The Lanham Act:

Time for a Face-Lift?

by

Jerome Gilson

Anne Gilson LaLonde
JEROME GILSON

Jerome Gilson practices with the Chicago intellectual property firm of Brinks Hofer Gilson & Lione and is the co-author of the ten-volume treatise *Trademark Protection and Practice*. In 2001, he was presented with the International Trademark Association President’s Award for dedicated and distinguished service, and in 1998, he was voted Number One Trademark Practitioner Worldwide by his peers, as reported in Euromoney’s *Managing Intellectual Property*. He graduated from Northwestern University School of Law, has specialized in trademark and unfair competition law for more than thirty years, and is admitted to practice before the United States Supreme Court and seven United States Courts of Appeals. In addition to a wide variety of counseling in the field, he handles trademark litigation in the federal courts and before the Trademark Trial and Appeal Board.

ANNE GILSON LALONDE

Anne Gilson LaLonde is co-author of *Trademark Protection and Practice*. She graduated from the University of Michigan Law School after serving as Book Review Editor of the *Michigan Law Review*. She practiced at Sidley & Austin in Washington, D.C. in the firm’s Litigation Practice Group before completing a two-year clerkship with Chief Judge Norma Holloway Johnson of the United States District Court for the District of Columbia. She is a member of the Illinois and District of Columbia bars and is the mother of a three-year-old boy and a seven-month-old girl.

The authors are grateful to Bryan P. Sugar of Brinks Hofer Gilson and Lione for his able assistance. This pamphlet is based on a speech given by Jerome Gilson in April 2002.
TABLE OF CONTENTS

I. Introduction

II. The Problem: Trademark Law Inconsistency

III. The Goal: National Uniformity

IV. Organized Attempts at Trademark Law Uniformity

V. The Role of State Trademark Law in Enforcement

VI. Federal Law and the Thirteen Circuits

VII. Likelihood of Confusion By The Numbers

VIII. Judicially-Invented Confusion Tests
     a. Reverse Confusion
     b. Implied Passing Off
     c. Express Passing Off
     d. Express Reverse Passing Off
     e. Implied Reverse Passing Off
     f. Initial Interest Confusion
     g. Point-of-Purchase or Point-of-Sale Confusion
     h. Post-Sale Confusion
     i. Inevitable Confusion
     j. Where To Go Next With Confusion?

IX. Discordant Standards of Appellate Review

X. Dilution: Confusion Over Blurring
a. Blurring Factors

b. Actual or Likely Dilution?

c. No Acquired Distinctiveness Allowed

d. A “Rigorous Test” of Fame Before the Board

XI. Judge-Made Conditions on Monetary Recovery

XII. Judge-Made Legal Doctrines

XIII. Conclusion

a. Does It Need Fixing?

b. Centralizing Appeals?

c. Trademark Review Commission II?
I Introduction

The Lanham Act, United States federal law of trademarks and false advertising, will turn fifty-six on July 5, 2002. It certainly looks healthy. In fact, litigants filed almost 15,000 trademark cases in the federal courts from 1997-2000, the number increasing each year. The Act gets a good workout every day and definitely has the stamina to set the ground rules for disputes for decades to come.

But despite its robustness, the Act is often misunderstood and misinterpreted. It looks different to courts in different parts of the country and sometimes is pulled in several different directions at once. Do we need a new, younger, flashier trademark act that wears the latest fashions? No, we like our Lanham Act, with its familiarity and long experience. Maybe it just needs a face-lift to get rid of some of the wrinkles.

II The Problem: Trademark Law Inconsistency

The judicial circuits disagree with one another over basic trademark law questions. They issue inconsistent holdings, invent their own doctrines, and create different standards. They know they are effectively the courts of last resort, that Congress rarely intercedes, and that the Supreme Court has other things on its mind. Lanham Act law is developing under a string of decisions that vary from circuit to circuit, de facto amendments to the Act. These decisions are born in conflict (also known as trademark litigation) without extended deliberation, consideration of public policy, or the often-insightful contributions of interested groups. While the courts have generally done well in finding their way in a dynamic field, they would benefit from some expert
III The Goal: National Uniformity

Nationwide uniformity is critical to our federal system. It has been a fundamental goal of American jurisprudence since early in the nation’s history. In 1816, Supreme Court Justice Story, in Martin v. Hunter’s Lessee, stressed “the importance and even necessity of uniformity of decisions throughout the whole United States.”¹ Does this reasoning apply to modern trademark and unfair competition law with its statutory framework? Absolutely. With the Internet, trademark exposure is boundless, and business ranges from local to global. The trademark community needs law that sets identical ground rules in every jurisdiction. Businesses and their counsel require legal consistency and predictability in important commercial and litigation decisions, irrespective of the location of the parties, the dispute, or the forum. Uniformity discourages forum-shopping, lessens litigation, encourages settlement, fosters consistent litigation outcome, and reduces the element of surprise.

This pamphlet will summarize previous attempts at unifying trademark law, spell out the inconsistent ways the circuits have handled likelihood of confusion, itemize a few de facto judicial amendments to the Lanham Act, and cover a few direct, unresolved circuit conflicts. It will conclude not with a silver bullet but with a few thoughts on what might be done to work toward an orderly, consistent body of trademark law.

¹ 14 U.S. 304, 347-48 (1816).
IV Organized Attempts at Trademark Law Uniformity

The Lanham Act, adopted in 1946, was a giant step toward both modernization and uniformity of trademark law. But the fact that federal and state trademark law had historically occupied the same space presented a daunting challenge to the trademark community. Three years later, the International (then the United States) Trademark Association forcefully committed to the goal of uniformity when it promulgated the Model State Trademark Bill. In 1964, the Commissioners on Uniform State Law promulgated the Uniform Deceptive Trade Practices Act, still on the books in some sixteen states. Then in 1992, INTA revised the Model Bill to harmonize it with the Lanham Act changes Congress adopted in 1988 in the Federal Trademark Law Revision Act. The Bill is on the books in some forty-six states. But the most influential and ambitious attempt in recent years to bridge the federal-state gap was the 1993 American Law Institute landmark Restatement of the Law (Third) of Unfair Competition, the product of over four years of study by distinguished judges, academics and practitioners.

V The Role of State Trademark Law in Enforcement

State law provides for state trademark registration, but beyond that, its role is very limited. In federal court trademark litigation, state law is largely impotent. Almost always parroted in complaints after the more muscular Lanham Act counts, state law counts get short

---

2 The Model State Trademark Bill is reprinted in Gilson and LaLonde, Trademark Protection and Practice, App. 1A.
3 The Uniform Deceptive Trade Practices Act is reprinted in id. at App. 8, Vol. 6
shrift in court decisions. State trademark laws generally echo the Lanham Act, and they are almost never struck down under pre-emption principles as clashing with federal law. But state laws still beget inconsistency. As recently as 1996 Congress enacted the Federal Trademark Dilution Act in part because protection of famous marks was available only at the state level “on a patch-quilt system of protection.” Today, however, the Lanham Act dominates the trademark system in the United States, and it is the centerpiece of our concern.

