

1984

A Federal Law of Unfair Competition: What Should Be the Reach of Section 43(a) of the Lanham Act?

Joseph P. Bauer

Notre Dame Law School, jbauer@nd.edu

Follow this and additional works at: https://scholarship.law.nd.edu/law_faculty_scholarship



Part of the [Antitrust and Trade Regulation Commons](#)

Recommended Citation

Joseph P. Bauer, *A Federal Law of Unfair Competition: What Should Be the Reach of Section 43(a) of the Lanham Act?*, 31 UCLA L. Rev. 671 (1983-1984).

Available at: https://scholarship.law.nd.edu/law_faculty_scholarship/464

This Article is brought to you for free and open access by the Publications at NDLScholarship. It has been accepted for inclusion in Journal Articles by an authorized administrator of NDLScholarship. For more information, please contact lawdr@nd.edu.

ARTICLES

A FEDERAL LAW OF UNFAIR COMPETITION: WHAT SHOULD BE THE REACH OF SECTION 43(a) OF THE LANHAM ACT?

Joseph P. Bauer*

INTRODUCTION

Statutes, like human beings, may experience a "mid-life crisis." One notable illustration of this phenomenon is Section 43(a) of the Lanham Act of 1946.¹ This provision, offering federal protection to businesses against many forms of unfair competition engaged in by their rivals,² has been the subject of varied and

* Professor of Law, Notre Dame Law School. B.A. 1965, University of Pennsylvania; J.D. 1969, Harvard University. Professors Kenneth B. Germain, J. Thomas McCarthy, and Larry Teply have read, commented on and occasionally disagreed with a draft of this Article; their reactions and suggestions are gratefully acknowledged. The author would also like to thank Karen Kiley, Notre Dame Law School Class of 1985, and Stephen Walroth, Notre Dame Law School Class of 1984, for their assistance in the preparation of this Article.

1. This Section provides as follows:

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

Lanham Act of 1946, § 43(a), 15 U.S.C. § 1125(a) (1982) [hereinafter cited or referred to as Section 43(a)].

2. Section 43(a) protects businesses against such anticompetitive acts as false advertising and false representations about the nature of a product or service. *Id.*

inconsistent judicial treatment.

Just as with a growing child, the first eight years of this statute's existence were characterized by few lasting achievements. Then a landmark decision in 1954³ recognized and liberated Section 43(a)'s potential. The past two decades have seen an explosion in the kinds of actions brought under this provision.⁴ Now that Section 43(a) is recognized as a major weapon in the fight against "unfair competition," however, some courts have resisted its expansion, or have contracted its reach. Thus, the fate of Section 43(a) remains uncertain.

This Article proposes the expanded availability of Section 43(a) to allow injured businesses to counter a wide variety of competitive wrongs. It is important that there be a uniform, federal law of unfair competition. Although imaginative attorneys have inappropriately attempted to use this statute for situations for which it was never designed, some courts have also refused to apply the statute to unfair and anticompetitive conduct which may demand relief.

The first three sections of this Article briefly review the law of unfair competition prior to the enactment of Section 43(a) of the Lanham Act, the legislative history of that provision, and those cases marking its early development. The Article then presents a description of those activities which fall within the statute, and analyzes the limitations imposed by various other courts.

The last section begins with an examination of the goals of the trademark laws and of the policy considerations implicated by a broader versus a narrower application of this particular statutory provision. It analyzes the need for a uniform federal approach to unfair competition and discusses particular problem areas under Section 43(a). Finally, this Article argues that the expansion of the Act to cover doubtful activities—harmful, unfair, or deceptive business practices—is both necessary and appropriate, and that the extension of the statute to encompass certain other forms of unfair competition would also be desirable.

I. UNFAIR COMPETITION PRIOR TO THE ENACTMENT OF THE LANHAM ACT

Traditional trademark law protects a company which has developed a mark or symbol that becomes associated with its particular goods or services. A cause of action arises against another who, without permission, uses the same or a similar mark on the

3. *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649 (3d Cir. 1954). See *infra* notes 52-55 and accompanying text.

4. See generally *infra* text accompanying notes 59-157.

same or similar goods or services, in such a way as to confuse consumers about the source or origin of the defendant's goods.⁵ The defendant's conduct injures both the public and the plaintiff. Members of the public purchase the defendant's goods, falsely believing that they are obtaining products originating with or sponsored by the plaintiff, and are hurt because they get something other than what they expected.⁶ The plaintiff is injured because it loses sales, may suffer an injured reputation, and loses the possibility of expanding its product or geographic market. Finally, the defendant is unjustly enriched, making sales based on the reputation and good will of the plaintiff and not due to the quality of its product or efforts put into developing its own trademark.

While trademark infringement is one form of unfair competition, other forms may also be injurious to the public and to individual competitors. Other misrepresentations about the nature, source, or quality of either the plaintiff's or the defendant's goods or services may be viewed as "unfair competition." These misstatements include false or deceptive advertising or labeling; deceptive marketing practices; false representations (expressed or implied) about the defendant's or the plaintiff's goods; or the misappropriation of the plaintiff's trademark, of the shape or packaging of its goods, or of other arbitrary and unique features of the plaintiff's product.⁷ While there remains disagreement as to how many of these practices truly are "unfair," and thus should be proscribed, it is clear that the range of unlawful activities has expanded over the past century.⁸

Nineteenth century common law unfair competition decisions⁹ limited both the kinds of actionable conduct and the pro-

5. A discussion of trademark law is beyond the scope of this Article. For general discussions of these trademark issues, see R. CALLMANN, *UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES* (4th ed. 1981); E. KINTNER & J. LAHR, *AN INTELLECTUAL PROPERTY LAW PRIMER*, ch. 4 (2d ed. 1982); J. MCCARTHY, *TRADEMARKS AND UNFAIR COMPETITION* (1973).

6. The defendant's product may be as good as, or even better than, the plaintiff's product. Nonetheless, some injury is incurred when the consumer receives something different from what he or she expected.

7. See J. MCCARTHY, *supra* note 5, §§ 1.7-1.9.

8. *Id.* § 1.10.

9. The following discussion is an intentionally brief and selective review of the common law cases dealing with one particular form of unfair competition—that involving actions challenging false representations of the nature, quality, or geographic origin of a competitor's product. This history is examined in more detail in Callmann, *False Advertising as a Competitive Tort*, 48 COLUM. L. REV. 876, 877-85 (1948), and Handler, *False and Misleading Advertising*, 39 YALE L.J. 22, 34-42 (1929). Many other forms of unfair competition could also be examined; they, too, received inconsistent treatment by the common law courts. See *infra* note 28.

There are a number of reasons why some examination of these particular earlier cases is important for understanding Section 43(a) of the Lanham Act. First, these cases are most akin to the traditional trademark concerns of infringement and palm-

spective challengers to allegedly unfair practices. These limitations are well illustrated in *New York & Rosendale Cement Co. v. Coplay Cement Co.*¹⁰ The plaintiff was one of about fifteen to twenty cement manufacturers located in Rosendale, New York, properly describing its product as "Rosendale cement." The defendant, a Pennsylvania cement manufacturer, nonetheless gave the "Rosendale" designation to its product. After characterizing the action as one complaining of "unfair and fraudulent competition,"¹¹ the court recognized the extent of the wrong: "No doubt the sale of spurious goods, or holding them out to be different from what they are, is a great evil, and an immoral, if not an illegal, act"¹² Yet the court denied injunctive relief because the plaintiff was not the only manufacturer of Rosendale cement and therefore did not have an exclusive, *property-type right* to the name.¹³ Thus, while suggesting that there might be an action by one of the defendant's defrauded customers, or by the state, the court held that a *seller* could not complain of such unfair conduct by its competitor.¹⁴

In these early decisions, relief was also denied when a competitor falsely described the nature or quality of its product as well as when the competitor misdescribed the product's geographic origin. In *American Washboard Co. v. Saginaw Manufacturing Co.*,¹⁵ the plaintiff manufactured washboards, the facing of which were

ing off. Other forms of unfair competition may involve trademarked products; it is more debatable whether they should be treated in a trademark statute. Second, the drafters of the Lanham Act had this common law history in mind; the legislative history makes clear that they intended, at least in substantial part, to reverse these common law rules. Thus, in interpreting Section 43(a), the narrow view taken at common law should be placed in contrast with the far more expansive view of unfair competition contemplated by the drafters of the Lanham Act. Third, notwithstanding this intent, a number of post-1946 cases have adhered to some of the limitations suggested by these cases; although buried by the statute, they continue to rule from the grave.

