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TRADEMARKS AND COMPETITION: THE *IVES* CASE

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INTRODUCTION

Forty years after it last discussed trademark law,¹ the Supreme Court will decide *Darby Drug Co. v. Ives Laboratories, Inc.*² (*Ives*). To many trademark attorneys, *Ives* already is something of a landmark.³ It is the aim of this article to show

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1. Certiorari was last granted in *Mishawaka Mfg. Co. v. Kresge Co.*, 316 U.S. 203 (1942), "solely to review the provisions of the decree dealing with the measure of profits and damages for the infringement found by the two lower courts." *Id.* at 204-05. The case is best remembered today for Justice Frankfurter's celebrated dictum concerning the "psychological function of symbols." *Id.* at 205.

A more recent decision, *Fleischmann Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967), involved the narrow question of the right to attorneys' fees under § 35 of the Trademark Act of 1946 (Lanham Act), 15 U.S.C. § 1117 (1976). In *Fleischman*, the Court ruled that fees were not available under the Lanham Act. Thereafter, the statute was amended to provide that a "court in exceptional cases may award reasonable attorney fees to the prevailing party," and the significance of *Fleischman* was accordingly limited.

Two other decisions, *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting*, 376 U.S. 234 (1964), have had a widespread influence on trademark law, although the cases focused primarily on the relationship between state unfair competition law and federal patent policy. See generally Chapman, *The Supreme Court and Federal Law of Unfair Competition*, 54 TMR 573 (1964); Cooper, *Trademark Aspects of Pharmaceutical Product Design*, 70 TMR 1 (1980) [hereinafter cited as Cooper]; Dannay, *The Sears-Compco Doctrine Today: Trademarks and Unfair Competition*, 67 TMR 132 (1977) [hereinafter cited as Dannay]; Leeds, *The Impact of Sears and Compco*, 55 TMR 188 (1965) [hereinafter cited as Leeds]; McCarthy, *Important Trends in Trademark and Unfair Competition Law During the Decade of the 1970s*, 71 TMR 93 (1981) [hereinafter cited as McCarthy]; Note, *Products Simulation: A Right or a Wrong?*, 64 COLUM. L. REV. 1179 (1964).

2. *Darby Drug Co. v. Ives Labs., Inc.*, No. 81-0011 consolidated with *Inwood Labs., Inc. v. Ives Labs., Inc.*, No. 80-2182, cert. granted, 50 U.S.L.W. 3278 (U.S. October 13, 1981). *Ives* involves the right of generic drug manufacturers to simulate the appearance of prescription drug capsules.

3. Others may well wonder why more trademark cases have not reached the Supreme Court, and whether others may not be there soon. For example, the decision in *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366 (7th Cir. 1976), cert. denied, 429 U.S. 830 (1976), focused attention on the meaning of § 33(b) of the Lanham Act, 15 U.S.C. § 1115(b), an extremely important section of the statute about which substantial controversy exists in the trademark field. See Fletcher, *Incontestability And Constructive No-*

why *Ives* is likely to be far more than an historical curiosity. No effort will be made to anticipate the Supreme Court's decision, to champion the views of any party, or to address every issue raised in a host of briefs. Nor is this an occasion to consider only pharmaceutical cases⁴ and peculiar problems they may raise.⁵

The substance⁶ of trademark law involves five issues:

1. the Constitutional foundations;
2. the scope of trademark rights including the acquisition, maintenance, and loss of those rights, federal registration,⁷ and

tice: A Quarter Century of Adjudication, 63 TRM 71 (1973); McCarthy, *supra* note 1, at 101-06.

There appears to be a widening division of authority concerning the outer limits of the likelihood of confusion standard. *Compare* Warner Bros., Inc. v. Gay Toys, Inc., 658 F.2d 76 (2d Cir. 1981); General Electric Co. v. Alumpa Coal Co., Inc., 205 U.S.P.Q. 1036 (D.Mass. 1979), *with* International Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912 (9th Cir. 1980); *cert. denied*, 49 U.S.L.W. 3931 (U.S. June 15, 1981); Carson v. Here's Johnny Portable Toilets, Inc., 498 F. Supp. 71 (E.D. Mich. 1980).

The relationship between trademark law and the first amendment presents an issue of potentially far reaching significance. *See* Sambo's Restaurants, Inc. v. City of Ann Arbor, 663 F.2d 686 (6th Cir. 1981); Kaul, *First Amendment Considerations*, 1981 GENERIC TRADEMARKS 53 (PLI); McCarthy, *supra* note 1, at 112-23.

4. Recent cases that are closely related to *Ives* include SK&F Co. v. Premo Pharm. Labs., Inc., 625 F.2d 1055 (3d Cir. 1980); Merrell-National Labs. v. Zenith Labs., Inc., 194 U.S.P.Q. 157 (D.N.J. 1977), *aff'd on procedural grounds*, 579 F.2d 786 (3d Cir. 1978); Beecham, Inc. v. Zenith Labs., Inc., No. 81 Civ. 731 (D.N.J. October 22, 1981); Boehringer Ingelheim G.m.b.H. v. Pharmadyne Labs., Inc., 211 U.S.P.Q. 1163 (D.N.J. 1980); Hoffman La Roche v. Premo Pharm. Labs., Inc., 210 U.S.P.Q. 374 (D.N.J. 1980); A.H. Robins Co. v. Medicine Chest Corp., 206 U.S.P.Q. 1015 (E.D. Mo. 1980); Pennwalt Corp. v. Zenith Labs., Inc., 472 F. Supp. 413 (E.D. Mich. 1979); and other cases cited in Brief For The Pharmaceutical Manufacturers Association As Amicus Curiae at 25, *Ives Labs., Inc. v. Darby Drug Co.*, *cert. granted*, 50 U.S.L.W. 3278 (U.S. Oct. 13, 1981) (No. 80-2182, 1980 Term; renumbered No. 81-11, 1981 Term).

5. One example of an issue peculiar to pharmaceutical cases is the relationship between trademark law and so-called generic drug substitution laws. *See generally* Pharmaceutical Soc., Inc. v. Lefkowitz, 454 F. Supp. 1175, 1177-78 (S.D.N.Y. 1978), *aff'd*, 586 F.2d 953 (2d Cir. 1978); Note, *Consumer Protection And Prescription Drugs: The Generic Drug Substitution Laws*, 67 Ky. L.J. 384 (1979); and cases cited *supra* note 4.

6. A sixth issue is access to the courts and administrative tribunals. However, even these questions may involve matters of substance, as where a court decides that § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides a cause of action not previously recognized. *See, e.g., In re Uranium Antitrust Litigation*, 473 F. Supp. 393, 406-09 (N.D. Ill. 1979). *See generally* Germain, *Unfair Trade Practices Under Section 43(a) of the Lanham Act: You've Come A Long Way, Baby—Too Far, Maybe?*, 64 TMR 193 (1974). The conduct of trademark disputes, whether in the courts or the Patent and Trademark Office, makes procedure a seventh issue.

7. The time-honored rule that trademark rights arise solely out of use should not obscure the substantive value of federal registration, including the value of registration on the Principal Register, and the constructive notice provisions of the Lanham Act. 15 U.S.C. §§ 1057(b), 1065, 1115(b), 1072

the relationship between trademarks and other branches of the law;

3. infringement of trademark rights;
4. defenses to a charge of infringement;
5. remedies or relief.

The Constitutional issue has been settled since 1879.⁸ Many defenses are as much matters of scope⁹ or infringement¹⁰ as separate concerns, and relief ought to follow logically from rights¹¹ and a finding of infringement.

The heart of trademark law is the scope of rights, and the conditions under which they are violated. Those rights, in turn, are inextricably bound up with the role trademarks play in a competitive marketplace. Traditionally, concern with trademarks and competition has raised two broad issues. The first issue is whether admittedly valid trademarks promote or restrain competition.¹² The second is the relationship between valid trademarks and generic terms or functional features.¹³ *Ives* raises fundamental questions concerning the second of these issues, and offers an opportunity to explore the bases of trademark rights at a time when certain foundations of the law may be starting to erode.

THE *IVES* CASE

In *Ives Laboratories, Inc. v. Darby Drug Co.*,¹⁴ plaintiff made cyclandelate, a prescription drug that it sold under the registered trademark CYCLOSPASMOL in pale blue 200 mg. cap-

(1976). See generally 1 J. McMARTHY, TRADEMARKS AND UNFAIR COMPETITION, § 16:2(A) at 569 n.16, § 19:5 at 659-61 (1973).

8. In Trade-Mark Cases, 100 U.S. 82 (1879), the Supreme Court decided that Congressional power to regulate trademarks did not derive from Article I, § 8, cl. 3 of the Constitution, which confers authority "to promote the progress of science and the useful arts," but from the commerce clause of the U.S. Constitution, art. I, § 8, cl. 8.

9. For example, trademark rights may not be acquired in places occupied by an innocent prior user and may be lost through abandonment. 15 U.S.C. § 1115(b)(2), (5) (1976).

10. The principal defense in many cases is that there is no infringement because there is no likelihood of confusion. See, *Vitarroz v. Borden, Inc.*, 644 F.2d 960 (2d Cir. 1981). Admittedly not an aspect of infringement is the defense of estoppel, which may operate to preclude relief despite a finding of infringement. Even this defense will rarely justify permitting confusion to go unchecked. *Hanover Milling Co. v. Metcalf*, 240 U.S. 403, 419 (1916).

11. For an example of how the scope of relief follows from the scope of trademark rights, see *infra* text accompanying notes 97-100.

12. See authorities cited *infra* note 43.

13. See *infra* text accompanying notes 44-45.

14. 455 F. Supp. 939 (E.D.N.Y. 1978) (hereinafter cited as *Ives I*).

sules and red-and-blue 400 mg. capsules.¹⁵ The pale blue capsules, but not the red-and-blue capsules, were introduced during the term of a patent for cyclandelate that expired in 1972.¹⁶

After defendants began to promote the sale of the same product¹⁷ in capsules of the same appearance, plaintiff sought to enjoin defendants *pendente lite* from direct¹⁸ and contributory¹⁹ infringement of its registered trademark,²⁰ and violation of Section 43(a) of the Lanham Act.²¹ The district court ruled that one

15. *Id.* at 941.

16. This is not evident in *Ives I*, 455 F. Supp. 939, but may be found in *Ives Labs., Inc. v. Darby Drug Co.*, 601 F.2d 631, 634 (2d Cir. 1979) [hereinafter cited as *Ives II*].

17. For purposes of its preliminary injunction motion, plaintiff "conceded that the cyclandelate sold by defendants has the same bioavailability as 'Cyclospasmol' and that the two are bioequivalent. . . ." *Ives I*, 455 F. Supp. at 942. It is suggested that this fact may distinguish *Ives* from cases where a defendant's drug is not the equivalent of plaintiff's product. See cases *supra* note 4. In the latter situation, it ought to be unnecessary to decide whether the appearance of plaintiff's drug capsule identifies the source of the drug or is associated with its ingredients and their therapeutic effect. Even if the appearance is associated with the ingredients and their therapeutic effect, a defendant who makes a nonequivalent drug should not be entitled to duplicate the appearance of plaintiff's drug capsule to suggest that it is the same product.

18. Plaintiff alleged that one wholesaler infringed its registered trademark by using the trademark SPASMOL, and the district court agreed. *Ives I*, 455 F. Supp. at 943.

19. Plaintiff alleged that druggists infringed the registered CYCLOSPASMOL trademark by passing off defendants' drug, mislabeling bottles given to customers or both, and that defendants contributed to this infringement by simulating the appearance of CYCLOSPASMOL capsules and distributing certain catalogs. *Ives I*, 455 F. Supp. at 942, 945-46.

20. Section 32(1)(a) of the Lanham Act, 15 U.S.C. § 1114(1)(a) (1976), provides:

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

21. Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1976) provides:

Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

defendant's use of SPASMOL was a direct infringement of CYCLOSPASMOL,²² but otherwise denied relief.²³

On appeal,²⁴ the Court of Appeals for the Second Circuit affirmed the denial of a preliminary injunction on the ground that it did not constitute an abuse of discretion.²⁵ At the same time, it corrected several errors of law committed by the district court. These included the lower court's statement of the test for contributory trademark infringement,²⁶ and its assessment of the effect of the Supreme Court's earlier decisions in *Sears, Roebuck & Co. v. Stiffel Co.* and *Compco Corp. v. Day-Brite Lighting, Inc.*²⁷

After a full trial on the merits,²⁸ the district court again found an absence of either contributory trademark infringement²⁹ or a violation of Section 43(a) of the Lanham Act. Disagreeing with the district court's decision on contributory trademark infringement, the Second Circuit reversed³⁰ without directly considering whether a violation of Section 43(a) had occurred.³¹ On remand, the district court permanently enjoined defendants from simulating the appearance of plaintiff's drug capsules.³²

THE ISSUES IN PERSPECTIVE

As is demonstrated by five judicial opinions and twenty briefs submitted to the Supreme Court,³³ *Ives* raises a host of

In *Ives I*, plaintiff alleged that defendants' simulation of the appearance of its CYCLOSPASMOL capsules violated this section of the statute. *Ives I*, 455 F. Supp. at 942, 946-51. In addition, plaintiff argued that this simulation amounted to placing an instrument of fraud in the hands of druggists in violation of New York common and statutory law. *Id.* at 942, 951. This aspect of the case will not be considered further in this article.

22. See *supra* note 18.

23. *Ives I*, 455 F. Supp. at 952.

24. *Ives II*, 601 F.2d 631.

25. *Id.* at 644.

26. *Id.* at 636.

27. *Id.* at 639-44. *Sears* and *Compco* are discussed *supra* note 1.

28. *Ives Labs., Inc. v. Darby Drug Co.*, 488 F. Supp. 394 (E.D.N.Y. 1980) [hereinafter cited as *Ives III*].

29. Concerning direct infringement, the district court held that there was "no reason why the temporary injunction against Sherry prohibiting use of the name 'Spasmol' should not be made permanent." *Id.* at 397.

30. *Ives Labs., Inc. v. Darby Drug Co.*, 638 F.2d 538 (2d Cir. 1981) [hereinafter cited as *Ives IV*].

31. *Id.* at 545 n.1. For a discussion of how the Second Circuit may have addressed this issue indirectly, see *infra* note 99.

