

INTELLECTUAL PROPERTY—TRADEMARK—A LIKELIHOOD OF CONFUSION EXISTS BETWEEN PLAINTIFF YACHT ASSOCIATION'S SAIL DESIGN TRADEMARK AND DEFENDANT CLOTHING MANUFACTURER'S INTENTIONALLY COPIED NAUTICAL SPORTSWEAR DESIGN DESPITE PLAINTIFF'S FAILURE TO REGISTER ITS TRADEMARK ON STATE OR FEDERAL TRADEMARK REGISTERS—*International Star Class Yacht Racing Ass'n v. Tommy Hilfiger U.S.A., Inc.*, 1995 WL 241875 (S.D.N.Y. 1995).

I. INTRODUCTION

In this modern era of high volume retail sales and massive advertising budgets, sellers surround consumers with names, logos and slogans, all of which may be associated with a particular company or product. Known collectively as trademarks, these words and pictures are powerful tools in the hands of those whose primary goal is to have consumers part company with their money.¹ Manufacturers of goods receive protection for their trademarks through an extensive body of case law and statutory law. However, because of the uncertainty about the extent and strength of trademark protection, a great deal

1. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3.1(b) (3d ed. 1992). The four functions which trademarks serve are: (a) to identify and distinguish one seller's goods or services from those of another seller; (b) to signify that all the goods bearing a trademark come from one source; (c) to signify that the trademark goods are of equal quality; and (d) to act as a prime instrument in advertising and selling the goods. *Id.*

In general, a trademark is accorded legal protection because it:

- (a) designates the source or origin of a particular product or service, even though the source is to the consumer anonymous;
- (b) denotes a particular standard of quality which is embodied in the product or services;
- (c) identifies a product or service and distinguishes it from the products or services of others;
- (d) symbolizes the good will of its owner and motivates consumers to purchase the trademarked product or service;
- (e) represents a substantial advertising investment and is treated as a species of property; or
- (f) protects the public from confusion and deception, insures that consumers are able to purchase the products and services they want, and enables the courts to fashion a standard of acceptable business conduct.

1 J. GILSON, TRADEMARK PROTECTION AND PRACTICE § 1.03 (1982).

of litigation has ensued regarding the use of trademarks by commercial parties.

By preventing others from copying a source-identifying mark, trademark law reduces consumers' costs of making purchasing decisions.² Trademarks quickly and easily assure a potential customer that the marked item is made by the same producer as other similarly marked items.³ At the same time, the law helps assure a producer that it, and not an imitating competitor, will reap the financial and reputation-related rewards associated with a desirable product.⁴ Trademark law thereby encourages manufacturers to produce high quality products while simultaneously discouraging production by manufacturers of inferior products from capitalizing on a purchaser's inability to evaluate the caliber of the product for sale.⁵

The primary purpose of seeking the protection provided by trademark legislation is, therefore, to protect the source of an article and to preclude another person or company from "palming off"⁶ their goods or services as those of the original source.⁷

2. *Qualitex Co. v. Jacobson Products Co., Inc.*, ___ U.S. ___, 115 S. Ct. 1300 (1995) (citing 1 J. MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §2.01[2] (3d ed. 1994)). In *Qualitex*, the Court reasoned that protection of trademarks served to reduce customer cost because the protected trademark "quickly and easily assures a potential customer that this item — the item with this mark — is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past." *Id.* at 1303.

3. *Id.*

4. *Id.*

5. *Id.*; see also *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985); S. REP. No. 515, 100th Cong. 4 (1988) (stating that trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation); U.S. Code Cong. & Admin. News, 5577, 5580 (1988) (stating that trademark laws protect mark owners who have spent considerable time and money bringing a product to market from pirates and counterfeiters); William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 271-72 (1988) (stating that trademarks employ a self-enforcing feature because the strength of a mark and its concomitant protection is directly related to the maintenance of consistent product quality).

6. See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916) (stating that a man is not to sell his own goods under the pretense that they are the goods of another man). "Palming off" is an attempt to deceive the public into believing that the consumer is trading or dealing with one company when in fact they are dealing with another. *Kazmaier v. Wooten*, 761 F.2d 46, 52 (1st Cir. 1985). The two terms "palming off" and "passing off" describe the same activity and are interchangeably used in judicial opinions and lawyers' briefs. *Id.*

7. 15 U.S.C. §1127 (1988). Section 1127 provides in pertinent part that:

The term 'trademark' includes any word, name, symbol, or device or any combination thereof (1) used by a person, or (2) which a person has a bona fide inten-

To be afforded this protection, a plaintiff must demonstrate that the alleged infringer's use of the trademark in question will cause confusion amongst the public as to the original owner of the trademark.⁸

tion to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown

15 U.S.C. § 1127 (1988).

There are two registers pursuant to federal law in which a trademark owner may register his mark: the Principal Register and the Secondary or Supplemental Register. See 15 U.S.C. § 1051-72 (1988) (Principal Register); 15 U.S.C. § 1091-96 (1988) (Secondary or Supplemental Register). The requirements for registration on the Principal Register are listed in § 1127, and include a showing of distinctiveness, use, and other procedural actions. 15 U.S.C. § 1127 (1988). However, if the registrant cannot establish all the requirements of § 1127 for registration on the Principal Register, they may still be able to register their mark on the Secondary or Supplemental Register, provided the mark has been lawfully used in commerce for one year immediately proceeding the registration. 15 U.S.C. § 1091 (1988). Registration of a mark on the Principal Register confers substantive and procedural benefits upon the registrant which are not provided by the Secondary Register, including, but not limited to, automatic federal jurisdiction (§ 1121); treble damages (§ 1117); and proof of registration providing prima facie evidence of ownership and priority of right (§§ 1057(b), 1115(a)). McCARTHY, *supra* note 1, at § 19.8.

Registration on the Secondary or Supplemental Register does not provide these statutory rights to the registrant, but rather provides only those substantive rights conferred under the common law. *Clairol, Inc. v. Gillette Co.*, 389 F.2d 264, 267 (2d Cir. 1968). Thus, registration on the Secondary or Supplemental Register does not appear to provide any benefit to the registrant under domestic law. *Id.* However, registration on this register does provide a considerable benefit outside the territorial jurisdiction of the United States. McCARTHY, *supra* note 1, at § 19.1. By registering a mark on the Secondary or Supplemental Register, many foreign nations will automatically allow registration and provide protection for a trademark without prior use. *Id.*

8. 15 U.S.C. § 1114 (1988). Section 1114 provides in pertinent that:

Any person who shall, without the consent of the registrant, . . . (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Id. Section 1115(a) provides in pertinent that:

(a) Any . . . mark registered . . . shall be admissible in evidence and shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the registration

15 U.S.C. § 1115(a) (1988). Section 1117 provides in pertinent that:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 43(a) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action

15 U.S.C. § 1117.

In *International Star Class Yacht Racing Ass'n v. Tommy Hilfiger U.S.A., Inc.*,⁹ plaintiff International Star Class Yacht Racing Association (hereinafter "ISCRA"),¹⁰ an Illinois corporation created to promote and regulate a class of small racing

The United States Court of Appeals for the Seventh Circuit addressed the black letter requirements for being afforded trademark protection in *Roulo v. Russ Berrie & Co.*:

The purpose of trademark and trade dress protection is to enable a business to identify itself efficiently as the source of a given product through the adoption of a mark which may be in the form of a slogan, symbol, ornamental design or other visual insignia. A mark or trade dress which is fanciful, arbitrary or otherwise distinctive is given protection more readily than a generic or descriptive trademark or trade dress that is functional since appropriation of generic words, marks or dress would prevent producers from accurately describing or denoting the quality or content of their goods. Hence common words necessary to describe the goods in question such as "greeting card" or a trade dress element such as an envelope for a greeting card are not capable of appropriation, at least not in the absence of extraordinary evidence indicating secondary meaning, i.e., that the common features have come to denote a single producer in the minds of the consuming public. It is therefore easier to secure protection for a fanciful mark or trade dress such as "Twinkie" than a more suggestive or descriptive mark such as "M-TV". When a trademark or trade dress is inherently distinctive or fanciful, it is unnecessary to make the further showing that the mark or dress has become associated with a single producer. If the mark is not distinctive such that a showing of secondary meaning is required, it is not necessary that the public be aware of the identity of the producer, but simply that the public associate the mark or dress with a single source.

Roulo v. Russ Berrie & Co., 886 F.2d 931, 935-36 (7th Cir. 1989), cert. denied, 493 U.S. 1075 (1990).

9. 1995 WL 241875 (S.D.N.Y. 1995).

