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A LOOK AT AMERICAN TRADEMARK LAW

by

James M. Treece* and David Stephenson**

I. THE LAW OF TRADEMARKS—A BRIEF OVERVIEW

In centuries past, merchants and guildsmen marked their wares—merchants to help illiterate material handlers recognize shipments and to support claims of ownership to salvaged goods,1 guildsmen to trace the source of goods produced in violation of guild rules.2 Buyers learned to recognize these symbols of source and to use them as a basis for purchasing.3 Eventually, judges recognized the potential for fraud if tradesmen not responsible for a mark's notoriety could nevertheless use it,4 and so there evolved a set of rules securing to owners of trademarks a right, in certain circumstances, to exclude others from using the same or a similar symbol.5 This common law of trademarks and tradenames eventually took root in each of the states of the United States, where it still survives,6 underlying and interrelating with the trademark acts of fifty states7 and the Federal Trademark Act.8 The common law and the various statutes recognize that not all words or designs serve with equal facility as indicators of source. Some marks present no conflict with other values if registered or protected as trade symbols; others constitute such common property as to make unthinkable their exclusive appropriation by a single firm, while the vast majority of words and designs falls somewhere in between.

In general, trade symbol laws refuse to protect through registration as trademarks generic words and functional features of products or packages.9 The same system, however, routinely protects and registers words and designs whose use in connection with particular products and services evidences an apparently arbitrary or fanciful choice of words or designs on the part of the user.10 Words and designs which are neither generic nor fanciful but which in some way describe a product or service or one of its attributes receive a relatively considered appraisal. Neither courts nor administrators automatically accept or reject claims that such symbols have become one firm's

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2. Id.
7. See State Trademark Registration, 57 TRADEMARK REP. 886 (1967).
10. See note 116 infra and accompanying text.
exclusive property; rather they ask for and evaluate evidence about the use and reception given such symbols in the market place by consumers and rival firms. Descriptive terms, which in addition point to source, generally receive judicial protection or administrative registration, while descriptive terms not yet regarded as source symbols generally receive neither protection as trade symbols nor registration.

This Article is primarily concerned with instances where the user of a trade symbol seeks to register or to protect through the judicial process a trade symbol that has both attributes of genericness—that is, it appears to fall into that category of terms which should not become the exclusive property of a single firm—and attributes of a source symbol—one which falls into that category of notorious terms that rivals should not appropriate freely. In exploring the reception given these dyadic symbols, the Article demonstrates that the decision to register trade symbols, especially federally, rests on similar but not identical criteria as the decision to afford them judicial protection as trade symbols under the common law. This means that a symbol not federally registrable because it is primarily descriptive may nevertheless receive trademark protection at common law.

In addition, investigation of the common law criteria for dealing with doubtful trade symbols, symbols both highly descriptive and demonstrably regarded as source symbols, leads in turn to the conclusion that a party seeking protection for a generic term not protectable at common law may nevertheless preclude its use by particular defendants whose conduct is calculated to confuse consumers and to exploit unfairly the goodwill developed by the plaintiff. This means that words and designs nominally free because they are ineligible for registration or protection as trademarks nevertheless may be protected against uses which run counter to some of the traditional tort principles that surround and interrelate with the law of trade symbols.

II. FEDERAL REGISTRATION

A. Descriptive Terms and the Doctrine of De Facto Secondary Meaning

Pursuant to the Federal Trade-mark Act of 1946, popularly known as the Lanham Act, owners of trademarks and service marks used in commerce may register them on the principal register. Along with the usual words, phrases, terms and symbols, applicants may also seek to register as a trademark a product’s configuration, trade dress or “get up,” or that of its container or package. Although a strict reading of the Lanham Act suggests that registration may be refused solely on the basis of certain enumerated grounds, including that of a mark’s being “merely descriptive” of the particular goods or services, the Patent Office exercises great care in issuing

12. See, e.g., id. § 1052(f).
13. Id. §§ 1051-1127.
14. Id. § 1051.
15. Id. § 1053.
18. Id. § 1052(e). It must be noted, however, that even a descriptive mark quali-
certificates of registration and has effectively expanded the statutory bases for refusal to register to include the mark's being the "commonly descriptive name" of the product or service for which it allegedly designates source or descriptive of a functional feature of the product or its package.

This cautious attitude toward registration flows from the statutory proscription against registration of merely descriptive words, which in turn is based upon a policy of avoiding harassment of competitors and others who use the registered term to describe their products through threats of litigation grounded in the statutory presumption of validity attaching to registration. Such threats present competitors with the choice of foregoing a descriptive use of a term or confronting the possibility of an expensive law suit. Indeed, the Patent Office has refused to register terms such as POWER SHOP for woodworking saws on the ground that other competitors have previously used the terms, not as marks, but descriptively, in their promotional material, and would find their right to continued use threatened if the applicant gains possession of a certificate of registration.

The likelihood of harassment multiplies where applicants seek to register descriptive terms commonly used by the consuming public to identify products and services. Thus, when the Patent Office or a court is convinced that an applicant seeks to register terms not "merely" descriptive but "commonly" descriptive, it articulates its refusal to register on the basis of an unwillingness to interfere with the right of others to make the same product or offer the same service, and to describe adequately those products and services without

19. Some federal courts and most state courts refer to such words as being "generic" rather than "commonly descriptive." For a general discussion of the distinction between descriptive and generic or commonly descriptive words, see Zivin, Understanding Generic Words, 63 TRADEMARK REP. 173, 173-78 (1973).

20. See, e.g., Interstate Folding Box Co., 167 U.S.P.Q. 241 (T.T.A.B. 1970). This expansion has resulted from the fact that the Patent Office or the judiciary will, upon proper petition, cancel a registration due to the registered mark's becoming "the common descriptive name" of the product or service for which it formerly designated the source. 15 U.S.C. §§ 1064, 1068, 1119 (1970). Since the registration will be cancelled, the Patent Office has taken the position that a common descriptive term need not be registered in the first place.


fear of challenge by one holding a trademark registration. This realistic attitude reflects the unexpressed logic that "merely descriptive terms" or "common descriptive terms" will not unambiguously advise the public of a product's source because of the high probability that other firms will also use the term or terms descriptively in advertisements, on labels, or as part of trademarks, trade names or firm names, thereby turning them into unreliable guides to consumers.

The Patent Office has also expressed great concern about registration of descriptive terms; consumers, indifferent to source and calling for products having particular characteristics, might find their orders filled by a single source because a supplier responded to requests as if they were for a particular product rather than a type of product. Thus, guided by the language and policy of the Lanham Act, the Patent Office refuses registration for merely descriptive terms granting registrations only upon a showing that a term merely descriptive in the first instance, has, through the acquiescence of competitors and the awareness of consumers, acquired an additional or secondary meaning beyond its common definition. As for generic or common descriptive terms, and functional features, policy forbids their registration even in the unusual case where a party tenders persuasive proof that a number of consumers have invested a common descriptive term or a functional feature with "secondary" meaning.

The concept of secondary meaning is somewhat elusive, particularly in light of the methods available to prove its existence. An enterprising party may be able to tender proofs of secondary meaning, persuasive or not, with respect to nearly any term that he has used as a source symbol. Secondary meaning, as a term of art, describes only a conclusion that a sufficient number of consumers regard a word as a symbol of source to justify treating it legally as a symbol of source. Proof of secondary meaning includes testi-


26. See Dixie Rose Nursery v. Coe, 131 F.2d 446 (D.C. Cir. 1942), cert. denied, 318 U.S. 782 (1943) (refusal to register TEXAS CENTENNIAL as a mark for roses since the term had become the name of a variety of rose).


29. 15 U.S.C. § 1052 (1970). A showing of nonuse by competitors cannot, of course, constitute a basis for registration of common descriptive words, since these terms are ineligible as a matter of policy for registration.