VI Federal Law and the Thirteen Circuits

Trademark law today tests the abilities and patience of businesses, lawyers, judges and legislators. The culprits are the thirteen judicial circuits. Including the circuits, the fifty states and the District of Columbia, Congress and the Trademark Trial and Appeal Board, there are sixty-six jurisdictions capable of making or changing trademark law, not to mention several hundred individual district court judges. The United States Supreme Court does its part for uniformity when it grants certiorari to resolve a conflict between the circuits, but almost none of the circuit conflicts or inconsistencies get there. Federal trademark law in the Second Circuit differs from that in the Seventh, and the Chicago business about to file a trademark case in New York had better be aware of it. Writers, speakers and publishers routinely present circuit-by-

---

4 Id. at § 7.04.
6 Interestingly, in Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 120 S. Ct. 1339, 146 L. Ed. 2d 182, 54 U.S.P.Q.2d 1065 (2000), the Court was expected to resolve a circuit split on how to determine the inherent distinctiveness of trade dress, whether to use the Seabrook test or the Abercrombie spectrum. Seabrook Foods, Inc. v. Bar-Well Foods, Ltd., 568 F.2d 1342, 196 U.S.P.Q. 289 (C.C.P.A. 1977); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 189 U.S.P.Q. 759 (2d Cir. 1976). However, the Court ultimately failed to resolve the circuit
circuit analyses for guidance on a wide variety of questions, as each circuit continues to create and apply its own version of trademark law.

The judicial inclination to make trademark law goes back some forty years. The boldest step was the spectacular changes the courts wrought to Section 43(a) of the Act. In a form of judicial slight-of-hand, the federal courts created out of Section 43(a) what many have called a federal trademark law of unfair competition. They picked up where Congress left off and, astonishingly, invented substantial and far-reaching new legal principles. They magically converted “false designation of origin” into “infringing trademark,” decreed that federal registrations were unnecessary in infringement actions, and incorporated the infringement test of likelihood of confusion into the section. And that’s not all. Emboldened by their success and perhaps impatient with congressional silence, they invented federal trade dress law, a stunning expansion of intellectual property protection and of the business of the federal courts. All the while, both Congress and the trademark community stood on the sidelines.

VII Likelihood of Confusion By The Numbers

At the heart of judicial independence in this area is the statutory test for trademark infringement – indeed, the essence of trademark law – likelihood of confusion. Is an appreciable segment of the relevant public likely to be confused by the same or a similar trademark? It is the fulcrum on which courts decide the vast majority of trademark and trade dress cases. The courts split, instead finding that the product design trade dress before it could not be inherently distinctive and could only be protected with a showing of secondary meaning.

8 For more on trade dress law, see Gilson and LaLonde § 7.02.
find liability for infringement of a federally registered trademark where the defendant’s mark, used in commerce, “is likely to cause confusion, deception or mistake.”

True to the Lanham Act interpretive tradition, courts simply read Section 43(a) early on to include the likelihood of confusion requirement, undeterred by the fact that it was not in the Act at the time. It took the Trademark Law Revision Act in 1988 for Congress to codify this requirement in Section 43(a). The amendment was precisely what the Act, and courts, needed, adding terms many courts had used (affiliation, connection, sponsorship and approval) in interpreting the requirement. Indeed, with more such clarifying amendments to the Act there will be less need for the courts to invent their own amendments.

The Lanham Act left to the courts the chore of interpreting the original spare statutory language of likelihood of confusion. In those more simple times Congress did not see fit to provide a checklist of likelihood of confusion factors, leaving it to the courts to fashion their own interpretations. And went ahead the courts did, independent of one another and with no attempt at national uniformity.

One of the earliest and most influential circuits to translate likelihood of confusion into a checklist was the Second Circuit, establishing in 1961 what became widely known as the Polaroid factors. To assess the likelihood of confusion where the defendant’s products differed from those of the plaintiff, the court formulated a series of nonexclusive factors. Not to be outdone, the Court of Customs and Patent Appeals (now the Federal Circuit) in 1973 in effect legislated the most comprehensive list, known and followed religiously in the circuit as the

---

10 Section 43(a)(1)(A) now reads “…is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a)(1)(A).
DuPont factors. The court still turns to this black-letter law, unchanged in three decades, to guide it. The facts and the holding of the case have faded into obscurity, but the factors live on, as influential as ever. However, the court’s application of the factors lacks consistency. At one point the circuit went out on a limb and held that a single factor (trademark similarity) was sufficient for a determination on likelihood of confusion. But a year later the same court held that when there is relevant evidence of record, the entire checklist of factors are no less than “mandatory.” As Yogi Berra once put it, “The future ain’t what it used to be.”

Each circuit has its own checklist of factors. The range among them is significant, with the Federal Circuit at thirteen and the Eighth and Tenth at six. In addition to the Du Pont test for likelihood of confusion in the Federal Circuit and the Polaroid factors in the Second, we have the Pizzeria Uno factors in the Fourth and the Sleekcraft factors in the Ninth.

---

13 Kellogg Co. v. Pack’em Enterprises, Inc., 951 F. 2d 330, 333 (Fed. Cir. 1991) (“We know of no reason why, in a particular case, a single duPont factor may not be dispositive.”).
15 Berra, When You Come To A Fork In The Road, Take It (2001).
19 AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 204 U.S.P.Q. 808 (9th Cir. 1979).
For a recent enumeration of the factors considered by each circuit in its in likelihood of confusion analysis, see Kera & Davis, Jr., United States: The Fifty-Fourth Year of Administration of the Lanham Trademark Act of 1946, 92 T.M.R. 1, 81-86 (2002).
Likelihood of Confusion Tests

<table>
<thead>
<tr>
<th>CIRCUIT</th>
<th>NUMBER OF FACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Circuit</td>
<td>8</td>
</tr>
<tr>
<td>Second Circuit</td>
<td>8</td>
</tr>
<tr>
<td>Third Circuit</td>
<td>10</td>
</tr>
<tr>
<td>Fourth Circuit</td>
<td>7</td>
</tr>
<tr>
<td>Fifth Circuit</td>
<td>7</td>
</tr>
<tr>
<td>Sixth Circuit</td>
<td>8</td>
</tr>
<tr>
<td>Seventh Circuit</td>
<td>7</td>
</tr>
<tr>
<td>Eighth Circuit</td>
<td>6</td>
</tr>
<tr>
<td>Ninth Circuit</td>
<td>8</td>
</tr>
<tr>
<td>Tenth Circuit</td>
<td>6</td>
</tr>
<tr>
<td>Eleventh Circuit</td>
<td>7</td>
</tr>
<tr>
<td>Federal Circuit</td>
<td>13</td>
</tr>
</tbody>
</table>

Although there is considerable overlap among the circuit factors, many are phrased differently and hence are susceptible to different meaning. And the circuits are split on whether all factors must be considered in each case. The Ninth Circuit has its own view, that some factors are more important than others. In the 1999 Brookfield case, for example, the Ninth Circuit relied primarily on what it called the most important factors in that particular case: the virtual identity of the marks, the relatedness of the respective goods, and “the simultaneous use of the Web as a marketing channel.”

