

REVIEW OF THE 1991 TRADEMARK DECISIONS OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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INTRODUCTION

The 1991 trademark decisions of the United States Court of Appeals for the Federal Circuit treated a variety of procedural and sub-

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stantive issues. Of the sixteen cases discussed in this Article, one was a direct appeal from the Commissioner of Patents and Trademarks, thirteen were appeals from the Trademark Trial and Appeal Board, and two were appeals from federal district courts.¹

I. PROCEDURAL ISSUES IN THE PATENT AND TRADEMARK OFFICE

A number of the most significant Federal Circuit decisions in 1991 dealt with procedural issues: compliance with section 8 of the Lanham Act, dismissal for failure to prosecute under Trademark Rule 2.132(a), tacking, fraudulent misuse of the registration symbol, and disclaimers under section 6 of the Lanham Act.

A. Compliance with Section 8

The purpose of section 8 of the Lanham Act is to remove unused marks, or "deadwood," from the register.² Under section 8, trademark registrations are subject to automatic cancellation by the Commissioner if a proper affidavit or declaration of continued use is not filed prior to the end of the sixth year after the date of registration.³

In *In re Mother Tucker's Food Experience, Inc.*,⁴ the petitioner appealed the decision of the Commissioner to cancel three of its registrations for failure to file declarations properly alleging "use in commerce" of its marks.⁵ The declarations filed by petitioner each

1. This Article only reviews those decisions of the Federal Circuit which offer substantive discussion of trademark law. Omitted are per curiam judgments of affirmation without opinion rendered pursuant to Federal Circuit Rule 36. See *General Mills, Inc. v. Lifesource of N.Y., Inc.*, 925 F.2d 1480, 17 U.S.P.Q.2d 1736 (Fed. Cir. 1991); *In re Entenmann's Inc.*, 928 F.2d 411 (Fed. Cir. 1991); *Institut Merieux S.A. v. Disease Detection Int'l, Inc.*, 935 F.2d 279 (Fed. Cir. 1991); *Interface Group, Inc. v. Cinetex, S.A.*, 935 F.2d 279 (Fed. Cir. 1991); *In re Multiform Desiccants*, 935 F.2d 280 (Fed. Cir. 1991); *Teledynamics, Inc. v. Teledyne, Inc.*, 940 F.2d 676 (Fed. Cir. 1991); *Libertyville Saddle Shop, Inc. v. E. Jeffries & Sons, Ltd.*, 949 F.2d 404 (Fed. Cir. 1991); *Baychem Int'l, Inc. v. Bayer AG*, 951 F.2d 1266 (Fed. Cir. 1991).

Also omitted are decisions in which substantive discussion of trademark law is de minimis. See *In re Stanbel, Inc.*, 925 F.2d 1480, 20 U.S.P.Q.2d 1319 (Fed. Cir. 1991); *Mirafi Inc. v. Murphy*, 928 F.2d 410, 18 U.S.P.Q.2d 1087 (Fed. Cir. 1991); *Sun Prods. Group, Inc. v. B & E Sales Co.*, 935 F.2d 281 (Fed. Cir. 1991); *Resolve Through Sharing, Inc. v. Resolve, Inc.*, 940 F.2d 676 (Fed. Cir. 1991); *National Presto Indus., Inc. v. Dazey Corp.*, 949 F.2d 402 (Fed. Cir. 1991); *Johannsen v. Payless Drug Stores Northwest, Inc.*, 950 F.2d 730 (Fed. Cir. 1991).

2. *The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 407-09 (1987); S. REP. NO. 515, 100th Cong., 2d Sess. 6 (1988), reprinted in 1988 U.S.C.C.A.N. 5578, 5582-83.

3. 15 U.S.C. § 1058(a) (1988).

4. 925 F.2d 1402, 17 U.S.P.Q.2d 1975 (Fed. Cir. 1991).

5. *In re Mother Tucker's Food Experience, Inc.*, 925 F.2d 1402, 1402-03, 17 U.S.P.Q.2d 1795, 1795-96 (Fed. Cir. 1991). To reach its conclusion, the court applied the pre-1988 provisions of section 8(a), which were in force at the time Mother Tucker's filed its declarations of use. *Id.* at 1405 n.4, 17 U.S.P.Q.2d at 1798 n.4. The pre-1988 statute provided:

Each certificate of registration shall remain in force for 20 years: *Provided*, That the registration of any mark under the provisions of this chapter shall be canceled by the Commissioner at the end of six years following its date, unless within one year next

stated that the respective marks at issue were "still in use" in connection with restaurant services and each was accompanied by supporting specimens showing the mark as currently used.⁶ Additionally, each declaration stated that "no other person . . . has the right to use said mark in commerce."⁷

After the Examiner refused to accept the declarations, Mother Tucker petitioned the Commissioner for permission to submit corrected declarations, explaining that the omission of the words "in commerce" was inadvertent.⁸ The Commissioner denied the petition.⁹ Mother Tucker argued on appeal to the Federal Circuit that the omission was merely technical because the marks were actually in use in commerce and the declarations were timely filed.¹⁰

The court indicated a willingness to overlook a "mere technical defect" in section 8 compliance. It cited the decision of the Court of Customs and Patent Appeals in *Morehouse Manufacturing Corp. v. J. Strickland & Co.*,¹¹ which held that a registrant's mark is properly continued on the register where the section 8 affidavit is filed with a specimen mark slightly different from the form of the registered mark in use at the time of filing.¹² In recognizing that practically all of the user's substantive trademark rights are derived from continuing use of the trademark, the court in *Morehouse* determined that no public good can be gained by cancelling a technically valid trade-

preceding the expiration of such six years the registrant shall file in the Patent and Trademark Office an affidavit showing that said mark is in use in commerce or showing that its nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of registration.

The Principal Register, ch. 540, tit. I, § 8, 60 Stat. 431 (1946) (codified as amended at 15 U.S.C. § 1058(a) (1988)). By contrast, the current section 8(a) reads as follows:

Each certificate of registration shall remain in force for ten years: *Provided*, That the registration of any mark under the provisions of this chapter shall be canceled by the Commissioner at the end of six years following its date, unless within one year next preceding the expiration of such six years the registrant shall file in the Patent and Trademark Office an affidavit setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark, or showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate or registration.

15 U.S.C. § 1058(a) (1988).

6. *Mother Tucker's*, 925 F.2d at 1403, 17 U.S.P.Q.2d at 1796.

7. *Id.*

8. *Id.*

9. *Id.*

10. *Id.* at 1404, 17 U.S.P.Q.2d at 1797. Appeal was made pursuant to 15 U.S.C. § 1071(a) (1988), which allows direct appeal of the Commissioner's ruling to the Federal Circuit in section 8 proceedings.

11. 407 F.2d 881, 160 U.S.P.Q. 715 (C.C.P.A. 1969).

12. *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 887-88, 160 U.S.P.Q. 715, 720 (C.C.P.A. 1969).

mark registration because of an affidavit containing a minor technical defect.¹³

The court in *Mother Tucker's* found that when the defect goes to a "mandatory" statutory provision, however, the Commissioner has far less flexibility in overlooking noncompliance.¹⁴ Thus, the decision in *Mother Tucker's* turned on whether the failure to allege "use in commerce" violated a mandatory requirement of the Lanham Act.¹⁵

This is not a point on which existing case law provided much useful guidance. In a number of unpublished decisions, the Patent and Trademark Office had permitted registrants to submit corrected section 8 declarations after the expiration of the sixth year where the original submission properly alleged "use in commerce" but failed to specify the nature of that use.¹⁶

However, in *In re PSI Mobile Products, Inc.*,¹⁷ the PTO held the omission of the words "use in commerce" from the affidavit or declaration to be fatal. In *PSI*, the Assistant Commissioner for Trademarks acknowledged that during a significant portion of 1987, PTO practice permitted registrants to amend affidavits to indicate that their mark was in use in commerce, despite the fact that the filing period had expired.¹⁸ He noted, however, that the PTO changed this practice in order to conform to the statutory requirement.¹⁹ The Assistant Commissioner found that the Affidavit-Renewal Ex-

13. *Id.* at 888, 160 U.S.P.Q. at 720. In exercising discretion, the Commissioner has on occasion invoked 35 U.S.C. § 26, which states:

Any document to be filed in the Patent and Trademark Office and which is required by any law, rule, or other regulation to be executed in a specified manner may be provisionally accepted by the Commissioner despite a defective execution, provided a properly executed document is submitted within such time as may be prescribed. 35 U.S.C. § 26 (1988). This statute is implemented through Trademark Rule 2.146(a)(3), which states, "Petitions may be taken to the Commissioner . . . to invoke the supervisory authority of the Commissioner in appropriate circumstances." 37 C.F.R. § 2.146(a)(3) (1991). See *In re Weider*, 212 U.S.P.Q. 947, 948 (Comm'r 1981) ("Application of 35 U.S.C. § 26 is discretionary with the Commissioner."); 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 19:45, at 989-90 (2d ed. 1984) (discussing application of 35 U.S.C. § 26 to defective section 8 affidavits).

14. *Mother Tucker's*, 925 F.2d at 1404 n.3, 17 U.S.P.Q.2d at 1797 n.3. The court cited THEODORE SEDGEWICK, A TREATISE ON THE RULES WHICH GOVERN THE INTERPRETATION AND CONSTRUCTION OF STATUTORY AND CONSTITUTIONAL LAW 316-18 (2d ed. 1874) in support of the distinction between "mandatory" and "discretionary" statutory provisions. *Id.*

15. A statement of "use in commerce" is also specifically required by Trademark Rule 2.162, which states that "[t]he affidavit or declaration . . . must . . . (e) State that the registered mark is in use in commerce" *Id.*

16. See *In re Glyco Chems., Inc.*, PTO No. 88-33 (Asst. Comm'r Sept. 9, 1988); *In re American Ass'n of Ins. Management Consultants*, PTO No. 88-2 (Asst. Comm'r May 24, 1988).

17. PTO No. 88-100 (Asst. Comm'r Apr. 21, 1989).

18. *In re PSI Mobile Prods., Inc.*, PTO No. 88-100 (Asst. Comm'r Apr. 21, 1989).

19. *Id.*

aminer properly refused to accept the deficient affidavit.²⁰

This decision was echoed in subsequent holdings.²¹ Eight months after *PSI*, however, the Assistant Commissioner reversed the decision of an Examiner cancelling a mark for failure to file an affidavit properly alleging "use in commerce" within the statutory period. In *In re J.T. Baker, Inc.*,²² the Assistant Commissioner reasoned that the mark's use was obvious from petitioner's statement that the mark was "still in use in the United States . . . and for sale through a network of distributors and on a direct basis with customers."²³ The Assistant Commissioner cited *Morehouse* as his primary source of authority and made no mention of *PSI*.²⁴

Bringing apparent confusion to an end, the Federal Circuit in *Mother Tucker's* reviewed the legislative history and declared that the failure to specifically allege or make an alternative showing of "use in commerce" is not a minor technical defect which may be cured by the benevolent exercise of administrative discretion.²⁵ The court reasoned that section 8's history mandates strict compliance with the statutory requirements.²⁶

20. *Id.*

21. *See, e.g., In re Chicago S. Shore & S. Bend R.R.*, PTO No. 88-113 (Asst. Comm'r Apr. 25, 1989).

22. PTO No. 89-37 (Asst. Comm'r Dec. 21, 1989).

23. *In re J.T. Baker, Inc.*, PTO No. 89-37 (Asst. Comm'r Dec. 21, 1989) *J.T. Baker* may be distinguished from *PSI* in that the petitioner in *J.T. Baker* submitted a specimen showing use of the mark in commerce.

