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Litigation Involving Trademarks: Preparing the Trademark Case for Trial

Charles J. Faruki

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LITIGATION INVOLVING TRADEMARKS: PREPARING THE TRADEMARK CASE FOR TRIAL

*Charles J. Faruki**

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I. INTRODUCTION

This article examines trial preparation of trademark cases. The article begins with a brief discussion of enforceable trademark rights and defenses and emphasizes the areas relevant to the litigation of these cases. Federal law serves as the foundation of the discussion because it is both well-developed and most frequently used. However, state law pertaining to the use of trademarks, including Ohio law, generally parallels federal law.¹ Following the discussion of substantive law the article addresses litigation strategies. Subsequent sections consider

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1. *Ameritech, Inc. v. American Information Technologies Corp.*, 811 F.2d 960, 963 (6th Cir. 1987).

This case is brought under diversity jurisdiction and, because Ameritech, Inc. did not file for federal trademark protection, is based on Ohio law. The substantial overlap of state and federal trademark law, however, often obscures the necessity of determining whether state or federal law applies. More particularly, because Ohio courts use federal as well as state trademark law, this Court may also do so.

Id. (citations omitted). For a discussion of the "academic issue" of the choice between federal and state law of trademark protection, see *Natural Footwear, LTD. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1405 n.57 (3d Cir.), *cert. denied*, 474 U.S. 920 (1985).

creative thinking in trademark cases, types of trial testimony that may be required and witness selection, choosing trial exhibits, strategy, planning, and settlement.

II. ENFORCEABLE TRADEMARK RIGHTS

Enforceable trademark rights exist under various kinds of federal and state trademark statutes, and under state common law. Protections are available for registered and unregistered marks. This section summarizes the trademark rights and protections available, first under federal and state statutes, and then under the common law. The scope of protection for trade dress, and the developing law of trade dress infringement, are outside the scope of this section.

A. Statutory Rights

Trademarks serve several purposes. Generally, they identify the source of goods or services, differentiate brands, denote uniform quality,² and assist in product promotion and sales.³ Trademarks⁴ are protected by the Lanham Act.⁵ Use in commerce gives rise to protectible trademark rights. Priority of use in commerce is not established by first use in another country; knowledge of a foreign use does not preclude good faith adoption and use in the United States.⁶

Section 43(a) of the Lanham Act⁷ provides several private rights of action. A cause of action exists for use of a trademark in commerce, a false designation of origin, a false or misleading description or representation of fact which is likely to cause confusion, and mistake or deception as to affiliation, origin, sponsorship or approval of goods, ser-

2. "One of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the goods manufactured and sold under the holder's trademark." *El Greco Leather Prods. Co. v. Shoe World, Inc.*, 806 F.2d 392, 395 (2d Cir. 1986), *cert. denied*, 484 U.S. 817 (1987). This principle led the Second Circuit in that case to rule that shoes manufactured under an agreement with a trademark holder, but distributed without authorization of the trademark holder, and without a prior inspection by a representative of trademark holder, could not be considered genuine for purposes of trademark protection, so that the trademark owner was entitled to a permanent injunction and damages. *Id.* at 399.

3. This listing is that of the author. One circuit has listed six benefits of federal trademark registration. *Brittingham v. Jenkins*, 914 F.2d 447, 452 (4th Cir. 1990).

4. A trademark is defined as:

any word, name, symbol, or device or any combination thereof —used by a person, or which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, 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).

5. 15 U.S.C. §§ 1051-1127 (1988).

6. *Person's Co. v. Christman*, 900 F.2d 1565, 1568-70 (Fed. Cir. 1990).

7. 15 U.S.C. § 1125 (a)(1).

vices, or commercial activities.⁸ Section 43(a) also provides a cause of action for false advertising.⁹

Section 43(a) "is the only provision in the Lanham Act that protects an unregistered mark."¹⁰ These marks must otherwise be protected by state law. When a mark is not registered, the plaintiff may only succeed

if it proves that (1) the mark has acquired secondary meaning and (2) there is a likelihood of confusion as to the source of the publication. This two-step analysis reflects two different questions. The inquiry into the existence of secondary meaning examines whether the proponent of the mark has acquired a protectable interest in it. An examination into the likelihood of confusion considers whether that interest has been infringed.¹¹

Section 43(a) is broad,¹² and is frequently used as a basis for claims to ensure that the plaintiff's discovery is sufficiently wide and deep.

A trade name refers to a mark that identifies a company or business, and a trademark refers to a mark that identifies a product. The principal difference between trade names and trademarks is that trade names cannot be registered and are not protected under 15 U.S.C. § 1114. "However, actions for infringement of either a trade name or trademark, whether or not it has been registered, may be maintained under section 43(a)."¹³ Section 43(a) applies both to statements made by defendants about their own products and to statements made about the plaintiffs' products.¹⁴ As a result, section 43(a) can be used to reach advertising or statements about a plaintiffs' trade name.¹⁵ "Literal truth is not an absolute defense to a Lanham Act § 43(a) claim" if the statement tends to mislead or deceive.¹⁶ However, plaintiffs seeking relief on a claim that a statement, though literally true, tends to con-

8. *Id.*

9. *Id.* § 1125(a)(2). A discussion of this cause of action is beyond the scope of this article.

10. Centaur Communications, Ltd. v. A/S/M Communications, Inc., 830 F.2d 1217, 1220 (2d Cir. 1987).

11. *Id.* at 1221 (citations omitted).

12. Coca-Cola Co. v. Procter & Gamble Co., 822 F.2d 28, 31 (6th Cir. 1987) ("We hold therefore that section 43(a) encompasses claims of false advertising and misrepresentation of quality and is not limited to claims of passing off a product.").

13. Chronicle Publishing Co. v. Chronicle Publications, Inc., 733 F. Supp. 1371, 1376 (N.D. Cal. 1989).

14. 15 U.S.C. § 1125(a)(2) (applies where one "misrepresents the nature, characteristics, qualities or geographic origin of his or her or another person's goods").

15. U.S. Healthcare, Inc. v. Blue Cross, 898 F.2d 914, 921-22 (3d Cir.) (comparative advertising war between a health insurer and a health maintenance organization), *cert. denied*, 111 S. Ct. 58 (interim ed. 1990).

16. Nature's Way Prods., Inc. v. Nature-Pharma, Inc., 736 F. Supp. 245, 250 (D. Utah 1990).

fuse or deceive, must "present evidence showing what message the consumer will take from the advertisement."¹⁷

The classic trademark infringement action is for violation of Section 32 of the Lanham Act¹⁸ and is brought pursuant to 15 U.S.C. § 1116(a). This section provides an action for injunction "to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under section 1125(a) of this title."¹⁹ The principal right protected is the exclusive right to use the mark.²⁰ "The test for unfair competition under § 1125(a) is the same as that for trademark infringement, [specifically] whether there is a likelihood of confusion."²¹

Courts analyze trademark claims by classifying the mark as to the type of mark²² and then determining the level of protection the mark deserves. Other courts, however, immediately inquire as to the likelihood of confusion, and consider the mark's classification as part of the analysis.²³ In briefing and arguing trademark cases, counsel for defendant should find the former approach more effective whenever the plaintiff's mark is generic or descriptive because the classification focuses the trial court on the inherent weakness of the mark.

The touchstone of trademark infringement is the likelihood of confusion. The seminal case is *Polaroid Corp. v. Polarad Electronic Corp.*,²⁴ where Judge Friendly identified the factors to be weighed in determining whether a likelihood of confusion exists. They are:

the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and

17. *Tripledge Prods., Inc. v. Whitney Resources, Ltd.*, 735 F. Supp. 1154, 1164 (E.D.N.Y. 1990).

18. 15 U.S.C. § 1114 (1988).

19. *Id.* § 1116(a).

20. *Id.* § 1115(a)-(b); see, e.g., *Entertainment & Sports Programming Network, Inc. v. Edinburg Community Hotel, Inc.*, 735 F. Supp. 1334, 1341-42 (S.D. Tex. 1986) (HBO trademarks and trade names infringed when defendant displayed HBO programming which it intercepted and retransmitted to its guests without authorization); *Rodeway Inns Int'l v. Amar Enters.*, 742 F. Supp. 365, 367 (S.D. Miss. 1990) (terminated franchisee cannot use trademarks after termination).

21. *Wynn Oil Co. v. American Way Serv. Corp.*, 736 F. Supp. 746, 754-55 (E.D. Mich. 1990).

22. Types of marks include generic, descriptive, suggestive, and fanciful. *Centaur Communications Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1220 (2nd Cir. 1987).

23. See, e.g., *Gougeon Bros., Inc. v. Hendricks*, 708 F. Supp. 811, 813 (E.D. Mich. 1988) (a two-step analysis is appropriate; the court first must classify the marks to determine whether the plaintiff's mark merits protection, and second must evaluate the likelihood of confusion as between the marks).

24. 287 F.2d 492 (2d Cir.), cert. denied, 368 U.S. 820 (1961).

the sophistication of the buyers.²⁵

Judge Friendly later added another factor: the relative harm to the parties when the court grants or denies the relief requested.²⁶ This additional factor is nothing more than a restatement of one of the traditional equitable considerations in granting or denying injunctive relief.²⁷

The Sixth Circuit employs similar factors, drawn from Ninth Circuit cases.²⁸ The application of these factors in a recent case²⁹ suggests that consumer confusion was unlikely between the plaintiff's use of the name "HEARTWISE" for a line of low-cholesterol breakfast meats and defendant's "Heartwise" breakfast cereal.³⁰ In discussing the relatedness of the parties' goods, the court stated that the antitrust relevant market analysis under Section 2 of the Sherman Act³¹ should be used to determine whether goods are competitive for purposes of trademark analysis.³² This approach enables the defendant to adduce proof of market definition to argue against the likelihood of consumer confusion.

An interesting application of the Sixth Circuit's *Frisch's Restaurant* factors³³ and discussion is found in *Zin-Plas Corp. v. Plumbing Quality AGF Co.*,³⁴ which highlights the economic issues and the appli-

25. *Id.* at 495.

26. *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 536 (2d Cir. 1964).

27. Recently, the Second Circuit has added "delay" to the *Polaroid* factors. *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 79 (2d Cir. 1988) ("The senior user's delay in asserting its trademark claim is an example of a factor which, when appropriate, may also be considered in addition to the enumerated *Polaroid* factors.").

28. *Frisch's Restaurant, Inc. v. Shoney's, Inc.*, 759 F.2d 1261, 1264 (6th Cir. 1985). In *Frisch's Restaurants*, this circuit articulated eight factors for evaluating the 'likelihood of confusion'. These factors are not immutable, but merely indicate the need for weighted evaluation of the pertinent facts in arriving at the legal conclusion of confusion. These factors were culled from the Ninth Circuit cases of *AMF v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979), and *Toho Company, Inc. v. Sears, Roebuck & Co.*, 645 F.2d 788, 790 (9th Cir. 1981). They are:

1. strength of the plaintiff's mark;
2. relatedness of the goods;
3. similarity of the marks;
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. defendant's intent in selecting the mark;
8. likelihood of expansion of the product lines.

759 F.2d at 1264 (citations omitted).

29. *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1432-51 (S.D. Ohio 1990).

30. *Id.*

31. 15 U.S.C. § 2 (1988).

32. *Worthington Foods*, 732 F. Supp. at 1436-38, 1451.

33. See *supra* note 28 and accompanying text.

34. 622 F. Supp. 415 (W.D. Mich. 1985).

cation of traditional factors for injunctive relief.³⁵ In *Zin-Plas*, the court denied plaintiff's request for relief against the importation of Taiwanese imitations of plaintiff's products that were being sold to plaintiff's customers.³⁶ The court denied injunctive relief because the requested injunction would put the defendants out of business.³⁷ The court determined that the plaintiff would not be forced out of business if the injunction were not granted.³⁸ Even though the court agreed that the action was a "microcosm of problems of international trade" facing this country, it found no violation of the Lanham Act.³⁹

More recently, the Sixth Circuit has commented about the proper use of the *Frisch's Restaurant* factors:

[t]hese factors are simply a guide to help determine whether confusion would be likely to result from simultaneous use of the two contested marks. They imply no mathematical precision, and a plaintiff need not show that all, or even most, of the factors listed are present in any particular case to be successful. As we said in *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 834 (6th Cir. 1983), "[t]he general concept underlying likelihood of confusion is that the public believe that 'the mark's owner sponsored or otherwise approved of the use of the trademark.' " [citations omitted].⁴⁰

The First Circuit observes a similar list of eight factors,⁴¹ as do other Circuit Courts of Appeals.⁴² Section 729 of the Restatement (First) of Torts sets forth a similar but shorter list of factors to be

35. *Id.*

36. *Id.*

37. *Id.*

38. *Id.* at 421.

39. *Id.*

40. *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir. 1989).

41. *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 29 (1st Cir. 1989).

The First Circuit has identified eight factors to be weighed in assessing likelihood of confusion.

(1) the similarity of the marks; (2) the similarity of the goods; (3) the relationship between the parties' channels of trade; (4) the relationship between the parties' advertising; (5) the classes of prospective purchasers; (6) evidence of actual confusion; (7) the defendant's intent in adopting its mark; and (8) the strength of the plaintiff's mark. . . . No one factor is necessarily determinative, but each must be considered.

Id. (Citations omitted) (quoting *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 817 (1st Cir. 1987)).

42. See *Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434, 439 (7th Cir. 1990) (list of seven factors used in Seventh Circuit); *Weiss Assocs., Inc. v. HRL Assocs., Inc.*, 902 F.2d 1546, 1548-49 (Fed. Cir. 1990) (CAFC's list of 13 factors); *Eclipse Assocs. Ltd. v. Data General Corp.*, 894 F.2d 1114, 1117 (9th Cir. 1990); *Blue Cross & Blue Shield Assn. v. Group Hospitalization & Medical Servs., Inc.*, 744 F. Supp. 700, 715 (E.D. Va.) (applying Fourth Circuit's list of factors), *aff'd in part*, 911 F.2d 720 (1990); *American Cyanamid Co. v. S.C. Johnson & Son, Inc.*, 729 F. Supp. 1018, 1021 (D.N.J. 1989) (applying Third Circuit's list of ten factors).

considered in determining likelihood of confusion.⁴³

The four levels of trademark protection are frequently used to assess the strength of the mark or to begin the analysis of the protectability of a trademark at issue.⁴⁴ For purposes of planning a litigation strategy, the choice of which of the four categories (generic, descriptive, suggestive, and fanciful or arbitrary) applies to the trademark in question is important because if the trademark is not arbitrary or suggestive, a plaintiff must establish proof of secondary meaning.⁴⁵

To qualify as a descriptive trademark for trademark protection, the owner must demonstrate that the mark acquired secondary meaning before its competitor began to use the mark.⁴⁶ To establish secondary meaning, a court must determine whether the public purchases an article because of its source.⁴⁷ There are vigorous evidentiary require-

43. The Second Restatement of Torts states in its Introduction that the chapter of which § 729 of the first Restatement was a part has been omitted because that subject has become specialized and "largely divorced from" its "initial grounding in the principles of torts." RESTATEMENT (SECOND) OF TORTS VII (1978). See also *Hinckley Chamber of Commerce v. Hinckley Chamber of Commerce, Inc.*, 27 Ohio App. 3d 264, 266-67, 501 N.E.2d 47, 50 (1985) (listing 5 factors, in addition to stating that "the fact that the names are identical . . . creates a strong probability of confusion.").

