength of the PLAYBOY mark was reinforced by having been registered by the U.S. Patent and Trademark Office; further demonstrating that it was not "merely descriptive," and giving it a strong presumption of validity pursuant to 15 U.S.C. § 1057(b).³⁷

Next, the court compared the two marks in terms of their similarity, pointing out first that both titles have the same prefix "PLAY." Additionally, while the dictionary does not define "playmen," it would appear to describe the same sort of person, though perhaps older than a "playboy."³⁸ The court concluded that the defendants had chosen a word with a similar meaning to "playboy" to describe their similar

31. *Id.*

32. 599 F.2d at 1131.

33. 687 F.2d at 566.

34. *Id.*

35. *Miller Brewing Co. v. G. Heileman Brewing Co., Inc.*, 561 F.2d 75, 79 (7th Cir. 1977).

36. 687 F.2d at 567.

37. Section 7 of the Lanham Act, 15 U.S.C. § 1057(b) (1976) reads in pertinent part: A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce"

38. 687 F.2d at 567.

product.³⁹ The product similarity is set forth by the court in a laundry list of shared features, underscoring the strong likelihood of confusion between the usage of the two marks.⁴⁰ Both magazines had the same cover layout, the same layout and design for the table of contents, and the same content (including photographs of nude and partially nude women, short stories, cartoons, celebrity interviews, and a three-page centerfold featuring the "Playmate" or "Woman" of the month respectively.)⁴¹ Also both magazines appealed to the same readership—heterosexual adult males.⁴²

Not only was there strong evidence of product confusion, but more significantly, according to the court, there was confusion as to source.⁴³ Plaintiff's expert testified that the quality and name of a magazine are important factors in creating any source confusion.⁴⁴ Applying this, the court found that "[t]he similarities of PLAYMEN to PLAYBOY in its content and quality would likely result in consumers believing that the former was sponsored by the latter."⁴⁵ This confusion was further evidenced by the fact that several letters from purchasers of PLAYMEN were sent to both PEI and PLAYMEN indicating that the purchasers thought they had bought PLAYBOY magazine.⁴⁶

Strengthening the charge of source confusion was the district court's finding of "subliminal association."⁴⁷ The association here, it was believed, would result in the greater likelihood of consumers noticing PLAYMEN and a greater likelihood that magazine distributors would handle PLAYMEN because PLAYMEN's promotion costs would be reduced by its anticipated association with PLAYBOY.⁴⁸

The court was unpersuaded by the defendants' argument that because there are a number of other sex-oriented magazines incorporating the "PLAY" prefix in their titles (e.g. PLAYGIRL, PLAYGUY, PLAYBIRD, PLAYERS), PEI cannot claim an exclusive right to all such titles.⁴⁹ The Second Circuit, however, found that there was a greater likelihood of source confusion here because, unlike those other

39. *Id.*

40. *Id.*

41. *Id.*

42. *Id.*

43. *Id.*

44. *Id.*

45. *Id.*

46. *Id.*

47. *Id.*

48. *Id.* at 568.

49. *Id.*

magazines, these two are aimed at the same audience.⁵⁰

The Second Circuit then analyzed the propriety of using PLAYMEN in the magazine's subtitle.⁵¹ Again it applied the two-pronged test from *McGregor-Doniger*.⁵² The similarity of the marks and the strength of the PLAYBOY mark were established in the discussion of its use in the title and were held to be equally applicable in the subtitle format.⁵³

In addressing the second prong—whether likelihood of confusion is created by publication because of the similarity of the marks—PEI conceded that the subtitle would not result in product confusion, but would create source confusion.⁵⁴ The circuit court agreed.⁵⁵ Experts from both sides testified that subtitles are important in selling a magazine, especially in contributing to impulse buying.⁵⁶ The circuit court found convincing the expert testimony establishing the subliminal association of PLAYMEN with PLAYBOY and cited a case where subliminal association was recognized as a basis for trademark infringement.⁵⁷

Finally, the court gave considerable weight to the fact that the defendants failed to offer any justifiable reason for the selection of the PLAYMEN subtitle such as proof that the Italian magazine PLAYMEN, upon whose reputation ADELINA had hoped to trade, enjoyed some recognition in the American marketplace.⁵⁸

Judge Mansfield concurred in part⁵⁹ and dissented in part.⁶⁰ He concurred in upholding the injunction against use of the magazine title PLAYMEN.⁶¹ However, he disagreed with upholding the injunction against its use in the subtitle, asserting that it would pose no substantial likelihood of confusing "an appreciable number of consumers"⁶² pursuant to the test set forth in *McGregor-Doniger*.

Judge Mansfield argued against the three grounds upon which the

50. *Id.*

51. *Id.* at 569.

52. *McGregor-Doniger, Inc.*, 599 F.2d at 1130.

53. 687 F.2d at 570.

54. *Id.*

55. *Id.*

56. *Id.*

57. The case cited was *Londontown Mfg. Co. v. Cable Raincoat Co.*, 371 F. Supp. 1114 (S.D.N.Y. 1974).

58. 687 F.2d at 571.

59. *Id.*

60. *Id.* (Mansfield, J., concurring in part, dissenting in part).

61. *Id.*

62. *Id.*

majority and the district court based their decisions.⁶³ First, he countered the findings that the subtitle would create confusion by subliminal trademark association, stating that, "[e]ven assuming the validity and viability of this amorphous concept of 'subliminal confusion,' its importance when applied to the small subtitle is highly dubious since Scott testified that subtitles play a minimal role in the consumer's purchasing decision."⁶⁴ The judge further faulted the courts for assigning subliminal association the status of a separate type of confusion which independently warranted a finding of infringement.⁶⁵ Rather, Judge Mansfield believed that according to the case relied upon for this concept, subliminal association was merely a "psychological explanation" for product or source confusion.⁶⁶

Second, Judge Mansfield disagreed with the courts' giving great weight to the defendant's motive in adopting the subtitle—to exploit the PLAYBOY name, thereby causing and trading in on any possible consumer confusion.⁶⁷ On the contrary, Judge Mansfield was satisfied with Tattilo's explanation that the PLAYMEN title for the Italian magazine had been chosen in 1967, when PLAYBOY was still banned in Italy, as a device to promote reader identification with a pre-existing magazine, MEN, which the defendant also published.⁶⁸ Judge Mansfield argued that mere similarity could not constitute conclusive proof of bad intent and he cited three recent Second Circuit cases wherein a senior user's right to injunctive relief for infringement solely on the basis of similar marks on similar products was insufficient to warrant the relief sought.⁶⁹ Had bad intent been proven, Mansfield continued, it would have only given rise to a presumption of actual likelihood of confusion which still had to be proved and in this case, was not.⁷⁰

Finally, Judge Mansfield disapproved of the courts' reliance on the factors justifying the injunction against the PLAYMEN title as support for the injunction against its use anywhere on the magazine's cover.⁷¹ This he felt was unwarranted since the PLAYMEN subtitle was less than one-eighth the size of the magazine's title and was qualified by its

63. *Id.* at 572.

64. *Id.*

65. *Id.*

66. *Id.*

67. *Id.*

68. *Id.*

69. Cases cited were: *Vitarroz Corp. v. Borden Inc.*, 644 F.2d 960 (2d Cir. 1981), *Affiliated Hosp. Prods., Inc. v. Merdel Game Mfg. Co.*, 513 F.2d 1183 (2d Cir. 1975), *Beech-Nut Inc. v. Warner-Lambert, Inc.*, 480 F.2d 801 (2d Cir. 1973).

70. 687 F.2d at 573.

71. *Id.*

connection to the specific Italian publication (i.e., "America's Edition of Italy's Playmen").⁷² Further, he claimed, the distinctiveness of PEI's mark and the degree of protection to which it is entitled, is reduced by "the prevalence of competing or related magazines using titles with the 'PLAY' prefix."⁷³ He admitted that while the potential for product confusion may be minimized by their different readership appeal, he contended that those magazines were "just as likely as the PLAYMEN title to engender confusion as to source."⁷⁴

Judge Mansfield concluded that the PLAYMEN subtitle created no product confusion and little source confusion.⁷⁵ He would have enjoined the subtitle use "if and when the likelihood of confusion becomes appreciable," however, the status at the time of trial would have led him to reverse the general injunction against PLAYMEN in the subtitle or anywhere else on the cover.⁷⁶

Following the case opinion are pictorial appendices displaying the magazine covers of PLAYBOY and PLAYMEN.⁷⁷ While such appendices are fairly rare, their inclusion here is a definite boon. They afford a visual comparison of the two magazine covers and graphically put into perspective the subtitle issue. The appendices reinforce Judge Mansfield's contention that the majority erred in not allowing use of PLAYMEN anywhere on the cover. It is apparent that the innocuous subtitle would contribute little, if at all, to the likelihood of confusion as to producer or source, especially in the context of the consumers' brief inspection prior to the impulse purchase. It is doubtful that any purchaser would even see, let alone bother to read, the subtitle in this instance. Moreover, the use of the subtitle is arguably a "fair" or "informational" use of the foreign trademark owner's mark; that is while PLAYMEN may conflict with PLAYBOY's mark, it is arguable that the subtitle is simply designed to inform the public that it owns the PLAYMEN mark in Italy. Seeing the insignificance of the subtitle in relation to the entire cover makes one wonder what the brouhaha was all about. With respect to the subtitle use, the dissent seems to have presented the better argument.

Sherrill Kushner

72. *Id.*

73. *Id.* at 574.

74. *Id.* at 573.

75. *Id.* at 574.

76. *Id.*

77. *Id.* at 575-76.

2. *Jeans Counterfeiter Liable for Accounting and Attorney's Fees*

In a trademark infringement case posing some "hare-raising" issues, Playboy Enterprises, Inc. ("PEI"), registered trademark owner of the well-known rabbit head design and the PLAYBOY name trademarks, appealed a federal district court's judgment on the ground that the court abused its discretion in failing to award treble damages, lost profits, and attorney's fees.¹

PEI had successfully brought suit against Baccarat Clothing Co., Inc. ("Baccarat") and Meier and Tchia Caspi ("the Caspis") who manufactured and sold jeans using both the rabbit head and PLAYBOY name on their jeans labels without first entering into a licensing agreement with PEI.² The district court had awarded PEI \$12,750 in damages based on the revenue PEI would have received had the infringing sales been licensed at PEI's standard royalty rate of five percent.³ Neither attorney's fees nor profits earned by the defendants from the sale of their counterfeit jeans was awarded.⁴ The trial court also refused to increase the damage award pursuant to 15 U.S.C. § 1117 which permits an assessment of up to three times the amount of actual damages.⁵

On appeal, the Ninth Circuit Court of Appeals reversed in part and remanded in part, ordering the district court to award PEI \$120,000 based on an accounting of profits from the wrongful sale of the 20,000 pairs of jeans bearing the fraudulent insignias, plus reasonable attorney's fees.⁶ However, the Ninth Circuit again denied PEI's request to treble the damages as permitted by 15 U.S.C. § 1117.⁷

It all started when Baccarat and the Caspis, who operated wholesale and retail jeans businesses in and near Los Angeles, commissioned

1. *Playboy Enterprises, Inc. v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272 (9th Cir. 1982).

2. *Id.* at 1273.

3. *Id.* at 1274.

4. *Id.*

5. Section 35 of the Lanham Act, 15 U.S.C. § 1117, reads in pertinent part:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled . . . subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action In assessing damages the court may enter judgment . . . for any sum above the amount found as actual damages, not exceeding three times such amount.

6. 692 F.2d at 1277.

7. *Id.*

a local label manufacturer to produce approximately 43,000 labels bearing the PLAYBOY name and rabbit head design marks.⁸ Approximately half of the labels were then affixed to the jeans.⁹ Although PEI has granted the right to use the PLAYBOY mark to manufacturers and retailers of numerous other products, in this case the defendants did not even attempt to secure a prior licensing agreement.¹⁰

On February 6, 1981, PEI filed suit in federal district court for trademark infringement and false designation of origin under the Lanham Act.¹¹ Three days later, Baccarat and the Caspis consented to the entry of a preliminary injunction and to the seizure of any counterfeit PLAYBOY goods which PEI might find at any of the Baccarat store locations.¹² The next day, the defendants repeatedly invoked their fifth amendment privilege against self-incrimination during a deposition and refused to give any information regarding the manufacture and sale of the PLAYBOY jeans or to produce any labels still in their possession.¹³ In response to their failure to permit discovery, the district court barred the defendants from testifying or introducing any evidence with respect to matters about which they had failed to provide such discovery.¹⁴ As a result, they were precluded from introducing any evidence as to the number of infringing jeans sold.¹⁵

Following a one-day trial on October 27, 1981, the district court found that PEI's trademarks were strong, distinctive and had acquired great fame, and that Baccarat and the Caspis willfully and deliberately counterfeited these marks by their unauthorized use on labels attached to the jeans they manufactured and sold.¹⁶ These acts, the court held, deceived the public into believing that the jeans originated with PEI.¹⁷

In analyzing PEI's claim that the district court erred in failing to award an accounting of profits, the Ninth Circuit relied on its prior decision in *Maier Brewing Co. v. Fleischmann Distilling Corp.*¹⁸ There, the court granted Fleischmann an accounting of the defendants' profits after Maier Brewing and Ralph's Grocery were found to have willfully and deliberately infringed Fleischmann's "Black and White" whiskey

8. *Id.* at 1273.

9. *Id.*

10. *Id.*

11. *Id.*

12. *Id.*

13. *Id.* at 1274.

14. *Id.*

15. *Id.*

16. *Id.*

17. *Id.*

18. 390 F.2d 117 (9th Cir. 1968).

trademark by using the same name on their beer.¹⁹ The court held that where trademark infringement is "deliberate and willful, and the products are noncompetitive, both the trademark owner and the buying public are slighted if the court provides no greater remedy than an injunction."²⁰ The court then asserted that where there is direct competition between the parties, deliberate trademark infringement can be made unprofitable by "an accounting of profits based on the rationale of a returning of diverted profits."²¹ Furthermore, where the infringement involves no direct competition, an accounting of profits will accomplish the same end though based on a different rationale—unjust enrichment.²²

With reference to the instant case, the court expanded upon these policy considerations underlying the *Maier* decision, stating:

[I]t logically follows that an award of little more than nominal damages would encourage a counterfeiter to merely switch from one infringing scheme to another as soon as the infringed owner became aware of the fabrication. Such a method of enforcement would fail to serve as a convincing deterrent The judicial penalties imposed . . . would be simply factored into the infringer's profit and loss statement.²³

Additionally, by taking the economic incentive out of trademark infringement, the court hoped to prevent injury to the consuming public, who in the belief that they are receiving the same high quality goods traditionally associated with the trademark owner, pay substantial premiums for items bearing famous trademarks.²⁴

The court then reviewed the trial court's decision to determine whether the trial court had properly recognized and implemented the policy considerations underlying *Maier*.²⁵ Noting that an accounting of profits has been held to be within the court's discretion, the court then looked to another Ninth Circuit decision to supply the standard of review used to assess the propriety of the discretion.²⁶ The court in *Chism v. National Heritage Life Insurance Co.*,²⁷ had held that such discretion will not be disturbed unless there is a "definite and firm con-

19. *Id.* at 124.