10. 44 F. 277 (C.C.E.D. Pa. 1890).

11. *Id.* at 278.

12. *Id.* at 278-79.

13. "[I]f a person seeks to restrain others from using a particular trade-mark, trade-name, or style of goods, he must show that he has an exclusive ownership or property therein. To show that he has a mere right, in common with others, to use it, is insufficient." *Id.* at 279.

14. Echoing phrases still heard today, the court identified both the potential burden on the court system and the greater wisdom of the legislative branch as grounds for this result.

[I]f the laws are deficient, the legislature might very justly intervene to prevent impositions of this kind by public prosecution of the offenders; but to give a civil action to every honest dealer against every dishonest one engaged in the same trade would vex the courts and the country with an access [sic] of multitudinous litigation.

Id.

15. 103 F. 281 (6th Cir. 1900).

coated with aluminum, and sold its goods under the "Aluminum" trade name. The defendant also produced washboards, but its product was made only of zinc. The defendant also adopted the "Aluminum" trade name and falsely described its product as being made of aluminum.

The plaintiff presumably lost sales because some persons who wanted aluminum washboards mistakenly purchased the defendant's zinc product. The court, however, denied injunctive relief. Echoing the approach taken by *Rosendale Cement*, the court limited relief to situations where the defendant was "palming off" its goods as those of the plaintiff. Since the defendant had not misrepresented its goods in that fashion,¹⁶ the plaintiff had no enforceable "property right." The court limited private causes of action to those in which a deceived member of the public sued to recover for *his* losses arising out of the deception.¹⁷ The court also stated its concerns about unleashing a torrent of litigation and its belief that relief for the plaintiff in this situation would require legislative action.¹⁸

Some courts, in earlier cases, did grant relief for allegations of unfair competition. The most noteworthy of these was *Pillsbury-Washburn Flour Mills Co. v. Eagle*.¹⁹ The plaintiffs were a group of flour mills located in Minneapolis. They stated that over a period of time, flour ground in that city had obtained a reputa-

16. The court correctly held that this was not an action for trademark or tradename infringement. Since "Aluminum" was merely the descriptive title of a kind of washboard, no single seller could appropriate that word to itself. Therefore, the plaintiff's action was not for "palming off," i.e., the defendant's selling its product as those of the plaintiff, but rather for unfair competition, i.e., the defendant's misrepresenting the nature of its goods and falsely suggesting that they had the same quality as those of the plaintiff.

17. [T]he private right of action in such cases is not based upon fraud or imposition upon the public, but is maintained solely for the protection of the property rights of complainant. . . . [I]t is an important factor that the public are deceived, but it is only where this deception induces the public to buy the goods as those of complainant that a private right of action arises.

103 F. at 285.

In fact, the plaintiff had also alleged that it had made an exclusive supply contract with the sole domestic manufacturer of aluminum (the predecessor of Alcoa), for the purchase of sheet aluminum suitable for producing facing for washboards. Since the plaintiff was, and would continue to be, the only domestic manufacturer of aluminum washboards—unlike in *Rosendale Cement*, where there were fifteen to twenty manufacturers all entitled to use the geographic description, and thus where it was impossible to say that a false description by the defendant had taken a sale away from the plaintiff—a purchase from defendant would indeed have deprived the plaintiff of a sale. Yet, without analysis, the court simply stated that the plaintiff's monopoly in the underlying product did not give it any broader rights in protecting its (otherwise unprotectable) trade name than would be afforded to a company facing competition.

18. *Id.* at 285–86.

19. 86 F. 608 (7th Cir. 1898), *cert. denied*, 173 U.S. 703 (1899).

tion for high quality. The designation of the city, or the alternate designation, "Minnesota Patent," on sacks or barrels of flour conveyed this reputation to the public. The plaintiffs alleged that the defendant, located in Chicago, had sold flour, milled in Milwaukee, under the "Minnesota Patent" label, and that this product was inferior to the product produced by the plaintiffs. They further alleged that they were injured because (1) they lost sales and (2) the reputation for quality of their superior product was sullied.

In granting relief, the court cited and described a number of English, as well as American federal and state court decisions affording relief under similar circumstances. The court rejected the "property right" prerequisite suggested by the later cases of *Rosendale Cement* and *American Washboard*: "[I]n cases where the question is simply one of unfair competition in trade it is not essential [that] there should be any exclusive or proprietary right in the words or labels used, in order to maintain the action."²⁰ Furthermore, although the plaintiffs apparently comprised all the companies milling flour in Minneapolis, the court suggested that a similar action in equity could also have been brought by only one of them; injunctive relief would have been available even if that plaintiff could not have shown direct loss of sales from the defendant's false representations.

These cases presented dual and conflicting approaches to this field. Some judges sought to expand the availability of relief against misrepresentation and unfair competition, while other judges insisted on adhering to a more restrictive analysis.²¹ This contrast is further reflected by *Ely-Norris Safe Co. v. Mosler Safe Co.*²² In *Ely-Norris* the plaintiff had a patent on a type of safe containing an explosion chamber. These safes had a metal band around the door, which the plaintiff alleged that the public associated with its kind of safe. The defendant manufactured safes with similar metal bands, and it falsely represented to the public that its safes also contained an explosion chamber.²³ Judge Learned

20. *Id.* at 628.

21. *See, e.g.*, *Hall v. Duart Sales Co.*, 28 F. Supp. 838 (N.D. Ill. 1939); *Armstrong Cork Co. v. Ringwalt Linoleum Works*, 235 F. 458 (D.N.J. 1916), *rev'd*, 240 F. 1022 (3d Cir. 1917); *Borden's Condensed Milk Co. v. Horlick's Malted Milk Co.*, 206 F. 949 (E.D. Wis. 1913). The majority of early unfair competition cases were in the federal courts. Prior to *Erie R.R. Co. v. Tompkins*, 304 U.S. 64 (1938), the federal courts exercised general common law powers, articulating law without reference to state law. In this area, however, there was no serious disharmony; both the federal courts and the state courts reflected a general unwillingness to create expansive rights of unfair competition, choosing instead to await legislative action. *See generally* Peterson, *The Legislative Mandate of Sears and Compco: A Plea for a Federal Law of Unfair Competition*, 69 DICK. L. REV. 347, 355 (1965).

22. 7 F.2d 603 (2d Cir. 1925), *rev'd*, 273 U.S. 132 (1927).