30. Cf. id. § 1065.

mony\textsuperscript{32} or documents\textsuperscript{33} from consumers, or their responses to pollster's questions.\textsuperscript{34} Doubtless, some consumers will regard, or will say they regard, any term, including a generic term, as a source symbol, if they have seen it used as such in the market place. Thus, an initial notion that a word or product or package feature falls into the generic or functional category need not be disregarded because evidence is offered which supports a conclusion of secondary meaning.\textsuperscript{35} Indeed, in a series of cases in recent years the Patent Office has developed a new concept, “de facto” secondary meaning, to explain decisions giving little or no weight to an applicant's showing of secondary meaning.

The history of the development of the de facto secondary meaning concept by the Court of Customs and Patent Appeals properly begins with \textit{Schulmerich Electronics, Inc. v. J.C. Deagan, Inc.}\textsuperscript{36} and includes \textit{J. Kohnstam Ltd. v. Louis Marx & Co.}\textsuperscript{37} In these two cases the party seeking registration proffered evidence of long and exclusive use of a term as the basis for its registration.\textsuperscript{38} In \textit{Schulmerich} the court affirmed a refusal to register the term \textit{CARRILLONIC BELLS} for electrically operated carillons, quoting the Examiner of Interferences that “it has always been the rule that any . . . generically descriptive term may not be exclusively appropriated as a trademark, regardless of how long a claimant fortuitously may have enjoyed the exclusive use thereof in trade.”\textsuperscript{39} Similarly, in \textit{Kohnstam} the court sustained opposition to the words \textit{MATCHBOX SERIES} as a registered mark for toy vehicles, stating that:

\begin{quote}
[\textit{w}here there is only one source for a particular kind of merchandise over a period of time, the public might come to associate that source with the name by which the merchandise is called. But such a circumstance cannot take the common descriptive name of an article out of the public domain and give the temporarily exclusive user of it exclusive rights to it, no matter how much money or effort it pours into promoting the sale of the merchandise.\textsuperscript{40}]
\end{quote}

\textsuperscript{32} See Donald F. Duncan, Inc. v. Royal Tops Mfg. Co., 343 F.2d 655 (7th Cir. 1965).


\textsuperscript{36} 202 F.2d 772 (C.C.P.A. 1953).


\textsuperscript{38} 280 F.2d at 440; Schulmerich Electronics, Inc. v. J.C. Deagan, Inc., 202 F.2d at 778 (C.C.P.A. 1953); see 15 U.S.C. § 1052(f) (1970), which states: “The Commissioner may accept as prima facie evidence that the mark has become distinctive . . . proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years next preceding the date of the filing of the application for its registration.”

\textsuperscript{39} 202 F.2d at 778.

\textsuperscript{40} 280 F.2d at 440.
Following these two decisions came *Deister Concentrator Co.*, in which Judge Rich noted that "[s]ome trademarks are words or configurations which are protected because they have acquired a secondary meaning but not every word or configuration that has a de facto secondary meaning is protected as a trademark." Then, in *Golden Cracknel & Specialty Co. v. Weiss Noodle Co.*, the Trademark Trial and Appeal Board cancelled the registration of the term *HA-LUSH-KA* for egg noodle products on the ground that "ha-lushka" is the English phonetic for the Hungarian word for noodle. The Board said, in an unreported opinion, that the common descriptive name for egg noodles "could not have acquired a secondary meaning . . . ." The Court of Customs and Patent Appeals amplified the Board's pronouncement as follows:

When the board said 'Ha-Lush-Ka' could not acquire a secondary meaning it meant that no secondary meaning of legal significance could be acquired. It would perhaps be more realistic to say that the descriptive name of a product is unregistrable regardless of acquired secondary meaning.

The court ruled that a de facto secondary meaning gained because of a temporary exclusive use of a term by a single firm will not make registrable an inherently deficient term.

Thereafter, the Court of Customs and Patent Appeals ruled in 1962 and 1963 that proof of de facto secondary meaning could not provide a basis for registration for the terms *SUDSY* for ammonia, or *CALCITE CRYSTALS* for ground limestone as a poultry feed ingredient, and the Patent Office began using the de facto secondary meaning concept in denying applications for registration for common descriptive terms. Reported opinions of the Trademark Trial and Appeal Board show denials of registration despite proofs of secondary meaning, for such names as *BROWN MILLED* for surgeon's gloves, *INNER-LINED* for paperboard cartons, *WORK WEAR* for industrial garments, and *GRAPEY* for grape-flavored chewing gum. Moreover, the Board has had no problem applying the de facto secondary meaning concept to deny registration to product configurations that it deemed functional.

41. 289 F.2d 496 (C.C.P.A. 1961).
42. Id. at 502.
44. 290 F.2d at 847 (emphasis added).
45. Id. at 848 (emphasis added).
The most that can be said of applicant's evidence of distinctiveness . . .

is that the configuration of goods may have acquired a de facto secondary meaning. That is, a significance or recognition acquired in a word or device due to lack of competition or other happenstance, but which is insufficient to establish a proprietary or legal right therein sufficient to support registration.54

Of course, difficult underlying problems remain in every case involving an application to register a highly descriptive term or a highly functional feature, including the problem of determining whether the tendered symbol falls into the unregistrable category.55 In Chesapeake Corp.,56 the Board refused to register SUPERWATERFINISH for Kraft paper, treating evidence of exclusive use for seventeen years as perhaps sufficient to support a conclusion of de facto secondary meaning but not sufficient to enable the Board to grant a certificate of registration for a term it believed inherently ineligible for registration. The Court of Customs and Patent Appeals agreed that if SUPERWATERFINISH was a common descriptive term, a showing of distinctiveness would not aid the applicant. However, in the court's view, the term was not "so highly descriptive as to be incapable of registration."57

B. The Denouement of Registration

Despite recognition of the basic postulate that a certificate of registration for a highly descriptive term provides its recipient with a means of policing its competitors' advertisements and promotional literature, the Patent Office and the Court of Customs and Patent Appeals nevertheless occasionally approve registrations for such terms over the protest that registration will interfere with another's descriptive use of the registered term.58 For example, in a case reversing the refusal to register SUPERWATERFINISH the court noted that an applicant may receive a registration for a descriptive term with its attendant advantages without thereby precluding competitors from using the registered word or words in a non-trademark sense.59

A federal trademark registration does not confer a complete monopoly upon its owner; competitors have a right to make some descriptive uses of terms

or features validly registered as trademarks. To the extent a registered mark also describes the defendant's business, he may make a good faith descriptive use of the registered term. The registered plaintiff can restrain only "the use of the term as a symbol to attract public attention." Registration "carries with it presumption of exclusive right, not to any use of the word, but to use of the word in a trademark sense, i.e., as an indication of origin."  

In instances where the Patent Office registers a descriptive term, believing that it has become distinctive or has taken on a secondary meaning, the agency impliedly decides that the public interest favors granting the exclusive right to make a trademark use of the term to one firm while denying all others a similar right. Registration thus subjects the registrant's competitors to the possibility that their attempts to use the term in a non-trademark sense will provoke a protest and perhaps a threat of litigation. Implicit, however, is the assumption that in meritorious cases, competitors will defend their right to make a non-trademark use of a descriptive term rather than capitulate. Guidelines for assessing privileged and unprivileged uses of registered trademarks exist.