20. *Id.* at 123.

21. *Id.*

22. *Id.*

23. 692 F.2d at 1274-75.

24. *Id.* at 1275.

25. *Id.*

26. *Id.*

27. 637 F.2d 1328 (9th Cir. 1981).

viction that the court below committed a clear error of judgment . . . reached upon a weighing of the relevant factors.”²⁸

PEI established at trial that the defendants made a profit of at least six dollars per sale, amounting to \$120,000 for the 20,000 pairs of jeans sold.²⁹ Applying the standard of review in *Chism*, the Ninth Circuit determined that the lower court had made a clear error in judgment in awarding PEI approximately one-tenth of the benefits which accrued to Baccarat and the Caspis through their infringement.³⁰ Underscoring the fact that an error had been committed, the court posed the following question: “Would a profit seeking business person, not unwilling to violat[ing] federal law, pay ten cents to make one dollar? If the answer is ‘yes’ then the trial court’s decision did not follow this court’s clear mandate in *Maier* to make willful trademark infringement unprofitable Any other remedy results in the defendants being unjustly enriched.”³¹ Thus, in opting for a payment based on royalties rather than granting PEI an accounting of profits earned by the defendants, the Ninth Circuit held that the court below abused its discretion.³²

Although holding that PEI deserved an accounting of profits, the Ninth Circuit rejected PEI’s contention that the defendants should be liable for profit damages on all 43,000 counterfeit labels which the defendants had bought and received.³³ Instead, the court upheld the trial court’s determination that damages be allocated only on the 20,000 labels actually used on the jeans sold.³⁴ While recognizing that the defendants had been guilty of willful trademark infringement, had been abusive of the discovery process, and had been noncooperative, the court rationalized that “an equity based accounting of profits premised on potentially fictitious sales from which the defendants derived no economic gain was not warranted.”³⁵

As for the lower court’s refusal to increase PEI’s damage award, the circuit court stated it was unwilling to “engage in appellate factfinding” and instead deferred to the lower court, confident that the trial court’s decision was supported by sufficient evidence.³⁶ The court did

28. *Id.* at 1331.

29. 692 F.2d at 1275.

30. *Id.*

31. *Id.*

32. *Id.*

33. *Id.*

34. *Id.*

35. *Id.* at 1276.

36. *Id.*

not, however, delineate those factors which must be present before a trebling would be permitted.

Finally, PEI claimed it was entitled to recover reasonable attorney's fees, permitted in "exceptional cases" by the Lanham Act, as amended in 1975.³⁷ Examples of exceptional cases, according to the Committee on the Judiciary, are "infringement cases where the acts of infringement can be characterized as 'malicious,' 'fraudulent,' 'deliberate,' or 'willful.'"³⁸

The Ninth Circuit was persuaded by PEI's arguments that this case was exceptional because the defendants' illegal conduct was "both flagrant and willful . . . and compounded by the defendants' refusal to provide any discovery whatsoever and by the defendants' repeated Fifth Amendment pleas."³⁹ These arguments, coupled with the trial court's finding that the defendants purposely arranged to obtain counterfeit goods and to sell them as genuine PEI products, led the court to find this case "exceptional" within the meaning of the Act.⁴⁰ Since the defendants were not innocent infringers, it was clear that the 1975 amendment was directed toward eliminating just this sort of activity. Reasonable attorney's fees were awarded.⁴¹

The trademark infringement in which the Caspis and Baccarat engaged in is part of a growing phenomenon known as "commercial counterfeiting."⁴² According to the International Anti-Counterfeiting Coalition, comprised of more than seventy major manufacturers seeking to combat this problem, "commercial counterfeiting, operating on an international scale, has reached epidemic proportions," resulting in the loss of billions of dollars to reputable manufacturers throughout the world.⁴³ In the video industry alone, counterfeiters annually produce records and tapes worth an estimated \$6 billion.⁴⁴

The problem is not isolated just to the counterfeiting of principal products, but extends to the various mass merchandise items associated

37. Section 35 of the Lanham Act, 15 U.S.C. § 1117 (1976), reads in pertinent part: "The court in exceptional cases may award reasonable attorney's fees to the prevailing party."

38. S. Rep. No. 1400, 93d Cong., 2d Sess. (1974).

39. 692 F.2d at 1276.

40. *Id.*

41. *Id.* at 1277.

42. "Commercial counterfeiting involves the intentional duplication (more or less) of the trademark owner's mark." 20 Am. Crim. L. Rev. 145, 146 n.1 (1982).

43. Rakoff and Wolff, *Commercial Counterfeiting and The Proposed Trademark Counterfeiting Act*, 20 Am. Crim. L. Rev. 145, 147 (1982).

44. *Id.* at 151 n.47.

with them.⁴⁵ For example, the motion picture and television industries are vulnerable to deliberate trademark infringement when their productions spawn the lucrative merchandising of records, books, apparel, toys and other tie-ins. More than one-quarter of the total revenue earned by music entertainers derives from sales of various products other than the music product itself.⁴⁶ Established stars such as Kenny Rogers and the Rolling Stones have been known to garner in excess of \$30,000 on t-shirt sales alone during a single performance.⁴⁷ Yet as much as one-half the total revenue from such tie-in merchandise is estimated to go to bootleggers who often sell unauthorized merchandise of an inferior quality while cashing in on the famous name appearing on it.⁴⁸ Such occurrences will also apply to the principal products and tie-ins associated with entertainers and performers in the fine arts as well as sports personalities and teams.⁴⁹

As commercial counterfeiting becomes more widespread, the remedies imposed by the courts pursuant to the Lanham Act have come increasingly under fire as inadequate.⁵⁰ One recent law review article, critical of these remedies, has identified this very case as illustrative of the problem.⁵¹ Written before this appeal came down from the Ninth Circuit, the authors characterized the case as one example of many where the judge views the case as a routine dispute between commercial parties and thus is rarely disposed to impose many of the strong but wholly discretionary remedies available under the Lanham Act, even though it would seem to warrant it.⁵² Beyond that, the article continues, the district court's order for payment of a royalty on the bogus jeans sold, in effect makes the counterfeiter "a licensee of the plaintiff."⁵³ The authors complain about the judgment's ultimate effect, commenting that it does "more to deter victims of commercial counterfeiting from seeking redress under the Lanham Act than to deter commercial counterfeiters from plying their illicit trade."⁵⁴

By awarding an accounting of profits and attorney's fees, the Ninth Circuit appears to recognize this growing problem and demon-

45. Bergert, *Trademark Protection In The Entertainment Industry: WHAT'S IN A NAME?*, The Florida B.J., 461 (July/August 1983).

46. *Id.*

47. *Id.*

48. *Id.*

49. *Id.*

50. 20 Am. Crim. L. Rev. at 163.

51. *Id.*

52. *Id.*

53. *Id.* at 164.

54. *Id.*

strates its willingness to put some teeth into the Lanham Act in an effort to thwart future infringement practices. The court has broadened the theory expounded upon in the 1968 *Maier* decision where an injunction was deemed an insufficient remedy for deliberate and willful infringement. Here even nominal damages are found to be insufficient as a deterrent and as a counter to unjust enrichment.

There are those, however, who would go even further, criticizing the award of \$120,000 as too meager. They are the proponents of a criminal law, introduced in Congress as the Trademark Counterfeiting Act of 1982,⁵⁵ which would provide penal sanctions for trademark counterfeiting. Essentially, the Act would make it illegal to knowingly traffic in counterfeit goods and provides for a maximum prison sentence of five years per count and for fines of up to \$250,000 per count for individuals and \$1,000,000 per count for corporations.⁵⁶ Currently, punitive damages may not be recovered under the Lanham Act which specifically states that any awards shall constitute compensation and not a penalty.⁵⁷ Nevertheless, in practice "most courts still consider an increased damage award to be punitive in nature" and are normally reluctant to make such awards, notes Joseph Fitzpatrick in his article appearing in the American Patent Law Association Quarterly.⁵⁸

Although the Ninth Circuit's decision in *Baccarat* appears to strengthen the current remedies available through the Lanham Act by imposing an accounting of profits resulting in a tenfold increase over PEI's initial award, perhaps that is still insufficient. The desirability of associating one's product with the PLAYBOY mark which, as of 1982, had generated sales exceeding \$182 million, is obvious.⁵⁹ The arguments put forth by the proponents of new legislation that would provide both criminal and financial penalties for commercial counterfeiting are persuasive. They warn that counterfeiting is not confined only to "luxury" items, but extends to a wide range of health and safety-related items such as drugs, fertilizers, chemicals, glasses, computer components, automobile parts and aircraft parts. Infringe-

55. The Act was introduced in 1982 by Representative Peter J. Rodino (D-N.J.) in the House of Representatives and by J. Charles McC. Mathias, Jr. (R-Md.) in the Senate. As of this writing, the Act is still pending in Congress.

56. 20 Am. Crim. L. Rev. at 179.

57. Section 35 of the Lanham Act, 15 U.S.C. § 1117 (1976), reads in pertinent part: "Such sum in either of the above circumstances shall constitute compensation and not a penalty."

58. Fitzpatrick, *Damages in Trademark and Patent Infringement Litigation*, 8 Am. Pat. L.A.Q. 29 (1980).

59. *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 486 F. Supp. 420-21 (S.D.N.Y. 1980).

ment in this context means real hazards to people and property and, to some extent, jeopardizes our national defense and security.⁶⁰

Within the constraints of the Lanham Act, the Ninth Circuit in *Baccarat* awarded all that it could, with the exception of treble damages. The time seems ripe, however, for Congress to consider the passage of stronger legislation to ward off any further counterfeiting before more lives and businesses are endangered.⁶¹ The ramifications of this unchecked white collar crime can no longer be ignored.

Sherrill Kushner

B. Television and Radio

1. "107" Not Valid Service Mark for Radio Station

When do 107 and 4 add up to zero? When the users of these numbers try to claim trademark status for these number marks. In two recent decisions, *Walt-West Enterprises, Inc. v. Gannett Co.*¹ and *Invisible, Inc. v. National Broadcasting Co.*,² courts denied plaintiff radio and television stations the exclusive use of these numbers as trade or service marks.³ Each court held that the plaintiff would have to prove that the terms meant something more than a location on a radio or television dial to achieve trademark status.⁴ In both cases, the plaintiff was unable to meet the burden of proving this secondary meaning.

Walt-West Enterprises, Inc. owns and operates a radio station in the Chicago, Illinois metropolitan area. Plaintiff's station, WYEN, broadcasts at a frequency of 106.7 megahertz on the FM radio band.⁵ Since 1971, when it was first licensed by the Federal Communications Commission (FCC), WYEN has used the number 107 alone, or in conjunction with FM or its call letters, to promote and identify the station. WYEN, which broadcasts primarily "soft-rock" or "contemporary top 40" as well as sports and news, has become known to some individuals in the industry as FM 107.⁶

60. 20 Am. Crim. L. Rev. at 152.

61. Under a new California anticounterfeiting law, a trademark owner can now legally stop the sale of counterfeit products, have them confiscated, and recover up to treble profits and damages. Cal. Bus. & Prof. Code § 14340 (West Supp. 1984).

1. 695 F.2d 1050 (7th Cir. 1982).

2. 212 U.S.P.Q. 576 (BNA) (C.D. Cal. 1980).

3. Both of these cases were brought under section 43(a) of the Lanham Act. 15 U.S.C. § 1125 (a) (1976).

4. *Walt-West Enterprises, Inc.*, 695 F.2d at 1056; *Invisible, Inc.*, 212 U.S.P.Q. at 577-78.

5. 695 F.2d at 1051.

6. *Id.*

Defendant Gannett Company, Inc. owns and operates FM radio station WGCI, which broadcasts in the Chicago area at a frequency of 107.5 megahertz. WGCI plays "black contemporary" music.⁷ Prior to 1979, the station used its actual frequency for identification. However, in 1979, it chose to round-off its number for use in the slogan "Studio 107."⁸ After a brief period, WGCI discontinued its use of this slogan after WYEN made a formal objection.⁹ In 1981, WGCI again began using the number 107 in its on-the-air identification spots, but did not use FM 107 in any other type of advertisement.

Both WYEN and WGCI are commercial radio stations which derive their income from revenue generated from broadcasting commercial messages.¹⁰ As such, both stations were keenly aware of the demographics of its listening audience. Clearly, a station with a large following is able to attract more advertisers, and charge more for its air time than a station with comparatively fewer listeners. It follows, therefore, that an accurate measurement of audience size is crucial to a station's ability to attract advertisers.

The litigation between WYEN and WGCI stems in part from the vagaries of this measurement process. Arbitron Company is in the business of estimating the size and characteristics of radio audiences.¹¹ Arbitron compiles a list of stations with large audiences and sells this list to advertisers and radio stations. Not all stations in a given market will make the list.

Arbitron compiles its list through a survey it conducts several times a year in which it distributes "diaries" to a random sampling of individuals in the market.¹² Essentially, the diaries are time logs in which survey respondents record the stations they listen to throughout the day. Respondents are instructed to use the call letters of the station, but if the call letters are not known, to use the name of the program or the dial setting.¹³

In the case of similar entries, Arbitron will attempt to match the entry with other specific entries appearing on the survey. For example, if the listing "107" appeared in a survey which also listed WYEN, that station would be credited with the first response also.¹⁴ In the event

7. *Id.* at 1052.

8. *Id.* at 1051.

9. *Id.* at 1051-52.

10. *Id.* at 1052.