10. *Id.* at *1. The plaintiff is a non-profit corporation incorporated and having its principle place of business in Illinois. *Id.* ISCRA was incorporated in 1922 to promote, regulate, and develop "Star Class" Racing worldwide. *Id.* "Star Class" Racing refers to a class of small yachts, first built in 1910, that incorporated a single design to eliminate the equipment variable in racing, and instead stress crew prowess as the primary determinative factor. *Id.* Over 7,700 "Star Class" boats are still sailing today. *Id.*

The plaintiff does not manufacture or sell "Star Class" yachts, but instead maintains a register of such yachts. *Id.* at *2. To be deemed a "Star Class" yacht and qualify for registry, a boat must meet strict manufacturing and rigging specifications, including the display of a solid five-point red star on its sail. *Id.* In addition to maintaining the registry, the Association holds annual regattas and races around the globe, where collateral items such as t-shirts, sweatshirts, jackets, and caps, are sold by hosting yacht clubs to help defray costs. *Id.* ISCRA itself is financially supported by charges for design use, royalty fees, and dues from its members. *Id.*

Though the plaintiff does not intend to function primarily as a commercial manufacturer, it markets "Star Class" flags, decals, neckties, blazer patches, and lapel pins depicting the five-point red star and other distinguishing marks. *Id.* These sales produced gross income of \$11,783 with a corresponding \$6,271 cost of goods sold in 1993. *Id.* In addition, ISCRA also markets an annual publication named the "Log of the Star Class," which contains pertinent information about regattas, rules, and laws of the Association, as well as a monthly newsletter named "Starlight." *Id.*

yachts known as "Star Class" yachts, brought suit against Tommy Hilfiger USA (hereinafter "Hilfiger"),¹¹ a designer and distributor of high quality men's clothing, in the United States District Court for the Southern District of New York alleging violations of Section 43(a) of the Lanham Act,¹² Section 368-d of the New York General Business Law,¹³ common law trademark infringement, and unfair competition.¹⁴ IS CRA alleged in its complaint that Hilfiger's use of the words "Star Class" and a solid red five point star on its "Nantucket Line" of nautical sportswear infringed upon IS CRA's non-registered solid red five point star sail emblem and the name "Star Class."¹⁵ Hilfiger did not deny that they intentionally copied the five point red star or the term "Star Class" from IS CRA,¹⁶ but Hilfiger did present evidence that it had performed federal and state trademark searches which did not reveal IS CRA's use of

11. *Id.* The defendant is among the two or three most successful manufacturers of men's clothing in the country, with sales in excess of \$227 million for the 1994 accounting year. *Id.* at *3. Hilfiger's clothing, colored predominantly red, white and blue, normally displays labels depicting the name "Tommy Hilfiger" prominently on the exterior surface. *Id.*

12. 15 U.S.C. § 1125 (1988).

13. N.Y. GEN. BUS. LAW, § 368(d) (McKinney 1995) ("Injury to Business Reputation; Dilution"). Section 368(d) states in pertinent part:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

Id.

14. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *1. Jurisdiction in the Federal District Court was invoked under the Lanham Act, 28 U.S.C. § 1332 (action arises under an Act of Congress relating to trademarks) and 28 U.S.C. § 1338(b) (ancillary jurisdiction over state law claims alleged in conjunction with federal claims). Section 1338(b) states in pertinent part:

The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trademark laws.

28 U.S.C. § 1338(b) (1988).

15. *International Star Class Yacht Racing Ass'n*, at *1-3.

16. *Id.* The term "Star Class" was utilized on Hilfiger's 1994 Spring Nantucket Line clothing. *Id.* at *3. The Nantucket Line is described as "classical nautical sportswear" containing "authentic details taken from the sport of competitive sailing" and patterned after actual racing sails. *Id.* Hilfiger admittedly used a book about sailboat racing containing depictions of "Star Class" sails in research for this line of apparel. *Id.* The only difference between Hilfiger's garment and IS CRA's sail design was the substitution of the initials TH (Tommy Hilfiger) for NS (North Sails, the approved "Star Class" sail manufacturer) in a circle on the garment. *Id.* The garments also displayed a small yachting flag and the words "Star Class" as exterior decorations. *Id.*

the mark.¹⁷

The United States District Court for the Southern District of New York addressed the central issue underlying trademark disputes: whether a likelihood of confusion exists among consumers as to the source of the marks in question.¹⁸ The court held that IS CRA established that a likelihood of confusion existed between their use and Hilfiger's use of the "Star Class" mark, and enjoined Hilfiger from further production or sale of clothing bearing this mark.¹⁹ The court did not, however, allow IS CRA to recover monetary damages because it failed to prove bad faith infringement by Hilfiger or actual confusion among consumers, prerequisites to the recovery of monetary damages under the Lanham Act.²⁰

This note examines the District Court's reasoning under the relevant existing case law. Part II briefly examines the history of trademark protection in the United States and reviews the relevant cases in which general trademark protection has been sought, as well as the most current sportswear-specific infringement decisions. Part III discusses the procedural history of *International Star Class Yacht Racing Ass'n v. Tommy Hilfiger, U.S.A., Inc.*, and the court's findings and conclusions. The note concludes in Part IV by analyzing the problems inherent in the current scheme of trademark law and recommends possible plans of action to cure the underlying uncertainty and confusion regarding ownership and infringement of trademarks under the Lanham Act.

17. *Id.* at *3.

18. *Id.* at *13.

19. *Id.* The court, holding the mark "Star Class" to be descriptive rather than suggestive, determined that the mark had acquired a secondary meaning over the past seventy years due to IS CRA's extensive use. *Id.* at *7-9. The court also found that the mark was sufficiently distinctive to be afforded federal trademark protection. *Id.*; see *infra* notes 66-72 and accompanying text for a discussion of secondary meaning. The court did not, however, enjoin the use of the solid red five point star emblem, holding the symbol to be generic rather than descriptive and, therefore, not eligible for trademark protection. *Id.* (citing *Star Bedding Co. v. Englander Co.*, 239 F.2d 537 (8th Cir. 1947)).

20. *International Star Class Racing Ass'n*, 1995 WL 241875 at *14. IS CRA's state law unfair competition claim was rejected based upon its failure to prove actual confusion. *Id.* Its state law dilution claim was rejected for failure to prove that Hilfiger had blurred their product's identity or tarnished its marks. *Id.*

II. HISTORY OF TRADEMARK PROTECTION AND REVIEW OF CASE LAW

Trademark protection in the United States began in 1791 when Thomas Jefferson proposed that a record of the name or mark used on an item should be recorded, and it be a violation of the law for other persons to use the same name or mark on their items.²¹ However, it was not until 1870 that Congress enacted the first federal trademark statute.²² This legislation was later deemed unconstitutional by the Supreme Court in 1879,²³ compelling Congress to enact subsequent trademark legislation in 1881 and 1905.²⁴ However, the narrow scope of these statutes afforded true protection only in a limited number of situations. It was not until July 5, 1946, that President Truman signed a comprehensive trademark scheme, the Lanham Act,²⁵ which provided a much larger scope of protection. The Lanham Act was subsequently amended in the Trademark Law Revision Acts of 1988²⁶ and 1989.²⁷

21. Beverly W. Pattishall, *The Constitutional Foundations of American Trademark Law*, 78 TRADEMARK REP. 456, 459 (1988).

22. *Id.* at 459-60.

23. *United States v. Steffens*, 100 U.S. 82 (1879). The court found that Congressional authority to enact trademark legislation emanated from the Commerce Clause, requiring that trademarks be tied to use in interstate commerce. *Id.* This first trademark statute was deemed unconstitutional because it was based on the Patent and Copyright Clause of the Constitution rather than the Commerce Clause. *Id.*

24. Pattishall, *supra* note 21, at 461-62. These statutes were limited to trademarks associated with foreign nations or Indian tribes and other general trademark provisions. *Id.*

25. 15 U.S.C. §§ 1051-1127 (1982). The Lanham Act was originally drafted and introduced by Senator Edward S. Rogers in 1924. Pattishall, *supra* note 21, at 462. In 1938, Congressman Fritz Lanham (R. Texas) reintroduced the Lanham Act which eventually passed after World War II. *Id.*

26. Lanham Act, Pub. L. No. 100-667, 100 Stat. 2925 (codified as amended at 15 U.S.C. § 1125(a) (1988)). "The overall effect of the amendment . . . is to expressly incorporate the existing case law requiring proof of confusion or deceptiveness and the case law holding that confusion as to sponsorship and affiliation, as well as confusion as to source, is sufficient." John J. Voortman, *Trademark Licensing of Names, Insignia, Characters and Designs: The Current Status of the Boston Pro Hockey Per Se Infringement Rule*, 22 J. MARSHALL L. REV. 567, 586 (1989).