In the context of infringement litigation involving a federally registered mark, the mark owner, as part of his prima facie case, must show that the second firm's use is "likely to cause confusion, or to cause mistake or to deceive." It is a defense that the use "charged to be an infringement is a use otherwise than as a trade or service mark . . . of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party . . . ." In cases involving the distinction between privileged descriptive uses and unprivileged infringing uses of registered marks, the mark owner must show that the defendant's conduct is likely to generate confusion among consumers about source. If the mark owner fails to produce sufficient evidence of a likelihood of confusion so that reasonable minds could differ as to its existence, then the mark owner should suffer a directed verdict. If, on the other hand, the mark owner's evidence is sufficient to withstand a motion for directed verdict, the question of privilege then arises. The second user may excuse its conduct by carrying its burden of proof on the descriptiveness of its use; that is, on a showing that the first firm's mark is a descriptive term and that the second firm's use is descriptive, fair, and in good faith. Cases may thus turn on

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61. Pacific Indus. Inc. v. Minnesota Mining & Mfg. Co., 425 F.2d 1265, 1267 (C.C.P.A. 1970) (emphasis added); see 15 U.S.C. § 1115 (1970), which provides as a defense to a charge of infringement of an incontestable mark, proof that the alleged infringer's use was "descriptive of and used fairly in good faith only to describe to users the goods and services of such party, or their geographic origin."


64. See Fed. R. Civ. P. 50(b).
the plaintiff's showing of probable confusion or on the defendant's failure to convince the trier of fact that the plaintiff's mark is a descriptive term, that the defendant's use of the term is descriptive, and that the use is fair and in good faith.\(^6^5\)

In *Marcal Paper Mills, Inc. v. Scott Paper Co.*\(^6^6\) the mark owner failed to make out its prima facie case. Marcal and Scott both sold tissues, but Marcal owned a federal registration for *CAMELLIA*. Scott sold competing tissues in a variety of colors, and on its boxes, which featured its trademarks, Scott identified the color of the contents. One of the identifying phrases used was *Camellia Pink Prints*. The court dismissed Marcal's complaint because of a failure to show that reasonable minds could differ on whether Scott's use of the word *camellia* caused likelihood of confusion about source. Thus the court did not need to consider whether Scott's use of *camellia* could be justified as a fair, descriptive use.\(^6^7\)

Of course, a second firm cannot automatically prevent a mark owner from establishing a prima facie case through the device of coupling its own mark with that of the first firm. Thus, the owner of a registration for the name *SUNSWEEET* for canned fruits succeeded in defeating registration of *DOBRY'S SUNSWEEET* for flour in the face of an argument that the word *Dobry's* distinguished the two marks. The Court said that "[t]o hold otherwise would make it possible for one to appropriate a trade-mark which, through extensive advertising, had become a household word, by adding thereto the name of an individual. Many others might do likewise and the value of the trade-mark to the first adopter and user might be largely destroyed."\(^6^8\) Similarly, the owner of a registration for *BLUE RIBBON* for canned goods succeeded in opposing the registration of *RICHARD HELL-MANN'S BLUE RIBBON* for salad dressings,\(^6^9\) and, relatedly, the Dr Pepper Company was unable to avoid the Frostie Company's prima facie case by selling its soft drink as *FROSTY PEPPER*.\(^7^0\) Likewise, Revlon, Inc. could not avoid liability for infringing the registered mark *TRIM* for mani-curing implements by selling competing products under the trademark *REV-LON CUTI-TRIM*.\(^7^1\) Coupling two marks cannot ensure against and probably promotes likelihood of confusion,\(^7^2\) e.g., *BELL & HOWELL KODAK* camera, *KELLOGG'S NABISCO* shredded wheat or *SUNOCO EXXON* gasoline.

Thus, a firm that uses another's mark in a manner that generates likelihood of confusion may escape liability for infringement only if it uses a descriptive...

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70. *Frostie Co. v. Dr Pepper Co.*, 361 F.2d 124 (5th Cir. 1966).


term descriptively, fairly, and in good faith. If the first firm’s trademark receives no significant usage in contemporary speech other than as a trademark, it is not a descriptive term and its use by a second firm would be virtually impossible. For example, the phrases KODAK dogfood and FRISKY KODAK dogfood do not by reason of the use of the word Kodak convey any accurate useful information to consumers. Even if the first firm’s mark receives some usage in contemporary speech other than as a trademark, a second firm may nevertheless be unable to prove that its use of the term is descriptive, in which case its defense of privilege will fail.

Johnson & Johnson and Q-Tips, Inc. both sold cotton-tipped swabs or applicators, but Q-tips, Inc., achieved market dominance. Johnson & Johnson responded by marking its product as JOHNSON’S COTTON TIPS and defended against a charge of trademark infringement on the basis of a descriptive use of the word tips. The court ruled that tips was not a word that had received usage as a term for applicator sticks and ruled that Johnson & Johnson had infringed and had no defense. Similarly, in Stix Prods. Inc. v. United Merchants & Manufacturers, Inc., both parties sold self-adhesive shelf paper. United used the federally registered trademark CON-TACT. Stix began using the phrase SELF-ADHESIVE contact DECORATING PLASTIC in its advertising, promotional and display material, and sought a declaratory judgment that its use of the word contact was privileged. Several lexicographers testified that the word contact did not receive the usage or have the meaning that Stix claimed. Contact did not describe the product because it was not contact paper. The item was at most paper that adhered when placed in contact with another surface. Once Stix used the words self-adhesive it had described the product and the addition of the word contact did not enhance the description; its use was, therefore, not a privileged, descriptive use.

Even if a second firm’s use of another’s mark is a descriptive use, it may nevertheless be unfair and for that reason unprivileged. In Feathercombs, Inc. v. Solo Product Corp. the defendant used the plaintiff’s mark, FEATHERLIGHT, to market combs. Arguably, the word featherlight described an attribute of the defendant’s product, but the court concluded that the defendant did not use it descriptively, fairly, or in good faith since it positioned the term conspicuously in advertisements and display materials unaccompanied by any prominent use of its own mark or firm name and in a format which simulated that used by the plaintiff. Solo thus used the word featherlight not descriptively but as a trademark, and thereby exceeded the bounds of privilege.

In any case presenting the issue of the privileged use of another’s mark, questions of fact arise which determine the outcome. Jacqueline Cochran,

74. Id.
76. Id. at 487.
77. 306 F.2d 251 (2d Cir. 1962).
78. Id. at 257.
Inc., marketed a bottled cosmetic bath preparation in a distinctive box. The bottle labels contained the words *FLOWING VELVET* at the top, the words *JOY OF BATHING* in the middle, and the words *JACQUELINE COCHRAN, INC.*, at the bottom. The package labels were similar except that the middle phrase read "*JOY OF BATHING* bathe in fragrance as you bathe away dry skin." Jean Patou, Inc., owned registrations for *JOY* as a mark for toilet water, soap and the like, and sued Jacqueline Cochran for infringement. The trial court found that consumers did not understand the defendant's use of *JOY* in the phrase *JOY OF BATHING* to be a mark use and concluded that the defendant's use did not therefore cause likelihood of confusion about source. Moreover, the court held that there was a descriptive use of a descriptive term accomplished in good faith, given the surrounding distinguishing words and identifying matter. The appellate court affirmed, saying that the trial court's finding of no likelihood of confusion, and its holding on the issue of privilege were not clearly erroneous. Similarly, the court affirmed the trial court's finding that the limited quantity of bath oil marketed by the defendant in bottles not bearing the words *FLOWING VELVET*, and which did not come encased in the distinctive blue box characteristic of the Cochran line, did not infringe the plaintiff's mark.

The court said that the alternative trade dress presented a closer question of likelihood of confusion than did the customary package, but it was unwilling to say that the trial court was clearly in error in failing to find that the possibility of confusion warranted judicial intervention.