32. *Ives Labs., Inc. v. Darby Drug Co.*, No. 78 Civ. 372 (S.D.N.Y. May 15, 1981) [hereinafter cited as *Ives V*].

33. Seven briefs, including two briefs *amicus curiae*, were filed with the

issues.³⁴ From a somewhat bewildering array, two questions stand out: (1) the scope of trademark rights in light of *Sears and Compco*³⁵ and *Kellogg Co. v. National Biscuit Co.*;³⁶ (2) the scope of the doctrine of contributory trademark infringement.³⁷ These concerns transcend the facts of *Ives* and are best understood against the background of fundamental principles of trademark law.

The Traditional Foundations of Trademark Rights

A trademark is any "word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others."³⁸ So called "arbitrary" and "suggestive" words, names, symbols and devices³⁹ are said to be valid trademarks when first used because they identify the source of goods at that time.⁴⁰ "Descriptive" words, names, sym-

Supreme Court in connection with the petition for a writ of certiorari. On the merits, twelve briefs were filed including eight briefs *amicus curiae*.

34. See *supra* notes 14-32 and accompanying text.

35. See *supra* note 1.

36. 305 U.S. 111 (1938).

37. See *supra* text accompanying notes 19, 26, 30.

38. Section 45 of the Lanham Act, 15 U.S.C. § 1127 (1976). Accord *Trademark Cases*, 100 U.S. 82, 92 (1879). It is suggested that this definition, and the reference to any "symbol, or device" in particular, is broad enough to encompass packaging and product features that are frequently referred to as trade dress. Compare, e.g., *Ives II*, 601 F.2d at 643-44 (referring to the appearance of plaintiff's drug capsule as "trade dress") with *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979):

It is well established that, if the design of an item is nonfunctional and has acquired secondary meaning, the design may become a *trademark* even if the item itself is functional. *Ives Laboratories, Inc. v. Darby Drug Co.*, 601 F.2d 631, 642 (2d Cir. 1979); *Truck Equipment Service Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1215 (8th Cir.), *cert. denied*, 429 U.S. 861, 97 S.Ct. 164, 50 L.Ed.2d 139 (1976). (emphasis added; footnote omitted).

39. The terms "arbitrary" and "suggestive" are most commonly used in connection with words and names. See, e.g., *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10-11 (2d Cir. 1976). However, these terms are equally applicable to symbols and devices. See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979) (arbitrary); *Car-Freshner Corp. v. Auto Aid Mfg. Corp.*, 461 F. Supp. 1055, 1060 (N.D.N.Y. 1978) (suggestive). Cf. *Ives IV*, 638 F.2d at 540, (Second Circuit characterized the appearance of plaintiff's drug capsules as "distinctive."). See discussion *infra* note 99.

40. *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 374 n.8 (1st Cir. 1980); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1184 (5th Cir. 1980), *cert. denied*, 450 U.S. 981 (1981); *Surgicenters of America, Inc. v. Medical Dental Surgeries Co.*, 601 F.2d 1011, 1014-15 (9th Cir. 1979); *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 79 (7th Cir. 1977), *cert. denied*, 434 U.S. 1025 (1978); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10-11 (2d Cir. 1976).

bols or devices are not accorded trademark status until they acquire "secondary meaning"⁴¹ and, thereby, identify the source of goods.⁴²

From these basic principles, it is said to follow that trademarks "are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other."⁴³ Where competition will be

41. The majority view is that secondary meaning is an association between a product and its source. *Harlequin Enterprises Ltd. v. Gulf & Western Corp.*, 503 F. Supp. 647, 650 (S.D.N.Y. 1980), *aff'd*, 644 F.2d 946 (2d Cir. 1981); *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 12 (5th Cir. 1974); *Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794, 802 (9th Cir. 1970) ("Secondary meaning has been defined as *association*, nothing more.") (original emphasis).

At least where product features are involved, some cases have applied the two-pronged definition of secondary meaning set out by Learned Hand in *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299 (2d Cir. 1917):

[P]laintiff [must] show [1] that the appearance of his wares has in fact come to mean that some particular person—the plaintiff may not be individually known—makes them, and [2] that the public cares who does make them, and not merely for their appearance and structure.

Id. at 300.

See Astatic Corp. v. American Elect., Inc., 201 U.S.P.Q. 411, 419-20 (N.D. Ohio 1978, as amended 1979); *American Basketball Assoc. v. AMF Voit, Inc.*, 358 F. Supp. 981, 986 (S.D.N.Y.), *aff'd mem.*, 487 F.2d 1393 (2d Cir. 1973), *cert. denied*, 416 U.S. 986 (1974); *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 686-88 (S.D.N.Y. 1963); *W. E. Bassett Co. v. H. C. Cook Co.*, 164 F. Supp. 278, 283 (D. Conn. 1958).

Whether this second requirement is reasonable may be explored by examining the other side of the question: the meaning of generic character. In *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 515 F. Supp. 448, 453 (N.D. Cal. 1981), the court observed that the test for genericness "requires a determination of 'primary significance' of the mark 'MONOPOLY' in the average consumer's mind. It *does not* seek an explanation of an actual *purchaser's motivation for purchasing the game.*" (original emphasis). Requiring a showing on the latter point "proves" that trademarks such as TIDE are generic terms. *Id.* at 453-54 n.5.

42. *See cases cited supra* note 40. Although the source of the analysis at notes 39-42, *supra*, is a case of recent origin, this approach reflects traditional notions of trademark rights. *See generally* 1 J. McCARTHY, *supra* note 7, § 11.

43. S. Rep. No. 1333, 79th Cong., 2d Sess., *reprinted in* 1946 U.S. CODE CONG. & AD. NEWS 1274, 1274-75, *citing* *Mishawaka Mfg. Co. v. Kresge Co.*, 316 U.S. 203, 204-05; *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924); *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 97-98 (1918); *Trade-Mark Cases*, 100 U.S. 82 (1879). This has long represented the majority view. *See Palladino, Compulsory Licensing Of A Trademark*, 26 BUFF. L. REV. 457, 475 nn.91, 112-14 (1977).

The contrary view, that valid trademarks are anticompetitive monopolies, can be found in authorities such as CHAMBERLAIN, *THE THEORY OF MONOPOLISTIC COMPETITION* (8th ed. 1962); Timberg, *Trademarks, Monopoly, and the Restraint of Competition*, 14 LAW & CONTEMP. PROB. 323, 324-27 (1949), and the opinions of Judge Jerome Frank in *Triangle Publications, Inc. v. Rohrlich*, 167 F.2d 969, 974-83 (2d Cir. 1948) (Frank, J., dissenting);

impeded by the exclusive appropriation of a word, name, symbol or device, these are denied the status of valid trademarks. A word or name in this category is considered generic,⁴⁴ whereas a symbol or device of this type is regarded as functional.⁴⁵

The Scope of Trademark Rights

Sears and Compc

At least as early as *Crescent Tool Co. v. Kilborn & Bishop Co.*,⁴⁶ it was established that one could claim exclusive rights in

Standard Brands, Inc. v. Smidler, 151 F.2d 34, 37-43 (2d Cir. 1945) (Frank, J., concurring); Eastern Wine Corp. v. Winslow-Warren, Ltd., 137 F.2d 955, 957-58 (2d Cir. 1943), *cert. denied*, 320 U.S. 758 (1943).

As a fixed point in an ever-changing commercial universe, a trademark represents the quality of goods, and serves as a focus of advertising. See e.g., *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296, 301 (9th Cir. 1979); Hanak, *The Quality Assurance Function Of Trademarks*, 43 FORDHAM L. REV. 363 (1974). See generally Palladino, *supra* note 43 at 472-77.

44. *Canal Co. v. Clark*, 13 U.S. 311, 323 (1871); *Miller Brewing Co. v. Falstaff Brewing Corp.*, 655 F.2d 5, 7-8 (1st Cir. 1981); *Anti-monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296, 301-02 (9th Cir. 1979); *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 80 (7th Cir. 1977), *cert. denied*, 434 U.S. 1025 (1978); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-10 (2d Cir. 1976); *Park 'N Fly, Inc. v. Park & Fly, Inc.*, 489 F. Supp. 422, 425 (D. Mass. 1979); *Salton Inc. v. Cornwall Corp.*, 477 F. Supp. 975, 986 (D.N.J. 1979); *Dictaphone Corp. v. Dictamatic Corp.*, 199 U.S.P.Q. 437, 445 (D. Ore. 1978).

The Lanham Act does not use the word "generic". The statute provides that the right of a registrant to use a trademark may be made incontestable by the filing of an appropriate affidavit, but that "no incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise." 15 U.S.C. § 1065(4) (1976). It also provides that after five years a registration may no longer be canceled except on one of several grounds, including that the mark has become the "common descriptive name" of an article or substance. 15 U.S.C. § 1064(c) (1976). See also 15 U.S.C. § 1115 (1976).

45. *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 824 (3d Cir. 1981); *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980), *cert. denied*, 49 U.S.L.W. 3931 (U.S. June 15, 1981) (involving name as well as symbol); *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1217-18 (8th Cir. 1976), *cert. denied*, 429 U.S. 861 (1976); *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738, 743-44 (D. Hawaii 1979), *aff'd mem.*, 652 F.2d 62 (9th Cir. 1981); *Fotomat Corp. v. Photo Drive-Thru, Inc.*, 425 F. Supp. 693, 705 (D.N.J. 1977); *Schwinn Bicycle Co. v. Murray Ohio Mfg. Co.*, 339 F. Supp. 973, 980 (M.D. Tenn. 1971), *aff'd per curiam*, 470 F.2d 975 (6th Cir. 1972). Cf. *Damn I'm Good, Inc. v. Sakowitz, Inc.*, 514 F. Supp. 1357, 1362 (S.D.N.Y. 1981) (involving name). See also *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 774 (9th Cir. 1981) ("LV" for luggage and handbags); *Trak, Inc. v. Banner Ski KG*, 475 F. Supp. 1076, 1082 (D. Mass. 1979) (refusing to analyze "fishscale" as if it were a symbol or device).

46. 247 F. 299 (2d Cir. 1917). For a discussion of the antecedents of *Crescent Tool*, including *Enterprise Mfg. Co. v. Landers, Frary & Clark*, 131 F. 240

the nonfunctional features of a product, provided the features were distinctive, *viz.*, had acquired secondary meaning.⁴⁷ Thus, features of a product were treated "like [the product's] descriptive title in true cases of 'secondary' meaning."⁴⁸

In 1964, the Supreme Court decided *Sears and Compco*.⁴⁹ In *Sears*, the Court held that defendant could not be enjoined from making and selling a pole lamp that closely resembled plaintiff's lamp, and observed:

Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws.

In the present case the 'pole lamp' sold by Stiffel has been held not to be entitled to the protection of either a mechanical or a design patent. An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws.⁵⁰

Compco involved a fluorescent lighting fixture, which the Court held could be copied. The Court reached this result despite indications that certain ribbing on plaintiff's fixture was nonfunctional⁵¹ and evidence that the "fixture identified Day-Brite to the trade because the arrangement of the ribbing had, like a trademark, acquired a 'secondary meaning' by which that particular design was associated with Day-Brite."⁵² Explaining its decision, the Court stated:

(2d Cir. 1904), *see* 1 H. NIMS, UNFAIR COMPETITION AND TRADE-MARKS §§ 134a-136 at 378-85 (4th ed. 1947). *See also* Note, *Unfair Competition And The Doctrine Of Functionality*, 64 COLUM. L. REV. 544, 549-51 (1964). That the doctrine was well recognized is evident from its codification in RESTATEMENT OF TORTS § 741 (1938).

Similarly, it was said in an early case involving prescription drugs, *Upjohn Co. v. Wm. S. Merrell Chemical Co.*, 269 F. 209 (6th Cir. 1920), *cert. denied*, 257 U.S. 638 (1921): "[T]he existence of a secondary meaning or an identification coming from appearance is sufficient [to warrant relief]." *Id.* at 213. *Accord* *Smith, Kline & French Labs. v. Broder*, 125 U.S.P.Q. 299, 302-03 (S.D. Tex. 1959); *Smith, Kline & French Labs. v. Heart Pharm. Corp.*, 90 F. Supp. 976, 978 (S.D.N.Y. 1950).

47. For a discussion of product features that are inherently distinctive, *see supra* note 39.

48. *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 300 (2d Cir. 1917). One difference between symbols or features and words or names is the need to establish two elements (nonfunctionality and distinctiveness) in the case of symbols or features, as opposed to one element (distinctiveness) in the case of words or names. *See infra* note 183.

49. *See supra* note 1.

50. 376 U.S. at 231.

51. *Id.* at 236 ("Although the District Court had not made such a finding, the appellate court observed that 'several choices of ribbing were apparently available to meet the functional needs of the product'. . .").

52. *Id.* at 238.

That an article copied from an unpatented article could be made in some other way, that the design is 'nonfunctional' and not essential to the use of either article, that the configuration of the article copied may have a 'secondary meaning' which identifies the maker to the trade, or that there may be 'confusion' among purchasers as to which article is which or as to who is the maker, may be relevant evidence in applying a State's law requiring such precautions as labeling; however, and regardless of the copier's motives, neither these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.⁵³

For about a decade after they were decided, *Sears and Compco* "generated a great deal of controversy"⁵⁴ concerning the viability of the *Crescent Tool* doctrine, including its application in pharmaceutical cases.⁵⁵ As one commentator summarized the views of many in the trademark field: "After *Sears-Compco*, it was believed that if the product shape did not meet federal patent requirements (or did not have other federal statutory protection) competitors had the right to make copies."⁵⁶

Beginning with cases such as *Truck Equipment Service Co. v. Fruehauf Corp.*,⁵⁷ courts again recognized exclusive rights in the distinctive nonfunctional features of products without hesitation.⁵⁸ Recent prescription pharmaceutical cases are among

53. *Id.*

54. *Le Sportsac, Inc. v. Dockside Research, Inc.*, 478 F. Supp. 602, 605 (S.D.N.Y. 1979). See articles cited *supra* note 1.

55. *Compare* *Marion Labs., Inc. v. Michigan Pharmacal Corp.*, 338 F. Supp. 762, 768-69 (E.D. Mich. 1972), *aff'd mem.*, 473 F.2d 910 (6th Cir. 1973) with *McMurray, Drug Product Imitation As Unfair Competition*, 26 BUS. LAW. 339, 344-46 (1970).

