

1-1-2012

Crowdsourcing A Trademark: What the Public Giveth, the Courts May Taketh Away

Llewellyn Joseph Gibbons

Follow this and additional works at: https://repository.uchastings.edu/hastings_comm_ent_law_journal

 Part of the [Communications Law Commons](#), [Entertainment, Arts, and Sports Law Commons](#), and the [Intellectual Property Law Commons](#)

Recommended Citation

Llewellyn Joseph Gibbons, *Crowdsourcing A Trademark: What the Public Giveth, the Courts May Taketh Away*, 35 HASTINGS COMM. & ENT. L.J. 35 (2012).

Available at: https://repository.uchastings.edu/hastings_comm_ent_law_journal/vol35/iss1/2

This Article is brought to you for free and open access by the Law Journals at UC Hastings Scholarship Repository. It has been accepted for inclusion in Hastings Communications and Entertainment Law Journal by an authorized editor of UC Hastings Scholarship Repository. For more information, please contact wangangela@uchastings.edu.

Crowdsourcing A Trademark:

What the Public Giveth, the Courts May Taketh Away

by

LLEWELLYN JOSEPH GIBBONS*

Abstract

There is a long tradition of trademark holders relying on the public to create designations that they then adopt as a trademark. Historically, this has been a long and slow process. Acquiring secondary meaning from the individual's first use of the designation could take years. Web 2.0 and other forms of social media have the potential to speed up this process through the use of User Generated Content (UGC). Frequently, coined designations are nicknames for well-known brands, so they are potentially quite valuable. Trademark law is ambiguous regarding who owns a designation created by the public, if the individual claiming the mark has not appropriated the mark by actually using it in commerce. Ownership of the mark is one of the elements of a claim of trademark

*Associate Professor, University of Toledo College of Law. The author would like to thank the Intellectual Property Rights Center, Zhongnan University of Economics and Law for inviting him to present an earlier draft of this paper at the 2012 Nanhu Forum, and to acknowledge the useful comments made by the participants, especially Professors Ann Bartow, Lars Smith, and Peter Yu, and Professor John Cross, for his post conference comments. The author would also like to thank the Intellectual Property Law Section of the Toledo Bar Association, for allowing him to present this paper as a work-in-progress at a CLE program and for their constructive and practical questions and criticism. The author would also like to thank the University of Toledo College of Law for a faculty research grant. As always, the errors of omission or commission are solely the responsibility of the author. Please send comments to the author at lgibbon@utnet.utoledo.edu.

infringement. The public use doctrine attempts to solve this problem by imputing the public's non-commercial use of the designation as a commercial use for the benefit of the referent-mark holder, and so permits the referent-mark holder to appropriate rights in the mark without actually using it in commerce. The public use doctrine is a weak basis on which to claim a crowd-sourced mark; therefore, this article looks at alternative remedies that are available to the referent-mark holder, and concludes that unfair competition or infringement by trademark dilution are better remedies.

I. Introduction

The crowd sourcing of trademarks is not new. In 1916, Planters Peanuts held a contest to develop its logo.¹ For over a century, contests and competitions to name new products or to write new advertising jingles have been common methods of tapping into the "wisdom of crowds."² However, these models of discovering potential trademarks have one salient fact. The crowd (much like an advertising agency) coins the designation; the merchant then appropriates the designation by using it in commerce and thus the merchant transforms the otherwise eligible designation into a protectable trademark. The laws governing these cases are traditional principles of trademark law. The ownership of the mark belongs to the merchant; because the origin of the mark is irrelevant, the merchant, through bona fide use in commerce, appropriates the mark from the public domain.

Traditionally, the process took years or even generations; the public created a new designation, that designation acquired secondary meaning, and then achieved commercial significance. Perhaps the designation of *Coke* is the best example of this process and has ultimately become one of the most valuable global marks: COKE.³

1. PLANTERS PEANUTS <http://www.planter.com/history.aspx?section=timeline> (last visited Oct. 17, 2012).

2. See generally JAMES SUROWIECKI, *THE WISDOM OF CROWDS* (Anchor Books 2005); See also Sitaram Asur and Bernardo A. Huberman, *Predicting the Future with Social Media*, WI-IAT '10 PROCEEDINGS OF THE 2010 IEEE/WIC/ACM INTERNATIONAL CONFERENCE ON WEB INTELLIGENCE AND INTELLIGENT AGENT TECHNOLOGY, Volume 01, at 492 (2010) available at <http://dl.acm.org/citation.cfm?id=1914092> ("social media can be construed as a form of collective wisdom").

3. The Coca-Cola brand is estimated to be worth \$71.8 billion dollars. See <http://www.interbrand.com/en/best-global-brands/previous-years/Best-Global-Brands-2011-report.aspx> (last visited Oct. 17, 2012). Coca-Cola (Coke) and Diet Coke are their two best selling products. See Leon Stafford, *Coca-Cola Holds Top Spot, but Category Keeps Losing Market Share*, THE ATLANTA JOURNAL-CONSTITUTION, (Mar. 20, 2012),

Around 1915, the public coined the designation *Coke* as a nickname for Coca-Cola.⁴ Initially, Coca-Cola actively discouraged its use of the designation *Coke* to refer to its products. Coca-Cola did not publically embrace the designation *Coke* until June 1941.⁵ One may assume that it took 26 years before the designation *Coke* achieved sufficient commercial success and the Coca-Cola Company felt the need to formally appropriate the *Coke* designation as the COKE trademark. Often, pre-Web 2.0, the referent-mark holder could patiently wait to determine whether the designation appeared to be gaining commercial recognition among consumers and only then did the referent-mark holder have to decide whether to appropriate the designation.⁶

This may no longer be true. Although, not a crowd sourced mark, the APP STORE mark example is offered as evidence of how quickly the strength of a mark can change in the Web 2.0 era. A merely descriptive designation such as APP STORE can go from a weak mark to a strong famous mark in barely twenty-seven months, from first use in commerce to the filing of litigation.⁷ In *Apple, Inc. v. Amazon.com, Inc.*, Apple sued Amazon.com, Inc. for trademark infringement over the APP STORE mark.⁸ The origin of the designation *App Store*

<http://www.ajc.com/news/business/coca-cola-holds-top-spot-but-category-keeps-losing/nQSLy/>. This article will endeavor to use *italics* to indicate a publicly coined designation, all CAPS to indicate a trademark, and upper and lower case letters when discussing the mark. So, *Coke* is a publicly coined designation that was adopted by Coke as the COKE trademark.

4. See Phil Mooney, Comment to *Coke Means Coca-Cola*, COCA-COLA CONVERSATIONS, (June 16, 2008, 5:43 PM), <https://www.coca-colaconversations.com/2008/06/coke-means-coca.html>.

5. See Phil Mooney, *Coke Means Coca-Cola*, COCA-COLA CONVERSATIONS, (June 16, 2008), <https://www.coca-colaconversations.com/2008/06/coke-means-coca.html>. But Coca-Cola did litigate the use of the *Coke* designation by others as early as 1916. See *Coca-Cola Co. v. Koke Co. of America*, 235 F. 408 (D. Ariz. 1916), *rev'd on other grounds*, 255 F. 894 (9th Cir. 1919), *rev'd on other grounds*, 254 U.S. 143 (1920).

6. The term referent-mark refers to the senior mark or brand to which the publicly coined designation refers.

7. *Apple, Inc. v. Amazon.com Inc.*, 100 U.S.P.Q. 2d 1835, 1840-41 (N.D. Cal. 2011) (assuming without deciding that APP STORE is a descriptive mark which “arguably acquired secondary meaning.”); *id.* at 1844 (rejecting Apple’s claim that APP STORE is a famous mark); see also section, IV.A, *infra* discussing the APP STORE mark’s claim to fame.

8. *Apple, Inc.*, 100 U.S.P.Q. 2d at 1836 (Apple asserted five causes of action—(1) trademark infringement, false designation of origin, and false description under section 43(a) of the Lanham Act, (2) dilution under section 43(c) Lanham Act; (3) trademark

is hotly contested.⁹ Interestingly, Apple claims to have coined the designation *App Store*,¹⁰ and Amazon vigorously denied Apple's claim to have coined the mark.¹¹ Although APP STORE was technically not a crowd-sourced mark, this mark was not developed internally by Apple or by its agents.¹² Rather, another company fielded the "app store" idea to Apple, which critiqued the idea because it needed a large-scale platform in order to be functional.¹³ The smaller, company prior to any actual use in commerce, then abandoned its Lanham Act § 1(b) intent to use trademark application for the APP STORE mark and the related Internet domain name www.appstore.com on December 5, 2008,¹⁴ and selected a new mark.¹⁵ On July 17, 2008, Apple filed an application for trademark registration based on use in commerce.

Meanwhile, starting in July 2008, Apple started to license apps and to distribute them through its App Store portal on iTunes;¹⁶ in September 2010, Amazon started to solicit software developers to develop Android apps; and by March 2011, when Amazon.com started to use the "app store" to license Android based applications,

infringement under common law; (4) dilution under common law; and (5) unfair competition under California Business & Professions Code § 17200.)

9. *Id.*

10. See Second Amended Complaint at 2, *Apple, Inc. v. Amazon.com, Inc.*, 100 U.S.P.Q. 2d 1835 (2011) (No. CV 11-01327 PJH) available at https://web2.westlaw.com/result/previewcontroller.aspx?TF=756&TC=4&tc=-1&mt=321&sv=Split&rp=%2ffind%2fdefault.wl&findtype=Y&ordoc=2025619711&serialnum=2026554812&vr=2.0&fn=_top&tf=&pbcc=449C7A0F&rs=WLW12.07&RP=/find/default.wl&bLinkViewer=true.

11. *Amazon.com, Inc.*, 100 U.S.P.Q. 2d at 1843.

12. See Larry Dignan, *Apple's App Store and a Little Trademark History*, TECHREPUBLIC, (March 22, 2011), <http://www.techrepublic.com/blog/mac/apples-app-store-and-a-little-trademark-history/1063>, March 22, 2011.

13. *Id.*

14. Trademark Status and Document Retrieval for No. 78907865, UNITED STATES PATENT AND TRADEMARK OFFICE (http://tsdr.uspto.gov/#caseNumber=78907865&caseType=SERIAL_NO&searchType=statusSearch)(filed an intent to use application in 2006 which they abandoned in 2008). However, the first attempt to register the mark APPSTORE was by Sage Networks, which abandoned their attempt to trademark APPSTORE in 2000. Dignan, *supra* 12.

15. Dignan, *supra* note 12.

16. Trademark Status and Document Retrieval for No. 77525433, UNITED STATES PATENT AND TRADEMARK OFFICE (http://tsdr.uspto.gov/#caseNumber=77525433&caseType=SERIAL_NO&searchType=statusSearch

Apple contended that the APP STORE mark had already become a famous mark. However, by December 2008, the New York Times ran a story “It began with Apple’s iPhone App Store, then spread to the Google Android Market; the Palm App Store opened this week and the BlackBerry Store opens in March.”¹⁷ The story later added insult to injury by using the term app store in a generic sense to mean a place where one purchases computer applications (apps).¹⁸ The New York Times article reflected a consumer understanding of the designation *app store*.

This article theorizes that this process, from the public coining of the designation to the designation achieving commercial significance, will develop increasingly faster as the use of social media becomes seamlessly woven into the public’s (and more importantly, a consumer’s) social interaction with the brand, and the increasing ability of consumers to communicate with others interested in the brand. Recently, scholarship indicates that only a handful of mavens or taste leaders can tip social desirability of a product.¹⁹ The technological change represented in Web 2.0 and social media may reconceptualize the role of the public from that of a passive recipient of a mark created by the brand holder to the public as an active force in creating new commercially significant designations.

This article explores the legal issues involved when the crowd, though common or popular use, bestows a new designation on the referent-trademark holder’s goods or services. The crowd’s gifting of a designation creates potential problems for the recipient merchant. The merchant must decide to reject (abandon) or accept the designation. This decision will affect whether the merchant is or can become a trademark holder of the public designation. If the merchant rejects the designation through non-use or running counter

17. David Pogue, *Envelop, Please. It’s a Pogie*, NY TIMES, Dec. 18, 2008 at B1. See Lanham Act § 43(c)(1)(G) (“the nature and extent of use of the same or similar marks by third parties” as a factor of trademark dilution fame).

18. *Id.* (“[a]n app store turns the smartphone into something . . . the cellphone app store takes the trophy as the Tech Idea of the Year.”).

19. See generally, Malcolm Gladwell, *THE TIPPING POINT: HOW LITTLE THINGS CAN MAKE A BIG DIFFERENCE* (2002). It is not a new phenomenon. Clark Gable’s bare chest in the motion picture *It Happened One Night* allegedly sent undershirt sales plummeting. See Amy T. Peterson and Ann T. Kellogg, *THE GREENWOOD ENCYCLOPEDIA OF CLOTHING THROUGH AMERICAN HISTORY, 1900 TO THE PRESENT: VOLUME 1, 1900-1949*, at 277-78 (Greenwood 2008) (the practice of leaving the last button of a men’s vest undone following the example of King Edward VII). See also Alan J. Flusser, *STYLE AND THE MAN*, at 14 (HarperCollins 1996).

advertising, the designation should remain in the public domain as far as trademark ownership is concerned. However, if the merchant eventually accepts the designation, the plaintiff must show that the plaintiff owns a valid trademark as an element of a claim of trademark infringement. The law is unclear about whether the trademark can be appropriated from the public domain absent actual bona fide use in commerce or whether the public use is imputed to the referent-mark holder, as well as what the priority date for a crowd sourced mark is: some date within the period that it was first used by the public or the actual bona fide first use by the referent-mark holder? Finally, the law is equally unclear on what remedies, if any, are there for the unauthorized use of the public's designation, provided it has not been properly appropriated from the public domain.

This article concludes that if the merchant did not appropriate the designation, a competitor's use of the designation may be actionable under Section 43(a) of the Lanham Act as a form of *unfair competition*, but is not actionable under that section as *trademark infringement*. However, if the public's designation has acquired commercial secondary meaning, then it may be a basis on which to oppose or cancel a federal trademark registration. Therefore, this article recommends that sophisticated mark holders should be alert for new public designations of their products and consider appropriating these designations at the earliest opportunity, either through the early development common law trademark rights or through federal registration, especially if the designation appears poised to become commercially significant. However, this may be easier said than done in an age of instant fame and social media interconnectivity.

II. Social Media

New forms of social media will increase the rate at which consumers accept a new publically coined designation to represent existing marks. In addition, social media will also increase the rapidity with which public designations achieve commercial significance.²⁰ Web 2.0 is a technological platform on which User Generated Content (UGC) is built;²¹ social media is one form of user-

20. See Andreas M. Kaplan and Michael Haenlein, *Users of the World, Unite! The Challenges and Opportunities of Social Media*, 53 BUS. HORIZONS 59, 61 (2010).

21. See generally *Social Media*, WIKIPEDIA, http://en.wikipedia.org/wiki/Social_media.

generated content.²² UGC must be published on a publically available site; demonstrate some creativity; and be created outside of the users' professional endeavors.²³ A mere exchange of email, unchanged reposting/redistribution of preexisting content, or commercial advertising does not count. UGC existed long before Web 2.0; however, broadband, new software, and the increase in the public's use and acceptance of technology have resulted in a new digital environment.²⁴ Social media has been defined as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content."²⁵ The actual technologies, norms, and practices of social media are not static and continue to evolve in the context of changes in technology, social norms, and laws.

This article postulates that one proxy to demonstrate the influence of Web 2.0 and social media in creating new designations is to consider the increase in the rate of new words being recognized in dictionaries. Editors of dictionaries recognize new words based on their persistent use by the public.²⁶ One expert has opined, "With the explosion of digital media and convergence devices, people are creating and using new words more widely and at a greater pace than usual."²⁷ Further, between 1993 and again in 1997, the Oxford English Dictionary (OED) added approximately 3,000 words or about 1,000 words per year.²⁸ Recently, the OED has been adding words at the rate of approximately 4,000 words per year.²⁹ One may speculate that since the increase in the rate of newly recognized words correlates well with the development of Web 2.0, an increase in User Generated Content (UGC), and the growth of social media,

22. *Id.*

23. *Id.*

24. *Id.* at 61.

25. *Id.*

26. See generally Ellen P. Aprill, *The Law of the Word; Dictionary Shopping in the Supreme Court*, 30 ARIZ. ST. L.J. 275, 292-94 (1998) (describing how editors create dictionary entries).