The cases permitting rivals to make descriptive uses of valid trade symbols turn upon the "weakness" of the appropriated mark. A strong mark, such as *KODAK*, cannot be used descriptively. A highly descriptive and hence weak mark such as *FIVE MINUTE*, though recognized as a trade symbol, easily and naturally serves a descriptive purpose. Thus, a manufacturer of epoxy glue who features his trade symbol on his package and adds in smaller print, not designed to attract the casual glance, the information that the contents will set or dry in five minutes, will doubtless escape liability for infringing a rival epoxy glue manufacturer's trademark rights in *FIVE MINUTE*.

Another group of cases vividly presents the conflict of values between a mark owner's need to protect the word associated with him by his customers and the competitors' need to employ a word used by many consumers to identify a type of product or service. These cases often involve once strong registered trademarks which over time have become invested with a "primary" or generic meaning by a large percentage of the consuming public. The list of such trademarks now thought of as generic includes, among many others, such terms as *celluloid*, *cellophane* and *thermos*.

80. 201 F. Supp. at 865-66.
81. 312 F.2d at 127.
82. Id.
83. Id. See also Hygrade Food Prods. Corp. v. H.D. Lee Mercantile Co., 46 F.2d 771 (10th Cir. 1931).
Celluloid Manufacturing Co. v. Cellonite Manufacturing Co.\(^{86}\) was one of the earliest cases to present the question of the calculus of rights in a registered trademark in the process of becoming generic. Plaintiff complained that the defendant in various ways infringed the registered trademark CELLULOID, and asked for a preliminary injunction.\(^{87}\) The defendant answered that the plaintiff had no exclusive rights because celluloid had become a word of the English language used to designate the substance which both parties manufactured and sold.\(^{88}\) The court agreed with the defendant\(^{89}\) but it did not permit it to use the term as a trademark or trade name. The court hypothesized that had the plaintiff adopted and used FLOUR as a trade symbol for flour, it could not exclude others from using the word as a trademark on their packages.\(^{90}\) The court, however, accepted that, unlike the hypothetical user of FLOUR, the plaintiff or its assignors had coined the term celluloid and used it validly as a trademark, registering the term before it took on attributes of genericness (i.e., before it became a common appellative of the substance manufactured by the parties).\(^{91}\) The court stated that the plaintiff remained entitled to an exclusive use of the term as a trademark and enjoined the defendant from using celluloid, cellonite or any other word substantially similar to the word celluloid in its firm name, as a trademark or otherwise, upon the goods it manufactured or sold.\(^{92}\) In disposing of the case, the court noted that while the public had a right to use the word celluloid for purposes of designating the product which that word had come to represent, the term could not be used as a trademark. One assumes that the court meant that the defendant, along with the public, could use celluloid orally as a generic term (i.e., one could say "Yes, we make and sell celluloid"). The court ruled that "perhaps the defendant would have a right to advertise that it manufactures celluloid,"\(^{93}\) and the injunction clearly did not preclude such uses of the term.

In a similar case, Dupont Cellophane Co. v. Waxed Products Co.,\(^{94}\) the defendant used the plaintiff's registered mark as if it were a generic term, and the court ruled that CELLOPHANE, although a registered trademark, also served the public as the common descriptive or generic word for the product marketed by both parties to the law suit. The court ruled that the defendant, a retailer, could fill orders for cellophane with products produced by manufacturers other than Dupont, the owner of the registration for CELLOPHANE, as long as the defendant informed the purchaser of the product's actual manufacturer.\(^{95}\) The court stated explicitly that the defend-
ant could use the word *cellophane* in advertisements provided that it preceded the word with the actual manufacturer's firm name as a possessive.\(^{96}\)

*King-Seeley Co. v. Aladdin Industries, Inc.*,\(^{97}\) a more recent case involving protracted litigation, presents substantially the same issue. Plaintiff owned federal registrations for THERMOS for vacuum bottles and sued defendant for trademark infringement. Defendant, asserting a privilege to use the term as if it had never functioned as a trade symbol, claimed that *thermos* had become a generic term for vacuum insulated containers, and asked that the court cancel the plaintiff's registrations.\(^{98}\) The parties proffered extensive and conflicting evidence about the way in which the consuming public regarded the word *thermos*. The court concluded that while three-fourths of the consuming public regarded *thermos* only as a generic term, a substantial number of the remainder viewed *thermos* as having either an additional or an exclusive significance indicating the source of the product.\(^{99}\) The appellate court, on the first appeal, refused to order cancellation of the plaintiff's registrations but agreed with the trial court that the defendant should have freedom to make some uses of the plaintiff's mark.\(^{100}\) The trial court initially decreed that the defendant could use the word *thermos* in advertisements and on product labels, if the word was preceded by "Aladdin's" and confined to "ordinary" print and a lower-case "t", unaccompanied by such words as *original* or *genuine*.\(^{101}\) The trial court also retained jurisdiction and the defendant petitioned it, among other things, to modify the existing decree and policing order to give defendant freedom in advertising matter to use *thermos* with a capital "T" and unaccompanied by *Aladdin's*.\(^{102}\) Defendant argued that a modification was needed to enable it to reprint testimonial letters in which satisfied customers used the word *thermos* unaccompanied by *Aladdin's*, to avoid rejection by newspaper editors of publicity releases describing petitioner's products because the releases made too frequent use of Aladdin's name and, in order to compete more effectively, to use in advertisements the so-called soft sell lead in, "Who makes the best *thermos*?"\(^{103}\)

After an appeal on the question of the showing necessary to justify modification of the decree, the trial court reiterated that while the word *thermos* was generic, King-Seeley also held a valid registration for the word in all capital letters and spelled in a combination of capital and lower case letters *(thERMos)*. The court also noted that while neither party had offered compelling evidence of the size of the minority group of consumers who presently were aware of and relied upon King-Seeley's marks,

\(^{96}\) Id.


\(^{99}\) 321 F.2d at 579-80.

\(^{100}\) Id. at 581.

\(^{101}\) Id. at 579-80.

\(^{102}\) 289 F. Supp. 155 (D. Conn. 1968), order vacated and cause remanded, 418 F.2d 31 (2d Cir. 1969).

\(^{103}\) 289 F. Supp. at 158.
it is unrealistic to assume that the situation has remained unchanged since 1962. More than eight years of widespread use of the word 'thermos' as a generic term must, to a considerable degree, have brought home to the unorganized public, including the approximately 11% who in 1962 recognized and relied upon King-Seeley's trademarks, that there were both the trade name use and the generic use.\textsuperscript{104}

The court concluded that Aladdin's legitimate right to exploit the term in its generic aspects should not be impeded unnecessarily, and modified the decree and policing order so as to permit Aladdin to make the desired uses of the term in its advertising and publicity releases. The court, however, did not modify the original decree as it applied to the use of the word \textit{thermos} on products and labels.\textsuperscript{105}

\section*{C. The Registration Decision—Policies and Problems}

In the \textit{Thermos} case the difficulty and expense of adjusting the rights of the parties through the mechanism of a judicial decree illustrates the wisdom of refusing to register highly descriptive terms. Yet the Patent Office cannot proceed mechanically but must itself exercise judgment. A trade symbol that the Office adjudges at the time of application to be a common descriptive term will not be registered regardless of the quality of the applicant's showing that consumers regard and use the term as a source symbol. The same evidence may, however, influence the Office toward a decision that the symbol, though highly descriptive as an abstract matter, nevertheless qualifies for registration in the context of the history of its use.