56. *Dannay, supra* note 1, at 143. *Compare* *McCarthy, supra* note 1, at 96; *Cooper, supra* note 1, at 17 with *Leeds, supra* note 1. This issue was before the Second Circuit in *Ives II*, 601 F.2d at 639-41, and has been raised in briefs filed with the Supreme Court. See, e.g., Brief for Petitioner, at 8-9, 21 n.13, *Ives Labs., Inc. v. Darby Drug Co.*, *cert. granted*, 50 U.S.L.W. 3278 (U.S. Oct. 13, 1981) (No. 80-2182, 1980 Term; renumbered No. 81-11, 1981 Term) [hereinafter cited as *Premo Brief*]; Brief for Respondent, at 20-24, *Ives Labs., Inc. v. Darby Drug Co.*, *cert. granted*, 50 U.S.L.W. 3278 (U.S. Oct. 13, 1981) (No. 80-2182, 1980 Term; renumbered No. 81-11, 1981 Term) [hereinafter cited as *Darby Brief*].

57. 536 F.2d 1210 (8th Cir. 1976), *cert. denied*, 429 U.S. 861 (1976).

58. Cases include those in which the size and shape of a product was at issue. See, e.g., *Tveter v. A.B. Turn-O-Matic*, 633 F.2d 831, 839 (9th Cir. 1980), *cert. denied*, 451 U.S. 911 (1981); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1214, 1217-20 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Rolls-Royce Motors Ltd. v. A & A Fiberglass, Inc.*, 428 F. Supp. 689, 692 (N.D. Ga. 1976, as amended 1977); *Time Mechanisms, Inc. v. Qonaar Corp.*, 422 F. Supp. 905, 909-11 (D.N.J. 1976). See also *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 823 n.1 (3d Cir. 1981) (relief denied where features were functional); *Le Sportsac, Inc. v. Dockside Research, Inc.*, 478 F. Supp. 602, 606 (S.D.N.Y. 1974) (relief denied where features had not acquired secondary meaning). Where color was added as a third element, the treatment has been the same. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema*,

these decisions.⁵⁹ Several courts have circumvented *Sears* and *Compco* by noting that "one area that unquestionably survived was the state's power to prohibit 'palming off,'"⁶⁰ and leaving to others the case where palming off⁶¹ is not involved. Also incomplete is the explanation that *Sears* and *Compco* present no bar to an action under Section 43(a) of the Lanham Act because there is "no conflict with federal statutory policy."⁶² This approach calls into question the viability of *Crescent Tool*, a case decided at common law, and is particularly anomalous in view of the common law character of trademark rights.⁶³

Others have suggested that *Sears* and *Compco* present no bar to the enforcement of trademark rights, because the Court was discussing the relationship between state unfair competition law and federal patent policy:

In *Sears-Compco* the Court held merely that a state may not, through its law banning unfair competition, undermine the federal patent laws by prohibiting the copying of an article that is protected by neither a federal patent nor a federal copyright. For the Court to have held otherwise would have been to allow states to grant a monopoly to a producer where the federal government had specifically determined that free competition should prevail. This consideration does not apply in a trademark infringement action where the plaintiff does not assert exclusive rights to the sale of a product but merely to a mark indicating its origin or sponsorship.

Ltd., 604 F.2d 200, 204 (2d Cir. 1979); *Teledyne Indus., Inc. v. Windmere Prods., Inc.*, 433 F. Supp. 710, 736 (S.D. Fla. 1977). See also *T & T Mfg. Co. v. A. T. Cross Co.*, 449 F. Supp. 813, 817 (D.R.I. 1978), *aff'd*, 587 F.2d 533 (1st Cir. 1978), *cert. denied*, 441 U.S. 908 (1979).

59. See cases cited *supra* note 4, including *A.H. Robins Co. v. Medicine Chest Corp.*, 206 U.S.P.Q. 1015, 1020 (E.D. Mo. 1980):

Sears Roebuck and Co. v. Stiffel Co., 376 U.S. 225, 140 U.S.P.Q. 524 (1964), and *Compco Corp. v. Day-Brite Lighting*, 376 U.S. 234, 140 U.S.P.Q. 528 (1964), do not preclude relief in this case. This opinion may not be construed to grant plaintiff a monopoly in the color blue or to grant plaintiff a patent monopoly.

60. *Tveter v. A.B. Turn-o-matic*, 633 F.2d 831, 839 (9th Cir. 1980), *cert. denied*, 451 U.S. 911 (1981); *Pennwalt Corp. v. Zenith Labs., Inc.*, 472 F. Supp. 413, 418 (E.D. Mich. 1979); *Teledyne Indus., Inc. v. Windmere Prods., Inc.*, 433 F. Supp. 710, 736 (S.D. Fla. 1977). See *SK&F Co. v. Premo Pharm. Labs., Inc.*, 625 F.2d 1055, 1064 (3d Cir. 1980); *Dannay, supra* note 1, at 143.

61. Although the term is not infrequently misused, palming off, or passing off, is generally understood to be a mere species of trademark infringement or unfair competition and as such will not occur in many cases where a likelihood of confusion would justify relief. See generally 2 McCARTHY, *supra* note 7, § 25:1 at 169-74.

62. *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Le Sportsac, Inc. v. Dockside Research, Inc.*, 478 F. Supp. 602, 606 (S.D.N.Y. 1979). See *SK&F Co. v. Premo Pharm. Labs., Inc.*, 625 F.2d 1055, 1065 (3d Cir. 1980); *Dannay, supra* note 1, at 144.

63. In a system where trademark rights are said to arise out of use, and are enforceable in the absence of a federal registration, it is anomalous to create a class of trademarks that are enforceable only under federal statutory law. See *supra* note 7.

The question presented therefore is one of trademark law, and it is clear that *Sears-Compco* did not redefine the permissible scope of the law of trademarks insofar as it applies to origin and sponsorship.⁶⁴

This may well be true of *Sears*, where the Court did not consider whether or not features of plaintiff's pole lamp were functional or had acquired secondary meaning. It seems more difficult to read trademarks out of *Compco*, which not only mentioned them but involved a possibly nonfunctional feature with secondary meaning.⁶⁵ That the *Compco* Court was considering unfair competition, not trademark rights, is unclear. And the difference may be more a matter of semantics than substance, where the only trademark plaintiff could have claimed was a nonfunctional feature with secondary meaning.⁶⁶

If symbol and device trademarks survived *Compco*,⁶⁷ it is not because the Court neglected to mention "trademarks."⁶⁸ Their continued existence, it is suggested, follows from the Court's failure to consider the competitive implications of its decision. In ruling that defendant had the right "to copy whatever the federal patent and copyright laws leave in the public domain,"⁶⁹ including, quite possibly, a nonfunctional⁷⁰ product feature with secondary meaning,⁷¹ the Court never considered the competitive balance that the trademark law has struck.⁷² Until the Court does so, *Compco* ought not to be read to mean that

64. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204 (2d Cir. 1979) (citations omitted). *Accord* *Rolls-Royce Motors, Ltd. v. A&A Fiberglass, Inc.*, 428 F. Supp. 689, 692 (N.D. Ga. 1976); *Time Mechanisms, Inc., v. Qonaar Corp.*, 422 F. Supp. 905, 911 (D.N.J. 1976). *See also* *SK&F Co. v. Premo Pharm. Labs., Inc.*, 625 F.2d 1055, 1065 (3d Cir. 1980); *Boehringer Ingelheim G.m.b.H. v. Pharmadyne Labs., Inc.*, 211 U.S.P.Q. 1163, 1182 (D.N.J. 1980); *McCarthy, supra* note 1, at 96 n.7. ("[L]anguage in *Sears-Compco* to the effect that if an item is unprotected by patent law, it is therefore in the public domain, is a non sequitur. That a thing is unpatented does not mean that its duplication or imitation cannot be remedied by other sources of intellectual property law, such as copyright, trademark or general unfair competition."); *Cooper, supra* note 1, at 17 n.64; *Leeds, supra* note 1, at 189-91.

65. *See supra* text and quotes accompanying notes 51-53.

66. *See supra* text accompanying notes 51-52.

67. If symbol and device trademarks have not survived *Compco*, the case creates the peculiar situation in which some types of trademarks (symbols and devices) are entitled to less protection than others (words and names). *See supra* text accompanying notes 60-63.

68. *See supra* quote accompanying note 52.

69. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964).

70. *See supra* text and quotes accompanying notes 51, 53.

71. *See supra* textual quote accompanying note 52.

72. *See supra* text accompanying notes 43-45. *Cf. Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1215 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976).

competition can only be promoted by granting free access to whatever is not patented or copyrighted.

The "Shredded Wheat" Case

In one of its last considerations of trademark law,⁷³ the Supreme Court decided *Kellogg Co. v. National Biscuit Co.*⁷⁴ In that case plaintiff owned a patent on a machine that produced whole wheat cereal. After the patent expired, plaintiff's competitors began to make "shredded wheat" in pillow shaped biscuits. Claiming exclusive rights in the words "shredded wheat" and the pillow shape, plaintiff brought suit.

In reversing the award of an injunction, the Court found that the words "shredded wheat" were generic:

The plaintiff has no exclusive right to the use of the term 'Shredded Wheat' as a trade name. For that is the generic term of the article, which describes it with a fair degree of accuracy; and is the term by which the biscuit in pillow-shaped form is generally known by the public. Since the term is generic, the original maker of the product acquired no exclusive right to use it.⁷⁵

and that the pillow shape was functional:

The plaintiff has not the exclusive right to sell shredded wheat in the form of a pillow-shaped biscuit—the form in which the article became known to the public. That is the form in which shredded wheat was made under the basic patent. The patented machines used were designed to produce only the pillow-shaped biscuits.

. . . .

The evidence is persuasive that this form is functional—that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape.⁷⁶

Since *Kellogg* was decided, numerous trademark infringement actions have been defended on the ground that plaintiff's word mark "names the article of the now-expired patent, and that the monopoly in the name expired with patent,"⁷⁷ together with the monopoly over features of the product.⁷⁸ *Ives* is the latest example of this practice.⁷⁹

73. See *supra* note 1.

74. 305 U.S. 111 (1938).

75. *Id.* at 116.

76. *Id.* at 119-22.

77. *Chas. Pfizer & Co. v. Generic Formulae, Inc.*, 275 F. Supp. 421, 423 (E.D.N.Y. 1967). *Accord Telechron, Inc. v. Telicon Corp.*, 198 F.2d 903, 907 (3d Cir. 1952); *Riverbank Labs. v. Hardwood Prods. Corp.*, 165 F. Supp. 747, 762 (N.D.Ill. 1958). See also cases cited *infra* note 80.

78. *Teledyne Indus., Inc. v. Windmere Prods., Inc.*, 433 F. Supp. 710, 738 (S.D. Fla. 1977) ("Defendant argues that such features as the overall shape of the units are indisputably functional. . . ."). See also cases cited *infra* note 84.

79. The view that the CYCLOSPASMOL trademark is generic is

That *Kellogg* never established so broad a rule cannot seriously be doubted:

There is no rule that a trademark for a patented article ceases to be a trade-mark on the expiration of the patent. . . . It is not by the expiration of the patent . . . but by the change of meaning in the market, that such a designation ceases to be a trademark. . . .⁸⁰

presented in the Brief For The Generic Pharmaceutical Manufacturers Association As Amicus Curiae at 13-17, *Ives Labs., Inc. v. Darby Drug Co.*, cert. granted, 50 U.S.L.W. 3278 (U.S. Oct. 13, 1981) (No. 80-2182, 1980 Term; renumbered No. 81-11, 1981 Term). Perhaps because the record below is barren on this point, the argument is a legal one. Cf. Brief For The Respondent at 29-30, *Ives Labs., Inc. v. Darby Drug Co.*, cert. granted, 50 U.S.L.W. 3278 (U.S. Oct. 13, 1981) (No. 80-2182, 1980 Term; renumbered No. 81-11, 1981 Term).

The position that *Kellogg* precludes Ives Laboratories from exclusively appropriating the appearance of its pale blue CYCLOSPASMOL capsules is most clearly presented in Premo Brief, *supra* note 56, at 27-29. This, too, is a legal argument, based on assumption rather than evidence:

Because cyclandelate capsules originated with respondent and no other manufacturer during the term of the patent, it is logical to assume that consumers may have associated the pale blue color of the product with a capsule containing CYCLOSPASMOL brand cyclandelate, *solely because those were the only cyclandelate capsules available on the market and prescribed to patients*. Thus, even if respondent had been able to establish at trial that the appearance of its 200 mg. product was associated by the public with CYCLOSPASMOL brand cyclandelate, the holding of this Court in *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938) would bar the granting of relief to respondent against the copying of that appearance. (Premo Brief, *supra* note 56, at 27) (original emphasis)

Cf. Brief For The Respondent at 30, *Ives Labs., Inc. v. Darby Drug Co.*, cert. granted, 50 U.S.L.W. 3278 (U.S. Oct. 13, 1981) (No. 80-2182, 1980 Term; renumbered No. 81-11, 1981 Term).

Other briefs are less scrupulous in distinguishing between the pale blue CYCLOSPASMOL capsules, introduced during the term of the cyclandelate patent, and the blue-and-red CYCLOSPASMOL capsules that were not made available until after the patent had expired. See, e.g., *Darby Brief, supra* note 56, at 16, 19.