23. The defendant's safes clearly bore its own name and address. Thus, there

Hand expressly rejected the *American Washboard* rule in holding that the plaintiff could recover in this situation. Advertently taking an expansive view of the law of unfair competition,²⁴ the court identified the nature of the plaintiff's injury. The plaintiff was the exclusive manufacturer of safes with explosion chambers; if a member of the public purchased a safe from the defendant intending to obtain that feature, and the defendant made the sale only because of its misrepresentation, this lost sale, and the resultant injury to plaintiff, grew out of the defendant's deceptive activities.²⁵ Hand concluded that where the plaintiff can offer evidence of *actual* injury from the defendant's false representations, a cause of action, identical to a "palming off" claim, arises.²⁶

The Second Circuit decision in *Ely-Norris* would have resulted in only a minor expansion of the common law rule, and would have left unaffected the majority of situations, where there was no evidence that the individual plaintiff, as opposed to a general class of similar sellers, had lost sales. Nonetheless, Justice Oliver Wendell Holmes, for the Supreme Court, refused to ratify the Second Circuit decision. On appeal, the defendant had argued that manufacturers of safes other than the plaintiff also in-

was no allegation that the defendant had passed its product off as that of the plaintiff. Rather, the unfair competition claim was one of misrepresentation of the nature or quality of the defendant's goods. *Id.* at 603-04.

24. "[T]here is no part of the law which is more plastic than unfair competition, and what was not reckoned an actionable wrong 25 years ago may have become such today." *Id.* at 604.

25. It is interesting to note that since most of the defendant's safes did not contain an explosion chamber, but merely falsely represented the inclusion of that feature, the complaint stated no action for patent infringement. In contrast, assume, (as seems to have been the case), that at least some of the defendant's safes had also contained an explosion chamber. There still might have been reasons for the plaintiff not to have asserted a claim for patent infringement, but rather to limit its action to one for unfair competition. Perhaps the patent had expired or was soon to expire; perhaps there was some concern that patent invalidity would be raised as a defense. In any event, however, if the plaintiff did not have patent protection, it would no longer remain the exclusive manufacturer of safes with explosion chambers. And, under the *Rosendale Cement* view, it would no longer be able to prove that it lost sales because of the defendant's misrepresentations.

26. Taking a rather expansive view, the Second Circuit stated:

[Here] the means are as plainly unlawful as in the usual case of palming off. It is as unlawful to lie about the quality of one's wares as about their maker; it equally subjects the seller to action by the buyer. . . . [In most cases, however,] [t]he law does not allow [a competitor] to sue as vicarious avenger of the defendant's customers.

But, if it be true that the plaintiff has a monopoly of the kind of wares concerned, and if to secure a customer the defendant must represent his own as of that kind, it is a fair inference that the customer wants those and those only. . . . If a tradesman falsely foists on a customer a substitute for what the plaintiff alone can supply, it can scarcely be that the plaintiff is without remedy, if he can show that the customer would certainly have come to him, had the truth been told.

7 F.2d at 604.

corporated explosion chambers in their safes. The Court therefore determined that the defendant's misrepresentations no longer directly resulted in the plaintiff's loss of sales. The Court reversed, concluding that the presence of other competitors deprived the plaintiff of any right to judicial relief.²⁷

The subsequent two decades leading up to the enactment of the Lanham Act did not produce any significant decisions changing this laissez-faire common law attitude towards actions against competitors for deceptive representations.²⁸ The judiciary's inconsistent and relatively restrictive approach²⁹ towards applying unfair competition strictures³⁰ set the stage for a legislative response. Congressional review necessarily considered the scope of condemnable conduct and the reach of a uniform federal statute.

27. The court failed to offer its analysis of whether the plaintiff had, indeed, been the sole manufacturer of such safes.

If . . . the [defendant's] representation was false as it is alleged sometimes to have been, there is nothing to show that customers had they known the facts would have gone to the plaintiff rather than to other competitors in the market, or to lay a foundation for the claim for a loss of sales. . . . [W]hen [the plaintiff's complaint is] scrutinized [it] is seen to have so limited its statements as to exclude the right to complain.

273 U.S. at 134.

28. See, e.g., *Grand Rapids Furniture Co. v. Grand Rapids Furniture Co.*, 127 F.2d 245 (7th Cir. 1942) (misrepresentation by manufacturer of geographic origin of its product states cause of action by individual competitor or group of competitors actually doing business in that locale).

29. During this period the courts were also giving varying treatment to other forms of unfair competition, many of which involved trademarked products or services. Among the more important decisions dealing with other forms of unfair competition are *International News Serv. v. Associated Press*, 248 U.S. 215 (1918) ("misappropriation" by news service of competitor's uncopyrightable news stories, while they still had "business value," actionable under tort and property theories); *RCA Mfg. Co. v. Whiteman*, 114 F.2d 86 (2d Cir.) (broadcasting of sound recording unprotectable by copyright statutes also unprotected by state law), *cert. denied*, 311 U.S. 712 (1940); *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279 (2d Cir. 1929) (copying by competitor of uncopyrighted fashion items privileged and unprotectable), *cert. denied*, 281 U.S. 728 (1930); *Waring v. WDAS Broadcasting Station, Inc.*, 327 Pa. 433, 194 A. 631 (1937) (broadcasting of sound recording unprotectable by copyright statutes actionable).

30. Even as late as 1947, the courts continued to apply the restrictive common law approach. In *California Apparel Creators v. Wieder of Cal., Inc.*, 162 F.2d 893 (2d Cir.), *cert. denied*, 332 U.S. 816 (1947), a group of 75 manufacturers of and dealers in wearing apparel from California, complained that the defendants, located in New York State, had falsely labeled their products to suggest that they too originated in California. Asserting that California products had a reputation for quality, that the defendants' products diminished this reputation, and that the plaintiffs might lose sales because of the defendants' conduct, they brought an action in their own behalf and as a class action, seeking injunctive relief. The court first noted that the then-newly-enacted Lanham Act did not apply to actions such as this, which had commenced prior to the statute's effective date. *Id.* at 900 n.12. Then, applying the rule of *Rosendale Cement*, *American Washboard* and *Ely-Norris*, the court held that the plaintiffs could not even obtain injunctive relief unless they themselves could show actual and direct loss of sales as a result of the defendants' conduct. *Id.* at 899-902.

II. THE PASSAGE OF SECTION 43(a)

The Lanham Act of 1946³¹ was a response to numerous problems that arose under the prior acts of 1905³² and 1920.³³ These problems included a lack of comprehensive protection for certain kinds and uses of trademarks, inconsistent and limiting judicial interpretations, limits on the scope of relief, confusion arising out of both interstitial changes in the existing statutes over the prior half-century and ambiguities in the textual language, and a desire to afford a greater range and ease of protection to companies engaged in international commerce.

That portion of the statute which eventually became Section 43(a) was not a central focus of attention. Consequently, its legislative history is quite limited. An understanding of its purpose and scope can be best comprehended in the context of the general goals of the Lanham Act.

The prior trademark statute—the Act of 1920³⁴—contained language which foreshadowed the prohibitions of Section 43(a). That Act created a cause of action against anyone “who shall willfully and with intent to deceive, . . . use . . . a false designation of origin, . . . at the suit of any person . . . doing business in the locality falsely indicated as that of origin . . . ,”³⁵ and thus could have been used to overrule the *Rosendale Cement*³⁶ result. Yet because of a number of restrictions, both in the statute³⁷ and in the decisions interpreting it,³⁸ this did not occur, and its provisions

31. The legislative history of the Act has been amply described elsewhere. *See, e.g.*, Colligan v. Activities Club, 442 F.2d 686, 689–91 (2d Cir.) (reviewing and citing to legislative history), *cert. denied*, 404 U.S. 1004 (1971); *see also* R. CALLMANN, 4 LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 25.01 (4th ed. 1981) (citing numerous other sources); Callmann, *The New Trade-Mark Act of July 5, 1946*, 46 COLUM. L. REV. 929 (1946); Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?*, 32 N.Y.U. L. REV. 1029 (1957) [hereinafter cited as Derenberg, *Prologue or Epilogue?*]; *Trademarks in Transition*, 14 LAW & CONTEMP. PROBS. 171–361 (1949).