One might prefer either that the Office issue registrations for all marks not so commonly descriptive as to be inherently unregistrable or that it issue registrations only for marks having no descriptive qualities of any kind; nevertheless, the governing statute does not authorize either procedure. It requires rejection for descriptive matter unless it has become distinctive,\textsuperscript{106} thus giving the Patent Office the discretion to deny registration in doubtful cases where public inconvenience may result, and to issue registrations in doubtful cases where the underlying realities of consumer behavior indicate that registration will contribute to an orderly market place. Inevitably, reasonable minds will differ on whether a tendered term falls into the commonly descriptive and, therefore, inherently unregistrable category, or into the descriptive and, therefore, potentially registrable category.\textsuperscript{107} Likewise, reasonable minds may differ on whether the evidence offered in support of an application to register a descriptive term demonstrates that the balance of interests between consumers and competitors, or perhaps the balance between consumers who regard it as a source symbol and consumers who do not, justifies registration.

Each application for registration involves a different mark and a different history of usage. The Patent Office and the Court of Customs and Patent

\textsuperscript{104} 320 F. Supp. 1156, 1158 (D. Conn. 1970).
\textsuperscript{105} \textit{Id.} at 1159.
Appeals dispose of applications on the bases of the policies underlying the Lanham Act and the record in the case. Thus, the Court of Customs and Patent Appeals may in one instance approve an application for SUPER-WATERFINISH for Kraft paper on the ground that the record shows that consumers regard it as distinctive and that it need not be considered so highly descriptive as to be unregistrable, and in another instance deny an application for registration for POWER SHOP for woodworking saws with the observation that on a different record the applicant might succeed. The advantages accompanying a certificate of registration are constructive notice of the claim of ownership to competitors in all parts of the United States, and prima facie evidence of an exclusive right to use the registered mark.

Both are extremely significant, and while a refusal to register a descriptive term denies these advantages to the applicant, it does not preclude him from asserting and receiving trademark protection under state or foreign law. Indeed, in the Power Shop case, although the court affirmed a refusal to register, it noted that the record arguably demonstrated that the applicant had acquired common law trademark rights in the federally unregistrable symbol. Relatedly, in Flexitized, Inc. v. National Flexitized Corp., a trademark infringement case, the Second Circuit Court of Appeals invalidated the plaintiff’s federal registration for the descriptive word flexitized, but nevertheless, on the basis of state law, enjoined the defendant from any further use of the word flexitized in its corporate name or in connection with products competitive with the products of the plaintiff.

Within the limits of its discretion, the Patent Office can resolve individual petitions against the backdrop of the apportionment of power to regulate the market place in the federal system in which it operates. One applicant might benefit, and national and local markets might suffer less disorder, if a registration issues which will give that applicant a degree of control over the development of his trademark not available under the laws of the several states. On the other hand, an applicant might not be able to demonstrate that the balance of interests tips in favor of a federal registration for his mark, yet the Patent Office in refusing registration may do so knowing that state law is available to prevent market disrupting tactics by competitors.

III. The Common Law of Trademarks

A. Trademarks Under State Law

State trademark law differs little, if at all, from state to state, and departs only insignificantly from federal law in its basic premises. The states gen-

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112. Speaking generally, one regards the primary thrust of the Lanham Act as that of making available the benefits of federal registration to common law marks. The Act, of course, also provides for the registration and subsequent protection of such things as collective and certification marks. See 15 U.S.C. § 1054 (1970). The latter, if not the former, have their source in the Lanham Act and in no other body of law.
114. 335 F.2d 774 (2d Cir. 1964).
generally recognize three categories of terms—non-descriptive, descriptive and commonly descriptive—and two categories of package and product features—functional and non-functional. In state law parlance commonly descriptive terms tend to bear the label “generic,” while non-descriptive terms are generally classified and listed as suggestive, arbitrary, fanciful, or coined. As in federal law, descriptive terms warrant protection upon proof of “distinctiveness,” although the phrase “secondary meaning” appears in the reports with much more frequency than does “distinctiveness.”

Generic terms, as in federal law, generally receive no protection as trade symbols.

Functionally, the state and federal systems are similar; yet they operate separately, and, therefore, cancellation of a federal registration does not in itself negate either the availability of state trademark protection or, for that matter, the availability of protection against particular parties or particular conduct under such common law tort doctrines as passing off, unfair competition, misappropriation, or fraud and deceit. Few members of the bar become involved in cases involving such symbols as CELLOPHANE, ASPIRIN, or THERMOS, but nearly every lawyer spends some time with a client who has been doing an essentially local business under a highly descriptive

<table>
<thead>
<tr>
<th>Type of Symbol</th>
<th>Protectable as Common Law Trademark</th>
<th>Registrable Federally</th>
<th>Registrable Under State Statute</th>
</tr>
</thead>
<tbody>
<tr>
<td>coined term</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>fanciful term</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>arbitrary term</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>suggestive term</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>descriptive term</td>
<td>if it had secondary meaning when infringed</td>
<td>if it has become distinctive at the time registrability on that basis is considered and if the commissioner finds no other basis for refusal</td>
<td>if it has become distinctive</td>
</tr>
<tr>
<td>generic term, or common descriptive term</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>non-functional feature of product or packages</td>
<td>if it had secondary meaning when simulated</td>
<td>if it has become distinctive at the time registrability on that basis is considered and if the commissioner finds no other basis for refusal</td>
<td>if it has become distinctive</td>
</tr>
<tr>
<td>functional feature of product or package</td>
<td>no</td>
<td>no</td>
<td>no</td>
</tr>
</tbody>
</table>

Concerning registration under state statutes see, e.g., MODEL STATE TRADEMARK BILL § 2(e) (1964), reproduced in J. GILSON, TRADEMARK PROTECTION AND PRACTICE, app. § 10.03, at 10-191 to -192 (1974). This bill served as a model for more than a majority of state trademark statutes. See generally Treece, supra note 6.
trade symbol, such as **CHARCOAL STEAK HOUSE**,\(^\text{117}\) **MOTOR SUPPLY COMPANY**,\(^\text{118}\) **HAMBURGER INN**,\(^\text{119}\) **THRUWAY MOTEL**,\(^\text{120}\) **ABILENE LINEN SUPPLY**,\(^\text{121}\) or the like, and who complains that a rival has begun using a similar symbol.\(^\text{122}\) Such cases, usually turning on local law, tend to become resolved according to the same principles used in deciding their more famous federal law counterparts, and to the extent that local precedent is missing or confused, the principles used by the Patent Office and the federal courts in dealing with questions of registration and enforcement of highly descriptive and generic marks offer sound guidelines.

Frequently a local firm adopts a highly descriptive term as a trademark or service mark and uses it exclusively for a sufficient length of time for some consumers to learn to regard it as a source symbol. When a competitor enters the market and uses the same or a similar term, and the first firm objects, two basic inquiries become relevant: (1) How “descriptive” is the first firm’s term; and (2) how much confusion about source has the second firm’s use caused or threatened? In answering this second question, two other questions become relevant: (3) Has the first firm offered persuasive proof that its mark has acquired secondary meaning; and (4) has the second firm evidenced by its conduct or otherwise an intent to pass off its product or service as plaintiff’s or to confuse consumers about the source of its products or services? Sometimes this last inquiry leads to a fifth question: (5) Even though the second firm has not evidenced an intent to pass off or confuse, has it done all that it can, reasonably, to dispel confusion among consumers about the source of its products or services? The first inquiry goes to the genericness or inherent unprotectability of the first firm’s mark. It is the policy of the common law not to grant mark rights to firms that adopt and use generic terms as marks,\(^\text{123}\) even when the owner or user of such a mark can offer evidence that it has taken on a secondary meaning.\(^\text{124}\) Thus, in