11. *Id.*

12. *Id.*

13. *Id.*

14. *Id.* at 1053.

that the ambiguity could not be resolved, Arbitron would credit the stations with the ambiguous entries in proportion to the size of their respective audiences during the previous year on a county-by-county basis. This latter method resulted in WGCI being credited with the majority of 107 entries in Cook County for 1981.¹⁵

When Arbitron released the results of the 1981 survey, WYEN did not make the list of the top Chicago stations for the first time in nine years. WYEN contacted Arbitron and discovered that WGCI was being credited with diary responses of 107.¹⁶ According to WYEN, at approximately the same time the station also began to receive telephone calls intended for WGCI.¹⁷

WYEN filed a six-count verified complaint on November 4, 1981 against WGCI, alleging false designation of origin, service mark infringement, unfair competition, deceptive trade practices, dilution, and service mark disparagement arising under both federal and state law. The complaint requested compensatory and injunctive relief.¹⁸

On November 5, 1981, the district court granted WYEN's motion for a temporary restraining order, enjoining WGCI from using 107 for identification purposes.¹⁹ The court granted WYEN's motion for a preliminary injunction on November 17, 1981, and on December 7, entered a permanent injunction against WGCI's use of 107 in connection with its radio station.²⁰

The district court held that WYEN was entitled to injunctive relief under the Lanham Act²¹ based upon its determination that 107 was WYEN's trademark (service mark)²² and that WGCI's use of the term caused confusion in the minds of the listeners.²³ On appeal, the Sev-

15. *Id.*

16. *Id.*

17. *Id.*

18. *Id.*

19. *Id.*

20. *Id.* at 1054.

21. The Lanham Act defines a trademark as "any word, name, symbol or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others." 15 U.S.C. § 1127 (1976). Congress enacted the Lanham Act to modernize, unify, and simplify trademark practice. *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 376 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976).

22. Trademarks and service marks are governed by identical standards. Under the Lanham Act, a service mark is a word, name or symbol used in the sale or advertising of services to identify services of one person and to distinguish them from the services of others. Lanham Act §§ 1 et seq., 45, 15 U.S.C. § 1051 et seq., 1127 (1976).

23. *Walt-West Enterprises, Inc.*, 695 F.2d at 1054.

enth Circuit Court of Appeals reversed.²⁴

In order to understand why the Seventh Circuit reversed the district court, it should be recalled that it is essential that a mark which functions as a trademark be distinctive of the product to which it is affixed or associated.²⁵ Originally, only those marks which were inherently distinctive and not descriptive of the characteristics of the product qualified as pure, common law trademarks.²⁶ Words classified as "merely descriptive" were not considered to be sufficiently unique to function as the producer's signature. Those marks considered to be "inherently distinctive" were words which were "suggestive" or "arbitrary or fanciful."²⁷

Suggestive terms are those which suggest, rather than describe, characteristics of qualities of a product.²⁸ A suggestive term "requires imagination, thought and perception to reach a conclusion to the nature of goods."²⁹ For example, STRONGHOLD as a name for a type of nail with a special thread was held to be a valid suggestive trademark.³⁰

An arbitrary or fanciful word is either a newly invented word, or a common word used in a fanciful way in relation to the product.³¹ An illustration of this category is the trademark KODAK for photographic products.

As trademark law developed, the courts took a more liberal approach to some of these "merely descriptive" terms. The courts recognized that consumers may be misled by a competitor's use of descriptive terms which had become associated with a particular product over time.³² Judicial recognition of the need to protect consumers and producers alike from this kind of confusion led to the development of the equitable doctrine of "secondary meaning."

24. *Id.* at 1063.

25. 3 R. Callmann, *The Law of Unfair Competition, Trademarks and Monopolies* § 69 at 104 (3d ed. 1969).

26. Both Lanham Act and common law cases differentiate four categories of terms for purposes of trademark analysis: (1) generic (2) descriptive (3) suggestive, and (4) arbitrary or fanciful.

27. 695 F.2d at 1056.

28. *Id.*

29. *Stix Products, Inc. v. United Merchants & Mfrs., Inc.*, 295 F.Supp. 479, 488 (S.D.N.Y. 1968).

30. *Independent Nail & Packing Co. v. Stronghold Screw Prod., Inc.*, 205 F.2d 921, 925 (7th Cir. 1953).

31. 1 H. Nims, *The Law of Unfair Competition and Trademarks* §§ 202, at 550, 203, at 554 (4th ed.).

32. 695 F.2d at 1057.

The doctrine gave trademark status to descriptive words in certain situations. For the doctrine to apply, it was not necessary that the public be aware of the name of the manufacturer. What was necessary was that the public think the product came from a single source.³³ One claiming trademark protection for a "merely descriptive" mark "must show more than a subordinate meaning which applies to it. They must show that the primary significance of the term in the minds of the consuming public is not the product but the producer."³⁴

In *Walt-West*, the district court had rejected the defendant's argument that the term 107 was generic and not susceptible to trademark protection.³⁵ Instead the court had agreed with WYEN that the term was "merely descriptive" and therefore capable of becoming a trademark upon a showing of secondary meaning.³⁶ The district court had found that the number 107 had become sufficiently associated with plaintiff's radio station through WYEN's extensive promotion of the term in its advertisements over an eleven year period.³⁷ The district court also found that, while WCGI did not intend to pass off its format as WYEN's, it did adopt the number 107 in an attempt to retrieve some of its diary entries attributed to WYEN.³⁸

The district court in finding for WYEN also ruled for that station on the issue of likelihood of confusion.³⁹ The court found that there would be no confusion as to the identities of the two stations based on the music played.⁴⁰ However, the court had found actual confusion of listeners based on the results of the Arbitron survey. Moreover, the court had noted the testimony of a WYEN official that the station had received telephone calls meant for WCGI in its findings of likelihood

33. Nims, *supra*, § 37 at 154-55.

34. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938). See, 49 Cincinnati L. Rev. 698 for a discussion of these categories, as well as an analysis of numbers as trademarks.

35. *Walt-West Enterprises, Inc.*, 695 F.2d at 1054.

36. *Id.* at 1054-55.

37. In *Hotel Corp. of America v. Inn America, Inc.*, 153 U.S.P.Q. 574 (1967), the court held that a party may acquire rights in a designation which may be superior to any rights that a subsequent user may acquire in a confusing similar term through use thereof in advertising or promotional material connected with the publishing of goods or services, provided that this use has been of such a nature and extent as to create an association of the goods or services and the mark with the user thereof.

38. *Walt-West Enterprises, Inc.*, 695 F.2d at 1055.

39. Crucial to a finding of a violation under section 43(a) is a determination that the materials used by the defendants created a likelihood of confusion, deception or mistake on the part of the consuming public. See *New West Corp. v. NYM Co. of Cal., Inc.*, 595 F.2d 1194, 1201 (9th Cir. 1979).

40. 695 F.2d at 1055.

of confusion.⁴¹

On appeal, the Seventh Circuit, while rejecting WGCI's contention that the term 107 was generic and could never become a trademark, also rejected the district court's conclusion that the merely descriptive term 107 had achieved secondary meaning by becoming primarily associated with the single source, WYEN.⁴²

In rejecting WGCI's claim that FM 107 was generic,⁴³ the Seventh Circuit noted that the traditional definition of generic or common descriptive names as enunciated in *Miller Brewing Co. v. G. Heileman Brewing Co.*,⁴⁴ i.e., a name "which is commonly used as a name or description of a kind of goods" was of little use as a standard for genericness where numeral marks were concerned. "Attempting to apply the definitions enunciated in Miller to numerals is often a futile endeavor, for numerals are meaningful only by virtue of the circumstances attending their use."⁴⁵

The court focused on the ordinary meaning of the term FM 107 in determining where it fit on the trademark spectrum. Viewed as a generic term, 107 would denote the various programs which broadcast at that area of the FM band.⁴⁶ As a descriptive term, 107 would indicate the practical location of the particular broadcast service.⁴⁷ The appellate court agreed with the findings of the district court, which adopted the latter approach.⁴⁸ However, the court stated that even though it believed the term 107 to be capable of becoming distinctive of a particular radio station, it was not inherently distinctive, and therefore, could not become a trademark without proof of secondary meaning.⁴⁹

It is in the crucial area of establishing secondary meaning that WYEN's case was the weakest, and it was on this issue that the district court's decision was reversed. WYEN proffered as evidence of secon-

41. *Id.* The court also rejected WGCI's "fair use" defense. The fair use doctrine will permit a competitor the use of a trademark belonging to another in a limited fashion, if done so in good faith. The court noted that since a whole number will normally be associated with only one station in a given area, no good faith use could be made of the number without causing confusion. The Lanham Act recognizes the defense of fair use at 15 U.S.C. § 1115 (b) (4) (1976).

42. *Walt-West Enterprises, Inc.*, 695 F.2d at 1059.

43. *Id.* at 1055.

44. *Miller Brewing Co. v. G. Heileman Brewing Co.*, 501 F.2d 75 (7th Cir. 1977), *cert. denied*, 434 U.S. 1025 (1978).

45. *Walt-West Enterprises, Inc.*, 695 F.2d at 1059.

46. *Id.*

47. *Id.*

48. *Id.*

49. *Id.*

dary meaning the following: (1) that it spent approximately \$1,000,000.00 in promotion of 107 as a designation of origin, (2) that it was the only station in the area that used the term for over ten years, and (3) that it had affidavits from four members of the broadcast industry stating that 107 was identified with WYEN exclusively.⁵⁰

The appellate court viewed this evidence as falling short of the necessary degree of proof in several respects. First, the court felt that plaintiff merely assumed what it in fact had to prove: that the term 107 was understood by the public as a designation of origin, not as a utilitarian method of indicating a FM dial location.

An important consideration in a case such as this is whether WYEN emphasized the term FM 107 as a service mark or trade name, or rather used it in its utilitarian sense . . . Of course, WYEN's subjective intent regarding this issue is of little moment, the initial question is how did it use the term.⁵¹

The court dismissed the evidence of money spent on advertising as not dispositive, and concluded that use of the term in conjunction with a term which is a clear and official designation of origin would lead listeners to view the term 107 solely in its utilitarian sense.⁵²

Short shrift was also given to the affidavits submitted by members of the music industry. "[I]n testing the validity of common law trademarks the critical question is what the designation meant to the purchasing public; not what the designation meant to those in the industry."⁵³ In this case, the relevant public was the listeners of the radio stations, some of whom had responded to the Arbitron survey. However, the method of recording the entries was so ambiguous that it did not provide concrete evidence of secondary meaning.

In conclusion, while the number 107 was capable of becoming a valid trademark, WYEN did not meet its burden of proving secondary meaning.⁵⁴ Unfortunately, while the *Walt-West* court was "left with the definite and firm conviction"⁵⁵ that the trial court's findings were

50. *Walt-West Enterprises, Inc.*, 695 F.2d at 1060.

51. *Id.* at 1060.

52. The amount of money spent on promoting a trademark is never dispositive. "No matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise and what success it has achieved in securing public identification, it cannot deprive competing manufacturer of the product of the right to call an article by its name." *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d cir. 1976). In the case of a merely descriptive term, the money spent is significant only if it has led to an acquisition of secondary meaning.

53. *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365, 1369 (10th Cir. 1977), *cert. dismissed*, 434 U.S. 1052 (1978).

54. *See* Annot., 56 A.L.R. 232.

55. 695 F.2d at 1063.

erroneous, the court does not explain what factors would have been sufficient.

Amy Friedman

2. Television Slogan Not Valid Service Mark of Slogan-Creator

In another section 43(a) decision involving a mark that included a number, *Invisible, Inc. v. National Broadcasting Company, Inc.*,⁵⁶ a California court focused on the question of what group or "relevant public" must associate the slogan with the producer, so as to demonstrate the requisite secondary meaning for a mark.

In *Invisible, Inc.* the plaintiff, doing business as Klein & Co., was engaged in the advertising business. In 1974, Klein developed a "total identity promotional campaign" to promote those stations licensed to broadcast on channel 4. At the center of the campaign were the slogans "WE'RE 4" and "WE'RE 4 YOU." These slogans were highlighted with music and animation, and were designed both to identify the stations and to convey the impression that the TV stations were community oriented. Klein first developed the promotional package for WBZ-TV in Boston, which aired the slogans starting in 1976. Thereafter, the slogans were picked up by stations KOA in Denver and WDIV in Detroit.

Defendant NBC owns WNBC-TV in New York. In 1977, an agent of the television station viewed a videotape of Klein's campaign. Instead of contracting with Klein, however, NBC worked with its own advertising agency to develop a promotional slogan similar in format. During May through August of 1979, WNBC aired the slogan "WE'RE FOR YOU."

Afraid that the profitability and usefulness of its product would disappear, *Invisible, Inc.* brought suit against NBC for service mark infringement, unfair competition, and false designation of origin.⁵⁷ The plaintiff contended that the use of "WE'RE 4 YOU" and "WE'RE 4" in connection with the promotional campaign was known throughout the industry to be exclusive to Klein & Co.'s clients WBZ, KOA and WDIV.⁵⁸ Moreover, *Invisible, Inc.* claimed that (1) the slogans functioned as a service mark to identify its product (the campaign),

56. *Invisible, Inc.*, 212 U.S.P.Q. at 57.

57. *Id.*

58. *Id.*

(2) NBC's use of the almost identical "WE'RE FOR YOU" caused actual confusion in the promotional industry about the source of the campaign, and (3) this confusion led to an injury to Klein's reputation and loss of good will.⁵⁹

NBC maintained that the slogans "WE'RE 4" and "WE'RE 4 YOU" could not be service marks because they were merely descriptive of the channel four station.⁶⁰ Additionally, NBC argued that the slogans could not have acquired a secondary meaning which would entitle them to protection because they did not identify Klein & Co. as the source of the product.

The case was heard by the district court on cross-motions for summary judgment. The district court found first, and most importantly, that the "relevant public" for purposes of determining likelihood of confusion and secondary meaning, was the television viewing public and not, as Invisible, Inc. had argued, the promotional broadcasting industry.⁶¹

The relevant public must be considered to be the actual or the potential consumers of the product so identified. This conclusion follows as a matter of course when one considers the objectives of the federal trademark and copyright laws. . . . [A] phrase which is merely descriptive . . . cannot be claimed as an exclusive trademark [absent proof of secondary meaning]. This result is easily circumvented, however, if the phrase is developed by an advertising agency . . . and the advertising agency could claim exclusive rights to the phrase on the grounds that it is recognized in the advertising industry as its promotional creation. This would give a defacto monopoly over the use of the phrase to the advertising agency's licensee—in effect, the same producer . . . who would have been denied exclusive rights to the phrase in the first place.⁶²

Once the "relevant public" was broadly defined as the television viewing audience, the court concluded that "the primary significance of the slogans remains the product (channel four stations) and not the producer in the minds of the television viewing public."⁶³

Nor, as the court decided, did the slogans by themselves identify the plaintiff's product (the campaign) to these viewers. "Rather, the

59. *Id.* at 577.