32. Act of February 20, 1905, ch. 592, Pub. L. No. 58-84, 33 Stat. 724 (repealed by Lanham Act of 1946 § 46(a)).

33. Act of March 19, 1920, ch. 104, Pub. L. No. 66-163, 41 Stat. 533 (repealed by Lanham Act of 1946 § 46(a)).

34. *Id.*

35. Act of March 19, 1920, *supra* note 33, § 3.

36. *See supra* notes 10–14 and accompanying text.

37. For example, that Act referred only to false designations of origin; Section 43(a) also incorporates prohibitions on false descriptions or representations. The 1920 Act referred only to “merchandise”; Section 43(a) is broader, referring to *both* goods *and* services. Finally, the 1920 Act also required that the defendant act “willfully and with intent to deceive”; these “state-of-mind” requirements were dropped in Section 43(a).

38. *See, e.g.*, Parfumerie Roger et Gallet Societe Anonyme v. Godet, Inc., 17 TRADE-MARK REP. 1 (S.D.N.Y. 1926). Proposals which eventually became part of the Lanham Act contained language designed to expand the reach of this provision.

were very infrequently employed.³⁹

Congressional hearings and committee reports contain little which would add to the understanding of the specific scope or purpose of Section 43(a). However, based on the 25 years of development of the language which eventually was incorporated into Section 43(a), and on its historical setting—restrictive judicial decisions, expanded international trade, and treaty obligations—it appears that Congress had two main purposes.⁴⁰ First, Congress sought to overrule the common law restrictions imposed on certain unfair competition actions—principally those hindering claims of false advertising. Second, Congress hoped to bring American law into express conformity with the more liberal principles of a number of foreign countries, standards to which the United States had pledged adherence by treaty and convention.⁴¹

Unlike most statutes, however, where Congressional intent is often based on assumption or conjecture, the drafters of the Lanham Act included a specific statement of purpose as part of the statute itself. It provides, in part, that "The intent of this chapter is to . . . mak[e] actionable the deceptive and misleading use of marks . . . ; to protect persons engaged in . . . commerce against unfair competition; [and] to prevent fraud and deception . . . by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks" ⁴²

39. An excellent detailed description of these proposals, and other aspects of the legislative history of Section 43(a), is found in Derenberg, *Prologue or Epilogue?*, *supra* note 31, at 1032-39.

40. *Id.*

41. *Id.* at 1039. Professor Walter Derenberg, probably the leading scholar on the Lanham Act, also stated that "[t]his section never was intended to be a catch-all for all forms of unfair competition which may involve some kind of false or unfair allegations, unless they are directly concerned with the sale of goods or services as distinguished, for instance, from such other forms of unfair competition as trade disparagement, commercial bribery, and betrayal of trade secrets." *Id.* Although this Article finds no disagreement with the inapplicability of Section 43(a) to these latter two forms of conduct, it disagrees with Professor Derenberg as to its applicability to trade disparagement, at least where the plaintiff's product is the subject of trademark protection. *See infra* notes 280-301.

42. Lanham Act of 1946, § 45, 15 U.S.C. § 1127 (1982). The Senate Report on the Lanham Act contains a similar statement:

The purpose . . . is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.

S. REP. NO. 1333, 79th Cong., 2d Sess. 3 (1946), *reprinted in* 1946 U.S. CODE CONG. SERV. 1274, 1274. *See also* *Colligan v. Activities Club*, 442 F.2d 686, 689-92 (2d Cir.) (legislative history of Section 43(a) is "inconclusive and therefore of little or no help The legislative history of the Act, such as it is, adds nothing." Therefore, prin-

At least three aspects of this legislative intent deserve greater emphasis. First, the Act leans toward the protection of owners of trademarks from misuse of those marks, rather than the protection of the public from deception.⁴³ Second, the Act is intended to outlaw more than the unauthorized use of a trademark by a competitor, the traditional case of "palming off." Rather, the Act also proscribes fraudulent and deceptive use of trademarks. Third, the Act is designed to "protect persons engaged in . . . commerce against unfair competition" ⁴⁴

This final clause should be of primary importance in the interpretation of Section 43(a). Congress has given a clear and expansive statement of the broad goals of the statute. Consequently, it is inappropriate for a court to whittle down these protections and to adhere to traditional notions of the role of a "trademark statute." Because the statute was intended to establish a vigorous, uniform federal law of unfair competition, courts should fulfill their role and embrace this opportunity.

III. EARLY DEVELOPMENTS

The first fifteen years of the existence of Section 43(a) were characterized by a lack of activity and imagination by most litigants, and by undue caution and conservatism by courts.⁴⁵ Rela-

cial reliance was placed on statement of legislative purpose found in Section 45.), *cert. denied*, 404 U.S. 1004 (1971).

43. See *Colligan v. Activities Club*, 442 F.2d 686, 692 (2d. Cir.) ("The Act's purpose, as defined in § 45, is exclusively to protect the interests of a purely commercial class against unscrupulous commercial conduct."), *cert. denied*, 404 U.S. 1004 (1971). See also *infra* note 148 and accompanying text.

To be sure, this latter goal was important to Congress as well; however, it does not appear to be the principal, and certainly was not the sole, object of the Act that some courts seem to believe.

[O]ur reading of the Lanham Act and its legislative history reveals no congressional design to bestow such broad property rights on trademark owners. Its scope is much narrower: to protect consumers against deceptive designations of the origin of goods and, conversely, to enable producers to differentiate their products from those of others.

International Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 918 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981). Cf. *infra* note 160.

44. 15 U.S.C. § 1127 (1982) (emphasis added).

Section 43(a) . . . represents . . . an affirmative code of business ethics whose standards can be maintained by anyone who is or may be damaged by a violation of this segment of the code. In effect it says: you may not conduct your business in a way that unnecessarily or unfairly interferes with and injures that of another; you may not destroy the basis of genuine competition by destroying the buyer's opportunity to judge fairly between rival commodities

Gold Seal Co. v. Weeks, 129 F. Supp. 928, 940 (D.D.C. 1955), *aff'd per curiam sub nom. S.C. Johnson & Son v. Gold Seal Co.*, 230 F.2d 832 (D.C. Cir.), *cert. denied*, 352 U.S. 829 (1956).

45. See generally Allison, *Private Cause of Action for Unfair Competition Under*

tively few actions were brought under this provision; many of these were obviously unrelated to commonly understood concerns about unfair competition, and were quite distant from traditional trademark violations. Partly as a result of the cases presented and partly because the thrust of the new statute was misunderstood, courts rejected its application.⁴⁶

In the first Section 43(a) case,⁴⁷ the plaintiff alleged that the defendant had falsely represented to the public that the defendant was associated with a labor union, that customers had relied on this falsehood, and that the plaintiff had lost sales accordingly.⁴⁸ In dismissing the action, the court held that Section 43(a) provided relief only for violations of a traditional trademark nature. The opinion stated that the statute's application was "not to any competitive practice which in the broad meaning of the words might be called unfair, but to that 'unfair competition' which has been closely associated with the misuse of trademarks, i.e., the *passing off* of one's own goods as those of a competitor."⁴⁹

Over the next five years, courts generally rejected⁵⁰ any at-

the Lanham Act, 14 AM. BUS. L.J. 1, 4-6 (1976); Martin, *The Federal Courts Have Another Chance to Deal with Unfair Competition*, 14 BROOKLYN L. REV. 178 (1948); Note, *The Federal Law of Unfair Competition*, 47 VA. L. REV. 600 (1961).