24. *Id.* (citing *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 160 U.S.P.Q. 715 (C.C.P.A. 1969)).

25. *Mother Tucker's*, 925 F.2d at 1405, 17 U.S.P.Q.2d at 1798. As stated by the court:

Although the text of Section 8 required a "showing" of use in commerce, and did not state that Section 8 affidavits must aver "use in commerce" *in haec verba*, in *Mother Tucker's* case there was neither averral nor alternative showing. . . . This was not a minor technical defect. It was not within the Commissioner's discretionary authority to waive this requirement, and thus the Commissioner did not abuse his discretion in holding that this omission could not be cured after the end of the statutory sixth year.

Mother Tucker's, 925 F.2d at 1405, 17 U.S.P.Q.2d at 1798.

26. *Id.* The court stated:

The words "in commerce" were added to Section 8 in 1982, when the phrase "still in use" was changed to "in use in commerce." While the purpose of the statutory change was to assure that foreign or intrastate commerce not be included as "in use" under Section 8, this legislative action underlines the central importance of use in commerce that is subject to the Lanham Act.

Id. (citations omitted).

The court also noted that, after the events at issue, section 8 was amended to impose even stricter requirements. *Id.* The 1988 amendments replaced the words "showing that said mark is in use in commerce" with "setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark. . . ." *Id.* at 1405 n.4, 17 U.S.P.Q.2d at 1798 n.4.

Under the amended section 8, *supra* note 5, the Commissioner has held that a section 8 affidavit or declaration is fatally defective if it fails to state the goods or services in connection with which the mark is registered or used in commerce. *See In re Bonbons Barnier S.A.*, 17

Mother Tucker argued that its averral of "use . . . in connection with restaurant services" was a sufficient alternate statutory showing. The court, however, agreed with the Commissioner that this statement, while explaining the type of use of the marks, failed to present an averral of "use in commerce" because it was not clear whether services were offered to interstate travellers.²⁷ The court also rejected Mother Tucker's argument that its specimens, including a dinner menu, a display card used to advertise beverages, and an advertisement concerning group events, were sufficient to fill the gap in the declaration, because they did not on their face disclose "use in commerce."²⁸ Finally, the court rejected Mother Tucker's argument that because of its Canadian incorporation and registration pursuant to section 44(e) of the Lanham Act, the Commissioner required a more rigorous showing under section 8 than is imposed on domestic registrants.²⁹

B. *Dismissal for Failure To Prosecute*

The result reached in *Hewlett-Packard Co. v. Olympus Corp.*³⁰ should serve to warn practitioners before the Board that failure to follow the procedural requirements of the Trademark Rules of Practice can have dire consequences and that professional courtesy can end without warning. During the pendency of this opposition proceeding, a total of seven stipulated extensions of time were agreed to by the

U.S.P.Q.2d 1488, 1489-90 (Asst. Comm'r 1990); *In re Texaco, Inc.*, PTO No. 91-11 (Asst. Comm'r July 12, 1991). The declaration or affidavit may incorporate by reference the statement of goods contained in the certificate of registration. See *Bonbons Barnier*, 17 U.S.P.Q.2d at 1489. Moreover, the declaration or affidavit is not fatally defective if it states that the mark is in continuous use in interstate commerce in connection with the goods or services in a given international class. See *In re Ash*, PTO No. 91-21 (Asst. Comm'r Sept. 13, 1991); *In re Financial News Network*, PTO No. 91-10 (Asst. Comm'r Sept. 13, 1991). However, it may not state that the mark is used in commerce as shown by an attached specimen. *Id.*; *In re Texaco*, slip op. at 2.

27. *Mother Tucker's*, 925 F.2d at 1406, 17 U.S.P.Q.2d at 1798. Implicit in this part of Judge Newman's opinion is the notion that intrastate establishments which serve a purely intrastate clientele would not be able to secure federal registration of their marks. In a subsequent opinion discussed later in this Article, *Larry Harmon Pictures Corp. v. Williams Restaurant Corp.*, 929 F.2d 662, 18 U.S.P.Q.2d 1292 (Fed. Cir.), cert. denied, 112 S. Ct. 85 (1991), the Federal Circuit left in doubt whether any use in commerce was so purely intrastate as to merit denial of federal registration. Judge Newman dissented from this opinion.

28. *Mother Tucker's*, 925 F.2d at 1406, 17 U.S.P.Q.2d at 1798. With regard to an "alternative showing" of "use in commerce," the court noted the Commissioner's statement that the declaration would have been accepted had the specimens actually shown use in commerce.

29. *Id.* at 1406-07, 17 U.S.P.Q.2d at 1799. Section 44(e) of the Lanham Act, 15 U.S.C. § 1126(e) (1988), provides for registration of foreign marks by virtue of a foreign registration without a showing of use in commerce. *Id.* The Trademark Revision Act of 1988 added the following language to this section: "The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration."

30. 931 F.2d 1551, 18 U.S.P.Q.2d 1710 (Fed. Cir. 1991).

parties and approved by the Board.³¹ Two weeks before the close of opposer's testimony pursuant to the last extension, opposer sent a letter to the applicant rejecting a settlement offer. With the letter, opposer enclosed a proposed stipulation for a further extension of time and requested that applicant sign the stipulation and forward it to the Board.³² Opposer did not follow up on the matter and applicant did not reply until some eight weeks after the close of opposer's testimony period, when it informed opposer that it would agree to no further extensions. Opposer then moved to extend the testimony period,³³ and applicant filed a cross-motion to dismiss for failure to prosecute pursuant to Trademark Rule 2.132(a).³⁴ At the time these motions were filed, opposer had made no evidence of record.

The Federal Circuit held that the Board did not abuse its discretion by granting applicant's motion on the ground that opposer's failure to move for an extension before the close of its testimony period constituted neither "excusable neglect"³⁵ under Rule 6(b) of the Federal Rules of Civil Procedure nor "good and sufficient cause" for delay under Trademark Rule 2.132(a).³⁶ The Court found that it was Hewlett-Packard's responsibility as opposer to timely request from the Board an extension of its testimony period

31. *Hewlett-Packard Co. v. Olympus Corp.*, 931 F.2d 1551, 1552, 18 U.S.P.Q.2d 1710, 1711 (Fed. Cir. 1991).

32. *Id.* It seems to be of some consequence that opposer, in seeking the extension in writing, deviated from the parties' established practice of agreeing to extensions by phone and filing a "Stipulated Extension" with a confirming copy to the opposing counsel. *Id.*

33. *Id.* The Board treated opposer's motion as one to reopen prosecution pursuant to FED. R. CIV. P. 6(b). *Id.*

34. *Id.* Trademark Rule 2.132(a) provides:

If the time for taking testimony by any party in the position of plaintiff has expired and that party has not taken testimony or offered any other evidence, any party in the position of defendant may, without waiving the right to offer evidence in the event the motion is denied, move for dismissal on the ground of the failure of the plaintiff to prosecute. The party in the position of plaintiff shall have fifteen days from the date of service of the motion to show cause why judgment should not be rendered against him. In the absence of a showing of good and sufficient cause, judgment may be rendered against the party in the position of plaintiff. If the motion is denied, testimony periods will be reset for the party in the position of defendant and for rebuttal.

37 C.F.R. § 2.132(a) (1991).

35. The Board defines "excusable neglect" as:

failure to take the proper steps at the proper time, not in consequence of the party's own carelessness, inattention, or willful disregard of the process of the court, but in consequence of some unexpected or unavoidable hindrance or accident, or reliance on the care and vigilance of his counsel or on promises made by the adverse party.

Hewlett-Packard Co., 931 F.2d at 1552-53, 18 U.S.P.Q.2d at 1712. Apparently opposer did not argue that it should not be penalized by dismissal of the proceeding because it had relied on the "care and vigilance" of its counsel.

36. *Id.*

if one was needed.³⁷

Hewlett-Packard simply relied on the assumption that Olympus would execute and forward a stipulated extension to the Board. The court determined that a request for an extension to one's opponent does not, by itself, meet the burden required for an enlargement of the testimony period.³⁸ Nor was Hewlett-Packard permitted to rely on Olympus' inaction to establish that its own neglect was excusable. Furthermore, Hewlett-Packard's counsel knew or should have been aware of the fact that the PTO had not returned a copy of an approved stipulated extension to his office, as required by Trademark Rule 2.121(d).³⁹ The court's ruling in this case was not surprising given the plain language of Trademark Rule 2.132(a).

Hewlett-Packard received a further education regarding the Trademark Rules of Practice when it argued that, despite its failure to take testimony, it had established a prima facie case by attaching copies (not status copies) of its pleaded registrations to the Notice of Opposition. The court pointed out that this makeshift argument failed to recognize that there are only three specific ways to establish a prima facie case by introduction of registrations into evidence: (1) by the opposer or petitioner submitting two copies of the registration prepared and issued by the PTO, showing both the current title to the registration and the status of the registration; (2) by the party giving appropriate identification and introduction of the registration at the taking of testimony; or (3) by filing a notice of reliance on the registrations at the time of opposer's testimony.⁴⁰ In upholding the Board's dismissal of the proceeding with prejudice, the court pointed out that "these rules are simple and clear" and that opposer failed to follow them.⁴¹ It is also clear that the penalty imposed for failure to follow the rules can be painful.⁴²

37. *Id.*

38. *Id.*

39. *Id.* at 1553, 18 U.S.P.Q.2d at 1712. The court dismissed as "border[ing] on the frivolous" opposer's argument that applicant's counsel's failure to sign and forward the requested stipulation violated "ethical standards" or "commercial morality." *Id.*

40. *Id.* at 1554, 18 U.S.P.Q.2d at 1713 (citing 37 C.F.R. § 2.122(d) (1991)). This notice of reliance shall include a copy of the registration prepared and issued by the PTO.

41. *Id.*

42. Opposer's argument that applicant admitted the validity of opposer's pleaded registrations in its answer received equally short shrift. Applicant only admitted the registrations had issued to opposer, but denied they were "valid and subsisting," or "in full force and effect." *Id.* at 1553-54, 18 U.S.P.Q.2d at 1712-13. Compare *Tiffany & Co. v. Columbia Indus., Inc.*, 455 F.2d 582, 585, 173 U.S.P.Q. 6, 8 (C.C.P.A. 1972) (stating that admissions by opposer regarding registration established prima facie case of ownership).

C. Tacking

Occasionally, in cases before the Trademark Trial and Appeal Board, parties will attempt to save themselves by establishing an earlier date of first use based on evidence of use with respect to an acquired mark that is not identical to the mark at issue, but is alleged to be its "legal equivalent." This practice is called "tacking."⁴³ In *Van Dyne-Crotty Inc. v. Wear-Guard Corp.*,⁴⁴ the Federal Circuit reiterated that this practice only will be condoned in "rare instances."⁴⁵

In *Van Dyne-Crotty*, the cancellation petitioner alleged that registrant's mark, CLOTHES THAT WORK, was likely to be confused with petitioner's three marks, CLOTHING THAT WORKS, CLOTHES THAT WORK HARD, and CLOTHES THAT WORK OVERTIME. While registrant claimed rights back to 1985, petitioner demonstrated use as early as 1983.⁴⁶ After the petition was filed, in order to save its registration, the registrant purchased the rights of a third party in the mark "CLOTHES THAT WORK. FOR THE WORK YOU DO."⁴⁷ The use of this mark extended back to the 1970s. Nevertheless, the Board granted the petition to cancel, refusing to "tack" the third-party date of first use onto registrant's mark. The Board's decision was based on a finding that the marks CLOTHES THAT WORK and "CLOTHES THAT WORK. FOR THE WORK YOU DO" were not confusingly similar and therefore not legal equivalents for tacking purposes.⁴⁸

43. For a general discussion of "tacking," see 1 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 3.03[2][g], at 3-71 to 3-72 (1991).