27. Hannah Boen, *New Words Added to Dictionary not a Surprise to Area Language Lovers*, REPORTER NEWS (Aug. 15, 2012), <http://www.reporternews.com/news/2012/aug/15/new-words-added-to-dictionary-not-a-surprise-to/?print=1>.

28. See *Oxford English Dictionary*, WIKIPEDIA (last visited Sept. 18, 2012, 12:59), http://en.wikipedia.org/wiki/Oxford_English_Dictionary.

29. *Id.*

there is some positive relationship between the creation of new words and changes in consumer communication.

If the public can develop a brand and destroy a brand, then the public can surely create designations for products that will quickly become widespread and achieve commercial significance.³⁰ Word-of-mouth has always been a critical part of any brand building strategy, and word of mouth has gone viral in the Web 2.0 milieu. One commentator observed, “online word of mouth poses the most important challenge to the Internet trademark law.”³¹ “The technology that was supposed to empower marketers has empowered consumers instead.”³² Prior to the Internet, individual taste-shapers were able to share their opinions with a few friends.³³ At the beginning of Web 2.0, a few years ago, these same individuals could blog or post something on their websites that may be read by a few close members of their family and their circle of friends.³⁴ Until very recently, the dominant force creating brands and brand images was the brand owner, who used pricing, the consumer’s product experience, commercial advertising, and retail-space interactions with consumers to develop the brand image.³⁵ However, even pre-Web 2.0, brand owners recognized that consumer word of mouth or consumer buzz could mean success or failure of a brand.³⁶

Historically, these influential mavens of taste had to work through connectors and salespeople to get the message out. Social media creates a process of disintermediation that permits the mavens or taste-leaders to directly reach the end user without necessarily using connectors, weakening or eliminating the importance of salespeople. Social media now absorbs and extends the reach of the connector and

30. W. Glynn Mangold & David J. Faulds, *Social Media: The New Hybrid Element of the Promotion Mix*, 52 BUS. HORIZONS 357, 359 (2009).

31. Eric Goldman, *Online Word of Mouth and its Implications for Trademark Law*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 404, (Graeme B. Dinwoodie and Mark D. Janis, eds., Edward Elgar Press 2007), available at SSRN: <http://ssrn.com/abstract=1020695>.

32. Susan Fournier & Jill Avery, *The Uninvited Brand*, 54 BUS. HORIZONS 193, 193 (2011).

33. See Gladwell, *supra* note 19 at 179 (social networks rarely exceeded 150 people).

34. See Mangold & Faulds, *supra* note 30 at 359 (“Conventional marketing wisdom has long held that a dissatisfied customer tells ten people. That is out of date. In the age of social media, he or she has the tools to tell 10 million”).

35. See Fournier & Avery, *supra* note 32 at 194.

36. See Goldman, *supra* note 30, at 409; David Court, Dave Elzinga, Susan Mulder, and Ole Jorgen Vetvik, *The Consumer Decision Journey*, MCKINSEY QUARTERLY (June 2009), http://www.mckinseyquarterly.com/The_consumer_decision_journey_2373, (67% of consumer purchase decisions are primarily influenced by word of mouth).

salesperson function into Web 2.0 technology, thus rapidly facilitating new crowd-sourced public designations for existing products. The scope of social media use is also increasing the potential range of a connector-community.

Today, social media has provided the average person with a huge megaphone to amplify their influence to shape consumer-tastes in the future and unprecedented opportunities to saturate trademarks with new meaning.³⁷ Empowered by Internet technology, consumers can infuse a brand with buzz, investing it with magnetism and economic value, or they can force a trademark into oblivion even against the wealthiest content owners. One commentator observed that “the separate nature of many brand relationships—the ‘them’ and ‘us’—is obsolete.”³⁸

Web 2.0 technology, especially social media, reduces consumer costs to disseminate their views widely.³⁹ Web 2.0 technologies permit the consumer to expand the scope of his or her social network beyond his or her physical social network, and permits members of the virtual social network to “like,” “re-tweet,” or forward a message to members of their social networks.⁴⁰ Unlike oral speech, which is ephemeral, and written speech in the physical world, which is difficult to locate, web content is easily located, and may be accessible forever.⁴¹

[N]ew online intermediaries [such as Amazon.com, eBay, TripAdvisor] have emerged to systematically capture and republish consumer opinion. Search engines have further concentrated the value of the public designation or word of mouth. Brand owners compete with blogs, opinion sites, and other consumer speech for a prominent place in the search engine results.⁴²

Even if the brand is prominently featured in a search engine result, it may be surrounded by critical consumer commentary. One

37. See generally *State of the Media: The Social Media Report*, NIELSEN, Q3 (2011) (“60 percent of social media users create reviews of products and services” and “consumer-created reviews/ratings are the preferred source for information about product/service value, price and product quality”).

38. See Deborah R. Gerhardt, *Social Networks and the Law: Social Media Amplify Consumer Investment in Trademarks*, 90 N.C.L. REV. 1491, 1499 (2012).

39. See Goldman, *supra* note 31, at 411.

40. See Fournier & Avery, *supra*, at 194 & 200.

41. See Goldman, *supra* note 31, at 411.

42. See Goldman, *supra* note 31, at 412.

commentator concluded that “a single consumer, through favorable search engine placement, might influence thousands or even millions of potential customers, and because online word of mouth can survive indefinitely, the Internet ‘remembers’ a trademark owner’s historical choices and practices.”⁴³

Consumer communication through Web 2.0 and social media may be described as networks composed of nodes and connected by ties.⁴⁴ Of course, not all ties are created equal.⁴⁵ There are leaders and followers among the nodes so that the sharing of information is asymmetrically reciprocal.⁴⁶ These leaders may be described as brand mavens or brand advocates and have a disproportionate influence on consumers’ choices and brand development.⁴⁷ This process is roughly analogous to the social process that creates sudden change described by Malcolm Gladwell in *The Tipping Point: How Little Things can Make a Big Difference*.⁴⁸ In the model postulated in this Article, the nodes are individuals or institutional groups and ties represent the sharing of information among groups.⁴⁹ Pre-Web 2.0 (and newer forms of social media such as Facebook, MySpace, Twitter, and Google+), individual-nodes found it difficult to create ties with other individual-nodes, which shared common interests. Without the assistance of social media to locate interested nodes, developing ties among nodes was serendipitous at best.⁵⁰ Brands are the social glue that connects many communities of individuals.⁵¹

43. See Goldman, *supra* note 31, at 413.

44. See Gerhardt, *supra* note 38, at 1495.

45. See Eric Gilbert & Karrie Karahalios, *Predicting Tie Strength with Social Media*, CHI PROCEEDINGS OF THE 27TH INTERNATIONAL CONFERENCE ON HUMAN FACTORS IN COMPUTING SYSTEMS, 211-220 (2009) available at <http://dl.acm.org/citation.cfm?id=1518736>.

46. See Gerhardt, *supra* note 38, at 1495; Ronald A. Clark and Ronald E. Goldsmith, *Market Mavens: Psychological Influences*, 22 PSYCHOLOGY & MARKETING 289, 289-90 (April 2005).

47. See Goldman, *supra* note 31, at 409.

48. See Gladwell, *supra* note 19, at 19 (discussing mavens).

49. See Gerhardt, *supra* note 38, at 1495.

50. Other forms of social media also facilitates the creation of ties, for example review sites such as TripAdvisor or merchants that permit consumers or the public to post feedback on their experiences with a good or service, and of course, sites which permit readers to post comments all facilitate the creation of ties. See Gerhardt, *supra* note 38 at 1495.

51. *Id.* at 1508.

The consuming public is often erroneously viewed as merely passive consumers of trademarks and brand images.⁵² Recently, scholarship suggests that the public is an active player in creating and maintaining brands and their images.⁵³ Trademark holders, even the holders of famous marks, tend to be followers rather than leaders when it comes to using new forms of communication. In the 1990s, the owners of famous trademarks came to the Internet only to find that their marks had already been appropriated by cybersquatters as domain names.⁵⁴ More recently, trademark holders arrived at Facebook and Twitter with the expectations to develop their marks, only to find that consumers had beat them to these newer forms of social media.⁵⁵ In a race between the plodding mark holder and the cutting edge consumer-market-maven, the consumer will almost always be the first adopter of any new technology—slowly followed by a brand and its image consultants.

This results in a world where the story of a brand is one that is jointly authored by the brand owner and the brand's adherents or its critics. No longer are successful consumer brands developed solely or even primarily through a top down approach which is totally dominated, if not totally controlled, by the brand owner. Rather, successful brand development is a collaborative effort between the brand owner and the public. "Various constituencies of consumers generate product names, package designs, and advertising for leading contenders."⁵⁶ Further, "marketers engage in rigorous searches for organically-created brand messages that can be co-opted for the

52. See Leah Chan Grinvald, *A Tale of Two Theories of Well-Known Marks*, 13 VAND. J. ENT. & TECH. L. 1, 6 (2010); Deborah R. Gerhardt, *Consumer Investment in Trademark*, 88 N.C.L. REV. 427, 450-53 (2010); Deven R. Desai, *Is Pepsi Really a Substitute for Coke? Market Definition in Antitrust and IP*, 100 GEO. L.J. 2119, 2127 (2012); Mark P. McKenna, *A Consumer Decision-Making Theory Of Trademark Law*, 98 VA. L. REV. 67 (2012).

53. See, e.g., Gerhardt, *supra*, note 38 at 1493; Rebecca Tushnet, *Gone In Sixty Milliseconds: Trademark Law And Cognitive Science*, 86 TEX. L. REV. 507 (2012); Mark P. McKenna, *A Consumer Decision-Making Theory Of Trademark Law*, 98 VA. L. REV. 67 (2012);

54. See Fournier and Avery, *supra* note 34 at 195; Jonathan Zittrain, *ICANN: Between The Public And The Private—Comments Before Congress*, 14 BERKELEY TECH. L.J. 1071, 1079 (1999).

55. See Michael L. Rustad & Diane D'Angelo, *The Path of Internet Law: An Annotated Guide to Legal Landmarks*, 2011 DUKE L. & TECH. REV. 12, 1, 58 (2011); See generally Thomas J. Curtin, *The Name Game: Cybersquatting and Trademark Infringement on Social Media Websites*, 19 J.L. & POL'Y 353 (2010).

56. See Fournier and Avery, *supra* note 32 at 196.

benefit of the firm.”⁵⁷ Other firms monitor social media twenty-four hours a day, measuring the public’s reaction to the brand.⁵⁸ Consequently, brand holders increasingly recognize the power of the consuming public using Web 2.0 and social media.

III. Trademark Infringement

The focus of this article is not on the public’s use of an abbreviation or confusing colorable imitation of a trademark that is already clearly prohibited under trademark law, for example “Opry” for the mark “Grand Ole Opry,”⁵⁹ “Coke” for “Coca-Cola,”⁶⁰ “Jack” for “Jack Daniel’s,” or initials, such as “PP” for “Planned Parenthood”⁶¹ or “IBM” for “International Business Machines.”⁶² Rather, it focuses on altogether new designations such as “Hog” for “Harley-Davidson,”⁶³ “Mickey D” for “McDonalds,”⁶⁴ “Big Blue” for “IBM,”⁶⁵ or “Tarzhay” or “Tarjay” for Target.⁶⁶ These designations

57. *Id.*

58. *Id.* at 197.

59. *See, e.g.*, WSM, Inc. v. Bailey, 297 F. Supp. 870, 872-873 (M.D. Tenn. 1969).

60. *See, e.g.*, Coca-Cola v. Busch, 44 F. Supp. 405, 409-10 (Pa. Dist. Ct. 1942).

61. *See, e.g.*, Planned Parenthood Fed. of Am., Inc. v. Problem Pregnancy of Worcester, Inc., 498 N.E.2d 1044, 1048 (Mass. 1986).

62. *Cf.* 15 U.S.C. §1114(1)(a) (2006)(prohibiting the commercial use of a “reproduction, counterfeit, copy, or colorable imitation.”).

63. The mark HOG has been registered by Harley-Davidson for motorcycle repair services. *See* HOG, Registration No. 78432092, available at http://tsdr.uspto.gov/#caseNumber=78432092&caseType=SERIAL_NO&searchType=statusSearch, but it has been abandoned for exhibitions, motorcycle club services, and motorcycle competitions. *See* HOG, Registration No. 78431581, available at http://tsdr.uspto.gov/#caseNumber=78431581&caseType=SERIAL_NO&searchType=statusSearch, but it has been abandoned because of a failure to respond or late response.

64. McDonald’s has registered the mark MICKEY D’S for clothing and restaurant services. *See* MICKEY D’s, Registration No. 1666796, available at http://tsdr.uspto.gov/#caseNumber=74078677&caseType=SERIAL_NO&searchType=statusSearch, and MICKEY D’s, Registration No. 1292557, available at <http://tess2.uspto.gov/bin/showfield?f=doc&state=4010:60bcbf.3.5>.

65. The IBM Corp. has abandoned the US registration for the mark BIG BLUE. *See* BIG BLUE, Registration No. 73741661, available at http://tsdr.uspto.gov/#caseNumber=74078677&caseType=SERIAL_NO&searchType=statusSearch. IBM used the moniker Big Blue for decades (starting in the 1960s) prior to its trademark registration in 1989. *See* Eric Schmitt, *From ‘Big Blue’ to Big Blue: Find Another Name, or Else*, NY TIMES, May 11, 1989, <http://www.nytimes.com/1989/05/11/business/from-big-blue-to-big-blue-find-another-name-or-else.html>.

66. The author has been unable to find any U.S. trademark registration for the designations *Tarjay* or *Tarzhay*. Target’s chief marketing officer describes these terms as a “gift” from customers. *See Target’s Nickname Tar-zhay* (CNBC Video Jan. 3, 2011), available at <http://video.cnbc.com/gallery/?video=1719878893>. However, he also stated

are not merely colorable extensions of an already protected mark.⁶⁷ Rather, these designations should be analyzed as marks in their own right independent of the senior referent-mark or brand. If a crowd-sourced designation is adopted or appropriated by the referent-mark holder and used by the referent-mark holder in commerce as a mark, then the use by a competitor merely presents a run-of-the-mill trademark infringement case. However, if the referent-mark holder has not appropriated the designation, then there are significant questions regarding the referent-mark holder's trademark rights to prevent the designation from being used by others. In order to have a remedy, there must be a legal right.

Sometimes, however, a merchant will reject the public's gift of a designation either by affirmatively discouraging the use of the public's designation (for example, Coca-Cola and IBM initially discouraged the public's use of COKE and BIG BLUE respectively), or by ignoring the new designation (for example *Tarzhay* for Target).⁶⁸ Over time, these public designations may become as popular (and as valuable), if not more popular than the merchant's chosen mark. Seizing an opportunity, a competitor may then take steps to appropriate the public's coined designation for its own goods or services. A competitor's use of the designation may result in the loss of some of the goodwill associated with the designation, the competitor free riding on the reputation of the merchant, and create a likelihood of consumer confusion or deception.

The question is whether this constitutes likelihood of consumer confusion trademark infringement. Appropriating the designation by the putative trademark holder is the sine qua non of trademark ownership. If trademark ownership does not exist solely through the public's use of the designation, then there is a battle for priority and senior trademark user rights. This is a conflict between a competitor, who has adopted the public designation by its actual bona fide use in

that Target would never use these terms. *See id.* I would argue that merely the affectation of a faux French pronunciation of an English language word mark is not sufficient to prevent the likelihood of consumer confusion. *Cf. Coca-Cola Co. v. Christopher*, 37 F. Supp. 216, 216 (E.D. Mich. 1941) (LA COQ versus COKE).

67. It should go without saying that the author is not opining on the legal rights or status of any of the marks used as examples in this article. Any use of a mark in the article is solely illustrative of a point in the discussion, and the mark was selected solely because the reader is likely to be familiar with the mark.

68. While this Article treats the creation of a public designation as a "gift" to the referent-mark holder, other models such as the consumer investment model would grant the public limited recognized rights to use the mark base on their economic and emotional investment in a brand and its development. *See generally* Gerhardt, *supra* note 38.

commerce, and the referent-mark holder, who was gifted the designation (and arguably any secondary meaning) without any use in commerce. Neither party has any substantial claim to a right in the mark or the protection of equity. Finally, as a matter of public policy, should principles of “first in time, first in right” property rights in trademark trump strongly held policies preventing the likelihood of consumer confusion in resolving these questions?