Section 43(a) of the Lanham Act reads as follows:

- (a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact which (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activi-

The Lanham Act provides protection to the user of a trademark against all others except those who previously used or filed an application to use the same mark.²⁸ This achieves two protective goals which serve to benefit both consumers and trademark owners.²⁹ First, trademarks protect consumers by allowing them to identify brands and buy them without being confused or deceived.³⁰ Second, the Lanham Act also protects trademark users by preventing others from reaping the benefits of the creator's mark.³¹ Trademark protection, however, is not absolute. Even though one may have trademark protection, the trademark owner may lose this protection if the mark is abandoned, or if the mark becomes generic.³²

In a 1917 pre-Lanham Act decision, the United States Court of Appeals for the Second Circuit held in *Aunt Jemima*

ties by another person, or (2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a) (1988).

27. JANE C. GINSBURG ET AL., TRADEMARK AND UNFAIR COMPETITION LAW 42 (1991). The Lanham Act was amended to read, in pertinent that "a person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may apply to register the trademark under this Act on the principal register hereby established." 15 U.S.C. § 1051(b) (1989). The original draft of § 1051(a) required actual use in commerce prior to applying for the registration. GINSBURG, *supra*, at 215.

28. Kenneth R. Pierce, *The Trademark Law Revision Act*, 64 FLA. BAR J. 39 (1990).

29. 15 U.S.C. § 1125 (1988). In *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, the United States Supreme Court explained that the legislative intent underlying the Lanham Act was "to codify and unify the common law of unfair competition and trademark protection." *Inwood Lab, Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 861 n.2 (1982) (White, J., concurring).

30. GINSBURG, *supra*, at 42.

31. *Id.*

32. 15 U.S.C. § 1127 (1988). Section 1127 states in pertinent that:

A mark shall be deemed to be 'abandoned' when either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie evidence of abandonment. 'Use' of a mark means the bona fide use of that mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment

15 U.S.C. § 1127 (1988).

*Mills, Co. v. Rigney & Co.*³³ that prior appropriation of a trade mark for goods within the same class, even though not competing in the same market, was legally significant if the second adopter chose to use the mark with an ulterior motive inimical to the first user's interests.³⁴ Reasoning that the products produced by the plaintiff and the defendant, although not identical substitute goods, were complementary goods, the court held that the utilization of the same mark by the defendant "put the plaintiff's reputation in the hands of the defendant."³⁵ Therefore, the court enjoined the defendant from utilizing the plaintiff's registered trademark based upon the likelihood of confusion between the marks, the possibility of deceptive practices, and the injury that the plaintiff would incur because of the defendant's further use of the mark.³⁶

Subsequent to the *Aunt Jemima* decision, Congress enacted the Lanham Act in 1946.³⁷ The landmark opinion of the United States Court of Appeals for the Second Circuit in *S.C. Johnson & Son, Inc. v. Johnson*³⁸ was the first important interpretation of the scope and applicability of the Lanham Act. In addressing the plaintiff's claim of trademark infringement of its floor waxes and polishes by the defendant's utilization of the same "Johnson" name and a similar label, Chief Judge Learned Hand held that although the recently enacted Lanham Act was now the controlling law in trademark litigation, common law precedents were still persuasive authority.³⁹ More importantly, Judge Hand held that in order to prevail in

33. 247 F. 407 (2d Cir. 1917). In *Aunt Jemima*, the plaintiff, a manufacturer of self-rising flour bearing the registered trademark of "Aunt Jemima" accompanied by the picture of a laughing African-American woman, sued the defendant, a manufacturer of pancake syrup and cream, which utilized the identical mark starting in 1908, for trademark infringement and unfair competition. *Id.* at 408. The United States District Court for the Eastern District of New York dismissed the plaintiff's complaint on the grounds that the goods produced by the plaintiff and defendant were so different in nature that the plaintiff's action was warrantless. *Id.* The plaintiff then appealed to the Second Circuit Court of Appeals. *Id.*

34. *Id.* at 409. Examples of ulterior motives that the second user might have include taking advantage of the first user's business reputation and goodwill, or to forestall the extension of his trade. *Id.*

35. *Id.* The court stated that the defendant's use of the mark allowed them the benefit of the plaintiff's reputation and advertisement, both property rights protectable in equity. *Id.*

36. *Id.* at 411.

37. See *supra* note 25 and accompanying text.

38. 175 F.2d 176 (2d Cir. 1949).

39. *Id.* at 178.

a trademark infringement case, a plaintiff was required to prove more than mere confusion as to the source of a product.⁴⁰ Judge Hand reasoned that a literal interpretation of the Act as requiring only a showing of "mere confusion" would be inherently unfair and repugnant to Congress' legislative intent.⁴¹ Thus, finding that the plaintiff did not meet its burden of proving more than mere confusion, the court refused to enjoin the defendant's total use of the Johnson name and label on its product, only requiring the placement of the qualifying phrase "made by Johnson's Product Company, Buffalo, NY" on the bottom of the label.⁴²

In 1961, the United States Court of Appeals for the Second Circuit announced another seminal decision in the field of trademark law in the case of *Polaroid Corp. v. Polarad Electronics*.⁴³ Judge Friendly, writing for the majority, announced a non-exclusive list of factors, now commonly referred to as the "Polaroid Factors," to be utilized by the court in determining whether a likelihood of confusion exists between the parties' marks.⁴⁴ The *Polaroid* Factors as enumerated by Judge Friendly are: (1) the strength of the [prior owner's] mark,⁴⁵ (2) the degree of similarity between the two marks,⁴⁶ (3) the prox-

40. *Id.* at 180. The court stated that the legislative intent accompanying the enactment of the Lanham Act indicated Congress' desire to make the scope of protection offered by the Act identical to that provided by unfair competition law at the time. *Id.* at 179. Therefore, the scope of the Lanham Act was interpreted to extend beyond protection of the mere physical character of the goods, as the 1905 Act provided, to protecting any descriptive properties which the owner of the mark connected to the source. *Id.*

41. *Id.* at 180. The court felt that, "[i]f Congress really meant to allow every first user of a mark to stifle all excursions into adjacent markets upon a showing of no more than that confusion would result, it . . . would have said so more clearly." *Id.*

42. *Id.*

43. 287 F.2d 492 (2d Cir. 1961), *cert. denied*, 368 U.S. 820 (1961). In this case, the plaintiff, Polaroid Corporation, a corporate entity with the bulk of its business in optics and photography, brought an action against the defendant, Polarad Electronics, a corporation engaged in developing and manufacturing equipment for radio, television, and electronic manufactures, under the Lanham Act and federal and state trademark and unfair competition law, for use of the name Polarad. *Id.* at 492-95. Polaroid was a large corporate entity worth \$65 million and owned the trademark "Polaroid", 22 related U.S. registrations and one New York State registration. *Id.* at 493-94.

44. *Id.*

45. *Id.* at 495. 1225). The strength of the mark is measured by "its tendency to identify the goods sold as emanating from a particular source, even when the source is unknown to the customer." Centaur Communications, Ltd. v. A/S/M Communications, 830 F.2d 1217, 1225 (2d Cir 1987).

46. *Polaroid*, 287 F.2d at 495. In inquiring whether a likelihood of confusion exists, the degree of similarity between the two marks is measured by "the general impression

imity of the products,⁴⁷ (4) the likelihood that the prior owner will bridge the gap between the two products,⁴⁸ (5) actual confusion,⁴⁹ (6) the reciprocal of defendant's good faith in adopting its own mark,⁵⁰ (7) the quality of the defendant's product,⁵¹ and (8) the sophistication of the consumers.⁵²

In affirming the District Court's dismissal of the plaintiff's

conveyed to the purchasing public by the respective marks." *C.L.A.S.S. Promotions, Inc. v. D.S. Magazines, Inc.*, 753 F.2d 14, 18 (2d Cir. 1985).

47. *Polaroid*, 287 F.2d at 495. When addressing the 'proximity' factor, the main concern is whether "it is likely that customers mistakenly will assume either that [the junior users goods] somehow are associated with [the senior user] or are made by [the senior user]." *Centaur Communications*, 830 F.2d at 1226. *Id.*; see also *McGregor-Doniger, Inc. v. Drizzle Inc.* 599 F.2d 1126, 1134 (2d Cir 1979) (holding that proximity is relevant insofar as it bears on the likelihood that customers will be confused as to the source of the products as opposed to confusion between the products themselves).