44. The four levels of trademark protection are set forth in *Centaur Communications Ltd. v. A/S/M Communications, Inc.* 830 F.2d 1217, 1220 (2d Cir. 1987).

Not all trademarks are entitled to the same degree of legal protection. As Judge Friendly's opinion in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976), observes, there are four shifting levels of trademark protection which, beginning with the least protected, are: (1) generic, (2) descriptive, (3) suggestive, and (4) fanciful or arbitrary. *Id.* at 9.

The two categories implicated on this appeal are generic and descriptive marks. A generic mark "refers, or has come to be understood as referring, to the genus of which the particular product is a species." *Id.* at 9. For example, "aspirin" is a generic term. A descriptive mark "describes the qualities or characteristics of a good or service." A term can be descriptive in two ways: "[i]t can literally describe the product, or it can describe the purpose or utility of the product."

Centaur Communications, 830 F.2d at 1220 (citations omitted) (quoting *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) and *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 747 F.2d 81, 88 (2d Cir. 1984), *cert. denied*, 470 U.S. 1052 (1985)).

The opinion in *Abercrombie & Fitch* explained that the "lines of demarcation" among the four categories "are not always bright." 537 F.2d at 9; accord *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 836, 839 (4th Cir. 1990). The definition of these terms and the applications of these categories are discussed in *Papercutter, Inc. v. Fay's Drug Co.*, 900 F.2d 558, 561-64 (2d Cir. 1990); see also *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1432-34 (S.D. Ohio (1990)); *Randolph Data Servs., Inc. v. United Computer Sys.*, 246 N.E.2d 784, 787 (Ohio C.P. Hamilton 1969).

45. *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1221 (2d Cir. 1987) ("crux of the doctrine of secondary meaning 'is that the mark comes to identify not only the goods but also the source of those goods.'" (quoting *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 815 F.2d 8, 10 (2d Cir. 1987))).

46. *Papercutter, Inc. v. Fay's Drug Co.*, 900 F.2d 558, 562 (2d Cir. 1990).

47. *Id.* at 564. One court of appeals has called likelihood of confusion and secondary meaning "two closely related concepts." *Charles Jacquin et Cie, Inc. v. Destileria Serralles, Inc.*, 921

ments for proof of secondary meaning.⁴⁸ Secondary meaning may be established by: (1) a survey of a representative sample of consumers; (2) evidence of the nature and extent of the public exposure achieved by the mark, including volume of sales, length of time of use, and advertising and other promotional efforts (with commercial success, rather than the amount of expenditures, being the measure); or (3) proof of intentional copying "on the theory that the copying is motivated by a desire to benefit."⁴⁹

The Second Circuit, in *Centaur Communications LTD v. A/S/M Communications, Inc.*⁵⁰ explained secondary meaning as follows:

A mark acquires secondary meaning when "it [is] shown that the *primary* significance of the term in the minds of the consuming public is not the product but the producer." Thus, the crux of the doctrine of secondary meaning "is that the mark comes to identify not only the goods but the source of those goods," even though the relevant consuming public might not know the name of the producer. ("[C]onsumers often buy goods without knowing the personal identity or actual name of the [producer]."). Nonetheless, someone seeking to establish secondary meaning must show that the purchasing public associates goods designated by a particular mark with but a single—although anonymous—source.

The focus of secondary meaning therefore is the consuming public.⁵¹

A similar list of five factors to be used to evaluate secondary meaning has been used in an Ohio district court.⁵² However, "even

F.2d 467, 472 n. 5 (3d Cir. 1990).

48. *Papercutter*, 900 F.2d at 564; *see also* *Perini Corp. v. Perini Const., Inc.*, 915 F.2d 121, 125 (4th Cir. 1990); *Cicena Ltd. v. Columbia Telecommunications Group*, 900 F.2d 1546, 1551 (Fed. Cir. 1990).

49. *Papercutter*, 900 F.2d at 564; *accord* *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 836, 839 n.6 (4th Cir. 1990).

50. 830 F.2d 1217 (2d Cir. 1987).

51. *Id.* at 1221 (citations omitted) (quoting *20th century Wear, Inc. v. Sanmark-Stardust Inc.*, 815 F.2d 8, 10 (2d Cir. 1987)). The Court further stated that:

[a]gain, it is not always the *general* public's understanding but—depending upon the product—often only a segment of consumers that need be examined. . . .

In *Thompson Medical* we collected the various precedents that discussed the question of secondary meaning, and drew from them the elements utilized in determining whether secondary meaning had been created, noting that "no single factor [was] determinative, and [that] every element need not be proved." The elements are (1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the marks use.

Id. (citations omitted); *see also* *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 836, 839 (4th Cir. 1990).

52. This list is found in *Pizzazz Pizza & Restaurant v. Taco Bell Corp.*, 642 F. Supp. 88, 92 (N.D. Ohio 1986). *See* *Perini Corp. v. Perini Const., Inc.*, 915 F.2d 121, 125 (4th Cir. 1990); *Charles Jacquin et Cie, Inc. v. Destileria Serralles, Inc.*, 921 F.2d 467, 473 (3d Cir. 1990) (rejecting idea of "bright line tests" for establishing secondary meaning).

proof of secondary meaning, by virtue of which some 'merely descriptive' marks may be registered, cannot transform a generic term into a subject for trademark."⁵³ One useful way to argue against secondary meaning is to characterize the plaintiff's proof as, at most, "secondary meaning in the making"⁵⁴ because that doctrine, which found favor in the New York district courts, has been rejected by both the Court of Appeals for the Federal Circuit⁵⁵ and the Eighth Circuit.⁵⁶

The Trademark Counterfeiting Act of 1984⁵⁷ provides certain remedies against the use of counterfeits of a registered mark. The civil action is created by 15 U.S.C. § 1114(1). Ex parte applications for seizure of goods bearing counterfeit marks, of the means of making such marks, and of records documenting their manufacture or sale are provided by 15 U.S.C. § 1116(d).⁵⁸ In addition, intentional violation of § 1114(1)(A) may result in the award of treble damages, a reasonable attorney's fee, and prejudgment interest.⁵⁹

The Second Circuit in *Montres Rolex, SA v. Snyder*,⁶⁰ articulated a strong position in favor of protection of trademark holders against counterfeits. The court affirmed a judgment in favor of a trademark holder that had appealed from a Customs Service determination that certain imported watches were merely infringing, and thus could be imported if the offending mark were removed, and were not counterfeit items subject to forfeiture.⁶¹ The court applied the "'average purchaser' test" rather than a test as to whether an expert could tell the difference between the two goods.⁶² The Second Circuit recognized the problem of counterfeit goods: "Commercial counterfeiting has reached

53. *Abercrombie & Fitch Co., v. Huntington World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

54. *Cicena Ltd. v. Columbia Telecommunications Group*, 900 F.2d 1546, 1549-50 (Fed. Cir. 1990).

55. *Id.*

56. *Black & Decker Mfg. Co. v. Ever-Ready Appliance Mfg. Co.*, 684 F.2d 546, 550 (8th Cir. 1982).

57. 18 U.S.C. § 2320 (1988).

58. However, wrongful seizure gives rise to a cause of action against the applicant for the ex parte order. The person damaged by the wrongful seizure

shall be entitled to recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of goodwill, and punitive damages in instances where the seizure was sought in bad faith, and, unless the court finds extenuating circumstances, to recover a reasonable attorney's fee. The court in its discretion may award prejudgment interest on relief recovered under this paragraph.

15 U.S.C. § 1116(d)(11).

59. 15 U.S.C. § 1117(b); see *Joy Mfg. Co. v. CGM Valve & Gauge Co.*, 730 F. Supp. 1387, 1395-96 (S.D. Tex. 1989) (refurbished and repainted valves bearing new nameplates with spurious marks supported award of treble damages or profits, whichever is greater, prejudgment and postjudgment interest, and reasonable attorneys' fees).

60. 718 F.2d 524 (2d Cir. 1983), *cert. denied*, 465 U.S. 1100 (1984).

61. *Id.* at 526-27.

62. *Id.* at 531.

epidemic proportions . . . the owners of trademarks on prestige items are particularly likely to be plagued by recurring counterfeit problems."⁶³ More recently, the Second Circuit has held that in a counterfeit prosecution, the likelihood of a confusion element under the Trademark Counterfeiting Act of 1984 encompasses confusion among the general, nonpurchasing public, and not just confusion of purchasers of items bearing counterfeit trademarks.⁶⁴

Turning from federal to Ohio statutory law, Ohio law provides for registration of trade names, fictitious names, and trademarks.⁶⁵ Since the Secretary of State "shall not file an application for the registration of any trade name if it might mislead the public, or is not readily distinguishable from trade names previously registered,"⁶⁶ in defending against an infringement case it should be argued that the registration of a trade name in Ohio is an indication that it is not misleading, i.e., that there is not a likelihood of confusion.

One Ohio statute⁶⁷ provides for a number of limitations upon trademarks or service marks which may be registered, including marks which are merely descriptive or are deceptively misdescriptive of the goods or services of the applicant,⁶⁸ and a mark "which so resembles" a previously registered or previously used and not abandoned mark "as likely, when applied to the goods or services of the applicant, to cause confusion or mistake or to deceive."⁶⁹ A private right of action for injunctive relief and damages is also provided for.⁷⁰

63. *Id.* at 528.

64. *United States v. Hon*, 904 F.2d 803, 806-08 (2d Cir. 1990), *cert. denied*, 111 S. Ct. 789 (1991).

65. OHIO REV. CODE ANN. §§ 1329.01-.99 (Baldwin 1988).

66. *Id.* § 1329.02.

67. *Id.* § 1329.55.

68. *Id.* § 1329.55(E)(1).

69. *Id.* § 1329.55(F).

70. *Id.* § 1329.66. This section provides:

Any owner of a trademark or service mark registered under the sections 1329.54 to 1329.67 of the Revised Code, may proceed by suit to enjoin the manufacture, use, display, or sale of any counterfeits or imitations of the mark, and any court of competent jurisdiction may grant injunctions to restrain such manufacture, use, display, or sale as may be by the court considered just and reasonable, and may require the defendants to pay to the owner all profits derived from and all damages suffered by reason of the wrongful manufacture, use, display, or sale; the court may also order that any such counterfeits or imitations in the possession or under the control of any defendant in such case, to be delivered to an officer of the court, or to the complainant, to be destroyed.

If the infringement complained of is contained in or is part of paid advertising in a newspaper, magazine, or other periodical, the remedies of the owner of the right infringed as against the publisher or distributor of such periodical shall be confined to an injunction against the presentation of such advertising matter in future issues. These limitations shall apply only to innocent infringers and injunctive relief shall not be available to the owner of the right infringed in respect of an issue of a periodical containing infringing matter when

Ohio's Deceptive Trade Practices Act⁷¹ provides that a plaintiff "need not prove competition between the parties."⁷² The statute provides that one engages in a deceptive trade practice when, in the course of its business or occupation, it creates confusion or deception among consumers.⁷³ Under Ohio's Deceptive Trade Practices Statute, "the analysis used to determine the likelihood of confusion is essentially identical to that used to evaluate infringement claims brought under federal trademark or unfair competition statutes."⁷⁴ "[T]he Ohio Deceptive Trade Practices Act is substantially similar to section 43(a) of the Lanham Act. In fact, an analysis appropriate for a determination of liability under section 43(a) of the Lanham Act is also appropriate for determining liability under the Ohio Deceptive Trade Practices Act."⁷⁵ Although the Ohio Deceptive Trade Practices Act primarily codified Ohio's common law of trademarks, the statute "does not prevent plaintiffs from relying on it and the common law simultaneously."⁷⁶

Some states have dilution statutes. These laws aim at the destruc-

restraining the dissemination of such infringing matter in any particular issue of such periodical would delay the delivery of such issue after the regular time therefor, and the delay would be due to the method by which publication and distribution of such periodical is customarily conducted in accordance with sound business practice, and not to any method or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter.

The enumeration of any right or remedy herein shall not affect a registrant's right to prosecute under any appropriate penal law of this state.

Id. (Note the second paragraph of § 1329.66 is similar to 15 U.S.C. § 114(2)).

71. OHIO REV. CODE ANN. §§ 4165.01-.04 (Baldwin 1990). Generally, state deceptive or unfair trade practices acts may also be used to redress trademark violations. *E.g.*, *Klinger v. Weekly World News, Inc.*, 747 F. Supp. 1477, 1479-80 (S.D. Fla. 1990).

72. OHIO REV. CODE ANN. § 4165.02.

73. One engages in deceptive trade practices when one:

- (A) *Passes off* goods or services as those of another;
- (B) Causes *likelihood of confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services*;
- (C) Causes *likelihood of confusion or misunderstanding as to affiliation, connection, or association with, or certification by, another*;
- (D) Uses deceptive representations or designations of geographic origin in connection with goods or services;
- (E) Represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he does not have. . . .

Id. (emphasis added).

74. *Pizzazz Pizza & Restaurant v. Taco Bell Corp.*, 642 F. Supp. 88, 91 (N.D. Ohio 1986).

75. *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1431 (S.D. Ohio 1990) (citation omitted).

76. *Id.*; cf. OHIO REV. CODE ANN. § 1345.02(B)(1) (part of the Consumer Sales Practice Act, which makes it a deceptive practice to represent that "the subject of a consumer transaction has sponsorship, approval . . . or benefits that it does not have"). The Ohio Attorney General enforces this statute. *Id.* §§ 1345.05-.08.

tion of the selling power of a trademark.⁷⁷ Ohio has no dilution statute; yet as noted below, relief is available under Ohio's common law.⁷⁸ The statutory cause of action for dilution does not require likelihood of confusion.⁷⁹ The injury of dilution is the whittling down or blurring of a trade name's product identification or selling power.⁸⁰ However, the utility of antidilution statutes is undermined by *Mead Data Central, Inc. v. Toyota Motor Sales*,⁸¹ where the Second Circuit Court of Appeals reversed an order of equitable relief in an action by the company owning the trademark LEXIS against an automobile manufacturer that was about to introduce a car named LEXUS.⁸² However, other courts have not given dilution statutes the restrictive interpretations of the Second Circuit in *Mead Data Central*.⁸³

Ironically, novelty items containing clear parodies preclude the possibility for consumer confusion.⁸⁴ Consequently, the use of a dilution statute or theory, which can protect against tarnishment of a trademark,⁸⁵ may be the only recourse available to a plaintiff concerned about protecting the image of its trademark.