Under trademark law, the affirmative right granted to a mark holder is the right to prevent uses in commerce that are likely to result in consumer confusion as to source, origin, or sponsorship.⁶⁹ In addition to the statutory requirements of the Lanham Act, courts have imposed another essential element of a claim of trademark infringement under the Lanham Act: the ownership of the alleged infringed mark.⁷⁰ In the United States, there are two main bodies of law that result in mark ownership and under which marks are protected: state common law and the Lanham Trademark Act.⁷¹ Under either body of trademark law, the mark holder must appropriate from the public domain a designation capable of distinguishing its goods or services from that of others through a bona fide use in commerce.⁷²

This article will not discuss state common law trademark infringement versus federal trademark infringement of unregistered marks in detail, because the test for trademark infringement is substantially the same under either body of law.⁷³ Both bodies of law make ownership an essential element in a trademark infringement claim. There are other requirements to obtain trademark rights. For example, the mark must have either inherent or acquired secondary meaning to be capable of functioning as a mark and to distinguish (identify) goods or services as an indicator of source or origin.⁷⁴ This

69. Lanham Act § 32(1), 15 U.S.C. § 1441 (2006) & §43(a), 15 U.S.C. § 1125(a) (2006). See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117-18 (2004).

70. Fed. Treasury Enter. *Sojuzplodoimport v. Spirits Int'l. N.V.*, 623 F.3d 61, 69 (2d Cir. 2010) (“we note that ownership of the relevant trademark is one of the “necessary elements . . . of trademark infringement under the Lanham Act.”).

71. *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985).

72. See *infra*, Part II.A. See also *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918) (“[t]here is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”).

73. See 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:1.50 (citing cases and describing state and federal trademark law as “congruent”).

74. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 772-74 (1992).

article assumes that the public's gifted designation will otherwise meet all of the other common law or statutory requirements to serve as an unregistered mark, except that a merchant asserting trademark rights in the designation has not actually appropriated the mark by using it in commerce.

A. State Common Law Trademark Rights

The common law as expounded in the Restatement (Third) of Unfair Competition ("Restatement"), states that a trademark must be "used in a manner that identifies those goods or services and distinguishes them from the goods or services of others."⁷⁵ The Restatement definition might appear to be consistent with an interpretation that a designation's use by the crowd is sufficient to bestow ownership of the mark on a non-using trademark holder. Section 9 of the Restatement does not appear to require that the use actually be by the mark holder and would appear that the public's use of the designation would be sufficient to accrue trademark rights.

However, section 18 of the Restatement provides that the person claiming a property interest in the designation does not acquire trademark rights until

"the designation has been actually used as a trademark . . . [a] designation is 'used' as a trademark . . . when the designation is displayed or otherwise made known to the prospective purchasers in the ordinary course of business in a manner that associates the designation with the goods, services, or business of the user."⁷⁶

The public's use of a designation to refer to the mark holder's goods is arguably not a use in the ordinary course of business.⁷⁷ The public is not in the "business" nor is the public an agent of the person attempting to claim the designation as a mark.⁷⁸

Finally, section 19 of the Restatement provides for the priority of trademark rights. Section 19 provides that "one who has used a designation as a trademark . . . under the rule stated in § 18 has

75. RESTATEMENT (THIRD) OF UNFAIR COMPETITION: DEFINITIONS OF TRADEMARK AND SERVICE MARK § 9 (1995).

76. *Id.*

77. RESTATEMENT (THIRD) OF UNFAIR COMPETITION : ACQUISITION OF RIGHTS § 18 (1995).

78. *See Illinois High School Ass'n v. GTE Vantage Inc.*, 99 F.3d 244, 247-48 (7th Cir. 1996).

priority in the use of the designation . . . (a) in any geographic areas in which the actor has used the designation in good faith or in which the designation has become associated with the actor as a result of good faith use before the designation is used in good faith [by another].”⁷⁹ Section 19 presupposes, first, that the use of the mark meets the requirements of section 18, and then it imposes the additional requirement that the mark is actually used by the person asserting a priority in the claimed mark.

Consequently, under the Restatement’s articulation of the common law of trademark, a person asserting rights in a mark must as a bare minimum prove that he or she appropriated the designation by the actual bona fide use of the mark in commerce.⁸⁰ The language of the Restatement does not appear to be susceptible to an interpretation that the mere use by the public as a designation is a constructive use in the ordinary course of business by the person claiming trademark rights in the designation.⁸¹ There is no common law doctrine of constructive trademark use.⁸² Federal courts interpreting the common law of trademark have held that “[t]o acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in connection with the sale of goods or services.”⁸³

79. RESTATEMENT (THIRD) OF UNFAIR COMPETITION: PRIORITY OF RIGHTS § 19 (1995).

80. RESTATEMENT (THIRD) OF UNFAIR COMPETITION: ACQUISITION OF RIGHTS § 18; *Buying For The Home, LLC v. Humble Abode, LLC*, 459 F. Supp. 2d 310, 327 (D.N.J. 2006). *But see* Peter M. Brody, *What’s in a Nickname? Or, Can Public use Create Private Rights?*, 95 TRADEMARK REP. 1123, 1145 (2005) (suggesting that the court has found de facto constructive trademark use for the purpose of standing to oppose a trademark registration).

81. *Cf.* *Aktieselskabet AF 21. November 2001 v. Fame Jeans, Inc.* 525 F.3d 8, 20 (C.A.D.C. 2008) (“At common law, “prior ownership of a mark is only established as of the first actual use of a mark in a genuine commercial transaction.”)(citation omitted); *Tally-Ho, Inc. v. Coast Community College Dist.*, 889 F.2d 1018, 1023 (11th Cir. 1989) (citing *United States v. Steffens*, 100 U.S. 82, 85, (1879)).

82. *See* LOUIS ALTMAN AND MALLA POLLACK, 4A CALLMANN ON UNFAIR COMP., TR. & MONO. § 26:4 (4th ed.); Beverly W. Pattishall, *The Lanham Trademark Act At Fifty — Some History And Comment*, 86 TRADEMARK REP. 442, 447 (1996); *but see* *Nat’l Cable v. Am. Cinema Editors*, 937 F.2d 1572, 1578 (Fed. Cir. 1991).

83. *Sengoku Works Ltd. v. RMC Int’l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996). *See generally* 2 MCCARTHY ON TRADEMARKS AND UNFAIR Competition § 16:1 (4th ed.).

B. Federal Unregistered Trademark Rights

Section 43(a) of the Lanham Act protects unregistered trademarks from uses in interstate and foreign commerce that are likely to cause consumer confusion.⁸⁴ Federal registration of a mark under the Lanham Act is merely federal recognition of trademark rights that are already possessed by the registrant.⁸⁵ The Lanham Act provides that a person must use a designation in interstate commerce to distinguish, identify, and indicate the source of his or her goods in order to obtain trademark rights.⁸⁶ Mere use of a designation by members of the public is probably insufficient use to obtain federal trademark rights by the referent-mark-holder.⁸⁷

There is some debate regarding the proper interpretation of “use in commerce” for the purposes of trademark infringement under section 32(1) of the Lanham Act (registered marks) and section 43(a) (unregistered marks).⁸⁸ This debate may also be critical to the proper understanding of the term “use in commerce” under section 43(c)(1) of the Lanham Act (trademark dilution).⁸⁹ Whether “use in commerce” means any commercial use that Congress could constitutionally regulate under the commerce clause⁹⁰ or has the much narrower definition provided in section 45 of the Lanham Act may be critical in future trademark disputes. The public use of a designation in this context is comprised of two types of use, the first being the public’s use of a designation to describe goods or services. Whether Congress could lawfully regulate private consumer speech in a

84. *Id.* at 780; *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29-30 (2003). Section 43(a) of the Lanham Act also contains a broad cause of action against various forms of unfair competition usually involving some form of consumer deception. *McCarthy* § 1.9. There is no requirement for trademark ownership to bring an unfair competition claim. *See Exxon Corp. v. Humble Exploration Co., Inc.*, 695 F.2d 96, 103 (5th Cir. 1982).

85. *See* Graeme B. Dinwoodie, *Lessons From The Trademark Use Debate*, 92 IOWA L. REV. 1703, 1710-11 (2007), *but see* 3 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:8 (4th ed.) (“[The Lanham Act] does not say that the applicant must also qualify for state common law protection. That coincidentally, the applicant will usually also meet common law standards is beside the point.”). *See generally* 15 U.S.C. § 1126(e) (2006)(U.S. trademark registration based on a foreign trademark registration).

86. 15 U.S.C. § 1127 (2006); *see also* 15 U.S.C. 1051(b) & 1051(d) (2006).

87. *See Continental Corrugated Container Corp. v. Continental Group, Inc.*, 462 F. Supp. 200, 204 (S.D.N.Y. 1978) (“It is doubtful, then, whether a manufacturer can claim protection for an abbreviation of a trademark that it has never formally used.”).

88. *See* Goldman, *supra* note 31, at 414-15 (succinctly summarizing the debate).

89. This quandary will not be further addressed in Part V, trademark dilution.

90. *See* 15 U.S.C. §1127 (2006)(“The word ‘commerce’ [under the Lanham Act] means all commerce which may lawfully be regulated by Congress.”).

commercial transaction is problematic and troubling for First Amendment scholars, but under the eommerce elause, an extremely narrowly tailored law is probably permissible.⁹¹

So, if the activity of public use is one that Congress could lawfully regulate, then the public's use of a designation may be recognized as a use in commerce under the Lanham Act. However, if the narrower definition of "use in commerce" in section 45 of the Lanham Act is controlling, then the public's use in commerce must also be a "bona fide use of a mark in the ordinary course of trade."⁹² Clearly, use by the general public, even among actual consumers to designate a product, is not a commercial use by the referent-mark holder in the ordinary course of trade. So, this element to obtain trademark rights fails unless the referent-mark holder actually uses the public designation in commerce. Absent a use in commerce, there is no trademark, and consequently, no legal rights in a mark; therefore, there is no ownership of a mark by an entity not using the designation in commerce.⁹³

Under the Lanham Act, the requirement to actually have a bona fide use of the mark in commerce is made clear in the distinction between the use and the intent-to-use basis for an application for trademark registration. Section 1(b)(4)(c) of the Lanham Act provides that an "applicant who has made use of the mark in commerce" may claim the benefits of a use based trademark

91. *But cf.* National Federation of Independent Business v. Sebelius, 132 S.Ct. 2566, 2587-89(2012)(Roberts, C.J.) & 132 S.Ct. at 2644 (Scalia, Kennedy, Thomas, and Alito, J.J. dissenting)(although these four justices join in the dissent, and they did not join in Chief Justice Robert's majority opinion, which four justices did not join on the Commerce Clause issue, there appears to be consensus of five justices on a narrower judicial interpretation of which non-commercial activities have a substantial effect on interstate commerce under the Commerce Clause).

92. See 15 U.S.C. §1127 ("The term "use in commerce" means the *bona fide use of a mark in the ordinary course of trade*, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce-- (1) on goods when-- (A) 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, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and (B) the goods are sold or transported in commerce, and (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.") (emphasis supplied).

93. See *Jim Henson Productions, Inc. v. John T. Brady & Associates*, 867 F. Supp. 175, 182 (S.D.N.Y. 1994)(citing *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916)).

application.⁹⁴ Accordingly, if the merchant asserting an interest in the public designation associated with its goods or services lacks a common law interest in the designation based on its own actual use in commerce in connection with the sale of goods or services, there would be no basis for a federal registration of that interest. One exception is an intent-to-use (ITU) application, which does not grant substantive federal trademark rights until the designation is actually used as a mark in commerce by the entity claiming the mark.⁹⁵

C. Public use Doctrine

As previously discussed, there is no statutory or common-law basis for protecting a designation that has not been appropriated by a merchant as a trademark through the merchant's own (or an agent's) bona fide use in commerce.⁹⁶ Courts are sometimes faced with the dilemma of either forbidding a competitor's bad faith use of a public designation in a manner that creates a likelihood of consumer confusion or holding fast to the first-in-time, first-in-right, principles of trademark law. In balancing the interests of the bad faith user of a public designation and the interest of the public and the merchant to prevent the likelihood of consumer confusion, the merchant and the public usually wins.⁹⁷ This has been called the public use doctrine.⁹⁸

The case law underlying the public use doctrine often involves nicknames or abbreviations of well-known marks.⁹⁹ Many of these nicknames were similar in commercial impression to the actual trademark, for example COKE for Coca-Cola.¹⁰⁰ In most of these

94. 15 U.S.C. § 1051(c) (2006).

95. See McCarthy, *supra* note 85 at § 19:29. In the alternative, trademark registration and the associated rights may be based on a foreign trademark registration. Lanham Act of 1946 § 44(e), 15 U.S.C. § 1126(e) (2006).

96. See *George & Co, LLC v. Imagination Entm't Lt'd.*, 575 F.3d 383, 403 (4th Cir. 2009).

97. *Id.* (citing 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:18 (3d ed. 1992)). For example, trademark equitable defenses such as laches or acquiescence permit the infringer to continue to use the infringed mark despite a likelihood of consumer confusion because of the failure to act by the mark holder, and of course, if the mark owner engaged in inequitable conduct, the doctrine of clean hands may preclude an equitable remedy against the infringer.

98. Brody, *supra* note 80 at 1125. Mr. Brody must be credited with pulling together the threads of disparate common law cases and weaving them into a coherent body of trademark principles that he then called the "public use rule." *Id.* at 1126. The first judicial recognition of Brody's public use rule was by the Fourth Circuit in *George & Co* under the rubric of the public use doctrine. See *George & Co, LLC*, 575 F.3d at 403.

99. See Brody, *supra* note 80, at 1123-24.

100. See generally Brody, *supra* note 80; McCarthy, *supra* note 97, at § 7:18.

cases, the court could have or actually did rule on the narrow grounds that the mark in question was confusingly similar under a theory of unfair competition. Then the court could expound on principles which ultimately underlay the theory of the public use doctrine in dicta. These confusingly similar mark lines of cases are not helpful on the broader issue of adjudicating rights in a public designation that is not commercially confusingly similar to the underlying trademark (for example, MICKEY D's for McDonalds or BIG BLUE for IBM). So, the public use doctrine may not be helpful in analyzing the publicly coined designations that are a focus of this article because they are designations that are not per-se confusingly similar to the senior mark. However, as some courts or scholars may apply the public use doctrine to these non-confusingly similar designations that a competitor may attempt to adopt as a trademark, a further discussion of jurisprudential limitations on the public use doctrine is warranted.

1. *History of the Public use doctrine*

Case law only weakly supports the public use doctrine. The seminal article on the public use doctrine traces its use back to *Coca-Cola, Co. v. Koke Co. of America*, which involved Coca-Cola litigating a series of cases against different defendants regarding rights associated with one of the world's most famous trademarks, the COKE trademark.¹⁰¹ In the *Koke Co.* case, Koke Co. adopted KOKE as a trademark in bad faith¹⁰² Unfortunately, Koke Co. never challenged Coca-Cola's right to the COKE mark, and the courts assumed that without explicit analysis of this issue, that the designation *Coke* was a mark and the rights to COKE belonged to the Coca-Cola Company.¹⁰³ The judicial gloss on this case focused on principles of unfair competition, protection of the consumer, and punishment of inequitable conduct. The court did not address traditional trademark infringement under the likelihood of consumer standards.¹⁰⁴

In later litigation, courts more explicitly associated the *Coke* designation with Coca-Cola's goodwill and stopped Coca-Cola's

101. See Brody, *supra* note 80, at 1126-27.

102. *Koke Co. of America v. Coca-Cola Co.*, 255 F. 894, 895 (9th Cir. 1919), *rev'd on other grounds*, 254 U.S. 143 (1920).

103. Brody, *supra* note 80, at 1127. There is no explanation for why these issues were not raised except that the courts may have found the dispute regarding whether the presence of cocaine or the lack thereof in the Coca-Cola syrup deceived the public and should bar Coca-Cola's action a more interesting topic of discussion.