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\(^\text{121}\) See Harrelson v. Wright, 339 S.W.2d 712 (Tex. Civ. App.—Eastland 1960, writ Ref’d).
\(^\text{122}\) In some states there are distinctions between trademarks and trade names. For example, under Texas law a “trade name” is defined as a lawfully adopted name or title used by persons to identify their business, location, or occupation. See Tex. Bus. & Comm. Code Ann. § 16.01 (1968). “Trademarks,” on the other hand, are used to designate certain products or services. The importance of the distinction lies in the fact that there is no legislative protection for trade names, while trademarks may be registered with the Texas Secretary of State. See Tex. Bus. & Comm. Code Ann. § 16.08 (1968). Trade names, as such, are protectable under the common law through the judicial process; however, it should be pointed out that a trade name with a distinctive design or type of lettering may be registrable as a trademark. Id. See also Tex. Att’y Gen. Op. No. O-5864 (1944). Leading Texas cases with respect to trade names include Hannelson v. Wright, 339 S.W.2d 712 (Tex. Civ. App.—Eastland 1960, no writ); Walters v. Building Maintenance Serv., 291 S.W.2d 377 (Tex. Civ. App.—Dallas 1956, no writ); Burge v. Dallas Retail Merchants Ass’n, 257 S.W.2d 733 (Tex. Civ. App.—Dallas 1953, no writ).
\(^\text{123}\) See, e.g., Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938). The policy behind the common law is substantially the same as the policy of the federal law.
\(^\text{124}\) Id.
a case governed by common law, a decision that the first firm's symbol is
generic enables a judge to deal properly with evidence of an acquired secon-
dary meaning or evidence tending to show that the second firm's use of the
term has not been circumspect.

Common law rights in marks are acquired not by registration but by adop-
tion and use. Every firm entering into business thereby introduces into
the market place a potential trademark or service mark, usually selected with
a view to its descriptiveness. Moreover, in local markets, as opposed to re-
regional or national markets, there exists a high likelihood that a firm identify-
ing itself as HAM HOUSE, HAMBURGER INN or ABILENE LAUNDRY
will enjoy a period of exclusive use of its adopted term. Thus, local cases
arising under state trademark law present a potential conflict between the
policy of preventing appropriation of symbols that competitors use to describe
goods and services, and the policy of preventing firms from confusing con-
sumers about source associations and then exploiting that confusion.

Accordingly, judges applying state trademark law must expect to confront
alleged trademarks which appear to have attributes both of genericness and
secondary meaning, and decide as an initial matter whether the symbol in
dispute falls into that category of terms ineligible for protection as marks,
regardless of the existence of secondary meaning. While common law courts
have not yet given currency to the phrase "de facto secondary meaning," the
federal cases which spawned the phrase offer both literary and substantive
guidance to courts confronted with the need to deal with generic source sym-
blems according to state law.

However, exclusive reliance need not be placed upon opinions resolving
matters of federal registration. The Supreme Court of the United States pro-
vided an equally useful and perhaps more congenial guide in the famous case
of Kellogg Co. v. National Biscuit Co. The facts show that prior to the
suit Nabisco had enjoyed a long occupancy of the position as the sole sup-
plier, in a national market, of breakfast food made in the form of a pillow-
shaped biscuit and called SHREDDED WHEAT. Moreover, Nabisco
demonstrated that during this period it spent more than $17 million advertis-
ing its product, with the result that many consumers came to associate the
term Shredded Wheat with the plaintiff's factory at Niagara Falls. The Court
did not attach primary significance to this evidence, but began with an in-
quiry into the nature of the term Shredded Wheat, and concluded that it was
a generic term when adopted by Nabisco. For purposes of analysis, Nabis-
co's decision to call its product SHREDDED WHEAT corresponds with a
decision by a seller of flour to call its product FLOUR. Firms cannot ap-
propriate such common descriptive terms and turn them into trademarks.
Nor is that conclusion altered by the coincidence that the firm adopting
SHREDDED WHEAT enjoyed such an exclusive use of the term that some
consumers came to regard it as a source symbol. When a second firm later
enters the market, it may do so unencumbered by the existence of trademark

126. 305 U.S. 111 (1938). This case was decided under general common law princi-
pies. Id. at 111 n.1.
rights in the word that best describes its product. Cases involving disputes about rights in symbols recognized or registered as trademarks as an original matter, and subsequently treated by some portion of the public as generic, such as *CELLOPHANE* or *THERMOS*, have no application to cases where a firm adopts and uses a word recognized as generic at the time of adoption and use. The Supreme Court, having determined that *SHREDDED WHEAT* was generic when adopted and used by Nabisco's assignor, then concluded that "[t]here is no basis here for applying the doctrine of secondary meaning,"\textsuperscript{127} to invest Nabisco with an "exclusive right to the name 'Shredded Wheat,'"\textsuperscript{128} despite the showing made by Nabisco that *Shredded Wheat* in fact had source connotations for consumers, or had what today might be called "de facto" secondary meaning.

State courts applying state law have also proceeded in the manner of the Supreme Court in the *Shredded Wheat* case and the Patent Office in the *Matchbox Series* and *Halushka* cases. In *Region v. Downtowner of Fort Worth, Inc.*,\textsuperscript{129} for example, the plaintiff, claiming trade symbol rights in *DOWNTOWN MOTEL*, sued defendant for using *DOWNTOWNER MOTOR INN*. The Texas Court of Civil Appeals stated that the various forms of *Downtown*, when used in the name of a business enterprise, describe the location of the business and cannot become the exclusive property of any one firm "as against others who can and do use it with equal truth, even if the term 'Downtown' in the context of use had acquired a secondary meaning."\textsuperscript{130} Similarly, in *Pipe Linings, Inc. v. Inplace Linings, Inc.*\textsuperscript{131} the plaintiff claimed trademark rights to the term *INPLACE* for its method of reconditioning pipe and sued to enjoin defendant's use of *INPLACE* in its business name and in advertisements. The jury, responding to special issues, found that *INPLACE* had a secondary meaning pointing to plaintiff as a source and that defendant's use of the term generated a likelihood of confusion among consumers about source. The jury also found, however, that defendant had done everything reasonably necessary in the conduct of its business (other than refraining from using *INPLACE* as part of its firm name) to distinguish the sale of its services from the services offered by the plaintiff. The trial court entered, and the court of appeals affirmed, judgment non obstante veredicto for defendant on the ground that firms throughout the nation used the words *in place* as common descriptive terms to identify the kind of services offered to the public by the plaintiff and defendant, and that a party could not exclusively appropriate such words even with the aid of a jury finding that in a particular local market\textsuperscript{132} they had taken on a secondary meaning.

\textsuperscript{127} Id. at 118.
\textsuperscript{128} Id. at 118-19. See also *Skinner Mfg. Co. v. Kellogg Sales Co.*, 143 F.2d 895 (8th Cir. 1944) (defendants privileged to use *RAISIN BRAN* on cereal boxes in company with their firm names).
\textsuperscript{129} 420 S.W.2d 809 (Tex. Civ. App.—Fort Worth 1967, writ ref'd n.r.e.).
\textsuperscript{130} Id. at 810-11.
\textsuperscript{131} 349 S.W.2d 279 (Tex. Civ. App.—Fort Worth 1961, writ ref'd n.r.e.).
\textsuperscript{132} Under the common law, the right to exclusive use of a trade name is limited to the particular competitive territory in which the name has acquired a secondary meaning. See, e.g., *Smart Shop v. Colbert's*, 250 S.W.2d 431 (Tex. Civ. App.—El Paso 1951,
B. Protection of Common Law Trademarks—Source Symbols and Unfair Competition

Once a court decides that a designation by which a firm identifies itself is not so highly descriptive as to be incapable of appropriation as a trademark in any set of circumstances, it then assesses the evidence of secondary meaning to determine if the descriptive term at hand has through use acquired status as a trade symbol. Proof of de facto secondary meaning should also occupy the court's attention in cases where the court determines that a term such as Downtown or Inplace cannot qualify as a trademark or service mark.