60. *Id.*

61. *Id.*

62. *Id.*

63. *Id.* at 578.

slogans are descriptive of, identify, and are associated in the minds of the television public only with the particular television station.”⁶⁴

The most interesting issue presented by *Walt-West* and *Invisible, Inc.*, is the question of when numbers can serve as service marks for television and radio stations when these same numbers, either directly or indirectly, describe the location of the stations.

When a whole number designation results from the fact that decimal designations simply are not granted, such as in the case of A. M. radio stations,⁶⁵ then courts have held that the whole number designation may serve as a service mark without proof of secondary meaning.⁶⁶ The whole number designation in that case is a distinctive indication of source for the radio product as well as being a useful designation of the exact location of the product on the radio dial.

The problem presented by the F.M. station designations results from the existence of decimals and the industry practice of “rounding”. When a number of radio stations are distributed around a whole number designation, the question becomes should one station be allowed to round up or round down to a whole number, thereby appropriating the whole number to its exclusive use.

If a whole number is viewed as generic, that is, its primary meaning makes it applicable to several products, or de jure functional⁶⁷ then in no case would a showing of secondary meaning be sufficient to establish service mark status for the number.

If however, as in *Walt-West*, the number is viewed as descriptive of the practical location of the broadcasting service, or perhaps as even “misdescriptive” of the actual decimal location of the station, then a showing of secondary meaning may be entertained to demonstrate acquired distinctiveness.

The court in *Walt-West* indicates the willingness of some courts to extend the protection of trademark laws to numbers which designate radio stations on a showing of secondary meaning. Given the strongly descriptive aspects of whole number designation, however, *Walt-West*

64. *Id.*

65. A.M. radio stations present their own problems, however, since the practice in that industry is for a station to drop the last digit of its assigned frequency. See, e.g., *M.B.H. Enterprises, Inc. v. WOKY, Inc.*, 633 F.2d 50 (7th Cir. 1980).

66. *Id.* at 52, 54.

67. *Covenant Radio Corp. v. Ten Eighty Corp.*, 203 U.S.P.Q. 452 (1977).

also demonstrates the difficulties inherent in demonstrating secondary meaning for these numbers.

Amy Friedman

C. Music

1. *Pied Piper's Service Mark Abandoned*

Section 45 of the Trademark Act of 1946, popularly known as the Lanham Act, provides that a trademark shall be deemed to have been abandoned "when any course of conduct of the registrant, including acts of omission as well as commission, causes the mark to lose its significance as an indication of origin."¹ This principle was applied in *Yocum v. Covington*,² where the Trademark Trial and Appeal Board ("Board") held that Clark Yocum had abandoned the service mark "Pied Pipers." This abandonment negated any superior right or priority of use which Yocum may have established in earlier years and therefore, Yocum had no basis for cancelling Warren Covington's service mark registration for the "Pied Pipers" vocal group.³

Clark Yocum was a member of the "Piped Pipers" vocal group which became associated with the Tommy Dorsey Orchestra in 1939. The group continued in Mr. Dorsey's employ until November, 1942, participating in live performances and making a number of hit recordings frequently in conjunction with, and as backup to, Dorsey's star vocalist Frank Sinatra.⁴

After the break with Dorsey, the group continued to perform as the "Piped Pipers" and made several hit recordings (including "Mam-selle" and "Atchison, Topeka & the Santa Fe") through a series of contracts with Capitol Records, Inc. which ran from late 1943 to about 1950.⁵ During this period, the group membership changed: Stafford and Huddleston were replaced by June Hutton and Hal Hopper in 1944. The Hutton-Lowry-Hopper-Yocum combination allegedly entered into an agreement that "each member would have an equal one-quarter interest in the group, such interest to revert to the remaining members on the demise of any member and with any replacement

1. 15 U.S.C. § 1127 (1976).

2. 216 U.S.P.Q. (BNA) 210 (T.T.A.B. 1982).

3. *Id.* at 215. The Lanham Act provides for cancellation of Principal Register registrations by one who "believes that he is or will be damaged by the registration." 15 U.S.C. § 1064 (1976).

4. *Id.* at 212.

5. *Id.*

members to serve as employees, rather than joint owners, of the group and its trade name.”⁶ The group eventually incorporated in 1947, allegedly for tax purposes and, at least in part, to protect the trade name. The corporation was dissolved two or three years after its organization for non-payment of franchise taxes.

After the demise of the corporation, the group continued to perform using the “Pied Pipers” service mark until 1967 when Yocum was no longer physically capable of performing with the singing group. He continued to claim ownership of the “Pied Pipers” name, to receive royalties from previous recordings and to act as owner-manager or licensor of the group by seeking engagements for the group.⁷

Warren Covington, a trombonist with a number of major dance bands, signed a contract after Tommy Dorsey’s death to lead the Dorsey Orchestra in 1958. He was selected by Mr. Dorsey’s widow Jane, who signed the contract as president of State Amusement Corporation.⁸

In 1970, Covington was the orchestra leader for an *ad hoc* studio group called the “Pied Pipers” which was organized to produce a record album of some hits of the Tommy Dorsey big band era featuring the “Pied Pipers.” In 1973, Covington organized his own “Pied Pipers” group which continues to perform with Covington. He applied for registration of the service mark “Pied Pipers,” claiming first use in January of 1973. Registration issued in October of 1974.⁹ Covington continues to use the “Pied Pipers” service mark.

The Board attempted to delineate Yocum’s rights to the “Pied Pipers” service mark during the various stages of his association with the group. It noted that prior to the break with Dorsey, Yocum was an employee of Tommy Dorsey and that therefore title remained in Dorsey during that period.¹⁰ There was no evidence offered to show the existence of any agreement entered into by the Hutton-Lowry-Hopper-Yocum combination dealing with the members’ rights to the “Pied Pipers” service mark. The actions of two former members suggested non-recognition and unawareness of the agreement. In 1952, Lowry entered into an exclusive agency contract for representation of a “Pied Piper” group, and in 1970, Stafford organized an *ad hoc* “Pied Pipers” group to make a recording with RCA Records.¹¹

6. *Id.*

7. *Id.*

8. *Id.*

9. *Id.* at 213.

10. *Id.* at 214.

11. *Id.* Yocum entered this recording session with a claim of illegal use which resulted in

The Board found that Yocum had established valid and prior use to the "Pied Pipers" mark for vocal entertainment services, at least for the period from 1950 to 1967. However, the Board ruled that there were two instances of uncontrolled licensing¹² by Yocum which produced a break in the chain of the continuous use necessary to prove priority over Covington. Consequently, the mark lost trademark significance during the period after Yocum stopped singing and until Covington applied for registration of the mark.¹³ Therefore, Covington could, legitimately adopt and use the "Pied Pipers" service mark. Yocum's petition to cancel Covington's service mark registration for "Pied Pipers" was denied.

The Board correctly applied the principles of section 45 of the Lanham Act in finding that Yocum had abandoned the mark. A licensor may license his mark if the licensing agreement provides for adequate quality control by the licensor over the services produced under the mark by licensee. "Abandonment because of uncontrolled licensing is purely an involuntary forfeiture of trademark rights, for the mark owner probably has no subjective intent to abandon the mark. Uncontrolled licensing causes a symbol to lose its meaning as a trademark."¹⁴

Yocum failed to retain supervision of the quality of the services to be produced under the "Pied Pipers" service mark in his purported licensing agreements with Castle and Gotch. The Board was unable to infer Yocum's retention of quality control from subsequent oral agreements.¹⁵ Uncontrolled licensing of a mark results in abandonment of the mark by the licensor.¹⁶

When a trademark has been abandoned, the subject mark is effectively left open to adoption for use as a mark by others. In 1973, Covington legitimately adopted and used the "Piped Pipers" mark. After Covington registered the mark,¹⁷ Yocum would not have been able to

payments by RCA Records of \$300 and \$400 to settle his claims of name ownership only. *Id.* at 215.

12. In July of 1967, Yocum entered into an agreement with Lee Gotch to pay Yocum five percent of the gross income of Gotch's group in return for allowing him to use the "Pied Pipers" name; in the late 1970's, Yocum entered into a similar agreement with Castle. *Id.* at 215-16.

13. *Id.* at 215.

14. 1 J.T. McCarthy, *Trademarks and Unfair Competition*, § 18.15 at 636 (1973).

15. 216 U.S.P.Q. (BNA) at 215. See *Haymaker Sports, Inc. v. Turian*, 198 U.S.P.Q. (BNA) 610, 614 (C.C.P.A. 1978) (Court unable to infer that quality control was retained in a "silent" licensing agreement).

16. See *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 367, 121 U.S.P.Q. (BNA) 430, 437 (2d Cir. 1959).

17. Registration of a mark under the Lanham Act provides constructive notice of claim

establish ownership rights in the mark by providing entertainment service under the "Piped Pipers" mark.¹⁸

Another significant point raised by the Board is that the corporation formed by the Hutton-Lowry-Hopper-Yocum combination, and not the individual members, would have been the owner of the "Pied Pipers" service mark.¹⁹ Also, Yocum's belief that he had the exclusive right to use the mark because of the incorporation reflects the erroneous belief that when a Secretary of State's office approves a corporate name, this action is a substitute for obtaining a trademark registration.²⁰

The most frequent source of difficulty with group names has concerned their ownership and the rights of former group members to use the names. Most entertainers do not take the appropriate steps to secure their ownership rights in service marks. Several entertainment groups have successfully avoided the difficulties created by changes in group membership.²¹ Yocum could have avoided these difficulties by executing the necessary documents proving the existence of the agreement between Hutton, Lowry, Hopper, and himself and by retaining quality control in purported licensing agreements. "If a clear structure of ownership and decision-making is adopted, trademark rights usually can be effectively asserted to enjoin unauthorized use of the group name by former members and unrelated infringers."²²

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of ownership by virtue of the registration and is prima facie evidence of the exclusive right to use. 15 U.S.C. § 1115(a) (1976).

18. See *Sutton Cosmetics, Inc. v. Lander Co.*, 170 U.S.P.Q. (BNA) 461 (S.D.N.Y. 1971) (sale of goods under a mark can create no rights where third person at the time is valid holder of the mark and is actively using it).

19. See *Giammarese v. Delfino*, 197 U.S.P.Q. (BNA) 162-63 (N.D. Ill. 1977) (trade name normally resides in business entity and not in individual members).

20. See generally *Borchard, Trademarks and the Arts*, 7 *Art & the Law* 1 (1982).

21. The members of "The Drifters" assigned their individual rights to their manager. *Marshak v. Green*, 505 F. Supp. 1054-58 (S.D.N.Y. 1981); the members of "Rare Earth" assigned their individual rights to a corporation owned by them. *Rare Earth Inc. v. Hoorelbeke*, 401 F. Supp. 26, 187 U.S.P.Q. (BNA) 291 (S.D.N.Y. 1975). Other groups have not avoided the difficulties: "The Four Aces" failed to expressly deal with ownership rights in the name. As a result, the current group members were not able to enjoin performances by former members under that name. *Albertini v. Giglio*, 459 Pat. Trademark & Copyright J. (BNA) A-15 (E.D. Pa. 1979).

22. *Borchard, supra* note 20, at 7. Cf. *Noone v. Banner Talent Ass.*, 398 F. Supp. 260 (S.D.N.Y. 1975). (A non-exclusive booking agent was held liable for damages for booking a group under the name "Herman's Hermits" knowing that it did not include the lead singer popularly known as Herman).

2. *Former Platter Enjoined From Using Service Mark*

In *Five Platters, Inc. v. Williams*,¹ the New York Supreme Court held that the continued unauthorized use of the service name "The Platters" by defendant Tony Williams constituted a breach of contract and consequently issued a permanent injunction restraining Williams from offering his services or from performing as "The Platters" or from using any name embodying "The Platters."²

"The Platters" was the name of one of the most popular singing groups of the 1950's.³ The five original members formed The Five Platters, Inc. in 1956.⁴ The corporation has employed a vocal group under the name "The Platters" continuously since its incorporation. On July 5, 1956, The Five Platters, Inc. entered into employment contracts with each of the members of the singing group.⁵ Each employment contract contained the following provision: "Artist acknowledges that the name 'THE PLATTERS' is the sole and exclusive property of Corporation."⁶

The Five Platters, Inc. registered "The Platters" as a federal service mark⁷ and also registered "The Platters" mark in a number of foreign countries.⁸

Tony Williams was one of the five original shareholders and an officer of The Five Platters, Inc.⁹ On September 28, 1967, Williams entered into an agreement with Personality Productions, Inc. to sell his shares in The Five Platters, Inc. The agreement contained the following provision which expressly referred to the July 5, 1956 employment contract between Williams and The Five Platters, Inc.:

Having Previously by employment contract dated July 5, 1956 acknowledged that the name "The Platters" is owned exclusively by the corporation Five Platters, Inc., it is hereby expressly acknowledged again by WILLIAMS that the name "The Platters" is now owned exclusively by a corporation

1. No. 72-8071, slip op. (N.Y. Sup. Ct. July 12, 1982).

2. *Id.* at 28.

3. *Five Platters, Inc. v. Purdie*, 419 F. Supp. 372, 375 (D. Md. 1976); their hit recordings included "Only You" and "The Great Pretender." *Id.* at 376.

4. No. 72-8071, slip op. at 3.

5. *Id.* at 5.

6. *Id.* at 5.

7. *Id.* at 11.

8. 419 F. Supp. at 375.

9. No. 72-8071, slip op. at 3; Williams apparently organized the singing group. 419 F. Supp. at 376.

known as "The Five Platters, Inc."¹⁰

The agreement further provided: "In this connection, WILLIAMS agrees that he will not under any circumstances use the name 'The Platters', or any derivation thereof, in connection with any public appearances which he may make as a performer of musical compositions."¹¹ Williams executed general releases in favor of The Five Platters, Inc. pursuant to this agreement.¹²

Since 1967, Williams had been billed approximately sixty times in public performances under names that included "The Platters" or variations of "The Platters" without requesting or receiving authorization from The Five Platters, Inc.¹³ Williams had consistently promoted himself since 1967 as "The Platters" by use of photographs, publicity releases, advertisements, and stationery, without authorization.¹⁴

The Five Platters, Inc. has litigated its exclusive right to the service mark "The Platters" several times with Tony Williams. In *Williams v. Five Platters, Inc.*,¹⁵ Williams appealed from a 1974 decision of the Trademark Trial & Appeal Board denying his motion to vacate its earlier decision which granted the corporation's motion for summary judgment and dismissed with prejudice Williams' petition to cancel the corporation's registration of the mark "The Platters." The court held that the Board did not abuse its discretion in denying the motion to vacate and affirmed the Board's decision.¹⁶

In the present case, the court found that Williams received valuable consideration for transferring his right in "The Platters" name to The Five Platters, Inc.¹⁷ Therefore, the corporation acquired exclusive ownership of the service mark "The Platters." Williams had agreed not to use the service mark in any manner in connection with his public appearances. He also executed a valid general release in favor of the corporation. The court found that Williams willfully and deliberately breached the agreement by using "The Platters" name without authori-

10. No. 72-8071, slip. op. at 5.

11. *Id.* at 6. There was an exception to this provision that provided that Williams could "refer to himself 'as having formerly been a member of THE PLATTERS' ". *Id.* at 6.