No one knows whether the same trademark case would be decided differently from one circuit to another based on the different approaches. There are simply no empirical data, nor are there likely to be. Well over ninety-five percent of all trademark cases settle along the way, leaving just a tiny percentage that go to trial and a decision. Many that do finish the process have subtle issues of trademark similarity or trade channel relatedness and could go either way.

---

21 Brookfield Comm., Inc. v. West Coast Entm’t Corp., 174 F.3d 1036, 1054-55 (9th Cir. 1999). See also Dreamwerks Prod. Group, Inc. v. SKG Studio, 142 F.3d 1127, 1131 (9th Cir. 1998)
Are YOGOWHIP and MIRACLE WHIP in conflict? How about BLUE ANGEL and BLUE NUN? A decision in a close trademark case could well depend on the nuances of the different circuit tests.

At the Trademark Trial and Appeal Board’s twenty-fifth anniversary dinner, then-Chairman Saul Lefkowitz held up a shiny coin and asked the audience, “Do you know what this is?” He paused for dramatic effect. No one answered. He flipped it high in the air, caught it, and said, “This is how we decide likelihood of confusion.”

VIII Judicially-Invented Confusion Tests

The courts did not stop at inventing factor checklists for likelihood of confusion. They also invent mini-confusion tests to highlight specific fact patterns, and they give them strange and even, well, confusing names. A newly-minted law clerk who has scoured the Lanham Act and cannot find any of them must be perplexed.

What does this trend have to do with national uniformity of trademark law? It encourages courts to invent tests that are no more than permutations of the statutory test for likelihood of confusion, and it leaves gaps for the next variation on the theme. There is the danger that these tests could foster a formulaic approach to trademark law and a judicial inclination to pigeonhole fact situations that do not quite fit. They encourage courts to go beyond the Lanham Act to invent and follow tests that are no more than permutations of the statutory test for likelihood of confusion. The fact that confusion of whatever type is likely should end the matter, without the need for arcane theories.

(only three Sleekcraft confusion factors pivotal; the remaining five “don’t provide much insight in this case and thus carry little weight”).
Let’s look at the first one, probably the granddaddy of them all.

[a] -- Reverse Confusion

Small Tire Business Inc. uses the mark DOGBONE for a line of automobile tires that it markets on a small scale. Large Tire Business International Inc. then begins using the DOGBONE mark in the same geographic area, promoting it heavily for its own line of tires. If the public believes that Small Business’s products originate with Large Business and that Small Business is the infringer, there is “reverse confusion.” The development of reverse confusion has led a few courts to differentiate it from “classic forward confusion,” or the old-fashioned type. But “forward confusion” is hardly in day-to-day trademark law vocabulary, and our newcomer law clerk has trouble understanding that “reverse” really doesn’t mean “going backward.”

---

22 Gilson and LaLonde § 5.01[3][c][v].
The Third Circuit has even devised a factorized test particular to reverse confusion.24 Admitting that “it would seem somewhat counter-intuitive to posit that the likelihood of confusion analysis changes from the direct confusion to the reverse confusion context,” the court nonetheless notes several confusion factors whose analysis would be different if reverse confusion were alleged. The Ninth Circuit, while recognizing the shift in focus to the junior user’s mark in a reverse confusion case, follows the commonsense approach:

[I]f this were an ordinary trademark case rather than a reverse infringement case - in other words if DreamWorks had been there first and Dreamwerks later opened up a business running entertainment-related conventions - there would be little doubt that DreamWorks would have stated a case for infringement sufficient to survive summary judgment. The reason for this, of course, is that a famous mark like DreamWorks SKG casts a long shadow. Does the result change in a reverse infringement case because the long shadow is cast by the junior mark? We think not.25

While traditional confusion analysis must shift focus somewhat to deal with a different fact pattern, the essential inquiry should be the same: Is use of the mark likely to confuse?

[b] -- Implied Passing Off

25 Dreamwerks Production Group, Inc. v. SKG Studio, 142 F.3d 1127, 1130, 46 U.S.P.Q.2d 561 (9th Cir. 1998) (footnote omitted).
Mom ‘N Pop Inc. uses Nike’s advertising or a sample or picture of genuine NIKE® shoes in such a way as to imply that Nike makes or endorses MOM ‘N POP shoes. They have used a “false designation of origin” in violation of Section 43(a), misappropriating the value of the NIKE® brand. It is said to be “implied” as opposed to “express” because Mom ‘N Pop Inc. are not directly selling their goods as those of Nike, just suggesting that Nike makes or endorses them. The Ninth Circuit explained that “[i]mplied passing off occurs when an enterprise uses a competitor’s advertising material, or a sample or photograph of the competitor’s product, to impliedly represent that the product it is selling was produced by the competitor.”

[c] – Express Passing Off

Mom ‘N Pop Inc. uses the NIKE® trademark without authorization as its own mark on running shoes or otherwise expressly misrepresents that its products originate with Nike. The Ninth Circuit patiently explained that “[e]xpress passing off occurs when an enterprise labels goods or services with a mark identical to that of another enterprise, or otherwise expressly misrepresents that the goods originated with another enterprise.”

[d] – Express Reverse Passing Off

---

27 Smith, 648 F.2d at 604.
28 Lamothe, 847 F.2d at 1406; Smith, 648 F.2d at 604.
29 Smith, 648 F.2d at 604.
Mom ‘N Pop Inc. removes the NIKE® trademark from an inventory of running shoes it buys at wholesale, affixes the MOM ‘N POP mark and resells the products as its own.\textsuperscript{30} It has committed “express reverse passing off.”

The Ninth Circuit found “express reverse passing off” when a movie’s screen credits and advertising substituted the name of another actor for that of the real star of the film and when sheet music failed to give credit to the efforts of two songwriters but did credit others.\textsuperscript{31} In the songwriter case, the court noted: “Misbranding a product to only partially identify its source is the economic equivalent of passing off one person's product under the name or mark of another.”\textsuperscript{32} The results certainly seem correct, but why not just attribute the wrongdoing to the statutory “false designation of origin”?\textsuperscript{33}

\section*{[e] – Implied Reverse Passing Off}

Mom ‘N Pop Inc. removes or obliterates the NIKE® trademark and sells the product without any trademark.\textsuperscript{34} Why would anyone do that? This one baffles our law clerk completely. She was all right with “reverse” being the opposite of “forward,” but can’t quite compute that “implied” is the reverse of “express.”