104. *Id.*

competitors from using phonetically similar marks such as LA COQ¹⁰⁵ or KOKE-UP.¹⁰⁶ In the case involving the LA COQ mark, the court went one step further from the solid grounding of unfair competition law; instead, they opined in dicta that under trademark law that Coca-Cola had an exclusive right to the designation *Coke* as an abbreviation of its COCA-COLA mark despite its failure to use the designation as a trademark.¹⁰⁷

Finally, in *Coca-Cola v. Busch*, the court found that the defendant's use of the mark KOKE-UP would deceive the public. For the first time, a court explicitly noted that the nickname *Coke* was given to the product solely by the public and had not yet been appropriated by the Coca-Cola Co.¹⁰⁸ The court started its analysis stating that the precedent was "rather few and on the whole not altogether satisfactory."¹⁰⁹ The *Busch* court looked to three English cases, which at least from the court's abbreviated summaries of them do not appear to be directly on point.¹¹⁰ The court then observed "[t]he American cases are few in number and some while seemingly opposed to the view here adopted, upon careful examination, review no inconsistency with the position here taken."¹¹¹ The three American cases that the court relied on seemed to focus almost entirely on questions of secondary meaning or unfair competition. The *Busch* court then explicitly held without explaining its justification for extending existing law on what the court acknowledged was a problematic precedent that "the abbreviation of the trade-mark which the public has used and adopted as designating the product of the complaint is equally as much to be protected as the trademark itself,"¹¹² and under the common law, there would be no trademark infringement and that remedy, if any, would be due to the principles of unfair competition.¹¹³

105. *Coca-Cola Co. v. Christopher*, 37 F. Supp. 216 (E.D. Mich. 1941).

106. *Coca-Cola Co. v. Busch*, 44 F. Supp. 405, 408 (D. Pa. 1942).

107. *Id.*

108. Brody, *supra* note 80, at 1129.

109. *Busch*, 44 F. Supp. 408.

110. *Id.*

111. *Id.* at 409.

112. *Id.* at 410.

113. *See Id.* at 407; *see also id.* at 411 ("the proof clearly indicates the intention to palm off the defendant's product as that of the plaintiff, and it seems to me to permit the defendant to so do would be unconscionable and would be lending the weight of a court of equity to a deceptive matter").

Significantly, none of the *Coca-Cola* cases address the fact that Coca-Cola attempted to discourage the use of the designation *Coke* by the public when referring to its product.¹¹⁴ It was not until 1941 when the designation *Coke* was so well established in the minds of the consuming public that Coca-Cola formally began to appropriate the *Coke* designation as a trademark.¹¹⁵ Arguably, by discouraging consumer use, Coca-Cola abandoned whatever rights it may have possessed in the mark as bestowed by the public and Coca-Cola's trademark rights affirmatively began when it commenced using the COKE mark in June 1941.¹¹⁶ However, these interesting issues were not litigated, or at least played no role in the different published opinions.¹¹⁷

The public use doctrine sat quietly in an inchoate form for another thirty-five years. Starting in the late 1960s, Volkswagen litigated a series of cases involving the public's designation of *Bug* to refer to the iconic Volkswagen Beetle automobile.¹¹⁸ Because it resembled a ladybug or a beetle, the American public quickly applied the designation *Bug* to the Volkswagen Beetle automobile after its initial importation into the United States. Volkswagen itself did not initially appropriate the designation *Bug*; however, independent Volkswagen automobile dealers used the *Bug* designation in advertisements and in dealership trade names.¹¹⁹ This limited use by Volkswagen dealers was not legally significant as a trademark use in commerce. Under the court interpretations of trademark law in effect at the time, the mark had to be affixed to the goods so a Volkswagen dealer's use of the *Bug* designation would be sufficient to support a claim of unfair competition, but not to create positive trademark rights in the designation as a trademark for automobiles.¹²⁰ Furthermore, there was no discussion in the cases regarding whether these commercial uses by Volkswagen and its dealers were sufficient

114. Brody, *supra* note 73, at 1130.

115. *Id.* at 1131.

116. *Id.* at 1130-31. Arguably, Coca-Cola's counter advertising constituted abandonment of the designation *Coke* or at least whatever theoretical rights that the public had created in designation as a mark for Coca-Cola. *Cf.* *Beech-Nut Packing Co. v. P. Lorillard Co.*, 273 U.S. 629, 632 (1927); *See also* *Russell V. Caroline-Becker, Inc.*, 142 N.E.2d 899, 902 (Mass. 1957); *McCarthy, supra* note 97 at 17:3.

117. Brody, *supra* note 80, at 1131.

118. *Id.* at 1132-37.

119. *Id.* at 1133.

120. *Id.* at 1133 n. 45.

to create rights in the *Bug* designation as a service mark for Volkswagen dealers or Volkswagen automobile repair services.¹²¹

While the trial court's opinion in *Volkswagenwerk Aktiengesellschaft v. Rickard* contained an extensive discussion of secondary meaning and the factual basis for the strong commercial strength of the *Bug* designation,¹²² secondary meaning, even extraordinarily strongly acquired commercial secondary meaning, is merely one element to determine whether a designation may constitute a legally protectable mark and is not dispositive on the question of who actually owns the mark. The court did not engage in the analysis necessary to support a finding that absent commercial use by Volkswagen, the designation *Bug* was indeed a protected trademark owned by Volkswagen.

Moreover, it is unclear under which section of the Lanham Act or other law Volkswagen brought its trademark claims for infringement of its unregistered trademarks. The trial court opined that it had jurisdiction under section 32(1) of the Lanham Act, which protects only federal registered trademarks, and also under United States (Paris Convention) treaty obligations to protect a foreign national against unfair competition.¹²³ But it is unclear on which section of the Lanham Act (or other federal law) that the court relied on to reach the issue of the *Bug* designation, because the trial court failed to cite to section 43(a) of the Lanham Act, which protects unregistered marks as a claim, or to state an alternative basis on which the court asserted jurisdiction.¹²⁴

On appeal, the circuit court succinctly summarized the trial court's analysis:

The district court specifically found that 'prior to defendant's commencement of business under the trade name 'The Bug Shop', 'Bug' had acquired a strong secondary meaning in the automotive field referring to plaintiff and the products and services marketed in the United States through the Volkswagen organization.' The secondary meaning doctrine

121. *Id.*

122. *Volkswagenwerk Aktiengesellschaft v. Rickard*, 175 U.S.P.Q. 563, 565. (N.D. Tex. 1972), *modified and aff'd*, 492 F.2d 474 (5th Cir. 1974).

123. *But see In re Rath*, 402 F.3d 1207, 1209-10 (Fed. Cir. 2005) (holding the Paris Convention is not a self-executing treaty).

124. A reasonable reading of the case and by a simple process of elimination suggests that section 43(a) of the Lanham Act was indeed the alternative basis for the court's jurisdiction.

referred to by the court holds that words which have a primary meaning of their own, such as bug, may by long used in connection with a particular product, come to be known by the public as specifically designating that product. Thus in the judgment of the trial court, the word ‘bug’ as used in the automotive field had become so associated with the Volkswagen that [Volkswagen] was entitled to trademark rights in the word.¹²⁵

The appellate court did briefly mention the use of the designation *Bug* in Volkswagen’s own advertisements for many years.¹²⁶ However, as the quotation shows, there was no detailed discussion of Volkswagen’s use or appropriation of the designation *Bug*. One may assume that whatever Volkswagen’s actual use in commerce was, that use may have been sufficient commercial use to appropriate the designation.

Perhaps the best case supporting the public use doctrine in the *Volkswagen Bug* line of cases is *Volkswagenwerk Aktiengesellschaft v. Hoffman*.¹²⁷ *Hoffman* involves another independent repair service using the designation *Bug* to identify its business of servicing Volkswagen sedans. *Hoffman* is distinguishable from prior cases because by this point in time Volkswagen had registered BUG as a service mark¹²⁸ However, Hoffman’s use of the mark BUG predated Volkswagen’s service mark registration. The court had to determine whether under the senior user defense Volkswagen had developed common law trademark rights in the BUG mark.¹²⁹ The court then discussed Volkswagen’s massive advertising use of the designation *Bug* and found that the term had acquired secondary meaning to designate the Volkswagen Beetle sedan prior to Hoffman’s first use in commerce of the term BUG.

In what is arguably the first clear modern (post-Lanham Act) articulation of the public use doctrine, the *Hoffman* court stated, “[a] word can also develop secondary meaning by public usage of the word to designate a particular product. Thus, a nickname for a

125. *Rickard*, 492 F.2d at 477 (internal citations omitted).

126. *Id.* at 478.

127. *Volkswagenwerk Aktiengesellschaft v. Hoffman*, 489 F. Supp. 678 (D.S.C. 1980).

128. *Id.* at 681.

129. *See Id.* at 681-82. *Cf.* *GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir. 1990)(*Tea Rose-Rectanus* Senior User Defense). *See also* Lanham Act §33(b)(5), 15 U.S.C. §1115(b)(5) (2006).

product is protectable as a trademark if the owner of the product adopts it or allows the public to use it without protest.”¹³⁰ The first part of the quote is a mere restatement of a well-established black letter law principle that public use can create secondary meaning. It is black letter law that the secondary meaning is measured from the perspective of the consuming public.¹³¹ However, the second part conflates two distinct seminal trademark concepts: the requirement of secondary meaning and the requirement of its use in commerce.¹³² The court did not address the issues of appropriation or use of the public’s designation by the entity claiming the public designation. To properly complete its analysis, the court would have needed to demonstrate in its legal analysis that the public’s use is legally a use in commerce that was sufficiently used to convey trademark rights to a private entity.

Hoffman is nuanced in that the court recognized that if a business attempts to discourage the public’s use of the designation, then that business should not later be able to claim the designation based on the public’s prior use of the designation.¹³³ However, in the published opinion the legal basis for this conclusion is unclear. At the very least, a court may reach this position either on the grounds that the entity claiming the mark had abandoned any possible legal claim to the mark or, in the alternative, on principles of estoppel and equity practice.¹³⁴ Justice and equity will not reward a party for taking the position of the proverbial dog in a manger.¹³⁵ The maxim of trademark law is “use it or lose it.” However, because the purpose of unfair competition law is broader than that of trademark law, it is unclear whether this rule should apply to claims of unfair competition.¹³⁶ The goal of the law of unfair competition is more than

130. *Hoffman*, 489 F. Supp. at 681. The Lanham Act was enacted July 6, 1946, and *Coca-Cola Co. v. Busch*, 44 F. Supp. 405, 408 (D. Pa. 1942) is a 1942 case.

131. McCarthy, *supra* note 83 at 15:5.

132. See *Int’l Bancorp, LLC v. Societe Des Bains De Mer et Du Cercle des Etrangers A Monaco*, 329 F.3d 359, 363-64 (4th Cir. 2003).

133. *Hoffman*, 489 F. Supp. at 681; see also *George & Co, LLC v. Imagination Entm’t Lt’d.*, 575 F.3d 383, 404 (4th Cir. 2009).

134. See Brody, *supra* note 80, at 1135-36.

135. See *Amoskeag Mfg. Co. v. Garner*, 6 Abb. Pr. N. S. 265, 270 (1869)(“This is a sort of a dog in the manger policy, which courts of equity will not enforce. Corporations and vast monopolies must be protected in their legal and well ascertained rights, but it is not incumbent upon courts of equity to prevent others from doing what corporations and monopolies have failed to do, and do not do, simply because they prefer not to do it.”); *Gilliam v. Quinlan*, 608 F. Supp. 823, 829 n. 3(D.C.N.Y 1985).

136. See 1 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:7 (4th ed.); see also MCCARTHY §§ 1:8-9.

the mere protection of the goodwill of a single company or the prevention of consumer deception. Rather, the goal of unfair competition law is the protection of the integrity of the marketplace and its participants.¹³⁷

The next line of cases involved the designation *Hog* to refer to Harley-Davidson motorcycles. Like Coca-Cola, Harley-Davidson had initially discouraged the use of a publicly coined designation, in this case the *Hog* public designation.¹³⁸ In the first case discussing the designation *Hog*, *Harley-Davidson, Inc. v. Seghieri*, the court stated, “Plaintiff contends that since at least the early 1950’s, the public has referred to Harley-Davidson motorcycles, and no other brand of motorcycles, as ‘Hogs.’”¹³⁹ However, the court recounts a more specific factual statement:

The “HOG” trademark was first registered in April of 1988 and was first used in conjunction with motorcycle parts in 1986. Prior to 1986, the “HOG” designation was used in conjunction with a variety of items, including clocks, watches, jewelry, ashtrays, belt buckles, greeting cards, posters and letters, beginning in 1983.¹⁴⁰

The defendant’s first use of the HOG FARM mark in commerce occurred in 1986.¹⁴¹ So, it is not clear that the court’s conclusion relied on the public’s use of the *Hog* designation.¹⁴² A closer reading of *Seghieri* suggests that the mention of the public’s use of the designation *Hog* related to whether the designation *Hog* had become generic and not to the basis on which to find the use of the designation as constituting trademark appropriation.

137. *Id.* at §§ 1:8-9. *But see* Exxon Corp. v. Humble Exploration Co., Inc. 695 F.2d 96, 103-04 (5th Cir. 1982)(rejecting an unfair competition claim involving an abandoned mark with significant commercial residual goodwill).

138. *See* Brody, *supra* note 80, at 1138.

139. *Harley-Davidson, Inc. v. Seghieri*, 29 U.S.P.Q.2d 1956, 1957 (N.D. Cal. 1993).

140. *Id.*

141. *Id.*

142. *Id.* at 1958. (“Plaintiff has clearly established prior use of the mark -- prior both to its own registration of the mark and prior to Defendants’ use of the mark. Although it is true that Defendants’ business was established prior to Plaintiff’s registration of the name “HOG”, the evidence establishes that it was Plaintiff who established prior use of the term “hog”, both nationally and locally in San Jose, California.”).

Unlike the *Coca-Cola* cases, at least one court has found that the designation *Hog* had become generic for a type of large motorcycle.¹⁴³ In *Harley Davidson, Inc. v. Grottanelli*, the court found that the designation *Hog* was generic for large motorcycles.¹⁴⁴ Harley-Davidson attempted to rely on the public's use of the designation *Hog* to refer to Harley-Davidson motorcycles prior to its adoption of the designation *Hog*, in order to achieve an earlier priority date based on the public's use first use as a designation in commerce. The *Grottanelli* court cited to *National Cable Television Ass'n, Inc. v. American Cinema Editors, Inc.*¹⁴⁵ (mark "ACE"), and *Volkswagenwerk AG v. Hoffman*¹⁴⁶ (mark "BUG") for the proposition that the public's use of a designation may "accord a company priority as to its subsequent trademark use of a term."¹⁴⁷ The *Grottanelli* court declined to opine on this issue, holding that "[t]he public has no more right than a manufacturer to withdraw from the language a generic term, already applicable to the relevant category of products, and accord it trademark significance, at least as long as the term retains some generic meaning."¹⁴⁸ So, with a wink to the cases recognizing the public's use of the designation as granting trademark rights, the court declined to apply these cases and resolved the dispute largely on the separate issue of genericism.

Finally, in 1999, a federal appellate court recognized the public use doctrine in the context of a trademark infringement action.¹⁴⁹ In *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, the court was called upon to determine who owned the mark ST. LOUIS RAMS.¹⁵⁰ The defendant, the Los Angeles Rams football team, sought to relocate to St. Louis, Missouri in pursuit of playing in a better climate. The sports media was abuzz with stories regarding the relocation of the team. Though the move was announced in January 1995, the Rams did not begin to use the mark ST. LOUIS RAMS in commerce until April 1995.¹⁵¹ As the Los Angeles Rams prepared to use the *St.*

143. *Harley Davidson, Inc. v. Grottanelli*, 164 F.2d. 806, 810-11 (2d Cir. 1999), *but see Seghieri*, 29 U.S.P.Q.2d at 1957 (finding that trademark HOG was not generic).

144. *Grottanelli*, 164 F.2d. at 810-11.

145. *Nat'l Cable Television Ass'n, Inc. v. American Cinema Editors, Inc.*, 937 F.2d 1572 (Fed. Cir. 1991).

146. *Hoffman*, 489 F. Supp.at 678.

147. *Grottanelli*, 164 F.3d at 812.

148. *Id.* at 812.

149. Brody, *supra* note 80, at 1140 (citing *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, 188 F.3d 427 (7th Cir. 1999)).

150. *Johnny Blastoff, Inc.*, 188 F.3d at 431.

151. *Id.* at 430.