46. In fact, there was no reported decision dealing with the merits of this new provision until almost two-and-a-half years had elapsed from its effective date. Section 43(a) was referred to, but held inapplicable in, *California Apparel Creators v. Wieder of Cal., Inc.*, 162 F.2d 893 (2d Cir.), *cert. denied*, 332 U.S. 816 (1947). See *supra* note 30.

47. *Samson Crane Co. v. Union Nat'l Sales, Inc.*, 87 F. Supp. 218 (D. Mass. 1949), *aff'd*, 180 F.2d 896 (1st Cir. 1950). The second Section 43(a) decision, handed down about two months later, was *Carpenter v. Erie R.R. Co.*, 178 F.2d 921 (2d Cir. 1949), *cert. denied*, 339 U.S. 912 (1950). See *infra* note 51.

48. This false description of the nature of the defendant's enterprise was analogous to the representations in such common law cases as *American Washboard*—as to the metallic ingredient of the defendant's product—or *Ely Norris*—as to the alleged presence of an explosion chamber in defendant's safes—which were found insufficient to give rise to a cause of action on behalf of an aggrieved competitor.

49. *Samson Crane Co. v. Union Nat'l Sales, Inc.*, 87 F. Supp. 218, 222 (D. Mass. 1949), *aff'd*, 180 F.2d 896 (1st Cir. 1950) (emphasis added). See *infra* note 51.

50. It is interesting that the first successful use of Section 43(a) involved misrepresentations regarding a trademarked good, but not in a "passing off" context—precisely the appropriate place for this new provision. The plaintiff, a manufacturer of fabrics, had sold large amounts of cloth to the defendant as "seconds." The defendant had attempted to remove those portions of the cloth containing imperfections and then had sold the goods, under plaintiff's trademark, as "firsts." In *Burlington Mills Corp. v. Roy Fabrics*, 91 F. Supp. 39 (S.D.N.Y.), *aff'd*, 182 F.2d 1020 (2d Cir. 1950), the court held that this conduct amounted to a "false description or representation" of the plaintiff's goods, entitling it to injunctive relief. *Id.* at 47.

The first successful appellate application of Section 43(a) involved a traditional "passing off" claim. The plaintiff had franchised the defendant to sell its products under plaintiff's trademark; the plaintiff complained that the defendant then began selling its own product, but continued to label the product as before, so as to deceive the public into believing that they were receiving plaintiff's goods. In *Dad's Root*

tempt to apply Section 43(a) to various forms of alleged unfair competition.⁵¹ The watershed Section 43(a) decision was authored by Judge Hastie of the Third Circuit Court of Appeals in 1954. In *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*⁵² the plaintiff manufactured a dress which it advertised prominently and sold for \$17.95; the defendant, a competitor, sold its dresses, close but inferior copies of the plaintiff's product, for \$6.95. Without making any express reference to the plaintiff or its product, the defendant featured a photograph of the plaintiff's dress in its own advertisements. In ruling on the plaintiff's Section 43(a) claim, the district court had dismissed the action because the defendant had not deceived consumers into thinking that it was selling the plaintiff's dresses, and thus had not attempted to "pass off" its dresses as those of the plaintiff.⁵³

The Third Circuit, however, recognized dual plaintiff injury: first, some business was diverted from the plaintiff to the defend-

Beer Co. v. Doc's Beverages, 193 F.2d 77, 80-81 (2d Cir. 1951), the court relied alternately on Section 43(a) and on Section 32 of the Lanham Act to afford relief.

51. In these early years, plaintiffs sought to apply Section 43(a) to a variety of practices. One interesting situation where the court refused to apply the statute, although today it might well be held to reach, was *Chamberlain v. Columbia Pictures Corp.*, 186 F.2d 923 (9th Cir. 1951). The plaintiff, the owner of Mark Twain's literary rights, complained about advertisements for a motion picture which asserted that the film was "A Story Only Mark Twain Could Tell" and that it was "Mark Twain's Favorite Story." The plaintiff alleged that the film was only loosely based on a Twain short story and that it was grossly inferior to that story and would diminish the value and reputation of Twain's other works. Although the court accepted the allegation that defendant's claims were "false," it dismissed the action under Section 43(a) because "[t]here is no passing off other than alleged misrepresentation of the authorship of the story." *Id.* at 925 (emphasis in original). One of the decisions cited by the *Chamberlain* court as authority was *American Washboard*, discussed *supra* notes 15-18 and accompanying text, although the enactment of Section 43(a) was intended to overrule these common-law decisions, *supra* notes 31-44 and accompanying text. See also *Autry v. Republic Prods.*, 213 F.2d 667, 669-70 (9th Cir. 1954). Cf. *Follett v. New Am. Library, Inc.*, 497 F. Supp. 304 (S.D.N.Y. 1980) (discussed *infra* text accompanying note 100).

On the other hand, other plaintiffs sought to extend Section 43(a) unreasonably. Thus, in *Carpenter v. Erie R.R. Co.*, 178 F.2d 921 (2d Cir. 1949), *cert. denied*, 339 U.S. 912 (1950), the court properly held that that provision does not confer an action on an employee against his employer for personal injuries incurred, on the theory that the employer's misrepresentations concerning the medical care the employee would require was a "false description or representation." Application of the statute was also rejected in some traditional "passing off" situations. See, e.g., *Paglierio v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952); *Sargent & Co. v. Welco Feed Mfg. Co.*, 195 F.2d 929 (8th Cir. 1952); *Time, Inc. v. T.I.M.E., Inc.*, 123 F. Supp. 446 (S.D. Cal. 1954).

52. 214 F.2d 649 (3d Cir. 1954).

53. 118 F. Supp. 251 (E.D. Pa. 1953). "There is no suggestion of any attempt on the part of the defendant to palm its dress off on the public as having been manufactured by the plaintiff or to appropriate the plaintiff's goodwill by infringement of trade-mark or trade name or in any other way." *Id.* at 252. Interestingly, the District Court's opinion made no reference to Section 43(a).

ant; second, as a result of defendant's advertisements, consumers who recognized the dress in the defendant's photograph might believe that the plaintiff's \$17.95 dress was only worth \$6.95. The court expressly rejected the defendant's argument that Section 43(a) provided no relief because that provision only federalized the preexisting common law of unfair competition, incorporating the common law's limitations. Rather, Judge Hastie concluded that Congress had created a new statutory claim of plaintiff's redress for many forms of unfair competition. The court stated that "this statutory tort bears closest resemblance to the . . . tort of false advertising to the detriment of a competitor. . . ." ⁵⁴ In so holding, Judge Hastie freed the federal courts from the limitations of prior common law. ⁵⁵

Directly after *Lana Lobell*, a number of courts continued to read the statute restrictively. ⁵⁶ Then, beginning in the 1960's, the bench and the bar began to realize Section 43(a)'s fuller potential. ⁵⁷ The past two decades have seen a significant expansion of both the kinds of conduct encompassed by this provision and

54. 214 F.2d at 651.

55. See *Mutation Mink Breeders Ass'n v. Lou Nierenberg Corp.*, 23 F.R.D. 155, 161 (S.D.N.Y. 1959) (Section 43(a) reverses requirements of common law cases); *Gold Seal Co. v. Weeks*, 129 F. Supp. 928, 940 (D.D.C. 1955) ("Section 43(a) does create a federal statutory tort, *sui generis*"), *aff'd per curiam sub nom.* *S.C. Johnson & Son v. Gold Seal Co.*, 230 F.2d 832 (D.C. Cir.), *cert. denied*, 352 U.S. 829 (1956).

56. As late as the 1970's, a few courts insisted that § 43(a) was available only for the deceptive use of unregistered trademarks or other similar misleading uses of symbols used for the identification of goods or services. See *Mortellito v. Nina of Cal., Inc.*, 335 F. Supp. 1288, 1294 (S.D.N.Y. 1972); *Sterling Prods. Co. v. Crest Mfg. Co.*, 314 F. Supp. 204, 211 (E.D. Mich. 1970).