48. *Polaroid*, 287 F.2d at 495. To determine whether the senior user of a mark intended to 'bridge the gap,' one must inquire "whether the senior user is likely to enter the market in which the junior user is operating." *Centaur Communications*, 830 F.2d at 1227. Trademark law was intended to protect the senior users ability to enter a related field at some future time. *Id.* (citing *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167, 1172 (2d Cir. 1976)).

49. *Polaroid*, 287 F.2d at 495. A finding of actual confusion requires a finding that consumers had in fact been confused as to the source of two or more products that bear similar marks. *Centaur Communications*, 830 F.2d at 1127. However, an absence of actual confusion does not require a concomitant finding of no likelihood of confusion. *Ideal Industries, Inc. v. Gardner Bender, Inc.*, 612 F.2d 1018, 1024 (7th Cir. 1979). It is but one of many non-exclusive factors that form the final determination. *Centaur Communications*, 830 F.2d at 1127.

50. *Polaroid*, 287 F.2d at 495. The junior user's good faith turns upon evidence of intentional copying by the junior user of the senior user's mark. *Centaur Communications*, 830 F.2d at 1127.

[E]vidence of intentional copying raises a presumption that the second comer intended to create a confusing similarity of appearance and succeeded . . . [b]ut if comparison of the [marks] reveals no fair jury issue concerning the likelihood of confusion, then no intent to copy, even if found from the proffered evidence, would establish a Lanham Act violation.

Id. (citing *Warner Bros. v. American Broadcasting Co.*, 720 F.2d 231, 246-47 (2d Cir. 1983)).

51. *Polaroid*, 287 F.2d at 495. A high degree of similarity in quality between the products supports a finding of a likelihood of confusion because it promotes the inference that they emanate from the same source. *Centaur Communications*, 830 F.2d at 1228; see also *Lois Sportswear, U.S.A. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986) (holding that the good quality of the junior user's product may actually increase the likelihood of confusion as to the source of the product).

52. *Polaroid*, 287 F.2d at 495. The sophistication of consumer factor focuses only upon the sophistication of those consumers in the relevant target market. *Centaur Communications*, 830 F.2d at 1228. If the consumers in this market segment are found to possess a high degree of sophistication, it will usually militate against a finding of likelihood of confusion. *Id.* However, depending on the circumstances of the market and the products, there are some situations that high consumer sophistication will actually increase the likelihood of confusion. *Id.*

trademark infringement claims, the court stressed the absence of actual confusion among consumers and noted the plaintiff's delay in filing the claim.⁵³ More importantly, the "Polaroid Factors" enunciated by the court became nearly axiomatic in addressing the ultimate issue in trademark infringement cases: whether there is a likelihood of confusion among consumers concerning competitor's goods.⁵⁴

In *Abercrombie & Fitch Co. v. Hunting World, Inc.*,⁵⁵ the United States Court of Appeals for the Second Circuit qualified the first *Polaroid* factor, the strength of the plaintiff's mark, by laying out four different categories that marks may be placed into when determining the strength of the mark, and its concomitant eligibility for trademark protection.⁵⁶ These categories, in ascending order of strength for trademark protection, are: (1) generic,⁵⁷ (2) descriptive,⁵⁸ (3) suggestive,⁵⁹ and (4) ar-

53. *Polaroid*, 287 F.2d at 492. The court affirmed the District Court's dismissal of Polaroid's claim because of its delay in proceeding against Polarad until it became financially successful. *Id.* The *Polaroid* court stated that, "it cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy, with the aid of a court decree, much that the competitor has striven for and accomplished . . ." *Id.* at 498 (citing *Valvoline Oil Co. v. Havoline Oil Co.*, 211 F. 189, 195 (S.D.N.Y. 1913)). This underscores the great importance of filing a timely claim upon first notice of an alleged trademark infringement, and the ultimate consequences of waiting to see if the alleged infringer will, in fact, succeed and pose a threat to a business. *Id.* The court further noted that no actual confusion existed as to the source of the goods, as long as the defendant's activities were not in the same primary field as that of the plaintiff. *Id.*

54. *Lang v. Retirement Living Publishing Co., Inc.*, 949 F.2d 576, 579 (2d Cir. 1991). The Second Circuit later stated that no single factor was determinative, with the ultimate issue remaining whether consumers are likely to be confused as to the source of a product. *Paddington Corp. v. Attiki Importers & Distrib., Inc.*, 996 F.2d 577, 584 (2d Cir. 1993).

55. 537 F.2d 4 (2d Cir. 1976).

56. *Id.* In *Abercrombie & Fitch*, the plaintiff, a well-known clothing retailer, sued the defendant, a competing clothing retailer, over the use of the registered term "Safari" on garments and other articles. *Id.* at 7. The trial court granted the defendant partial summary judgment on particular articles bearing the "Safari" term, specifically on certain hats of which the term was deemed descriptive. *Id.* The Second Circuit Court of Appeals reversed and remanded, finding genuine issues of fact to exist, thus, precluding summary judgment. *Id.* On remand, the District Court ruled broadly in the defendant's favor, finding the term "Safari" merely descriptive and invalid as a weak mark. *Id.* On appeal of this decision, the Second Circuit Court of Appeals affirmed in part, reversed in part, and remanded. *Id.* The court held that "Safari" had become generic with respect to hats. *Id.* The court determined that "Safari" was either suggestive or merely descriptive for boots, and, hence was a valid trademark with respect to those items. *Id.* However, the court found that the defendant had a valid "fair use" defense regarding the use of the term as applied to boots. *Id.* at 15.

57. *Id.* at 10. A generic term "is one that refers, or has come to be understood as

bitrary or fanciful.⁶⁰ First, if a mark is deemed generic, it will never be afforded trademark protection and is free for use in the public domain.⁶¹ On the other end of the spectrum, the law protects arbitrary or fanciful marks from trademark infringement without any necessity of proving additional facts, such as the existence of a secondary meaning.⁶² Suggestive and de-

referring, to the genus of which the particular product is a species." *Id.* A mark is deemed generic if it is merely descriptive of an article or its qualities, ingredients, or characteristics. *Delaware & Hudson Canal Co. v. Clark*, 80 U.S. 311, 323 (1872).

58. *Abercrombie & Fitch*, 537 F.2d at 10. A descriptive term must be more than a "common descriptive name" of the goods it qualifies to be afforded trademark protection. *Id.* A descriptive mark can qualify for trademark protection if it attains a secondary meaning. See *infra*, notes 64-70 and accompanying text for a discussion of secondary meaning. To understand the difference between generic terms and descriptive terms, scholars have posed the following example:

Deep Bowl Spoon - 'Deep bowl' identifies a significant characteristic of the article. It is 'merely descriptive' of the goods because it informs one that they are in the deep bowl portion . . . it is not, however, the 'common descriptive name' of the article [since] the implement is not a deep bowl, it is a spoon . . . 'Spoon' is not merely descriptive of the article, it identifies the article [and therefore] the term is generic. On the other hand, 'deep bowl' would be generic as to a deep bowl.

Fletcher, *Actual Confusion as to Incontestability of Descriptive Marks*, 64 TRADEMARK REP. 252, 260 (1974).

59. *Abercrombie & Fitch*, 537 F.2d at 10. A term is suggestive if it "requires imagination, thought, and perception to reach a conclusion about the nature of goods." *Id.* at 11 (citing *Stix Products, Inc. v. United Merchants & Manufacturers, Inc.*, 295 F. Supp. 479, 488 (S.D.N.Y. 1968)). Such a mark is neither specifically descriptive, nor truly fanciful, and lies in the middle ground between those two categories. *Abercrombie & Fitch*, 537 F.2d at 10. A suggestive mark, much like a descriptive mark, can qualify for trademark protection if it attains a secondary meaning. See *infra* notes 64-70 and accompanying text for a discussion of secondary meaning.