12. *Id.* at 8. The corporation has standing to sue as a third party beneficiary of this agreement between Williams and Personality Productions, Inc.

13. *Id.* at 9.

14. *Id.* at 10.

15. 510 F.2d 963, 184 U.S.P.Q. (BNA) 744 (C.C.P.A. 1975). The court took judicial notice of this case. Williams was therefore barred by res judicata from challenging the corporation's registration of "The Platters" service mark.

16. *Id.* at 965.

17. No. 72-8071, slip op. at 13.

zation from The Five Platters, Inc.¹⁸ The court issued a permanent injunction enjoining Williams from using the name because his continued unauthorized use of the name "The Platters" would cause irreparable injury to the corporation "for which there is no adequate remedy at law."¹⁹

Since 1967, The Five Platters, Inc. has actively enforced its exclusive rights in the service mark "The Platters" by sending numerous cease and desist letters to club owners and booking agents protesting unauthorized performances of groups under the name "The Platters."²⁰ The corporation has also instituted numerous lawsuits to protect its exclusive rights in the mark. In *Five Platters, Inc. v. Purdie*,²¹ the corporation sued Purdie for trademark infringement and unfair competition. Purdie was a member and road manager of a Canadian group which billed itself as "The Fabulous Platters"; Purdie broke away from this group and formed his own group, "The Fabulous Platters."²² The court held that Purdie had infringed upon The Five Platters, Inc.'s service mark and had engaged in acts of unfair competition by attempting to cause confusion among the consuming public.²³ Purdie was enjoined from using the name "The Platters."²⁴

Williams' unauthorized use of the name "The Platters" and the similarity of format between the corporation's group and Williams' group created a likelihood of confusion in the minds of ordinary consumers of entertainment. The Five Platters, Inc. asserted its exclusive rights in the service mark against club owners and others who hired Williams under names that included "The Platters." Williams was on notice to the corporation's exclusive ownership of the service mark. His deliberate acts reflected an intention to cause confusion and to exploit the good will associated with the corporation's name.

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18. *Id.* at 23.

19. *Id.* at 25. The Lanham Act provides for nationwide enforcement of injunctions protecting federally registered trademarks. 15 U.S.C. § 1116 (1976).

20. No. 72-8071, slip. op. at 24.

21. 419 F. Supp. 372 (D. Md. 1976).

22. *Id.* at 377.

23. *Id.* at 382.

24. *Id.* at 384.

D. Character Merchandise

1. *Drawings of Cartoon Characters Found Valid Trademarks for Toy Dolls*

In *In re DC Comics, Inc.*,¹ DC Comics, Inc. sought to register drawings of three of its comic book characters, SUPERMAN, BATMAN, and "The Joker", as trademarks for toy dolls. The Court of Customs and Patent Appeals (CCPA) reversed the Trademark Trial and Appeal Board's (the Board's) affirmance of the Trademark Examiner's refusal to register the drawings. The CCPA held that the drawings were not "so descriptive that they could not in any case serve as trademarks"² nor "functional" in a utilitarian way, as to preclude them from functioning as trademarks.³

DC Comics, Inc. had filed applications with the trademark office requesting registration on the Principal Register of drawings of the three aforementioned comic book characters.⁴ The drawings had appeared on cartons containing toy dolls of SUPERMAN, BATMAN, and "The Joker" and bore a striking resemblance to the dolls contained in the cartons.⁵

The Board had concluded first, that the drawings in question "naturally and normally direct attention to the appearance and purpose of goods enclosed in the cartons' bearing the drawings, and are, therefore, "so descriptive that they are not trademarks."⁶ Second, the Board had found the drawings to be "artistic renditions of the dolls," sharing with the dolls the "commercially functional" features of "customary dress, accoutrements and facial expression of the character(s)." Accordingly, the Board had concluded that the drawings were "functional in a utilitarian sense and for that reason are not trademarks."⁷

The CCPA reversed by first explaining that a word or image is descriptive of a product, and therefore unregistrable absent a showing of secondary meaning, if "its use with that product conveys to one who

1. 689 F.2d 1042 (C.C.P.A. 1982).

2. *Id.* at 1045. Section 2(e) (1) of the Lanham Act, 15 U.S.C. 1052(e)(1) (1976) provides that trademarks shall not be refused registration on the Principal Register unless it "(c)onsists of a mark which . . . is merely descriptive" of the goods.

3. 689 F.2d at 1045.

4. *Id.* at 1043.

5. *Id.*

6. *Id.* The Board had considered the fundamental issue to be "whether an artistic rendition of a fictitious character *can serve as a trademark* for what is a somewhat cruder three-dimensional toy doll version of the same fictitious character." *Id.*

7. *Id.*

is unfamiliar with the product its functions or qualities.”⁸ Further, “apt descriptive” words or images can never be used as trademarks because such use would deprive society as a whole of the right to use what are essentially generic terms or images that describe a whole class of products.⁹

While “apt descriptive names cannot be trademarks for the items they describe,” the CCPA was “not persuaded to adopt the board’s interpretation or its derivative proposition that, by analogy, a picture of a product necessarily cannot function as a trademark for that product.”¹⁰ The court concluded that the mere fact that a symbol tells something about the product’s physical appearance does not, in and of itself, make the symbol unregistrable.¹¹ Instead, Lanham Act Section 2(f) provides that a “descriptive” mark can be registered if it “has become distinctive of the applicant’s goods in commerce.”¹²

Whatever information a drawing of Superman or Batman or Joker might convey to the average prospective purchaser regarding a doll resembling one of the related fictional characters is wholly dependent on appellant’s efforts to associate each character in the public’s awareness with numerous attributes, including a single source of sponsorship.¹³

Further, by registering the drawings as trademarks, DC Comics would “not diminish the store of common words and visual representations” which others, including competitors should be free to use.¹⁴ Consequently, the court reasoned that the drawings were not “descriptive of toy dolls to such an extent that they are incapable of functioning as trademarks for such dolls.”¹⁵

The Board had also found the characteristics of the dolls depicted in the drawings to be “indispensable elements of the commercial appeal of the product.”¹⁶ From this the Board reasoned that the drawings were “functional in a utilitarian sense” and therefore could not be

8. *Id.* at 1044.

9. *Id.*

10. 689 F.2d at 1044.

11. *Id.*

12. 15 U.S.C. § 1052(f) (1976).

13. 689 F.2d at 1044.

14. *Id.* at 1045.

15. *Id.*

16. *Id.* The C.C.P.A. relied on circuit court decisions which had held that a characteristic of the product was “functional” if it was “an important ingredient in the commercial success of the product.” *Ives Laboratories v. Darby Drug Co.*, 601 F.2d 631, 643 (2d Cir. 1979) (quoting *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1962).

trademarks used to designate the product's source.¹⁷

The CCPA felt the Board's interpretation of functionality was not in line with its precedent. In the 1977 case, *In re Penthouse International Ltd.*,¹⁸ the court had held that a piece of jewelry, fashioned to look like the applicant's logo (a stylized key design), "may have the function of attracting purchasers, but the shape of the jewelry, like the mark, is arbitrary and nonessential to a functioning piece of jewelry."¹⁹

The CCPA in *DC Comics* found that the Board had obscured the distinction between "utilitarian" and "aesthetic" functionality when it labeled DC Comic's stylized drawings as "functional in a utilitarian sense."²⁰ The fact that the dolls and the drawings shared "ornamental" features was insignificant since these features did not give the dolls any engineering advantages rendering them "utilitarian."²¹ Therefore, concluded the court, the drawings were not "functional" in a "utilitarian" sense and consequently the drawings could be registered as trademarks on the Principal Register.²²

In a concurring opinion Judge Rich noted that the Board had not only confused "aesthetic" with "utilitarian" functionality, but had also applied the wrong standard in evaluating the issue of functionality.²³ The Board had concluded that the drawings were not trademarks because they were "artistic renditions of the dolls," sharing with the dolls the "commercially functional" features of "customary dress, accoutrements and facial expression of the character(s)."²⁴ Under Judge Rich's view of "aesthetic functionality" a showing that a design is "an important ingredient in the commercial success of the product" should not automatically lead to a conclusion that the mark is unprotectable.²⁵ Instead, when faced with an aesthetically pleasing mark the question should be whether the mark has also come to indicate a single source of origin. In other words, "in the case of "aesthetic" functionality . . . it would appear that a demonstration of secondary meaning is crucial."²⁶

17. *Id.* See the concurring opinions of Judge Rich and Judge Nies in *DC Comics* for a detailed discussion of functionality. See generally Zelnick, *The Doctrine of Functionality*, 73 Trademark Rep. 128 (1983); and, Duft, *"Aesthetic" Functionality*, 73 Trademark Rep. 151 (1983).

18. 565 F.2d 679 (C.C.P.A. 1977).

19. *Id.* at 682.

20. 689 F.2d at 1045.

21. *Id.*

22. *Id.*

23. *Id.* at 1049.

24. *Id.* at 1043.

25. *Id.* at 1049-50.

26. *Id.* at 1049.

Judge Rich also adopted the position that the issue in *DC Comics* was "whether a trademark may be registered for a three-dimensional rendering of that trademark."²⁷ Judge Rich felt that the *DC Comics* case was analogous to *In re Penthouse* in that the court there had permitted Penthouse to register charms shaped in the form of Penthouse magazine's trademark—a key design.²⁸ In *Penthouse* the court had held that the jewelry could still function as a trademark even though the jewelry items took the form of its trademark.²⁹

Judge Nies, in a special concurrence, accepted the conclusion that the drawings were registrable but cautioned against adopting the characterization that "the doll configuration is actually a three-dimensional representation of a trademark."³⁰ Under Judge Nies' view, such a characterization would circumvent the requirement that one must designate the goods for which the design is a trademark in order to avoid treating a trademark as a right *in gross*.³¹

Judge Nies also responded to the Board's concern that by recognizing trademark rights in a picture of a product, the product design may be perpetually protected, contrary to the limited term of protection afforded designs by copyright or design patent statutes.³² Judge Nies noted that the existence of such limited rights is not a basis for refusing trademark registration.³³ Nor would trademark registration secure perpetual trademark rights in the doll design since trademark rights are a function of distinctiveness at a particular point in time. If it is established that distinctiveness has been lost, trademark protection will also terminate.³⁴

Judge Nies properly emphasizes the basic tenet of trademark law that trademark rights do not exist *in gross*. That is, trademark law does not protect marks in themselves, but only trademarks as affixed to goods.³⁵

Faced with this axiom, courts have often been hard pressed to justify providing protection for trademarks which either cover an entire

27. *Id.* at 1047.

28. *Id.*

29. 565 F.2d 679, 683 (C.C.P.A. 1977).

30. 689 F.2d at 1051 n.1.

31. *Id.*

32. 689 F.2d at 1052.

33. *Id.*

34. *Id.* For a discussion of the possible clash of the public policies underlying trademark and copyright law created by *DC Comics* see Anderson, *A Comment on the DC Comics Case*, 73 Trademark Rep. 204 (1983).

35. See *Mister Donut of America, Inc. v. Mr. Donut, Inc.*, 418 F.2d 838 (9th Cir. 1969).

product,³⁶ or comprise a part of a product.³⁷ In *DC Comics* this hesitancy was supported by the further argument that the trademarks were functional and therefore incapable of serving a trademark function.

In re DC Comics however, reaffirms *Penthouses'* expansive view of the protection to be provided marks which completely cover a product and which appear to be embodied into the product. At the same time DC Comics correctly adopts *Penthouse's* restrictive test of functionality for such marks, and in the form of Judge Rich's concurrence highlights the proper standard for analyzing the issue of aesthetic functionality—namely the familiar standard of secondary meaning.³⁸

Joshua Weinberg

2. *MORK & MINDY* Valid Trademark for Decals

Every producer's dream is to create characters that not only catch peoples' attention on the screen but also become household words that can be used to sell a myriad of products. The planet "Ork" gave us "Mork," and together with his earthbound companion "Mindy," "Mork & Mindy" have become just such names.

"Mork & Mindy" is not only the title of a popular television series, but is also a trademark that sells chewing gum, notebooks, dolls and doll accessories.¹ In *In re Paramount Pictures Corp.*,² Paramount sought registration on the Principal Register for the names "Mork & Mindy" as trademarks for decals. The Trademark Trial and Appeal Board ("Board") reversed the Trademark Examiner's refusal to register the mark and rejected the Examiner's argument that the names were aesthetic features of the goods rather than indications of their source or origin.³

Paramount Pictures submitted as specimens of use, decals consist-

36. E.g., *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg. Co.*, 510 F.2d 1004 (5th Cir. 1975), cert. denied, 423 U.S. 868 (1975) (patches); *In re Paramount Pictures Corp.*, 213 U.S.P.Q. (BNA) 1111 (T.T.A.B. 1982) (decals).

37. *In re Morton-Norwich Products, Inc.*, 671 F.2d 1332 (C.C.P.A. 1982) (configuration of spray bottle); *In re Days-Ease Home Products Corp.*, 197 U.S.P.Q. (BNA) 566 (T.T.A.B. 1977) (shape of container for liquid drain opener).

38. 689 F.2d at 1049-50.

1. Reg. No. 1, 135, 853, issued May 20, 1980 (for chewing gum); Reg. No. 1, 135, 855, issued May 20, 1980 (for chewing gum); Reg. No. 1, 137, 385, issued June 24, 1980 (for film series); Reg. No. 1, 137, 395, issued July 1, 1980 (for notebooks); and Reg. No. 1, 139, 689, issued September 16, 1980 (for dolls and doll accessories).

2. 213 U.S.P.Q. (BNA) 1111 (T.T.A.B. 1982).