80. RESTATEMENT OF TORTS § 735 (1938), comment b. *Accord Dresser Indus., Inc. v. Heraeus Engelhard Vacuum, Inc.*, 395 F.2d 457, 461-62 (3d Cir.), cert. denied, 393 U.S. 934 (1968); *Telechron, Inc. v. Telicon Corp.*, 198 F.2d 903, 907 (3d Cir. 1952); *Enders Razor Co. v. Christy Co.*, 85 F.2d 195, 197 (6th Cir. 1936); *DuPont Cellophane Co. v. Waxed Prods. Co.*, 85 F.2d 75, 80 (2d Cir.), cert. denied, 299 U.S. 601 (1936); *President Suspender Co. v. MacWilliam*, 238 F. 159, 163 (2d Cir.), cert. denied, 243 U.S. 636 (1916); *Riverbanks Labs. v. Hardwood Prods. Corp.*, 165 F. Supp. 747, 762-63 (N.D. Ill. 1958); *Marks v. Polaroid Corp.*, 129 F. Supp. 243, 271 (D. Mass. 1955), *aff'd*, 237 F.2d 428 (1st Cir. 1956), cert. denied, 352 U.S. 1005 (1957); *Medd v. Boyd Wagner, Inc.*, 132 F. Supp. 399, 409 (N.D. Ohio 1955); *Q-Tips, Inc. v. Johnson & Johnson*, 108 F. Supp. 845, 863 (D.N.J. 1952), *aff'd*, 206 F.2d 144 (3d Cir.), *modified on other grounds*, 207 F.2d 509 (3d Cir. 1953), cert. denied, 347 U.S. 935 (1954).

Drug cases applying this rule include *Ross-Whitney Corp. v. Smith Kline & French Lab.*, 207 F.2d 190, 194 (9th Cir. 1953); *Chas. Pfizer & Co. v. Generic Formulae, Inc.*, 275 F. Supp. 421, 423 (E.D. N.Y. 1967) ("The name,

After the expiration of a patent, the "single question . . . is merely one of fact: What do the buyers understand by the word for whose use the parties are contending?"⁸¹

Similarly, functional features are the only elements of a product that are dedicated to the public when a patent expires. This is evident from *Kellogg* itself,⁸² and other cases. For example, in *Teledyne Industries, Inc. v. Windmere Products, Inc.*,⁸³ the court distinguished between certain functional features recited in the patents for a shower head and "the color scheme and lettering size and style . . . [which] are nonfunctional, nonesthetic features that serve only to indicate origin."⁸⁴

This treatment of generic terms and functional features after *Kellogg* is an application of the traditional balance between valid trademarks on the one hand and generic terms or functional features on the other. Where a word, name, symbol or device identifies the source of a once-patented product, and is not generic or functional, it may be appropriated by that single source. Where a word name, symbol or device does not identify source, or is generic or functional, it may be used by others.

Contributory Trademark Infringement

It is well settled that one can be found liable for contributing to another's infringement of a trademark.⁸⁵ Although the re-

even if embarrassed by its complete coincidence with all lawful sales of the patented product, may still identify a specific source class of users and be entitled to protection to that extent at least."); *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921).

81. *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921).

82. See *supra* quote accompanying note 76.

83. 433 F. Supp. 710 (S.D.Fla. 1977).

84. *Id.* at 738. See also cases cited *supra* note 4, where defendants were enjoined from simulating the appearance of drug capsules and tablets that contained ingredients covered by patents. Cf. *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1219 n.12 (8th Cir. 1976), *cert. denied*, 429 U.S. 861 (1976); *Time Mechanisms, Inc. v. Qonaar Corp.*, 422 F. Supp. 905, 913 (D.N.J. 1976).

85. *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 530-31 (1924); *Stewart Paint Mfg. Co. v. United Hardware Distrib. Co.*, 253 F.2d 568, 575 (8th Cir. 1958); *Upjohn Co. v. Schwartz*, 246 F.2d 254, 259 (2d Cir. 1957); *Reid, Murdoch & Co. v. H. P. Coffee Co.*, 48 F.2d 817, 819-20 (8th Cir. 1931), *cert. denied*, 284 U.S. 621 (1931); *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738, 745 (D. Hawaii 1979), *aff'd mem.*, 652 F.2d 62 (9th Cir. 1981); *Teledyne Indus., Inc. v. Windmere Prods. Inc.*, 433 F. Supp. 710, 737 (S.D. Fla. 1977); *Scotch Whiskey Ass'n v. Barton Distilling Co.*, 338 F. Supp. 595, 599 (N.D. Ill. 1971), *aff'd in part, rev'd on other grounds*, 489 F.2d 809 (7th Cir. 1973); *Wurzbürger Hofbrau A.G. v. Schoenling Brewing Co.*, 331 F. Supp. 497, 506 (S.D. Ohio 1971), *aff'd per curiam*, 175 U.S.P.Q. 391 (6th Cir. 1972), *cert. denied*, 409 U.S. 1042 (1972); *Corning Glass Works v. Jeannette Glass Co.*, 308 F. Supp. 1321, 1326 (S.D.N.Y. 1970), *aff'd per curiam*, 432 F.2d 784 (2d Cir. 1970); *Stix Products, Inc. v. United Merchants & Mfrs., Inc.*, 295 F. Supp. 479, 500 (S.D.N.Y. 1968);

relationship between the contributory and direct infringer varies,⁸⁶ the former is generally a manufacturer of goods who performs some act that contributes to infringement by a retailer or wholesaler.⁸⁷

The test for contributory infringement is well established:

Before he can himself be held as a wrongdoer or contributory infringer one who supplies another with the instruments by which that other commits a tort, must be shown to have knowledge that the other will or can reasonably be expected to commit a tort with the supplied instrument. . . . The test is whether wrongdoing by the purchaser 'might well have been anticipated by the defendant.'⁸⁸

Acts that violate this standard include: directly suggesting the substitution of defendant's product for plaintiff's;⁸⁹ suggesting the substitution by pointing out the similarity between products and the difference in price;⁹⁰ affixing to defendant's goods a trademark confusingly similar to plaintiff's trademark;⁹¹

Coca-Cola Co. v. Snow Crest Beverages, Inc., 64 F. Supp. 980, 989 (D. Mass. 1946), *aff'd*, 162 F.2d 280 (1st Cir. 1947), *cert. denied*, 332 U.S. 809.

86. See, e.g., Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479, 500 (S.D.N.Y. 1968) ("Not only did Firestone process the product which contained the infringing term, it also actively aided, abetted and furthered Stix's entire advertising and promotional campaign in the use of 'contact' and its invasion of United's trade-mark rights.").

87. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 530 (1924); Stewart Paint Mfg. Co. v. United Hardware Distrib. Co., 253 F.2d 568, 571 (8th Cir. 1958); Upjohn Co. v. Schwartz, 246 F.2d 254, 259 (2d Cir. 1957); Reid, Murdoch & Co. v. H.P. Coffee Co., 48 F.2d 817 (8th), *cert. denied*, 284 U.S. 621 (1931); Famolare, Inc. v. Melville Corp., 472 F. Supp. 738, 746 (D. Hawaii 1979); Teledyne Indus., Inc. v. Windmere Prods., Inc., 433 F. Supp. 710, 737 (S.D. Fla. 1977); Scotch Whiskey Ass'n v. Barton Distilling Co., 388 F. Supp. 595, 599 (N.D. Ill. 1971), *aff'd in part, rev'd in part*, 489 F.2d 809 (7th Cir. 1973); Wurzburger Hofbrau A.G. v. Schoenling Brewing Co., 331 F. Supp. 497, 506 (S.D. Ohio 1971), *aff'd per curiam*, 175 U.S.P.Q. 391 (6th Cir.), *cert. denied*, 409 U.S. 1042 (1972); Corning Glass Works v. Jeanette Glass Co., 308 F. Supp. 1321, 1326-27 (S.D.N.Y.), *aff'd per curiam*, 432 F.2d 784 (2d Cir. 1970); Coca-Cola Co. v. Snowcrest Beverages, Inc., 64 F. Supp. 980, 989 (D. Mass. 1946), *aff'd*, 162 F.2d 280 (1st Cir.), *cert. denied*, 332 U.S. 809 (1947).

88. Coca-Cola Co. v. Snow Crest Beverages, Inc., 64 F. Supp. 980, 989 (D. Mass. 1946), *aff'd*, 162 F.2d 280 (1st Cir.), *cert. denied*, 332 U.S. 809 (1947). See also cases cited *supra* note 85.

89. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 530 (1924); Corning Glass Works v. Jeanette Glass Co., 308 F. Supp. 1321, 1327 (S.D.N.Y.), *aff'd per curiam*, 432 F.2d 784 (2d Cir. 1970); Coca-Cola Co. v. Snowcrest Beverages, Inc., 64 F. Supp. 980, 989 (D. Mass. 1946), *aff'd*, 162 F.2d 280 (1st Cir.), *cert. denied*, 332 U.S. 809 (1947).

90. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 530 (1924); Upjohn Co. v. Schwartz, 246 F.2d 254, 259 (2d Cir. 1957). See cases cited *supra* note 4.

91. Stewart Paint Mfg. Co. v. United Hardware Distrib. Co., 253 F.2d 568, 573-74 (8th Cir. 1958); Reid, Murdoch & Co. v. H.P. Coffee Co., 48 F.2d 817, 819 (8th Cir.), *cert. denied*, 284 U.S. 621 (1931); Teledyne Indus., Inc. v. Windmere Prods., Inc., 433 F. Supp. 710, 738 (S.D. Fla. 1977) (copying of 'nonfunctional features that serve only to identify."); Scotch Whiskey Ass'n

and continuing to sell to others with knowledge that they are violating plaintiff's rights.⁹² Frequently, more than one act is involved in conduct that contributes to infringement,⁹³ and a question may arise as to the scope of relief.⁹⁴

Ives brings the contributory infringement doctrine into sharp focus. In *Ives IV*, the Second Circuit found that druggists infringed the CYCLOSPASMOL trademark by passing off, mislabeling or both, and that certain defendants contributed to this infringement by "using capsules of identical color, size and shape, together with a catalog describing their appearance and listing comparative prices of CYCLOSPASMOL and generic cyclandelate."⁹⁵ Special attention has been focused on this ruling because the Second Circuit did not directly consider alternative theories of relief.⁹⁶

Beyond the concern which this approach has evoked,⁹⁷ the issue is simply the scope of relief to which the doctrine of contributory infringement gives rise. The scope of relief follows directly from a proper understanding of the scope of trademark rights. Although several acts taken together may contribute to trademark infringement,⁹⁸ a party ought not to be enjoined from acts that standing alone would be entirely lawful,⁹⁹ unless a

v. Barton Distilling Co., 338 F. Supp. 595, 599 (N.D. Ill. 1971), *aff'd in part, rev'd in part*, 489 F.2d 809 (7th Cir. 1973); Wurzbarger Hofbrau A.G. v. Schoenling Brewing Co., 331 F. Supp. 497, 506 (S.D. Ohio 1971), *aff'd per curiam*, 175 U.S.P.Q. 391 (6th Cir.), *cert. denied*, 409 U.S. 1042 (1972); Corning Glass Works v. Jeanette Glass Co., 308 F. Supp. 1321, 1326 (S.D.N.Y.), *aff'd per curiam*, 432 F.2d 784 (2d Cir. 1970); Stix Prods., Inc. v. United Merchants & Mfrs., Inc., 295 F. Supp. 479, 500 (S.D.N.Y. 1968).

92. Coca-Cola Co. v. Snowcrest Beverages, Inc., 64 F. Supp. 980, 989 (D. Mass. 1946), *aff'd*, 162 F.2d 280 (1st Cir.), *cert. denied*, 332 U.S. 809 (1947).

93. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 530 (1924); Stewart Paint Mfg. Co. v. United Hardware Distrib. Co., 253 F.2d 568, 573-74 (8th Cir. 1958); Upjohn Co. v. Schwartz, 246 F.2d 254, 261 (2d Cir. 1957); Corning Glass Works v. Jeanette Glass Co., 308 F. Supp. 1321, 1326-27 (S.D.N.Y.), *aff'd per curiam*, 432 F.2d 784 (2d Cir. 1970). *See also* cases cited *supra* note 4.

94. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 531-32 (1924); Stewart Paint Mfg. Co. v. United Hardware Distrib. Co., 253 F.2d 568, 573-74 (8th Cir. 1958); Upjohn Co. v. Schwartz, 246 F.2d 254, 261-62 (2d Cir. 1957).

95. *Ives IV*, 638 F.2d at 543.

96. *See infra* note 99 and text accompanying note 31.

97. *See* briefs referred to *supra* note 33.

98. *See* cases cited *supra* note 93.

99. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 531-32 (1924); Upjohn Co. v. Schwartz, 246 F.2d 254, 261-62 (2d Cir. 1957). Where, as in *Ives*, the contributory conduct consists of product simulation and advertising, this approach would indicate that the product simulation ought not to be enjoined unless it would be a violation of trademark rights. This is not to suggest that such a showing was not made in *Ives*. On the contrary, the Second Circuit considered the appearance of the CYCLOSPASMOL capsules non-functional. *Ives IV*, 638 F.2d at 544. It also characterized the ap-

judgment is made to place defendant in a worse position than a competitor who has not engaged in an infringing course of conduct.¹⁰⁰

The decision to treat a contributory infringer differently from an honest competitor ought to involve a balancing of (1) the deterrent effect of punishing a wrongdoer in the interests of promoting fair competition against (2) the reduction in competition that such an injunction will cause. For example, assume that defendant grows coffee beans and sells them in competition with FAMOUS BRAND coffee. A brochure that accompanies defendant's coffee beans reads:

Our coffee is cheaper than FAMOUS BRAND coffee. Substitute it whenever you receive an order for FAMOUS BRAND coffee, and pocket the profit.

Retailers adopt defendant's suggestion.

Defendant has concededly contributed to the infringement of the FAMOUS BRAND trademark by selling a product apparently indistinguishable from plaintiff's and suggesting that it be substituted for plaintiff's product. Because plaintiff cannot show that its coffee beans possess a distinctive nonfunctional

pearance of the capsules as "distinctive," *id.* at 540, and found that petitioners "intentionally chose to use gelatin capsules which were identical in color, shape, and size to those used by Ives even though scores of other colors, color combinations, and sizes were available." *Id.* at 540. Such copying, unjustified by functional considerations, has been held to establish "beyond doubt that the trade dress reflects the brand and the origin rather than the medication itself." *SK&F Co. v. Premo Pharm. Labs., Inc.*, 481 F. Supp. 1184, 1189 (1979). *Accord* *Boehringer Ingelheim G.m.b.H. v. Pharmadyne Labs., Inc.*, 211 U.S.P.Q. 1163, 1184 (D.N.J. 1980); *E.R. Squibb & Sons, Inc. v. Premo Pharm. Labs., Inc.*, 195 U.S.P.Q. 545, 550 (S.D.N.Y. 1977). *See also* *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1220 n.13 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Fremont Co. v. ITT Continental Baking Co.*, 199 U.S.P.Q. 415, 421 (S.D.N.Y. 1977).