44. 926 F.2d 1156, 17 U.S.P.Q.2d 1866 (Fed. Cir. 1991).

45. *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1160, 17 U.S.P.Q.2d 1866, 1869 (Fed. Cir. 1991) (citing 1 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 3.03, at 3-48 (1983)).

46. *Id.* at 1158, 17 U.S.P.Q.2d at 1867. By the time the proceeding arrived at the Federal Circuit, the issue of likelihood of confusion was not in dispute. *Id.* at 1158-59, 17 U.S.P.Q.2d at 1868. Only the validity of registrant's attempted tacking was in dispute. *Id.*

47. *Id.* at 1158, 17 U.S.P.Q.2d at 1867. *Van Dyne-Crotty* purchased the mark "CLOTHES THAT WORK. FOR THE WORK YOU DO" from Horace Small Manufacturing Co., which produced clothes similar to those of *Van Dyne-Crotty* and *Wear-Guard*. *Id.* Horace Small targeted these clothes to the wholesale market, however, which was substantially different than the retail market where *Van Dyne-Crotty* and *Wear-Guard* marketed their products. *Id.* One of the pertinent questions was whether or not the purchase represented a valid assignment or was merely an assignment in gross. Petitioner argued that the purchase of the third-party mark was "a 'naked assignment,' amounting to little more than a sham . . ." *Id.* at 1159, 17 U.S.P.Q.2d at 1868. The majority did not reach this issue, although the concurring opinion of Judge Newman appears to be based in part on the assumption that registrant's acquisition of rights was an assignment in gross. *Id.* at 1160-61, 17 U.S.P.Q.2d at 1869. In this regard, the Board and the court may have been subjectively influenced by the fact that the purchased mark was used in connection with the wholesale market while the parties' other marks were used in the retail market. *Id.* at 1158, 17 U.S.P.Q.2d at 1867.

48. *Id.* at 1160, 17 U.S.P.Q.2d at 1869.

On appeal, the Federal Circuit affirmed, noting that for the purpose of determining whether the date of first use of one mark may be tacked onto that of another, the standard for measuring legal equivalence is higher than that used for evaluating competing marks with regard to likelihood of confusion. To meet the "legal equivalence" standard for tacking, the marks must be indistinguishable and the consumer should consider the two marks as one and the same.⁴⁹ Importantly, the court went on to hold that marks are not necessarily legal equivalents for tacking purposes simply because they are confusingly similar.⁵⁰ It also held that it would be improper to "sanction the tacking of a mark with a narrow commercial impression onto one with a broader commercial impression."⁵¹

In reviewing the marks for legal equivalence, the court noted that the Board need not entertain any evidence other than the visual and aural appearance of the marks themselves.⁵² The court held that, because the marks in their entirety clearly "create different commercial impressions," tacking would be improper.⁵³

D. *Fraudulent Misuse of Registration Symbol*

Pursuant to section 29 of the Lanham Act, only owners of marks registered in the United States Patent and Trademark Office may display the registration symbol ® in conjunction with a mark.⁵⁴ Depending on the circumstances, use of the registration symbol in conjunction with an unregistered mark may bar future registration or operate as an equitable defense to an infringement suit.⁵⁵ Tradi-

49. *Id.* at 1159, 17 U.S.P.Q.2d at 1868.

50. *Id.* The court states that there are two levels of "legal equivalence" at work in this type of proceeding. The Board first held that the petitioner's marks CLOTHING THAT WORKS, CLOTHING THAT WORKS HARD, and CLOTHES THAT WORK OVERTIME were the legal equivalent of registrant's mark CLOTHES THAT WORK and thus confusingly similar. It then held that "CLOTHES THAT WORK. FOR THE WORK YOU DO" was not confusingly similar to CLOTHES THAT WORK and thus not its legal equivalent for the purpose of tacking. *Id.* Judge Newman's conclusion that the latter two marks are confusingly similar seems more reasonable.

51. *Id.* at 1160, 17 U.S.P.Q.2d at 1869.

52. *Id.* at 1159, 17 U.S.P.Q.2d at 1868.

53. *Id.* at 1160, 17 U.S.P.Q.2d at 1868-69. Reaching conclusions that seem slightly inconsistent, the court distinguished *Laura Scudder's v. Pacific Gamble Robinson Co.*, 136 U.S.P.Q. 418, 419-20 (T.T.A.B. 1962), in which the Board held BLUE BIRD to be the legal equivalent of BLUE ROBIN, because even though the marks differed slightly in definition, both connoted the same general meaning in context. *Van Dyne-Crotty*, 926 F.2d at 1160, 17 U.S.P.Q.2d at 1869.

54. Lanham Trademark Act, 15 U.S.C. § 1111 (1988).

55. 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 19:53, at 1004 (2d ed. 1984 & Supp. 1991) (citing cases illustrating circumstances which may or may not bar future registration). *See, e.g.*, *Four Roses Prods. Co. v. Small Grain Distilling & Drug Co.*, 29 F.2d 959 (D.C. Cir. 1928) (finding misuse of registration notice sufficient to bar registration); *Gear Inc. v. L.A. Gear California, Inc.*, 670 F. Supp. 508, 518, 4 U.S.P.Q.2d 1192, 1198 (S.D.N.Y. 1987) (concluding that misuse of notice on mark not registered for particular goods

tionally, however, the Board has been extremely lenient in accepting excuses for such misuse. In one decision, the Board held that an applicant's improper use of the registration symbol will defeat its registration right only in those cases where it can be conclusively established that the party intended to cause the purchasing public or others in the trade to believe falsely that the mark was registered.⁵⁶ The recent Federal Circuit decision, *Copelands' Enterprises, Inc. v. CNV, Inc.*,⁵⁷ may signal a slightly less forgiving attitude toward parties who intentionally or negligently misuse the statutory registration notice.

Copelands', a sporting goods retailer, sold VUARNET brand sunglasses manufactured by Pouilloux, a French concern.⁵⁸ Until 1982, Copelands' obtained its VUARNET sunglasses primarily from CNV, a distributor. In late 1982, CNV ceased supplying Copelands' with VUARNET sunglasses and Copelands' found other suppliers. CNV sent Copelands' a cease and desist letter in early 1983, claiming the VUARNET mark was registered in the United States, CNV was the exclusive owner of the mark in the United States, and Copelands' goods were "gray market" goods which infringed CNV's trademark rights.⁵⁹

In response, Copelands' attorney informed CNV that the VUARNET mark was not registered in the United States, but was merely the subject of a pending application filed in the name of the French manufacturer, Pouilloux. Copelands' also supplied CNV with evidence of misuse of the registration symbol not only in connection with the mark VUARNET, but with the mark VUARNET FRANCE as well. Copelands' specifically warned that this use was a "fraudulent misuse of the mark" that would support a refusal to register and subject a subsequently registered mark to cancellation. Copelands' then demanded that CNV cease and desist from using the registration symbol in connection with the unregistered marks. CNV did not respond to the demand, but continued its practice of

is, in conjunction with other evidence and balancing equities, reason for finding unclean hands); *Fox-Stanley Photo Prods., Inc. v. Otaguro*, 339 F. Supp. 1293, 174 U.S.P.Q. 257 (D. Mass. 1972) (determining misuse of notice constitutes unclean hands and bars infringement suit). *But cf.* *Pan Am. Life Ins. Co. v. Federated Mut. Ins. Co.*, 226 U.S.P.Q. 914, 915-16 n.14 (T.T.A.B. 1985) (stating that misuse of notice caused by misunderstanding and no demonstration of deceptive intent created no justification for refusal of registration); *Nupro v. Nypro, Inc.*, 221 U.S.P.Q. 693, 696 (D. Mass. 1983) (holding that premature use one of notice month before registration issued does not constitute unclean hands).

56. *Johnson Controls, Inc. v. Concorde Battery Corp.*, 228 U.S.P.Q. 39, 44 (T.T.A.B. 1985).

57. 945 F.2d 1563, 20 U.S.P.Q.2d 1295 (Fed. Cir. 1991).

58. *Copelands' Enters., Inc. v. CNV, Inc.*, 945 F.2d 1563, 1564, 20 U.S.P.Q.2d 1295, 1296 (Fed. Cir. 1991).

59. *Id.* at 1564-65 n.1, 20 U.S.P.Q.2d at 1296-97 n.1.

misusing the registration symbol.⁶⁰

Subsequently, the French manufacturer's application to register VUARNET matured into a registration that was assigned to CNV. CNV also applied for registration of the mark VUARNET FRANCE, in connection with which it had also misused the registration symbol. Copelands' petitioned to cancel the VUARNET registration and filed an opposition with respect to CNV's VUARNET FRANCE application. Both proceedings were based on the prior misuse of the registration symbol.

The Board granted CNV's motion for summary judgment with respect to both proceedings.⁶¹ It held that the declarations filed by CNV established, as a matter of law, a lack of intent to deceive on CNV's part, and therefore precluded the cancellation or denial of registration.⁶² The Federal Circuit reversed, noting that "the factual question of intent is particularly unsuited to disposition on summary judgment."⁶³ The court also noted that CNV "aggressively misrepresented the status of the VUARNET mark, an action consistent with intent to mislead or deceive."⁶⁴ The court concluded that CNV did not make a good faith effort to seek legal advice with respect to misuse of the registration notice after receiving specific warning from Copelands'.⁶⁵ Thus, CNV's assertions of innocent intent were considered conclusory and suspect. The court remanded the case to the Board for trial.⁶⁶

60. *Id.* at 1564, 20 U.S.P.Q.2d at 1297.

61. *Id.* at 1565, 20 U.S.P.Q.2d at 1297.

62. *Id.* at 1566-67, 20 U.S.P.Q.2d at 1298-99. CNV had a variety of excuses for its misuse. Its chairman thought the mark was registered by Pouilloux until he received Copelands' letter. The chairman then relied on assurances by the French company that the symbol could be used in connection with marks registered in France. *Id.* Additionally, a French attorney stated that the symbol is commonly used in France even though it has no legal significance. Finally, CNV's U.S. counsel claimed to have sent the cease and desist letter to Copelands' while simply relying on the assumption that Pouilloux had a federal registration.

63. *Id.* at 1567, 20 U.S.P.Q.2d at 1299.

"The movant bears the burden of demonstrating absence of all genuine issues of material fact." . . . A nonmovant, on the other hand, "must do more than merely raise some doubt as to the existence of a fact; evidence must be forthcoming from the nonmovant which would be sufficient to require submission to the jury of the dispute over the fact." However, the evidence must be viewed in a light most favorable to the nonmovant and all reasonable inferences must be drawn in its favor. The nonmoving party "need only present evidence from which a jury might return a verdict in [its] favor."

Id. at 1565-66, 20 U.S.P.Q.2d at 1297-98 (citations omitted).

64. *Id.* at 1567, 20 U.S.P.Q.2d at 1299.

65. *Id.*

66. *Id.* at 1568, 20 U.S.P.Q.2d at 1300. This proceeding is another example of the care counsel must take in representing client interests. Noting the fact that CNV's counsel apparently did not warn CNV of the consequences of the misuse of the registration symbol, the court stated that this lack of diligence could constitute "gross negligence and reckless disregard of the law." *Id.* at 1568 n.6, 20 U.S.P.Q.2d at 1299-1300 n.6.