3. *Id.* at 1112.

ing of a photograph of the actors who portrayed "Mork" and "Mindy" with the names "Mork & Mindy" superimposed over the bottom of the photograph.⁴ The Trademark Examiner refused to register the names "Mork & Mindy" as trademarks for decals on the ground that they were "an integral feature of identified goods and, as such, fail to perform the trademark function of identifying or distinguishing applicant's goods from the goods of others."⁵ The Examiner felt that consumers would regard the words "Mork & Mindy" as aesthetic features of the goods rather than as an indication of their source or origin.⁶

The Board found the case at bar to be analagous to *In re Olin Corp.*,⁷ and relying on that case, found the decals to be registrable. In *Olin* the Board had held that the ornamentation of a T-shirt can be such that it inherently functions as an indication of the secondary source of a T-shirt (rather than the source of manufacture).⁸ As an arbitrary symbol which was already functioning as a trademark for other goods, the Board concluded that a mark comprised of a stylized letter "O" (Olin's corporate logo), served as an identifier of the secondary source for T-shirts, and as such was registrable.⁹ In *Olin*, the test applied was whether the subject matter to be registered was "without any meaning other than as mere ornamentation" and therefore was incapable of functioning as an indication of source.¹⁰

The core of the Examiner's objection in *Paramount* then, was that the subject matter of registration (the names on the decals) were so ornamental that consumers would not see them as an indication of source.¹¹ The Board rejected this argument and instead stated that: "where such a sign *also* serves a source indicating function, it should also be regarded as acceptable subject matter for registration".¹² Applying the *Olin* test, the Board concluded that "the paired names 'Mork & Mindy,' while certainly part of the ornamentation of the decal, also indicate source or origin in the proprietor of the Mark & Mindy television series in the same sense as the stylized "O" in *Olin*."¹³

Additionally, the Board thought it significant that the licensing of

4. *Id.* at 1111.

5. *Id.*

6. *Id.* at 1112.

7. 181 U.S.P.Q. (BNA) 182 (T.T.A.B. 1973).

8. 213 U.S.P.Q. at 1112.

9. *Id.*

10. *Id.* at 1113.

11. *Id.* at 1112.

12. *Id.* at 1113 (emphasis added).

13. *Id.*

character names and images as trademarks for collateral products had become a "common merchandising technique."¹⁴ The Board considered this significant because it showed that consumers are "accustomed to seeing characters' names and images used as trademarks to indicate source of origin."¹⁵ This was further evidence that a mark can be both ornamental and indicate the source of goods.

The Board also rejected the suggestion that *International Order of Job's Daughters v. Lindeburg & Co.*¹⁶ was controlling authority.

In that case, plaintiff had permitted many jewelers, including the defendant, to produce unauthorized "unofficial" jewelry bearing the plaintiff's emblem. It was as a result of this activity rather than the nature of the use that the trademark function of the plaintiff's emblem had been diluted to the point that it no longer indicated a single "official" source of jewelry bearing the emblem.¹⁷

In closing, the Board dealt with the Examining Attorney's implication that registration would have been granted if the mark had been used on a label affixed to the product instead of as a component of the product itself:

In every case, the question is not whether the mark has been associated with the goods by a particular mode or manner, but whether the matter sought to be registered performs the function of a trademark by signifying to purchasers the source of the goods sold or offered for sale. Even if a mark covers the entire surface of a product, that fact does not necessarily mean that the mark does not perform a trademark function.¹⁸

As was seen in the accompanying review of *In re DC Comics, Inc.*, trademark law appears to be coming to uneasy terms with the fact that a mark may cover a significant part of a product and still be protectable as a trademark.

Faced with a claim of "aesthetic functionality," the Board in *Paramount* correctly emphasized, as did Judge Rich in his *DC Comics* concurrence, that the real question in cases of putatively ornamental marks

14. *Id.* at 1114.

15. *Id.*

16. 633 F.2d 912 (9th Cir. 1980).

17. 213 U.S.P.Q. at 1114.

18. *Id.* at 1115 (citations omitted).

is whether the mark also has source-indicating characteristics.¹⁹

Joshua Weinberg

E. Toys and Games

1. *Rubik's Cube Puzzle Protected From Counterfeiters*

The "Rubik's Cube" is notorious for causing frustration in many Americans. Before giving up on the puzzle in despair and blaming the Rubik's Cube for your anxiety, look closely at the label. It may be that, in fact, the cause of your frustration is not the Rubik's Cube but a clever imitation.

In *Ideal Toy Corp. v. Plawner Toy Manufacturing Corp.*,¹ a preliminary injunction was affirmed by the Third Circuit Court of Appeals prohibiting Plawner Toy Manufacturing Corporation from copying and distributing puzzles with trade dress simulating Ideal's unpatented Rubik's Cube puzzle.

Ideal distributed the Rubik's Cube in the U.S. pursuant to an arrangement with the Hungarian inventor of the cube, Erno Rubik. Ideal packages its puzzle in a clear plastic cylinder that is sealed to a black plastic base by a strip of black and gold tape displaying the legend "Rubik's Cube." The cube itself is composed of 26 smaller cubes presenting a total of 54 faces colored with six primary colors—red, blue, green, yellow, orange, and white—on a black gridwork. When sold, the cube is aligned to present six monochromatic faces—the "start position." Plawner imports and distributes an identical cube which it sells in packaging identical to Ideal's, except for lettering on the tape strip which reads "Wonderful Puzzler" instead of "Rubik's Cube." Unlike Ideal, Plawner sells its cube puzzle in a variety of sizes and configurations.²

Ideal sought to enjoin the distribution of the "Wonderful Puzzler" alleging that Plawner had, without consent, imitated the packaging and trade dress of the Rubik's Cube so as to confuse the public and palm off Plawner's product as Ideal's. Ideal claimed unfair competition and common law trademark infringement under New Jersey law in addition to a violation of Section 43(a) of the Lanham Act, 15 U.S.C.

19. *In re DC Comics, Inc.*, 689 F.2d 1042, 1049-50 (C.C.P.A. 1982) (Rich, J, concurring). See accompanying survey article at 273.

1. 685 F.2d 78 (3d Cir. 1982). See *Ideal Corporation v. Chinese Arts & Crafts, Inc.*, 530 F. Supp. 375 (S.D.N.Y. 1981) (Rubik's Cube imitator enjoined from copying and distributing its identical puzzle on basically the same grounds as in the *Plawner* case).

2. *Id.* at 79.

§ 1125(a).³

The district court found that Ideal was likely to prevail on the merits of its claims and granted the preliminary injunction against Plawner. The appellate court, after reviewing the district court's ruling to determine if there was any abuse of discretion, obvious error in applying the law, or a serious mistake concerning the proof, affirmed the district court's ruling.⁴ In response to appellee's contention that the order of preliminary injunction entered by the district court failed to provide it fair notice of the conduct that the court intended to prohibit, the court modified the wording of the injunction itself.⁵

Plawner's primary defense was based on the twin cases, *Sears, Roebuck & Company v. Stiffel Co.*⁶ and *Compco Corp. v. Day-Brite Lighting, Inc.*⁷ in which the Supreme Court held that state laws of unfair competition may not be used to impose liability for copying an unpatented product and thereby effectively produce a perpetual patent. In dismissing Plawner's *Sears-Compco* argument, the court relied on *SK&F, Co. v. Premo Pharmaceutical Laboratories, Inc.*⁸ which concluded that the Supreme Court in *Sears-Compco* did not disturb the states' power to prevent the consumer from being misled as to the source of the product.⁹ Therefore, the court concluded that *Sears-Compco* does not preclude a court from affording protection from infringement of a design element that has achieved secondary meaning and is non-functional, notwithstanding the absence of a patent."¹⁰

The question that remained was whether the Rubik's Cube's appearance and packaging was non-functional and had acquired secondary meaning.

3. Section 43(a) of the Lanham Act provides:

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

4. 685 F.2d at 85.

5. *Id.* at 83-85.

6. 376 U.S. 225 (1964) (cited in 685 F.2d at 81).

7. 376 U.S. 234 (1964) (cited in 685 F.2d at 81).

8. 625 F.2d 1055 (3d Cir. 1980) (cited in 685 F.2d at 80).

9. *Ideal*, 685 F.2d at 81.

10. *Id.*

"A feature of goods is considered non-functional if 'the element of the product serves no purpose other than identification.'"¹¹ On the other hand, a feature is "functional" if it is "essential to the use or purpose of the article or if it affects the cost or quality of the article."¹² The court found that "given the wide variety of possible marks, the actual colors and patches on the face of the cube served no purpose other than identification and were therefore, non-functional."¹³ Furthermore, the clear cylindric package with a black base was described as "almost incidental" and therefore, also non-functional.¹⁴

The court then turned to the issue of secondary meaning. "When the primary significance of the trade dress to a consumer is in designating not the product but its producer, the trade dress has acquired secondary meaning."¹⁵ When a product's trade dress has acquired secondary meaning, any copying will cause confusion in the minds of the consumers as to the copy's source.

In considering whether the trade dress of the Rubik's Cube had acquired secondary meaning, the court looked to the length of use, buyer association, extent of sales and advertising, and the fact of copying.¹⁶ In fact, counsel for Plawner had admitted its puzzle was an imitation of the Rubik's Cube. In response, the court commented that, "this admission of copying is itself persuasive evidence of secondary meaning."¹⁷ In addition, the court considered that Ideal had expended almost two million dollars in advertising and had used the trade dress and package design for approximately one year. Further evidence of secondary meaning was supplied by the fact that the Rubik's Cube had been highly successful, selling over five million units in the previous year. Also, Ideal introduced a survey in which 40 per cent of the respondents identified a Rubik's Cube imitation identical to Plawner's as a Rubik's Cube. Moreover, there was some evidence that Plawner's cube had been mistakenly returned to Ideal for repair.

Given this evidence, the court determined that the trial court had not erred in finding that the trade dress of Rubik's Cube had acquired secondary meaning. Therefore, the court held that the district court had not erred or abused its discretion when it found that Ideal was likely to succeed on the merits and had granted the preliminary injunc-

11. *Id.*

12. *Id.*

13. *Id.*

14. *Id.*

15. *Id.* at 82.

16. *Id.*

17. *Id.*

tion. The court found however that the district court's preliminary injunction failed to provide Plawner with fair notice of the conduct that the court intended to prohibit. Specifically, the district court failed to describe the Rubik's Cube in detail so as to identify the product's trade dress, the copying of which was to be enjoined.¹⁸

The *Plawner* case: reminds us that state unfair competition law protection for trade dress survives *Sears-Compco*;¹⁹ expands the coverage of the term "trade dress" to include a product feature which has not traditionally been associated with that term;²⁰ and reflects the increased application of section 43(a) to trade dress cases.²¹

When the *Sears* and *Compco* decisions were handed down in 1964, it had been thought that these decisions signaled the end of state unfair competition protection against the copying of unpatented products.²² Despite these early fears, courts have steadily distinguished *Sears-Compco* in order to provide unfair competition protection for unpatented product and packaging features.²³

The Supreme Court in *Sears* had held that selling a lamp identical to that sold by the appellant was permissible because an unpatented article is "in the public domain and may be made and sold by whoever chooses to do so."²⁴ The court summed up its position by stating that "[b]ecause of federal patent laws, a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying."²⁵ The *Compco* decision reiterated the *Sears* position that to "forbid copying would interfere with the federal policy . . . of allowing free access to copy whatever federal patent and copyright laws leave in the public domain."²⁶

One way courts have been able to avoid a head-on collision with *Sears-Compco* in the trade-dress area is to point to language in *Sears* which distinguishes product configurations on one hand, from marks, labels, dress and packaging on the other:²⁷

18. *Id.* at 83.

19. See *infra* notes 20-26 and accompanying text.

20. See *supra* note 13 and accompanying text.

21. See generally Note, *The Problem of Functional Features: Trade Dress Infringement Under Section 43(a) of the Lanham Act*, 82 Colum. L. Rev. 77 (1982).

22. See Dannay, *The Sears-Compco Doctrine Today: Trademarks and Unfair Competition*, 67 Trademark Rep. 132 (1977).

23. 1 J. McCarthy, *Trademarks and Unfair Competition*, § 7.25 (1973 & Supp. 1982).

24. *Sears*, 376 U.S. at 231.

25. *Id.* at 232-33.

26. *Compco*, 376 U.S. at 237.

27. Dannay, *supra* note 20.

Doubtless a State may in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.²⁸

By characterizing the cube face patches as trade dress, *Plawner* avails itself of this distinction between product configuration and package or trade dress configuration. At the same time, *Plawner* departs from the traditional notion of trade dress as "packaging."²⁹ *Plawner* recognizes that frequently a product's appearance, created by what seems more like a product feature than a packaging feature, may still "function as its packaging, incorporating elements intended to distinguish it from competing products."³⁰ This characterization is another example of the increasing tendency of courts to regard the distinction between product and trade dress imitation as a distinction without a difference.³¹

Finally, regardless of whether product or package appearance imitation is in question, *Plawner* demonstrates section 43(a)'s continuing utility as a basis for protecting unpatented, nonfunctional design elements.³²

Elise Rickenbach

2. *SIMON* Trademark Found Valid

What do the children's game "Simon Says" and the electronic game SIMON have in common? Not enough to preclude the Milton Bradley Company from registering the mark SIMON for its electronic command-response parlor game according to the Patent and Trademark Office's Trademark Trial and Appeal Board (the Board).

In *Entex Industries, Inc. v. Milton Bradley Co.*,¹ Entex Industries, Inc. opposed Milton Bradley's registration of the mark SIMON on the grounds that the applicant's game SIMON is an electronic simulation

28. *Sears*, 376 U.S. at 232.

29. *Ideal*, 685 F.2d 78, 80 n.2. See Note, *supra* note 19, at 79.

30. Note, *supra* note 19 at 79.

31. *Id.*

32. See generally, Note, *supra* note 19.

1. 213 U.S.P.Q. (BNA) 1116 (TTAB 1982).

of the children's game "Simon Says" and that the registration would interfere with Entex's right to use the common, descriptive and generic term "Simon Says" in connection with their electronic command-response games.² Entex Industries took the position that: SIMON is a shorthand reference for "Simon Says" because "Simon" is the name of the leader in the game "Simon Says"; that Milton Bradley's game is an electronic simulation of the game "Simon Says"; that the term "SIMON" is therefore generic as applied to the game; and that "SIMON" is generic because it is the "genus" for the game.³

Milton Bradley's SIMON is an electronic command-response game which uses computer chips to control sequences of flashing lights and sounds. The base unit bears on its face four lenses, each of which is a different color. The object of the game is to repeat the random signals the machine gives to the players. The game can be played by one or more players.