77. See, e.g., N.Y. GEN. BUS. LAW § 368-d (Mckinney 1984).

This statute provides:

[l]ikelihood 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. (Emphasis added).

78. See *infra* notes 86-113 and accompanying text.

79. *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 624 n.5 (2d Cir. 1983) ("injury to a recognized trade name, rather than damage arising from confusion among consumers, lies at the heart of the wrong" prohibited by the antidilution statute); see also *Hyatt Corp. v. Hyatt Legal Services*, 736 F.2d 1153, 1158 (7th Cir.), *cert. denied*, 469 U.S. 1019 (1984); *Wedgwood Homes, Inc. v. Lund*, 294 Or. 493, 501, 659 P.2d 377, 381 (1983).

80. *Sally Gee, Inc.*, 699 F.2d at 624-25.

81. 875 F.2d 1026 (2d Cir. 1989) (a case handled by the author).

82. *Id.* at 1028.

83. See *American United Life Ins. Co. v. American United Ins. Co.*, 731 F. Supp. 480, 487 (S.D. Fla. 1990) (granting relief under Florida antidilution statute); *Munters Corp. v. Matsui Am., Inc.*, 730 F. Supp. 790, 801-02 (N.D. Ill. 1989) (Illinois statute), *aff'd* 909 F.2d 250 (1990); *White Swan, Ltd. v. Clyde Robin Seed Co.*, 729 F. Supp. 1257, 1265 (N.D. Cal. 1989) (California statute).

84. *Schieffelin & Co. v. Jack Co.*, 725 F. Supp. 1314, 1324 (S.D.N.Y. 1989) (finding that "[w]hen satire or parody is taken to a certain degree therefore, it becomes clear that the owner of the trademark was not involved in the manufacture or sponsorship of the defendant's product"); *Circle Communications, Inc. v. Hinton*, 74 Ohio Op. 2d 356, 364 (C.P. Hamilton 1975) (commercial spoof not a deceptive trade practice in violation of Ohio statute; "[t]o say otherwise would admit that the law is oblivious to and not sympathetic with the existence of a sense of humor.").

85. *Plasticolor Molded Prods. v. Ford Motor Co.*, 713 F. Supp. 1329, 1343 (C.D. Cal. 1989); *PPG Indus., Inc. v. Clinical Data, Inc.*, 620 F. Supp. 604, 607 (D. Mass. 1985).

B. Common Law Rights

Separate and independent from statutory provisions, the caselaw of various states provides differing degrees of common law trademark protection. The common law trademark protection may be less reliable and tougher to prove because of the absence of a registration scheme. Unless there is proof of imitation, of copying, of flagrant disregard of a very close mark, or strong proof of likelihood of confusion and secondary meaning, it is difficult for a plaintiff to obtain relief. The development of the extent of protection of trademarks in the common law of Ohio provides an example of state law trademark protection.

The Supreme Court of Ohio has set forth the law governing relief for trademark violation in three leading cases. In the first case, *Yunker v. Nationwide Mutual Insurance Co.*,⁸⁶ the court addressed the issue of confusion in the mind of the public.⁸⁷ "The controlling question in [trademark] cases . . . is whether [plaintiff] has used a name, word, symbol or other means of identification in connection with his business in such manner that the public associates such name, etc., with a particular business or commodity."⁸⁸ The plaintiff's prior use of a name must be to such an extent that the public identifies the name with the plaintiff's particular business, *and* use of the name by another business entity is likely to cause confusion in the minds of the public.⁸⁹ Consequently, if the plaintiff proves both elements of the *Yunker* test, the plaintiff may use the name "to the exclusion of all others."⁹⁰

In the same year as *Yunker*, the Supreme Court of Ohio decided the second leading case in Ohio's common law of trademarks. In *National City Bank of Cleveland v. National City Window Cleaning Co.*,⁹¹ the controversy was over the defendant's use of the words "National City" in its business name.⁹² At trial, the defendant asserted lack of competition between plaintiff and defendant as a defense to the infringement suit.⁹³ The court held that "lack of competition between the users of [a] name may not be interposed as an effective defense by the junior appropriator."⁹⁴ The court further noted that a lack of competition defense would fail, "especially where such use would tend to lead

86. 175 Ohio St. 1, 191 N.E.2d 145 (1963).

87. *Id.* at 7-8, 191 N.E.2d at 150.

88. *Id.*

89. *Id.*

90. *Id.*

91. 174 Ohio St. 510, 190 N.E.2d 437 (1963).

92. *Id.* at 511, 190 N.E.2d at 438.

93. *Id.* at 512, 190 N.E.2d at 438.

94. *Id.* at 514, 190 N.E.2d at 439.

the public to believe that the two businesses were in association."⁹⁵

In *National City Bank*, the court strongly condemned "coattail riding."⁹⁶ The court recognized that a "business of high standing" and with a "distinctive name" has a legitimate interest in protecting that name from exploitation by another.⁹⁷ The court added that it was not determinative that the two businesses did not compete.⁹⁸ "[C]oattail riding of this sort has met with disapproval and has often been enjoined by the courts."⁹⁹

Two years later, the Supreme Court of Ohio, in comparing the names of two corporate entities, ruled that the phrase "The Ohio Life Insurance Company" is not so deceptively similar to the phrase "The Ohio National Life Insurance Company" as to lead to confusion on the part of the public.¹⁰⁰

Some courts have drawn upon common law to afford relief for dilution even in the absence of a dilution statute. For example, in *Ameritech, Inc. v. American Information Technologies Corp.*¹⁰¹ the Sixth Circuit held that, under Ohio law, there is a cause of action for dilution without reliance on a dilution statute.¹⁰² The court stated that dilution is a fourth type of trademark infringement.¹⁰³ Under the theory of dilution, "*an infringement can occur even where the products are non-competing and no confusion is possible.*"¹⁰⁴ Dilution focuses on the protection of the senior user's interest in the trademark, not on public confusion over the trademark.¹⁰⁵ Dilution occurs when a senior user possesses a distinctive mark that has been appropriated by a junior user.¹⁰⁶ Though a junior use of the mark may not result in loss of sales or loss of control over reputation, the harm that a dilution suit seeks to remedy is a "gradual diminution in the mark's distinctiveness, effectiveness and, hence, value."¹⁰⁷ In *Ameritech*, the district court asserted that no trademark infringement claim exists where goods are unrelated and non-competing.¹⁰⁸ As a result, the district court did not evaluate

95. *Id.*

96. *Id.* at 513, 190 N.E.2d at 439.

97. *Id.*

98. *Id.*

99. *Id.*

100. *Ohio National Life Ins. Co. v. Ohio Life Ins. Co.*, 3 Ohio St. 2d 44, 47-48, 209 N.E.2d 157, 159-60 (1965).

101. 811 F.2d 960 (6th Cir. 1987).

102. *Id.* at 965.

103. *Id.*

104. *Id.* (emphasis added).

105. *Id.*

106. *Id.*

107. *Id.*

108. *Id.*

plaintiff's reverse confusion and dilution claims.¹⁰⁹

Dilution claims, however, are cognizable under Ohio's common law. As the Ohio Supreme Court observed in *National City Bank*, 174 Ohio St. at 513-14, 190 N.E.2d at 439 (citation omitted):

[T]he use of the same or very similar names in entirely unrelated businesses may in and of itself prove injurious to the originator of the name. Such practice operates to whittle away and disperse in the mind of the public the identity of the name in relation to the one who invented it. The more distinctive the name the deeper its impression on the public consciousness and the greater the need to protect it against indiscriminate invasion.¹¹⁰

As the above quotation states, to succeed in a dilution claim, the plaintiff must be seeking relief from infringement on a "distinctive mark."¹¹¹ The mark, however, need not be of national fame.¹¹² The "distinctive mark" requirement will be met, entitling plaintiff's mark to protection, if plaintiff's mark is "strong in a particular geographical or product area."¹¹³

As these principles illustrate, there may be advantages to a plaintiff asserting a common law claim, when there has not been compliance with a trademark registration scheme, or where there is egregious conduct such as copying. With a common law theory, the plaintiff needs to approach its case much more as a trial of an unfair competition case. The defendant should focus on the absence of sufficient evidence of confusion, and, where it is an element, on lack of proof of secondary meaning.

III. DEFENSES

This section discusses: (1) defenses codified into the federal and Ohio trademark statutes and common law; (2) the established limits to the scope of enforceable rights in a trademark; (3) "flipside" defensive moves;¹¹⁴ and (4) the possibilities of arguing lack of irreparable harm.

Section 33(b) of the Lanham Act¹¹⁵ provides in part:

Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title,

109. *Id.*

110. *Id.* (citations omitted); *accord* *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1457 (S.D. Ohio 1990). *But see* *Wynn Oil Co. v. American Way Service Corp.*, 736 F.Supp 746, 756 (E.D. Mich 1990) (Michigan law provides no claim for trademark dilution).

111. 811 F.2d at 965.

112. *Id.*

113. *Id.*

114. This response is an attempt by a trademark defendant to prove that no protectable interest arises for various reasons that are the obverse of the plaintiff's arguments.

115. 15 U.S.C. § 1115(b) (1988).
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and shall be subject to the *following defenses* or defects:

- (1) That the *registration* or the incontestable right to use the mark was *obtained fraudulently*; or
- (2) That the mark has been *abandoned* by the registrant; or
- (3) That the registered mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- (4) *That the use* of the name, term, or device charged to be an infringement *is a use*, otherwise than as a mark, *of the party's individual name in his own business*, or of the individual name of anyone in privity with such party, *or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin*; ¹¹⁶ or
- (5) That *the mark* whose use by a party is charged as an infringement *was adopted without knowledge of the registrant's prior use and has been continuously used* by such party or those in privity with him from a date *prior* to (A) the date of constructive use of the mark established pursuant to section 1057(c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 of this title: *Provided, however*, That this defense or defect shall apply only for the area in which such continuous prior use is provided; ¹¹⁷ or
- (6) That the mark whose use is charged as an infringement *was registered and used prior* to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: *Provided, however*, That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or
- (7) That the mark has been or is being *used to violate the antitrust laws* of the United States; or
- (8) That *equitable principles*, including *laches, estoppel, and acquiescence*, are applicable. ¹¹⁸

A mark is abandoned when "its use has been discontinued with

116. As to the "fair use" defense of § 1115(b)(4), see *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 836, 840 (4th Cir. 1990) (inclusion of corporate logo on product was insufficient to establish the defense of fair use); *Coherent, Inc. v. Coherent Technologies, Inc.*, 736 F. Supp. 1055, 1061-63 (D. Colo. 1990) (fair use defense of word "coherent" established); *Western Publishing Co. v. Rose Art Indus., Inc.*, 733 F. Supp. 698, 700-01 (S.D.N.Y.) (fair use defense upheld where the word "golden" was used in the defendant's trademark), *aff'd*, 910 F.2d 57 (2d Cir. 1990); *Munters Corp. v. Matsui America, Inc.*, 730 F. Supp. 790, 800 (N.D. Ill. 1989) (describing the three elements of the fair use defense), *aff'd*, 909 F.2d 250 (7th Cir. 1990).

117. As to the good faith remote use defense of § 1115(b)(5), see *GTE Corp. v. Williams*, 904 F.2d 536, 540-42 (10th Cir.), *cert. denied*, 111 S. Ct. 557 (interim ed. 1990).

118. 15 U.S.C. § 1115(b) (1988) (emphasis added).

intent not to resume such use. Intent not to resume may be inferred from circumstances.”¹¹⁹ A mark may also be abandoned if the owner’s “course of conduct . . . causes the mark to become the generic name for the goods or services.”¹²⁰ While at common law there was no presumption of abandonment of a trademark simply from proof of nonuse, under the Lanham Act, nonuse for two consecutive years is *prima facie* evidence of abandonment.¹²¹ However, it is difficult to prove abandonment, since intermittent sales, a small level of inventory and a paucity of orders for replenishment of inventory do not require a finding of abandonment.¹²²

Ohio’s common law of trademarks contains some of the same defenses:

This common-law right may be lost in various ways. For example, the doctrine of *laches* may bar a claim of common-law protection if there is inexcusable delay between a newcomer’s use of the name and the original user’s action to enjoin the use. The original user’s right may be challenged on grounds that it has not remained faithful to the goals upon which the group was organized. Or it may be argued the use of the name was not continuous, but *abandoned*, thereby destroying the common-law claim.¹²³

The only property right in a trademark is the right, in connection with an established business or trade, to prevent the goods or services from being confused with the goods or services of others.¹²⁴

We start with a few fundamentals. Although trademarks are often referred to as a form of property, or more specifically, as “intellectual property,” we recently reaffirmed that “[t]here is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.” Beyond preventing a mark-holder’s goods from being confused with those of others and preventing trade from being diverted to competitors through the use of misleading marks, therefore, an entity has no right to appropriate a particular phrase or word for its exclusive use in the

119. *Id.* § 1127.

120. *Id.*

121. *Id.*; see *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990). Moreover, simply claiming a subjective affirmative intent not to abandon is insufficient. *Id.* at 1581 (“Lanham Act was not intended to provide a warehouse for unused marks”).

122. *Person’s Co. v. Christman*, 900 F.2d 1565, 1571 (Fed. Cir. 1990) (“There is also no rule of law that the owner of a trademark must reach a particular level of success, measured either by the size of the market or by its own level of sales, to avoid abandoning a mark.” (footnote omitted)).

123. *Hinckley Chamber of Commerce v. Hinckley Chamber of Commerce, Inc.*, 27 Ohio App. 3d 264, 266, 501 N.E.2d 47, 50 (1985) (emphasis added).

124. *Papercutter, Inc. v. Fay’s Drug Co.*, 900 F.2d 558, 561 (2d Cir. 1990); accord *Person’s Co. v. Christman*, 900 F.2d 1565, 1571 (Fed. Cir. 1990).

marketplace.¹²⁵

It has long been the law that a trademark should be protected from infringement only in areas where the first user of the mark has established a market for its goods.¹²⁶ An excellent discussion of the territorial limitations of trademark protection is found in *Natural Footwear, Ltd. v. Hart, Schaffner & Marx*.¹²⁷ After discussing the cases that have identified various factors as relevant to whether a trademark has achieved the necessary market penetration in a particular area, the court fashioned the following four factors to determine whether market penetration of a trademark is sufficient to warrant protection:

- (1) the volume of sales of the trademarked product; (2) the growth trends (both positive and negative) in the area; (3) the number of persons actually purchasing the product in relation to the potential number of customers; and (4) the amount of product advertising in the area.¹²⁸

From the standpoint of proof, each of these factors may be proved by quantification; however, the use of a marketing expert is advisable.