Louis Rams designation as their new trademark, the plaintiff, Johnny Blastoff, Inc., a business engaged in creating and marketing cartoons, filed for and received a Wisconsin trademark registration in February 1995 for ST. LOUIS RAMS, and then filed an intent-to-use application with the United States Patent and Trademark Office one month later.¹⁵²

The question before the *Johnny Blastoff* court was when the Rams football franchise acquired a protectable interest in the disputed ST. LOUIS RAMS trademark. The court stated “[f]or the purpose of establishing public identification of a mark with a product or service, the fact-finder may rely on the use of the mark in “advertising brochures, catalogs, newspaper ads, and articles in newspapers and trade publications, as well as in media outlets such as television and radio.”¹⁵³ The court then went on to state:

In addition, courts have recognized that ‘abbreviations and nicknames of trademarks or names used *only* by the public give rise to protectable rights in the owners of the trade name or mark which the public modified.’ Such public use of a mark is deemed to be on behalf of the mark’s owners.¹⁵⁴

Tellingly, the Federal Circuit case to which the *Johnny Blastoff* court cited was an appeal from a trademark cancellation decision of the Trademark Trial and Appeal Board. In response to the appellant-registrant’s objection that the party opposing the trademark registration (“opposer”) had not shown sufficient use to have rights to oppose the registration of the mark, the Federal Circuit stated “[i]t is not required that [the opposer] meet the technical statutory requirements to register [a] mark . . . in order for [the opposer] to have a basis for objection to another’s registration.”¹⁵⁵ So the case that merely stands for the proposition that public use of a designation may grant grounds that provide standing to oppose a trademark registration.

152. *Id.*

153. *Id.* (internal citations and quotation marks omitted).

154. *Id.* (quoting *Nat’l Cable Television Ass’n. v. Am. Cinema Editors, Inc.*, 937 F.2d 1572, 1577 (Fed. Cir. 1991))(emphasis in original). *Cf.* 3 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 18:52 (4th ed.) (trademark use by licensees that creates goodwill inures to the benefit of the trademark holder).

155. *Nat’l Cable Television Ass’n v. American Cinema Editors, Inc.* 937 F.2d 1572, 1578 (Fed. Cir. 1991).

Standing in trademark law in an administrative proceeding is not the same as Article III case or controversy standing under the Constitution.¹⁵⁶ Standing to oppose a trademark registration merely requires that the party has a real interest in the proceedings and that the party possess a reasonable belief that it may be damaged by the trademark registration.¹⁵⁷ It is not the same as standing under Article III of the Constitution. The burden is much lower.¹⁵⁸ The party is not required to have a specific commercial interest, not shared by the general public.¹⁵⁹ In *Ritchie v. Orenthal James Simpson*, the court held that Mr. Ritchie's interest in a "belief in a loving and nurturing relationship between husband and wife and the allegation that the [OJ SIMPSON] marks are synonymous with wife-beater and wife-murder" was sufficient to confer standing on him to oppose a trademark registration.¹⁶⁰ The second element is a reasonable belief that the registration would damage the opposing party.¹⁶¹ One way of showing that a party has a reasonable belief that it would be damaged is by showing that it possesses a relevant trait or characteristic that is implicated by the proposed trademark.¹⁶² The holders of referent-marks will possess all the rights of the general public to prevent the registration of confusingly similar marks as well as having a specific commercial interest in the specific trademark registration. Furthermore, since the holders possess a relevant characteristic, the potential registration of the designation may affect the economic value of their mark.

The *Johnny Blastoff* court, without analysis or even acknowledging the distinction between the right to oppose a trademark registration or petition for cancellation and the positive trademark rights in the mark, extended this narrow holding. This holding on a technical question of trademark prosecution was then used to create support for a novel extension of trademark law that a use by the public creates positive trademark rights, and the public's non-commercial use inures to the benefit of the referent-mark holder as if it were an actual use in commerce.

156. 170 F.3d 1092, 1094-95 (Fed. Cir. 1999).

157. *Id.*

158. *Id.*

159. *Id.* at 1096-97.

160. *Id.* at 1097.

161. *Id.* at 1097-98.

162. *Id.* at 1098.

Moreover, it is unclear whether the *Johnny Blastoff* court needed to reach any of these issues. Disregarding the public use doctrine, the use of the mark RAMS in connection with any sporting goods or associated consumer products still would have probably caused a likelihood of consumer confusion.¹⁶³ Under the trademark doctrine of tacking, a mark owner can assert rights in a new mark with the same commercial impression based on its first use in commerce of a prior mark.¹⁶⁴ The focus of the commercial impression of the marks LOS ANGELES RAMS and ST. LOUIS RAMS is on the word RAMS, so this would be an excellent case for the court to find tacking.¹⁶⁵ Alternatively, the court could have rested its decision regarding senior user rights based on the Rams's own offering for sale of season tickets that predated Blastoff's first use of the mark in commerce.¹⁶⁶ So while the language of the *Johnny Blastoff* case is strongly encouraging for proponents of the Public use doctrine, it does not provide the rigorous analysis that is required to place a public use right on solid doctrinal footing and to justify disregarding common law and Lanham Act requirements of a use in commerce as an essential element for trademark ownership.

Perhaps the best case supporting the public use doctrine in the context of a trademark infringement action is *George & Co., LLC v. Imagination Entertainment Ltd.*¹⁶⁷ In *George & Co.*, plaintiff attempted to use the Public use doctrine as a defense against trademark abandonment.¹⁶⁸ *George & Co.* court grudgingly recognized a narrow definition of the marks eligible for protection under the Public use doctrine. "The Public use doctrine, which is extremely limited in scope, states that abbreviations or nicknames used only by the public can give rise to protectable trademark rights

163. See *Indianapolis Colts, Inc. v. Metro. Baltimore Football Club Ltd.*, 34 F.3d 410, 413 (7th Cir. 1994).

164. See *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998) ("The use of an earlier mark can be tacked onto the use of a subsequent mark only if the previously used mark is "the legal equivalent of the mark in question or indistinguishable therefrom" such that consumers "consider both as the same mark.").

165. For example, the Rams franchise disclaimed the use of "St. Louis" apart from the word mark "ST. LOUIS RAMS." See Registration No. 3256433, available at <http://tess2.uspto.gov/bin/showfield?f=doc&state=4005:jb2n0.2.1>. They also disclaimed "Los Angeles" except as part of the "LOS ANGELES RAMS." See Registration No. 0971047, available at <http://tess2.uspto.gov/bin/showfield?f=doc&state=4005:jb2n0.9.13>.

166. See *Johnny Blastoff, Inc.*, 188 F.3d at 431-32 (by early February 1995, over 72,000 season tickets were sold).

167. *George & Co., LLC v. Imagination Entm't Ltd.*, 575 F.3d 383 (4th Cir. 2009).

168. *Id.* at 403.

to the owner of a mark which the public has modified.”¹⁶⁹ The word “nickname” could be read broadly enough to encompass entirely new names, such as the designation *Mickey D* for McDonalds or *Tarzhay* for Target. However, the examples given by the court are all confusingly similar abbreviations such as BUD for BUDWEISER or COKE for COCA-COLA.¹⁷⁰ This suggests that the preferred interpretation of the term “nickname” is narrower interpretation, and perhaps, that the *George & Co.* court was only prepared to recognize abbreviations that were in themselves colorable imitations of the referent-mark holder’s mark. The court also noted that the Public use doctrine had been used in the franchise context citing the *Johnny Blastoff, Inc.* case. As discussed earlier in this Article, in the context of the *Johnny Blastoff, Inc.* case the *George & Co.* court also relied on was the Federal Circuit’s *National Cable Television* case, which considered only the public’s use of a designation as a ground that established standing for filing an opposition to trademark registration and not as an affirmative ground on which to create new trademark rights.¹⁷¹

The *George & Co.* court limited the public use doctrine to well-known brands. Significantly for this article, the court held that the doctrine was limited only to an abbreviation or shortening of the mark and did not apply to elongations of a mark.¹⁷² So, starting from COCA-COLA, the public may create the mark COKE under the public use doctrine. But the public could not create a protectable COCA-COLA designation starting from the COKE mark. This anti-elongation rule was not based on citation to legal authority. Rather, it was based on an exiguous discussion of how the court viewed the use of designations and trademarks by consumers in the marketplace.¹⁷³ Second, the court held that “the Public use doctrine does not provide trademark protection where the owner of the mark fails to continue to use the mark.”¹⁷⁴ For this proposition, the court relied on *Grottanelli*, where Harley-Davidson deliberately resisted

169. *Id.*

170. *Id.*

171. See Part II.A.1 & Part III.

172. *George & Co, LLC*, 575 F.3d at 403-04.

173. *Id.* (“Coke and Bud clearly add distinctiveness to their respective marks. In contrast, an elongation does not add distinctiveness to a mark. “Peanut Butter & Jelly” certainly does not make “PB & J” more distinctive. The same can be said of “Bacon, Lettuce, and Tomato” and “BLT.””).

174. *Id.* at 404.

linking the designation *Hog* to its products.¹⁷⁵ So even a court that was prepared to accept public use as a sufficient use to award a protectable interest in a designation required that the referent-mark holder must use the mark. However, in the hypothetical case analyzed in this Article, the referent-mark holder is attempting to assert rights in a mark that it, itself, had never used.

The era of public designations percolating among consumers or the media for years, decades, or generations before appropriation by a competitor is gone. Crowd-sourced designations will suddenly appear and will need to be protected quickly. From a reading of the case law, trademark holders may find that the public use doctrine is weakly moored in readily distinguishable cases or in mere dicta, which may either not be followed, or if followed, future courts may decline to extend the doctrine. The penumbras of the case law suggest that discouraging the use of a public designation weakens the referent-mark holder's ability to protect the public designation, that failure to adopt it may also result in the limitation or loss of rights, and that the scope of which public designations are eligible for the application of the doctrine is also unclear. Assuming that the public use doctrine does exist, as the law currently stands, it provides an uncertain foundation on which to build a brand or mark, if, as this article posits, the public will be an increasingly significant source for valuable trademarks.

2. *Public use doctrine elements*

The elements of the public use doctrine, as articulated in *George & Co.*, require that the party claiming its protection to have a well-known mark which the public has modified into a shortened nickname or abbreviation.¹⁷⁶ Public use doctrine may be limited only to well-known marks—in fact limited to marks, which border on the famous. As demonstrated earlier in this section, the public use doctrine, while a sound doctrine as a prudential matter, has a questionable provenance in trademark law. The only court to explicitly recognize the public use doctrine in the trademark infringement context stated:

Although the [p]ublic use doctrine appears at odds with the bedrock trademark principles that ownership rights flow only from the prior appropriation and actual use in the market

175. *Id.*

176. *Id.* at 403.

superior rights are granted to the owner of the mark as modified by the public to avoid consumer confusion in the market-place. Because of this tension, the [p]ublic use doctrine generally is confined to instances where the public modified a well-known brand into a nickname or abbreviation.¹⁷⁷

If the public use doctrine does exist in trademark law and it is a valid exception to the general law of trademarks that requires ownership through appropriation and commercial use, then, at best, the public use doctrine is an extremely precarious basis on which to claim trademark rights for marks that are arguably at least well-known, if not in fact legally famous and protected against trademark dilution.

So far, the public use doctrine has been limited to well-known marks.¹⁷⁸ The public use doctrine case law revolves around designations such as *Coke*, *Bug*, and *Hog* for Cola-Cola, Volkswagen, and Harley-Davidson respectively—some of the most prestigious, recognized, and valuable brands in the world—famous brands. The extremely limited public use doctrine case law is not clear on what constitutes a well-known mark for the purposes of the public use doctrine or when a referent-mark has sufficiently achieved such renown to earn the status of being a well-known mark for the purpose of protection against a competitor's appropriation of a publicly coined designation. Therefore, it may be useful to consider other uses of the term *well-known mark* in trademark law.

Well-known mark is a term of art in trademark law. The term well-known mark appears in the Paris Convention for the Protection of Industrial Property (the "Paris Convention") and the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement").¹⁷⁹ Unfortunately, some courts also erroneously use the term well-known mark as a synonym for—or

177. *Id.* (internal citations and quotation marks omitted). The court then went on to hold that the public use doctrine did not apply to elongations of a mark merely to abbreviations or nicknames.

178. *Id.*

179. Paris Convention for the Protection of Industrial Property, Art. 6 *bis*, March 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305; Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), art. 16(2), 1869 U.N.T.S., 33 I.L.M. (1994); Grupo Gigante S.A. De C.V. v. Dallo & Co., Inc., 391 F.3d 1088, 1099-1100 (9th Cir. 2004). See also Leah Chan Grinvald, *A Tale of Two Theories of Well-Known Marks*, 13 VAND. J. ENT. & TECH. L. 1, 29 (2010).

interchangeably with—the trademark term famous-mark.¹⁸⁰ Consequently, the existing case law and scholarly commentary is in some state of rhetorical confusion. As will be discussed later in the Article, if the public designation cases are analyzed under modern trademark dilution theory, there is no need for a separate public use doctrine.¹⁸¹

This section will limit its discussion of well-known marks to the term's commonly understood meaning under trademark law. Under the Paris Convention and the TRIPS Agreement, WTO countries are required to protect well-known marks, even if that mark is not registered or used in that country.¹⁸² This scope of trademark rights for well-known marks seems roughly analogous to the scope of the Public use doctrine where the public designation is protected without use by the merchant claiming rights in the mark in order to protect the public interest against a likelihood of consumer confusion.¹⁸³

In *ITC Ltd. v. Punchgini, Inc.*, the United States Court of Appeals for the Second Circuit commended the “Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks” adopted by World Intellectual Property Organization (WIPO) to the attention of New York State’s highest court in its certification of a question to the New York State Court of Appeals.¹⁸⁴ The WIPO Joint Recommendation requires the consideration of the following six factors:

(1) the degree of knowledge or recognition of the mark in the relevant sector of the public;

180. See *ITC Ltd. v. Punchgini, Inc.*, 9 N.Y.3d 467, 474 n. 1 (2007).

181. See Part IV. Also, even if the referent-holder’s marks are merely well known, they are strong marks and courts have held that “the stronger the mark, the more likely it is that encroachment on it will produce confusion.” See 4 MCCARTHY ON TRADEMARKS § 24:49 (quoting *Champions Golf Club v. Champions Golf Clubs*, 78 F.3d 111 (6th Cir. 1996)).

182. Paris Convention, Art. 6 *bis*; TRIPS Art. 16(2); *Grupo Gigante SA De CV*, 391 F.3d at 1099-1100. See also Leah Chan Grinvald, at 29.

183. Compare generally 5 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:62 (4th ed.) with McCarthy, *supra* note 97 at § 7:18.

184. *Punchgini Inc.*, 482 F.3d at 168-69. The *WIPO Joint Recommendation* is authoritative because it “has been adopted by both intergovernmental bodies concerned with trademark protection: the General Assembly of the World Intellectual Property Organization (“WIPO”) and the Assembly of the Paris Union.” See *Empresa Cubana del Tabaco v. Culbro Corp.*, 2004 U.S. Dist. LEXIS 4935 at *101 (S.D.N.Y. Mar. 26, 2004), *rev’d on other grounds*, 399 F.3d 462 (2d Cir. 2005), *cert. denied*, 547 U.S. 1205 (2006).

(2) the duration, extent and geographical area of any use of the mark;

(3) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, or the goods and/or services to which the mark applies;

(4) the duration and geographical area of any registrations, and/or any application for registration, of the mark, to the extent that they reflect use or recognition of the mark;

(5) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities; [and]

(6) the value associated with the mark.¹⁸⁵

The *WIPO Joint Recommendation* factors are consistent with the case law underlying the public use doctrine that implicitly requires a court to weigh the first-in-time, first-in-right principle of trademark appropriation against the need to prevent the likelihood of consumer confusion. It also requires a finding that the mark has renown and significant commercial value before the scale tips in favor of departing from the historical and legal moorings of trademark law.

Taking the court at its word that only well-known marks are protected by the public use doctrine, one may speculate either that the public use doctrine is a judicially crafted common law doctrine that provided de facto protection to famous (and niche fame) marks prior to the formal amendment of the Lanham Act to protect famous marks against infringement by dilution,¹⁸⁶ or on the spectrum of fame, it provides quasi-trademark dilution protection for the almost famous mark or soon to be famous mark that does not yet meet the test for fame under section 43(c) of the Lanham Act.¹⁸⁷ “[U]nderstood as an expression of the strength and fame of the underlying brand, a publicly-coined nickname logically belong[s] to the party that built that strong famous brand, for were it not for the brand owner’s efforts, there would have been no occasion for the nickname to

185. *Punchgini Inc.*, 482 F.3d at 168-69 (quoting World Intellectual Property Organization [WIPO], *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks*. WIPO Doc. 833(E), art. 2(3)(i) (Sept. 1999).

186. The vast majority of Public use doctrine cases predate both The Federal Trademark Dilution Act of 1995 and The Trademark Dilution Revision Act of 2006. See generally Brody, *supra* note 73 (discussing the cases that coalesced into the public use doctrine).