60. *Id.* Arbitrary and fanciful terms are inherently distinctive and are afforded trademark protection on this basis alone. *Id.* at 9. The term "fanciful" is usually applied when words are invented solely for use as a trademark. *Id.* at 11. "Arbitrary" is usually applied as a classification when a common word is applied in an unfamiliar way. *Id.*

61. See *Weiss Noodle Co. v. Golden Cracknel & Specialty Co.*, 290 F.2d. 845 (C.C.P.A. 1961) (stating that no matter how much money a generic term user has poured into use of the term, he cannot deprive others from calling an article by its name). Even proof of a secondary meaning cannot transform a generic term into a mark eligible for trademark protection. *C.E.S. Publishing Corp. v. St. Regis Publications, Inc.*, 531 F.2d. 11 (2d Cir. 1975). Thus, there is essentially a presumption of impossibility of trademark protection for generic terms. *Id.*

62. *Abercrombie & Fitch*, 537 F.2d at 11. The general rule regarding arbitrary or fanciful marks is as follows: a mark is distinctive if it is either (1) inherently distinctive or (2) has acquired distinctiveness through secondary meaning. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992) (citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 cmt. a (Tentative Draft No. 2, 1990)). The United States Supreme Court, in *Two Pesos*, extended this protection to trade dress as well as trademarks. *Id.* Trade dress of a product is basically its "total image and overall appearance," which may include features such as size, shape, color, combinations of color, graphics, texture, or even sales

scriptive terms, however, fall between the two extremes, and a showing by the proponent that a secondary meaning has accrued is required before any trademark protection is afforded by the law.⁶³

In *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*,⁶⁴ the publisher of "Marketing Week" magazine brought a trademark infringement suit against the publisher of "Adweek's Marketing Week" magazine alleging that the defendant's title to its magazine infringed upon their registered mark "Marketing Week."⁶⁵ The Second Circuit Court of Appeals, finding that the titles in question were suggestive in nature, set forth a detailed analysis of the factors to be applied in determining whether a mark has acquired a secondary meaning that the consuming public would associate, not only with the good, but also with the source of the good.⁶⁶ These factors, though no single one is determinative, include: (1) advertising expenditures,⁶⁷ (2) consumer studies linking the mark to a source,⁶⁸ (3) unsolicited media coverage of the product,⁶⁹ (4)

techniques. *Id.* at 765 n.1; see RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 16 (Tentative Draft No. 2, 1990) (same). Addressing inherent distinctiveness, Justice White held that "[t]rade dress which is inherently distinctive is protectable under §43(a) of the Lanham Act without a showing that it has acquired a secondary meaning since such a trade dress itself is capable of identifying products or services as coming from a specific source." *Id.* at 763. The Court felt that the protection of trademarks and trade dress under §43(a) serves the same statutory purpose of preventing deception and unfair competition and that there is no textual basis to apply distinct analysis for the two. *Id.* at 771.

However, the *Two Pesos* Court went on to state that "[o]nly non-functional, distinctive trade dress is protected under §43(a) . . . a design is legally functional, and thus unprotectable, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection." *Id.* at 775 (citing *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 426 (5th Cir. 1984)).

63. *Id.* at 9; see *infra*, notes 66-72 and accompanying text for a discussion of secondary meaning.

64. 830 F.2d 1217 (2d Cir. 1987).

65. *Id.* at 1219.

66. *Id.* at 1221. "To establish a secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself." *Inwood Lab.*, 456 U.S. at 851 n.11 (1982).

67. *Centaur Communications*, 830 F.2d at 1222. The court stressed the importance of the relevant market in making this determination and qualified the analysis by stating that, "[it] is not the size of the expenditure used to create it but [rather] its effectiveness." *Id.* (quoting *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987)).

68. *Centaur Communications*, 830 F.2d at 1223. In addressing this factor of the sec-

sales success,⁷⁰ (5) attempts to plagiarize the mark,⁷¹ and (6) length and exclusivity of the marks use.⁷² Applying these factors as well as the *Polaroid* Factors,⁷³ the court affirmed the District Court's conclusion that A/S/M Communications infringed on Centaur's trademark.⁷⁴

III. *INTERNATIONAL STAR CLASS YACHT RACING ASS'N V. HILFIGER*

As stated previously, in *International Star Class Yacht Racing Ass'n v. Tommy Hilfiger, USA, Inc.*, IS CRA, a non-profit corporation incorporated in 1922 to promote, regulate, & develop "Star Class" Racing worldwide, sued Tommy Hilfiger,

ondary meaning test, the court underscored the importance of using the right frame of reference, specifically by targeting the appropriate market sector whose associations or attitudes are at issue. *Id.*; see *Universal City Studios, Inc. v. Nintendo Co.*, 746 F.2d 112, 118 (2d Cir. 1984) (finding a flaw in a survey designed to test consumer confusion because of improper leading questions and improper market segment tested).

69. *Centaur Communications*, 830 F.2d at 1224.

70. *Id.* The court noted that limited sales success tends to undercut the finding of a secondary meaning, but that such a finding is not dispositive. *Id.*

71. *Id.* Judge Cardamone, writing for the majority, stated that a finding of intentional copying is the most persuasive of the factors. *Id.* He went on to state that, "[a] finding of intentional copying was persuasive, if not conclusive, evidence of consumer recognition and goodwill." *Id.* (citing *20th Century Wear, Inc. v. Sanmark-Stardust, Inc.*, 815 F.2d 8, 10 (2d Cir. 1987)).

72. *Centaur Communications*, 830 F.2d at 1225. The court further qualified this factor by stating that there is no per se time span in such cases, and that length and exclusivity of use must be evaluated in light of the product and its consumers. *Id.*; cf. *Ralston Purina Co. v. Thomas J. Lipton, Inc.*, 341 F. Supp. 129, 133-34 (S.D.N.Y. 1972) (comparing cases involving different durations in the use of a mark); see also CALLMANN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS, & MONOPOLIES* § 19.27 (stating that no per se time limit exists and determinations must be made on a case by case basis).

73. See *supra* notes 45-52. The *Polaroid* factors are employed in determining whether a likelihood of confusion exists that a substantial number of reasonable consumers are likely to be misled as to the source of the goods in question. *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979).

74. *Centaur Communications*, 830 F.2d at 1229. Addressing the existence of a secondary meaning of the mark, the court reasoned that, "given the findings of intentional copying of the mark, its duration and exclusive use, and the relative significance of advertising expenditures, considered in the context of the relevant consumer group," the district court was not clearly erroneous in determining that "Marketing Week" had achieved a secondary meaning. *Id.* at 1225. As for likelihood of confusion, the court held that there existed a likelihood of confusion as to the source of the mark as a result of the defendant's use of "Marketing Week" in the title of its magazine. *Id.* at 1228. The court based its conclusion on the relative strength of the title, the similarity of the marks, the competitive proximity of the marks, the quality of the mark, plaintiff's intention to bridge the gap, and defendant's intentional copying of the plaintiff's mark in bad faith. *Id.*

Inc., one of the most successful manufacturers of men's clothing in the country, for damages and injunctive relief under the Federal Lanham Act,⁷⁵ New York General Business Law,⁷⁶ and common law trademark infringement and unfair competition laws.⁷⁷ The court ultimately held a likelihood of confusion existed between the two marks, but that the confusion was merely *de minimis* or negligible.⁷⁸ The court, therefore, enjoined Hilfiger from future use of the mark, but denied monetary damages.⁷⁹ The court summarily disposed of IS CRA's state claims of unfair competition and dilution, finding for the defendant on all counts.⁸⁰

The court organized its Lanham Act analysis around the central issue of federal trademark claims — whether a likelihood of confusion existed between the two marks.⁸¹ Applying the *Polaroid* test, the court found that the factors supported a finding of a likelihood of confusion.⁸²

A. *Strength of the Plaintiff's Mark*

Judge Robert P. Patterson began his analysis with the first *Polaroid* factor, which evaluates the strength of the plaintiff's mark.⁸³ Applying Judge Friendly's classic formulation set forth in *Abercrombie & Fitch*,⁸⁴ the court found IS CRA's mark to be descriptive.⁸⁵ This determination required IS CRA to prove that secondary meaning had accrued linking the mark "Star Class" and the five point red star to them as the source of the goods.⁸⁶ If IS CRA could demonstrate secondary meaning, they could establish that the strength of their mark militated

75. 15 U.S.C. § 1125 et seq. (1988). *See supra* note 26 and accompanying text.

76. N.Y. GEN. BUS. LAW § 368(d) (McKinney 1995) ("Injury to Business Reputation; Dilution"); *see supra* note 13.

77. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *1-3.

78. *Id.*

79. *Id.* at *13.

80. *Id.* at *13-14.

81. *Id.* at *4 (citing *Lang v. Retirement Living Publishing Co.*, 949 F.2d 576, 579 (2d Cir. 1991)).

82. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *4.

83. *Id.*

84. *See supra* note 55.

85. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *4; *see supra* notes 55-61 for an in depth discussion of the four distinctive categories that marks may fall within.