100. Sometimes an adjudged infringer is prohibited from using a new trademark that would not be considered an infringement if used by an innocent party. *See, e.g.*, *Independent Nail & Pack. Co. v. Stronghold Screw Prods., Inc.*, 215 F.2d 434, 436 (7th Cir. 1954); *Dawn Assoc. v. Links*, 203 U.S.P.Q. 831, 836 (N.D.Ill. 1978); *Kimberly Knitwear, Inc. v. Kimberly Stores, Inc.*, 331 F. Supp. 1339, 1340-42 (W.D.Mich. 1971). *See also* *AMF Inc. v. International Fiberglass Co.*, 469 F.2d 1063, 1065 (1st Cir. 1972); *Eskay Drugs, Inc. v. Smith, Kline & French Labs.*, 188 F.2d 430, 432 (5th Cir. 1951); *Aurora Prods. Corp. v. Schisgall Enterprises, Inc.*, 176 U.S.P.Q. 184, 188 (S.D.N.Y. 1972). *Cf.* *Brief For The Respondent at 51-52, Ives Labs., Inc. v. Darby Drug Co.*, *cert. granted*, 50 U.S.L.W. 3278 (U.S. Oct. 13, 1981) (No. 80-2182, 1980 Term; renumbered No. 81-11, 1981 Term) urging that secondary meaning need not be shown under the New York law of unfair competition. The court may have had this rationale in mind when it enjoined defendant from using plaintiff's color names and code numbers, although these were not shown to have acquired secondary meaning. In that case, defendant was a former dealer of plaintiff who was attempting "to hold onto the merchandising advantage, which it had consentedly been permitted to enjoy in that relationship. . . ." *Stewart Paint Mfg. Co. v. United Hardware Distrib. Co.*, 253 F.2d 568, 574 (8th Cir. 1958).

feature, defendant should only be enjoined from making the offending statements that appear in its brochure, unless it is believed that deterring defendant and others from making similar statements justifies enjoining defendant from selling coffee in competition with plaintiff, or requiring defendant to take steps that may reduce its ability to compete.

BEHIND THE ISSUES: TRADEMARKS AND COMPETITION

Underlying the issues raised in *Ives* are certain fundamental questions concerning trademarks and competition.

The Definition of a Trademark

There is little in the trademark law as basic as the definition of a trademark: any word, name, symbol or device or combination thereof that identifies the goods of one party and distinguishes them from those of others.¹⁰¹ Nonetheless, this definition may be overly broad, and assumes a relationship between valid trademarks and designations¹⁰² in the public domain that does not exist.

The accepted definition of a trademark assumes that any designation may be classified as a trademark on the one hand, and a generic term or functional feature on the other, and that these two categories are mutually exclusive; whereas a trademark furthers competition by identifying a single source,¹⁰³ a generic term or functional feature does so when it is available to others.¹⁰⁴

In fact, the law recognizes three classes of designations, not two. These include:

1. a valid trademark;
2. a word, name, symbol or devices that exhibits the qualities of both a trademark and a generic term or functional feature; and
3. a generic term or functional feature.

That the law has conceded the existence of designations in the second category is evident from the doctrine of *de facto* secondary meaning in generic terms¹⁰⁵ and functional features¹⁰⁶

101. See authorities cited *supra* note 38.

102. The term "designation" is used in this article to mean a word, name, symbol or device.

103. See authorities cited *supra* note 43.

104. See cases cited *supra* notes 44-45.

105. This is the doctrine that "no matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise and what success it has achieved in securing public identification, it cannot deprive competing manufacturers of the product of the right to call an article by its name." *Abercrombie & Fitch Co. v. Hunting World, Inc.*,

and the primary significance test as it is applied to words and names¹⁰⁷ and symbols and devices.¹⁰⁸ Given such intermediate

537 F.2d 4, 9 (2d Cir. 1976) (citation omitted; emphasis added). *Accord* Miller Brewing Co. v. Falstaff Brewing Co., 655 F.2d 519 (1st Cir. 1981); Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366, 374 (1st Cir. 1980); Reese Publishing Co. v. Hampton Int'l Communications, Inc., 620 F.2d 7 (2d Cir. 1980); Soweco, Inc. v. Shell Oil Co., 617 F.2d 1178, 1183 (5th Cir. 1980); Surgicenters of America, Inc. v. Medical Dental Surgeries Co., 601 F.2d 1011, 1016 (9th Cir. 1979); Miller Brewing Co. v. G. Heilman Brewing Co., 561 F.2d 75, 77 (7th Cir. 1977); CES Publishing Corp. v. St. Regis Publications, Inc., 531 F.2d 11, 13-14 (2d Cir. 1975); Henry Heide, Inc. v. George Ziegler Co., 354 F.2d 574, 576 (7th Cir. 1965); Information Clearing House, Inc. v. Find Magazine, 492 F. Supp. 147, 155 n.17 (S.D.N.Y. 1980); Leon Finker, Inc. v. Schlüssel, 469 F. Supp. 674, 678 (S.D.N.Y.), *aff'd*, 204 U.S.P.Q. 433 (2d Cir. 1979) (calling the doctrine "established law"); Carcione v. Greengrocer, Inc., 205 U.S.P.Q. 1075, 1077 (E.D. Cal. 1979); Park 'N Fly, Inc. v. Park & Fly, Inc., 489 F. Supp. 422, 425 (D. Mass 1979); Trak, Inc. v. Banner Ski KG, 475 F. Supp. 1076, 1078 (D. Mass 1979); Car-Freshner Corp. v. Auto Aid Mfg. Corp., 461 F. Supp. 1055, 1058-59 (N.D.N.Y. 1978); Anvil Brand, Inc. v. Consolidated Foods Corp., 464 F. Supp. 474, 480 (S.D.N.Y. 1978); Polo Fashions, Inc. v. Extra Special Prods., Inc., 451 F. Supp. 555, 559 (S.D.N.Y. 1978); Council of Better Business Bureaus, Inc. v. Better Business Bureau, Inc., 200 U.S.P.Q. 282, 290 (S.D. Fla. 1978). *Compare* Treecce & Stephenson, *Another Look At Descriptive And Generic Terms In American Trademark Law*, 66 TMR 452, 457-58, 474-78 (1966) ("common law courts have not yet given currency to the phrase 'de facto secondary meaning'") *with* Zivin, *Understanding Generic Words*, 63 TMR 173, 175-76 (1963).

106. This is the doctrine that "functional features are not entitled to trademark protection . . . even if those features . . . identify the source of the product." *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738, 744-45 (D. Hawaii 1979), *aff'd mem.*, 652 F.2d 62 (9th Cir. 1981). *Accord* Upjohn Co. v. Schwartz, 246 F.2d 254 (2d Cir. 1957); Schwinn Bicycle Co. v. Murray Ohio Mfg. Co., 339 F. Supp. 973, 980 (M.D. Tenn. 1971), *aff'd per curiam*, 470 F.2d 975 (6th Cir. 1972). *See also* Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 203 (2d Cir. 1979). *Cf.* Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366 (1st Cir. 1980).

107. Indeed, it may be that there is no such thing as a "pure" trademark or generic term. Rather, many, if not all, word and name marks may have some generic significance, just as generic terms may indicate source to some portion of the consuming public. *See, e.g.*, *E. I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.*, 393 F. Supp. 502, 526 n.54 (E.D.N.Y. 1975), where consumers were asked whether certain "names" were trademarks ("brand") or generic terms ("common") with the following results:

<u>NAME</u>	<u>BRAND</u>	<u>COMMON</u>	<u>DONT KNOW</u>
	<u>%</u>	<u>%</u>	<u>%</u>
STP	90	5	5
THERMOS	51	46	3
MARGARINE	9	91	1
TEFLON	68	31	2
JELLO	75	25	1
REFRIGERATOR	6	94	—
ASPIRIN	13	86	—
COKE	76	24	—

See also Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., 611 F.2d 296, 301-03 (9th Cir. 1979); Surgicenters of America, Inc. v. Medical Dental Surgeries Co., 601 F.2d 1011, 1016 (9th Cir. 1979); King-Seeley Thermos Co. v. Aladdin Indus., Inc., 321 F.2d 577, 581 (2d Cir. 1963) ("Since . . . the primary significance to the public of the word 'thermos' is its indication of the nature

designations, a trademark might well be defined as any word, name, symbol or device or combination thereof that (1) identifies the goods of one party and distinguishes them from those of others and (2) to which others have no legally cognizable claim.

Competitive Implications of the Definition of a Trademark

More than a definition is called into question by recognizing the existence of designations in the second category.¹⁰⁹ At issue is the operation of words, names, symbols and devices in a competitive marketplace. Specifically, the existence of designations of the second type upsets the traditional balance between pro-competitive trademarks¹¹⁰ and anticompetitive generic terms or functional features.¹¹¹ If some, but not all, designations exhibit the characteristics of each, it becomes logical to ask where a line ought to be drawn in the interests of furthering competition.

and class of an article rather than as an indication of its source, whatever duality of meaning the word still holds for a minority of the public is of little consequence except as a consideration in the framing of a decree.") and cases cited therein; *Feathercombs, Inc. v. Solo Prods. Corp.*, 306 F.2d 251, 255-56 (2d Cir. 1962), *cert. denied*, 371 U.S. 910 (1962); *Loctite Corp. v. National Starch & Chemical Corp.*, 516 F. Supp. 190, 199-200 (S.D.N.Y. 1981); *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 515 F. Supp. 448, 451-52 (N.D. Cal. 1981); *Carcione v. Greengrocer, Inc.*, 205 U.S.P.Q. 1075, 1077 (E.D. Cal. 1979); *Salton, Inc. v. Cornwall Corp.*, 477 F. Supp. 477 F. Supp. 975, 986 (D.N.J. 1979); *Council of Better Business Bureaus, Inc. v. Better Business Bureau, Inc.*, 200 U.S.P.Q. 282, 290 (S.D. Fla. 1978); *Dictaphone Corp. v. Dictamatic Corp.*, 199 U.S.P.Q. 437, 490 (D. Ore. 1978); *Stix Prods., Inc. v. United Merchants & Mfrs., Inc.*, 295 F. Supp. 479, 490 (S.D.N.Y. 1968). *Cf. Coca-Cola Co. v. Koke Co.*, 254 U.S. 143, 146 (1920). *See Folsom & Tepley, Trademarked Generic Words*, 89 YALE L.J. 1323, 1339-40 (1980); *Swann, The Validity of Dual Functioning Trademarks: Genericism Tested By Consumer Understanding Rather Than By Consumer Use*, 69 TMR 357 (1979).

108. That many symbols and devices have a dual significance is evident from cases such as *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 825 (3d Cir. 1981); *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980), *cert. denied*, 49 U.S.L.W. 3931 (U.S. June 15, 1981); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 602 F.2d 200, 203 (2d Cir. 1979) ("We do not agree that . . . because an item is in part incidentally functional, it is necessarily precluded from being designated as a trademark."); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1218 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738, 743 (D. Hawaii 1979), *aff'd*, 652 F.2d 62 (9th Cir. 1981); *Rolls-Royce Motors Ltd. v. A&A Fiberglass, Inc.*, 428 F. Supp. 689, 692 (N.D. Ga. 1976); *Time Mechanisms, Inc. v. Qonaar Corp.*, 4422 F. Supp. 905, 914 (D.N.J. 1976); *PPS, Inc. v. Jewelry Sales Reps., Inc.*, 392 F. Supp. 375, 384 (S.D.N.Y. 1975).

109. *See supra* text accompanying notes 104-08.

110. *See supra* text accompanying note 43.

111. *See supra* text accompanying notes 44-45.

De Facto Secondary Meaning

The *de facto* secondary meaning doctrine provides that a generic term or functional feature can never serve as a valid trademark.¹¹² The purpose underlying this rule is that exclusive appropriation of such designations would prohibit others from describing their "goods as what they are"¹¹³ or making, using or selling goods with functional features.¹¹⁴

As such, the *de facto* secondary meaning doctrine amounts to a judgment that the trademark, or pro-competitive significance of a designation is *always* outweighed by the anticompetitive effect of permitting exclusive appropriation. That the doctrine is not seen for what it is, however, is as evident where it has been applied¹¹⁵ as where it might have been, but was not.¹¹⁶

Two recent decisions illustrate the failure to consider the competitive balance between trademark and generic significance in determining the status of words and names. In *Miller Brewing Co. v. Falstaff Brewing Corp.*,¹¹⁷ plaintiff relied on Section 43(a) of the Lanham Act¹¹⁸ to assert rights in LITE for beer. In rejecting this claim, the court fell back on the *de facto* secondary meaning doctrine: "Under no circumstances is a generic term susceptible of *de jure* protection under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). . . ."¹¹⁹

The court in *Metric & Multistandard Components Corp. v. Metric's, Inc.*,¹²⁰ was asked to decide whether Section 43(a) of the Lanham Act entitled plaintiff to enjoin another's use of

112. See cases cited *supra* notes 105-06.

113. CES Publishing Corp. v. St. Regis Publications, Inc., 531 F.2d 11, 13 (2d Cir. 1975). Accord cases cited *supra* note 105.

114. See cases cited *supra* note 106.

115. See cases cited *supra* notes 105-06. In these cases the courts apply the *de facto* secondary meaning doctrine without regard to its competition implications. Further evidence of the uncritical attitude toward the *de facto* secondary meaning doctrine may be found in those cases which apply it after stating that the primary significance of a word, name, symbol or device ought to determine its legal status. See also cases cited *infra* notes 105 and 107, or *infra* notes 106 and 108.

116. Metric & Multistandard Components Corp. v. Metric's, Inc., 635 F.2d 710, 714 (8th Cir. 1980). See also Dawn Assoc. v. Links, 203 U.S.P.Q. 831, 836 (N.D. Ill. 1978).

117. 655 F.2d 5 (1st Cir. 1981).

118. See *supra* note 21. Plaintiff also alleged that defendant's use of FALSTAFF LITE BEER amounted to unfair competition.