187. See *infra* Part IV, discussing trademark dilution.

arise.”¹⁸⁸ If this is true as the justification for the public use doctrine, then because federal law now recognizes trademark dilution, the only remaining statutory or common law justification for the public use doctrine is the protection of consumers from the likelihood of consumer confusion. In either case, while the public use doctrine may have some potential for a well-known national brand, it likely provides little or no potential to support a claim by a local or regional brand to a public designation. As the doctrine is currently articulated, there is no reason that a court could not use it to protect the almost-famous or the niche-fame marks which are currently not protected under the TDRA.¹⁸⁹ From the perspective of the referent-mark holder, this may appear to be a good trademark policy justification. However, the creation of a new class of “almost famous” marks would conflict with the TDRA, and it may also conflict with state laws protecting distinctive marks from trademark dilution.

3. *Summary of public use doctrine*

The public use doctrine is well intentioned and clearly protects the public’s interest against consumer confusion, so as a matter of policy it may be a wise choice—but it is just that, a choice, and one that is not dictated out of expediency or the lack of other remedies. Unfair competition law also achieves the same result without doing needless damage to a fundamental principle of trademark law.¹⁹⁰ As was demonstrated earlier in this section of the article, the public use doctrine is based on a weak doctrinal flooring, ambiguous or readily distinguishable case law, and clearly conflicts with a well-established principle of trademark law that states trademark rights arise only through appropriation by use and not by the mere adoption of the mark.

The case law cited in support of the public use doctrine frequently focused on whether the public use had given the mark secondary meaning. Secondary meaning is merely the element of mark ownership that shows the designation is capable of serving as a mark. Just because a designation is legally capable of functioning as a mark does not mean either the designation is a mark or that the designation has been appropriated as a mark. *Abercrombie & Fitch Co. v. Hunting World, Inc.* established a spectrum of distinctiveness for

188. See also Brody, *supra* note 80, at 1153.

189. See Part IV.

190. See Part V.A.

trademark and their eligibility for trademark protection without a showing of secondary meaning.¹⁹¹ There are three classes of trademarks—arbitrary, fanciful, and suggestive marks—that are technical trademarks and are legally presumed to be inherently distinctive and do not require separate proof of secondary meaning.¹⁹²

Yet, even though these three classes of marks are immediately legally protectable upon bona fide use in commerce, the mark must first be used in commerce before the trademark user has ownership of the mark. The two cases that impute the public's use of the designation as a commercial use by the referent-mark holder have not articulated any legal basis for this conclusion and for departing from over a century of statutory and common law. The public is not the referent-mark holder's agent, and there is no legal relationship between the two. This is a major failing of the public use doctrine. It protects a public designation as mark and grants trademark rights to the referent-mark holder without actual use by the party claiming ownership of the designation. Until the public use doctrine is more robustly theorized and moored in a well-reasoned and well-articulated body of case law, the public use doctrine remains at best the last arrow in the quiver of a negligent mark holder seeking protection from a competitor's first appropriation of the mark.

Like the ownership of the fox in *Pierson v. Post*, hunting is not enough, pursuit is not enough, even wounding is not enough, the fox must actually be taken before the hunter obtains a property interest.¹⁹³ In the public use doctrine cases, the hunter is not even chasing the fox, the hunter is watching the fox frolic in the woods, or is even oblivious to its existence until another hunter attempts to take possession of the fox. Here, the passive enjoyment of the publicly coined designation is not enough, the referent-mark holder must seize the mark from its status as a designation in the public domain through bona fide use in commerce. Until the mark is appropriated, interlopers like the second hunter in *Post* may be able to obtain a property interest in the mark, if they appropriate it first. While the hunt without capture may be insufficient to convey trademark rights, it may be sufficient under section 43(a) of the Lanham Act's broad prohibition on many types of unfair competition, to convey standing

191. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2nd Cir. 1976).

192. *Id.*

193. *See Pierson v. Post*, 3 Cai. 175 (N.Y. Sup. Ct. 1805).

to allege claims that protect the public's interest. In other words, the referent-mark holder may not own the designation, but it may have rights to prevent others from using the designation, if that use constitutes some form of unfair competition.

IV. Trademark Prosecution

This section will explore how public designations have been used as part of the trademark prosecution process. Applications may be filed under several different sections of the Lanham Act.¹⁹⁴ Section 1(a) of the Lanham Act allows a party actually using the mark to file an application for a trademark registration. Section 1(a) is textually ambiguous because it uses the phrase “the owner of a mark used in commerce,” but it does not explicitly require the owner to have been the party actually using the mark.¹⁹⁵ However, interpreting section 1(a) in light of the case law and the language in section 1(b), the intent to use provision, it is clear that the section 1(a) applicant must be the party to actually use the mark in bona fide interstate commerce.¹⁹⁶ However, merely because the public's use is insufficient to create trademark registration rights under section 1(a), the public's independent use of a designation may be an adequate basis on which to oppose the registration of the mark by a competitor, or to support cancellation of a registered mark under section 2(d) of the Lanham Act.¹⁹⁷

Section 2(d) of the Lanham Act permits the opposition to— or cancelation of— a mark that:

[c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or

194. LARS S. SMITH & LLEWELLYN JOSEPH GIBBONS, *MASTERING TRADEMARK LAW*, Carolina Academic Press (forthcoming 2012).

195. See Brody, *supra* note 73 at 1142. This is also reflected in the language of the Trademark Manual of Examining Procedure (TMEP). See TMEP § 901.05 (5th ed. Sept. 2007) (use by related company) and TMEP § 903.05 (5th ed. Sept. 2007) (use by predecessor in title).

196. See Brody, *supra* note 80, at 1142. The problem with this argument is that section 1(b) was added to the 1946 Lanham Act (Pub. L. 79-489) in 1988. So, it is not clear that section 1(b) is a clear statement of Congress' intent in enacting 1(a) in 1946. However, the canons of statutory interpretation require that the two be read *in pari materia* and construed harmoniously. See SMITH AND GIBBONS, *supra* note 194. Cf. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 34-5 (2003) (using the 1990 Visual Artists Rights Act to interpret the scope of the meaning of the term “origin” as used in the 1946 Lanham Act).

197. See MCCARTHY, *supra* note 97 at § 7:18.

trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.¹⁹⁸

The plain language of section 2(d) requires that the basis of the opposition or cancellation be the use of the designation as a mark by the party opposing the registration or petitioning for the cancellation of the trademark registration. The opposer or petitioner must support their claim to the mark based on their own use of the mark and may not rely on third-party uses to make their case.¹⁹⁹ If third-party trademark use is insufficient to make a prima facie case under section 2(d), then the public's non-commercial use of a designation should also be irrelevant to an opposition or petition under the Lanham Act.²⁰⁰

Despite the black letter law regarding standing and trademark registration requirements, the Trademark Trial and Appeal Board ("TTAB") and the Federal Circuit have considered publicly created designations and the public's use of such designations in trademark registration cases.²⁰¹ The first decision involving public designations was *Peiper v. Playboy Enterprises, Inc.*, and involved the mark BUNNY CLUB.²⁰² The TTAB found that although Playboy Enterprises itself had not used the mark BUNNY CLUB prior to the petitioner, it had used the bunny symbol on its products and the word "Bunnies" to describe the attractive, scantily-costumed female staff working in its Clubs. Moreover, newspapers referred to the Playboy Clubs as "Bunny Clubs." The TTAB found that the goodwill in the BUNNY CLUB mark resided in Playboy Enterprises. However, the TTAB actually rested its decision on the grounds that Playboy had used the bunny symbol on numerous products, albeit not in association with the services offered by Playboy Clubs.

In addition to the trademark infringement litigation cases discussed previously, Volkswagen also had a line of trademark prosecution cases involving the mark BUG.²⁰³ Volkswagen opposed the registration for BUG COOLER for an automobile engine cooling

198. Lanham Act §2(d), 15 U.S.C. §1126(e) (2006); see Brody, *supra* note 80, at 1143.

199. See Brody, *supra* note 80, at 1143.

200. *Id.* See also *Fossil Inc. v. Fossil Group*, 49 U.S.P.Q.2d 1451 (T.T.A.B. 1998)(opposer must be a prior user).

201. See Brody, *supra* note 80, at 1143.

202. *Peiper v. Playboy Enter. Inc.*, 179 U.S.P.Q. 318 (T.T.A.B. 1979).

203. See Part II.C.1

system.²⁰⁴ The TTAB found that there was extensive use of the designation *Bug* by Volkswagen in advertisements, for a rental car service, and in motion pictures such as the “Love Bug.” The TTAB then concluded:

The record clearly shows that opposer has acquired a right in the term “BUG” with regard to the automotive field. The word “BUG” having been used by the public to denominate opposer’s automobiles, opposer is protected therein even though it has never used the designation *Bug* as a mark on automobiles.²⁰⁵

Here, there was extensive use of the mark BUG by Volkswagen. Even if Volkswagen never literally placed the mark on its automobiles, the company and its dealers made extensive use of the mark in commerce.

The second case involved the trademark registration for a WUNDERBUG, a kit to convert the appearance of the front part of a Volkswagen sedan that was sold by both independent distributors and some Volkswagen dealers.²⁰⁶ Once again, while mentioning the public use of the designation *Bug*, the TTAB relied on Volkswagen’s extensive commercial use of the term, that Volkswagen had registered the mark GLITTER BUG, and the media’s independent use of the designation.²⁰⁷

Finally, Volkswagen petitioned for the cancellation of the registration of the mark in TULE BUG for a four-wheel drive off road vehicle in *Volkswagenwerk Aktiengesellschaft v. Liefkring Industries, Inc.*²⁰⁸ Since the registrant had not used the mark for over two years, the TTAB found that the mark had been abandoned.²⁰⁹ The germane point for this article was the TTAB’s finding that Volkswagen had standing because it would be injured by the continued registration of TULE BUG. The TTAB stated:

204. *Volkswagenwerk Aktiengesellschaft v. Thermo-Chem Corporation*, 185 U.S.P.Q. 561, 561 (T.T.A.B. 1975).

205. *Id.* at 562.

206. *Volkswagenwerk Aktiengesellschaft v. Liefkring Industries, Inc.*, 188 U.S.P.Q. 650, 652-53 (T.T.A.B. 1975).

207. *Id.* at 653.

208. *Volkswagenwerk Aktiengesellschaft v. Advance Welding and Mfg. Corp.*, 193 U.S.P.Q. 673, 675 (T.T.A.B. 1976).

209. *Id.* at 676.

We find on the basis of the record herein that, as a result of petitioner's long and extensive use in its advertising and material and many years use in a similar manner in the trade and by the news media, petitioner has acquired a proprietary right and hence a protectible [sic] right in "BUG" as an associative term for its vehicles notwithstanding that petitioner, insofar as this record shows, has never used "BUG" alone in a trademark sense.²¹⁰

I will defer to the TTAB on whether Volkswagen used the designation *Bug* in a trademark sense on automobiles, as the courts construed the Lanham Act in 1975. But clearly Volkswagen, through its extensive use of the mark in advertising to refer to its products, had in some sense appropriated the mark. The TTAB further noted that:

[i]n addition to use of the marks "VW" and "VOLKSWAGEN" and the like to identify its vehicles in its advertising and promotional material, [Volkswagen] has, since the early 1960's, consistently used the terms "BUG" and "BEETLE" in this material as terms of reference for its vehicles. As a result of such use, the term "BUG" has also been extensively used by the public and the trade to identify petitioner's vehicles.²¹¹

The value in the term *Bug*, at least in this decision, was through the efforts of Volkswagen to develop goodwill in the term. At a bare minimum Volkswagen accepted the public's gift of a designation and then invested significantly in it in order to develop goodwill in the designation.

In *American Stock Exchange, Inc. v. American Express Co.*, two titans battled over the rights to the mark AMEX for a broad array of auxiliary financial services.²¹² American Express applied to register AMEX for hotel services and financial services, from banking to insurance to investments. The American Stock Exchange filed an opposition. American Express then filed a petition for cancellation of the American Stock Exchange's AMEX mark for periodicals and securities exchange services on the grounds that American Express

210. *Id.* at 675.

211. *Id.*

212. *Am. Stock Ex., Inc. v. Am. Express Co.*, 207 U.S.P.Q. 356 (T.T.A.B. 1980).

was the senior user of the AMEX mark.²¹³ Although the American Stock Exchange can trace its lineage back to 1840, it did not begin to use the name American Stock Exchange until 1953. Almost immediately after changing its name, newspapers and members of the industry started to refer to the American Stock Exchange as AMEX. The American Stock Exchange also sued other businesses infringing the AMEX trademark. American Express Co. traces its lineage to 1850 and has been providing various financial services since 1882. There are records as early as 1854 using the term “Am. Ex. Co.” to refer to American Express. Over time, “Am. Ex. Co.” evolved into the term “Amexco.” As early as 1898, stock brokers referred to American Express Co. as AM EX. However, American Express Co.’s first use of the mark AMEX was as a service mark dated to 1969. American Express Co. also took steps to protect the mark AMEX against infringing junior users.

The AMEX trademark case is another example of significant public use by consumers, the industry, and the media, and some internal use by the parties. The TTAB stated that priority could be awarded based on analogous trademark uses. Analogous trademark uses are uses in advertising, as a distinguishing feature of a trade name, or as an acronym of a corporate name by the party asserting rights in the mark.²¹⁴ The TTAB then stated that the use must be open, calculated to attract the attention of the viewer, and to create an association with the goods or services in the relevant segment of the public.²¹⁵

The TTAB, in a clear statement that the public may bestow a protectable property right on a referent mark holder held that:

Further, it has been held that where the public has come to associate a term with a particular company and/or its goods or services as a result, for example, of use of the term in the trade and by the news media, that company has a *protectable property right* in the term even if the company itself has made no use of the term.²¹⁶

It may have been scrivener’s error of omission by the TTAB or merely inadvertent sloppy drafting, but it may also be significant that

213. *Id.* at 357-58.

214. *Id.* at 363.

215. *Id.*

216. *Id.* at 364 (emphasis added).

the TTAB glaringly omitted of the word *trademark* as a qualifier for the phrase “property right.” The TTAB could have clearly written “a protectable [trademark] right.” A textual reading suggests that the TTAB recognized some form of a property right but not necessarily a trademark right. However, a subsequent TTAB case distinguished this statement as mere dicta, so it may not be entitled to much weight in future cases.²¹⁷ Further, this statement relied on cases that have been critically analyzed earlier in this article and shown to be not clearly supporting this proposition.²¹⁸ There was also substantial use by both parties of the AMEX mark over a long period of time. Furthermore, AMEX is phonetically similar to American Express for trademark purposes, and may arguably just be the tacking on of trademark rights based on the long use of the AMERICAN EXPRESS mark.²¹⁹

In *Big Blue Products Inc. v. International Business Machines Corp.*, the TTAB qualified the position it had taken earlier in *American Express*.²²⁰ IBM filed a trademark registration for the mark BIG BLUE for typewriter ribbons.²²¹ IBM rested its claim on the extensive use by the public, the news media, and of course by IBM, which predated the opposer’s first use in commerce.²²² While in this case, the court was prepared to accept that the public associated BIG BLUE with IBM, there was a dispute of material fact regarding whether the public understood the designation *Big Blue* as merely another trade name for IBM, or whether it was associated with a specific IBM product—a trademark for typewriter ribbon produced by IBM. The TTAB then considered whether IBM’s other uses of the mark BIG BLUE could be tacked on to its use of the mark with typewriter ribbons. The end result of this case was that IBM might not have had sufficient rights to register the mark, but it did have

217. *Big Blue Products Inc. v. Int’l Bus. Machines Corp.*, 19 U.S.P.Q.2d 1072, 1074 n.2 (T.T.A.B. 1991).

218. *See generally* Part II.

219. The phonetics or sound of a mark is one of a mark’s most salient characteristics, and is a significant element in whether the current use of a junior mark may have the same priority date of a senior mark. *See Int’l Bus. Machines Corp.*, 19 U.S.P.Q. 2d at 1074.

220. *Id.* At least one article opined, “the TTAB may have had some reservations about the [p]ublic use rule and was not prepared to give it an unqualified endorsement.” Brody, *supra* note 80, at 1149.

221. *Id.* at 1073.