57. In a famous opinion, Chief Judge Clark of the Second Circuit argued for wider use of Section 43(a) and lamented the fact that it was being overlooked. In *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538 (2d Cir. 1956), the plaintiff brought an action under Section 32 of the Lanham Act, complaining of trademark infringement, and under state law, complaining of unfair competition. Since the plaintiff did not also assert a claim under Section 43(a), the majority decided not to determine whether it conferred jurisdiction on the court to consider the unfair competition claim. *Id.* at 544 n.5. Judge Clark, concurring, argued that "we must consider the applicability of this statute, and cannot avoid it, even though counsel does not cite it . . ." *Id.* at 546. Then, in a widely-quoted statement, which doubtless is no longer true today, he observed: "Indeed, there is indication here and elsewhere that the bar has not yet realized the potential impact of this statutory provision." *Id.*

See also Grimes, *Control of Advertising in the United States and Germany: Volkswagen Has a Better Idea*, 84 HARV. L. REV. 1769, 1775 (1971); Peterson, *supra* note 21, at 571; *Developments in the Law—Competitive Torts*, 77 HARV. L. REV. 888, 908 (1964); Note, *Section 43(a) of the Lanham Act: Its Development and Potential*, 3 LOY. U. CHI. L.J. 327, 334 (1972).

By the 1960's, however, the volume of litigation under Section 43(a) had expanded so dramatically that Professor Derenberg commented that Judge Clark's statement "certainly is no longer true." Derenberg, *The Twenty-Fifth Year of Administration of the Lanham Trademark Act of 1946*, 62 TRADE-MARK REP. 393, 493 (1972).

those persons who may bring an action under it. At the same time, significant and unnecessary limitations still exist.

The next section of this Article reviews the range of unfair and anticompetitive activities covered by Section 43(a) and identifies the situations in which it has been held inapplicable. The Article then discusses some specific limitations which preclude its wider use and application. After considering the appropriate goals of federal trademark and unfair competition protection, the Article argues for a more expansive use of Section 43(a).

IV. JUDICIAL INCONSISTENCY IN THE APPLICATION OF SECTION 43(a)

The past five years have seen an enormous increase in the number of actions brought under Section 43(a). In a number of instances courts have rejected the attempt to apply this provision. Yet many decisions have given it an expansive reading.

A. *Expansion of its Reach*

The most common use of Section 43(a) arises with the "garden variety" trademark infringement,⁵⁸ in circumstances where protection under other provisions of the Lanham Act is unavailable. A prerequisite to an infringement action under Section 32 of the Lanham Act—whether for injunctive or for monetary relief—is that the trademark be registered.⁵⁹ This requirement indirectly invokes the various requirements for registration in Sections 1, 2, and 23 of the Act.⁶⁰ Additionally, under Section 43(a), an action may be brought for "a false designation of origin" or a "false description or representation" by "any person who believes that he is or is likely to be damaged by the use of any such false

58. See *infra* text accompanying notes 59–64.

59. Section 32 provides that "[a]ny person who shall, without the consent of the registrant—(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a *registered mark* . . . ; or (b) reproduce, counterfeit, copy, or colorably imitate a *registered mark* . . . , shall be liable in a civil action by the *registrant*." 15 U.S.C. § 1114 (1982) (emphasis added). The emphasized language makes clear that registration of the mark is a prerequisite to relief under Section 32.

60. Section 1 of the Lanham Act, 15 U.S.C. § 1051 (1982), provides that the owner of a trademark used in commerce is entitled to register the mark on the Principal Register. Section 2, 15 U.S.C. § 1052 (1982), contains a number of categories of marks which are unregistrable on the Principal Register; all other marks are so registrable. Section 23, 15 U.S.C. § 1091 (1982), provides that certain marks barred from registration on the Principal Register because of Section 2 are nonetheless registrable on the Supplemental Register. Ownership and use of the mark are prerequisites for registration. However, the converse is not true; a person is entitled to use a mark, and may obtain relief under state law and under Section 43(a) of the Lanham Act against infringers, even if the mark is unregistered. See *infra* notes 63, 69 and accompanying text.

description or representation."⁶¹ Scores of cases have now held that the application of a mark to goods and services, where the mark is deceptively or confusingly close to the trademark of another vendor, is a "false designation of origin" or a "false description or representation,"⁶² and that the existing trademark holder is a "person" entitled to sue under the statute.⁶³ Most important, there is no requirement that the plaintiff first obtain federal registration for the mark, or even that the mark meet all the federal registration requirements.⁶⁴

The principal complaint of the owner of a trademark in a

61. 15 U.S.C. § 1125(a) (1982).

62. Although the distinction between these two prohibitions may have significance in some situations, most courts have not distinguished between the two in weighing challenges to the unauthorized use of allegedly confusing infringements of unregistered marks. See *infra* notes 176-79 and accompanying text.

63. A decade ago, the applicability of Section 43(a) to ordinary trademark infringement or "passing off" situations was in some doubt. See Germain, *Unfair Trade Practices Under Section 43(a) of the Lanham Act: You've Come A Long Way, Baby—Too Far, Maybe?*, 49 IND. L.J. 84, 109-12 (1973) (arguing against use of § 43(a) in such situations) [hereinafter cited as Germain, *Too Far, Maybe?*]. However, this broader reach was expressly adopted as early as *Federal-Mogul-Bower Bearings v. Azoff*, 313 F.2d 405 (6th Cir. 1963), and *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144 (2d Cir. 1956), and has been increasingly, and now almost universally, accepted. For some recent decisions employing this approach, see cases cited *infra* note 69. See also Lunsford, *Protection From False and Misleading Advertising*, 35 FED. B.J. 87 (1976) (challenging Professor Germain's restrictive approach).

64. The conservatism and caution of the legal profession is reflected in the fact that, increasingly, litigants have brought actions for ordinary trademark infringement under both Section 32 and Section 43(a), even though the former is designed for registered marks and the latter is appropriate for infringement of unregistered marks. This overlapping or duplicative pleading adds nothing to a trademark infringement claim.

In those cases where the courts give relief to the plaintiff, they typically do so on both theories without differentiating the claims. See, e.g., *Hindu Incense v. Meadows*, 692 F.2d 1048 (6th Cir. 1982); *Spring Mills, Inc. v. Ultracashmere House, Ltd.*, 689 F.2d 1127 (2d Cir. 1982); *Purolator, Inc. v. EFRA Distribs.*, 687 F.2d 554 (1st Cir. 1982); *Edward J. Sweeney & Sons v. Texaco*, 637 F.2d 105 (3d Cir. 1980), *cert. denied*, 451 U.S. 911 (1981); *American Petrofina, Inc. v. Petrofina of Cal., Inc.*, 596 F.2d 896 (9th Cir. 1979); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975); *Visa Int'l Serv. Ass'n v. Visa Hotel Group*, 561 F. Supp. 984 (D. Nev. 1983); *NAACP v. NAACP Legal Defense & Educ. Fund, Inc.*, 559 F. Supp. 1337 (D.D.C. 1983); *Toys "R" Us v. Canarsie Kiddie Shop*, 559 F. Supp. 1189 (E.D.N.Y. 1983); *Playboy Enters. v. P.K. Sorren Export Co.*, 546 F. Supp. 987 (S.D. Fla. 1982).