119. Miller Brewing Co. v. Falstaff Brewing Co., 655 F.2d 5, 7 (1st Cir. 1981) (footnote omitted). In reaching this result, the First Circuit reversed the district court decision, and effectively rejected the generally excellent discussion by the lower court. See Miller Brewing Co. v. Falstaff Brewing Corp., 503 F. Supp. 896 (D.R.I. 1980), discussed *infra* in text accompanying notes 134-36.

120. 635 F.2d 710 (8th Cir. 1980).

METRIC for various fixtures, tools and other industrial supplies despite a claim that METRIC was a generic term. Without regard for the competitive implications of its decision, the court answered the question in the affirmative, stating:

Regardless of whether its mark is [generic] . . . , the plaintiff may show that its mark is 'so associated with its goods that the use of the same or similar marks by another company constitutes a representation that its goods come from the same source.'¹²¹

In *Miller Brewing Co. v. Falstaff Brewing Corp.*, the court simply assumed that the proven capacity of LITE to identify source, and thereby further competition, was outweighed by the need to permit other brewers to use "lite" or "light." Indeed, there is a strong suggestion in the opinion that the Court of Appeals for the First Circuit would have looked askance at an attempt to strike a proper competitive balance between the trademark and generic significance of a word or name.¹²² The *Metric* case amounts to a *de facto* generic meaning doctrine: no amount of evidence of generic character can prevent the exclusive appropriation of a term that has acquired secondary meaning.

The *de facto* secondary meaning doctrine may, at first glance, have more appeal when applied to symbols and devices than to words and names. Where a product cannot be made, used or sold, or at least not made, used or sold as readily, without a feature, exclusive appropriation by one source of the product is, perhaps obviously, inappropriate. However, the law of functionality is not confined to symbols and devices.¹²³ Moreover, whether applied to symbols and devices, or to words and names, in cases of functionality, the *de facto* secondary meaning doctrine fails to balance the procompetitive and anticompetitive significance of designations.¹²⁴ In this respect its application

121. *Id.* at 714. The case quoted by the court, *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144, 147 (2d Cir. 1956), concerns only valid trademarks that are not registered. It provides no support for the proposition that an unregistrable generic term is entitled to protection under § 43(a) of the Lanham Act. Given defendant's failure to show that METRIC was a generic term, the statement in the *Metric* case may well be regarded as dictum.

122. [T]he evidence before the district court showed, at best, merely that in the last half decade the public perception of Miller as the source of 'LITE' has increased and become *dominant* in the public mind. However, evidence to that effect is irrelevant. . . . There was no evidence that as of today 'LITE' has *ceased* to have in current usage among consumers of beer the generic meaning, 'beer of low caloric content.' (citations omitted) (original emphasis)

Miller Brewing Co. v. Falstaff Brewing Co., 655 F.2d 5, 9 (1st Cir. 1981).

123. See certain cases cited *supra* note 45.

124. See *supra* note 115.

parallels the treatment of words and names with generic significance.

The Primary Significance Test

Somewhat more satisfactory than the *de facto* secondary meaning doctrine, as a measure of the dual significance¹²⁵ of words, names, symbols and devices, is the primary significance test. Even this test is not without flaws.

Generic Terms

Learned Hand is widely credited with getting to the heart of the issue of generic character; he stated that the "single question . . . is merely one of fact: what do the buyers understand by the word for whose use the parties are contending?"¹²⁶ Seventeen years later in *Kellogg*¹²⁷ the Supreme Court added¹²⁸ that buyer understanding is the belief of a majority of the public: "[T]o establish a trade name . . . the plaintiff^[129] must show . . . that the *primary* significance of the term in the minds of the consuming public is not the product but the producer."¹³⁰

Since *Kellogg*, the primary significance test and associated focus upon the percentage of consumers who must recognize the trademark or generic significance of a word or name has be-

125. See cases cited *supra* notes 107-08.

126. *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (2d Cir. 1921). See *Surgecenters of America, Inc. v. Medical Dental Surgeries Co.*, 601 F.2d 1011, 1016 (9th Cir. 1979) ("[I]n making the sometimes elusive determination of genericness courts have consistently followed the test stated by Judge Learned Hand in *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921)").

127. 305 U.S. 111 (1938). See *supra* text accompanying notes 73-84.

128. Hand said "the question is whether the buyers *merely* understood that the word 'Aspirin' meant this kind of drug, or whether it meant that and more than that, *i.e.*, that it came from the same single, though, if one please anonymous, source from which they had got it before." *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921) (emphasis added).

129. That plaintiff ought to bear the burden of proof seems to be an assumption the Supreme Court made, without considering the issue. At least where a mark is registered, it appears that defendant ought to bear the burden of establishing genericness as an affirmative defense. See *Reese Publishing Co. v. Hampton Int'l Communications, Inc.*, 620 F.2d 7 (2d Cir. 1980); *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 515 F. Supp. 448, 451-52 (N.D. Cal. 198); *Decatur Fed. S&L Ass'n v. Peach State Fed. S&L Ass'n*, 203 U.S.P.Q. 406, 411 (N.D. Ga. 1978), and cases cited in each; 15 U.S.C. §§ 1065(4), 1115(b). The same issue arises with respect to functionality. See, *e.g.*, *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195-96 (1st Cir. 1980), and cases cited therein; *Levi Strauss & Co. v. Blue Bell, Inc.*, 208 U.S.P.Q. 473, 475 (N.D. Cal. 1980).

130. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938) (emphasis added).

come the prevailing standard.¹³¹ Problems with the test include a failure to apply it with an even hand in some cases¹³² and a failure to apply it at all when the *de facto* secondary meaning doctrine is brought to the courts' attention.¹³³

This issue is addressed in *Miller Brewing Co. v. Falstaff Brewing Corp.*,¹³⁴ where the court took exception to the *de facto* secondary meaning doctrine¹³⁵ and concluded:

If the public actually perceives a symbol as representing the product's *name*, then no one producer will be able to appropriate that mark to his brand because secondary meaning and likelihood of confusion cannot be proved. If, however, the public perceives the symbol as representing the product's *origin*, should a court refuse to protect the mark because it believes that the public has mistakenly attached brand significance to what is in truth a common descriptive name? I submit that the 'true' meaning of a symbol can be nothing more, or less, than what the public thinks it means.¹³⁶

The following principles ought to be kept in mind in discussing the relationship between trademarks and generic terms:

131. See cases cited *supra* note 107. *But see* *Miller Brewing Co. v. Falstaff Brewing Co.*, 655 F.2d 5, 9 (1st Cir. 1981); *Marks v. Polaroid Corp.*, 129 F. Supp. 243, 270 (D. Mass. 1955) ("a defendant alleging invalidity of a trademark for genericness must show that to the *consuming public as a whole* the word has lost all its trademark significance") (original emphasis). See *generally* *Dictaphone Corp. v. Dictamatic Corp.*, 199 U.S.P.Q. 437, 445 (D. Ore. 1978); Palladino, *Government Enters The Trademark Arena: The Formica And ReLemon Cases*, BNA Conference Coursebook 86, 92-94 (1980). Although the relevant universe is generally recognized as being "buyers" or the "consuming public," other formulations occasionally appear. See, e.g., *Donald F. Duncan, Inc. v. Royal Tops Mfg. Co.*, 343 F.2d 655, 659 (7th Cir. 1965) ("general acceptance by the public").

132. Some cases appear not to recognize that the issue is whether a word or name is *primarily* a trademark, or *primarily* a generic term. Instead, they suggest that the question is whether a word or name is *primarily* a trademark, or *simply* a generic term. See, e.g., *Surgicenters of America, Inc., v. Medical Dental Surgeries Co.*, 601 F.2d 1011, 1016 (9th Cir. 1979).

133. See *supra* note 115. This amounts to a judgment that the status of a word or name turns on its primary meaning to consumers, unless the word or name is generic, in which case it cannot be a trademark irrespective of actual consumer understanding.

134. 503 F. Supp. 896 (D. R.I. 1980), *rev'd*, 655 F.2d 5 (1st Cir. 1981). See *supra* note 119.

135. *Id.* at 906-07.

136. *Id.* at 907 (original emphasis). Unfortunately, the court's discussion broke down when it came to define the relationship between a trademark and a generic term, and characterized the latter as a term *wholly* lacking in source significance:

I view 'genericness' and 'secondary meaning' as opposite sides of the same coin. A word is generic if it has *no* secondary meaning; conversely, if 'the primary significance of the term in the minds of the consuming public is not the product but the producer,' then the word is not generic. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. at 118. *Id.* at 907-08 (emphasis added).

1. Properly understood, the primary significance test is a two-edged sword: if the primary meaning of a word or name is source, it is a valid trademark; if the primary meaning is a product, the word or name is generic.¹³⁷ The *de facto* secondary doctrine distorts this test by characterizing certain words or names as generic terms, irrespective of the extent to which the word or name identifies source.

2. The primary significance test amounts to a judgment that the competitive value of a trademark as an indicator of source always equals the anticompetitive effect of permitting the exclusive appropriation of a generic term.¹³⁸ This assumption ought to be evaluated in the light of economic realities to determine whether a simple *majority* view adequately reflects competitive concerns.¹³⁹

3. If the real issue in generic character is the role of words and names in a competitive marketplace,¹⁴⁰ it may be that identifying a generic term ought to go beyond simply ascertaining "what buyers understand by [a] word."¹⁴¹

Functional Features

In the interest of promoting competition,¹⁴² courts have stated that a feature which contributes¹⁴³ to the utility of a prod-

137. See cases cited *supra* note 107, and notes 132-33.

138. Stated differently, this view is that if more people believe a word or name identifies source than think it is a product name, competition will be promoted by permitting its exclusive appropriation, and, conversely, that competition will be restrained by permitting the exclusive appropriation of a word or name that a majority believes is generic.

139. If Hand's *Bayer* test, *see supra* notes 81, 126, makes economic sense, it nevertheless may be that a primary significance test does not. *See infra* text accompanying notes 186-87.

140. *See supra* text accompanying note 44.

141. *See infra* text accompanying notes 188-205. Any weaknesses in Hand's *Bayer* test are often exacerbated by the methods used to establish consumer understanding. These include flawed public reaction surveys: *See Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 515 F. Supp. 448, 453 (N.D. Cal. 1981); circumstantial evidence of possibly dubious value: *Surgicenters of America, Inc. v. Medical Dental Surgeries Co.*, 601 F.2d 1011, 1015 (9th Cir. 1979); a questionable reliance on precedent, *American Ass'n for Adv. of Science v. Hearst Corp.*, 498 F. Supp. 244, 255 (D.D.C. 1980) ("The courts almost uniformly find magazine titles as descriptive rather than generic. . . ."); and a judicial attitude that generic terms, like pornography, are something you know when you see them. *Compare, e.g., Miller Brewing Co. v. G. Heilemen Brewing Co.*, 561 F.2d 75, 80 (7th Cir. 1977) ("The record before us . . . and facts of which we may take judicial notice . . . enable us to conclude that 'light' is a generic. . . . term . . .") with *Miller Brewing Co. v. Falstaff Brewing Co.*, 503 F. Supp. 896, 906 (D.R.I. 1980), *rev'd*, 655 F.2d 5 (1st Cir. 1981) ("A word or logo should not be branded 'generic' because a judge decides that it looks generic to him or her.").

142. *See supra* text accompanying note 45.

143. For an evaluation of the meaning of "contributes", *see infra* text accompanying notes 147-57.

uct may not serve as a trademark. Such cases include those in which a feature contributes to the manufacture or use of a product¹⁴⁴ and others where a feature is an "important ingredient in the commercial success of the product. . . ."¹⁴⁵

There is considerable disagreement concerning the extent to which a feature must contribute to the utility of a product to be considered functional. *Kellogg*¹⁴⁶ and *William R. Warner & Co. v. Eli Lilly & Co.*¹⁴⁷ seem to suggest that a feature must be

144. These cases involve features that contribute to manufacture and use. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119 (1938); *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 531 (1924); *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1218-19 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Teledyne Indus., Inc. v. Windmere Prods., Inc.*, 433 F. Supp. 710, 738 (S.D. Fla. 1977); *Roll-Royce Motors Ltd. v. A&A Fiberglass, Inc.*, 428 F. Supp. 689, 693-94 (N.D. Ga. 1976); *Time Mechanisms, Inc. v. Qonaar Corp.*, 422 F. Supp. 905, 913 (D.N.J. 1976); *Marion Labs., Inc. v. Michigan Pharmacal Corp.*, 338 F. Supp. 762 (E.D. Mich. 1972); or the cost or quality of a product, *Kellogg*, 305 F. Supp. 111, 122 ("The evidence is persuasive that this form is functional—that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape."); *Schwinn Bicycle Co. v. Murray Ohio Mfg. Co.*, 339 F. Supp. 973, 980-81 (M.D. Tenn. 1921), *aff'd per curiam*, 470 F.2d 975 (6th Cir. 1972). See generally RESTATEMENT OF TORTS § 742 (1938).

145. *Pagliari v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952). In this category are cases that define functionality "in terms of consumer acceptance." *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 825 (3d Cir. 1981). *Accord Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 773-74 (9th Cir. 1981); *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980), *cert. denied*, 49 U.S.L.W. 3981 (U.S. June 15, 1981); *Damn I'm Good, Inc. v. Sakowitz, Inc.*, 514 F. Supp. 1357, 1360 (S.D.N.Y. 1981); *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738, 743-44 (D. Hawaii 1979), *aff'd mem.*, 652 F.2d 62 (9th Cir. 1981). Cf. *Boston Pro. Hockey Ass'n v. Dallas Cap & E. Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975), *cert. denied*, 423 U.S. 868 (1975).

It is suggested that this category also includes cases where the feature is said to perform a psychological function. *Norwich Pharmacal Co. v. Sterling Drug, Inc.*, 271 F.2d 569 (2d Cir. 1959), *cert. denied*, 362 U.S. 919 (1959):

The function of a remedy 'For Upset Stomach' is to quiet the upset. Hence, although the court found 'that the pink color and the ingredients producing same have no healing value in themselves,' yet it recognized that the pink color was 'designed to present a pleasing appearance to the customer and to the sufferer.' From the court's premise that 'a disordered stomach will accept that which is pleasing and reject that which is repulsive,' a finding of functional value might well be made because a rejected stomach medicine scarcely has a fair opportunity to fulfill its function.

Id. at 572. Cases of this type include *Ives* and those cited *supra* note 4. See also RESTATEMENT OF TORTS § 742 (1938), comment a.