E. Section 6 Disclaimers

The Supreme Court approved the policy of allowing trademark registration applicants to disclaim unregistrable portions of composite marks as early as 1920 in the case of *Estate of P.D. Beckwith, Inc. v. Commissioner of Patents*.⁶⁷ Section 6 of the Lanham Act, enacted in 1946, represented a codification of then-existing Patent Office policy regarding disclaimers.⁶⁸ Disclaimer policy continued to evolve, and in 1962 Congress amended section 6 in what it described as a "housekeeping" bill, intended to clarify and codify existing practices.⁶⁹ The primary effect of the amendment was to allow, rather than require, the Commissioner to request disclaimers and to allow voluntary disclaimers by an applicant.⁷⁰

This past year, the case of *Dena Corp. v. Belvedere International, Inc.*⁷¹ gave the Federal Circuit an opportunity to review and restate the law relating to disclaimers. The *Dena* case evolved out of an application to register the mark displayed below:

67. *Estate of P.D. Beckwith, Inc. v. Commissioner of Patents*, 252 U.S. 538, 545-47 (1920). In *Beckwith*, the Supreme Court held registration should not be denied simply because a mark has a fanciful design combined with descriptive wording. *Id.* The Court noted, however, that an applicant must waive any claim to a right of exclusive use of the descriptive words in settings other than that covered by the application. *Id.* Consequently, the Court permitted the use of a disclaimer. *Id.*

68. The Principal Register, ch. 540, tit. I, § 6, 60 Stat. 429 (1946) (codified as amended at 15 U.S.C. § 1056 (1988)). The provision originally stated:

The Commissioner shall require unregistrable matter to be disclaimed, but such disclaimer shall not prejudice or affect the applicant's or owner's rights then existing or thereafter arising in the disclaimed matter, nor shall such disclaimer prejudice or affect the applicant's or owner's rights of registration on another application of later date if the disclaimed matter has become distinctive of the applicant's or owner's goods or services.

Id.

69. S. REP. NO. 2107, 87th Cong., 2d Sess. 2-3 (1962), reprinted in 1962 U.S.C.C.A.N. 2844, 2845. Section 6 now reads as follows:

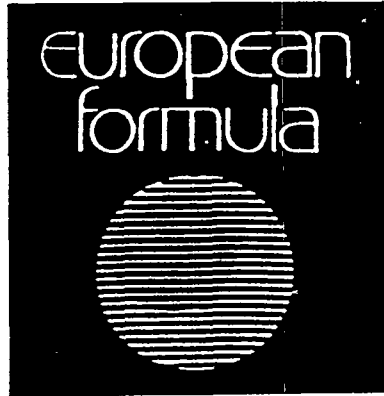
(a) The Commissioner may require the applicant to disclaim an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim a component of a mark sought to be registered.

(b) No disclaimer, including those made under subsection (e) of section 1057 of this Title, shall prejudice or affect the applicant's or registrant's rights then existing or thereafter arising in the disclaimed matter, or his right of registration on another application if the disclaimed matter be or shall have become distinctive of his goods or services.

15 U.S.C. § 1056 (1988).

70. *Dena Corp. v. Belvedere Int'l, Inc.*, 21 U.S.P.Q.2d 1047, 1051 (Fed. Cir. 1991).

71. 21 U.S.P.Q.2d 1047 (Fed. Cir. 1991).

EUROPEAN FORMULA⁷²

Prior to publication, the Examiner required applicant Belvedere to disclaim the words EUROPEAN FORMULA due to their obvious descriptiveness.⁷³ Dena subsequently opposed, alleging that the words EUROPEAN FORMULA were “so highly descriptive” that they should be deleted from the mark proposed to be registered rather than merely disclaimed.⁷⁴ After apparently protracted motion practice, it became clear that the issue before the Board was whether the design and word portion of applicant’s mark created a single unitary mark which would not require any disclaimer.⁷⁵ The opposer then renewed its motion for summary judgment, alleging that applicant’s mark was not unitary and moreover that the words were incapable of functioning as a mark with the design and should not be registered on the Principal Register. The Board denied opposer’s motion and granted summary judgment to applicant sua sponte on the grounds that the words EUROPEAN FORMULA and the design constituted a single unitary mark.⁷⁶ Opposer appealed.

In its analysis on appeal, the Federal Circuit reviewed disclaimer policy history and legislation⁷⁷ and then summarized the policy as

72. *Dena*, 21 U.S.P.Q.2d at 1048 (reprinting European Formula mark).

73. *Id.*

74. *Id.* Applicant admitted that “the words EUROPEAN FORMULA by themselves are unable to function as a trademark.” *Id.* The undisputed evidence showed that EUROPEAN FORMULA was a widely used term in the cosmetic and toiletries industry. *Id.* at 1049.

75. *Id.* The Board noted “that if Belvedere’s application—the design and words together—defines a single unitary mark, then any descriptiveness of the disclaimed term EUROPEAN FORMULA is irrelevant.” *Id.*

76. *Id.*

77. *Id.* at 1051.

As to the underlying policy reasons behind permitting disclaimers, the Court stated:

The Lanham Act’s disclaimer requirement strikes a statutory balance between two competing trademark principles. On the one hand, it provides the benefits of the Lanham Act to applicants for composite marks with unregistrable components. On the other hand, the Act prevents an applicant from claiming exclusive rights to disclaimed portions apart from the composite marks. The applicant’s competitors in the same trade must remain free to use descriptive terms without legal harassment.

follows:

(1) The Commissioner has the discretion to permit an applicant to disclaim an unregistrable component of an otherwise registrable mark.⁷⁸

(2) An applicant may not disclaim all elements of a composite mark because a mark with no registrable component must be entirely disclaimed and is therefore completely unregistrable.⁷⁹

(3) Applicants cannot acquire registration by attaching an insignificant element to an unregistrable mark.⁸⁰ For example, if an applicant has a mark whose dominant feature is an unregistrable component which imparts nonregistrable meaning to the entire mark, that applicant may not obtain registration by disclaimer.⁸¹

(4) An entirely separate and removable unregistrable component of a mark, for instance a generic term, should be removed rather than disclaimed, because the unregistrable component is not really considered a part of the mark at all.⁸²

(5) The Commissioner may not require a disclaimer where a mark is unitary because a "unitary mark simply has no 'unregistrable component,' but is instead an inseparable whole. . . ."⁸³

Having reviewed the disclaimer policy, the Federal Circuit faced the Board's determination that the EUROPEAN FORMULA and design mark was a "single unitary mark" not requiring a disclaimer or removal. The court articulated the test for determining the existence of a unitary mark, stating that the elements of such a mark must be inseparable.⁸⁴ The mark as a whole must have a distinct independent meaning from that of its constituent elements; it must create a "single and distinct commercial impression." The court further stated that the Board must determine the way in which the average purchaser, under regular marketing conditions, would encounter and react to the mark.⁸⁵

Applying this test, the Federal Circuit reversed the Board's deter-

Id.

78. *Id.* at 1052.

79. *Id.* at 1051.

80. *Id.*

81. *Id.*

82. *Id.* at 1052.

83. *Id.* at 1051.

84. *Id.* at 1052.

85. *Id.* The Board cites TMEP § 807.13(a) (rev. 1986), stating

The Trademark Manual of Examining Procedure (TMEP) sets forth several factors to assist in making this determination: 'whether it is physically connected to the mark by lines or other design features; how close the matter is located to the mark and whether side by side on the same line; the meaning of the words and how the meaning relates to each other and to the goods'

Id. at 1052.

mination that applicant's mark constituted a unitary mark.⁸⁶ The court noted that the disclaimed words, EUROPEAN FORMULA, were unconnected to the design by any lines or design features and that the meaning of the words was apparently unconnected to the design. The proximity of words and design failed to "endow the whole with a single, integrated, and distinct commercial impression."⁸⁷ The court vacated the Board's grant of summary judgment and remanded the opposition for further proceedings to determine, among other things, whether the words EUROPEAN FORMULA so dominated the mark that the words and design as a whole were unregistrable or whether the words EUROPEAN FORMULA so separate from the rest of the mark that they should be deleted.⁸⁸

Because disclaimer policy can be set out in a fairly straightforward manner, it would seem to follow that application of the policy should be equally easy. Case history, however, suggests that these determinations have no more consistency than determinations regarding descriptiveness and suggestiveness⁸⁹ or what is primarily a mere surname.⁹⁰

II. SUBSTANTIVE TRADEMARK ISSUES

A. *The "Use in Commerce" Requirement*

A trademark or service mark may be registered under section 1(a) of the Lanham Act if it is "used in commerce." Section 45 of the Act defines use in commerce as "the bona fide use of a mark in the ordinary course of trade," and "commerce" as "all commerce which may lawfully be regulated by Congress."⁹¹

This year, in *Larry Harmon Pictures Corp. v. Williams Restaurant Corp.*,⁹² the Federal Circuit reiterated that an applicant for trademark registration is entitled to an extremely broad reading of the "use in commerce" requirement.⁹³ The court affirmed the grant of summary judgment to applicant, The Williams Restaurant Corpora-

86. *Dena*, 21 U.S.P.Q.2d at 1052.

87. *Id.*

88. *Id.* at 1053.

89. *See In re Merrill Lynch, Pierce, Fenner, & Smith, Inc.*, 828 F.2d 1567, 1569, 4 U.S.P.Q.2d 1141, 1142 (Fed. Cir. 1987) ("The four classic categories—generic . . . descriptive . . . suggestive, or arbitrary—have been described as 'central tones in a spectrum,' that 'tend to merge at their edges and are frequently difficult to apply.'").

90. *See, e.g., In re Etablissements Darty et Fils.*, 759 F.2d 15, 17, 225 U.S.P.Q. 652, 653 (Fed. Cir. 1985) ("The question of whether a word sought to be registered is primarily merely a surname within the meaning of the statute can be resolved only on a case by case basis.").

91. 15 U.S.C. § 1127 (1988).

92. 929 F.2d 662, 18 U.S.P.Q.2d 1292 (Fed. Cir.), *cert. denied*, 112 S. Ct. 85 (1991).

93. *Larry Harmon Pictures Corp. v. Williams Restaurant Corp.*, 929 F.2d 662, 666, 18 U.S.P.Q.2d 1292, 1295 (Fed. Cir.), *cert. denied*, 112 S. Ct. 85 (1991).

tion, which had applied to register the mark BOZO'S for restaurant services. Applicant had operated a single pit barbecue restaurant under the name BOZO'S in Mason, Tennessee since 1932.⁹⁴

Opposer, Larry Harmon Pictures Corporation, first unsuccessfully contended that applicant's use of the mark BOZO'S in connection with a single-location restaurant not located on or near an interstate highway did not amount to use in commerce under the Lanham Act, citing a decision of the Court of Customs and Patent Appeals, *In re Bookbinder's*.⁹⁵ The court distinguished on the ground that the applicant in *In re Bookbinder's* failed to prove *any* use in commerce, while here, BOZO'S presented significant evidence of use in commerce.⁹⁶ Opposer alternatively proposed a test under which a single-location restaurant could not register its mark unless it was located on an interstate highway, served more than fifty percent of its meals to interstate travelers, or regularly advertised in out-of-state media.⁹⁷ The court expressly rejected Harmon's argument that a threshold level of interstate activity must be established before a single-location restaurant may register a mark.⁹⁸ The court reasoned that "[t]he Lanham Act by its terms extends to all commerce which Congress may regulate" and that the judiciary has no authority to alter or limit the "unambiguous language of the statute."⁹⁹ Accordingly, the court affirmed the Board's decision.