On the other hand, where courts find no infringement, and give judgment for the defendant, they also do so without differentiating the Lanham Act sections. See, e.g., *Lever Bros. v. American Bakeries Co.*, 693 F.2d 251 (2d Cir. 1982); *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079 (5th Cir. 1982); *Schutt Mfg. Co. v. Riddell, Inc.*, 673 F.2d 202 (7th Cir. 1982); *Raxton Corp. v. Anania Assocs.*, 668 F.2d 622 (1st Cir. 1982); *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225 (3d Cir. 1978); *Concord Laboratories v. Concord Medical Center*, 552 F. Supp. 549 (N.D. Ill. 1982); *Kinark Corp. v. Camelot, Inc.*, 548 F. Supp. 429 (D.N.J. 1982); *King-Size, Inc. v. Frank's King Size Clothes*, 547 F. Supp. 1138 (S.D. Tex. 1982); *Exxon Corp. v. XOIL Energy*

name, device, slogan, packaging, labeling, or other symbol identifying the owner's good or service is that a second person is using a similar symbol, without the owner's permission. As a result of such use, consumers are likely to be confused or deceived as to the origin of the second user's good or service, and will purchase from the second user thinking that they are getting something manufactured or sold by the first user. Admittedly, protection against traditional trademark infringement (or "palming off") was not the principal goal of the draftsmen of Section 43(a).⁶⁵ The stated purpose of the Act, however, includes protection against consumer confusion directed at the enhancement of the ethical quality of commercial practices.⁶⁶ The "palming off" of goods and services through trademark copying would make the achievement of these objectives less probable.⁶⁷ Consequently, in situations likely to lead to consumer confusion concerning the origin of the defendant's goods or services,⁶⁸ courts have properly implemented these goals by finding a violation of Section 43(a) arising from the following: the defendant's unauthorized use of an unregistered

Resources, 552 F. Supp. 1008 (S.D.N.Y. 1981). *See also infra* notes 117-21 and accompanying text.

Research has turned up no case where the court found an absence of infringement of a registered trademark under Section 32, but nonetheless gave relief against infringement under Section 43(a) on the basis of a finding of false designation of origin or false description or representation. The duplicative pleading of Section 32 and Section 43(a), even where the plaintiff's mark is registered, may be useful if the registration is invalidated for some technicality, for example, fraud on the Patent and Trademark Office, nonsatisfaction of the ownership, interstate commerce requirements of 15 U.S.C. § 1051 (1982), or the like.

Section 43(a) may, of course, also afford relief in situations where the claim is for a false representation other than palming off or passing off. In addition, certain defenses may be available to the defendant in an action under Section 43(a), even though those defenses would be unavailable in the plaintiff's trademark infringement action under Section 32, since a Section 43(a) action does not rely upon the validity of a federal trademark. *See, e.g.,* United States Jaycees v. Chicago Junior Ass'n of Commerce & Indus., 505 F. Supp. 998 (N.D. Ill. 1981).

65. *See supra* note 41 and accompanying text.

66. *See supra* notes 42-44 and accompanying text.

67. In fact, the earliest cases under Section 43(a) construed it as limited only to "passing off" situations. *See supra* notes 46-51 and accompanying text.

68. The standards for determining infringement—which have been the subject of literally hundreds of judicial decisions and considerable discussion in the literature—are similar under both Section 32 and Section 43(a). In brief, courts must determine whether the marks or symbols are sufficiently similar as to cause a reasonable likelihood of confusion or deception on the part of the consuming public. In making this determination, courts look, *inter alia*, to the similarity of appearance, of sound, and of meaning of the marks; the strength of the plaintiff's mark; the place it falls on the continuum between arbitrary, suggestive, or descriptive; the channels through which the goods are distributed; the relatedness of the products on which the symbols are used; the type of consumers likely to purchase the product and the degree of care exercised in making purchasing decisions; and, although stated to be irrelevant when there already is clear evidence of infringement, the defendant's intent in choosing the mark. *See also supra* note 64 (noting duplicative pleading).

trademark or symbols similar to or identical with that of the plaintiff;⁶⁹ imitation of the plaintiff's trade dress and its application to the packaging of a similar product;⁷⁰ imitation of the nonfunctional features of the product itself;⁷¹ imitation of the plaintiff's

69. Although questioned for its propriety, *see supra* note 63, this has become the most common use of Section 43(a). Of the scores of such cases in the past decades, see, e.g., *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460 (3d Cir. 1983); *Jellibeans, Inc. v. Skating Clubs, Inc.*, 716 F.2d 833 (11th Cir. 1983); *Wesley-Jessen Div. of Schering Corp. v. Bausch & Lomb*, 698 F.2d 862 (7th Cir. 1983); *DC Comics v. Reel Fantasy, Inc.*, 696 F.2d 24 (2d Cir. 1982); *Hindu Incense v. Meadows*, 692 F.2d 1048 (6th Cir. 1982); *Purolator, Inc. v. EFRA Distribs.*, 687 F.2d 554 (1st Cir. 1982); *Vuitton Et Fils S.A. v. J. Young Enters.*, 644 F.2d 769 (9th Cir. 1981); *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710 (8th Cir. 1980); *Big O Tire Dealers v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365 (10th Cir. 1977), *cert. dismissed*, 434 U.S. 1052 (1978); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975); *Chichi's, Inc. v. Chi-Mex, Inc.*, 568 F. Supp. 731 (W.D. Pa. 1983); *Toys "R" Us v. Canarsie Kiddie Shop*, 559 F. Supp. 1189 (E.D.N.Y. 1983); *Emra Corp. v. Superclips, Ltd.*, 559 F. Supp. 705 (E.D. Mich. 1983); *Playboy Enters. v. P.K. Sorren Export Co.*, 546 F. Supp. 987 (S.D. Fla. 1982). *See also supra* note 63; *infra* notes 118-21, 169 and accompanying text.

70. Trade dress—the shape of a package, the distinctive color of a product, the special uniforms worn by employees, or the like—is often not amenable to federal registration and Section 32 protection. But, when these qualities become associated in the public mind with a particular producer, courts have recognized the propriety of Section 43(a) protection. *See, e.g.*, *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980-84 (11th Cir. 1983); *Spring Mills, Inc. v. Ultracashmere House, Ltd.*, 689 F.2d 1127, 1136 (2d Cir. 1982); *Purolator, Inc. v. EFRA Distribs.*, 687 F.2d 554, 560-61 (1st Cir. 1982); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 82-84 (3d Cir. 1982); *Chevron Chem. Co. v. Voluntary Purchasing Groups*, 659 F.2d 695, 700-05 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126 (1982); *Tveter v. AB Turn-O-Matic*, 633 F.2d 831, 839 (9th Cir. 1980), *cert. denied*, 451 U.S. 911 (1981); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1215-17 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Federal-Mogul-Bower Bearings v. Azoff*, 313 F.2d 405, 408-10 (6th Cir. 1963); *Ciba-Geigy Corp. v. Bolar Pharm. Co.*, 547 F. Supp. 1095, 1110-16 (D.N.J. 1982), *aff'd*, 719 F.2d 56 (3d Cir. 1983); *Ideal Toy Corp. v. Chinese Arts & Crafts*, 530 F. Supp. 375, 379-80 (S.D.N.Y. 1981); *St. Ives Laboratories v. Nature's Own Laboratories*, 529 F. Supp. 347, 349-50 (C.D. Cal. 1981); *Artus Corp. v. Nordic Co.*, 512 F. Supp. 1184, 1187-88 (W.D. Pa. 1981).