A large branch of the common law of unfair competition, of which trademark law is a part, concerns itself with the policing of activities in the marketplace which create a likelihood that consumers will be confused about the sources of goods and services. When a second firm without justification displays another's valid trademark on the second firm's signs, labels, products, or the like, the second firm's conduct amounts to mark infringement and a full range of remedies, including injunction and damages, stands available to redress the infringement. An infringer cannot escape liability or mitigate damages for trademark infringement by showing that in the context of his infringing use he dispelled some likelihood of confusion by using other symbols in conjunction with the first firm's mark. However, when the first firm's symbol was generic when adopted, the possibility of relief based on presumptions of trademark law is lost. Nevertheless, there is the possibility of relief based on a showing that the second firm, although it has not infringed a trademark, has nevertheless unjustifiably caused confusion among consumers about source. Thus, in the Shredded Wheat case the Court, after rejecting the conclusion that Nabisco's showing of secondary meaning could translate the generic term shredded wheat into a valid trademark, stated that "[t]he showing which [Nabisco] has made does not entitle it to the exclusive use of the term shredded wheat, but merely entitles it to require that the defendant use reasonable care to inform the public of the source of its product,"
such as by labeling its package with the phrase "Kellogg's Shredded Wheat."\footnote{See id. at 120-21. See also Skinner Mfg. Co. v. Kellogg Sales Co., 143 F.2d 895 (8th Cir. 1944) (defendants privileged to use RAISIN BRAN on cereal boxes in company with their firm names).}

In any case where two parties have a privilege to use a generic term, such as shredded wheat, or a functional feature such as the shape of a cigarette lighter,\footnote{See id. at 120-21. See also Skinner Mfg. Co. v. Kellogg Sales Co., 143 F.2d 895 (8th Cir. 1944) (defendants privileged to use RAISIN BRAN on cereal boxes in company with their firm names).} and that term or feature also serves as a source indicator to some consumers, then the second firm must take action, short of giving up its privilege to exploit the generic term or functional feature, reasonably calculated to avoid confusing consumers about source.\footnote{See Zippo Mfg. Co. v. Rogers Imports, Inc., 216 F. Supp. 670 (S.D.N.Y. 1963).} In the context of the Shredded Wheat case, the Kellogg Company may not label its cartons Kellogg's Nabisco Shredded Wheat, for that would infringe Nabisco,\footnote{Id.; cf. Charcoal Steak House, Inc. v. Staley, 263 N.C. 199, 139 S.E.2d 185 (1964); Alff v. Radam, 77 Tex. 53, 14 S.W. 164 (1890).} nor may it label its cartons simply Shredded Wheat, for though it is privileged to use that generic term, it cannot be permitted to confuse those consumers who think of Shredded Wheat as a term of origin pointing to Nabisco when at no significant cost the word Kellogg's may be added. Of course, some consumers may still be confused by Kellogg's Shredded Wheat if they assume that Shredded Wheat points to a single, anonymous source, but the law is willing to accept such confusion in order to permit the Kellogg Company, and the public generally, to make shredded wheat and label it Shredded Wheat.\footnote{Cf. Venetianaire Corp. of America v. A. & P. Import Co., 302 F. Supp. 156 (S.D.N.Y. 1969), aff'd, 429 F.2d 1079 (2d Cir. 1970); Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479 (S.D.N.Y. 1968); Fund of Funds, Ltd. v. First American Fund of Funds, Inc., 274 F. Supp. 517 (S.D.N.Y. 1967) (fact that defendant informs readers in its prospectus that no connection exists between the parties is immaterial).}

In the Inplace case, the jury found that the second firm did all that it reasonably could to dispel any confusion it caused by exercising its privilege to use Inplace in conducting and identifying its business.\footnote{See Dryice Corp. v. Louisiana Dry Ice Corp., 54 F.2d 882 (5th Cir. 1932); Farm Serv., Inc. v. United States Steel Corp., 901 Idaho 570, 414 P.2d 898 (1966); Houston v. Berde, 211 Minn. 528, 2 N.W.2d 9, 11 (1942). In Thruway Motel v. Hellman Motel Corp., 11 Misc. 2d 418, 170 N.Y.S.2d 552 (Sup. Ct. 1958), both parties were using THRUWAY MOTEL and the court refused to intervene on behalf of either. The likely response by the parties in such cases should be to distinguish themselves, in their own self-interest, thereby incidentally protecting the public interest.} Any unremedied confusion rested beyond the court's province. If the first party continued to be concerned about its relations with its customers, it could change its own trade symbol or add to it and apprise its customers through advertisements and publicity releases of the best means of identifying its locations, products, and services.

In cases involving a highly descriptive term, evidence of secondary meaning generally serves two functions: to justify the court in protecting the term as a mark if the term is not inherently ineligible for protection, and to enable the court, within the limits of policy, to protect from unfair exploitation any source associations that have sprung up in connection with the term despite...
its ineligibility for protection as a mark. If a term, though incapable of becoming a mark, nevertheless becomes invested with secondary meaning, the court must then evaluate the nature of the use made by the second firm to see if all reasonable steps have been taken by the second firm to avoid confusing consumers. If the first firm does not show with sufficient certainty that a substantial number of consumers regard the term in question as a source symbol, then, in theory, that firm has not established secondary meaning,\textsuperscript{145} and the court need not evaluate the second firm's conduct, since, by definition, its use of the term could not have caused or threatened confusion to a significant number of consumers.

Nevertheless, in a given case the first firm, for a variety of reasons, including the cost of opinion polls, may not present conclusive evidence suggesting that some consumers regard its generic term as a source symbol, but may present proof that the defendant attempted or threatened unfairly to exploit the first firm's relations with its customers. Such evidence may justify a court in policing the second firm in the interest of maintaining order in the market and protecting consumer source associations, even though the term or symbol in issue is generic and has not become invested with secondary meaning. Thus, in \textit{Bernstein v. Friedman}\textsuperscript{146} the plaintiff, doing business under the trade symbol \textit{WESTERN RANCHMAN OUTFITTERS}, established that large numbers of consumers in many states regarded that term as a symbol of source pointing to plaintiff. The defendant, located across the street and three doors away from the plaintiff's place of business, placed several signs on his building, one saying \textit{THE HUB ARMY STORE} and another saying \textit{WESTERN OUTFITTERS}. Plaintiff succeeded in enjoining the use by defendant of this latter sign. The court noted that it would not ordinarily prevent a business from advertising that it had western outfits for sale, but the court nevertheless entered the injunction on the ground that the defendant's choice and placement of his \textit{WESTERN OUTFITTERS} sign evidenced a deliberate attempt to confuse consumers, especially those who had formerly done business with plaintiff only by mail or who knew plaintiff's reputation but not his location. The court said that whether defendant's use of his sign served in part as an advertisement of the nature of his wares made no difference since the record showed both an intent to deceive consumers and a likelihood of confusion.

In a similar Texas case, \textit{Rogers v. Famous Brands of Texas, Inc.}\textsuperscript{147} plaintiff did business as \textit{FAMOUS BRANDS FACTORY OUTLET SHOES}, but his advertising emphasized the two words \textit{FACTORY OUTLET}, and a large sign saying \textit{FACTORY OUTLET} hung over the sidewalk outside the premises. The defendant purchased an existing shoe business located two doors from plaintiff's store, changed its name to \textit{ROGERS' FACTORY OUTLET}, and hung a sign emphasizing \textit{FACTORY OUTLET}. The Fort Worth court

\textsuperscript{146} 160 P.2d 227 (Wyo. 1945).
\textsuperscript{147} 352 S.W.2d 510 (Tex. Civ. App.—Fort Worth 1961, no writ). \textit{See also W.E. Bassett Co. v. Revlon, Inc.; 435 F.2d 656 (2d Cir. 1970).}
of civil appeals concluded that the words *factory outlet* designated a type or class of business and thus could not be exclusively appropriated as against others who could use the same term with equal truth, even if the words had acquired a secondary meaning.\(^{148}\) However, the court found defendant's use of the terms, even though accompanied with the differentiating word *ROGERS'*, calculated fraudulently to divert business from plaintiff's store to defendant's. The court said it could not absolutely enjoin the defendant from using the words in their primary sense (*i.e.*, in a manner that caused no confusion), but it nevertheless instructed the trial court to enjoin defendant from further using *FACTORY OUTLET* in its trade name.