In *Boston Athletic Association v. Sullivan*,¹²⁹ the First Circuit Court of Appeals stated:

[w]e acknowledge that a trademark, unlike a copyright or patent, is not a "right in gross" that enables a holder to enjoin all reproductions. In Justice Holmes's words, "When the mark is used in such a way that does not deceive the public we see no such sanctity in the word as to prevent it being used to tell the truth. It is not taboo."¹³⁰

A trademark owner is not entitled to bar all use of the mark by others.

To the contrary . . . prior use of a trademark does not automatically entitle the first user to bar its use by others. Indeed, even if a mark is

125. *Papercutter* 900 F.2d at 561 (citations omitted) (quoting *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 581 (2d Cir. 1990)).

126. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); see also *Columbia Mill Co. v. Alcorn*, 150 U.S. 460 (1893); *United States v. Steffens*, 100 U.S. 82 (1879).

127. 760 F.2d 1383, 1394-1405 (3d Cir.), cert. den., 474 U.S. 920 (1985). But see *Brittingham v. Jenkins*, 914 F.2d 447, 455 (4th Cir. 1990) ("As a general rule, the use of an appropriated mark . . . in a geographic territory or commercial market apart from that developed by the mark's owner constitutes an infringement if the unauthorized use is likely to result or has resulted in confusion, mistake or deception on the part of the consumer.").

128. 760 F.2d at 1398-99 (footnotes omitted).

129. 867 F.2d 22 (1st Cir. 1989).

130. *Id.* at 35. (citations omitted) (quoting *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924). This principle was applied in *Excalibur Auto. Corp. v. Elite Autoworks, Inc.*, 733 F. Supp. 65, 66 (E.D. Wis. 1990) (use of plaintiff's trade name not misleading where defendant advertised modification services on plaintiff's automobile), and in *Anheuser Busch, Inc. v. Florists Ass'n of Greater Cleveland Inc.*, 603 F. Supp. 35, 39 (N.D. Ohio 1984) (phrase "This Bud's for You" applied to flowers did not warrant injunction because no likelihood of confusion as to source; to hold otherwise would recognize "a right in gross.").

registered, the presumption of an exclusive right to use it extends only so far as the goods or services noted in the registration certificate.¹³¹

As a result, it is relatively easy to determine the degree of protection. The senior user has only "two legitimate interests" entitling him to an injunction.¹³² The first is to develop its "present business free from the stain and tarnishment which may result from improper trade practices of the junior user."¹³³ The second is, at some future date, to "expand [its] business into the related field in which the junior user is operating,"¹³⁴ an interest which, absent compelling proof (e.g., a strategic business plan with a concrete set of steps to be followed by the plaintiff planning to enter a new market), is not likely to sustain a request for injunctive relief. Thus, "merely winning the race to the trademark office doorstep does not entitle a senior user to [injunctive] relief."¹³⁵ There is also authority for the proposition that a registered trademark confers a monopoly and that a monopoly should not be liberally construed or extended unless the owner shows a clear entitlement to an extension.¹³⁶ These principles illustrate the boundaries of the rights represented by a trademark.

A defendant in a section 43(a) action "can raise the defense of functionality, which eliminates protection under the statute."¹³⁷ Applying the principle "that a functional feature is one that 'is essential to the use or purpose of the article or [that] affects the cost or quality of the article,'" one court has held that a baseball "pitching form" recording statistics for the starting pitchers in upcoming baseball games was not subject to trademark protection.¹³⁸

There is no trademark protection for marketing themes, methods and styles of doing business, marketing practices used in adopting trademarks, or against patterning one's business after another.¹³⁹ Thus

131. *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 48 (2d Cir. 1978) (citations omitted), *cert. denied*, 439 U.S. 1116 (1979).

132. *Id.* at 49 (quoting *Avon Shoe Co. v. David Crystal, Inc.*, 279 F.2d 607, 613 (2d Cir.), *cert. denied*, 364 U.S. 909 (1960)).

133. *Id.*

134. *Id.*

135. *Id.*

136. *Natural Footwear*, 760 F.2d at 1396.

137. *Kregos v. Associated Press*, 731 F. Supp. 113, 121 (S.D.N.Y. 1990).

138. *Id.* at 121-22, (quoting *Warner Bros. v. Guy Toys, Inc.*, 724 F.2d 327, 331 (2d Cir. 1983)).

139. *See Nature's Way Prods., Inc. v. Nature-Pharma, Inc.*, 736 F. Supp. 245, 249 (D. Utah 1990) (Section 43(a) designed to protect the unfair use of specific trademarks, not the type of marketing practice utilized in adopting trademarks); *accord Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1248 (8th Cir. 1990) ("[A] party cannot be deemed to have a business interest capable of protection in the mere method and style of doing business. Protection of a marketing approach under section 43(a) would be inconsistent with the goals of our free enter-

a business chain can protect its name or logo as its trademark, but nothing more under trademark law. An interesting issue arises as to the scope of trademark protection in the circumstances in which a company establishes a "family of marks," because at least one case stated that "the corporation may obtain trademark protection against one whose mark is thought to emanate from the same source as the plaintiff's family."¹⁴⁰ In contrast, another court stated "the house mark of a company tends to deemphasize the contested mark as a source of the goods or services."¹⁴¹

"The names of colors, because they are merely descriptive, generally may not be protected under the trademark laws. The law does not favor efforts to monopolize a common, frequently used word."¹⁴² Consequently, whenever possible, a defendant should seek to characterize the plaintiff's requested trademark protection as an attempt to obtain a monopoly on a common word or phrase.

The flipside of plaintiff's allegations is an argument available to a defendant that alleges and seeks to prove that no protectable interest arises since the trademark is unregistered; others have used the mark; it is a common word (and thus perhaps a generic mark); or it has no secondary meaning. In such a case, the defendant should consider a preemptive strike via a petition to cancel the registration of such a mark.¹⁴³ A trademark infringement plaintiff may not obtain a stay of cancellation proceedings before the Trademark Trial and Appeals Board.¹⁴⁴

"[T]he law of unfair competition does not [require a defendant] to

prise system.").

140. *McDonald's Corp. v. McBagel's, Inc.* 649 F. Supp. 1268, 1272 (S.D.N.Y. 1986) (recognizing a possible family of marks beginning with the prefix "Mc"; discussing a case involving families of marks based on the name "FISH" and another prefixed by the phrase "Dicta"); see also *Geoffrey, Inc. v. Stratton*, 16 U.S.P.Q.2d (BNA) 1691, 1694 (C.D. Cal. 1990) (long and continuous use of registered "R US" family of marks rendered irrefutable the presumption of secondary meaning; and fact "that plaintiff does not own a registered mark for 'R US' *per se*, does not prevent plaintiff from claiming the 'R US' designation as a common component of a 'family of marks'").

141. *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1441 (S.D. Ohio 1990).

142. *Western Publishing Co., Inc. v. Rose Art Indus., Inc.*, 733 F. Supp. 698, 700 (S.D.N.Y.), *aff'd*, 910 F.2d 57 (1990). For an excellent discussion of the reason that color alone may not be protected, and of the protectability of color used in connection with a symbol or design, see *NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024, 1026-27 (7th Cir. 1990). But see *Edward Weck, Inc. v. IM, Inc.*, 17 U.S.P.Q.2d (BNA) 1142, 1145 (T.T.A.B. 1990) ("no inherent bar" to trademark registration for "overall color of goods").

143. *Papercutter, Inc. v. Fay's Drug Co.*, 900 F.2d 558, 563 (2d Cir. 1990). "The defendant may petition for cancellation of [a trademark] registration under section 14 of the Lanham Act, 15 U.S.C. § 1064 (1988), either in a separate action or as a counterclaim in an infringement suit". *Id.* (citing *Keebler v. Rovira Biscuit Corp.*, 624 F.2d 366, 377 (1st Cir. 1980)).

144. *Opticians Ass'n of Am. v. Independent Opticians of Am., Inc.*, 734 F. Supp. 1171, 1181 (D.N.J.), *rev'd on other grounds*, 920 F.2d 187 (3d Cir. 1990).

ensure that its customers are aware [that its goods or services] are no longer affiliated with [the plaintiff's trade name];" rather, there is only the "duty not to promote a perpetuation of any perception that they are" so affiliated.¹⁴⁵ Yet, when entering a field, the second user does have the duty to select a mark that will avoid confusion.¹⁴⁶

The defendant should carefully analyze the area in which the plaintiff's services or goods are sold and recognized.

One's interest in a trademark, service mark or trade name is entitled to legal protection in the territory from which he receives, or with the probable expansion of his business may reasonably expect to receive, custom in the business in which he uses his trademark, service mark or trade name.¹⁴⁷

A first amendment defense is sometimes appropriate, but it must be reserved for cases which present especially strong first amendment arguments,¹⁴⁸ and in which a showing can be made that first amendment values are threatened.

"[A] showing of likelihood of confusion as to source or sponsorship [of the goods] establishes the requisite likelihood of success on the merits as well as of irreparable harm" for a preliminary injunction.¹⁴⁹ However, the Second Circuit has "rejected expressly an 'all-or-nothing' or per se rule mandating the use of an absolute injunction whenever likelihood of confusion is found."¹⁵⁰ The Sixth Circuit recognized in a section 43(a) case that the balance of harms factor, considered on a

145. *Shakey's, Inc. v. Covalt*, 704 F.2d 426, 432 (9th Cir. 1983).

146. *Forum Corp. of N. Am. v. Forum, Ltd.*, 903 F.2d 434, 440 (7th Cir. 1990).

147. *Younker v. Nationwide Mut. Ins. Co.*, 175 Ohio St. 1, 8, 191 N.E.2d 145, 150 (1963) (citing *RESTATEMENT OF TORTS* § 732 (1934)).

148. *See Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 402 (8th Cir. 1987) ("[T]he protection afforded by the First Amendment does not give Novak license to infringe the rights of Mutual."), *cert. denied*, 488 U.S. 933 (1988); *Charles of the Ritz Group, Ltd. v. Quality King Distribs. Inc.*, 832 F.2d 1317, 1324 (2d Cir. 1987) (misleading commercial speech unprotected by first amendment); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 31 (1st Cir. 1987) (reversing grant of summary judgment under Maine's antidilution statute as to a magazine's prurient parody of L.L. Bean's famous catalog), *cert. denied & appeal dismissed*, 483 U.S. 1013 (1987); *New Kids on the Block v. News Am. Publishing, Inc.*, 745 F. Supp. 1540 (C.D. Cal. 1990) (first amendment protected magazine publisher from music group's misappropriation claims stemming from publisher's pay-per-call polls concerning individual group members); *cf.* 15 U.S.C. § 1114(2)(C).

149. *Standard & Poor's Corp. v. Commodity Exchange Inc.*, 683 F.2d 704, 708 (2d Cir. 1983); *see also Home Box Office, Inc. v. Showtime/The Movie Channel, Inc.*, 832 F.2d 1311, 1314 (2d Cir. 1987); *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1460 (S.D. Ohio 1990); *Banff, Ltd. v. Federated Dep't Stores, Inc.*, 638 F. Supp. 652, 658 (S.D.N.Y. 1986), *aff'd*, 841 F.2d 486 (2d Cir. 1988).

150. *Soltex Polymer Corp. v. Fortex Indus., Inc.*, 832 F.2d 1325, 1329 (2d Cir. 1987); *accord Manitowoc Sales & Serv. Corp. v. Manitowoc Crane & Shovel Corp.*, 11 Ohio Misc. 174, 181, 229 N.E.2d 865, 870 (1967).

motion for preliminary injunction, may warrant denial of the motion if the defendant would be harmed more than the plaintiff would.¹⁵¹ Thus, the defendant should show the disruption and injuries to its business that injunctive relief would cause. "Where the burden of the injunction would weigh as heavily on the defendant as on the plaintiff, the plaintiff must make a showing of at least a 'strong probability of success on the merits' before a trial court would be justified in issuing the order."¹⁵²

Most of the defenses available to a trademark infringement charge are not purely legal, but instead are very fact-intensive and require the hearing of evidence. Thus, it is difficult to prevail on them by motion, since a summary judgment motion will be defeated by a showing of a genuine issue of material fact, which requires a trial.

IV. LITIGATION EVALUATION

The pre-litigation assessment in a trade name case must include many of the same considerations present in other business litigation and some other considerations that are peculiar to trade name, or at least intellectual property litigation. There are a number of reasons to litigate: the first is to preserve the plaintiff's investment in, and commercial (market) value of the name. The goal here is to preserve the competitive position of the plaintiff, or of the mark, in the marketplace.

The second reason to litigate is not only to give the defendant the incentive to back off, but also to send a message to others in the marketplace not to encroach upon, or to misappropriate, the plaintiff's trademark. The goal here may be to acquire a reputation for being aggressive in defending and enforcing one's tradename or trademark. Yet a third goal is to boost the morale of employees who may be spending significant time and energy in promoting a trademark. Finally, there are instances in which a company may wish to test a brand name in court before putting more money behind it, which would give the plaintiff an additional incentive to litigate.

From the plaintiff's perspective, the disadvantages and disincentives of litigation include the potential loss of trademark rights; the possible lack of enforceability of the trademark; resultant negative publicity and effects on customers; the costs (in money, distraction, and

151. *Frisch's Restaurant, Inc. v. Shoney's, Inc.*, 759 F.2d 1261, 1270 (6th Cir. 1985) (The defendant "would have to revamp, close, or halt construction on its [restaurant] operations at substantial costs and injury to its business.").

152. *Id.* A similar result was reached in *Pizzazz Pizza & Restaurant v. Taco Bell Corp.*, 642 F. Supp. 88, 94-95 (N.D. Ohio 1986) (plaintiffs can use notices in signs and menus distinguishing their product from that of defendant thereby alleviating the harm which a preliminary injunction might cause to defendant).

management time) of litigation; the opening of corporate files to discovery in the lawsuit; the effects on employee morale if the case does not go well; and possible counterclaims. Some of these considerations are inherent in any litigation decision and in any litigation course of action. However, with trademark litigation, the discovery conducted must frequently delve into marketing concepts and plans which the corporation may consider to be highly sensitive.