86. *Id.* at *4.

in favor of a finding of likelihood of confusion.⁸⁷ Qualifying this determination, Judge Patterson went on to state that "extensive third-party use of the mark also weighs against the finding that a mark is strong."⁸⁸ However, after analyzing the strength of the plaintiff's mark in light of the factors set forth in *Centaur*, the court ultimately held that the plaintiff's marks had acquired secondary meaning and that the strength of the plaintiff's marks supported a finding that a likelihood of confusion existed as to the source of Hilfiger's nautical menswear bearing similar marks.⁸⁹

In addressing whether a secondary meaning had attached to the plaintiff's mark, the court analogized the "Star Class" mark to a certification mark.⁹⁰ Further, the court limited the

87. *Id.* IS CRA argued that its marks were arbitrary and deserved the highest level of trademark protection. *Id.* Hilfiger claimed that the plaintiff's marks were generic and, thus, not entitled to protection under the Lanham Act. *Id.* at *5-6. The court noted that the word "class" was a generic term, and that the "Star Class" mark was more akin to a superlative designation of the high quality of the boat. *Id.* The court thus held that the plaintiff's marks were descriptive, hence IS CRA needed to prove secondary meaning to be afforded trademark protection for its marks. *Id.*; see 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15.02(2) (3d ed. 1992) (stating that the hypothetical mark "Best" on milk is a descriptive and self-laudatory term, but could acquire distinctiveness by developing a secondary meaning); see also *Supreme Wine Co. v. American Distilling Co.*, 310 F.2d 888, 889 (2d Cir. 1962) (holding that laudatory words such as "supreme", "best", or "outstanding", do not indicate source or origin of the goods they describe to the general public); *Murphy v. Provident Mut. Life Ins. Co. of Philadelphia*, 923 F.2d 923, 927 (2d Cir. 1991) (holding that "marks that are laudatory and that describe the alleged qualities or characteristics of a product or service are descriptive marks.")

88. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *6 (citing *Lang*, 949 F.2d at 581). The opinion discussed an earlier decision which noted that there were 196 federally registered trademarks which included a five pointed star. *Id.* The court noted that the existence of these many similar marks rebutted any inference of strength in the IS CRA's mark. *Id.* (citing *Starter Corp. v. Eurostar, Inc.*, 28 U.S.P.Q.2d 1844, 1846 (C.D. Cal. 1993)); see also 3 CALLMANN, LAW OF TRADEMARKS § 82.1 (stating that "[s]uch marks as a star or sun in word or picture are of such long standing in the business world and have been used in so many lines of business that neither can be considered the exclusive mark or one manufacturer or tradesman so as to deny its use by others.")

89. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *9.

90. *Id.* at *5-6. Certification marks are words, names, symbols, or devices used by one person to certify that goods or services of others have certain characteristics or qualities. 15 U.S.C. § 1127 (1988). The court noted that the traditional test which examines the link of source to goods by consumers is not directly applicable in the present case because IS CRA was not a manufacturer or distributor of a product. *Id.* Rather, its marks designated boats built by various manufacturers. *Id.* at *5. Because the plaintiff's mark was analogous to a certification mark, the test to determine if secondary meaning attached was whether "prospective purchasers recognize the mark as an indication that a particular person, whether known or anonymous, has certified that the goods or services meet the standards established for the authorized use of the mark." *Id.* (citing RESTATE-

relevant population inquiry to only actual and prospective purchasers of Tommy Hilfiger Nautical Wear, as opposed to purchasers of the entire Tommy Hilfiger clothing lines, as the defendant had urged.⁹¹ Applying the *Centaur* factors, the court found that neither advertising expenditures, nor consumer studies linking the good to the source, supported a finding of secondary meaning.⁹² However, the court went on to find that unsolicited media coverage of the product,⁹³ sales success,⁹⁴ attempts to plagiarize the mark,⁹⁵ and length and exclu-

MENT (THIRD) OF UNFAIR COMPETITION § 11 (1993)); see also *Opticians Ass'n of America v. Independent Opticians of America*, 920 F.2d 187, 193 n.8 (3rd Cir. 1990) (collective marks are similar to certification marks and may be eligible for trademark protection even if unregistered).

91. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *8. Defendant argued that the relevant target group of consumers to be addressed was "all actual and prospective purchasers of Tommy Hilfiger products." *Id.* However, the court found this target population too broad, and thus limited the relevant target market to the population which defendant's sales promotions were intended to appeal: "those consumers likely to be enticed by the nautical themes of defendant's clothing." *Id.*; see *Centaur Communications*, 830 F.2d at 1222 (stating that "the plaintiff is not required to establish that all consumers relate the product to the producer; it need only show that a substantial segment of the relevant consumer group makes this connection."); see also *Lobo Enter., Inc. v. Tunnel, Inc.*, 693 F. Supp. 71, 77 (S.D.N.Y. 1988) (holding that the only relevant population is potential users of the junior user's goods or services); cf. *Boston Athletic Ass'n. v. Sullivan*, 867 F.2d 22, 30-31 (1st Cir. 1989) (stating that the relevant population consisted of "the general public that is the market for shirts commemorating the Boston Marathon.")

92. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *8. The court summarily disposed of the first *Centaur* factor without elaboration by stating that the "consumer studies" factor did not support a finding of secondary meaning. *Id.* The court found that it was significant that the plaintiff did not perform consumer surveys and "that the plaintiff had not offered any evidence to show that ISCRA is widely known to persons interested in purchasing sportswear with a nautical ambience." *Id.* (citing *E.S. Originals, Inc. v. Stride Rite Corp.*, 656 F. Supp. 484, 490 (S.D.N.Y. 1987)).

93. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *9. Addressing the "unsolicited media coverage" prong, the court found the coverage of plaintiff's marks was extensive and supported a finding that secondary meaning existed. *Id.* The court reasoned that extensive media reports indicated that secondary meaning arises "based on the boat's specifications as set and controlled by the Association because prospective purchasers of racing sailboats appear to recognize the mark as an indication that a particular entity certified the boats as meeting standards established for its authorized use in competition." *Id.*; see RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 11 cmt. b (1993).

94. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *9. Judge Patterson felt that the sales success of Star Class yachts was supportive of a finding of secondary meaning based on over 70 years of recognition and the yacht's continued importance in the industry. *Id.*

95. *Id.* The fifth *Centaur* factor addressed attempts made to plagiarize plaintiff's mark. *Id.* The court held that defendant's imitative intent, though not aimed at inten-

sivity of the marks use⁹⁶ all indicated a finding that ISCRA's marks had in fact acquired a secondary meaning necessary for trademark protection of a descriptive mark.⁹⁷ Thus, the balancing of the *Centaur* factors weighed in favor of a finding that ISCRA had proven that secondary meaning had accrued linking its mark to them as the source.⁹⁸

B. Similarity Between the Parties' Marks

Judge Patterson next addressed the risk of confusion caused by the similarity between the two marks.⁹⁹ Arguing that this factor did not support a finding of a likelihood of confusion, the defendant here alleged that the prominent display of the name "Tommy Hilfiger" on the clothing labels prevented any consumer confusion.¹⁰⁰ However, the court did not agree and held that this factor supported a likelihood of confusion because "a consumer may nevertheless infer an agreement between the defendant and the Association to use the words "Star Class" in conjunction with a red star . . . on the label."¹⁰¹

tionally copying the trademark of another, can help support a finding of secondary meaning. *Id.* (citing *Centaur Communications*, 830 F.2d at 1224).

96. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *9. The final *Centaur* factor addresses the length and exclusivity of the plaintiff's use of the mark. *Id.* The court found that the use of "Star Class" marks for over seven decades along with the exclusivity of the marks use on sailboats was supportive of a finding of secondary meaning with respect to yachts among sailboat racing enthusiasts. *Id.* The court also rejected the defendant's contention that the limited sales of merchandise by ISCRA diminished any claims of confusion related to the source of the mark, holding that the small size of ISCRA's sales budget and volume would not diminish the strength of its mark. *Id.* (citing *McGregor-Doniger, Inc. v. Drizzle Inc.*, 599 F.2d 126, 1132 (2d Cir. 1979)).

97. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *13.

98. *Id.* at *9.

99. *Id.* at *10.

100. *Id.* at *10.

101. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *10 (citing *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204-05 (2d Cir. 1979)) (finding the confusion requirement satisfied by the public's belief that the mark owner sponsored or approved of its use); *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir. 1981) (finding that a television show's sponsorship of toy car caused confusion as to the product's source); *International Kennel Club v. Mighty Star, Inc.*, 846 F.2d 1079 (7th Cir. 1988) (holding that defendant's mark on product did not reduce likelihood of confusion as to source).