When the start button is pressed, one of the colored lenses lights up accompanied by a sound associated with that lens. The player duplicates that signal by pressing that lens. The base unit duplicates that signal and adds one more. The player in turn repeats the signals by pressing the same color lenses. The base unit duplicates the first two signals and adds another one. The process continues until the player 'wins' by completing a certain number of sequences correctly or 'loses' either by failing to repeat a sequence exactly or by taking more than five seconds to repeat a signal . . . There are four skill levels involving increasingly longer and faster sequences of signals.⁴

The box in which the game is sold, in addition to the mark SIMON, says "THINK FAST! Simon says repeat my flashing LIGHTS and SOUNDS."⁵ The instruction booklet contains the statement "SIMON says, chase my flashing lights and sounds!"⁶

In considering Milton Bradley's trademark application, the board also noted that the SIMON game had been very successful on the market.⁷ In fact, a number of imitations had appeared on the market with names such as "Sharpen Your Memory," "Monkey See Monkey Do,"

2. *Id.*

3. *Id.* at 1119.

4. *Id.* at 1118.

5. *Id.*

6. *Id.* at 1119.

7. *Id.* at 1118.

"Copy Cat," "Mimic," "Match Me," "Follow Me," and "Fabulous Fred."⁸

The Board also heard testimony by Milton Bradley executives stating that the reason the game was named SIMON was to "add warmth" to the product and give it "personality."⁹

The children's game "Simon Says" was found to have many versions.¹⁰ The most common version was described as follows:

One player, the leader is Simon. He faces the other players, and commands them to do certain actions, such as: "Clap hands!" "Turn around!" "Touch your toes!" As Simon gives each command, he does each action himself, and the other players must immediately imitate the action—but only if the command was preceded by the words, "Simon Says!" If Simon does not say "Simon Says," the players should ignore the command and do nothing. Any player who makes a mistake, by not moving when he should or vice versa, is eliminated. . . . The last player to survive is the winner.¹¹

The board considered all of this evidence to decide whether the name SIMON as applied to Milton Bradley's game was "generic" or "merely descriptive" of the game "Simon Says."¹²

The board stated that:

A mark is merely descriptive if, as applied to an applicant's goods, it describes a feature or the ingredients, qualities, or characteristics of the goods, or if it directly conveys information regarding a property, function, purpose, or use of the goods. Further, if a mark functions as an indication of origin, it is not merely descriptive.¹³

In considering the words "Simon Says" on the game's box and in its instruction booklet, the Board noted that the product is "likely to call to mind the children's game "Simon Says."¹⁴ Nevertheless, the board found that the term SIMON is not the same as the term "Simon Says" and purchasers were not likely to identify the term SIMON as a shorthand reference to the game "Simon Says."¹⁵

8. *Id.* at 1119.

9. *Id.*

10. *Id.* at 1118.

11. *Id.* at 1117-18 (quoting Kraus, *Recreation Today* 340-41 (2d ed. 1977)).

12. 213 U.S.P.Q. (BNA) at 1120.

13. *Id.*

14. *Id.*

15. *Id.*

At the same time, the term "SIMON" is not the same as the term "Simon Says," and opposer has not persuaded us that purchasers would be likely to perceive the term "SIMON," as used on applicant's game, as a shorthand reference to "Simon Says" and hence as a generic name for the game.¹⁶

Instead of being a shorthand reference to "Simon Says," the board found the name to have a strong connotation as a name of a "humanized or personalized computer."¹⁷

Further evidence that SIMON is not the same as "Simon Says" is demonstrated by the fact that "Simon Says" requires many participants while SIMON can be played by one to four players. Further, in "Simon Says," players only respond to commands prefaced by the words "Simon Says" while in SIMON, every command requires a response. Finally, "Simon Says" often involves some kind of trickery on the part of Simon while SIMON relies only on the player's memory to win.¹⁸

After considering this evidence, the board concluded that "the term 'SIMON' is no more than suggestive as applied to applicant's electronic game. The Board granted Milton Bradley's application finding no reason to believe that Entex or other competitors would be inhibited from the non-trademark use of the words "Simon Says" in connection with any of their electronic simulations of the game "Simon Says."¹⁹

As *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*²⁰ has made disturbingly clear, the price for creating and marketing a successful game idea is frequently a loss of trademark rights through a finding that the game name has become generic for the game.²¹ In Entex Industries the opposer attempted to demonstrate that if the name of the children's game "Simon Says" is generic, then certainly an electronic analogue of the game, using an abbreviated version of the name "Simon Says," namely SIMON should also be deemed generic.

But as the Board correctly held, the electronic game SIMON is not the same as the game "Simon Says," and the name SIMON is no less than suggestive as applied to Milton Bradley's electronic game. Nor is SIMON simply an abbreviation for "Simon Says"; especially since the

16. *Id.*

17. *Id.*

18. *Id.*

19. *Id.*

20. 611 F.2d 296 (9th Cir. 1979). See Greenbaum, Ginsburg & Weinberg, *A Proposal For Evaluating Genericism After "Anti-Monopoly,"* 73 Trademark Rep. 101 (1983).

21. See 1 J. McCarthy, *Trademarks and Unfair Competition*, § 12.11 (C) (1973 & Supp. 1982).

overall impression created by the mark is a personalized name for the game.

By selecting a name that personalized an electronic game, and at the same time conjured up associations with a generic children's game, Milton Bradley Co. did what is permissible in trademark law. At the same time it created one of the most successful marks of the late '70s.

Elise Rickenbach

F. Sports Merchandise

1. *Showing of Consumer Association Between a Mark and its Source Sufficient to Establish Secondary Meaning and Likelihood of Confusion*

Federal trademark protection has historically been granted to the producers of goods and services as a means of protecting the public so that it can be confident that, in purchasing a product, it will get the product it wants to buy.¹ A second purpose is to protect the goodwill and recognition built up in products by trademark owners.² These principles were recently applied in the context of the sponsorship and licensing of sports merchandise, where the producer of goods was separate from the trademark owner.

National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.,³ applied traditional tests of secondary meaning and likelihood of confusion to an infringement action brought by an exclusive licensing representative of the trademark owners under section 43(a) of the Lanham Act.⁴ The court held that, in the sponsorship context, a showing of consumer association between a mark and its source was sufficient to establish secondary meaning and likelihood of confusion, even though the source was not the producer of the goods.

National Football League Properties, Inc. ("NFLP") was created in 1963 as the exclusive licensing representative of the National Football League member teams. NFLP licenses manufacturers to produce

1. 1 J. McCarthy, *Trademarks and Unfair Competition*, §§ 2:1-2:14 (1973).

2. S. Rep. No. 1333, 79th Cong., 2d Sess. 1 (1946), reprinted in 1946 U.S. Code Congressional Service 1274.

3. 532 F. Supp. 651 (W.D. Wash. 1982).

4. Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1976). Section 43(a) provides, in relevant part:

Any person who shall affix, apply, or annex, or use in connection with any goods or services, . . . a false designation of origin, or any false description or representation . . . shall be liable to a civil action . . . by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

merchandise bearing the marks of NFL teams, collecting a 6.5% royalty on all sales of licensed goods. These royalties are the sole source of funds for the NFL Charities foundation, which in turn supports other charitable organizations such as United Way and the National Negro College Fund. NFLP also employs investigators nationwide to protect team trademarks and authorized licensees from infringement.

Wichita Falls Sportswear, Inc. ("Wichita") began operations in 1976 as a manufacturer of softball uniforms for local teams. In 1977, Wichita began producing NFL team jersey replicas.

In 1978, NFLP discovered Wichita's activities and sent a "cease and desist" letter, claiming trademark ownership and informing Wichita of the infringing nature of its activities. Following some discussions, Wichita apparently promised to cease production of jersey replicas. However, in the spring of 1980, NFLP again received evidence of infringing activities. It instituted suit and obtained a preliminary injunction in October, 1980, enjoining production of jerseys bearing team, city/regional, or player names. The injunction was later modified to allow production on the condition that a disclaimer label be included on each jersey replica. At a subsequent contempt hearing, Wichita was found in contempt of the initial injunction for continuing production. Evidence was offered that the modification was not properly followed either, but no further contempt was found.

The court listed four elements of a jersey replica: (1) team colors, (2) large contrasting numerals, (3) sleeve stripes or designs,⁵ and (4) a descriptive term⁶ which relates the jersey to an NFL team. NFLP disclaimed any interest in jerseys not containing the descriptive fourth element, narrowing the issue to the protectability of the team, city/regional, or player name.

District Judge Coughenour limited his decision to the federal statutory infringement ground,⁷ without reaching NFLP's other allegations.⁸ He stated NFLP's burden as twofold, requiring that NFLP

5. Of the twenty-eight NFL teams, seven have plain sleeves, seventeen have striped sleeves, and four have a team emblem on the sleeves.

6. Descriptive terms include the city name, regional name, team nickname, and player name.

7. Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1976).

8. NFLP also asserted that Wichita's activities: (1) infringed federally registered service marks, (2) infringed common law trademarks, (3) unfairly competed and misappropriated commercial properties, (4) infringed Washington state registered trademarks, (5) constituted deceptive business practices, (6) misappropriated common law rights of publicity, and (7) tortiously interfered with the common law business relationships of NFLP. 532 F. Supp. at 654.

establish both secondary meaning in the descriptive terms used by the individual NFL teams, and likelihood of confusion among consumers caused by Wichita's activities.

Secondary Meaning. The court first stated that the standard for finding secondary meaning in sponsorship cases was not previously well defined, citing *HMH Publishing Co., Inc. v. Brincat*.⁹ The court then stated that, generally, secondary meaning is shown by a connection in the buyer's mind between the product bearing the mark and its source.¹⁰ Since likelihood of confusion in the sponsorship context is shown by the consumer's belief that the product bearing the mark is endorsed, produced, or authorized by the plaintiff, the court deduced that secondary meaning could also be established by a showing of belief that sponsorship or authorization was granted. The basis for such a deduction was what the court termed "symmetry between the concepts of secondary meaning and likelihood of confusion."¹¹

The court cites *Ideal Toy Corp. v. Kenner Products Division of General Mills Fun Group, Inc.*,¹² for the conclusion that secondary meaning in the sponsorship context requires a showing of public belief in sponsorship or endorsement. In that case, Ideal sought a declaration that its production of certain toys, which resembled characters from the movie Star Wars, did not infringe copyrights or trademarks held by Kenner and the producers of Star Wars. Throughout its opinion, the *Ideal Toy* court referred to public identification or association of plaintiff's toys with the alleged sponsor, requiring but not finding such a showing for the establishment of secondary meaning.¹³

Likelihood of Confusion. Relying on the standards set in *J.B. Wil-*

9. 504 F.2d 713 (9th Cir. 1974). In *Brincat*, HMH alleged trademark infringement of certain terms associated with Playboy magazine by Brincat, who used them in connection with his automotive products business. Upholding the lower court finding of infringement, the court stated that "the originally weak mark may come to be associated with registrant's products to such an extent that the purchasing public generally believes that a product which bears that mark is *in some fashion connected* with the products of the registrant." (emphasis added). *Id.* at 718.

10. See *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 820 (9th Cir. 1980).

11. 532 F. Supp. at 659. The apparent symmetry is concerned with a connection in the consumer's mind between a mark and the plaintiff/source. In the secondary meaning context, the mark of the non-infringing party issues, while in the likelihood context, that of the infringing party is used. In both cases, the source of the non-infringing mark is the object of the mental connection.

12. 443 F. Supp. 291 (S.D.N.Y. 1977).

13. The survey results showed that from 55% to 80% of those tested associated a particular jersey with a particular NFL team, depending on the type of descriptive term employed and the degree of fan sophistication.

liams Co. v. LeConte Cosmetics, Inc.,¹⁴ the court stated that the likelihood of confusion is a conclusion reached after applying a multi-factor analysis to the facts of each case. Of the factors outlined by the court in *Williams*, those found most compelling by the *NFLP* court were the strength of the marks, evidence of actual confusion, and the intent of Wichita.¹⁵

Discussing the strength of the marks, the court stated that a strong mark is inherently distinctive and is afforded the widest protection from infringement,¹⁶ while even a weak mark may be entitled to some limited protection. Team nicknames were found to be extremely arbitrary and fanciful—thus more distinctive—and entitled to broad protection. City/regional and player names were found to be inherently non-distinctive, requiring a showing of secondary meaning for protection. Concluding that the necessary showing of secondary meaning had been made, the court decided that city/regional and player names were entitled to at least limited protection in the football jersey replica market.

Although not requiring actual confusion to establish a likelihood of confusion,¹⁷ the court found that actual confusion had been demonstrated by the survey evidence¹⁸ and that this was a persuasive factor in finding a likelihood of future confusion.¹⁹

Similarly, the court also found that, while not necessary to the establishment of likelihood of confusion, such likelihood is readily inferred when the intent to exploit the goodwill and reputation associated with a mark is demonstrated.²⁰ Examining the record, the court pointed to Wichita's "questionable conduct" as part of its determination that the intent to create confusion existed. Specifically, the contempt proceedings, evidence of improper placement and wording of the disclaimer labels, inconsistencies in the testimony of Wichita's president, and Wichita's continuing production after *NFLP*'s "cease and desist" letter were cited by the court as tending to show an overall intent by Wichita to infringe the plaintiff's trademark goodwill.

14. 523 F.2d 187 (9th Cir. 1975), *cert. denied*, 424 U.S. 913 (1975).

15. Other factors listed by the court were similarity in appearance, sound, and meaning; the class of goods; and the marketing channels utilized.

16. *See* *AMF v. Sleekcraft Boats*, 599 F.2d 341, 349 (9th Cir. 1979).

17. *See* *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 159 (9th Cir. 1963).

18. Actual confusion, as shown by the percentage of those believing that authorization was required in order to produce the jerseys, ranged from 41.8% for city/regional names to 53.6% for player names.

19. *See* *AMF*, 599 F.2d at 352.

20. *See* *HMH Publishing*, 504 F.2d at 720.

Based on its conclusions regarding this evidence of likelihood of confusion, as well as its determination of the similarity of the type of goods, the overlap in marketing channels, and the similarity in appearance of the goods, the court concluded that Wichita's activities infringed the right to prevent consumer confusion as to the source or sponsorship of jersey replicas.

In reaching this result, the court denied three defenses asserted by Wichita. First, Wichita claimed that the marks are functional²¹ and thus not protectable. Without answering this question of functionality, the court decided that functional features can sometimes be protected, concluding that the showing of secondary meaning and likelihood of confusion made by NFLP demonstrated a secondary purpose of identification of source, in addition to any functional value the trademarks might have.

Second, Wichita argued that under the doctrine of *Sears, Roebuck & Co. v. Stiffel Co.*,²² and *Compco Corp. v. Day-Brite Lighting, Inc.*,²³ the trademark protection afforded here would constitute an improper monopoly.²⁴ The court also cited *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*,²⁵ for the position that the *Sears-Compco* decisions did not affect trademark law concerning origin and sponsorship.²⁶ The court stated its view that *Sears-Compco* is limited in its application, dealing only with entire products not protectable under federal patent or copyright law rather than simply the use of a protectable mark on a product.