There are some aspects of the litigation evaluation in trademark cases that are peculiar to such cases. The decision-to-litigate considerations that are particular to this type of litigation include, first, the "slippery slope" problem: if the trademark is not defended against this use or name, then the next time (perhaps with a different defendant, perhaps with the same defendant) an offending name is used, the plaintiff will be met with the argument that it did nothing in response to this first offending use, so that the strength of the trademark has been further weakened. In other words, if the plaintiff does not sue now, then its ability to sue in the future may be weakened because of the effects of the encroachment of the offending trademark that was not resisted.¹⁵³

Another consideration in the decision whether to litigate is when to sue. If the plaintiff sues early, as soon as reasonably possible after discovery of the offending name in the marketplace, then the suit may well be met with the argument that no harm has occurred and that there is no imminent irreparable harm. However, if the plaintiff waits until harm has occurred, then it will meet laches-type arguments, i.e., that the plaintiff has waited too long to sue for an injunction.¹⁵⁴

There are two other factors that are peculiar to the decision to litigate a trademark. One is the litigation principle of *sauce for the goose, sauce for the gander*: is the plaintiff susceptible to the same arguments on one of its brand names? The other question that must be evaluated is whether there are collateral adverse effects on the plaintiff from the suit. For example, does the plaintiff have other tradenames that would be affected by a win or a loss? Can it be forced into taking a position inconsistent with protection of another of its brand names? Will discovery of its files on other trademarks be permitted, and what

153. *Cf. Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 79 (2d Cir. 1988). "Hasbro's delay, if any, in asserting its claim commands increased attention now that we have held that its mark is suggestive. Delay, of course, tends to defeat the presumption that likelihood of confusion would cause irreparable harm pending trial." *Id.*

154. *See, e.g., Clayton v. Howard Johnson Franchise Sys.*, 730 F. Supp. 1553, 1560 (M.D. Fla. 1989) (rejecting a laches argument but noting that a parent organization should assert its exclusive right to a mark when an affiliation ends). *But see Rodeway Inns Int'l v. Amar Enter.*, 742 F. Supp. 365, 367-68 (S.D. Miss. 1990).

will those files reveal with respect to plaintiff's attempts to police its other trademarks or with regard to whether plaintiff has itself infringed on a trademark of another?

V. CREATIVE THINKING IN THE TRADEMARK CASE

There are more opportunities for creative thinking and innovative case presentation in trade name cases than in most types of business litigation. One should start the creative thinking process by conjuring up and focusing upon the scenario of what will happen if the plaintiff wins or loses. The attorney must be able to determine what the consequences will be to her client's use of the name. The plaintiff must be prepared to answer questions as to how far its claimed protection extends. For example, does the protection sought by the plaintiff extend to other forms of the name, or to the name coupled with a logo? The defendant must be prepared to respond to such questions as to how far it can go in using a similar name or logo. Another area of creative thinking concerns the strength or weakness of the name. "The strength of a mark is a factual determination of the mark's distinctiveness. The more distinct a mark, the more likely the confusion resulting from its infringement, and therefore, the more protection it is due."¹⁵⁵

Creative thinking should also be brought to bear on the types of proof offered. Such types of proof should include: (a) expenditures over time for advertising and promotion; (b) sales growth or decline; (c) profusion of similar names or like products; (d) identifiability or non-recognition of the name within any market segment; (e) surveys; awareness or lack of awareness, outside narrow market segment; (f) efforts, successful or unsuccessful, to police and/or protect the trade name; (g) evidence of free riding on, or misappropriation of, plaintiff's advertising, promotional and investment efforts; (h) whether the plaintiff can make a credible sweat-of-the-brow argument, i.e., identification of the possible investments in the name at issue; (i) whether the trademark or trade name is a coined word, i.e., what invention, originality or novelty is contained in the mark; (j) evidence of advertising, promotional and marketing efforts, and the dollars spent or attributable to each; (k) value the name has and evidence of how that value can be measured and quantified; (l) connotations or associations evoked or suggested by the name and evidence of whether such associations are inconsistent, confusing, or tarnishing; (m) whether the defendants can persuasively argue that the plaintiff is trying to monopolize an English language word that is not a coined word.¹⁵⁶

155. *Frisch's Restaurant*, 759 F.2d at 1264.

156. Such an argument failed in *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 1359, 53 AFTR2d 93-1011 (CA-6, 1993).

Imaginative research can help show the weakness of a trademark.¹⁵⁷ One can research the name, via computer databases, encyclopedias, and other reference works to determine the similarity between the names. How can one illustrate the potency or distinction of the dissimilarity? "A review of the pertinent caselaw shows that mere following usage by one party of a word contained in a mark of another party does not, without more, require a finding of likelihood of product or source confusion."¹⁵⁸ Other questions include: Are there examples, and if so how many, of other products or services of the type bearing this trade name, that share trade names? Are there examples of products that share this trade name?¹⁵⁹

To show the likelihood of confusion, or the absence of that key element, one must ask the question: confusion by whom and about what? "Examination must be made as to what public is likely to be confused."¹⁶⁰ There are a number of different ways to demonstrate the likelihood of confusion. These methods often overlap which may be persuasive when presenting an analysis to the court. The general type of confusion refers to confusion of the ordinarily prudent purchaser.¹⁶¹ The test for establishing this type of confusion is whether "an appreciable number of ordinarily prudent purchasers will be confused."¹⁶² It is clear that the likelihood of confusion refers to confusion of *any type* including confusion of "source, sponsorship, affiliation, connection, or identification."¹⁶³ The likelihood of confusion can be further broken down into situations where confusion of purchasers occurs before¹⁶⁴ and

836, 840 (4th Cir. 1990).

157. *E.g.*, *El Chico, Inc. v. El Chico Cafe*, 214 F.2d 721, 725 (5th Cir. 1954) (name "El Chico" was a weak name deserving only limited protection; court cited 27 trademark registrations of El Chico, the fact that it was the name of a Moorish king of Grenada in 1482, and the fact that it is the name of a Mexican town and a river in the Philippines).

158. *Bell Laboratories, Inc. v. Colonial Prods., Inc.*, 644 F. Supp. 542, 545 (S.D. Fla. 1986).

159. *But see Eclipse Assocs. Ltd. v. Data Gen. Corp.*, 894 F.2d 1114, 1119 (9th Cir. 1990) (upholding as irrelevant exclusion of deposition transcripts describing the use of the mark on unrelated goods).

160. *Randolph Data Serv., Inc. v. United Computer Sys.*, 246 N.E.2d 784, 789 (Ohio C.P. Hamilton 1969).

161. *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538, 542 (2d Cir. 1956).

162. *Id.*; *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979); *Grottrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1340-41 (2d Cir. 1975) (survey evidence of 8% is enough).

163. *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1273 (S.D.N.Y. 1986); *see also Eclipse Assoc.*, 894 F.2d at 1118 ("source, relationship or sponsorship"); *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1453 (S.D. Ohio 1990) (discussing confusion of sponsorship theory).

164. *Keds Corp. v. Renee Int'l Trading Corp.*, 888 F.2d 215, 222 (1st Cir. 1989); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 260 (2d Cir. 1987).

after¹⁶⁵ a purchase is made. These separate categories refer to the difference between attracting purchasers by confusion, as with palming off, and the harm which can occur when defendant's product is associated with plaintiff's product after purchase. It is also important to distinguish confusion of one company or source with another, from confusion of one product with another.¹⁶⁶

Another method for establishing likelihood of confusion is termed subliminal trademark association.¹⁶⁷ This form of confusion refers to situations where a defendant is able to gain a foothold in plaintiff's market by exploitation of subliminal associations with plaintiff's well-known name.¹⁶⁸ This form of confusion is based on the belief that trademarks and advertising create impressions in consumers' minds.¹⁶⁹ Consumers do not memorize particular trademarks, but rather, associate feelings with the mark, based on past experience.¹⁷⁰ Although such feelings may be subliminal, they "come[] to consciousness when the article is seen with the trademark affixed."¹⁷¹ Thus, subliminal associations are an important form of confusion and should be fully investigated.

When dealing with confusion of sophisticated purchasers or confusion in decisions to purchase expensive goods, the standard for establishing confusion changes. In such situations, the reasonably prudent person standard is elevated to the standard of the discriminating purchaser.¹⁷² In addition, when sales of the product are motivated by children, the potential for confusion is enhanced and the courts recognize that the sophistication level of the consumer is lower.¹⁷³

The Sixth Circuit stated that Ohio is "generous in protecting

165. *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 873 (2d Cir. 1986); *Eldon Indus., Inc. v. Rubbermaid, Inc.*, 735 F. Supp. 786, 821 (N.D. Ill. 1990).

166. *Grotirian*, 523 F.2d at 1341 ("It is the subliminal confusion apparent in the record as to the relationship, past and present, between the corporate entities and the products that can transcend the competence of even the most sophisticated consumer." (quoting *Grotirian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707, 717 (1973), *modified* 523 F.2d 1331 (2d Cir. 1975)).

167. *Playboy Enters., v. Chuckleberry Publishing, Inc.*, 486 F. Supp. 414, 427-28 (S.D.N.Y. 1980), *aff'd*, 687 F.2d 563 (2d Cir. 1982). This case discussed three types of confusion: product confusion, confusion of source or sponsorship, and subliminal trademark association.

168. *Id.* This type of association is difficult to prove. *See, e.g., Blumenfeld Dev. Corp. v. Carnival Cruise Lines*, 669 F. Supp. 1297, 1320-21 (E.D. Pa. 1987).

169. *Playboy Enters.*, 486 F. Supp. at 428.

170. *Id.*

171. *Id.* (quoting *Londontown Manuf. Co. v. Cable Raincoat Co.*, 371 F. Supp 1114, 1118 (S.D.N.Y. 1974)).

172. *Weiss Assocs. v. HRL Assocs.* 902 F.2d 1546, 1548 (Fed. Cir. 1990). The only discussion of sophisticated purchasers in Ohio is *Randolph Data Servs., Inc. v. United Computer Sys.* 246 N.E.2d 784, 789, 791 (Ohio C.P. Hamilton 1969).

173. *Quaker Oats Co. v. Mel Appel Enters.*, 703 F. Supp. 1054, 1060 (S.D.N.Y. 1989).

trademarks,"¹⁷⁴ and that Ohio law protects against both confusion over the source of origin of goods where goods are competing, and confusion of sponsorship where the goods do not directly compete.¹⁷⁵

Reverse confusion—"the misimpression that the [defendant] junior user [which is bigger and better known in the marketplace] is the source of the [plaintiff] senior user's goods"—is also actionable under section 43(a) of the Lanham Act,¹⁷⁶ and in Ohio under common law.¹⁷⁷ Reverse palming off is also actionable under section 43(a).¹⁷⁸ The Second Circuit also recognized that non-purchaser confusion is relevant, i.e., confusion of the public at large or of guests.¹⁷⁹ Thus, examination of confusion of almost any type or in almost every market or relevant group of consumers finds some support in the caselaw.

The "related goods doctrine" states that consumer confusion may be caused regardless of the fact that the trademark is not used on directly competing goods.¹⁸⁰ This doctrine suggests that the plaintiff should consider proof not about the competitive nature of the goods, but of attributes such as quality, high technology and nutritional or health characteristics that the types of goods may have in common.

As explained in Section VII below, there is room for creativity in the use of expert witnesses, graphics and demonstrative evidence. In addition, useful tools include an English dictionary, a standard text on linguistics,¹⁸¹ a good thesaurus, a computer aided search of the opponent, trade name, trademark, and one's own imagination.

VI. TYPES OF TESTIMONY

This section considers the types of trial testimony that may be required in a trade name case, and the possible sources of testimony, with an emphasis on creative ways to present expert testimony. The discussion is concerned with what type of testimony needs to be elicited, and

174. *Ameritech, Inc., v. American Information Technologies Corp.*, 811 F.2d 960, 966 (6th Cir. 1987).

175. *Id.* (stating that the tort of palming off is to protect against confusion of source).

176. *Banff, Ltd. v. Federated Dep't Stores, Inc.*, 841 F.2d 486, 490-91 (2d Cir. 1988). A more limited reading of the reverse passing off theory was taken in *Shaw v. Lindheim*, 919 F.2d 1353, 1364 (9th Cir. 1990).

177. *Ameritech*, 811 F.2d at 964-66; *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1455 (S.D. Ohio 1990).

178. Palming off is the direct misappropriation of the services or goods of another. See *Roho, Inc. v. Marquis*, 902 F.2d 356, 359 (5th Cir. 1990).

179. *United States v. Hon*, 904 F.2d 803, 807-08 (2d Cir. 1990), *cert. denied*, 111 S. Ct. 789 (interim ed. 1991).

180. *Worthington Foods*, 732 F. Supp. at 1452 ("The protection of the trademark laws is not limited to directly competing goods or goods with the same descriptive properties, but instead extends to any goods which are likely to cause confusion in the minds of consumers.").

181. *E.g.*, L. CRANE, AN INTRODUCTION TO LINGUISTICS (1981).

with the types of witnesses from whom testimony may be obtained. Testimony pertaining to the encroachment or infringement of the trade name is discussed first, and testimony about damage to the plaintiff is considered second.

First, testimony revealing encroachment tells the story of how plaintiff's name came to be used. Witnesses explain how and why it was chosen, why it was a good choice, and its uniqueness or particular suitability for use as a trademark. Proof of the story of how defendant's name came to be used is necessary, including how and why it was chosen, whether it was chosen with or without knowledge of plaintiff's name, the timing of the choice in relation to plaintiff's use, and similarities between the two names.

Testimony for both parties will often analyze the visual and pronunciation characteristics, any connotations, and overall impression of the trademark. "The examination of the similarity of the trademarks, however, does not end with a visual comparison of the marks. Trademarks, like small children, are not only seen but heard. Similarity of sound also enters into the calculation of likelihood of confusion."¹⁸² Comparison of the plaintiff's and the defendant's trademarks to see whether they create the same overall impression will also be necessary.¹⁸³ A logo or any accompaniment of the trademark must be part of the consideration of infringement. The proper comparison is conducted "in light of what occurs in the marketplace, not in the courtroom."¹⁸⁴

The litigants will need to compare and contrast similarities or dissimilarities in product or service, advertising media,¹⁸⁵ distribution

182. *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1340 (2d Cir. 1975) (giving recognition to the "district court's finding that auditory confusion is inevitable"); *accord* *Forum Corp. of North America v. Forum, Ltd.*, 903 F.2d 434, 440 (7th Cir. 1990) (the sound, "the dominant terms in a trademark," and any "memorable feature of a mark" should be considered in analysis of likelihood of confusion); *Circle Communications, Inc. v. Hinton*, 74 Ohio Op. 2d 356, 359 (Hamilton Cty. C.P. 1975) ("Similarity of sound, as well as appearance of the words or letters, may constitute an infringement.").

However, the spoken or vocalizable element of a design mark, taken without the design, need not of itself serve to distinguish the goods. The nature of stylized letter marks is that they partake of both visual and oral indicia, and both must be weighed in the context in which they occur.

In re Electrolyte Laboratories, Inc., 913 F.2d 930, 932 (Fed. Cir. 1990) (citation omitted) (error in refusal to register a trademark where the design of the mark was substantially different precluding any likelihood of confusion).

183. *Banff, Ltd. v. Federated Dep't Stores, Inc.*, 841 F.2d 486, 492 (2d Cir. 1988); *accord* *Eldon Indus., Inc. v. Rubbermaid, Inc.*, 735 F. Supp. 786, 819 (N.D. Ill. 1990) ("It is inappropriate to concentrate on minor stylistic variations when examining the similarity of marks.").