Questions of fact upon which reasonable minds can differ always underlie controversies where a second firm uses a generic term known as a first firm's trade symbol. If the second firm's use is "fair" and in "good faith"\(^{149}\) and not calculated to confuse consumers,\(^{150}\) then a court will permit it, perhaps after assuring itself that every reasonable step has been taken by the second firm to dispel confusion.\(^ {151}\) In shaping a decree in such a case courts respond to evidence that consumers regard disputed generic terms or functional features as source symbols rather than to evidence that a second firm has attempted to pass off its products or services as those of the first firm.\(^ {152}\) Judicial attempts to adjust the parties' rights to use the disputed matter, such as those involved in the *Thermos* litigation, often run into difficulty where the evidence supports a conclusion that the second firm has not used the disputed term or feature in good faith, but rather has attempted or accomplished "passing off" or fraud. In such cases, the court can proceed to judgment or enter a decree with little regard for the second firm's forfeited privilege to use fairly and reasonably the disputed matter.\(^ {153}\) Thus, in *Goodyear Tire & Rubber Co. v. H. Rosenthal Co.*\(^ {154}\) the plaintiff charged the Rosenthal Company with unfairly using the word *Goodyear* and the court enjoined such use. The background of the suit included a past adjudication by the Supreme Court that *Goodyear* was generic for certain rubber products much in the way that *wine*, *cotton*, and *grain* are generic for the products they describe,\(^ {155}\) and a subsequent history of use of the term *Goodyear* by many different firms especially those making rainwear.\(^ {156}\) Indeed, the Rosenthal Company had long used *GOODYEAR* as part of several different marks for rainwear, including the mark *GOODYEAR DELUXE* by H. Rosenthal Co. The Rosenthal Company relied upon the defense of genericness and good faith use, and

\(^{148}\) 352 S.W.2d at 512.


\(^{154}\) 246 F. Supp. 724 (D. Minn. 1965).


\(^{156}\) See, e.g., Rettinger v. FTC, 392 F.2d 454 (2d Cir. 1968).
also argued that it had taken reasonable steps to dispel confusion among consumers about source. However, the court became convinced of the veracity of the plaintiff's uncontradicted affidavits that Goodyear on rainwear labels meant that the Goodyear Tire & Rubber Company manufactured the labeled product, and accordingly and justifiably, entered a preliminary injunction not only against using Goodyear on labels that did not carry enough information to dispel a likelihood of confusion about source, but also against using Goodyear on labels affixed to imported merchandise, and against "passing off."

Thus a first firm whose trade symbol turns out to be ineligible for protection as such may nevertheless state a cause of action and receive a remedy for unfair competition when a second firm uses the symbol in a manner that is careless of source associations, and may also state a cause of action and receive a remedy for "passing off" or fraud when the second firm passes off its product or service as that of the first firm, in whole or in part, through the medium of the first firm's unprotectable symbol.\(^{157}\) When the facts support a conclusion that the second firm's conduct falls into the passing off category, a court may enjoin the second firm's use of the symbol, even when the record in the case does not establish a secondary meaning.\(^{158}\) Accordingly, in Lincoln Restaurant Co. v. Wolfies Restaurant, Inc.\(^{159}\) when a Miami restaurateur doing business as WOLFIES sought to restrain the use of WOLFIES in connection with a Brooklyn restaurant, an injunction against further use of WOLFIES by the Brooklyn firm was granted even though WOLFIES was not a trademark and did not have secondary meaning in New York, on the ground that defendant intentionally used designs, color schemes and menu listings to encourage the belief among his patrons of a relationship with or sponsorship by the Miami restaurant, and that such conduct constituted the tort of passing off one's products or services as another's, a tort remediable by injunction against further use of the trade symbol without regard to the validity of the symbol or its status under abstract principles of trademark law.

IV. CONCLUSION

Federal and state trademark law each contain similar postulates and principles. In both systems, generic words and functional features are regarded as undesirable trademarks because of the need to use them descriptively and because of the handicap to business and to the public if one firm gains trademark rights in such terms.\(^{160}\) However, consumers often come to regard generic terms or functional features as trademarks, so that a procedure which treats them as wholly free terms also contributes to a likelihood that unscrupulous firms will exploit the source connotations inherent in such terms.

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This is so partly because trademarks and service marks, including those which become registered federally, first arise through adoption and use rather than through state or federal registration. In other words, because courts and agencies cannot, under the present system, directly regulate the adoption and use of marks, consumers in many instances come to regard as marks those types of words and features which both state and federal law and policy regard as unworthy of mark status.

The Patent Office denies registrations for such terms, disregarding evidence that consumers have invested them with de facto secondary meaning. In so doing the office rightly denies the applicant the benefit of registration for a word or feature which ought not be made any firm's exclusive trademark property, and it incidentally provides a decisional model for state and federal courts faced with the question of the accrual of common law trademark rights in generic words and functional features. Thus, state and federal courts applying state law should—and in most cases do—follow the practice of the Patent Office and refuse to recognize trademark rights in words and features regarded as the common property of the public, despite evidence that the words or features have for some consumers de facto secondary meaning as source symbols. The refusal to recognize long-run trademark rights in words regarded as de facto marks by a portion of the contemporary consuming public does not mean that the law does not or should not, in the short run, protect those source associations in other ways. Competitors who exceed their right to use generic terms and functional features in the conduct of their business, and in addition unnecessarily confuse consumers about source, should be controlled. A merchant who improvidently invests time, effort and money in identifying his firm to the public through the medium of a generic term should not thereby gain the expected mark owner's advantage over his competitors. However, neither does such a merchant thereby license future competitors to exploit the term as if it had no meaning to consumers who do in fact attach some source connotation to that term. State tort law should not and does not countenance such conduct.

Thus, a first firm may enjoin a second firm using the first firm's unregistrable and unprotectable identity, and may also recover damages for loss of profits, goodwill, or perhaps diversion of trade if the second firm's use occurs as part of an attempt to pass off the second firm's products or services as those of the first firm or to confuse customers about the location of the first firm or its relationship with the second. Such direct attempts at piracy are punished as such without reference to the meaning assigned to the first firm's symbol by consumers. Additionally, if the first firm's symbol, though unregistrable and unprotectable as a trademark, has nevertheless acquired a secondary meaning to a substantial number of consumers, the first firm can enjoin a use of that symbol by another business, though not associated with "passing off," if the use nevertheless occurs outside the context of reasonable efforts by the second firm to avoid confusing consumers through its qualifiedly privileged use of the symbol.

There is a fine line between the need of business and the consuming public to describe and differentiate various products and services, and the societal
need to encourage entrepreneurship by rewarding innovators with rights to exclusive use of certain source symbols developed by them. Drawing this line requires a balancing of social and economic goals, a task which rests with the Patent Office and the courts. Thus, firms that adopt and use trademarks which come to be regarded by many consumers as generic, or that adopt and use generic terms which many consumers come to regard as trademarks, may gain a measure of legal protection for their symbols. While generic terms cannot receive full protection as trade symbols, neither may businesses use them unreasonably to confuse consumers about the source of products and services. The law thus discourages the adoption and use of generic terms as marks but does not go so far as to condone deliberate acts of fraud or "passing off" by competitors.
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