Finally, Wichita claimed that the marks were not protectable, being generic for NFL football jerseys. The court defined a generic mark as one which denotes a product itself, not its producer.²⁷ Relying on NFLP's showing of secondary meaning and likelihood of confusion, the court concluded that the primary significance of the marks was source identification, not product denotation.²⁸

21. Functional features are those which constitute the actual benefit that the consumer wishes to purchase or an important ingredient in the commercial success of the product. Functional marks are historically not protectable.

22. 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964).

23. 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964).

24. The *Sears-Compco* decisions held that states may not protect what is unprotectable under federal law. Thus, designs "not entitled to a design patent or other federal statutory protection . . . can be copied at will." (emphasis added). 376 U.S. at 238.

25. 604 F.2d 200 (2d Cir. 1979).

26. *Id.* at 204.

27. See *Anti-Monopoly, Inc. v. General Mills Fun Group*, 611 F.2d 296, 301 (9th Cir. 1979).

28. 532 F.Supp. at 663.

Conceptually, *NFLP v. Wichita* presents a number of difficult and unique features which may result in unexpected problems of application. For example, Judge Coughenour's emphasis on the charitable nature of NFLP's activities and his extensive discussion of Wichita's "questionable" conduct draws an emotional "good and evil" dichotomy into the court's decision. Others may properly question whether, given this emphasis, such emotional factors may have played too great a role in the court's reasoning.

The court's analysis of the protectability of city/regional names also presents analytical problems. Although the court cites *Norm Thompson Outfitters, Inc. v. General Motors, Inc.*,²⁹ for the position that regional names may be protectable, that interpretation is misleading. *Thompson* involved the use of the same slogan by the parties, in clothing and automobile sales respectively. The issue in *Thompson* was whether there was a likelihood of confusion, given the difference in products. The only reference to geographically descriptive terms states that such terms are protectable only on a showing of *long and exclusive use* which has resulted in the term coming to mean that the article bearing the descriptive term is a particular producers' product.³⁰

The problem in protecting city/regional names is emphasized in the football context by an example. There are now at least four professional football franchises using the city name "Los Angeles."³¹ By a unique set of circumstances,³² none can easily claim long or exclusive use of the descriptive term "Los Angeles" in this context. Such city names can realistically be protected only in combination with the visual elements of the appropriate team jersey or a colorable imitation. To hold otherwise would restrict the use of such terms to the first user with some degree of popularity or a large advertising budget, and could eventually product a broad monopoly on a name, given a sufficiently long use to establish strong secondary meaning. Although explicitly considering the descriptive terms independently, the court seemingly recognized this problem and analyzed the city/regional term in connection with the remaining elements of a jersey replica.

Also misleading is the court's reliance, in finding intent to create confusion, on Wichita's continued production of replicas following

29. 448 F.2d 1293 (9th Cir. 1971).

30. *Id.* at 1296.

31. Los Angeles Raiders (NFL), Los Angeles Rams (NFL), Los Angeles Express (USFL), and the unnamed IFL team.

32. The Raiders are completing their second season in Los Angeles, the Express is preparing for its second season, the Rams have actually moved to Anaheim, and the IFL team exists only on paper at this time.

NFLP's "cease and desist" letter. Interpretation of such an act is subject to manipulation, depending on the desired result. It may show intent when a finding of infringement is made or desired, but may only show sound business judgment if no infringement is found.

In general, the court seems to emphasize more heavily the factors of actual confusion and intent of the alleged infringer, glossing over other elements, such as similarities in the products and markets, in its finding of likelihood of confusion. Having already postulated the close relationship between secondary meaning and likelihood of confusion in terms of the type of proof required, this emphasis can be seen as a first step toward adopting actual deception as a substitute for secondary meaning.³³ This interpretation seems even more likely, given the court's recognition of the general rule that neither is otherwise necessary to proof of infringement.

In spite of these criticisms of the court's reasoning, the real key to resolving problems in the sponsorship context lies in an interpretation of the Lanham Act. If the purpose of trademark protection is only to protect the consumer from confusion, then it is very difficult to justify protecting a trademark which is not utilized in a particular context (here jersey replicas) by the trademark owner. It is difficult to argue that consumers will be deceived as to the origin of jersey replicas. Most consumers buy such items with no thought whatsoever about sponsorship, instead concerning themselves with finding the jersey which will associate them with the desired NFL team, no matter who the producer or sponsor is. The survey data presented by NFLP does not affect this theory: consumers are more likely to consider a question as to sponsorship when asked on a survey than when they are considering a purchase. Unlike other cases in which the packaging dress or the name placed on goods may mislead consumers as to what they are actually purchasing, here the mark itself satisfies the degree of certainty the consumer desires in making his purchase. The four elements making up a jersey replica are what the consumer seeks,³⁴ not sponsorship.

Conversely, if the purpose of trademark protection is also to protect the goodwill of the trademark owner, it is very difficult to justify allowing appropriation of that goodwill, lacking some public policy to the contrary. As Wichita contended, improper monopoly would be one such overriding policy. However, as the court observed, "Plaintiffs do

33. The "New York Rule." See *Santa's Workshop, Inc. v. Sterling*, 282 App.Div. 328, 122 N.Y.S.2d 488 (1953). See also *J. McCarthy, Trademarks and Unfair Competition*, § 15:4 (1973).

34. Color, large numerals, sleeve designs, and descriptive term.

not seek to prohibit the manufacture of jerseys, only jerseys which bear their marks.”³⁵ The question as to how to resolve this tension between the trademark protection and the restrictions on monopoly are beyond the scope of this article. However, as a general comment, if a protectable interest exists, then this basic purpose of trademark law is arguably triggered, no matter what other characteristics the mark may possess.³⁶

Another court has recently considered the problems in the sponsorship context, although refusing to decide the issue. *University of Pittsburgh v. Champion Products, Inc.*,³⁷ provided a brief survey of the leading cases on the sponsorship question, decided the case on another basis, and remanded to the District Court for resolution of the issue.

In its earlier decision,³⁸ the district court had found that the University of Pittsburgh (“Pitt”) had delayed, at least from 1960 to 1980,³⁹ in bringing suit to enforce its trademark rights. The court also found that Champion Products, Inc. (“Champion”) had relied to its detriment on Pitt’s inaction, building up substantial business goodwill through its own efforts. The court then held that the doctrine of laches⁴⁰ prevented Pitt from recovering damages for past infringement and from obtaining an injunction against Champion for future activities.

The circuit court affirmed the holding as to damages for past infringement, but reversed and remanded for reconsideration of prospective relief.

The district court’s findings of fact indicate that Pitt began using its present name, emblem, and Panther mascot shortly after 1908. In 1933 or 1934, Champion developed and patented the silk-screen method of producing soft goods imprinted with the symbols and emblems of colleges and sports teams. In approximately 1936, Champion began supplying imprinted athletic uniforms and other soft goods to Pitt, for use by its teams or sale in its bookstore.⁴¹

Since 1946, Champion had also sold Pitt-imprinted soft goods to

35. 532 F. Supp. at 663.

36. Other characteristics include functionality, genericness, descriptiveness, and geographic naming.

37. 686 F.2d 1040 (3d Cir. 1982), cert. denied, 103 S. Ct. 571 (1982).

38. 529 F.Supp. 464 (W.D. Pa. 1982).

39. There is some evidence in the record, though not as strong, that the delay began in 1946, when Champion began selling Pitt-imprinted soft goods to retail stores not affiliated with the University.

40. The court defined the defense of laches as composed of the following elements: (1) a long period of unexcused inaction, (2) open and notorious infringement, (3) detrimental reliance, and (4) lack of fraud in the initial infringing use.

41. 529 F.Supp. at 466.

businesses near, but not affiliated with, the University campus. In 1960, Pitt discontinued sales through its bookstore, but other merchants continued supplying students, faculty, and others with Pitt-imprinted soft goods.⁴²

The district court specifically found constructive, if not actual, knowledge of Champion's activities by Pitt, at least for the period 1960 to 1980, when no on-campus sales were authorized.⁴³ In addition, Champion was found to have relied on Pitt's decision not to enforce its rights and to have built up a substantial part of its business based on the continued use of Pitt's marks.⁴⁴

The court of appeals agreed that inactivity over such a long period would, without more, operate to foreclose an award of damages for past infringement. Based on a series of cases defining and employing the doctrine of laches,⁴⁵ the court also found that Champion's continued operations did not depend solely or significantly on the use of Pitt's marks, eliminating the element of detrimental reliance from Champion's laches defense.

The court of appeals also specifically instructed the district court to consider existing precedent in other circuits on the question of standards of secondary meaning and likelihood of confusion in sponsorship cases. The court listed five cases⁴⁶ for particular consideration by the district court, although it expressed no opinion on their relative merits, stating only that they ". . . [reflect] a growing and unsettled aspect of the law of unfair competition both at common law and under the Lanham Act."⁴⁷

The court of appeals first discussed what it called the "landmark case in this area,"⁴⁸ *Boston Pro. Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*⁴⁹ *Boston Hockey* concerned the production and sale of embroidered cloth emblems bearing the marks of National Hockey League teams by an unauthorized manufacturer. The Fifth Circuit had

42. 529 F.Supp. at 467.

43. 529 F.Supp. at 468, district court findings 21, 22, 23.

44. 529 F.Supp. at 468, district court findings 25 and 30.

45. 686 F.2d at 1044-1046. See *Gruca v. United States Steel Corp.*, 495 F.2d 1252 (3d Cir. 1974); *Alfred Dunhill of London v. Kasser Dist. Prod. Corp.*, 350 F.Supp. 1341 (E.D. Pa. 1972), *aff'd mem.*, 480 F.2d 917 (3d Cir. 1973); *Menendez v. Holt*, 128 U.S. 514, 9 S.Ct. 143, 32 L.Ed. 526 (1888); and *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225 (3d Cir. 1978).

46. Of the five, two are in the Fifth Circuit, one in the Seventh Circuit, and two in the Ninth Circuit.

47. 686 F.2d at 1047.

48. *Id.*

49. 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975).

held that consumers were not confused as to the source of manufacture of the emblems, but nevertheless were confused because of "[t]he certain knowledge of the buyer that the source and origin of the trademark symbols were in the plaintiff."⁵⁰

The court then described *NFLP v. Wichita* as elaborating on the same theory as *Boston Hockey*, describing the problem as "confusion of sponsorship."⁵¹

The court also cited *Processed Plastic Co. v. Warner Communications*,⁵² as taking a similar position. *Processed Plastic* concerned the production of plastic model cars in the form of the "General Lee" from the television show "The Dukes of Hazzard." The Seventh Circuit referred to the establishment of ". . . the existence of secondary meaning in this case inasmuch as the toy cars are associated with a single source . . . even though Warner Bros., Inc. is not a manufacturer of toy cars."⁵³

Next, the court discussed *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*,⁵⁴ finding that the Fifth Circuit had apparently retreated from some of the broader language in *Boston Hockey*. The issue in *Order of Rainbow* was whether an unauthorized jeweler infringed the plaintiff's trademark and the license of the "official jeweler" by manufacturing Rainbow Jewelry using the Order's marks, but not those of the "official jeweler." Although the lower court found that the Rainbow emblem was functional and not protectable, the court of appeals only upheld the lower court's finding that likelihood of confusion had not been demonstrated. Two facts were found to distinguish the case from *Boston Hockey*. First, the lower court found that there was no support for the assumption that buyers of Rainbow Jewelry believed that sponsorship or approval was required to make or sell jewelry bearing the Rainbow mark. Second, the court also found that the only "official jeweler" of the Order added his own mark to his products, creating the inference that no other jewelry was endorsed or sponsored by the Order.

Finally, the court mentioned *International Order of Job's Daughters v. Lindeburg & Co.*,⁵⁵ as almost entirely rejecting the theory of *Boston Hockey*. Like *Order of Rainbow*, *Job's Daughters* involved a young

50. 510 F.2d at 1012.

51. *NFLP*, 532 F.Supp. at 659.

52. 675 F.2d 852 (7th Cir. 1982).

53. *Id.* at 856.

54. 676 F.2d 1079 (5th Cir. 1982).

55. 633 F.2d 912 (9th Cir. 1981).

women's fraternal organization and its efforts to prevent a jeweler from using its emblem on unauthorized jewelry. In expressly rejecting *Boston Hockey*, the Ninth Circuit held that Job's Daughter's mark was functional, being included on the jewelry not to identify its origin or sponsorship, but for its intrinsic value as a component of the jewelry. The court also stated its opinion that the Lanham Act granted rights to the trademark owner only to the extent necessary to protect consumers.

Although the Third Circuit in *Pitt v. Champion* found a serious disagreement among the circuits, the cases are not irreconcilable. First, if one accepts the Senate Report on the Lanham Act⁵⁶ and agrees that one of the purposes of trademark protection is to protect the trademark owner, then theory would indicate that even "aesthetically functional" marks are protectable after a showing of secondary meaning and likelihood of confusion, i.e. when they have been the subject of long and exclusive use or extensive publicity and the trademark owner can demonstrate a misapprehension among buyers as to the source or sponsor of the product.⁵⁷

Second, even if there is no agreement as to the extent or existence of protection of trademark owners under the Lanham Act, these cases may still be distinguished and reconciled on their facts. All three of the cases finding a protectable interest in the trademark owner found secondary meaning in the marks in question, concentrating on the likelihood of confusion as to source or sponsorship. Both of the cases finding no protectable interest concentrated on the issue of secondary meaning, finding that, in the narrow context of jewelry for young women's organizations, there was no basis for a showing of secondary meaning because of a non-exclusive use of the marks. Even by the standards set out in *Boston Hockey*, the marks were not protectable.

Although Supreme Court consideration of the sponsorship problem seems unlikely in the near future, certiorari having been refused on both *Boston Hockey*⁵⁸ and *Pitt v. Champion*,⁵⁹ the decision on remand

56. See *supra* note 1 and accompanying text.

57. See *In re Penthouse International Ltd.*, 565 F.2d 679 (C.C.P.A. 1977); Duft, "Aesthetic" Functionality, 73 Trademark Rep. 151 (1983); Zelnick, *The Doctrine of Functionality*, 73 Trademark Rep. 128 (1983). See also Note, *Trademarks: Protection of Merchandising Properties in Professional Sports*, 21 Duquesne L. Rev. 927 (1983).

58. 423 U.S. 868 (1975).

59. 103 S.Ct. 571 (1982).

in *Pitt* could go far toward shedding some light on this difficult and confused area of trademark law.

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