184. *International Kennel Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1088 (7th Cir. 1988). Conversely, coupling a trademark with one's corporate logo is not a guarantee of nonliability. *E.g.*, *Dayton Progress Corp. v. Lane Punch Corp.*, 917 F.2d 836, 840 (4th Cir. 1990).

185. *E.g.*, radio/television vs. print; specialized publications.

channels, overlap in targeted customers, and marketplace positioning. Different analyses of the likelihood of confusion should be made if the market consists of sophisticated consumers studying a purchase of a high-priced item, than if there are impulse purchasers in a mass market for a cheaper item. Likewise, typeset and design may or may not help distinguish plaintiff's and defendant's trademarks.¹⁸⁶

Proof of secondary meaning may be made by evidence of the length of continuous use by plaintiff of the trademark; the exclusivity of use by plaintiff; the promotion and advertising expenses and efforts involved; the sales success and increases in sales of plaintiff's goods or services sold under the trademark; survey evidence; and attempts to plagiarize or palm off on the trade name. Third party comment on the trade name, e.g., trade press recognition, unsolicited testimonials, and editorial praise of the mark, will also tend to demonstrate secondary meaning.

Proof of injury includes evidence of deliberate copying.¹⁸⁷ Instances of actual confusion demonstrate injury unless the defendant can characterize them as isolated or remote. In the Sixth Circuit, evidence of actual confusion significantly buttresses the plaintiff's case, since evidence of actual confusion is the best evidence of a likelihood of confusion.¹⁸⁸ Misdirected mail, deliveries, and telephone calls placed to the plaintiff when the caller was trying to contact the defendant (or vice-versa) are frequently proof of actual confusion.¹⁸⁹

186. *Ameritech, Inc., v. American Information Technologies Corp.*, 811 F.2d at 960, 965 (6th Cir. 1987) (such dissimilarities insufficient to distinguish the two trademarks); *Worthington Foods, Inc., v. Kellogg Co.*, 732 F. Supp. 1417, 1440 (S.D. Ohio 1990) ("The lettering style of trademarks is relevant because the use of another's distinctive lettering style may engender confusion, even if the wording of the marks is slightly different."). In contrast, there is no need for prolonged litigation when the infringer uses the exact mark of the plaintiff. *Opticians Ass'n of Am. v. Independent Opticians of Am.*, 920 F.2d 187, 195 (3d. Cir. 1990).

187. *Worthington Foods*, 732 F. Supp. at 1449 ("A specific intent to use a mark due to its similarity to a senior user's reflects the junior user's subjective belief that confusion is likely and that the junior user can thereby divert some business from the senior user."). Proof of a non-trademark dispute between the parties may be important to set up the application of the rule that "one who has a grievance with the owner of a trademark may not resort to self-help by flagrantly misappropriating that trademark." *Rodeway Inns Int'l v. Amar Enter.*, 742 F. Supp. 365, 368 n.2 (S.D. Miss. 1990).

188. *Gougeon Bros., Inc. v. Hendricks*, 708 F. Supp. 811, 815-16 (E.D. Mich. 1988).

189. *E.g.*, *Forum Corp. of North Am. v. Forum, Ltd.*, 903 F.2d 434, 437, 443 (7th Cir. 1990). "Misdirected orders and correspondence have been held to evidence actual confusion that is worthy of consideration." *Berkshire Fashions, Inc. v. Sarah Lee Corp.*, 725 F. Supp. 790, 797 (S.D.N.Y. 1989), *aff'd*, 904 F.2d 33 (2d Cir. 1990).

Indeed, the evidence on actual confusion, referred to previously, indicates that hasty or casual purchases of Berkshire products, later found to be defective or substandard, were laid for blame at the door of Sarah Lee, which is precisely the type of competitive injury which the statute is designed to redress, and the *Polaroid* factors identify.

Id. at 798.

It is relatively easy to discount examples of actual confusion,¹⁹⁰ and documentary evidence of actual confusion is not as forceful as is testimony from the consumers involved. Evidence of actual confusion is the best evidence of the likelihood of confusion, but courts are reluctant to give weight to confusion evidence based upon affidavits, particularly "where the evidence originates from a small number of people or where evidence stems from persons associated with the owner of the purported service mark."¹⁹¹ This view makes it difficult for the plaintiff to adduce proof of actual confusion, because frequently plaintiff's proffered evidence will be of incidents of actual confusion that occurred when plaintiff's own employees either received mail, telephone calls, customer statements, or deliveries, or have other tales of confusion to relate. On the other hand, courts have taken the position that lack of evidence of actual confusion to date, and a plaintiff's failure to offer a survey showing the existence of confusion, is evidence that the likelihood of confusion cannot be shown.¹⁹²

Test or survey results are very important to trademark litigation, and they are one of the most commonly used methods of attempting to show harm or lack of harm. "Surveys are frequently used in trademark litigation and are recognized by courts as a way of demonstrating secondary meaning or a likelihood of confusion."¹⁹³ Since one side will undoubtedly offer survey results, the other side at least must be prepared to respond either by cross examination of the opposing party's survey expert (which may itself require the assistance of one's own survey expert), or by offering one's own survey, done in such a way as to

190. See, e.g., *Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1249, 1246 A3 (8th Cir. 1990) (discounting what court termed "isolated instances of confusion," and "harmless confusion by the inattentive,"); *C.L.A.S.S. Promotions, Inc. v. D.S. Magazines, Inc.*, 753 F.2d 14, 18 (2d Cir. 1985) ("The two letters which were admitted are insignificant when contrasted to the hundreds of thousands of magazines sold over the years."); see also *Houlihan v. Parliament Import Co.*, 921 F.2d 1258, 1262 (Fed. Cir. 1990) (dismissing as "snippets of evidence," two awards given to the wines at issue and a letter to the *Washington Post*); *McGraw-Hill, Inc. v. Comstock Partners, Inc.*, 743 F. Supp. 1029, 1035 (S.D.N.Y. 1990) (discussing proffered instances (telephone call and a mailing by a secretary) of actual confusion and finding that those tales did not show actual confusion, but rather mistake or carelessness).

191. *Linn Camera Shop, Inc. v. Meijer, Inc.*, 559 F. Supp. 175, 182 (W.D. Mich. 1982).

192. *Essence Communications, Inc. v. Singh Indus.*, 703 F. Supp. 261, 269 (S.D.N.Y. 1988); accord *Charles Jacquinet et Cie, Inc. v. Destileria Serralles, Inc.*, 921 F.2d 467, 475-76 (3rd Cir. 1990).

193. *Dreyfus Fund, Inc. v. Royal Bank of Canada*, 525 F. Supp. 1108, 1116 (S.D.N.Y. 1981); accord *Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1249 (8th Cir. 1990) ("In Lanham Act cases, survey evidence is often introduced on the issue of likelihood of confusion when a party seeks summary judgment. . . . However, surveys are not required to prove likelihood of confusion."); *Randy's Studebaker Sales, Inc. v. Nissan Motor Corp in U.S.A.*, 533 F.2d 510, 520 (10th Cir. 1976) ("Surveys such as these are not universally excluded. Indeed, the tendency has been to admit them if they have been properly conducted.").

remedy the deficiencies of the opposing party's survey. One effective tactic for the proponent of survey evidence is to depose the opponent's survey expert early to determine the deficiencies that the opposing expert identifies in the contested survey. The proponent of the survey would then rerun the survey, correcting, or at least addressing, such deficiencies in the survey as are practicable to remedy.

Surveys that are so flawed that they lack relevance are inadmissible under the Federal Rules of Evidence.¹⁹⁴ However, disputed survey data that is supported by testimony is generally admitted, with the objections going to the weight rather than the admissibility of the survey.¹⁹⁵ Since one may commission a survey and receive unfavorable results, the survey firm should be retained by counsel. Survey evidence is admissible¹⁹⁶ and entitled to substantial weight if the survey was fairly and scientifically conducted by qualified experts and impartial interviewers, responses were drawn from a sample of a relevant portion of potential consumers, survey questions were not misleading or biased, and responses were recorded in an unbiased manner.¹⁹⁷ The survey "universe" should include "a fair sampling of those purchasers most likely to partake of the alleged infringers [sic] goods or services."¹⁹⁸

A survey is not always required for a finding of trademark infringement,¹⁹⁹ but the absence of a survey by a litigant able to afford one may give rise to a negative inference concerning the element of secondary meaning.²⁰⁰ Surveys are rejected for a variety of reasons.²⁰¹

194. FED. R. EVID. 401, 402.

195. See, *McNeilab, Inc. v. American Home Prods. Corp.*, 848 F.2d 34, 38 (2d Cir. 1988) ("We have previously upheld reliance on disputed survey data that were supported by testimony."); *Universal Studios, Inc. v. Nintendo Co.*, 746 F.2d 112, 118 (2d Cir. 1984) ("[T]he survey . . . must have been fairly prepared and its results directed to the relevant issues." (quoting *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp 651, 657 (W.D. Wash. 1982)), *aff'd*, 797 F.2d 70, *cert. denied*, 479 U.S. 987 (1986); *American Home Prods. Corp. v. Johnson & Johnson*, 577 F.2d 160, 167 (2d Cir. 1978) (was within court's authority as trier of fact to consider weight of survey research); *Consumers Union of United States, Inc. v. New Regina Corp.*, 664 F. Supp. 753, 769 (S.D.N.Y. 1987) ("Technical deficiencies in surveys conducted by reputable professionals usually go to the weight to be accorded the survey results rather than to its admissibility."); see also *MANUAL FOR COMPLEX LITIGATION*, § 21.484 (West 2d ed. 1985).

196. The classic survey case is of course *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 681-86 (S.D.N.Y. 1963) (holding a survey admissible over hearsay objections).

197. *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 400 n.5 (8th Cir. 1987), *cert. denied*, 488 U.S. 933 (1988); *Anheuser Busch, Inc. v. Stroh Brewery*, 750 F.2d 631, 639 (8th Cir. 1984).

198. *Exxon Corp. v. Texas Motor Exch.*, 628 F.2d 500, 507 (5th Cir. 1980). For an example in the Sixth Circuit, see *Frisch's Restaurant, Inc. v. Shoney's Inc.*, 759 F.2d 1261, 1267-69 (6th Cir. 1985).

199. *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 31 n.9 (1st Cir. 1989).

200. *Information Clearing House, Inc. v. Find Magazine*, 492 F. Supp. 147, 160 (S.D.N.Y. 1980).

As to the level of response deemed significant, courts have readily found less than 30% "positive" response to support a finding of confusion.²⁰²

During the discovery phase the defendant should search for examples of trademark misuse: using the trademark generically, as a noun (instead of as an adjective), or using it in the plural or possessive. Such evidence can be used during discovery and at trial in a variety of ways, such as to argue that the trademark is generic or descriptive, to argue against the strength of the mark, or to show that the trademark owner did not take adequate steps to protect or to police the mark.

There is much room for imagination in the articulation of the types of testimony chosen to illustrate the overlap between plaintiff's and defendant's trademarks, the fact of injury, the perception by the consuming public of the two marks, and similar issues in trademark litigation. Creative thinking about such subjects for testimony, and how they will be played out in the theatre of the courtroom, invites innovative ideas about the use and selection of witnesses, especially expert witnesses, needed to present testimony.

The conceivable sources of witnesses are many. They include par-

201. See, e.g., *Universal City Studios, Inc. v. Nintendo Co.*, 746 F.2d 112, 118 (2d Cir. 1984) (survey to determine likelihood of confusion rejected because questions were unfair and leading and because survey participants were not necessarily potential purchasers), *aff'd*, 797 F.2d 70, *cert. denied*, 479 U.S. 987 (1986); *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 795 n.8 (5th Cir. 1983) (faulting a survey for failure to "ask the logical follow-up question that seemingly would have ended the inquiry conclusively," that question being who made the product that they had in mind); *American Footwear Corp. v. General Footwear Co.*, 609 F.2d 655, 661 (2d Cir. 1979) (in infringement action, survey rejected where question was "self-serving" and survey participants were not necessarily potential purchasers), *cert. denied*, 445 U.S. 951 (1980); *Pittsburgh Press Club v. United States*, 579 F.2d 751, 759 (3d Cir. 1978) (discussing various reasons for inadmissibility, including leading questions, self-serving statements, poor technique, and respondents being advised about the litigation for which the survey was taken); *Mennen Co. v. Gillette Co.*, 565 F. Supp. 648, 652-53 (S.D.N.Y. 1983) (in infringement action, survey rejected because of "prompting and suggestive nature of the question" and because exhibits used "did not fairly represent the actual products or the symbols thereon"), *aff'd*, 742 F.2d 1437 (2d Cir. 1984); *Calvin Klein Co. v. Farah Mfg. Co.*, 229 U.S.P.Q. (BNA) 795, 800 (S.D.N.Y. 1985) (in infringement action, survey rejected because it did "not even purport to reproduce the market conditions" for the relevant time period); see also *Michigan Dep't. of Educ. v. United States Dep't. of Educ.*, 875 F.2d 1196, 1205 (6th Cir. 1989) (dispute over audit of spent federal funds; discussing and upholding the validity of the use of random sampling); *Keith v. Volpe*, 858 F.2d 467, 480 (9th Cir. 1988) (fair housing case); *McGraw-Hill, Inc. v. Comstock Partners, Inc.*, 743 F. Supp. 1029, 1035 (S.D.N.Y. 1990) ("[T]he question asked to ascertain the fact [of confusion] should have been carefully crafted. . . . Asking unsuspecting interviewees under these circumstances whether they thought that Comstock and Comstock Partners, Inc. are likely to be connected or affiliated would lead to 'off the top of the head' affirmative answers.")

202. See, e.g., *Berkshire Fashions, Inc. v. Sarah Lee Corp.*, 725 F. Supp. 790, 798 (S.D.N.Y. 1989) (a 28% level of confusion as evidenced by a survey exceeded the survey results in other cases finding likelihood of confusion based upon consumer surveys, giving 15-20% and 7.7-8.5% examples), *aff'd*, 904 F.2d 33 (2d Cir. 1990).

ties' employees and persons who selected the name. The trial lawyer may also use as witnesses in-house advertising and promotional persons to testify to the promotional and marketing plans and to the efforts and investments to date and planned; persons who had conversations with one's opponents; persons who had conversations surrounding notice or requests to desist use of the name by the defendant; outside experts; name laboratories; advertising agencies; English or linguistics professors; and marketing professors.

Useful testimony may also result from a search of advertising for examples of the same or similar names, from attempts to define the markets involved and the marketing channels used for the goods or services, and from testimony on harm caused by the defendant's usage. Testimony on the ability or inability to remedy the situation via expenditures of money, corrective advertising, or similar measures, is very useful in connection with the irreparable harm requirement for injunctive relief.