222. *Id.* There is some suggestion in the record that IBM found the Big Blue reference to be objectionable—at least at some point in the Company’s history.

sufficient property rights under the natural expansion of business doctrine to prevent the opposer from registering the mark.²²³

These TTAB cases may best be characterized as analogous use cases. An analogous use is an insufficient commercial use to constitute a use in commerce for obtaining trademark owner rights, where there could still be sufficient other uses to obtain limited rights, such as the earlier priority date or the right to file an opposition to another's trademark registration.²²⁴ Under the doctrine of analogous use, "[a]dvertising and promotion is sufficient to obtain rights in a mark as long as they occur within a commercially reasonable time prior to the actual rendition of service."²²⁵ They are also readily distinguishable from the future crowd sourcing cases that this article anticipates, where the mark is rapidly created and permeates the market place without the referent-mark holder adopting the mark or being able to demonstrate any internal or external use, and must rely solely on some existing trademark doctrine, like the public use doctrine, that would attribute actual non-commercial use by the public as constructive trademark use by the referent-mark holder.

These TTAB cases and several other TTAB cases that were not discussed in this article²²⁶ set the stage for *National Cable Television Ass'n, Inc. v. American Cinema Editors, Inc.*, in which the Federal Circuit considered the trademark rights in the trade name ACE.²²⁷ In 1951, the American Cinema Editors, Inc. ("Editors") was formed to promote the art and science of film editing. It is an exclusive invitation-only membership organization. Members are entitled to use the acronym ACE after their names in television and motion picture credits. Members of the media and motion picture industry often shorten "American Cinema Editors" to ACE. Each year ACE honors achievement by awarding the "A.C.E. Quarterly Awards" which was shortened to "EDDIE" in 1962, and is also called the "ACE EDDIE" or the "ACE AWARDS."²²⁸

In 1979, the National Cable Television Association, Inc. ("Cable"), representing the cable television industry, created the "ACE" award, an acronym for "Award for Cablecasting Excellence."

223. *Id.* at 1075.

224. *See* MCCARTHY, *supra* note 85 at § 20:17.

225. *Maryland Stadium Authority v. Becker*, 806 F. Supp. 1236, 1239 (D. Md. 1992) (internal citations and quotation omitted).

226. *See generally* Brody, *supra* note 80, at 1146-51.

227. *See Am. Cinema Editors*, 937 F.2d at 1574.

228. *Id.* at 1577.

The Editors immediately objected. Cable denied that its concurrent use would create a likelihood of consumer confusion, but offered to use the full name in addition to the ACE mark and to use its NCTA logo in addition to ACE mark. Over time, Cable started to use ACE mark alone, and did not comply with the offer it made in its letter, leading to instances of actual confusion. In response, Cable registered the ACE as its service mark. Apparently, unaware that Cable had registered ACE as a service mark, Editors wrote and asked Cable to change the name of its award. Upon discovering Cable's registration of the ACE mark, the Editors filed a timely petition to cancel Cable's registration of the ACE mark. The TTAB cancelled Cable's trademark registration, and Cable then appealed to the Federal Circuit.²²⁹

The dispute before the Federal Circuit focused on whether the Editors had produced sufficient evidence to establish rights in ACE as a trade name. The Editors had substantial evidence of third parties using the term ACE as a trade name for the Editors award.²³⁰ Cable focused the court's attention on whether the Editors actually used ACE as a trade name, as required under the plain language of Lanham Act § 2(d).²³¹ Although Editors had not adopted ACE as a trade name in its by-laws or used it on its letterhead, Editors did use it within the text of articles in its publications and correspondence, and even published a commemorative book with ACE in the title.²³²

Cable then questioned whether this use was sufficiently open and notorious to establish trademark rights. The Federal Circuit rejected Cable's argument because the use was sufficiently public so that the relevant public clearly identified ACE with the Editors.²³³

In dicta, the court continued:

Moreover, even without use directly by the claimant of the rights, the courts and the Board generally have recognized that abbreviations and nicknames of trademarks or names used *only* by the public give rise to protectable rights in the owners of the trade name or mark which the public modified. Such public use by others inures to the claimant's benefit and,

229. *Id.* at 1574.

230. *Id.* at 1577.

231. *Id.*

232. *Id.*

233. *Id.* at 1580.

where this occurs, public use can reasonably be deemed use “by” that party in the sense of a use on its behalf.²³⁴

The Federal Circuit continued that the Editors are not required to meet the technical statutory requirements to obtain a trademark registration in order to have a basis to oppose a trademark registration, and found that Editors had sufficient use of the ACE designation (trade name) to petition for the mark’s cancellation.²³⁵

The TTAB cases following *American Cinema Editors* seemed to be slowly working the public use doctrine into the case law—at least as dicta in support of other independent grounds for the TTAB’s ultimate holding. For example, in *Jack Daniel’s Properties, Inc. v. Quest Associates, LTD*, the applicant filed a registration for COLAJACK for alcoholic beverages.²³⁶ Jack Daniel’s, a leading producer of Tennessee whiskey since 1866, filed an opposition. The TTAB found that Jack Daniel’s clearly promoted itself as JACK and produced numerous products where JACK, the disputed element of the mark, was a significant element of the mark. However, the TTAB did cite to *American Cinema Editors* and *IBM* in a footnote.²³⁷ However, even with dicta in precedential TTAB decisions and positive language in a Federal Circuit opinion, the public use doctrine does not appear to be gaining acceptance as an independent basis on which to award trademark rights. Rather, it is well grounded in the doctrine of analogous trademark use and provides a ground on which to oppose the registration of—or to petition for the cancellation of the registration of — the mark.

V. Trademark Dilution

Even absent a likelihood of consumer confusion, famous marks are protected against trademark dilution.²³⁸ This section will analyze whether trademark dilution is sufficiently robust to protect the owners of famous marks who do not appropriate public designations or who may have abandoned them. Remember that all of the marks where the court found that the public use doctrine applied involved marks that would arguably be famous marks under the Lanham Act.

234. *Id.* at 1577-78 (footnote citing cases omitted).

235. *Id.*

236. *Jack Daniel’s Properties, Inc. v. Quest Assocs., LTD*, 2000 WL 992415 (T.T.A.B. 2000)

237. *Id.* at *6 n.12.

238. Lanham Act § 43(c)(1), 15 U.S.C. § 1126 (2006).

Under the Trademark Dilution Revision Act of 2005 (TDRA), the section 43(c) of the Lanham Act recognizes two types of trademark dilution: dilution-by-blurring and dilution-by-tarnishment.²³⁹ In addition, some states have state trademark laws that protects distinctive as well as famous marks.²⁴⁰ This section will focus on federal trademark dilution law. The elements for infringement of a famous mark by trademark dilution under the TDRA are: first, the mark must be famous;²⁴¹ second, the defendant must be using a mark in commerce in a manner that is blurring or tarnishing the famous mark; third, the similarity between the defendant's mark and the famous mark must create an association between the two marks; and finally, the association is likely to either blur the distinctiveness of the famous mark or to tarnish the reputation of the famous mark.²⁴²

A. Famous Mark

“[A] mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner.”²⁴³ In determining whether a mark is famous, Congress provided an illustrative set of relevant factors that a court may consider: duration, extent, and geographic extent of advertising or other publicity; amount, volume, and geographic extent of the commercial use of the mark; extent of the actual recognition of the mark; and whether the mark was ever registered.²⁴⁴ The TDRA standard for a mark to be legally famous is extremely high and should not be equated with “fame” for the purposes of the likelihood of consumer confusion factors test. Professor McCarthy observed that “[t]he standard for the kind of ‘fame’ needed to trigger anti-dilution protection is more rigorous and

239. Lanham Act § 43(c)(2)(B) & § 43(c)(2)(C), 15 U.S.C. § 1126 (2006).

240. SIEGRUN D. KANE, KANE ON TRADEMARK LAW § 9:2.1; § 9:6.4; MARK S. LEE, ENTERTAINMENT AND INTELLECTUAL PROPERTY LAW § 2:91.

241. *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 264-65 (4th Cir. 2007).

242. *Id.* at 265.

243. Lanham Act § 43(c)(2), 15 U.S.C. § 1126 (2006). . The TDRA legislatively overruled earlier circuit case law under the Federal Trademark Dilution Act (FTDA) that recognized something called “niche fame.” *See Coach Serv., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1372 (Fed. Cir. 2012). (Even niche fame was a high hurdle to prove.) *See Grupo Gigante SA De Cv v. Dalos & Co., Inc.*, 391 F.3d 1088, 1108 (9th Cir. 2004) (“a mark should not be categorized as ‘famous’ unless it is known to more than 50 percent of the defendant’s potential customers” *quoting* MCCARTHY, *supra* note 85 at § 24:1112)

244. Lanham Act § 43(c)(2), 15 U.S.C. § 1126 (2006).

demanding than the ‘fame’ which is sufficient for the classic likelihood of confusion test.”²⁴⁵ “While fame for dilution “is an either/or proposition”—it either exists or does not—fame for likelihood of confusion is a matter of degree along a continuum. Accordingly, a mark can acquire “sufficient public recognition and renown to be famous for purposes of likelihood of confusion without meeting the more stringent requirement for dilution fame.”²⁴⁶ Courts have observed that it is “well-established that dilution fame is difficult to prove,” placing a rigorous burden on the plaintiff.²⁴⁷

In the introduction to this article, there was a brief discussion of the mark APP STORE as an example of the brevity from first use in commerce to a credible claim to achieving famous mark status in both the Web 2.0 and social media context. The APP STORE mark case also shows the difficulty of achieving the level of consumer awareness necessary to establish that a mark is truly a famous mark.

Apple asserts that it has used the “App Store” mark for over three years; the mark has been exposed to the owners of more than 160 million Apple mobile devices worldwide; consumers have downloaded software applications more than 10 billion times; the mark has been the subject of extensive advertising across the United States with hundreds of millions of dollars spent on advertising; the mark has garnered significant Web presence and unsolicited third-party publications discussing the brand; the mark has a robust presence throughout the United States and abroad; and that the mark has been registered by Apple in more than fifty countries.²⁴⁸

Considering the section 43(c)(2)(a) statutory factors such as “(1) the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties; (2) the amount, volume, and geographic extent of sales of goods or services offered under the mark; (3) the extent of actual recognition of the mark,”²⁴⁹ the APP STORE mark should be an easy case for a court to find that the mark qualified as a famous mark. However, the court rejected Apple’s claim that APP STORE was a famous mark, and concluded that:

245. MCCARTHY, *supra* note 85, at § 24:104 (internal citations omitted) (quoted in *Coach Serv., Inc.*, 668 F.3d at 1372).

246. *Coach Serv., Inc.*, 668 F.3d at 1372.

247. *Id.* at 1373.

248. *Apple, Inc. v. Amazon.com Inc.*, 100 U.S.P.Q. 2d 1835, 1842 (N.D. Cal. 2011).

249. *See Lanham Act 43(c)(2)(A)*, 15 U.S.C. § 1126 (2006).

First, Apple has not established that its “App Store” mark is famous, in the sense of being “prominent” and “renowned.” The evidence does show that Apple has spent a great deal of money on advertising and publicity, and has sold/provided/furnished a large number of apps from its AppStore, and the evidence also reflects actual recognition of the “App Store” mark. However, there is also evidence that the term “App store” is used by other companies as a descriptive term for a place to obtain software applications for mobile devices.²⁵⁰

Consequently, trademark dilution may prove to be an illusory remedy to the vast majority of referent-mark holders, except for those who own the most valuable and well-established trademarks.

B. Use of Mark in Commerce

If the owner of the mark surmounts the difficult obstacle of proving that the mark is truly famous and not a merely generally well-known mark or a mark having renown in a niche market, the mark owner under the facts of the types of cases analyzed in this article will have the relatively easy burden of showing commercial use.²⁵¹ This article focuses on the public designations which were either unclaimed or affirmatively rejected by the holder of the famous mark, which have now been appropriated by a competitor or other commercial entity. However, the appropriation of the public designation by a competitor, even if it is solely to prevent the referent-mark owner from using or adopting the public designation, should be a sufficiently commercial use to justify a finding of trademark commercial use. Accordingly, because use of the mark in commerce is a relatively low barrier, it should be easy to demonstrate at trial.²⁵²

250. *Apple, Inc.*, 100 U.S.P.Q. 2d at 1844.

251. The issues raised in Part II.B of this article regarding what constitutes “use in commerce” also applies with equal force to actions brought under section 43(c)(1) for infringement by dilution. Lanham Act § 43(c)(1), 15 U.S.C. § 1126 (2006) (“The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce of a mark or trade name,”). However, use by a competitor is more likely to be in the ordinary course of trade than use by the public.

252. *Cf. Gideons Intern., Inc. v. Gideon 300 Ministries, Inc.* 94 F. Supp. 2d 566, 577 (E.D. Pa. 1999)(commercial use by non-profit competitors).

C. Similarity of The Marks

In determining whether a junior user's use of a designation dilutes the distinctiveness of the famous mark the court must consider the degree of similarity between the two. Section 43(c) "does not require that a plaintiff establish that the junior mark is identical, nearly identical or substantially similar to the senior mark in order to obtain injunctive relief."²⁵³ Similarity of the mark and the designation is merely one of the six factors that a court must consider in determining whether the junior user's use of the mark is likely to impair the distinctiveness of the famous mark.²⁵⁴ In *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, Starbucks alleged that the defendant's mark for coffee CHARBUCKS diluted its famous STARBUCKS mark. The Second Circuit rejected the proposition that "dissimilarity alone is sufficient to defeat" a trademark dilution claim.²⁵⁵ Therefore, a competitor's use of a public designation, even if the designation in terms of sight, sound, or meaning is far from that of the famous mark, may still dilute the distinctiveness of the famous mark by blurring.

D. Blurring or Tarnishment of the Famous Mark

Section 43(c) of the Lanham Act prohibits uses of a designation that may lessen the distinctiveness of a famous trademark. The FTDA recognizes dilution by blurring and dilution by tarnishment as two forms of trademark dilution. This section will discuss both forms of trademark dilution and conclude that dilution by blurring is likely to occur in the context of a competitor using a public designation that is associated by the public with the famous mark even absent appropriation of the designation by the referent famous mark holder.²⁵⁶

1. Dilution by Blurring

Dilution by blurring is an "association arising from the similarity between a mark or trade name and a famous mark that impairs the

253. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1172 (9th Cir. 2011).

254. *Id.*

255. *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 107-08 (2d Cir. 2009).

256. Noncommercial use is a defense under section 43(c), so the owner of the famous mark is unlikely to have a claim against the public or the media. *See* 15 U.S.C. § 1125(c)(3). *Cf. Lucasfilm Ltd. v. High Frontier*, 622 F. Supp. 931, 934 n.2 (D.D.C. 1985).

distinctiveness of the famous mark.”²⁵⁷ Secondary meaning may create such an association. The mere use of a similar mark that calls to mind the famous mark is insufficient to find the required association.²⁵⁸ The owner of the famous mark is always required to show that the association likely impairs the distinctiveness of the mark. Clearly, if the use of the public designation is confusingly similar to the famous mark, then the famous mark is likely to be diluted. However, if the designation and its commercial use by a competitor are able to send two simultaneous and contradictory messages—a message that calls to mind the famous mark while simultaneously conveying that it is not the source of the famous mark—then there is no association that impairs the distinctiveness of the mark (blurring) for trademark dilution.²⁵⁹ Outside the trademark parody context, it is unlikely that a public designation that is being used by a competitor will be able to call to mind the famous mark for the product associated while being able to simultaneously distinguish itself from the famous mark.

2. *Dilution by Tarnishment*

Dilution by tarnishment is an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”²⁶⁰ Tarnishment has not been illustratively defined, except as a semantic association with bawdy or lewd sex (or products associated with sex).²⁶¹ Not all public designations are positive or convey in the opinion of the mark holder the appropriate consistent brand image. In determining which associations are tarnishing to a brand, courts engage in “an economic prediction about consumer taste and how the prediction reaction of

257. Lanham Act § 43(c)(2)(B), 15 U.S.C. § 1126 (2006).

258. *Haute Diggity Dog, LLC*, 507 F.3d at 267.

259. *Id.* at 268.