In dissent, Judge Newman asserted that the broad interpretation of the majority was contrary to the legislative intent of the Lanham Act. She suggested that the real Lanham Act issue was whether Congress intended to authorize nationwide registration of local restaurant service marks when it used the phrase "services . . . rendered in Commerce" and not whether the Constitution granted Congress the power to do so.¹⁰⁰ Citing debate from the Senate hearings prior to the Act's passage, Judge Newman concluded that Congress did not contemplate nationwide registration of local restaurant service marks and that more than "some contact" with inter-

94. *Id.* at 663, 18 U.S.P.Q.2d at 1292.

95. *Id.*, 18 U.S.P.Q.2d at 1293 (citing *In re Bookbinder's*, 240 F.2d 365, 112 U.S.P.Q. 326 (C.C.P.A. 1957)).

96. *Id.* at 664, 18 U.S.P.Q.2d at 1294. The Court described applicant's relationship to interstate commerce. Specifically, the court noted: (1) the popularity of the restaurant with residents of Memphis, a major commercial center for the mid-South region; (2) the fact that BOZO's has been mentioned in out-of-state publications; and (3) the Board's opinion and opposer's admission that the restaurant served interstate travelers. *Id.* at 663, 18 U.S.P.Q.2d at 1292-93.

97. *Id.* at 663-64, 18 U.S.P.Q.2d at 1293.

98. *Id.* at 666, 18 U.S.P.Q.2d at 1295.

99. *Id.*

100. *Id.* at 668, 18 U.S.P.Q.2d at 1297 (Newman, J., dissenting).

state commerce was required for registration.¹⁰¹

The majority decision should nonetheless hardly seem surprising. The Lanham Act incorporates by reference a substantial body of jurisprudence interpreting the Commerce Clause of the Constitution,¹⁰² by which Congress is empowered "[t]o regulate Commerce with foreign Nations, and among the several States. . . ."¹⁰³ In fact, the Supreme Court had already expansively interpreted the Commerce Clause by the time Congress passed the Lanham Act.¹⁰⁴

The Federal Circuit's decision in *Harmon Pictures* is significant in that it is apparently only the second decision in which the Federal Circuit, or its predecessor, has considered the registrability of a

101. *Id.* at 669, 18 U.S.P.Q.2d at 1298 (Newman, J., dissenting) (citing *Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong., 2d Sess. 133 (1944)). The majority was unpersuaded by such extrinsic evidence of congressional intent, given the clear and unambiguous definition of federal trademark jurisdiction contained in the statute. *Harmon Pictures*, 929 F.2d at 665-66, 18 U.S.P.Q.2d at 1295.

102. U.S. CONST., art. I, § 8, cl. 3.

103. *Id.*; see Platt, *Is a Trademark Owner's Right To Use the Mark Protected by the First Amendment?*, 11 HOFSTRA L. REV. 1261, 1263 (1983) (noting centrality of Commerce Clause in Lanham Act jurisprudence). It is, of course, this clause which empowers Congress to regulate the law of trademarks. The first American trademark statute, enacted in 1870, was struck down by the Supreme Court in 1879 because Congress erroneously based the statute on its power to regulate patents and copyrights under Article I, Section 8, Clause 8. *Trade-Mark Cases*, 100 U.S. 82, 96-97 (1879).

104. See, e.g., *Wickard v. Filburn*, 317 U.S. 111, 129 (1942) (holding that Congress could constitutionally regulate production by farmer in Ohio who grew wheat on mere 23 acres and saved most of crop for home consumption). Later Commerce Clause cases involved fact patterns more closely to that present in *Harmon Pictures*. See, e.g., *Katzenbach v. McClung*, 379 U.S. 294, 304 (1964) (holding that Congress could prohibit racial discrimination by single-location barbecue restaurant with tenuous impact on interstate commerce).

This body of jurisprudence was applied in trademark cases as well. In 1952, the Supreme Court, in *Steele v. Bulova Watch Co.*, held that the "broad jurisdictional grant of the Lanham Act" applied to an American citizen residing in San Antonio, Texas who manufactured counterfeit Bulova watches in Mexico using American-made components, some of which were purchased by American nationals visiting Mexico. *Steele v. Bulova Watch Co.*, 344 U.S. 280, 286 (1952). The federal courts virtually eliminated the "intrastate infringement defense" in trademark cases by the early 1960s. See *Trail Chevrolet, Inc. v. General Motors Corp.*, 381 F.2d 353, 354, 155 U.S.P.Q. 51, 52 (5th Cir. 1967) (upholding finding of trademark violation despite infringer's business being local in character); *Drop Dead Co. v. S.C. Johnson & Son, Inc.*, 326 F.2d 87, 94, 139 U.S.P.Q. 465, 470 (9th Cir. 1963) (questioning continuing validity of intrastate infringement defense in trademark cases), *cert. denied*, 377 U.S. 907 (1964); *Lyon v. Quality Courts United, Inc.*, 249 F.2d 790, 795, 115 U.S.P.Q. 300, 303 (6th Cir. 1957) (concluding that Lanham Act does not require that infringing use involve interstate commerce).

The Court of Customs and Patent Appeals followed the trend in *In re Gastown, Inc.*, where the court reversed the Board's denial of federal registration to an operator of a chain of automobile and truck service stations, all located in the State of Ohio. *In re Gastown, Inc.*, 326 F.2d 780, 781, 140 U.S.P.Q. 216, 216 (C.C.P.A. 1964). The court noted that some of the stations were located on federal highways and that various customers had lived in other states and concluded, based on these circumstances, that appellant's services directly affected interstate commerce. *Id.* at 784, 140 U.S.P.Q. at 218. This holding was reaffirmed by the same court in *In re Application of Silenus Wines, Inc.*, a 1977 case involving intrastate sale of wines imported from France. *In re Application of Silenus Wines, Inc.*, 557 F.2d 806, 194 U.S.P.Q. 261 (C.C.P.A. 1977).

mark used by a single-location restaurant.¹⁰⁵ Moreover, whatever the policy merits may be of excluding some local trademark usages from the nationwide registration system, the *Harmon Pictures* decision casts doubt on the continuing validity of decisions in which the Board denied registration to service marks used by local service establishments based on their lack of impact on interstate commerce,¹⁰⁶ and leaves open whether there is any service mark use which would be considered purely "intrastate" for purposes of the Lanham Act.¹⁰⁷

B. Establishment of Rights from Prior Public Use of a Mark

In *National Cable Television Association v. American Cinema Editors*,¹⁰⁸ Chief Judge Nies confirmed that proof of prior use analogous to trade name or service mark use is sufficient grounds for cancellation of a registered mark.¹⁰⁹ In this cancellation proceeding, the registrant was the National Cable Television Association, Inc. (NCTA), a trade association for the cable industry. Since 1979, NCTA had been presenting the ACE award for excellence in cable broadcasting. NCTA registered ACE as a service mark for "awards presentations" in 1984. The petitioner, American Cinema Editors, was formed to advance the art and science of film editing and had used its mark A.C.E. since the early 1950s as a collective mark to indicate membership. The petitioner had been presenting awards for outstanding achievement in film and television editing long before the NCTA's first awards in 1979. These awards went by varying official names, but the press and others had long called them "ACE AWARDS." In 1979, and from time to time thereafter, petitioner objected to NCTA's use of ACE. NCTA responded that it would try to minimize any confusion by using its organizational name with

105. *Harmon Pictures*, 929 F.2d at 667, 18 U.S.P.Q.2d at 1296 (Newman, J., dissenting).

106. See *In re Conti*, 220 U.S.P.Q. 745, 749 (T.T.A.B. 1983) (denying registration to single-location barber shop/beauty salon); *In re U.S. Home Corp. of Tex.*, 199 U.S.P.Q. 698, 702 (T.T.A.B. 1978) (denying registration to establishment engaged in "planning and laying out residential communities for others, and the sale of real estate and homesites relating thereto").

107. *Harmon Pictures*, 929 F.2d at 666, 18 U.S.P.Q.2d at 1295. Implicitly rejected is the Board's dictum, in *In re U.S. Home Corp. of Tex.*, 199 U.S.P.Q. 698 (T.T.A.B. 1978), that Congress intended a broader reach in enacting "social and reform legislation" such as the Fair Housing Act or the Civil Rights Act than it intended in enacting the Lanham Act, which "was enacted purely for economic purposes." *Id.* at 701-02.

108. 937 F.2d 1572, 19 U.S.P.Q.2d 1424 (Fed. Cir. 1991).

109. *National Cable Television Ass'n v. American Cinema Editors*, 937 F.2d 1572, 1578 n.4, 19 U.S.P.Q.2d 1424, 1429 n.4 (Fed. Cir. 1991).

The court also specifically reaffirmed the court's prior position that with regard to opposition and cancellation proceedings laches runs from the date that a party was deemed to have knowledge of the application to register, i.e. the date of publication for opposition in the Official Gazette. *Id.* at 1580-82, 19 U.S.P.Q.2d 1424, 1431.

ACE "whenever possible." American Cinema Editors subsequently filed a petition to cancel NCTA's 1984 registration of ACE.¹¹⁰

Following motions for summary judgment by both parties, the Board granted the petition to cancel.¹¹¹ On appeal there was no dispute that petitioner had long used A.C.E. as a collective mark, but registrant argued that petitioner had made no trade name or service mark use of ACE sufficient to support the Board's finding of likelihood of confusion. The court rejected this argument, noting that while petitioner failed to ever print ACE on its letterhead or officially adopt the acronym as a trade name in its bylaws, there were voluminous examples of use by petitioner of the acronym as a trade name for the organization within its publications and correspondence.¹¹² Moreover, the record showed that third parties routinely shortened "American Cinema Editors" to ACE.

The court also rejected registrant's argument that the literal language of the Lanham Act prohibited consideration of the public's use of ACE with reference to petitioner in determining whether petitioner had established trade name rights.¹¹³ Section 45(a) of the Lanham Act defines a trade name as "any use by a person to identify his or her business or vocation," and section 2(d) of the Lanham Act speaks of "a . . . trade name previously used . . . by another . . ."¹¹⁴ The Federal Circuit affirmed a line of Board precedent holding that use of an abbreviation or acronym by the public is alone sufficient to support a finding of trade name rights.¹¹⁵

110. *Id.* at 1574-75, 19 U.S.P.Q.2d at 1426-27. There was apparently a good deal of actual confusion caused by the parties' use of "ACE." In fact, a member of American Cinema Editors received an ACE AWARD from NCTA in 1985 for cable film editing and several of American Cinema Editors' members were among the NCTA judges. *Id.* at 1575, 19 U.S.P.Q. at 1426.

111. *Id.* at 1575, 19 U.S.P.Q.2d at 1427.

112. *Id.* at 1577, 19 U.S.P.Q.2d at 1428.

113. *Id.*

114. 15 U.S.C. § 1127(a) (1988).

115. *National Cable Television*, 937 F.2d at 1577-78, 19 U.S.P.Q.2d at 1428. In affirming Board precedent, the court stated:

[E]ven without use directly by the claimant of the rights, the courts and the Board generally have recognized that abbreviations and nicknames of trademarks or names used only by the public give rise to protectable rights in the owners of the trade name or mark which the public modified. Such public use by others inures to the claimant's benefit and, where this occurs, public use can reasonably be deemed use "by" that party in the sense of a use on its behalf.