Results of a trade name search and psychological testimony on consumer recognition of the name will help to prove or disprove harm. In an elaborate form, testimony by experts as to the psychology of mental associations between a trade name and the product, service, or qualities or characteristics being promoted can be effective and can be difficult to cross examine or to disprove empirically without significant time and expense.²⁰³

There is no "department of trademarks" at a university. However, effective witnesses may be readily obtained from sources such as the marketing and psychology departments of universities, and from advertising agencies. Too frequently, attorneys have not conceived of those places as talent pools for the testimony needed in trademark actions. Using such resources may also offer the added benefit of having people testify who are not professional witnesses on the subject at hand, where it is thought desirable not to use someone who is subject to that kind of cross examination.

VII. EVIDENCE AT TRIAL

The trial lawyer should construct a chart of proof. Matching elements of proof with the witnesses and documents is as necessary in this type of business litigation as in any other. One should start with the basics: ownership of a protectable trade name; use in interstate commerce; likelihood of confusion; and, in a section 43(a) claim, conduct

203. An interesting recent opinion by Circuit Judge Posner in a product liability action discusses in approving terms the use of psychological evidence and expert testimony on perceptual psychology. *Krist v. Ely Lilly & Co.*, 897 F.2d 293, 296-99 (7th Cir. 1990).

proscribed by the statute. The trial exhibits usually include: (a) registration certificates;²⁰⁴ (b) pictorial representations of the names and logos; (c) advertisements; (d) lists and pictures of similar names; (e) sales and advertising dollar figures; (f) graphics to demonstrate similarity of, or ways to distinguish, defendant's name (use of clear colored sheets that can fold over a single exhibit board are particularly effective); (g) tables and graphs²⁰⁵ for dollars spent in advertising and promotion over time, and for sales increases or decreases; and (h) tables displaying survey results.

The trial witness list must blend the "story" witnesses²⁰⁶ with the experts testifying as to encroachment, injury, and, if appropriate, proposed remedies. Experts may be used to testify to confusion or dilution, to harm to the plaintiff, or to lack of irreparable harm. Two principal sources of experts are advertising agencies and academia.

Calling the defendant as a witness is an effective way to bolster the plaintiff's case. The plaintiff should call the defendant early in the case in chief. This enables the plaintiff to structure the version of the facts. In particular, cross examination on the defendant's prior knowledge of plaintiff's mark can be very damaging to the defendant because it enables the plaintiff to argue that it is the defendant, whose knowing use of the same or similar mark engendered confusion, who should bear the disruption of an injunction.²⁰⁷

The facts of registration and incontestability have some evidentiary value.²⁰⁸ Incontestability requires, *inter alia*, "continuous use for

204. Certified copies are self-authenticating. FED. R. EVID. 902(4).

205. With proper foundation, such exhibits are admissible under FED. R. EVID. 1006.

206. Story witnesses tell the story of the invention and the use of the client's trade name.

207. *Banff, Ltd. v. Federated Dep't Stores, Inc.*, 638 F. Supp. 652 (S.D.N.Y. 1986), *aff'd in part & rev'd in part*, 841 F.2d 486 (2d Cir. 1988). In *Banff* the court stated:

"[i]n any case, it is evident that Bloomingdale's sale of these garments will be considerably disrupted by any injunction. This showing fails to overcome Banff's right to injunctive relief, not because of the lack of harm to Bloomingdale's, but rather due to Bloomingdale's knowing decision to adopt a mark that was similar to that of Banff."

Id. at 658.

208. See 15 U.S.C. § 1115(a) (1988). This section states;

[a]ny registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b) of this section, which might have been asserted if such mark had not been registered.

Id. (Emphasis added). Section 1115(b) reads in part:

[t]o the extent that the right to use the registered mark has become incontestable under

five consecutive years" after registration.²⁰⁹ The United States Supreme Court held that "the holder of a registered mark may rely on incontestability to enjoin infringement and that such an action may not be defended on the grounds that the mark is descriptive."²¹⁰ "Most courts that have considered the issue do hold that the Patent and Trademark Office's decision to register a mark without requiring proof of secondary meaning creates a rebuttable presumption that the mark is suggestive, arbitrary, or fanciful rather than merely descriptive."²¹¹

Moreover, a rebuttable presumption of likelihood of confusion arises from deliberate or intentional copying of plaintiff's trademark.²¹² An effective argument is to establish that the defendant had knowledge of the plaintiff's trademark. This argument will invite the court to draw the inference that the defendant copied the mark.

Since trademarks by nature are visual symbols, the evidence at trial must emphasize the visual. For example, exhibits which compare and contrast the trademarks, or the marketplace within which the plaintiff's and the defendant's trademarks operate, are among the most effective evidence that can be presented. The use of visual media, and colors, by counsel and by the witnesses, will better drive home the points counsel wishes to prove. Numbers are better displayed with graphics as well; there is no better way to simplify a presentation of figures at trial than with an enlargement of a summary chart.

VIII. LITIGATION STRATEGY AND PLANS

The federal courts may have jurisdiction under 15 U.S.C. § 1121(a);²¹³ under either pendent jurisdiction or 28 U.S.C. § 1332;²¹⁴ or

section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce.

209. 15 U.S.C. § 1065. For a case in which incontestability was successfully challenged, and in which the court discussed what must be shown by the trademark owner, see *Brittingham v. Jenkins*, 914 F.2d 447, 454-55 (4th Cir. 1990). "The term 'incontestable' is obviously somewhat misleading, since there are as many as 21 possible exceptions/defenses to the general rule of incontestability." *Opticians Ass'n. of Am. v. Independent Opticians of Am.*, 920 F.2d 187, 192 n.7 (3d Cir. 1990).

210. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205 (1985).

211. *GTE Corp. v. Williams*, 904 F.2d 536, 538 (10th Cir.), *cert. denied*, 111 S. Ct. 557 (1990). However, incontestable status alone does not establish a strong mark. See *Miss World (U.K.) Ltd., v. Mrs. America Pageants*, 856 F.2d 1445, 1449 (9th Cir. 1988); *Oreck Corp. v. U.S. Floor Sys.*, 803 F.2d 166, 171 (5th Cir. 1986) ("Incontestable status does not make a weak mark strong."), *cert. denied*, 481 U.S. 1069 (1987).

212. *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 34 (1st Cir. 1989); *Perfect Fit Indus. v. Acme Quilting Co.*, 646 F.2d 800, 807 (2d Cir. 1981).

213. 15 U.S.C. § 1121(a) (1988) (providing for original jurisdiction for "all actions arising under this chapter, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties").

under 28 U.S.C. § 1338.²¹⁵ An action based solely upon diversity of citizenship may provide broader venue, since 28 U.S.C. § 1391(a) provides that a civil action in which jurisdiction "is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside, or in which the claim arose."²¹⁶

Because of the expedited nature of injunction cases and the need for the trial judge to rely more on the pleadings when there is an expedited request for injunctive relief, pleadings in such cases are frequently more detailed than the typical notice pleading. One of the tactical questions is whether the plaintiff should ask for damages, perhaps suggesting that the availability of such damages could provide an adequate remedy of law. It is usually better not to include a damage claim in a complaint if the prayer for injunctive relief is to be seriously pursued.

Discovery in trade name litigation²¹⁷ is most important because of the inherently factual nature of the issues in trademark cases. Such issues as similarity of the marks, strength of the names, the Polaroid factors to assess likelihood of confusion, copying, and secondary meaning, are all questions of fact.

Requests for production of documents should include writings constituting or relating to: (a) genesis of the trade name at issue; (b) names that were eliminated or rejected; (c) knowledge or communications concerning opponent's name and product; (d) identification of customer base and target market; (e) outside firms used to select and test name; (f) comparison and contrast of targeted customers (e.g., match mailing lists), and of channels of advertising; (g) marketing studies; (h) surveys, consumer tests, and focus groups; (i) volume and type of advertising; (j) copies of all forms of, and advertising or uses of, the name, and the costs of each; (k) investments in developing and promoting the name; (l) sales figures; (m) documents regarding opponent's trade name; (n) instances of actual confusion; (o) efforts to license the trade name; and (p) efforts to protect or police the trade name, including other litigation involving the name.

Interrogatories are of limited use in trade name litigation. Their

214. 28 U.S.C. § 1332 (1988) (diversity of citizenship for state law claims).

215. *Id.* § 1338. The correlative venue statute is 28 U.S.C. § 1400 (1988).

216. 28 U.S.C. § 1391(a) (1988).

217. A court order governing discovery is useful; an order granted pursuant to FED. R. CIV. P. 16, with dates, or FED. R. CIV. P. 26(f), approving the parties agreement, should streamline and organize the case. *West's MANUAL FOR COMPLEX LITIGATION* (West 2d. ed. 1985) contains certain suggestions and guidelines for patent litigation that may be useful in structuring and expediting trademark litigation. *Id.* at § 33.6.

principal utility is in determining identities of witnesses, although a few well-chosen contention interrogatories are desirable.²¹⁸

Depositions in trade name cases should elicit a broad array of information. It is important to determine how the use of each party's name was developed, the uniqueness of the trade name, and any possibility of an overlap between the names. It should further be ascertained whether the defendant had any knowledge of the plaintiff's name at the time of its adoption. The deposition should also cover all of the elements of proof²¹⁹ and any available defenses without using terms of art.²²⁰

Summary judgment in trademark cases is difficult to obtain because the classification of trademarks, the assessment of their strength, and the likelihood of confusion are so frequently factual issues. However, the Eighth Circuit has recently spoken favorably of summary judgment in a Section 43(a) case. In *Woodsmith Publishing Co. v. Meredith Corp.*,²²¹ the court stated that summary judgment is proper when there is no dispute as to the facts.²²²

The request for injunctive relief is the frequent battleground for trademark litigation. One necessary tactical step for the defendant is to establish early in the litigation which of the claims the plaintiff is relying on for a preliminary injunction. If an injunction is denied on that

218. See, e.g., *Remington Prods., Inc. v. North Am. Philips Corp.*, 892 F.2d 1576, 1582 (Fed. Cir. 1990).

Of course, a 'merely descriptive' term may be a trademark when a 'secondary meaning' for it has been proved. In this case, however, that problem was eliminated at the start. An interrogatory was submitted to Philips asking: 'Does Applicant contend that the term TRAVEL CARE has acquired a secondary meaning?' The answer was an unqualified 'No'.

Id.

219. That is, which of the four levels of trademark protection is involved, factors for likelihood of confusion, factors for secondary meaning, and harm.

220. Legal terminology such as "abandonment" should be avoided when questioning the deponent.

221. 904 F.2d 1244 (8th Cir. 1990).

222. *Id.* at 1247.

Summary judgment correctly results from the application of substantive law to facts established beyond reasonable controversy. In unfair competition cases, the dispute between the parties usually "centers on the interpretation to be given to the facts—not the facts themselves or the inferences that can be drawn from the facts." Summary judgment disposition is proper in such an instance.

Id. (quoting Burton, *Summary Judgment in Trademark Cases*, 75 TRADEMARK REP. 497, 498-99 (1985)); see also *Brown v. Quinion*, 744 F. Supp. 463, 467 (S.D.N.Y. 1990) ("[S]ummary judgment may be issued in a trademark case only where no dispute exists with respect to the facts rendered material by the *Polaroid* test."). One Circuit recently concluded that there was no genuine issue of material fact as to the existence of secondary meaning for the name "Perini" as used in the construction industry in a particular geographic area. *Perini Corp. v. Perini Constr. Inc.*, 915 F.2d 121, 126 (4th Cir. 1990).

claim, it is not an abuse of discretion for the trial court to decline to consider a preliminary injunction on the other claims.²²³

Various forms of injunctive relief,²²⁴ such as orders requiring use of disclaimers, have been issued. These orders are considered in the next section addressing settlement options because they are useful in suggesting creative ways to settle a trademark case. Injunctive relief should only be granted when there is a present threat of actual harm; "it may not be used simply to eliminate a possibility of a remote future injury, or a future invasion of rights, be those rights protected by statute or by the common law."²²⁵ Any injunctive relief granted should not be broader than that necessary to cure the harm caused.²²⁶

Remedies are limited to injunctive relief. Injunctive relief is itself circumscribed in three situations: innocent printers; publishers or distributors of newspapers, magazines or electronic communications carrying paid advertising; and, as to an issue of a newspaper, magazine or electronic communication, where an injunction would delay its regular time for transmission.²²⁷

The leading Sixth Circuit discussion of preliminary injunctive relief is in a Section 43(a) case, *Frisch's Restaurant, Inc. v. Shoney's, Inc.*²²⁸

In this circuit, equitable relief, such as a preliminary injunction, is available to a Lanham Act plaintiff upon demonstrating, at a minimum, a *likelihood of confusion* among consumers as to the origin of the goods and services provided by defendant *resulting from the defendant's use of the disputed mark*, as well as *irreparable harm* to the plaintiff's interests.²²⁹

223. *Whimsicality, Inc. v. Rubie's Costume Co.*, 891 F.2d 452, 453 n.1 (2d Cir. 1989) (in context of copyright claim); *Zin-Plas Corp. v. Plumbing Quality AGF Co.*, 622 F. Supp. 415, 421 (W.D. Mich. 1985) (belated alternative request in posthearing brief for preliminary injunction, based on common law claim of misappropriation, rejected).

224. Injunctive relief is authorized by 15 U.S.C. § 1116(a) (1988). The various ways of establishing irreparable harm are discussed in *Opticians Ass'n. of Am. v. Independent Opticians of Am.*, 920 F.2d 187, 195-96 (3d Cir. 1990). In that case the defendant had been warned not to use the mark but did. "By virtue of this recalcitrant behavior the IOA can hardly claim to be harmed, since it brought any and all difficulties occasioned by the issuance of an injunction upon itself." *Id.* at 197.

225. *Holiday Inns of Am., Inc. v. B & B Corp.*, 409 F.2d 614, 618 (3d Cir. 1969).

226. *Roho, Inc. v. Marquis*, 902 F.2d 356, 361 (5th Cir. 1990); *Natural Footwear, Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1382, 1404 (3d Cir. 1985).

227. 15 U.S.C. § 1114(2). A similar provision is found in Ohio statutory law. OHIO REV. CODE ANN. § 1329.66 (Baldwin 1988). See *Barrios v. American Thermal Instruments, Inc.*, 712 F. Supp. 611, 619-20 (S.D. Ohio 1988) (discussing differences between "innocent printer" exceptions under Ohio and federal law).

228. 759 F.2d 1261 (6th Cir. 1985).

229. *Id.* at 1264 (emphasis added).