According to the Ninth Circuit, if there is any source given for the product, whether incomplete or otherwise inaccurate, there has not been implied reverse passing off but instead

\begin{flushright}
\footnotesize
\textsuperscript{30} Gilson and LaLonde at §§ 5.07[3][b], 7.02[5][b].
\textsuperscript{31} Lamothe, 847 F.2d at 1406; Smith, 648 F.2d at 604.
\textsuperscript{32} Lamothe, 847 F.2d at 1408.
\textsuperscript{34} Scheduled Airlines Traffic Offices, Inc. v. Objective: Inc., 180 F.3d 583, 591 n.4, 51 U.S.P.Q.2d 1038 (4\textsuperscript{th} Cir. 1999); Smith, 648 F.2d at 604.
\end{flushright}
was express reverse passing off, but if all traces of source are removed, it could be implied reverse passing off. \(^{35}\) Again, aren’t these machinations unnecessary?

\textbf{[f]  -- Initial Interest Confusion}

Our busy law clerk is shopping for groceries on the Internet, sees the bread trademark WUNDERBAR, and incorrectly believes the bread to be produced by the makers of WONDER BREAD. She is about to add the WUNDERBAR bread to her virtual shopping cart when she notices the legend “Not connected with Wonder Bread.” Whether or not she buys the bread, she was drawn to the product by what she thought was a connection and might not otherwise have even considered buying the WUNDERBAR bread. Here, confusion that occurs only with a consumer’s first impression of a trademarked product – on the Internet or in a store – can be actionable even if it dissipates before the consumer makes a purchase. \(^{36}\)

But why do we need a special doctrine, when the statutory test covers it? \(^{37}\) Is it possible that such fleeting confusion doesn’t seem to be actionable, and courts must give it a fancy name to justify enjoining it?

\(^{35}\) Lamothe, 847 F.2d at 1407 n.2 (“In this case, . . . the defendants did not simply remove all trace of the source of the product, which might itself be actionable as implied reverse passing off.”).


\(^{37}\) See BigStar Entertainment, Inc. v. Next Big Star, Inc., 105 F. Supp. 2d 185, 207, 54 U.S.P.Q.2d 1685 (S.D.N.Y. 2000) (“[T]he [initial interest confusion] doctrine as applied by the Second Circuit has made clear that the . . . infringement at issue derived from just a particular variety of potential customer confusion and that the analysis to be applied to gauge the likelihood of such confusion rested on the same Polaroid factors which guided the appraisal of other recognized forms of trademark infringement confusion. This Court sees no reason why the
[g] -- Point-of-Purchase or Point-of-Sale Confusion

Our law clerk, trying to keep track of her work and social schedule, is in the market for a handheld electronic organizer. She goes to her local electronics superstore and picks up a PALM ASTRONAUT organizer, which she mistakenly believes is the latest version of the PALM PILOT® organizer. Impressed by its shiny finish and low price, she decides to buy it. She has experienced point-of-purchase confusion.

Obviously, this is actual confusion, dressed up with a fancy name, no more, no less.\textsuperscript{38} Note that actual confusion is not on the hit-list of judicially-constructed confusion tests. It is simply evidence that a consumer was confused, tending to demonstrate that confusion is likely.

[h] -- Post-Sale Confusion

Continuing on her errands, our law clerk buys hubcaps marked VW in an auto parts store that are not made or licensed by Volkswagen, and has them installed. She drives away and stops for lunch. A passerby admires the hubcaps, but when she touches them the metal immediately cracks and caves in. The passerby, believing that Volkswagen produced the junky hubcaps, has experienced post-sale confusion. The next day, our law clerk goes to a courthouse party and approach to that assessment would be substantially different were the doctrine to be applied to the facts of this case . . . “).\textsuperscript{38}

\textsuperscript{38} For cases explicitly recognizing “point-of-sale” or “point-of-purchase” confusion, see, e.g., CAE, Inc. v. Clean Air Engineering, Inc., 267 F.3d 660, 683, 60 U.S.P.Q. 1449 (7th Cir. 2001); Insty*Bit, Inc. v. Poly-Tech Indus., Inc., 95 F.3d 663, 671, 39 U.S.P.Q.2d 1961 (8th Cir. 1996); Champions Golf Club, Inc. v. Champions Golf Club, Inc., 78 F.3d 1111, 1119, 38 U.S.P.Q.2d
mistakenly sees what she thinks are OREO® cookies, her favorite. She pops one into her mouth, but instead of tasty white cream filling, they are held together with cheaper, salmon-flavored filling. Vowing never to eat OREO® cookies again, the law clerk is herself the victim of post-sale confusion.\textsuperscript{39}

Seems like actual confusion again, no more, no less.

\[\text{[i]} – \text{Inevitable Confusion}\]

Moon Life Insurance used the trademark MOON to sell insurance in the same area as Moonbeam Life Insurance’s MOONBEAM insurance for 50 years. They entered into concurrent use agreements several times, and each had full knowledge of the other. Moonbeam, the prior user, sues Moon for trademark infringement, proving that confusion between the two marks is inevitable. Moon’s equitable defenses of laches and acquiescence are trumped by the inevitable confusion doctrine,\textsuperscript{40} and the court enjoins its vintage trademark and trade name.

\textsuperscript{39} For cases recognizing post-sale confusion, see, \textit{e.g.}, CAE, Inc. 267 F.3d at 683; Hermes Int’l v. Lederer de Paris Fifth Avenue, Inc., 219 F.3d 104, 107-09, 55 U.S.P.Q.2d 1360 (2d Cir. 2000); I.P. Lund Trading ApS, 163 F.3d 27; Insty*Bit, Inc., 95 F.3d at 672 (holding that “an action for trademark infringement may be based on confusion of consumers other than direct purchasers, including observers of an allegedly infringing product in use by a direct purchaser”); Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 872, 230 U.S.P.Q. 831 (2d Cir. 1986) (“In the instant case, this post-sale confusion would involve consumers seeing appellant’s jeans outside of the retail store, perhaps being worn by a passer-by. The confusion the Act seeks to prevent in this context is that a consumer seeing the familiar stitching pattern will associate the jeans with appellee and that association will influence his buying decisions.”).

The doctrine of inevitable confusion appeared in a 1972 Court of Customs and Patent Appeals case, which affirmed a Board decision to cancel a registration, refusing to consider equitable principles because it found confusion to be inevitable. After that decision, the doctrine appeared to wane, but the credit for the reinvigoration of this mischievous offshoot of confusion law goes to the Eleventh Circuit. That court first mentioned the doctrine in the cancellation context in its 1991 Coach House Restaurant case, relying on a 1980 Trademark Trial and Appeal Board opinion.