Id. The court relied on various authorities to support its reasoning, including *American Stock Exch., Inc. v. American Express Co.*, 207 U.S.P.Q. 356, 363 (T.T.A.B. 1980) (protecting AMEX mark); *Norac Co. v. Occidental Petroleum Corp.*, 197 U.S.P.Q. 306, 315 (T.T.A.B. 1977) (determining earlier use of OXY by public to hold priority); *Volkswagen A.G. v. Thermo-Chem Corp.*, 185 U.S.P.Q. 560, 562 (T.T.A.B. 1975) (protecting BUG as nickname for automobile); *Pieper v. Playboy Enters., Inc.*, 179 U.S.P.Q. 318, 320 (T.T.A.B. 1973) (protecting BUNNY CLUB); *Coca-Cola Co. v. Busch*, 44 F. Supp. 405, 409, 52 U.S.P.Q. 377, 383 (D.C. Pa. 1942) (protecting COKE mark and noting that frequent public use of mark's short

Likewise, the court rejected registrant's contention that petitioner could not prevail because it had not used ACE as a service mark for awards ceremonies in such a way as to be entitled to register the mark.¹¹⁶ Finally, in what may well become known as the "canned pea doctrine," the court rejected registrant's argument that the plethora of third-party uses of ACE made confusion unlikely. The court reasoned that third-party uses were irrelevant because the two contesting parties had nearly identical uses which were entirely distinct from all others.¹¹⁷

C. Registrability of Geographical Terms

Section 2(a) of the Lanham Act prohibits registration of a mark which "[c]onsists [of] or comprises . . . deceptive matter. . . ."¹¹⁸ Marks which deceive the public as to the geographic origin of goods or services have long been held to be unregistrable under this provision.¹¹⁹ In *The Scotch Whisky Association v. United States Distilled Prod-*

form creates rights); 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 7:4, at 187-88 (2d ed. 1984) (suggesting that if public has shortened trademark into nickname, nickname is entitled to independent legal protection as mark). *Id.* at n.3.

116. *National Cable Television*, 937 F.2d at 1578, 19 U.S.P.Q.2d at 1429 (citing *Jim Dandy Co. v. Martha White Foods, Inc.*, 458 F.2d 1397, 1400, 173 U.S.P.Q. 673, 676 (C.C.P.A. 1972)). The court stated:

It is not required that Editors meet the technical statutory requirements to register ACE as its mark for award ceremonies in order for Editors to have a basis for objection to another's registration. Prior public identification of petitioner with the name ACE for awards from use analogous to service mark usage is a sufficient ground for cancellation.

Id.

117. *Id.* at 1579-80, 19 U.S.P.Q.2d at 1430. Judge Nies stated:

To take an extreme example, ACE for canned, large peas could not escape likelihood of confusion with a prior use of ACE for canned, small peas because ACE is concurrently used by unrelated third parties on aircraft, clothing, computer services, hardware or even bread, bananas, milk and canned carrots. Properly defined, the relevant public in the example need be defined no broader than purchasers of canned peas, and the third party ACE marks outside the segment become essentially irrelevant.

Id. at 1579, 19 U.S.P.Q.2d at 1430.

118. 15 U.S.C. § 1052(a) (1991).

119. See *In re Richemond*, 131 U.S.P.Q. 441, 444 (T.T.A.B. 1961) (denying registration of MAID IN PARIS for perfumes not made in Paris). Section 2(a) is essentially an extension of the common law of false advertising which has long prohibited the use of geographic designations which deceive the public as to the origin of goods. See *Pillsbury-Washburn Flour Mills Co. v. Eagle*, 86 F. 608, 616 (7th Cir. 1898) (enjoining use of BEST MINNESOTA PATENT, MINNEAPOLIS, MINN. in connection with flour milled in Milwaukee), *cert. denied*, 112 F. 371 (C.C.N.Y. 1901); *Gage-Downs Co. v. Featherbone Corset Co.*, 83 F. 213, 216 (C.C.W.D. Mich. 1897) (prohibiting use of mark CHICAGO WAISTS in connection with corsets made in California and Michigan). The fact that nondeceptive geographic names can be registered under the Lanham Act represented a significant liberalization over the 1905 Trademark Act, 15 U.S.C. § 85(b) (1905), which prohibited registration of marks which were "merely a geographical name or term." See J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 14:9, at 646 n.20 (2d ed. 1984).

ucts,¹²⁰ the Federal Circuit considered whether a term that was not a geographic designation in and of itself could nonetheless be geographically deceptive under section 2(a).¹²¹

The Scotch Whisky Association, an association representing distillers and merchants in Scotland, petitioned to cancel the registration for the mark McADAMS for whiskey. It alleged that the use of the Scottish surname McADAMS, in connection with registrant's Canadian blended whiskey, deceptively connoted Scottish origin and deceived consumers in violation of section 2(a). On registrant's motion, the Board dismissed Scotch Whisky's petition to cancel for failure to state a claim.¹²² The Board took the position that "when asserting geographic deceptiveness, a plaintiff must plead that the mark has primary geographic significance."¹²³ The Board also ruled that Scotch Whisky failed to plead, as required, "that the term McADAMS is primarily recognized as a geographical term in and of itself."¹²⁴

On appeal, the Federal Circuit reversed. It found valid petitioner's "simple proposition" that section 2(a) would prohibit registration because of deceptiveness, if the mark McADAMS falsely suggested that registrant's Canadian whiskey originated in Scotland.¹²⁵ The court further found the Board's opinion "internally inconsistent" and its holding unsupported by precedent.¹²⁶ In reversing, the court held that (1) petitioner had properly alleged a geographic association with the term; (2) "if the pleaded facts are proved, petitioner will be entitled to have the registration cancelled as deceptive;" and (3) the Board's attempt to impose a more stringent pleading requirement had no support in section 2(a) or elsewhere.¹²⁷ The Federal Circuit remanded to the Board for further proceedings.

120. 952 F.2d 1317, 21 U.S.P.Q.2d 1145 (Fed. Cir. 1991).

121. Scotch Whisky Ass'n v. United States Distilled Prods. Co., 952 F.2d 1317, 1318-19, 21 U.S.P.Q.2d 1145, 1146-47 (Fed. Cir. 1991).

122. *Id.* at 1317-18, 21 U.S.P.Q.2d at 1145-46.

123. *Id.* at 1319, 21 U.S.P.Q.2d at 1147.

124. *Id.*

125. *Id.* at 1319-20, 21 U.S.P.Q.2d at 1147.

126. *Id.* Ironically, the Board's opinion contradicted one of the very cases cited as authority for its holding. The Board cited *In re Quady Winery, Inc.*, 221 U.S.P.Q. 1213, 1215 (T.T.A.B. 1984), for the proposition that a term must be primarily recognized as a geographical term in and of itself. In *Quady*, a case arising under section 2(e)(1), the Board denied registration of ESSENSIA in connection with dessert wine produced in California because the word "Essensia" properly referred to a rare and little-known type of Tokay wine produced in Hungary but was not the name of a particular geographic region. *In re Quady Winery, Inc.*, 221 U.S.P.Q. 1213, 1214 (T.T.A.B. 1984).

127. *Scotch Whiskey*, 952 F.2d at 1319, 21 U.S.P.Q.2d at 1147.

D. Trade Dress and Configuration

Trade dress claims only occasionally come before the Federal Circuit because to do so they must be pendent to patent claims in order to come before the court.¹²⁸ In deciding trade dress claims, the court applies the precedent of the regional circuit from which the case originated.¹²⁹ In 1991, the court heard two trade dress cases, one on appeal from the District of Minnesota and the other on appeal from the Central District of California.

In *Jurgens v. McKasy*,¹³⁰ plaintiffs claimed infringement of both patent and trade dress rights in a wind-inflated hunting decoy.¹³¹ The Jurgens, as plaintiffs, sued CBK, Ltd., a manufacturer of "wind decoys," and Timothy McKasy, one of CBK's distributors. A jury awarded plaintiffs a total of \$1,055,950, including patent damages of \$12,600, section 43(a) damages of \$243,350, and punitive damages of \$800,000.¹³² After hearing post-trial motions, the district court doubled the patent and Lanham Act damages assessed against defendant McKasy, trebled the Lanham Act damages assessed against defendant CBK, and struck the punitive damages award as unwarranted by the evidence.¹³³

On appeal to the Federal Circuit, defendants argued that the trial judge erred in failing to instruct the jury that it could not find the asserted trade dress to be nonfunctional if doing so would hinder competition.¹³⁴ The court ruled that, while this was a correct statement of Eighth Circuit law, failure to omit such an instruction was not prejudicial error because the overall instructions essentially conveyed the message to the jurors.¹³⁵ Defendants also argued that the trial court erred by failing to instruct the jury which factors, in addition to visual inspection of the decoys, could be considered in determining confusion. Because the court found the instructions, taken as a whole, to be proper, it rejected petitioners' claim.¹³⁶ Finally, the Court rejected the contention that the district court erred by

128. See 28 U.S.C. § 1295 (1991) (establishing jurisdiction of Federal Circuit).

129. See *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 1438-40, 223 U.S.P.Q. 1074, 1086-87 (Fed. Cir. 1984) (noting that need for uniformity of law demands that governing law be that of circuit in which district court is located).

130. 927 F.2d 1552, 18 U.S.P.Q.2d 1031 (Fed. Cir.), cert. denied, 112 S. Ct. 281 (1991).

131. *Jurgens v. McKasy*, 927 F.2d 1552, 1556, 18 U.S.P.Q.2d 1031, 1034 (Fed. Cir.), cert. denied, 112 S. Ct. 281 (1991).

132. *Id.*

133. *Id.* at 1556, 18 U.S.P.Q.2d at 1034-35.

134. *Id.* at 1563, 18 U.S.P.Q.2d at 1040.

135. *Id.*

136. *Id.* "Here, the jury instructions as a whole correctly stated Eighth Circuit law because elsewhere the judge stated that '[l]ikelihood of confusion is also determined by evaluating the following [*Squirt Co.*] factors . . .'" *Id.*

failing to instruct the jury that likelihood of confusion must result from nonfunctional features.¹³⁷ Again the court noted that the instructions as a whole conveyed the message to the jury.

The court agreed with defendants, however, that the trebling¹ of Lanham Act damages constituted a penalty and therefore violated both the literal language of section 35(a) and the decisional law of the Eighth Circuit.¹³⁸ The court rejected plaintiff's argument, based on Seventh Circuit precedent, that trebling was appropriate in order to penalize willful infringement.¹³⁹ The court further rejected as disingenuous plaintiff's argument that the judge awarded treble damages as compensation. In doing so, the Federal Circuit cited several points in the record where the district court equated its motivation for the trebling of damages with the jury's motivation for awarding \$800,000 in punitive damages.¹⁴⁰

The second trade dress case heard by the Federal Circuit in 1991, *Oakley Inc. v. International Tropic-Cal Inc.*,¹⁴¹ arrived at the Federal Circuit on appeal from the Central District of California. The plaintiff claimed that defendant's sunglasses infringed its design patent and its trade dress rights under section 43(a) of the Lanham Act. The Federal Circuit vacated the district court's grant of a preliminary injunction.¹⁴²

Applying Ninth Circuit law, the Federal Circuit held that the likelihood of confusion issue is a question of law based on foundational facts. While the appellate court may only reverse the trial judge's findings of foundational facts if they are clearly erroneous, it may review the conclusions of law which flow from those foundational facts de novo.¹⁴³ In *Oakley*, the district court failed to make specific findings as to foundational facts, so that its conclusion as to likely confusion was "essentially unreviewable."¹⁴⁴ As such, the court remanded for specific factual determinations.¹⁴⁵

E. Genericness

In *Magic Wand, Inc. v. RDB Inc.*,¹⁴⁶ the Federal Circuit affirmed the

137. *Id.*

138. *Id.* at 1564, 18 U.S.P.Q.2d at 1040-41.