As in other circuits, "proof of actual confusion is not necessary to obtain injunctive relief in a Lanham Act case, but it is obviously the most probative proof of the likelihood of confusion."²³⁰

Frisch's also applied the Sixth Circuit's standard four factors to decide whether a preliminary injunction was necessary.²³¹ The first two of those factors, a strong or substantial probability of success on the merits and a showing of irreparable harm, "are the most salient" in infringement and unfair competition actions.²³²

In Ohio, the "right to exclusive use through injunctive relief must be shown by evidence which is clear and convincing."²³³ "It is not necessary to show actual confusion or deception. It is sufficient for purposes of meeting the injury standard to demonstrate threatened or imminent confusion or deception."²³⁴

A useful opinion in the situation in which a defendant flagrantly violates trademark rights, abandoning the trademark violation only when suit is filed, is the recently reported opinion in the copyright case of *Walt Disney Co. v. Powell*.²³⁵

Powell argues that since he voluntarily ceased infringing Disney's copyrights, there is no basis to assume that he will infringe them again in the future. The judge disagreed. He interpreted appellant's decision to cease infringing in a more Machiavellian light. The judge concluded that like Boris and Natasha, Snidely Whiplash and Bluto, Powell simply took the action that best suited him at the time; he was caught red-handed, thus "as the illegality of his affairs faced increasing exposure, Powell suddenly reformed." Consequently, the judge found it not unlikely that Powell would attempt to infringe Disney's copyrights in the future. Since there is nothing in the record contradicting the judge's finding, we conclude that he acted within his discretion in granting the injunction.²³⁶

However, "swift and effective remedial action" taken after the defendant was notified of erroneous use of a photograph of plaintiff's product, prevented a conclusion of a section 43(a) violation in another case.²³⁷ In any event, injunctive relief should be limited to the geographic mar-

230. *Id.* at 1267.

231. *Id.* at 1263.

232. *Pizzazz Pizza & Restaurant v. Taco Bell Corp.*, 642 F. Supp. 88, 91 (N.D. Ohio 1986).

233. *Countywide Heating & Cooling, Inc. v. Horton*, 80 Ohio App. 3d 174, 175, 456 N.E.2d 827, 829 (1982).

234. *Hinckley Chamber of Commerce v. Hinckley Chamber of Commerce, Inc.*, 27 Ohio App. 3d 264, 267, 501 N.E.2d 47, 50 (1985).

235. 897 F.2d 565 (D.C. Cir. 1990).

236. *Id.* at 568 (footnotes and citations omitted).

237. *Can-Am Engineering Co. v. Henderson Glass, Inc.*, 814 F.2d 253, 257 (6th Cir. 1987).

ket in which the mark is used.²³⁸

Several provisions of the trademark chapter of the United States Code deal with damages. The same statute that provides the method by which a registrant of a mark may give notice that the mark is registered also provides that "in any suit for infringement under this Act by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this Act unless the defendant had actual notice of the registration."²³⁹

The principal damage provision in the federal law provides for recovery of defendant's profits, any damages sustained by the plaintiff, and the costs of the action.²⁴⁰ It also permits allowance of damages for any sum above the amount found as actual damages, not exceeding treble damages. Reasonable attorneys' fees may be awarded in "exceptional cases."²⁴¹ This provision extends to section 43(a) cases including those involving unregistered trademarks.²⁴² One district court has stated, after discussing the meaning of an "exceptional" case within the statute, that deliberate infringement which "continued even after Plaintiff's protest and cease and desist letter" justified an award of reasonable attorney fees.²⁴³ Under 15 U.S.C. § 1118, proof of a violation enables the successful plaintiff to seek an order for destruction of articles bearing the infringing mark. A product recall is also a possibility,²⁴⁴ although rare because it affects products in the hands of customers.

Litigation strategy and tactics in trademark actions are much more affected by the activities in the marketplace than are the strategy and tactics in more commonplace commercial litigation. The harm caused, whether it is still occurring, the slippery slope problem discussed earlier (whether a plaintiff sues too early and faces insufficient

238. Comment, *The Trouble with Trademark*, 99 YALE L.J. 759, 790 (1990) ("What the courts have done . . . is to import into the Lanham Act from the common law of unfair competition the principle that a firm is entitled to injunctive relief only where its mark has significance—that is, only in the geographic market that it actually serves.").

239. 15 U.S.C. § 1111 (1988).

240. *Id.* § 1117. At least one circuit has recently held that an individual defendant can be held personally liable for a Lanham Act judgment of damages. *Brittingham v. Jenkins*, 914 F.2d 447, 458 (4th Cir. 1990).

241. *Brittingham*, 914 F.2d at 458.

242. *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1229 (2d Cir. 1987).

243. *Wynn Oil Co. v. American Way Serv. Corp.*, 736 F. Supp. 746, 758 (E.D. Mich. 1990).

244. *Perfect Fit Indus. v. Acme Quilting Co.*, 646 F.2d 800, 805-07 (2d Cir. 1981) (federal equity power permitted trial court to fashion a recall order that was "an unusual and perhaps unprecedented remedy for a violation of New York's law of unfair competition"), *cert. denied*, 459 U.S. 832 (1982).

proof of harm, or sues later and faces laches or why-did-you-wait arguments), and the problems of communication with the party's customers with which each side must deal, require the trial counsel for both sides to evaluate market realities, coupled with the rules for availability of injunctive relief, in advising clients of their rights and in planning the litigation. Parties relying on trademarks in their marketing efforts need, sometimes desperately, the certainty of knowing what each company and its opposing party will be able to use and do in the marketplace. Rapid pursuit of injunctive relief may well be desirable for both sides, from a business standpoint, leaving claims for damages to be pursued later (when there also may be more certainty as to the litigation treatment of the trademark, so that counsel can better evaluate the damage claims).

IX. SETTLEMENT IDEAS

A trade name case can be settled in a variety of ways, other than by, or along with, a payment of money. Consent judgments may be useful to permit the plaintiff to proclaim to other potential users its willingness to protect its name. A defendant can offer such a consent judgment, asserting it as an item of greater value than a payment of money.

Concepts of replacement value²⁴⁵ and opportunity costs can be used to justify settlement proposals. Early compromise can avoid further damage to the name, and the defendant can offer that justification for a settlement approach at the inception of a dispute. Other means of settlement include acquisition of the name by licensing the outright purchase of the name.

Payment to the defendant for a change of name may be possible, and indeed may be the only way to avoid litigation when each side has an investment in its own trademark. The plaintiff may pay the defendant in exchange for the defendant's agreement to cease using the offending name, and such payment is justified as an investment by the plaintiff. The defendant would then assign the name it has been using to the plaintiff and change its trademark to another name.

Modification of the defendant's trademark can sometimes be accomplished to avoid the likelihood of confusion. Rather than eliminating defendant's trademark which has just begun to be used, it may be possible to make modifications to it, such as the addition of a logo or a change in its wording, which would enable defendant's continued

245. Replacement value can be either the cost of a new name or the cost of remedying any damage caused by the infringement.

use.²⁴⁶ Other settlement ideas include restrictions on use of the trademark in a geographic area or on other products, restrictions on advertising, a change or limitation of the advertising media involved, and disclaimers.

A Second Circuit trilogy of cases discusses the utility and considerations involved in disclaimers.²⁴⁷ In rejecting a request for a disclaimer in favor of a name change in an action between two restaurants, one court explained the problems with a disclaimer:

[t]he defendants' request for a disclaimer is no less questionable than its expressed concern regarding its own evasive compliance. Having considered plaintiff's views as to a disclaimer, I have concluded that *the use of a disclaimer here could become a subtle, indirect, and ironic means for the defendants to communicate and reinforce association with the plaintiff*. Any disclaimer will appear to some customers to be little more than an attempt to impose a meaningless, hypertechnical legal requirement. By coupling the plaintiff's name with the defendants' establishment through the litotic presentation of the plaintiff's protected name in a disclaimer, defendants will continue to achieve indirectly what they are proscribed even from suggesting directly. The defendants should not be permitted to encourage patrons to enter their own restaurant through a descriptive back door below a sign containing reference to plaintiff's name.²⁴⁸

In a recent opinion involving two Italian watchmakers with the same surname, the Court of Appeals in *Basile, S.p.A. v. Basile*,²⁴⁹ rejected a district court order which had refused to bar the defendant

246. See, e.g., *Banff, Ltd. v. Federated Dep't Stores, Inc.*, 638 F. Supp. 652, 658 (S.D.N.Y. 1986), *aff'd*, 841 F.2d 486 (2d Cir. 1985) (use of lower case "b" would largely eliminate the visual similarity between the two trademarks, and would reduce the likelihood of confusion between the lower case "b" label and the plaintiff's "Bee Wear" brand name); see also *CPC Int'l, Inc. v. Caribe Food Distrib.*, 731 F. Supp. 660, 665 (D.N.J. 1990) (likelihood of confusion between the words Mazola and Mazorca was cured by changing the latter name to "La Mazorca").

247. *Home Box Office, Inc. v. Showtime/The Movie Channel, Inc.*, 832 F.2d 1311, 1315-16 (2d Cir. 1987) (discussing disclaimers and contending that an applicant for a disclaimer has a heavy burden to come forward with evidence sufficient to demonstrate that the proposed disclaimer would significantly reduce the likelihood of consumer confusion); *Charles of the Ritz Group, Ltd. v. Quality King Distrib. Inc.*, 832 F.2d 1317, 1324 (2d Cir. 1987) (upholding a trial court order that enjoined use of a slogan and disclaimer, and required that a disclaimer be prominent and indicate that the two companies were competitors, rather than allowing the ambiguous wording "not related to"); *Soltex Polymer Corp. v. Fortex Indus.*, 832 F.2d 1325, 1329-30 (2d Cir. 1987) (upholding an order requiring the use of a disclaimer and rejecting a broader injunction); see also *Reader's Digest Ass'n, Inc. v. Conservative Digest, Inc.*, 821 F.2d 800, 805 (D.C. Cir. 1987) (disclaimer on a disposable magazine wrapper insufficient to prevent confusion).

248. *Calamari Fisheries, Inc. v. The Village Catch, Inc.*, 698 F. Supp. 994, 997 (D. Mass. 1988) (emphasis added); see also *Weight Watchers Int'l, Inc. v. Stouffer Corp.*, 744 F. Supp. 1259, 1276-77 (S.D.N.Y. 1990) (disclaimers insufficient because of their location and small lettering).

249. 899 F.2d 35 (D.C. Cir. 1990).

from all uses of the name and had accepted the defendant's modifications to his original mark.²⁵⁰ The Court of Appeals stated that the remedy must be sufficient to prevent the mistake of the two competitors' goods.²⁵¹ The court summarized the current state of the law on such equitable remedies as follows:

Courts have rarely approved so mild a cure as that adopted by the district court here. They have routinely required second comers at a minimum to use full names, first as well as second in equal size. The more recent trend is to forbid any use of the name as part of the proprietor's trademark, permitting use only in a subsidiary capacity, and again with the first name attached. In either event, the junior user has almost uniformly been bound to display negative disclaimers.²⁵²

The court rejected the argument that the defendant had the right to use his family name.²⁵³

Corrective advertising may permit either a disguised payment of damages or a method of remedying the harm that is allegedly caused by the defendant's conduct.²⁵⁴ Another idea is to structure the payments to the plaintiff so that they increase as the defendant's expenditures increase. If the defendant's advertising budget is much larger, then as its advertising expenditures increase, payments to plaintiff increase. This sliding scale approach can provide relief commensurate with the harm caused by the defendant's advertising. The payments can be set at a level calculated to permit plaintiff to do compensatory

250. *Id.*

These modifications included a changed typestyle, enlargement of the "double B" design to twice the size of the "Basile" name, addition of the geographic designator "Venezia" to the mark, and the inclusion on all advertisements, packaging materials, warranty cards, etc. of the following "disclaimer" (with no specification of typeface size):

BASILE watches emanate exclusively from Diffusione Basile De Francesco Basile & Co., S.A.S. in Venice, Italy. Diffusione Basile is devoted solely to the manufacture and sale of fine watches throughout the world.

Id. at 37.

251. *Id.*

252. *Id.* at 38 (citations omitted).

253. *Id.* at 39.

254. *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 408 F. Supp. 1219, 1232-33 (D. Colo. 1976) (corrective advertising expenses of \$700,000 plus punitive damages), *aff'd as modified*, 561 F.2d 1365 (10th Cir. 1977), *cert. dismissed*, 434 U.S. 1052 (1978); *see N. Hess' Sons, Inc. v. Hess Apparel, Inc.*, 738 F.2d 1412, 1414 (4th Cir. 1984) (upholding trial court's discretion in ordering "rather mild" injunction; court also permitted defendant "to choose between compliance with the conditions and the more severe prohibitive injunction"); *see also Zazu Designs v. L'Oreal S.A.*, 9 U.S.P.Q. 2d (BNA) 1972, 1979 (N.D. Ill. 1988) ("Plaintiff is entitled to . . . \$1,000,000 for whatever efforts it undertakes to resurrect the value of ZAZU as a mark."); *Aetna Healthcare Sys. v. Healthcare Choice*, 231 U.S.P.Q. (BNA) 614, 626 (N.D. Okla. 1986) (awarding plaintiff sum equal to ¼ of defendant's advertising expenses for corrective advertisements).

advertising of its own. Selling off defendant's inventory bearing the offending mark over a specified time, with the proceeds going to the plaintiff, is yet another possible method of settlement, reducing some of the burden on the settling defendant.²⁵⁵ Finally, a noncompete or other creative injunction may be used.²⁵⁶

Creativity is important to the preparation for settlement of a trademark case because both the analysis of the alleged harm, and the methods of devising a remedy, lend themselves to innovative presentations. There are plenty of opportunities other than a payment of money to settle a case. Use of one of the methods of settlement discussed above, combined with a payment of money, may "bridge the gap" between the amount plaintiff wants and the amount defendant is willing to pay. One should identify the harm that the plaintiff is really concerned about, and devise a remedy to address it.

X. CONCLUSION

Trademark litigation is one of the most interesting types of litigation because of the conflicting public policies that are played out and because of the opportunities for imaginative thinking and creativity in the use of witnesses, exhibits, and experts. Often thought of as a technical area, in actuality, the struggle in the courtroom is a fact-intensive effort to display effectively the facts behind the scope of the rights to be protected, the harm present or not present, and the types of relief appropriate.

255. See *Barrios v. Excelsior & Co.*, 229 U.S.P.Q. (BNA) 941, 942 (C.D. Cal. 1986) (requiring use of disclaimer while defendant sells off existing inventory).

256. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A. Inc.*, 702 F. Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026 (2d Cir. 1989). The court stated:

An alternative order of relief must address various issues. Toyota will be allowed to continue to use the LEXUS name in connection with its automotive products. *Toyota should be restrained from competing directly or indirectly with Mead* in the provision of computerized information, computer hardware and computer software *for as long as Mead continues to be engaged in such businesses. Toyota should also pay the cost of informing Mead's current LEXIS customers that there is no connection between LEXIS and LEXUS. Toyota's future LEXUS advertising, by any medium, must clearly indicate that it is not connected in any way with Mead or LEXIS.* Finally, Toyota must financially compensate Mead on a yearly basis for the diminution in the value of its LEXIS mark as an advertising tool. Such compensation may only be used by Mead to supplement its own advertising expenditures to offset the effect of LEXUS' advertising.

Id. at 1045 (emphasis added).