The Board, in dealing with issues of trademark registration, traditionally places greater weight on the public interest in freedom from confusion than on the equitable defenses of laches, acquiescence and estoppel, where the confusion facts are very clear. In Iodent, the 1980 Board opinion, it held that establishing “the equitable defenses of laches, estoppel, and acquiescence will not preclude a judgment in favor of the prior user if the identity of the marks and goods of the parties are such that confusion or mistake in trade is inevitable” and explained that the Board

---

43 Iodent Chemical Co. v. Dart Drug Corp., 207 U.S.P.Q. 602 (T.T.A.B. 1980). See also Pacificare Health Sys., Inc. v. Allied Nat’l, Inc., 2001 TTAB LEXIS 739, *4 n.8 (T.T.A.B. Sept. 27, 2001) (noting that “defendant's arguments and evidence on its affirmative defense of estoppel appear to be well taken and in the event they are applicable, plaintiff will need to meet the higher standard of inevitable confusion in order to obtain judgment against defendant on the Section 2(d) claim in the cancellation proceeding”) (not citable as precedent); Reflange, Inc. v. R-Con Int’l, 17 U.S.P.Q.2d 1125 (T.T.A.B. 1990) (“Even a well-taken defense of acquiescence would not preclude a judgment for plaintiff if it is determined that confusion is inevitable, and confusion between identical marks used for identical goods is inevitable.”); Prince Dog and Cat Food Co. v. Central Nebraska Packing Co., 128 U.S.P.Q. 405, 406 (T.T.A.B. 1961) (because confusion “would be quite likely, if not inevitable,” “petitioner, although manifestly guilty of laches, is not estopped from asserting that it would be damaged by the registration”).
has followed this practice “in proceedings . . . arising under the registration provisions of the statute.”

Then, in *SunAmerica*, the next Eleventh Circuit case after *Coach House* where the issue was raised, the court relied on the doctrine to affirm an injunction that wiped out fifty-six years of good will and continuous use of the mark SUN LIFE OF AMERICA in the insurance field, despite district court findings of repeated acquiescence.

We see here a legal doctrine that addressed trademark registrability transplanted to a civil action with no registrability issue at all. Nevertheless, the inevitable confusion doctrine is gathering steam. The Eleventh, Seventh and Fourth Circuits now follow it. A prime example of judge-made law, it raises potentially enormous risks for businesses that take comfort in decades of unchallenged trademark use. And there is as yet no yardstick test for where likelihood of confusion ends, and inevitable confusion begins.

---

45 *SunAmerica Corp. v. Sun Life Assurance of Canada*, 77 F.3d 1325, 38 U.S.P.Q.2d 1065 (11th Cir. 1996). In the interest of full disclosure, Jerome Gilson was co-counsel for SunAmerica following the district court decision.
47 *TMT N. Am., Inc. v. Magic Touch GbmH*, 124 F.3d 876, 886, 43 U.S.P.Q.2d 1912 (7th Cir. 1997) (“The law . . . allows the senior user's claim to be revived from estoppel if the senior user can show that ‘inevitable confusion’ would result from dual use of the marks.”); *Kason Indus., Inc. v. Component Hardware Group, Inc.*, 120 F.3d 1199, 1207, 43 U.S.P.Q.2d 1831 (11th Cir. 1997) (holding that “if the likelihood of confusion is inevitable, or so strong as to outweigh the effect of the plaintiff's delay in bringing a suit, a court may in its discretion grant injunctive relief, even in cases where a suit for damages is appropriately barred”); *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 38 U.S.P.Q.2d 1449 (4th Cir. 1996) (holding that “even if [defendant’s] estoppel-by-acquiescence defense were valid, public policy dictates that -- like the doctrine of estoppel by laches -- it not be rigidly applied in cases like this one, where the likelihood of confusion is apparent.”). See also *Bridgestone/Firestone Research, Inc. v. Automobile Club de L’Ouest de la France*, 235 F.3d 1359, 58 U.S.P.Q.2d 1460 (Fed. Cir. 2001).
If the trend continues, can we expect further such tests, such as implied forward underhand passing off and pre-sale express actual confusion? Struggling to choose the right label for a particular fact pattern is effort better put towards simply determining whether confusion as to source is likely, in whatever context it appears. If courts need reminding that, for example, confusion that disappears before a sale (i.e., “initial interest confusion”) or confusion by a nonpurchaser (i.e., “post-sale confusion”) is, in fact, actionable, then perhaps the statute should be more explicit in saying so.

**IX Discordant Standards of Appellate Review**

The judicial circuits also clash on the standard of review of, and hence the weight to be given to, a district court determination on likelihood of confusion. For example, where the court of appeals substitutes its judgment for that of the district court or the Trademark Trial & Appeal Board, it in effect decides the case de novo. It gives as little or as much weight to the decision below as strikes its fancy. On the other hand, to the degree it gives weight to the district court’s decision as a finding of fact, to be overturned only if it is “clearly erroneous” under Federal Rule 52(a) or if there is a clear error of law, it is highly deferential. Success or failure often rides on the standard of review, which defies national uniformity.

(describing “cases brought under § 2(d), whereby a continuing and inevitable likelihood of confusion led the court to permit tardy challenge to a registered mark”).
A clear majority of the circuits hold that a finding on the issue of likelihood of confusion is a factual issue, reviewable under the clearly erroneous standard. The Seventh Circuit, for example, explained it in a “Read my lips” approach, holding that “likelihood of confusion is all fact and no law.” These courts give considerable deference to the district court finding, setting it aside only when it is “clearly erroneous.” Thus, a majority will reverse such a finding only when the evidence as a whole leaves the reviewing court with the thorough conviction that the district court has made a fundamental mistake.

The Ninth Circuit falls under the majority view, though its description of its standard of review differs somewhat. In 1985, the Ninth Circuit sitting en banc concluded that “[t]he issue of likelihood of confusion is a mixed question which appears to be predominantly factual in nature,” holding that review of a likelihood of confusion determination should be governed by the clearly erroneous standard.

---


See also Gilson and LaLonde § 8.14.


At the other end of the spectrum is the Federal Circuit. It applies the “clearly erroneous” rule to Board findings of fact, but declares that the issue of likelihood of confusion is the “ultimate conclusion of law” to be decided by the court.\(^{51}\) It thus reviews the marks, the goods, and all relevant DuPont factors, and forms its own judgment as to whether confusion is likely. Even though the Federal Circuit rarely hears a trademark case other than one from the Board, the statutory test of “likelihood of confusion” governing appeals from the Board under Section 2(d) is identical to the test applicable in the federal courts to infringement and Section 43(a).

The appellate standard should be identical.

The Second and Sixth Circuits also review likelihood of confusion as a two-tiered determination.\(^{52}\) They, too, review a district court’s underlying factual findings for clear error but review the ultimate conclusion as to likelihood of confusion de novo.

The Supreme Court has twice denied certiorari on the issue of the correct standard of review of a likelihood of confusion determination.\(^{53}\) Both times Justice White dissented from the denial of certiorari, noting the lower court split.

X Dilution: Confusion Over Blurring

Next we come to what might well be called dilution confusion. Since Congress passed the Federal Trademark Dilution Act six years ago, the courts have been grappling with how to interpret the operative phrase: Under Section 43(c), the owner of a famous mark is entitled to an

---


injunction if another’s mark “causes dilution of the distinctive quality of the mark.” Just what does this mean? No doubt our law clerk took a look at these words and wondered how Congress could have created such a monster. So the circuits are having a field day, spinning out various tests and factors for determining whether actionable dilution exists. The courts recognize that there are two primary types of actionable dilution, tarnishment and blurring, the latter being the far more problematic type. Here, the defendant’s mark appears on dissimilar products, raising the risk that it will reduce the uniqueness of the plaintiff’s famous mark on its products. For example, even if no one would confuse KODAK popsicles, KODAK ball-peen hammers or KODAK coffee-bean grinders with KODAK film, the KODAK mark would soon lose much of its significance to consumers.