139. *Id.* (citing *Gorenstein Enters., Inc. v. Quality Care-USA, Inc.*, 874 F.2d 431, 435-36, 10 U.S.P.Q.2d 1762, 1764 (7th Cir. 1989)).

140. *Id.*

141. 923 F.2d 167, 17 U.S.P.Q.2d 1401 (Fed. Cir. 1991).

142. *Oakley Inc. v. International Tropic-Cal Inc.*, 923 F.2d 167, 168, 17 U.S.P.Q.2d 1401, 1402 (Fed. Cir. 1991).

143. *Id.* at 169-70, 17 U.S.P.Q.2d at 1403-04.

144. *Id.* at 170, 17 U.S.P.Q.2d at 1404.

145. *Id.*

146. 940 F.2d 638, 19 U.S.P.Q.2d 1551 (Fed. Cir. 1991).

Board's denial of a petition to cancel which alleged that the mark TOUCHLESS for "automobile washing services"¹⁴⁷ was a generic term.¹⁴⁸ This case presented an interesting discussion of the Trademark Clarification Act of 1984¹⁴⁹ and a reminder that what is considered generic within one universe for a specific product or service may not be deemed generic within another universe for different products or services.¹⁵⁰

The court maintained that the Trademark Clarification Act of 1984 is a codification of the genericness test articulated by Judge Learned Hand in *Bayer Co. v. United Drug Co.*¹⁵¹ In *Bayer*, Judge Hand posed the critical inquiry, "What do the buyers understand by the word for whose use the parties are contending?"¹⁵² Thus, the court acknowledged that the 1984 amendment makes the understanding by the "relevant public" central to the genericness inquiry. The court in *Magic Wand* interpreted the Clarification Act's term "relevant public" as referring to the public "which does or may purchase the goods or services in the marketplace."¹⁵³

This analysis of the Clarification Act led the court to affirm the Board's conclusion that the relevant purchasing public for "automobile washing services" was automobile owners and operators, not

147. The service at issue featured cleaning by the use of high-pressure water. The car is never touched by brushes or cloths. *Magic Wand, Inc. v. RDB Inc.*, 940 F.2d 638, 639, 19 U.S.P.Q.2d 1551, 1552 (Fed. Cir. 1991).

148. *Id.* Trademark registrations, including incontestable registrations, are subject to cancellation if it is proven that the subject mark has become generic. 15 U.S.C. § 1064(3) (1984). In determining whether a mark is generic, the Board must focus on the statement of goods or services found in the registration certificate. *Magic Wand*, 940 F.2d 640, 19 U.S.P.Q.2d at 1552.

149. Trademark Clarification Act of 1984, Pub. L. No. 98-620, § 102, 98 Stat. 3335 (1984) (codified at 15 U.S.C. § 1064(3) (1984)). The Act added the following language: "The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used." 15 U.S.C. § 1064(3) (1984). *Magic Wand* is one of only a few Federal Circuit genericness cases which have mentioned the Trademark Clarification Act. For other cases addressing the Act, see *In re Montrachet, S.A.*, 878 F.2d 375, 377, 11 U.S.P.Q.2d 1393, 1395 (Fed. Cir. 1989) (noting that Act permits identification of product name coined by its purveyor); *H. Marvin Ginn Corp. v. International Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987, 989, 228 U.S.P.Q. 528, 530 (Fed. Cir. 1986) (relating Act to issue of whether relevant public used or understood term sought to be protected).

150. See, e.g., *In re Seats, Inc.*, 757 F.2d 274, 277, 225 U.S.P.Q. 364, 367 (Fed. Cir. 1985) ("The term 'seats' may be generic in relation to chairs or couches or bleachers. It is clearly not generic to reservation services."); *MasterCard Int'l v. American Express Co.*, 14 U.S.P.Q.2d 1551, 1554 (T.T.A.B. 1990) (holding GOLD CARD generic for charge card services but not for hotel/motel reservation services); *In re Minnetonka Inc.*, 3 U.S.P.Q.2d 1711, 1713 (T.T.A.B. 1987) (holding SOFT SOAP generic for industrial soap but not for liquid hand soap).

151. *Magic Wand, Inc. v. RDB, Inc.*, 940 F.2d 638, 640, 19 U.S.P.Q.2d 1551, 1553 (Fed. Cir. 1991) (citing *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921)).

152. *Id.* at 640, 19 U.S.P.Q.2d at 1552 (quoting *Bayer*, 272 F. at 509).

153. *Id.*, 19 U.S.P.Q.2d at 1552-53.

the operators and manufacturers of car washing equipment.¹⁵⁴ Unfortunately, petitioner presented no evidence to show generic use or understanding by those who purchase car washing services.¹⁵⁵ Therefore, the fact that petitioner's evidence disclosed that those in the trade, namely car wash manufacturers and operators, use the term "touchless" generically was irrelevant and created a failure of proof.¹⁵⁶

F. Likelihood of Confusion

1. The "family of marks" argument

The Federal Circuit, in *J & J Snack Foods Corp. v. McDonald's Corp.*,¹⁵⁷ reaffirmed the viability of the "family of marks" argument. Although the Court of Customs and Patent Appeals first accepted the family of marks argument in 1963 in *Motorola, Inc. v. Griffiths Electronics, Inc.*,¹⁵⁸ the argument has infrequently proven to be successful or decisive.¹⁵⁹ In *J & J Snack Foods*, however, the court affirmed the decision of the Board that McDUGAL McPRETZEL and McPRETZEL, when applied to soft pretzels sold in bulk to food service retailers and schools, was likely to be confused with McDonald's family of "Mc" marks which included, among others, McDONUT, McPIZZA, McMUFFIN, McCHICKEN, and McRIB. In so affirming,

154. *Id.* at 641, 19 U.S.P.Q.2d at 1553-54.

155. *Id.* Evidence of purchaser understanding may come from direct testimony of consumers, consumer surveys, dictionary listings, as well as newspapers and other publications. See *In re Northland Aluminum Prods., Inc.*, 777 F.2d 1556, 1559, 227 U.S.P.Q. 961, 963 (Fed. Cir. 1985).

156. Findings as to genericness are based on facts and the Board's decision must be accepted unless found to be clearly erroneous. The petitioner had the burden to show by preponderance of the evidence that TOUCHLESS was generic to the relevant public. *Magic Wand*, 940 F.2d at 641-42, 19 U.S.P.Q.2d at 1552.

157. 932 F.2d 1460, 18 U.S.P.Q.2d 1889 (Fed. Cir. 1991).

158. 317 F.2d 397, 137 U.S.P.Q. 551 (C.C.P.A. 1963). The Federal Circuit accepted the "family of marks" argument in 1984. See *International Diagnostic Technology, Inc. v. Miles Lab., Inc.*, 746 F.2d 798, 800, 223 U.S.P.Q. 977, 979 (Fed. Cir. 1984) (upholding Board's finding that confusion was likely between STIQ for "immuno-assay equipment for medical laboratories," and Miles' family of STIX marks used in connection with in vitro diagnostic tests).

159. See 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 23:20, at 105-06 (2d ed. 1984) (noting that plaintiffs are rarely successful in making family of marks argument). Outside of the Federal Circuit and its predecessor court, there is surprisingly little appellate discussion of the family of marks argument. In addition to the Federal Circuit, only the Second, Fifth, Seventh, and Ninth Circuits have explicitly passed on the family of marks argument. See *Soltex Polymer Corp. v. Fortex Indus., Inc.*, 832 F.2d 1325, 1330, 4 U.S.P.Q.2d 1785, 1789 (2d Cir. 1987) (recognizing defendants' FORT family of marks); *Aloe Creme Lab., Inc. v. Milsan, Inc.*, 423 F.2d 845, 847, 165 U.S.P.Q. 37, 39 (5th Cir.) (holding plaintiff had no rights in ALO family of marks), *cert. denied*, 398 U.S. 928 (1970); *American Aloe Corp. v. Aloe Creme Lab.*, 420 F.2d 1248, 1250-51, 164 U.S.P.Q. 266, 269 (7th Cir.), *cert. denied*, 400 U.S. 820 (1970) (holding defendant had no rights in ALO family of marks); *Creamette Co. v. Merlino*, 299 F.2d 55, 59, 132 U.S.P.Q. 381, 383 (9th Cir. 1962) (holding plaintiff had no rights to "ettes" family of marks).

the court noted the central role of the public's recognition of the "recognizable common characteristic" of the family, and not merely its recognition of the individual member marks, in establishing the existence of a family of marks.¹⁶⁰

Applicant could not realistically challenge the fame of opposer's "Mc" marks.¹⁶¹ It argued, however, that the trademark owner must prove independent trademark rights in the common element, or "formative," apart from the marks containing that formative, in order to establish rights in the family. The court rejected this argument.¹⁶²

Applicant also noted the existence of many third-party registrations of "Mc" marks and the registration by McCormick & Company of "Mc," standing alone, for spices. The court stated that although third parties are permitted to register various "Mc" names, such registrations do not defeat McDonald's own specific family of marks in which the prefix "Mc" accompanies generic food names to create "fanciful words."¹⁶³ Applicant also argued that registration should have been granted because of its lack of intent to trade on McDonald's goodwill. The court held that, while evidence of intent to

160. *J & J Snack Foods Corp. v. McDonald's Corp.*, 932 F.2d 1460, 1462, 18 U.S.P.Q.2d 1889, 1891 (Fed. Cir. 1991). The court set out the standard for establishing the existence of a family of marks, stating:

A family of marks is a group of marks having a recognizable common characteristic, wherein the marks are composed and used in such a way that the public associates not only the individual marks, but the common characteristic of the family, with the trademark owner. Simply using a series of marks does not of itself establish the existence of a family. There must be a recognition among the purchasing public that the common characteristic is indicative of a common origin of the goods. . . . Recognition of the family is achieved when the pattern of usage of the common element is sufficient to be indicative of the origin of the family.

Id.

161. *Id.* at 1463, 18 U.S.P.Q.2d at 1892. The court noted that in 1987, McDonald's operated 7600 outlets in the United States with sales of over \$14 billion and an advertising budget of \$405 million. *Id.*

The "family of marks" argument has become a stock weapon in McDonald's legal arsenal. In a previous case, McDonald's successfully argued that the use of McBAGEL'S in connection with a bagel bakery infringed and diluted the family of "Mc" marks. *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1270, 1 U.S.P.Q.2d 1761, 1763 (S.D.N.Y. 1986). In another case, McDonald's successfully enjoined Quality Inn's proposed use of McSLEEP INNS in connection with hotel services. *Quality Inns Int'l, Inc. v. McDonald's Corp.*, 695 F. Supp. 198, 221, 8 U.S.P.Q.2d 1633, 1653 (D. Md. 1988). In that case, the court rejected Quality Inn's claim that the "Mc" formative had become a generic prefix signifying "thrifty, consistent and perhaps convenient" goods or services. *Id.* at 214, 8 U.S.P.Q.2d at 1465. The court noted that "[a] family of marks may have a synergistic recognition that is greater than the sum of each mark." *Id.* at 212, 8 U.S.P.Q.2d at 1643. Finally, in the most recent case, the Board denied registration of McTEDDY for teddy bears, citing likely confusion with the "Mc" family of marks. *McDonald's Corp. v. McKinley*, 13 U.S.P.Q.2d 1895, 1904-05 (T.T.A.B. 1990).