260. Lanham Act § 43(c)(2)(C), 15 U.S.C. § 1126 (2006).

261. *See V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382, 387-88 (6th Cir. 2010), *cert. denied*, 131 S. Ct. 1003 (2011). The author assumes that the court’s limitation on sex so that it encompassed only bawdy or lewd sex (as opposed to tasteful sex) was a requirement in light of Victoria Secret’s preeminent reputation for offering fashionable and sexually suggestive undergarments for women. *See KIT YARROW AND JAYNE O’DONNELL, GEN BUY: HOW TWEENS, TEENS AND TWENTY-SOMETHINGS ARE REVOLUTIONIZING RETAIL*. 31 (Jossey-Bass 2009). *See also Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418, 425 n. 3 (2002) (“Victoria’s Secret stores sell a complete line of lingerie, women’s undergarments and nightwear, robes, caftans and kimonos, slippers, sachets, lingerie bags, hanging bags, candles, soaps, cosmetic brushes, atomizers, bath products and fragrances.”).

conventional consumers in our culture will affect the economic value of the famous mark.”²⁶²

As discussed earlier, Coca-Cola discouraged consumers from asking for “Coke” when they wanted a Coca-Cola brand beverage, and Harley-Davidson discouraged consumer and media use of the designation *Hog* to refer to its brand of motorcycles.²⁶³ This trend continues. Tasteful modern examples of arguably unflattering designations are “whole paycheck,” for the food retailer Whole Foods, or “needless mark-up” for the Neiman Marcus department store chain, or other designations that may be neutral, inconsistent, consistent, or even flattering with the brand’s image such as *Tarjay* or *Tarzhay* for Target Stores.²⁶⁴ Many of the public’s designations may be scurrilous, vulgar, pornographic, or even border on the obscene. However, these terms are unlikely to be appropriated by a competitor, and if they are appropriated, they are likely candidates for a successful dilution by tarnishment trademark infringement action.²⁶⁵

E. Abandonment

Unlike traditional trademark infringement based on the likelihood of consumer confusion caused by the junior user’s use of the mark in commerce, the Lanham Act does not require that the holder of the famous mark also own the junior mark that allegedly dilutes the senior famous mark.²⁶⁶ The use or threatened use of a public designation that dilutes a famous mark is sufficient to state a claim even if the holder of the famous mark has no legal interest in

262. *Moseley*, 605 F.3d at 388.

263. See Part III.C.

264. See John Letzing, *CEO bemoans ‘Whole Paycheck’ nickname*, WALL ST. J., Mar. 3, 2011, available at http://articles.marketwatch.com/2011-03-03/industries/30736343_1_foods-market-executive-john-mackey-unhealthy-items.

265. The designation may not be eligible for registration under section 2(a) of the Lanham Act as immoral, scandalous, or disparaging. See *In Re McGinley*, 600 F.2d 481, 485 (C.C.P.A. 1981)(refusal to register immoral, scandalous, or disparaging marks under section 2(a) of the Lanham Act not a First Amendment violation). Also, such a mark may not be protected under common law. See Stephen R. Baird, *Moral Intervention in the Trademark Arena; Banning the Registration of Scandalous and Immoral Trademarks*, 83 TRADEMARK REP. 661, 793-94 (1993); Llewellyn Joseph Gibbons, *Semiotics Of The Scandalous and The Immoral and The Disparaging: Section 2(A) Trademark Law After Lawrence v. Texas*, 9 MARQ. INTEL. PROP. L. REV. 187, 232 (1995).

266. See *Visa Intern. Service Ass’n v. JSL Corp.*, 610 F.3d 1088, 1089-90 (9th Cir. 2010). By definition of trademark dilution, there are two marks a senior famous mark, and a junior mark that is owned by another which is allegedly diluting the distinctiveness of the senior mark. See *id.*

the junior mark. At least one article contends that even an abandoned mark by a famous mark holder may serve as a basis for a claim for dilution of a currently famous mark.²⁶⁷

VI. Unfair Competition, False Advertising, and Other Claims

Although trademark infringement may not provide a remedy to the referent-mark holder against a competitor adopting or using a confusingly similar public designation, the mark holder is not without remedies. Unfair competition law is one available remedy. There are also potential remedies under section 43(a)(2) of the Lanham Act for false advertising, section 5(a) of the Federal Trade Commission Act, which prohibits “deceptive acts or practices,” or its state mini-FTC Act analogs.²⁶⁸ A creative attorney is sure to find other possible claims, especially under state law, to protect the holder of the referent-mark against use of a publically coined designation by other commercial entities.

A. Unfair Competition

The law of unfair competition is robust and prohibits many forms of unfair competition,²⁶⁹ and ownership of the publicly coined designation by the plaintiff is not necessarily an element of an unfair competition.²⁷⁰ “Some courts have even said that unfair competition is ‘the umbrella for all statutory and non-statutory causes of action arising out of business conduct that is contrary to honest practice in industrial and commercial matters.’”²⁷¹ The early cases involving confusing public designations were readily resolved on principles of unfair competition law.²⁷² So, whether unfair competition provides judicial remedy will not be developed further in this section. Unfair competition still remains a ready remedy in many of the situations discussed in this article and for the future protection of crowd sourced publicly coined designations that this article analyzes.

267. See Don Nottingham, *Comment: Keeping the Home Team at Home: Antitrust and Trademark Law as Weapons in the Fight Against Professional Sports Franchise Relation*, 75 U. COLO. L. REV. 1065, 1094-95 (2004).

268. See, e.g., *Vermont v. Int’l Collection Serv., Inc.* 594 A.2d 426, 430-31 (Vt. 1991)(describing state mini-FTC Acts).

269. MCCARTHY, *supra* note 97 at § 1:8 & 1:9.

270. See *Exxon Corp. v. Humble Exploration Co., Inc.*, 695 F.2d 97, 103 (5th Cir. 1982).

271. LOUIS ALTMAN AND MALLA POLLACK, 1 CALLMANN ON UNFAIR COMP., TR. & MONO. § 2:2 (4th ed.)(footnote omitted).

272. See Brody, *supra* note 80, at 1126-31; Section II.C.1.

The only underlying principle which has been developed in the field of unfair trade practices is the principle of passing off, which ‘affords relief wherever, by reason of an unjustifiable act, the goods of one party to the suit will probably be accepted by the purchasing public as the goods of another.’²⁷³

So, the law not only prohibits harm to a company’s good will that is a result of deceptive marking, trademark infringement, and the misappropriation of intangible trade values, such as trade secrets,²⁷⁴ but also dilution of trade symbols, the misappropriation of business values, and even causes of action relating to broader competition law.²⁷⁵ Using a public designation to pass off the goods or services of a competitor as those of the referent mark holder would surely fall under the rubric of unfair competition even absent any trademark use of the public designation by the referent-mark holder.²⁷⁶ Although state unfair competition laws may prohibit other acts in addition to passing off, state common law or statutory remedies for unfair competition are usually at least as extensive as section 43(a)’s prohibition on “false designations of origin” or passing off and often provide additional causes of action.²⁷⁷

B. False Advertising

Crowd sourced marks raise novel issues of trademark law. So far courts have not applied section 43(a)(1)(B) of the Lanham Act’s prohibition on false statements of fact in commercial advertising to disputes regarding confusion as to source, origin, or sponsorship.²⁷⁸ Confusion as to source, origin, or sponsorship claims are usually brought under section 43(a)(1)(A). However, courts over the past fifty years have continually expanded the reach of section 43(a)(1)(B).²⁷⁹ There is a possibility that new forms of advertising and uses of marks may result in the designation being used in a manner

273. Altman and Pollack, *supra* note 236.

274. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1 (1995)

275. Altman and Pollack, *supra* note 271.

276. See *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 29 (2003).

277. See *Buying For The Home, LLC v. Humble Abode, LLC*, 459 F.Supp.2d 310, 317 (D. N.J. 2006).

278. See Lanham Act § 43(a)(1)(B), 15 U.S.C. § 1126 (2006).

279. See generally Bruce P Keller, “*It Keeps Going and Going*”: *The Expansion of False Advertising Litigation under the Lanham Act*, 59 SPG LAW & CONTEMP. PROBS. 131, 132-33 (1996).

that is understood by the public as a statement of fact and therefore actionable under section 43(a)(1)(B).²⁸⁰ Section 43(a)(1)(B) of the Lanham Act provides that

[a]ny person . . . in commercial advertising or promotion, that misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.²⁸¹

This section confers standing on competitors or other commercial entities that are not necessarily claiming trademark rights in the public designation.²⁸² The elements of a section 43(a)(1)(B) claim are that the defendant made false or misleading factual representations; that the defendant used the false or misleading representations in commerce; that the deceptions are material and likely to influence consumer decisions; and that the defendant's actions made the plaintiff believe that it is likely to be damaged by such false or misleading factual representations.²⁸³ So, ownership of the mark is not an element of false advertising.

The courts analyze the advertisement from the perspective of a reasonable person.²⁸⁴ Courts have categorized false or deceptive commercial speech as either explicitly or implicitly false.²⁸⁵ Explicitly and implicitly false statements are analyzed differently.²⁸⁶ An explicit or literally false statement is a statement that is false on its face. Implicitly false statements are more problematic.²⁸⁷ An implicitly false statement is a statement that is literally true but likely to mislead a significant portion of consumers.²⁸⁸ With an implicitly false statement, before enjoining the advertisement, the court will require evidence of how the message conveyed by the statement is

280. I will leave flushing out this hypothetical to another article, commentator to another day, or await the inevitable complaint raising this issue.

281. Lanham Act §43(a)(1)(B), 15 U.S.C. § 1126 (2006).

282. See 5 MCCARTHY, *supra* note 183 at § 27:32 (discussing standing under Lanham Act §43(a)(1)(B)).

283. See *American Italian Pasta Co. v. New World Pasta Co.*, 371 F.3d 387, 390 (8th Cir. 2004). See also MCCARTHY, *supra* note 245 at § 27:55.

284. See *Freeman v. Time, Inc.*, 68 F.3d 285, 289 (9th Cir. 1995).

285. See *Johnson & Johnson v. GAC Intern., Inc.*, 862 F.2d 975, 977 (2d Cir. 1988).

286. See *id.*

287. See *id.*

288. See *id.*

understood by reasonable consumers.²⁸⁹ The plaintiff has to produce evidence that consumers were actually deceived, not that they may have been deceived.²⁹⁰ This evidentiary burden requires that the plaintiff produce consumer surveys or other evidence of consumer perceptions of the advertisement.²⁹¹ There is no bright line rule as to how many consumers must be deceived.²⁹²

However, the plaintiff may avoid the need for consumer surveys if the plaintiff is able to demonstrate that the defendant egregiously and intentionally set out to deceive the public.²⁹³ If so, then the court may presume that the public was in fact deceived. Once the court finds deceptive intent, the burden will then shift to the defendant to show that consumers were not deceived.²⁹⁴ In the prototypical case that this article posits, it is clearly the competitor that will adopt the designation with knowledge that it refers to the referent-mark holder. Whether this fact standing alone will demonstrate or create a presumption of bad faith is questionable.²⁹⁵ The seminal article on the public use doctrine recommends that courts focus on the *meaning* of the public designation rather than its appearance.²⁹⁶ Semiotic meaning of the publicly coined designation both refers back to the referent-mark, and potentially carries additional socially laden meaning to the consumer and the public.²⁹⁷ Under principles of false advertising, if the court must consider how the consumer understood the message in the context of the marketplace, and if the public designation, no matter how different from the referent-mark, is merely another name for the referent-mark, then the use of the public designation by a competitor in advertising to refer to someone other than the referent-mark holder is impermissible.

C. The Federal Trade Commission Act and State Mini-FTC Acts

Section 5 of the Federal Trade Commission Act and its state Little-FTC analogs outlaw all unfair and deceptive consumer trade

289. *See id.*

290. *See id.*

291. *See id.*

292. MCCARTHY, *supra* note 183 at § 27:57

293. *See GAC Intern., Inc.*, 862 F.2d at 977.

294. *See id.*

295. *But see Sleekcraft*, 599 F.2d at 354 (knowing adoption of a trademark of another creates a presumption of bad faith).

296. *See Brody, supra* 73, at 1164.

297. *See generally* Sonia Katyal, *Semiotic Disobedience*, 84 WASH. U. L. REV. 489 (2006).

practices.²⁹⁸ Unfortunately, there is only an extremely weak case to be made for a plaintiff to assert that section 5 provides a private cause of action.²⁹⁹ However, private parties have standing under many state Little FTC Acts.³⁰⁰ Courts have found that an act is unfair or deceptive under section 5, if it has as tendency to deceive the public.³⁰¹ Unlike the Lanham Act, which protects only reasonable and prudent consumers in the context of the marketplace, the section 5 protects: “the public—that vast multitude which includes the ignorant, the unthinking, and the credulous,”³⁰² as long as they are acting reasonably under the circumstances.³⁰³ Arguably, if the public designates Peanuts for a chain of restaurants with the trademark PEEBODY, then members of the public, even those more sophisticated than the ignorant and the credulous, would be deceived if a competitor started to use the public designation Peanuts to describe its goods or services.

Section 52 of the FTC Act specifically provides that the dissemination of a false advertisement is an unfair and deceptive trade practice if the advertised product consists of food, drugs, or cosmetics.³⁰⁴ An advertisement is false if it contains materially misleading content.³⁰⁵ Content is material if it is of the type that a consumer would rely in making a purchasing decision. Identification or association with well-known products is the bedrock of trademark goodwill and the type of information that consumers are likely to rely on.

While the FTC Act does not provide an adequate remedy to private parties, it does admit the potential of a regulatory remedy for the misappropriation of a crowd sourced publically coined

298. See 15 U.S.C. §45(a)(1); *Jeter v. Credit Bureau, Inc.*, 760 F.2d 1168, 1172 (11th Cir. 1985); *Int'l Collection Serv., Inc.*, 594 A.2d at 430-31.

299. See *Guernsey v. Rich Plan of the Midwest*, 406 F. Supp. 582, 586-87 (N.D. Ind. 1976) (applying the “doctrine of implication” to find federal jurisdiction under §5 of the FTC Act), *but see* *ABA Distributors, Inc. v. Adolph Coors Co.*, 496 F. Supp. 1194, 1199 (D. Mo. 1980). See also STEPHANIE W. KANWIT, 1 FED. TRADE COMM’N § 6:8 (2012); Jeff Govern, *Private Actions Under The Deceptive Trade Practices Acts: Reconsidering The FTC Act As Rule Model*, 52 OHIO ST. L.J. 437, 440 n.21 (1991)(citing extensive authorities for the proposition that there is no private right of action under §5 of the FTC Act.).

300. See Brian D. Wright, *Social Media and Marketing: Exploring the Legal Pitfalls of User-Generated Content*, 36 U. DAYTON L. REV. 67, 71 (2010).

301. *Jeter v. Credit Bureau, Inc.*, 760 F.2d 1168, 1172 (11th Cir. 1985).

302. *Id.* at 1172-73.

303. See *F.T.C. v. Cantkier*, 767 F. Supp. 2d 147, 151-52 (D.D.C. 2011).

304. 15 U.S.C. §52 (2006).

305. 15 U.S.C. §55 (2006).

designation. However, section 43(a) of the Lanham Act's unfair competition provisions, coupled with state unfair competition law and the possibility of false advertising claims taken together, provide a robust remedy for the appropriation of a publicly coined designation that is used in a manner that deceives the public.

VII. Conclusion

Unlike love, which it is said “changes everything,”³⁰⁶ Web 2.0 and the new forms of social media, merely rearrange, reprioritize, and reallocate power-relations; and therefore, may require the re-thinking of existing trademark law. The trademark law regarding ownership or rights in the crowd-sourced mark is unclear. A leading trademark commentator and trademark treatise author, Professor McCarthy stated that:

One court has said that it is “doubtful” whether a manufacturer can claim protection for an abbreviation that only the public and not the manufacturer has used. Other decisions indicate that where, as a result of use by customers, the trade or by the news media, an abbreviation has become identified in the public mind with a particular company, then that abbreviation is a protectable trademark, even if the company itself has not formally used the abbreviation as a trademark mark.³⁰⁷

The author of the leading law review article on the publicly coined trademarks observed that courts are “hesitant to recognize valuable property rights in a name that has not been used by the party claiming those rights.”³⁰⁸ Yet, these publicly coined designations are becoming increasingly commercially significant as Web 2.0 and social media technologies amplify the ability of consumers to affect brand image and nomenclature. Therefore, a prudent attorney would not rely on a court electing to give his client trademark rights that the client has not yet appropriated through its own use by imputing the public's use of the designation as a constructive use by the client. The prudent approach is to monitor terms used by the public to designate a client's products or services then appropriate the trademark rights

306. Sarah Brightman, *Love Changes Everything*, <http://josvg.home.xs4all.nl/cits/sb/sb507.html>.

307. MCCARTHY, *supra* note 97, at § 7:18.

308. See Brody, *supra* note 80, at 1159.

in the term as the earliest possible date. One should rely, only if necessary, on the public's use of the designation as either evidence of secondary meaning to establish an early priority date, or as a ground for opposition to a trademark registration or as a ground supporting a petition to cancel a trademark registration.

* * *