[a] -- Blurring Factors

The courts are all over the lot on blurring. Early on, there was the Second Circuit’s so-called “Sweet test” of six factors to be considered under the New York dilution statute. The same court later rejected that test as too limiting, “as having a tendency to quash open-minded, constructive thinking,“ and the First, Fourth and Seventh Circuits have rejected that test as

---

56 Gilson and LaLonde § 5.12[1][f][iv-v].
well.\textsuperscript{59} Admitting that courts had to “feel their way from case to case,” the Second Circuit then went overboard with a ten-factor test which looks and sounds suspiciously like the Second Circuit’s \textit{Polaroid} test for likelihood of confusion. The court found that the defendant’s goldfish-shaped cheese crackers diluted GOLDFISH brand goldfish-shaped cheese crackers. \textit{Nabisco} has been followed in the Third\textsuperscript{60} and Sixth Circuits,\textsuperscript{61} but rejected in the Fifth.\textsuperscript{62}

The Seventh Circuit weighed in at the opposite end of the spectrum, holding that only two factors need to be considered in a blurring case: the similarity of the marks and the renown of the senior mark.\textsuperscript{63} Because the Act states that dilution can occur “regardless of the presence or absence of competition,” the court rejected the factor of similarity of the products as “completely irrelevant.” Here is a clearly substantive difference, lending itself to forum-shopping: A dilution case in the Second Circuit will be stronger than one in the Seventh the more closely related the products.

\textbf{[b] -- Actual or Likely Dilution?}

The Lanham Act prohibits any commercial use of a trademark that “causes dilution”\textsuperscript{64} of a famous trademark, but there is no clear indication whether Congress intended “actual dilution”

\textsuperscript{63} Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 56 U.S.P.Q.2d 1942 (7th Cir. 2000).
\textsuperscript{64} 15 U.S.C. § 1125(c)(1).
or “likelihood of dilution,” as in “likelihood of confusion,” to apply. However, the word “likelihood” simply does not appear in the statute.

In Ringling Bros., the Fourth Circuit expounds the most rigorous standard, stating that only mark similarity and “possibly” degree of renown are relevant to blurring, but requiring the plaintiff to prove that it had sustained actual harm through the defendant’s dilution.65 To date, the Fourth and Fifth Circuits apply an “actual dilution” standard66 and the Second, Sixth and Seventh Circuits have rejected that standard in favor of a “likelihood of dilution” standard.67

In following the “actual dilution” standard, the Fourth and Fifth Circuits explained the difficulty in applying a “likelihood of dilution” standard. Ringling Brothers contended that the State of Utah’s use of the slogan “the greatest snow on earth” diluted their famous “the greatest show on earth.” Analyzing the claims under the Lanham Act, the Fourth Circuit found that dilution consists of a sufficient similarity between marks to evoke in consumers a mental association of the two that causes actual harm to that causes “actual harm to the senior marks’ economic value as a product-identifying and advertising agent.”68 The Fourth Circuit admitted that an actual harm requirement “does not leap fully and immediately from the statutory text,” but claimed that it was evident from the legislative history.

68 Ringling Bros., 170 F.3d at 453.
The Circuits that refused to follow the Ringling Bros. lead reasoned that any showing of reduced revenue due to dilution would have to be extremely speculative and that dilution plaintiffs would thus be held to an impossible level of proof.

Then into the breach galloped the International Trademark Association. In September 1999 the INTA Board of Directors voted to support an amendment to the Act that would incorporate the “likelihood of dilution” standard. On February 14, 2002, with INTA encouragement and participation, Congressman Howard Coble, Chairman of the House Subcommittee on Courts, the Internet and Intellectual Property, held a hearing on a draft bill.\(^{69}\) Congressman Coble stated that “more than five years after its enactment, it is appropriate for our Subcommittee to review the success of the FTDA, and whether any amendments are needed.”

Congressman Howard Berman added that the Dilution Act appears to have fallen short of achieving its objective of providing a uniform, national dilution law. This failure is due to a significant split among the Circuits over proper interpretation of a key element of the Dilution Act. This split has [led] to the undesirable result that, in effect, a different Dilution law applies depending on the judicial circuit in which one is located.

All of the hearing participants agreed that something needs to be done.

In addition, all of the hearing participants criticized the “actual dilution” standard, with INTA contending that the “actual dilution” standard as espoused by the Fourth and Fifth Circuits would undermine dilution protection, essentially requiring owners of famous trademarks to wait until the damage was done. But INTA also emphasized its historical commitment to the goal of national uniformity. Its Executive Vice President, Kathryn Barrett Park, pointed out that

---

\(^{69}\) For the statements made at the hearing, see www.house.gov/judiciary/courts.htm.
“[i]nconsistent standards from circuit to circuit make it much more difficult for a famous mark owner to conduct business nationwide.”

While laudable in intent, this piecemeal approach to amending the Act is all too typical. Occasionally Congress amends the Act to correct some rogue court decision, but only if it is prodded and cajoled by business groups or trade associations such as INTA. For example, in 1982, to overturn the results of the Century 21 case, Congress added Section 39(b) to the Act to prevent any state from requiring that a registered mark be altered or associated with another mark.\(^{70}\) Most recently, it passed the Trademark Amendments Act of 1999, overruling a T.T.A.B. precedent barring inter partes cases based on the Federal Trademark Dilution Act.\(^ {71}\)

[c] – No Acquired Distinctiveness Allowed

Sometimes even the plain language of a statue fails to stop judges from making law. In an opinion with marked hostility toward the Dilution Act, the Second Circuit held that marks with acquired distinctiveness do not come within the Act’s reach and that a trademark must have inherent distinctiveness to be eligible for federal dilution protection.\(^ {72}\) The court reached this conclusion despite the fact that the statute states: “In determining whether a mark is distinctive and famous, a court may consider . . . the degree of inherent or acquired distinctiveness of the


\(^{71}\) Gilson and LaLonde § 5.12[1][d].

\(^{72}\) TCPIP Holding Co. v. Haar Communications, Inc., 244 F.3d 88, 93, 57 U.S.P.Q.2d 1969 (2d Cir. 2001).
mark,” among other factors.\footnote{15 U.S.C. § 1125(c)(1)(A). The House Report for the FTDA also states that the section “makes it clear that a mark may be deemed ‘famous’ even if not inherently distinctive, that is, even if the mark is not arbitrary, fanciful or coined.” H.R. Rep. No. 104-374, at 7 (1995).} It found that the Dilution Act “offers no benefit to the consumer public” and is “designed solely for the benefit of sellers,” and thus determined that the Act should be given the narrowest possible interpretation.