The court emphasized that "it is sufficient if the impression which the infringing product makes upon the consumer is such that [the consumer] is likely to believe the product is from the same source as the one [known] under the trademark." *Id.* (citing *McGregor-Doniger*, 599 F.2d at 1133-34); see RESTATEMENT OF TORTS § 728 cmt. b; see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21(a)(i) (1995).

C. *The Likelihood that the Senior User Will "Bridge the Gap"*

The court next considered the likelihood that IS CRA would bridge the gap into the product market of Hilfiger.¹⁰² Based upon IS CRA's limited sales at that time of related merchandise and its own stipulation that they had no intent to license or market its marks for use on clothing to be sold to the general public, the court found that this factor did not support a likelihood of confusion between the two marks.¹⁰³

D. *Actual Confusion*

The next *Polaroid* factor inquires whether the consuming public was actually confused as to the sponsorship or source of the mark in question.¹⁰⁴ Addressing this factor, the court stressed that a purchaser need not believe that the senior user of the trademark actually produced the item and placed it on the market, but rather the purchaser's mere belief that the trademark's senior user sponsored or otherwise approved the use of the mark would satisfy this prong.¹⁰⁵ The court found that any evidence of actual confusion between the two marks could be dismissed as "de minimis."¹⁰⁶ IS CRA's only evidence

102. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *10. The court did not consider the "proximity of the products" *Polaroid* factor.

103. *Id.*

104. *Id.*

105. *Id.* (citing *Dallas Cowboys Cheerleaders*, 604 F.2d at 204-05). The court also cited a test applied by the Fifth Circuit Court of Appeals in circumstances similar to the instant case, which inquired "whether purchasers purchased [defendant's merchandise] as a direct result of the presence of [plaintiff's] emblem . . . believing that the [merchandise] was in any way endorsed, sponsored, approved or otherwise associated with the plaintiff." *Supreme Assembly, Order of Rainbow for Girls v. J.H. Jewelry Co.*, 676 F.2d 1079, 1084 (5th Cir. 1982); cf. *Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem, Mfg.*, 510 F.2d 1004 (5th Cir. 1975) (holding that confusion as to product source is not required since consumers' knowledge of mark's source and origin in the plaintiff satisfies the confusion requirement).

106. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *12. The court acknowledged that the plaintiff normally bears the burden of proving actual confusion. *Id.* However, if the plaintiff shows that the defendant engaged in deliberate deceptive commercial conduct, the burden shifts to the defendant to demonstrate an absence of consumer confusion. *Id.*; see *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167, 1175 (2d Cir. 1979) (holding that the plaintiff normally bears burden of proving actual confusion); *Resource Developers, Inc. v. Statue of Liberty-Ellis Island Found., Inc.*, 926 F.2d 134, 140 (2d Cir. 1991) (stating that the plaintiff need not introduce proof of actual consumer confusion upon a showing of defendant's deliberate conduct to engage in a deceptive commercial practice). However, based on IS CRA's failure to introduce evidence of

of actual confusion had been the testimony of an Association member who had never purchased any of the defendant's merchandise, but had inquired if any agreement had been entered with Hilfiger after seeing the mark "Star Class" on the defendant's merchandise.¹⁰⁷ The court felt that this confusion as to a royalty agreement was not directly relevant to the trademark claim and that, in light of the significant volume of sales over time, any isolated instances of actual confusion could be considered merely *de minimis*.¹⁰⁸

E. Defendant's Good Faith in Adopting the Mark

The fifth *Polaroid* factor inquires into the defendant's good or bad faith in adopting the mark in question.¹⁰⁹ A finding that the defendant intentionally copied the plaintiff's marks gives rise to an inference of bad faith and a presumption of a likelihood of confusion.¹¹⁰ Because IS CRA failed to establish that

Hilfiger's intent to appropriate their mark, the court held that IS CRA did not meet the proscribed burden and, therefore, that there was no concomitant burden shift to Hilfiger. *Id.* Though the defendant may have come up with its design scheme from its research of Star Class sailing, Hilfiger had conducted a trademark search prior to its use of IS CRA's unregistered trademark. *Id.* More importantly, IS CRA failed to introduce any evidence that Hilfiger acted with the purpose of stealing IS CRA's customers. *Id.*; see *Resource Developers*, 926 F.2d at 140 (stating that failure to prove intent to deceive precluded the burden from shifting to the defendant); *Sweats Fashions, Inc. v. Pannill Knitting Co., Inc.*, 833 F.2d 1560, 1565 (Fed. Cir. 1987) (finding that more than mere knowledge of a prior similar mark must promote an inference of bad faith); *cf.*, *Gucci America, Inc. v. Action Actionwear, Inc.*, 759 F. Supp. 1060, 1065 (S.D.N.Y. 1991) (holding that where the evidence supports the finding that a senior user's name was adopted by a junior user deliberately to obtain some advantage from the senior's goodwill, good name, and good trade, then the junior user has indicated that he expects confusion and resultant profit); *Cullman Ventures, Inc. v. Columbian Art Works, Inc.*, 717 F. Supp. 96, 130 (S.D.N.Y. 1989) (stating that actual confusion is presumed upon proof that defendant deliberately copied plaintiff's mark with intent to improve their competitive position).

107. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *12; see also *Incorporated Publishing Corp. v. Manhattan Magazine, Inc.*, 616 F. Supp. 370, 386 (S.D.N.Y. 1985) (discounting as *de minimis* the testimony of a single, possibly biased, witness who had never purchased the defendant's magazine but claimed initial confusion upon seeing it displayed). The court had also heard the testimony of a defense witness who had purchased \$24.5 million of Hilfiger's clothing in 1994 for approximately 40 retail stores, and had never received any reports of confusion as to sponsorship or affiliation with IS CRA. *Id.*

108. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *12.

109. *Id.*

110. *Id.* at *12 (citing *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987) (holding that intentional copying gives rise to a presumption of a likelihood of confusion); *Centaur Communications*, 830 F.2d at 1228 (stating that an inference of bad faith is supported if the junior user, with knowledge of the senior users mark, "proffered

Hilfiger intended to copy its trademarks, no presumption of confusion was appropriate.¹¹¹ However, since Hilfiger did admit imitating ISCRA's mark, the court felt that this factor might support a likelihood of confusion between the source of the plaintiff and defendant's marks.¹¹²

F. *Quality of Defendant's Product*

Because ISCRA failed to present any evidence showing that the quality of Hilfiger's product in any way contributed to confusion between the marks, the court summarily dismissed the sixth *Polaroid* factor as not supporting a likelihood of confusion between the marks.¹¹³

G. *Sophistication of the Buyers*

A measure of the sophistication of the buyers of the goods in question comprises the seventh *Polaroid* factor.¹¹⁴ The court noted that the increased level of consumer sophistication in the case made a likelihood of confusion as to ISCRA's approval, affiliation, or sponsorship of the Defendant's goods probable.¹¹⁵ Hence, Judge Patterson held that this factor supported a likelihood of confusion.¹¹⁶

H. *Balancing of the Equities*

Judge Patterson concluded his substantive analysis by performing a balancing of the equities, namely the relative harm to the junior user, as opposed to the relative benefit conferred upon the senior user, by granting the requested relief.¹¹⁷ The court determined that equity favored protecting ISCRA in this case because Hilfiger failed to identify any significant harm it would incur if it were enjoined from using the "Star Class"

no credible innocent explanation for its choice of the mark"); *cf.*, *Lois Sportswear U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986) (holding that intent is largely irrelevant when addressing likelihood of confusion).

111. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *12.

112. *Id.*

113. *Id.*

114. *Id.* at *13; *see Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1007 (2d Cir. 1983) (holding that sophistication of consumers normally weighs against potential confusion in distinguishing between the two contested marks).

115. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *13.

116. *Id.*

117. *Id.* The court noted that the *Polaroid* factors were not exclusive and that the court may take into account other equitable factors that it deemed relevant. *Id.*

symbol.¹¹⁸ Further, future use of the symbol on Hilfiger's goods could deprive ISCRA of potential economic benefit.¹¹⁹

I. Conclusion of the Court

In sum, after applying the *Polaroid* factors and balancing the equities, Judge Patterson ultimately concluded that a likelihood of confusion existed between the two marks, but the level of actual confusion among consumers was only de minimis or negligible.¹²⁰ Thus, the only remaining issue to resolve was the quantum of relief to award the plaintiff under both the federal Lanham Act and state law claims.