146. 305 U.S. 111 (1938).

147. 265 U.S. 526 (1924). See also cases cited *supra* note 144; *Cooper, supra* note 1, at 7-15.

necessary to the utility of a product to be functional. The Restatement of Torts § 742 provides that a "feature of goods is functional . . . if it *affects* their purpose, action or performance, or the facility or economy of processing, handling or using them. . . ."¹⁴⁸ Other cases regard as functional any feature that is "important" to commercial success.¹⁴⁹

Concern over the extent to which a functional feature must contribute to utility is perhaps most evident in cases that recognize, if only in passing, that a symbol or device may have more than one meaning.¹⁵⁰ In these cases, a feature is not considered functional unless it serves "*primarily* as a functional part of the product."¹⁵¹ The meaning of "primarily" functional in these cases is far from clear. Some formulations indicate that features are not primarily functional if they are only "incidentally functional",¹⁵² "serve secondarily as trademarks",¹⁵³ have only "some practical purpose",¹⁵⁴ or "improve . . . the usefulness or appeal of the object. . . ."¹⁵⁵ Among the more confusing cases is *Famolare, Inc. v. Melville Corp.*,¹⁵⁶ which contrasts a functional feature with a symbol or device that serves "merely" to distinguish and "primarily to identify."¹⁵⁷

148. Emphasis added. See also comment a (A feature "may be functional . . . because it contributes to their utility, to their durability or to the effectiveness or ease with which they serve their function or are handled by users.").

149. See cases cited *supra* note 145, including *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 728, 743 (D. Hawaii 1979), *aff'd mem.*, 652 F.2d 62 (9th Cir. 1981) ("A feature which gives the consumer a substantial reason for purchasing the product . . . is functional.").

150. See *supra* note 108, including *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980), *cert. denied*, 49 U.S.L.W. 2931 (June 15, 1981) ("Our holding does not mean that [an] . . . emblem could not serve simultaneously as a functional component of a product and a trademark. See *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204 (2d Cir. 1979).").

151. *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917 (9th Cir. 1980), *cert. denied*, 49 U.S.L.W. 3931 (June 15, 1981) (emphasis added). Accord cases *supra* note 108.

152. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1219 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Fotomat Corp. v. Cochran*, 437 F. Supp. 1231, 1236 (D. Kan. 1977).

153. *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980), *cert. denied*, 49 U.S.L.W. 3931 (U.S. June 15, 1981).

154. *Rolls-Royce Motors Ltd. v. A & A Fiberglass, Inc.*, 428 F. Supp. 689, 692 (N.D. Ga. 1976). See also *Time Mechanisms, Inc. v. Qonaar Corp.*, 422 F. Supp. 905, 914 (D.N.J. 1976) ("some utilitarian function").

155. *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 774 (9th Cir. 1981).

156. 472 F. Supp. 738 (D. Hawaii 1979), *aff'd mem.*, 652 F.2d 62 (9 Cir. 1981).

157. *Id.* at 743. See also *PPS, Inc. v. Jewelry Sales Reps., Inc.*, 392 F. Supp. 375, 384 (S.D.N.Y. 1975), which suggests that a feature must be a "mere indicia of origin" to serve as a trademark, but is functional if a "po-

Although any of these formulations may be regarded as an improvement over the *de facto* secondary meaning doctrine,¹⁵⁸ confusion remains. The confusion follows from a failure to consider properly the competitive implications of permitting a product feature to be appropriated by a single source of goods. If the advantages of appropriation outweigh the disadvantages, the feature ought to be considered a trademark; if the balance tips in the opposite direction, the feature ought to be regarded as functional.¹⁵⁹ How far the scales should tilt in either direction can best be determined by evaluating how symbols and devices actually function in the marketplace.¹⁶⁰

Trademarks And Competition

Efforts ought to be made to gain a more complete understanding of the role trademarks play in a competitive marketplace. The market dynamics of trademark are not much better understood now than they were when the trademark was first defined,¹⁶¹ partially because of the current state of the law.

Present Level Of Understanding

The traditional balance between valid trademarks and generic terms or functional features¹⁶² has been struck largely without resort to economic analysis of the marketplace. Trademarks are considered procompetitive—indeed, the “essence of competition”¹⁶³—simply because they identify one source of goods.¹⁶⁴ Congress found support for this view in judicial opinion,¹⁶⁵ including Justice Frankfurter’s memorable, but undocumented dictum in *Mishawaka Manufacturing Co. v. Kresge*

tential buyer . . . [is] more motivated by the item’s design and aesthetic features than by its source” (emphasis added). *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 824-25 (3d Cir. 1981) indicates that a feature is not functional if it is either “essential to the utility of the item” or “not significantly related to the utilitarian function of the product.”

158. The improvement lies in the recognition of the dual significance of symbols and devices, and the need to establish a balance between the procompetitive and anti-competitive characteristics that they exhibit.

159. See *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 826 (3d Cir. 1981) (feature functional because “on balance the interest in free competition in the luminaire market outweighed Keene’s interest in having the exclusive right to the design of the Wall Cube.”).

160. See *infra* text accompanying notes 186-205.

161. See authorities cited *supra* note 38. For authorities considering the historical development of trademarks, see Palladino, *supra* note 43, at 469 n.59.

162. See *supra* text accompanying notes 43-45.

163. See *supra* quote accompanying note 43.

164. See authorities cited *supra* note 43.

165. See *supra* note 43.

Co.¹⁶⁶ concerning the "psychological function of symbols."¹⁶⁷ The character of generic terms¹⁶⁸ and functional features¹⁶⁹ is said to follow from the anticompetitive effect of permitting their exclusive appropriation.

This approach, divorced from economic analysis, has long been something of an article of faith with courts and those who practice before them. And, not unlike other doctrinaire beliefs, it has created dogma from enthusiasm, by focusing on whether words, names, symbols and devices represent the essence of competition or embody the evils of monopoly.¹⁷⁰ That they do neither is probably closer to the truth.

Several recent developments in the law have brought economic theory to bear on the traditional concern with trademarks and competition. In a case concerning the REALEMON trademark,¹⁷¹ and another involving the breakfast cereal industry,¹⁷²

166. 316 U.S. 203 (1942).

167. *Id.*

The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value.

Id. at 205.

168. *See supra* text accompanying note 44.

169. *See supra* text accompanying note 45.

170. The debate concerning the operation of valid trademarks, should be distinguished from the balance the law has traditionally struck between valid trademarks and generic terms or functional features. *See supra* text accompanying notes 43-45.

171. On August 19, 1976, an Administrative Law Judge (ALJ) handed down an Initial Decision in *FTC v. Borden, Inc.*, No. 8978. *See* [Transfer Binder 1976-79] 3 TRADE REG. REP. (CCH) ¶ 21,194 (1976). In that decision, the ALJ concluded that Borden had monopolized the market in processed lemon juice; that the "heart of the monopoly power preserved and maintained by respondent Borden lies in the ReaLemon trademark and its dominant market position. For competition to enter the processed lemon juice industry, the barrier to entry which inheres in the ReaLemon trademark must be eliminated." (*Id.* at p. 21,107); and that the REALEMON trademark should be licensed "for a period of ten (10) years from the date of this order . . . [to anyone] desiring to enter the business of producing and marketing processed lemon juice. . . ." 3 TRADE REG. REP. (CCH) ¶ 21,194 at p. 21,108.

Borden appealed. In an order dated November 7, 1978, the FTC enjoined Borden from granting price reductions, selling below cost or at unreasonably low prices, and granting promotional allowances. Concerning the compulsory trademark licensing remedy, the majority FTC opinion stated that whereas "an order requiring licensing or suspension of a trademark may be ordered as a means of dissipating illegally used or acquired

economic analyses played a part in determining whether a valid trademark promotes or restrains competition.¹⁷³ Of more immediate interest is a case involving the FORMICA trademark,¹⁷⁴

monopoly power, . . . given the competitive climate in the processed lemon juice market, we are not persuaded that a restriction on trademark rights is needed to curb the unlawfully maintained monopoly" *In re Borden*, 92 F.T.C. 669, 808-09 (FTC 1978). (citations and footnotes omitted). In a separate opinion, Chairman Pertschuk concluded that compulsory trademark licensing was an appropriate remedy, warranted in the case of REALEMON.

Legal commentators focused a good deal of attention on the case. *Compare* Ball, *Government Versus Trademarks: Today—Pharmaceuticals, Real Lemon and Formica—Tomorrow?*, 68 TMR 471 (1978); Dobb, *Compulsory Trademark Licensure As A Remedy For Monopolization*, 26 CATH. U.L. REV. 589 (1977); Kemp, *In re Borden: The FTC Goes Sour on Trademarks*, 35 BUS. LAW. 501 (1980); McCarthy, *Compulsory Licensing Of A Trademark: Remedy or Penalty*, 67 TMR 197 (1977); McCarthy, *Trademarks, Antitrust And The Federal Trade Commission*, 13 J. MAR. L. REV. 151 (1979); Palladino, *supra* note 43, at 457; Palladino, *supra* note 131, with Drebin, *Abuse Of Trademarks: A Proposal For Compulsory Licensing*, 7 U. MICH. J.L. REF. 644 (1973); Scherer, *The Posnerian Harvest: Separating Wheat From Chaff*, 86 YALE L.J. 974, 998-1001 (1977). Representative articles from non-legal publications are collected at Palladino, *supra*, note 131, at 110-11.

172. *In re Borden* was a test case for the so-called "Cereal Case," *Kellogg Co.*, No. 8883 (FTC, filed April 26, 1972), where compulsory trademark licensing was proposed as a remedy to combat an alleged shared monopoly in the breakfast cereal market. See Palladino, *supra* note 43, at 458-60 n.15-16. On September 1, 1981, the ALJ in *Kellogg Co.* handed down a 266-page opinion dismissing the complaint. See "Reagan's Antitrust Explosion," N.Y. Times, January 10, 1982, § 3 at p. 1; "Snap, Crackle, Flop!," TIME, January 25, 1982 at p. 58.

173. See Craswell, *Trademarks, Consumer Information, And Barriers to Competition*, Policy Planning Issues Paper (1979), and *supra* note 171.

174. On May 31, 1978, the FTC filed a petition with the Trademark Trial and Appeal Board (TTAB) to cancel the registration of FORMICA on the ground that the trademark had become the common descriptive name of an article. See *supra* note 44. Formica Corporation's parent, American Cyanamid Company, cancelled a registration obtained in 1963 under the Lanham Act and elected to retain a registration granted under the Trademark Act of 1905. See *FTC v. Elder Mfg. Co.*, 84 U.S.P.Q. 429, 430 (Comm. Pat. 1950). Formica Corporation then moved to dismiss the FTC's petition on the ground that the FTC lacked power to cancel a registration granted under the Trademark Act of 1905 and republished under § 12(c) of the Lanham Act, 15 U.S.C. § 1062(c) (1976).

The TTAB denied Formica's motion to dismiss. *FTC v. Formica Corp.*, 200 U.S.P.Q. 182 (TTAB 1978), and the Court of Customs and Patent Appeals (CCPA) denied Formica's petition for mandamus and prohibition. *Formica Corp. v. Lefkowitz*, 590 F.2d 915, 922 (CCPA 1979). Thereafter, Formica filed a Petition for a Writ of Certiorari, which was denied. *Formica Corp. v. Lefkowitz*, 442 U.S. 917 (1979). On May 5, 1980, after learning of legislation intended to withdraw funding for FTC petitions to cancel registrations, see FTC Improvements Act of 1980 § 18, the FTC moved to dismiss the proceeding without prejudice. In an unreported decision dated June 13, 1980, the TTAB denied the motion and dismissed the proceeding with prejudice. See TTAB Rule 2.114(c).

Legal commentators focused a good deal of attention on the case. *Compare* Ball, *supra* note 171; Fietkiewicz, *Section 4 of the Lanham Act—FTC Authority to Challenge Generic Trademarks*, 48 FORDHAM L. REV. 437 (1980) [hereinafter cited as Fietkiewicz]; Palladino, *supra* note 131; Shipley, *Ge-*

which spawned new proposals for testing generic character.¹⁷⁵

The disposition of all these cases¹⁷⁶ may suggest that economic analysis of the role of trademarks remains an idea whose time has not come; indeed, at least one commentator has advocated caution in moving too far from tradition.¹⁷⁷ However sound this advice may be, given the presently inadequate understanding of how designations operate in a competitive marketplace,¹⁷⁸ and given problems with existing law,¹⁷⁹ new approaches ought to be explored.

Current State Of The Law

The law's present treatment of generic terms and functional features amounts to a distinction between words and names on the one hand and symbols and devices on the other.¹⁸⁰ One res-

generic Trademarks, the FTC and the Lanham Act: Covering the Market with Formica, 20 WM. & MARY L. REV. 1 (1978); Swann, *supra* note 107; Swann, *The Economic Approach to Genericism: A Reply to Folsom and Tepley*, 70 TMR 243 (1980) with Dixon, *Trademarks, The Federal Trade Commission and the Lanham Act*, 68 TMR 463 (1978); Dougherty, *Federal Trade Commission v. Formica: The Generic Trademark Issue*, 2 COMM. AND THE LAW (1980) [hereinafter cited as Dougherty]; Folsom & Teply, *supra* note 107, at 1323.

175. Compare *supra* text and accompanying notes 126-31 with Dougherty *supra* note 174, at 15 where the following are listed among the criteria relied on by the FTC:

- * * *
4. price premium for the trademarked product
 5. performance characteristics of the product not evident from visual inspection
 6. trademark holder in the leading market position
 7. role of the mark in question as an apparent barrier to entry or hindrance to effective competition
 8. significant market size

* * *

12. low likelihood of near-term market correction. . . .

See also Fietkiewicz, *supra* note 174, at 465-70; Folsom & Teply, *supra* note 107, at 1347-54; Swann, *supra* note 174; Swann, *supra* note 107.

It is suggested that the FTC criteria are not neutral. On the contrary, they lead to a finding of genericness largely divorced from the role a word, name, symbol or device plays in the marketplace: (1) the market for a product evidences a violation of the antitrust laws; (2) the leading product in that market is sold under a trademark; (3) the trademark is therefore generic. Cf. *infra* text and accompanying notes 198-201.