**[d] – A “Rigorous Test” of Fame Before the Board**

Even the Trademark Trial and Appeal Board, in its first interpretation of the Dilution Act, added a novel non-statutory requirement to proof of fame under the Act.\footnote{Toro Co. v. ToroHead, Inc., 61 U.S.P.Q.2d 1164 (T.T.A.B. 2001).} It described a “rigorous test” for fame, declaring that

an owner of a famous mark is attempting to demonstrate that the English language has changed. . . . [T]he mark’s owner must demonstrate that the common or proper noun uses of the term and third-party uses of the mark are now eclipsed by the owner's use of the mark. What was once a common noun, a surname, a simple trademark, etc., is now a term the public primarily associates with the famous mark. To achieve this level of fame and distinctiveness, the party must demonstrate that the mark has become the principal meaning of the word.

While the statute does not limit courts to consideration of the factors enumerated in the Act, the Board has added an onerous requirement. The Board may have simply been explaining how it sees fame or sending a message that only a few marks will qualify for true fame. Nevertheless, it engrafted an extrastatutory requirement that opposers will
have to meet in order to show the Board that their marks are famous enough to qualify for
dilution protection.

XI Judge-Made Conditions on Monetary Recovery

Another example of different rules in different circuits involves the recovery of monetary
relief under the Act. Section 35 provides, “subject to the principles of equity,” for recovery of
defendant’s profits, any damages sustained by the plaintiff, and the costs of the action. However,
several circuits require that successful plaintiffs meet additional requirements that are not
mentioned anywhere in the Lanham Act. For example, in the Second Circuit, under the rule it
announced in the Blue Coral case in 1992, “under any theory, a finding of defendant’s willful
deceptiveness is a prerequisite for awarding profits.”75 Thus, innocent infringers are effectively
immune from having to disgorge profits, despite the fact that innocence is no defense to a charge
of infringement. In the Second Circuit a victorious plaintiff that cannot prove damages is simply
out of luck if the defendant is an innocent infringer.

However, in the Seventh Circuit our victorious plaintiff will fare much better. Under the
Russ Berrie case and, indeed, the Lanham Act itself, “there is no express requirement . . . that the
infringer willfully infringe … to justify an award of profits.”76 Why, one might ask, would a
would-be plaintiff file in the Second Circuit if it could establish jurisdiction elsewhere?

An even more bizarre situation exists on the damages side. A total of six circuits now
hold that a victorious trademark or false advertising plaintiff cannot recover monetary relief,

75 George Basch Co. v. Blue Coral, Inc., 968 F.2d 1532, 1537, 23 U.S.P.Q.2d 1351 (2d Cir.
specifically damages, without proving instances of actual confusion or that a segment of the relevant public was deceived. Apart from the fact that this requirement is wholly absent from the Act, it makes no sense. A victorious plaintiff may have been damaged in any number of ways, for example through having to mount an expensive advertising campaign educating the public about the infringement, from lost sales attributable to the infringement, or from the diminished value of its trademark. It appears to be out of luck, excepting in the solomonic Ninth Circuit. There in 1993 in *Lindy Pen* the court rejected the need to prove actual confusion in favor of permitting relief “based on the totality of the circumstances.” Now that makes more sense.

**XII Judge-Made Legal Doctrines**

Why do the courts make up legal doctrines? One answer is that the Lanham Act deals in abstruse concepts and terms. (Sometimes it goes overboard, as with the Section 2(e)(3) bar from registration where a mark is “primarily geographically deceptively misdescriptive.”) The Act often gives few clues as to the meaning of a term or phrase, and the courts invent ways to interpret them. When one court develops a test or doctrine in aid of interpretation, and describes it in an opinion, it becomes the law of the circuit and courts can refer to it as shorthand for a more complex concept.

---

77 International Star Class Yacht Racing Ass’n v. Tommy Hilfiger, U.S.A., Inc., 80 F.3d 749, 753 (2d Cir. 1996); Libman Co. v. Vining Indus., 69 F.3d 1360, 1363 (7th Cir. 1995); Conopco, Inc. v. May Dep’t Stores Co., 46 F.3d 1556, 1563 (Fed. Cir. 1994); Woodsmith Publishing Co. v. Meredith Corp., 904 F.2d 1244, 1247 n.5 (8th Cir. 1990); Frisch’s Restaurants, Inc. v. Elby’s Big Boy, Inc., 670 F.2d 642, 647 (6th Cir. 1982); Parkway Baking Co. v. Freihofer Baking Co., 255 F.2d 641, 648 (3d Cir. 1958).

At least one *de facto* amendment has achieved near-uniformity. In the now obscure 1974 District Court *Skil* case the Honorable Richard B. Austin in Chicago adopted a five-factor test that was destined for widespread, if anonymous, respect.\(^80\) The judge denied a motion to dismiss false advertising allegations and set out the following test for demonstrating false advertising:

- The defendant had to make a false statement of fact about its own product,\(^81\) the
- misrepresentation had to deceive or tend to deceive a substantial segment of the audience and had to be material, the defendant had to cause its falsely advertised goods to enter commerce, and the plaintiff had to be injured by sales lost to the defendant or by lessening of its good will.

A total of six courts of appeals so far have adopted and applied it, more recently without giving *Skil* the credit it deserves.\(^82\) The *Skil* interpretation of Section 43(a) has indeed withstood the test of time, as a fair, practical way to determine liability. It would almost certainly generate no opposition if, as a part of a broader review of the Act, some interested group proposed that it be codified and made a part of Section 43(a).

However, the Ninth Circuit gets low marks for inventing “nominative fair use.” In *New Kids On The Block*\(^83\) the court found that use of a trademark in a newspaper poll referring to the trademark owner did not fall into the traditional fair use doctrine, but that it was non-infringing “nominative fair use.” The court formulated a three-factor test that, in effect, allowed the use of a mark to identify the trademark owner where there was no suggestion that the trademark owner had sponsored or endorsed the product. More recently, the Ninth Circuit held that the test “better

---

81 This approach was later adopted by the Seventh Circuit Court of Appeals and, having no basis in Section 43(a), was overturned by statute in the Trademark Law Revision Act of 1988. At present, to be actionable the false statement can be made by the defendant about its own or the plaintiff’s products. See Gilson and LaLonde § 7.02[6][b].
82 Gilson and LaLonde § 7.02[6][b][iii].
evaluates the likelihood of confusion in nominative use cases” than the court’s usual eight-factor likelihood of confusion test. It thus allowed as “nominative use” the phrases “Playboy Playmate of the Year 1981” and “Playmate of the Year” on Terri Welles’s website masthead and banner ads, as well as “Playboy” and “Playmate” in metatags on the site.  

Granted, the statutory “fair use” doctrine of Section 33(b)(4) does not fit the situation. That doctrine allows good faith non-trademark use of a descriptive term to describe the goods and services of the challenged business. The maker of PAMPERS® diapers, for example, has no basis for challenging the spa that advertises that it “pampers” its guests. However, the likelihood of confusion factors would have worked just fine in the New Kids and Playboy cases, the way they have worked for years and had long been applied by the courts in similar situations. Pepsi can mention COKE® and Coke can mention PEPSI® in truthful comparative advertising, and an auto repair shop can advertise that it handles VOLKSWAGEN® cars, where there is no suggestion of sponsorship or endorsement by the trademark owner. The Ninth Circuit seems to be following the credo of Supreme Court Justice William O. Douglas, who once wrote, “I would rather create a precedent than find one.”