J. Relief

The court first addressed ISCRA's remedy under the federal Lanham Act.¹²¹ Based upon the finding that ISCRA had established a likelihood of confusion between the two marks, the court granted injunctive relief against Hilfiger.¹²² However, the court refused to grant monetary damages based upon ISCRA's failure to prove both bad faith infringement by Hilfiger and actual confusion between the two marks.¹²³

The final claims addressed by the court were ISCRA's re-

118. *Id.*

119. *Id.* The court went on to state that the problems of proof and the limited amount of confusion in the case were due to the small size of ISCRA, but that "[i]t would be unfair to base protection of an organization's mark solely on the size of its membership." *Id.*

120. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *13.

121. *Id.* Under the Lanham Act, "a plaintiff who seeks money damages must introduce evidence of actual consumer confusion, while a plaintiff seeking injunctive relief need only prove a likelihood of confusion." *Id.* (citing *Resource Developers*, 926 F.2d at 139).

122. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *13. Hilfiger was ordered to cease production and sale of its clothing bearing the "Star Class" mark, but was not enjoined from use of the star symbol. *Id.*; see *Star Bedding Co. v. Englander Co.*, 239 F.2d 537, 542-43 (8th Cir. 1957) (holding that plaintiff bed company's mark incorporating a star did not give them a monopoly on the use of this symbol).

123. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *13. ISCRA had argued for an award of the profits that Hilfiger had earned on its Nantucket Line as a necessary deterrent for future infringement. *Id.*; see *George Basch Co., Inc. v. Blue Coral, Inc.*, 968 F.2d 1532, 1539 (2d Cir. 1992) (awarding the profits of a bad faith infringer promotes a deterrence of public fraud regarding the quality and source of consumer goods and services). However, the court ultimately denied this award based on ISCRA's failure to meet the burden for the award of monetary damages. *Id.*; see *Tin Pan Apple, Inc. v. Miller Brewing Co., Inc.*, 737 F. Supp. 826 (S.D.N.Y. 1990) (holding that a plaintiff in a trademark infringement case under the Lanham Act must prove actual confusion to recover monetary damages).

quests for relief under New York State unfair competition and dilution laws.¹²⁴ Recognizing that the state law cause of action for unfair competition was very similar to the Lanham Act claim of trademark infringement, the court entered judgement in favor of Hilfiger based on ISCRA's failure to prove actual confusion between the parties' marks.¹²⁵ The court also denied the claims for relief under state dilution law based upon ISCRA's failure to prove two of the three essential elements of the claim: first, that Hilfiger's clothing blurred ISCRA's product's identity or tarnished its mark, and, second, that Hilfiger intended to promote its product in using the mark "Star Class."¹²⁶ Attorney's fees were also denied based upon ISCRA's failure to prove bad faith infringement by Hilfiger.¹²⁷

V. CONCLUSION

As is readily apparent, the present system of trademark protection is embodied in a confusing blend of case and statutory law, which unfortunately creates a high level of uncertainty and confusion, as well as inevitable litigation. Though achieving uniformity between state and federal trademark case law is essentially impossible under the present regime, there are two basic measures that could be taken to mitigate this uncertainty and provide a uniform framework to follow.

First, consistency is necessary within the federal courts in defining and interpreting the numerous factors applied to de-

124. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *13.

125. *Id.* at *14. The state law cause of action shares such essential elements as proof of actual confusion to recover monetary damages and a proof of a likelihood of confusion for recovery in equity. *Id.* (citing *W.W.W. Pharmaceutical Co., Inc. v. Gillette Co.*, 984 F.2d 567, 576 (2d Cir. 1993)).

126. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *14. To prevail on a cause of action under New York's Anti-Dilution statute, N.Y. GEN. BUS. LAW, § 368(d), a plaintiff must prove the following three elements:

- 1) distinctiveness of the mark either from its distinctive quality or from secondary meaning;
- 2) likelihood of dilution by the blurring of product identification or the tarnishing of an affirmative association a mark has come to convey; and
- 3) predatory intent of the junior user.

Id. (citing *Deere & Co. v. MTD Products, Inc.*, 41 F.3d 39, 42 (2d Cir. 1994)). A showing of likelihood of confusion is not required under Section 368-d. *Id.*

127. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *13; see *Goodheart Clothing, Inc. v. Laura Goodman Enter., Inc.*, 962 F.2d 268, 272 (2d Cir. 1992) (holding that when bad faith infringement is established, a court is authorized to award attorney's fees on the basis that an 'exceptional case' has been established).

termine trademark strength and infringement. The courts need to agree on uniform definitions to be used in conjunction with 'likelihood of confusion' analysis, as well as solidify uniform standards to be utilized in addressing this central issue in infringement analysis. However, the possibility of unanimous agreement among the various circuits on these issues is very slim.

Second, and more realistically, if the courts cannot agree on uniform factors and definitions, an alternative approach would be to amend the Lanham Act itself. The prior amendments to the Act in 1988 and 1989¹²⁸ were intended to incorporate the existing case law on trademarks into the statute, but did not go as far as incorporating or defining the specific 'likelihood of confusion'¹²⁹ or 'secondary meaning'¹³⁰ case law factors. Perhaps now is the time to do this and provide the legal and commercial communities with a solid framework they may utilize to determine in advance if their actions amount to trademark infringement.

Primarily, any amendment must provide uniform analytical factors and definitions as discussed above to provide a uniform legal analytical framework for addressing trademark infringement issues. Further, any amendment to the Act must address the problems associated with the lack of notice afforded by non-registered trademarks which are protected under common-law trademark law. The fact that trademarks are afforded protection regardless of whether they were registered in the federal or state trademark office provides no notice to potential infringers that their utilization of a mark is encroaching upon another's protected rights. The situation in *International Star Class Yacht Racing Ass'n v. Tommy Hilfiger, USA, Inc.*, is illustrative of this problem. In *ISCRA*, the defendant had completed a thorough search of both state and federal trademark registrations before they utilized the star class logo, finding no existing mark.¹³¹ Thus, believing in good faith that their utilization of the mark was not an infringement, they expended considerable money and effort in producing the

128. See *supra*, notes 26 & 27 and accompanying text.

129. See *Polaroid* Factors discussed in Section I of this casenote and accompanying *supra* notes 43-50.

130. See *Abercrombie* Factors and accompanying footnotes in Section I of this casenote.

131. *International Star Class Yacht Racing Ass'n*, 1995 WL 241875 at *13.

"Star Class" line of nautical apparel. Only later, after expending these considerable resources, did the defendant learn of IS-CRA's alleged common law trademark ownership, and ultimately were enjoined from further use of the mark.¹³² This lack of notice may and does cause considerable detriment to unknowing users and also inhibits definitive commercial planning because it is impossible to predict in advance whether there might be a subsequent trademark infringement litigation filed by a party claiming common law trademark ownership. Therefore, an amendment to the Lanham Act which requires current registration of a mark as a prerequisite to standing under the Act would militate the problems arising from lack of notice of common law trademark ownership.

Finally, a last recommendation for amendment to the Act would be to draft the statute in a manner that provides substantive rights to registered trademark owners instead of relying upon the common law. The present statute does not provide a trademark owner with substantive rights, but only a registration procedure and a method to establish prima facie evidence of a priority of right.¹³³ Further than this, no actual rights are afforded to potential litigants under the Act. An amendment which would provide these rights as a statutory mandate, much like the federal copyright and patent statutes, would further reduce the present confusion and lack of uniformity inherent in the present system.

The decision of *International Star Class Racing Ass'n*, though a sound decision under existing law, is highly illustrative of the need for a change of the present system of trademark law. The defendant was enjoined from the use of a mark they had no reason to believe was protected property of another entity, even after taking all steps possible to inquire into the marks ownership. The court was correct in refusing to grant monetary damages because of the lack of bad faith infringement. It is not as clear that the defendant should have been enjoined from utilizing a mark for which its significant inquiry had shown was in the public domain. Under the existing regime, nonetheless, this decision was proper. However, if the recommended amendments to the Lanham Act were ratified and the case tried again, the results would have been dras-

132. *Id.*

133. See Lanham Act, 15 U.S.C. §1051 et seq.

tically different because the plaintiff would not have had standing to bring a cause of action for infringement of an unregistered mark.

The substantial benefits in providing notice to the public afforded by a registration prerequisite weighed against the small cost and effort necessary to register a mark mandate such an amendment. In addition, an amendment to the Act which codified the existing analytical factors and provided uniform definitions would also serve to reduce the confusion and uncertainty of present trademark law. Finally, providing substantive rights under the Act instead of relying upon the common law would further work to the end of providing a uniform framework for potential trademark law issues. Initiative rests with Congress, and all we can do is see if they enact sufficient amendments, leave the present system unchanged, or defer to the judiciary as they have in the past.

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