176. See *supra* notes 171-72, 174.

177. See Swann, *supra* note 174, at 243.

178. See *supra* note 43, and articles cited *supra* notes 171, 173-74.

179. See text accompanying notes 115-24, 132-36, 146-57. Cf. Swann, *Economic Implications Of Genericism*, GENERIC TRADEMARKS 245 (PLI 1981); Folsom & Teply, *supra* note 174, at 1347 ("Because the current substantive law of genericness does not incorporate . . . economic considerations . . ., it fails to apply appropriate substantive rules to generic-trademark cases.")

180. Compare *supra* text accompanying notes 126-31, with text accompanying notes 143-45. See *Car-Freshner Corp. v. Auto Aid Mfg. Corp.*, 461 F.

olution of this conflict lies within the framework of existing law: evaluate all designations as if they were either (1) words or names or (2) symbols or devices.

In the first case, the status of a designation would be determined by applying the traditional test for a generic term.¹⁸¹ Whenever the status of a word, name, symbol or device was at issue, the question would be: "[W]hat do the buyers understand"¹⁸² by the designation? If it seems difficult to relate this question to a symbol or device, including a product feature, it may be remembered that the search is for those designations that primarily identify source to the consumer.¹⁸³

In the second case, the status of a designation would turn on the standard for determining whether a product feature is functional.¹⁸⁴ In that situation, it would be necessary to establish (1) whether a word or name contributed to the commercial success of a product and (2) if it did not, whether it was distinctive.¹⁸⁵

Supp. 1055, 1059-60 (N.D.N.Y. 1978). An exception is the *de facto* secondary meaning doctrine, which is a part of the law of both genericness and functionality.

181. See *supra* text accompanying notes 126-31.

182. That this is not an entirely unreasonable inquiry may be seen by comparing *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921), where the test was first formulated in connection with the name of a drug ("aspirin"), with *Ives* and other drug cases collected *supra* note 4, where the claimed trademark is the appearance of a capsule and an issue is the meaning of that appearance to consumers.

183. Something akin to this approach may be found in the cases cited *supra* note 145. That the question raised in those cases differs from Hand's *Bayer* formulation is evident from the need to show that the appearance of the product feature (1) possesses secondary meaning and (2) is non-functional. Answering Hand's single question would determine the status of the product feature. See also *Levi Strauss & Co. v. Blue Bell, Inc.*, 208 U.S.P.Q. 473, 477 n.7 (N.D. Cal. 1980) (whether pocket tab for shirts "has become generic").

184. See *supra* text accompanying notes 143-45.

185. This is precisely the approach taken in *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980), *cert. denied*, 49 U.S.L.W. 3931 (U.S. June 15, 1981), where one of the "features" at issue was the name JOB'S DAUGHTERS ("Our holding does not mean that a name or emblem could not serve simultaneously as a functional component of a product and a trademark"; citation omitted; emphasis added); *Damn I'm Good, Inc. v. Sakowitz, Inc.*, 514 F. Supp. 1357, 1360 (S.D.N.Y. 1981), where the "feature" at issue was the name DAMN I'M GOOD. See also *Vuitton et. Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 774 (9th Cir. 1981) ("LV" for luggage and handbags). Cf. *Trak, Inc. v. Banner Ski KG*, 475 F. Supp. 1076, 1082 (D. Mass. 1979).

Defendants have introduced some insubstantial issues into the case, which we will treat summarily. . . .

[D]efendants continue to cite and discuss cases dealing with the protection accorded functional configurations. The principle that a functional trademark is not registrable is confined to shapes. See, *McCarthy, supra*, Vol. 1, § 7:26. The plaintiff is not using a shape, and the

An alternative resolution of the conflict between existing tests for generic terms and functional feature lies in recognizing that neither test fully reflects the role played by words, names, symbols or devices in a competitive marketplace. Among the many variables that may bear on this role are:

1. Identity of Consumers. To the extent that consumer perceptions are relevant to the status of designations,¹⁸⁶ the identity of consumers may be significant. For example, consumer understanding of the meaning of a designation may turn in part on the consumer's familiarity with a product, which may in turn depend on frequency of purchase and use and the extent of exposure to advertising. In evaluating the competitive role of designations, it may be reasonable to treat the opinions of some consumers differently from the opinions of others.¹⁸⁷

2. Differences among Trademarks. It may be that different types of trademarks play different roles in a competitive market-

defendants' argument that the term 'fishscale' is somehow equivalent to a shape is without legal basis.

186. Consumer perceptions are recognized as being relevant to the issues of generic character, *see supra* text accompanying notes 126-31, and functionality. *See* cases cited *supra* note 145.

187. For example, assume that one class of consumers (women) makes more purchases (75%) of a product ("P") than another class (men), who buy 25% of "P". Assume further that a survey of an equal number of men and women concerning the meaning of a word ("X") establishes that more consumers believe that "X" is the generic term for "P" than believe it is a trademark:

<u>TERM</u>	<u>TRADEMARK</u>	<u>GENERIC</u>
X	35%	65%

but that more women believe "X" is a trademark than believe it is a generic term:

<u>TERM</u>	<u>RESPONDENT</u>	<u>TRADEMARK</u>	<u>GENERIC</u>
X	Women	70%	30%
X	Men	0%	100%

Under these circumstances it might well be concluded that all those who make "P" in competition with the maker of "X" ought to be free to use "X" as a generic term because consumers recognize "X" primarily as a generic term for "P". Alternatively, it could be recognized that competition in "P" would be enhanced by permitting the maker of "X" to retain the exclusive right to use "X", which is recognized as a trademark by women who purchase "P" most frequently.

The latter approach amounts to a definition of the status of a word ("X") as consumption rate ("C") times trademark significance ("TS") or generic significance ("GS"). In the foregoing example, "X" would be a trademark ("T"):

$$\begin{array}{r}
 C \times TS = T \\
 (75\%) \times (70\%) = 52.5\% \\
 (25\%) \times (0\%) = 0.0\% \\
 \hline
 52.5\%
 \end{array}$$

not a generic term ("G"):

place. Indeed, unless the distinction between generic terms and functional features is merely the product of faulty reasoning by courts and commentators, it is some evidence that differences among types of designations can exist. Another variable within this category might be the number of products with which a designation is associated.¹⁸⁸

3. Differences Between Trademarks and Service Marks.¹⁸⁹ Although words and names may be generic¹⁹⁰ and symbols and devices functional¹⁹¹ when used in connection with services, it is

$$\begin{array}{r} C \times GS = G \\ (75\%) \times (30\%) = 22.5\% \\ (25\%) \times (100\%) = 25.0\% \\ \hline 47.5\% \end{array}$$

For discussions of the relevant consumer market, see *Loctite Corp. v. National Starch & Chemical Corp.*, 516 F. Supp. 190, 200 n.17 (S.D.N.Y. 1981); *Dictaphone Corp. v. Dictamatic Corp.*, 199 U.S.P.Q. 437, 445 (D. Ore. 1978), and cases cited therein; *Folsom & Tepley*, *supra* note 174, at 1347-50. *Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y. 1921), contains two somewhat inconsistent statements concerning this issue. In one part of his opinion, Hand stated that the issue is the meaning of a word to "the general consuming public, composed of all sorts of buyers. . . ." *Id.* at 510. Nevertheless, in fashioning relief he recognized that the same word meant different things to the public and to pharmacists. *Id.* at 515.

188. Most courts hold that the status of a word or name may differ from product to product. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976); *Dresser Indus., Inc. v. Heracus Engelhard Vacuum, Inc.*, 395 F.2d 457, 464-65 (3d Cir. 1968); *Levi Strauss & Co. v. Blue Bell, Inc.*, 208 U.S.P.Q. 473, 477 n.7 (N.D. Cal. 1980) ("There is no rule of law that a trademark used on a number of different products cannot become generic as to one of them.") (citations omitted); *Anvil Brand, Inc. v. Consolidated Foods Corp.*, 464 F. Supp. 474, 480 (S.D.N.Y. 1978); *Polo Fashions, Inc. v. Extra Special Prods., Inc.*, 451 F. Supp. 555, 559 (S.D.N.Y. 1978); *Riverbank Labs. v. Hardwood Prods. Corp.*, 165 F. Supp. 747, 764 (N.D. Ill. 1958). Other courts have indicated that use of a word or name on more than one product may reduce the likelihood that it is a generic term for any one of them. *Telechron, Inc. v. Telicon Corp.*, 198 F.2d 903, 906-07 (3d Cir. 1952); *Enders Razor Co. v. Christy Co.*, 85 F.2d 195, 197-98 (6th Cir. 1936).

189. "The term 'service mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. Titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor." 15 U.S.C. § 1127 (1976).

190. See *Surgicenters of America, Inc. v. Medical Dental Surgeries Co.*, 601 F.2d 1011, 1015-18 (9th Cir. 1979) (SURGICENTER generic); *Council of Better Business Bureaus, Inc. v. Better Business Bureau, Inc.*, 200 USPQ 282, 289-93 (S.D. Fla. 1978) (BETTER BUSINESS BUREAU not generic). See also *National Assoc. of Realtors v. Homeowner's Corp. of America*, No. C-81-1656 WAI (N.D. Cal. July 15, 1981) ("The terms 'REALTOR' and 'REALTORS' are distinctive and fanciful terms") *Id.* at 2.

191. The ability of kiosks to identify the source of photographic development services is considered in *Fotomat Corp. v. Cochran*, 437 F. Supp. 1231, 1235-36 (D. Kan. 1977); *Fotomat Corp. v. Photo Drive-Thru, Inc.*, 425 F. Supp. 693, 707 (D.N.J. 1977), and cases cited therein; *Fletcher, Buildings As Trademarks*, 69 TMR 229 (1979).

believed that there is currently no discussion of whether the status of such designations ought to turn on their use in connection with goods on the one hand and services on the other in the interests of promoting competition.¹⁹²

4. Cost, Quality, Necessity. Recognizing that the cost, quality and necessity of goods or services affect purchasing decisions may alter the approach to determining the status of designations. At the very least, it suggests that trademarks are probably not the "essence of competition"¹⁹³ and that the "monopoly phobia"¹⁹⁴ such enthusiasm has helped to engender is unfounded. More significantly, it may alter judgments as to the competitive consequences of permitting the exclusive appropriation of designations.¹⁹⁵ That the competitive relationships among cost, quality and necessity of goods or services and the role of designations associated with them¹⁹⁶ may be difficult to articulate supports, at least as persuasively, the need for further study and may suggest to some that cost, quality and necessity are irrelevant.

5. Availability and Methods of Purchase. Just as the cost, quality and necessity of goods or services may be relevant, so may the availability of goods or services and the way they are purchased. For example, Judge Hand's time-honored test¹⁹⁷ may make far less economic sense where a major corporation spends weeks or months negotiating the purchase of an expensive computer than it does when a sixth grader asks for a package of chewing gum over the counter. In the first case, it seems likely that the status of a claimed trademark will have little

192. That there may be meaningful differences in consumer understanding of trademarks and service marks is suggested by the different definitions of "use" in Section 45 of the Lanham Act, 15 U.S.C. § 1127. There, a trademark is used "when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto," whereas a service mark is created when it is "used in the sale or advertising of services. . . ." (emphasis added).

193. See *supra* text accompanying note 43.

194. See Pattishall, *Trade-marks And The Monopoly Phobia*, 50 MICH. L. REV. 967 (1952), and other authorities *supra* notes 43-45.

195. The consequences of permitting such appropriation lie at the heart of the law concerning the relationship between trademarks and generic terms or functional features. See *supra* text accompanying notes 43-45. The principles of law that have developed in this area are attempts to deal with these consequences. A new understanding of how words, names, symbols and devices operate in the marketplace may result in new principles of law.

196. If the issue is the effect on competition of appropriating designations, evidence of the relative importance of the cost, quality or necessity of goods or services and the role of designations in the consumer's purchasing decision may help to determine the competitive effect of permitting the exclusive appropriation of the designation. See *supra* text accompanying notes 43-45.

197. See *supra* quote accompanying notes 81, 126.

bearing on a purchasing decision. By contrast, competition might well be impeded if every general request for a type of product resulted in the sale of one producer's brand of that product.

6. Identity of Competitors. The degree of successful competition in a commercial field may indicate the extent to which a designation is necessary to competition.¹⁹⁸ For example, it was pointed out in connection with the petition to cancel the registration of FORMICA¹⁹⁹ that the owner of FORMICA had only a forty percent share of the relevant market,²⁰⁰ and that competitors expressed no interest in being able to use "formica" generically.²⁰¹

7. Standing to Sue.²⁰² Closely related to the identity of competitors is the competitive effect of permitting a non-competitor to challenge the status of a designation used in connection with a product. For example, in the MONOPOLY cases²⁰³ the declaratory judgment plaintiff, who alleged that MONOPOLY was the generic term for defendant's board game, sold a different game.²⁰⁴ There was no evidence that anyone wishing to sell defendant's game—including plaintiff—was prevented from doing so because it could not use "monopoly" generically, or would begin to do so if permitted to use "monopoly."²⁰⁵

CONCLUSION

Trademark law is almost certain to change after *Ives*. Whether the decision resembles *Kellogg*, which added a needed dimension to an existing legal standard, or *Sears and Compco*, which sowed seeds of confusion in the trademark field, will depend on how the Supreme Court approaches its latest challenge. It is hoped that articles such as this one may point toward,

198. Cf. discussion *supra* note 175.

199. See *supra* note 174.

200. See, e.g., Shipley, *supra* note 174, at 13 n.65.

201. See discussion of "free rider" problem *infra* note 202.

202. This issue should be distinguished from the so called "free rider" question: whether there is a disincentive for one party to mount a private challenge to the status of a word or name because a finding of genericness may benefit the challenger's competitors. See Fietkiewicz, *supra* note 174, at 461-65; Folsom & Teply, *supra* note 107, at 1354-58; Palladino, *supra* note 174, at 117-20, and authorities cited therein.

203. *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296 (9th Cir. 1979); *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 515 F. Supp. 448 (N.D. Cal. 1981).

204. *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296, 299-300 (9th Cir. 1979).

205. Cf. *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296, 305-06 (9th Cir. 1979).

rather than away from, reason and certainty in the law. It is urged that other studies be undertaken to establish more clearly the relationship between trademarks and competition.