XIII Conclusion

We have looked at the disparities among the federal circuits in likelihood of confusion and dilution, in appellate review and judicial conditions on monetary recovery. The problem of

84 Playboy Enterprises, Inc. v. Welles, 279 F.3d 796, 61 U.S.P.Q.2d 1508 (9th Cir. 2002).
85 For more on the statutory fair use defense, see Gilson and LaLonde § 11.08[3][d].
86 See Gilson and LaLonde § 11.08[4][k] for more on referring to another party’s trademark.
uniformity, along with the question of which interpretations are correct, still plagues the federal system. So, what should be done?

[a] -- Does It Need Fixing?

The long-range implications of judge-made law outweigh the benefits of allowing the courts to invent laws freely in order to deal effectively with known and as yet unknown forms of piracy. Of course, no one wants to straightjacket the courts. Mr. Justice Holmes in 1881 wrote: “The truth is, that the law is always approaching, and never reaching, consistency…. It will become entirely consistent only when it ceases to grow.” But in following this notion today in a statutory regime, we would essentially be reverting to a system of federal circuit-by-circuit common law, attached only tenuously if at all to the Lanham Act.

Piecemeal quick fixes in Congress do not solve the long range problem. Congress reluctantly reacts to the hue and cry of the trademark community on the judicial atrocity of the moment. It is simply not equipped or motivated to conduct a periodic top-to-bottom review and incorporate changes required by court decisions or commercial need. In truth, Congress almost seemed relieved when INTA took the lead and did precisely this in the review that culminated in 1988 in the Trademark Law Revision Act.

[b] -- Centralizing Appeals?

88 Oliver Wendell Holmes, Jr., The Common Law 36 (1881).
Is it feasible to foster national uniformity of trademark law by centralizing appeals in all trademark cases in a single reviewing court, perhaps the Federal Circuit? In theory, the court would harmonize trademark law nationally over time, and Congress would not be bothered by periodic fire drills.

Representative Robert Kastenmeier (D-WI) actually tried it in Title II of what became the Trademark Clarification Act of 1984. It was a very bold move, but it flopped. The trademark community was up in arms over the Ninth Circuit Anti-Monopoly decision. Departing from the traditional Learned Hand test for genericness, the court had held the venerable game trademark MONOPOLY to be an unprotectible generic term. It was a bombshell, triggering an outpouring of publicity, discussion, debate, and trademark community anger. Naturally, Congress was the answer, and Kastenmeier and his Committee were sympathetic.

But Kastenmeier was a canny legislator. He foresaw clearly the long-term impact of fixing the Lanham Act periodically in response to rogue court decisions. He recognized that conflicting decisions in the circuits clashed with the goal of trademark law uniformity, but his interest was more personal. His main concern was the risk of his Committee becoming, as he put it, “a quasi-appellate forum for litigation losses in the Federal judicial system or for unacceptable developments in trademark law such as arguably occurred in the ninth circuit.” So to shield his Committee and Congress, Kastenmeier proposed creating exclusive appellate jurisdiction over federal trademark cases in the Court of Appeals for the Federal Circuit.

---

89 See Gilson and LaLonde § 2.02[8] for a discussion of the events leading up to enactment.
90 Anti-Monopoly, Inc. v. General Mills Fun Group, 684 F.2d 1316, 216 U.S.P.Q. 588 (9th Cir. 1982).
The idea went nowhere, although Congress did restore the correct genericness test to the Act. Witnesses argued the benefits of cross-fertilization among the circuits, the rarity of an appeal for congressional action, and the lack of support for centralization. The then-United States Trademark Association emphasized that, unlike patents, trademark rights are created by state trademark law and that complete uniformity would never be possible. In addition to citing a lack of support for the proposal, it also argued that consolidating appellate jurisdiction in a single court could result in an “insular and doctrinaire court that would stultify the continuing development of trademark law.”

Last November 7, the INTA Board of Directors revisited the Association’s commitment to national uniformity, or at least consistency. In part to encourage consistent case law and certainty, it adopted a resolution supporting “the submission of litigated trademark cases to judges specializing in or having substantial experience in trademark matters.” Although the resolution was international in scope, and the United States was not excepted, Board members still opposed establishing trademark-specialized courts and judges in the United States.

Centralizing trademark appeals in the Federal Circuit is still a bad idea. While the Federal Circuit has had a profound effect on the uniformity of patent law, its main experience in trademark law comes from reviewing decisions from the Trademark Trial and Appeal Board, and adding a healthy docket of civil action appeals could be overwhelming. Such centralization could also lead to a parochial system of trademark law, with the Federal Circuit simply inventing trademark law like the other circuits do at present. It would also deprive the trademark community of the formidable judicial talent in the other circuits. Establishing a special trademark court would overcome some of these objections, but not all. Would either of these

92 Id. at 14-380 to 14-383.
systems really be better than the one we have today, with all of its problems? It would be like walking off the edge of a cliff, not knowing whether you would face a soft landing, or an abyss.

[c] -- Trademark Review Commission II?

It is time for another comprehensive review of the Lanham Act. It has been seventeen years since the United States Trademark Association formed the Trademark Review Commission, led by Dolores Hanna, to study the trademark laws and to develop recommendations for change. Congress was very receptive and adopted most of the recommendations in the Trademark Law Revision Act of 1988. Indeed, for the long term growth and modernization of the trademark system in the United States, such a review every fifteen to twenty years makes sense, whether or not it appears absolutely necessary. The Lanham Act needs a good, thorough check-up done by trademark professionals. The International Trademark Association should organize Trademark Review Commission II.

The issue that galvanized the Trademark Review Commission in 1985 was intent-to-use, a concept whose time had come and which attracted massive support. Today the central issue is the future of the Federal Trademark Dilution Act. The courts are floundering. They need help, and the law needs clarification. Some of the de facto amendments need codification and some need statutory correction. The hard part will be addressing the major conflicts between the circuits, many of which have become imbedded in circuit jurisprudence. Then there are the lists of factors of trademark law. They are pervasive. Every time a court invents a new doctrine or principle it invents a list of factors to go with it. Isn’t there a better way?
Because Congress is not going to do it by itself, and nor would we want it to, it is up to the trademark community. It is imperative that every fifteen years or so we take a long look at the law and recommend changes. Even if there is none (a next-to-impossible outcome), we will have performed a greatly-needed service to Congress, to trademark owners and to the American public. After all, the Lanham Act is a cherished asset of the trademark community, a resource for protecting trademark owners and the public, and a mighty engine of the economy. It must have care, feeding, and national uniformity of interpretation. With Trademark Review Committee II and a compliant Congress, the future of trademark law can be set on a more predictable course, the Act can be revitalized, and its wrinkles can be drastically reduced.