162. *J & J Snack Foods*, 932 F.2d at 1463, 18 U.S.P.Q.2d at 1892.

163. *Id.* With regard to third party use, the court appears to be applying the "canned pea doctrine" announced in *National Cable Television Ass'n v. American Cinema Editors*, 937 F.2d 1572, 1579, 19 U.S.P.Q.2d 1424, 1430 (Fed. Cir. 1991).

trade on the goodwill of another should be considered, the absence of such evidence does not avoid a likelihood of confusion ruling.¹⁶⁴

Finally, the court held that the fact that applicant sold its pretzels at the wholesale level did not preclude a finding of likely confusion. The court stated that registrability hinges on the description of goods in the application and also noted that goods bearing the disputed marks would reach the consuming public.¹⁶⁵ The court also seems to have been heavily influenced in this regard by a McDonald's survey in which thirty percent of those questioned said that they thought a product marked McPRETZEL was a McDonald's product.¹⁶⁶

2. *Other likelihood of confusion decisions*

The Federal Circuit issued several likelihood of confusion opinions this year which deserve brief mention.

In *National Data Corp. v. Computer Systems Engineering, Inc.*,¹⁶⁷ an unpublished decision, the court upheld as "not clearly erroneous" the Board's determination that applicant's mark, NATIONAL DATACOMPUTER and design, when applied to portable data collection computer terminals, was unlikely to be confused with opposer's mark, NATIONAL DATA CORPORATION, used for electronic data processing services.¹⁶⁸

Opposer's services involved such things as credit card verification, corporate financial services relating to reports of bank deposits, and the operation of computer terminals and voice centers for telemarketing services. On the other hand, applicant sold handheld data collectors used primarily by retail stores such as supermarkets for taking inventories and communicating orders to home office data processing systems. The court noted the Board's findings that opposer sold services, not goods, and that the business information collected by opposer was not of the same type collected by applicant's portable terminals. The Board also relied on the fact that the purchasers of the goods and services at issue were highly sophisti-

164. *J & J Snack Foods*, 932 F.2d at 1462, 18 U.S.P.Q.2d at 1891.

165. *Id.* at 1463, 18 U.S.P.Q.2d at 1892.

166. *Id.* at 1463-64, 18 U.S.P.Q.2d at 1892.

In response to applicant's contention that the survey was flawed in content and execution, the court appears to reaffirm the holding, in *Coca-Cola Co. v. Essential Prods. Co.*, 421 F.2d 1374, 1376, 164 U.S.P.Q. 628, 630 (C.C.P.A. 1970), that such flaws go to the weight accorded to the survey and not its admissibility.

167. 1991 U.S. App. LEXIS 15261 (Fed. Cir. July 10, 1991) (unpublished opinion).

168. *National Data Corp. v. Computer Sys. Eng'g*, 1991 U.S. App. LEXIS 15261, at *6 (Fed. Cir. July 10, 1991) (unpublished opinion). Pursuant to FED. CIR. R. 47.8, decisions and orders designated by the court as unpublished are not citable as precedent.

cated and the parties used different media, trade shows, and markets.¹⁶⁹

The only interesting aspect of this case was the way the Board and court dealt with the issue of actual confusion. With regard to actual confusion, the opposer offered only one instance involving an individual, indirectly related to opposer, who on seeing the applicant's advertisement in a computer magazine thought that it referred to opposer's business activity.¹⁷⁰ Quite correctly, the Board and court rejected this isolated instance as irrelevant speculation and confirmed the view of many practitioners that when there is only one instance of actual confusion, it is better not offered into evidence, even if it is unequivocal.¹⁷¹

In an unpublished decision, *In re Cooper Tire & Rubber Company*,¹⁷² the Federal Circuit reiterated its position that "likelihood of confusion is a question of law to be decided by the [c]ourt based on the facts of the case" and overruled the Board's refusal to allow registration of the mark THE INDY TUBE for "rubber inner tubes."¹⁷³ The Board based its denial of the application on the mark INDY 500 for "tread rubber for automobile tires," previously registered by the Indianapolis Motor Speedway Corporation.¹⁷⁴ On appeal, applicant did not challenge the holding that the goods were related, but claimed INDY was generic for "a race car or race circuit." The court agreed, holding that the evidence did not support the conclusion that the term "INDY," as opposed to "INDY 500," was susceptible to exclusive appropriation.¹⁷⁵ The court also noted the basic principle that "marks are to be compared on their entireties" and concluded that the marks THE INDY TUBE and INDY 500 were not confusingly similar as applied to their respective goods.¹⁷⁶

169. *Id.* at *3.

170. *Id.* at *5.

171. *Id.*

172. 1991 U.S. App. LEXIS 18040 (Fed. Cir. Aug. 1, 1991) (unpublished opinion).

173. *In re Cooper Tire & Rubber Co.*, 1991 U.S. App. LEXIS 18040 at *3 (Fed. Cir. Aug. 1, 1991) (unpublished opinion).

174. *Id.* The Board concluded that the marks had "the same suggestive connotation . . . namely the product is of such quality as automotive products used in the INDY 500 race." *Id.*

175. *Id.*

176. *Id.* at *3; see, e.g., *Joseph Schlitz Brewing Co. v. Houston Ice & Brewing Co.*, 250 U.S. 28, 29 (1919) (Holmes, J.) ("It is a fallacy to break the faggot stick by stick" because confusion can only be determined by comparing marks in their entireties); *Mr. Hero Sandwich Sys., Inc. v. Roman Meal Co.*, 781 F.2d 884, 887, 228 U.S.P.Q. 364, 366 (Fed. Cir. 1986) (holding that marks must be compared in their entireties to determine confusion); *In re National Data Corp.*, 753 F.2d 1056, 1058, 224 U.S.P.Q. 749, 750-51 (Fed. Cir. 1985) (noting that public's knowledge of both marks using CASH MANAGEMENT must be viewed in their entireties). The Federal Circuit, in *National Data Corp.*, stated with respect to the likelihood of confusion issue that it is not improper for "more or less weight [to be] given to a particular feature of a mark, provided the ultimate conclusion rests on consideration of the marks in their entire-

In *Kellogg Co. v. Pack'Em Enterprises, Inc.*,¹⁷⁷ the court affirmed the Board's grant of summary judgment for applicant on the grounds that FROOTEE ICE, when applied to packages of flavored liquid frozen into bars, was unlikely to be confused with FROOT LOOPS for a variety of goods, including breakfast cereal, snacks, and frozen confections.¹⁷⁸ The Board considered the applicable likelihood of confusion factors,¹⁷⁹ and determined that the first factor, "the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression," was dispositive.¹⁸⁰

Simply put, the Board found the marks so dissimilar that even weighing all other applicable factors in favor of the opposer, there was no possible likelihood of confusion. On appeal, the court agreed that there was no reason why a single *DuPont* factor should not outweigh all the rest.¹⁸¹ Moreover, the court found that, con-

ties." *Id.* at 1058, 224 U.S.P.Q. at 751; accord *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1570, 218 U.S.P.Q. 390, 395 (Fed. Cir. 1983) (suggesting courts give greater force and effect to dominant feature of marks as part of comparison of marks' entireties).

177. 951 F.2d 330, 21 U.S.P.Q.2d 1142 (Fed. Cir. 1991).

178. *Kellogg Co. v. Pack'Em Enters., Inc.*, 951 F.2d 330, 331, 21 U.S.P.Q.2d 1142, 1143 (Fed. Cir. 1991). Applicant's mark consisted of the disclaimed words FROOTEE ICE in stylized script and an elephant design. Opposer's mark FROOT LOOPS appears in plain block letters. *Id.* at 331, 21 U.S.P.Q.2d at 1143.

179. *Id.* The likelihood of confusion factors under section 2(d) of the Lanham Act are set out in *In re E. I. DuPont de Nemours & Co.*, 476 F.2d 1357, 1361, 177 U.S.P.Q. 563, 567 (C.C.P.A. 1973):

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- (3) The similarity or dissimilarity of established, likely-to-continue trade channels.
- (4) The conditions under which and buyers to whom sales are made, i.e., "impulse" vs. careful, sophisticated purchasing.
- (5) The fame of the prior mark (sales, advertising, length of use).
- (6) The number and nature of similar marks in use on similar goods.
- (7) The nature and extent of any actual confusion.
- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
- (9) The variety of goods on which a mark is or is not used (house mark, "family" mark, product mark).
- (10) The market interface between applicant and the owner of a prior mark: (a) a mere "consent" to register or use. (b) agreement provisions designed to preclude confusion, i.e., limitations on continued use of the marks by each party. (c) assignment of mark, application, registration and good will of the related business. (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.
- (11) The extent to which applicant has a right to exclude others from use of its mark on its goods.
- (12) The extent of potential confusion, i.e., whether de minimis or substantial.
- (13) Any other established fact probative of the effect of use.

Id.

180. *Kellogg*, 951 F.2d at 332, 21 U.S.P.Q.2d at 1144.

181. *Id.* at 333, 21 U.S.P.Q.2d at 1145.

trary to Kellogg's assertion, the Board properly considered all the evidence, but simply found that the first factor outweighed the rest. The court also noted that, while factors such as the relatedness of the goods, the channels of trade, and the fame of its mark weighed in Kellogg's favor, Kellogg failed to address the dissimilarity of the marks.¹⁸² Specifically, the court noted that "Kellogg presented no facts showing actual confusion, such as a customer survey."¹⁸³ This latter point may reinforce the developing assumption among trademark practitioners that, even before the Board, a party plaintiff takes a chance if it does not submit a survey.

Finally, in the unpublished decision of *Guaber, S.p.A. v. Nutri-Metics Int'l, Inc.*,¹⁸⁴ the court affirmed the Board's determination that applicant's mark NEUTROMED and design was likely to be confused with opposer's mark NUTRI-METICS.¹⁸⁵ This case presents a slight variation on the prior noted basic rule that marks are not to be dissected, but should instead be considered in their entirety. In other words, circumstances may be such that one feature so dominates a mark that it alone creates the essential commercial impression. In this case, the word NEUTROMED so dominated applicant's mark that the other features, including the design and disclaimed descriptive language, "pH 5.5," did not weigh against a holding of confusing similarity.¹⁸⁶

CONCLUSION

With regard to trademark law, the Federal Circuit did not issue any particularly startling decisions in 1991. Basically, it provided clarification in some areas and in other areas, reinforced existing bodies of precedent. However, three cases taken as a group (*Mother Tucker's*, *Hewlett-Packard* and *Copelands*) may signal that the Federal Circuit and ultimately the PTO will enforce rules more stringently and be more willing to prescribe strong medicine for failure to comply.

182. *Id.*

183. *Id.*

184. 1991 U.S. App. LEXIS 10842 (Fed. Cir. May 17, 1991) (unpublished opinion).

185. *Guaber, S.p.A. v. Nutri-Metics Int'l, Inc.*, 1991 U.S. App. LEXIS 10842, at *1 (Fed. Cir. May 17, 1991) (unpublished opinion). The disputed marks were used in connection with "substantially identical" goods. *Id.* at *2.

186. *Id.* at *4. The court also affirmed the Board's rejection of applicant's third-party use defense. *Id.* at *4-5. The court agreed with the Board that even if the NUTRO-prefix was considered weak, a likelihood of confusion could still be found if, "in their entirety, the marks are so alike as to be confusingly similar." *Id.*