71. A symbol or feature is "functional" if it contributes to the utility or to the commercial success of the underlying product. Functional features, shapes, symbols, and the like can never obtain trademark protection. Such protection is denied to prevent exclusive appropriation thereof by a single producer, and to encourage competition. But if the feature is nonfunctional, and can serve to identify its producer as the source of the product, Section 43(a) protection is appropriate. *See, e.g.*, *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 81 (3d Cir. 1982); *Processed Plastic Co. v. Warner Communications*, 675 F.2d 852, 855-59 (7th Cir. 1982); *Warner Bros. v. Gay Toys*, 658 F.2d 76, 77-79 (2d Cir. 1981); *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769, 774-77 (9th Cir. 1981); *Ciba-Geigy Corp. v. Bolar Pharm.*, 547 F. Supp. 1095, 1110-16 (D.N.J. 1982), *aff'd*, 719 F.2d 56 (3d Cir. 1983); *National Football League Properties v. Wichita Falls Sportswear*, 532 F. Supp. 651, 656-62 (W.D. Wash. 1982); *Midway Mfg. Co. v. Dirkschneider*, 543 F. Supp. 466, 484-90 (D. Neb. 1981); *Artus Corp. v. Nordic Co.*, 512 F. Supp. 1184, 1187-89 (W.D. Pa. 1981); *Vibrant Sales v. New Body Boutique*, 496 F. Supp. 854, 856-58 (S.D.N.Y. 1980), *rev'd on other grounds*, 652 F.2d 299 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982); *Rolls-Royce Motors v. A & A Fiberglass*, 428 F. Supp. 689, 697-98 (N.D. Ga. 1977). *Cf.*

trade name;⁷² and use of similar display racks and display boxes.⁷³

Other forms of trademark copying have fallen within the ambit of Section 43(a) as "false representations." Included among the proscribed activities are the actual reproduction by the defendant of the plaintiff's trademark itself, and then its sale as part of the defendant's product;⁷⁴ the copying of the title, character, or costumes of the plaintiff's copyrighted literary work;⁷⁵ and the unauthorized taking of the plaintiff's copyright interests themselves.⁷⁶

infra note 124 and accompanying text. Those features deemed "functional" (unprotectable) have received a variety of definitions. See *infra* notes 192-227 and accompanying text.

72. A company's name or its trade name—for example, the Xerox Corporation—cannot be registered under the Lanham Act. Standing alone, this name does not identify any good or service and thus is not a symbol of source. The name is registrable, of course, in connection with goods or services; for example, Xerox brand copiers or Xerox copier repair service. The trade name itself, however, may qualify for certain protection under Section 43(a). See, e.g., *Railroad Salvage of Conn. v. Railroad Salvage*, 561 F. Supp. 1014 (D.R.I. 1983); *Purified Down Prods. v. Puro Down Int'l*, 530 F. Supp. 134, 135 (E.D.N.Y. 1982); *Lambda Elecs. Corp. v. Lambda Technology*, 515 F. Supp. 915, 924-28 (S.D.N.Y. 1981); *General Foods Corp. v. General Foods*, 496 F. Supp. 307, 311-12 (D.V.I. 1979), *aff'd mem.*, 659 F.2d 1066 (3d Cir. 1981); *American Optical Corp. v. North Am. Optical Corp.*, 489 F. Supp. 443, 450 (N.D.N.Y. 1979); *Markel v. Scovill Mfg. Co.*, 471 F. Supp. 1244, 1253-54 (W.D.N.Y.), *aff'd mem.*, 610 F.2d 807 (2d Cir. 1979); *Ferrara v. Scharf*, 466 F. Supp. 125, 132-34 (S.D.N.Y. 1979).

73. See, e.g., *Commerce Foods v. PLC Commerce Corp.*, 504 F. Supp. 190, 195 (S.D.N.Y. 1980). See also *Eastman Kodak Co. v. Fotomat Corp.*, 317 F. Supp. 304 (N.D. Ga. 1970) (use of plaintiff's famous colors on defendant's buildings, where consumers might be confused as to affiliation or sponsorship, enjoined).

74. See, e.g., *University of Pittsburgh v. Champion Prods.*, 686 F.2d 1040, 1046-49 (3d Cir.) (dictum), *cert. denied*, 103 S. Ct. 571 (1982); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1010 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975); *National Football League Properties v. Consumer Enters.*, 26 Ill. App. 3d 814, 818-20, 327 N.E.2d 242, 245-47 (1975). This particular violation creates certain conceptual problems, since traditional learning is that a trademark is a symbol of the source of certain goods or services; it does not exist in the abstract, as a piece of property standing by itself. These concerns are discussed *infra* text accompanying notes 227-49.

75. Some portions of copyrightable literary works are such slight parts of the total work that they do not qualify for copyright protection, either by themselves or as components of the work. For example, it is generally accepted that titles of works are not copyrightable. Similar non-coverage might apply to directions in a play, attributes of characters in a novel, and so forth. Yet, the appropriation of these forms of literary property, and the implied misrepresentation that their origin is with the defendant, have been held a "false description or representation," qualifying for Section 43(a) protection. See, e.g., *Eden Toys v. Florelee Undergarment Co.*, 697 F.2d 27, 37 (2d Cir. 1982); *Midway Mfg. v. Strohon*, 564 F. Supp. 741, 754 (N.D. Ill. 1983); *Hospital For Sick Children v. Melody Fare Dinner Theatre*, 516 F. Supp. 67, 73 (E.D. Va. 1980); *DC Comics v. Filmation Assocs.*, 486 F. Supp. 1273, 1276-77 (S.D.N.Y. 1980).

76. See, e.g., *Costello Publishing Co. v. Rotelle*, 670 F.2d 1035, 1039 n.3 (D.C. Cir. 1981); *F.E.L. Publications v. National Conference of Catholic Bishops*, 466 F. Supp. 1034, 1043-45 (N.D. Ill. 1978).

In a number of cases, plaintiffs have brought claims both under Section 43(a) and

Section 43(a) has been used to challenge a number of other forms of confusion regarding the nature and source of a trademarked product. Courts have enjoined the defendant's use of the plaintiff's trademark to suggest sponsorship, endorsement, licensing, or other association or affiliation with the plaintiff.⁷⁷ The plaintiff may have lost sales because of a competitor's activities, or the plaintiff may have merely suffered an injury to its goodwill or to the reputation of its trademarked product or service.

The statute also encompasses other forms of passing off, and of "reverse passing off."⁷⁸ An obvious form of unlawful passing off is false labeling, i.e., the application of the plaintiff's trademark by the defendant to its own product.⁷⁹ Subsequent to the seminal

under the copyright laws. Some courts have given relief to the plaintiff under both theories. *See, e.g.*, *Original Appalachian Artworks v. Toy Loft*, 684 F.2d 821 (11th Cir. 1982); *Midway Mfg. Co. v. Bandai-America, Inc.*, 546 F. Supp. 125 (D.N.J. 1982); *Cassidy v. Bowlin*, 540 F. Supp. 901 (W.D. Mo. 1982); *Stern Elecs. v. Kaufman*, 523 F. Supp. 635 (E.D.N.Y. 1981), *aff'd*, 669 F.2d 852 (2d Cir. 1982); *Hospital for Sick Children v. Melody Fare Dinner Theatre*, 516 F. Supp. 67 (E.D. Va. 1980).

Some decisions have denied relief under both theories. *See, e.g.*, *Warner Bros. v. American Broadcasting Cos.*, 654 F.2d 204 (2d Cir. 1981); *Durham Indus. v. Tomy Corp.*, 630 F.2d 905 (2d Cir. 1980); *Davis v. United Artists*, 547 F. Supp. 722 (S.D.N.Y. 1982); *Klitzner Indus. v. H.K. James & Co.*, 535 F. Supp. 1249 (E.D. Pa. 1982).

Some decisions have granted relief solely under the copyright laws, *see, e.g.*, *Kamar Int'l v. Russ Berrie & Co.*, 657 F.2d 1059 (9th Cir. 1981); *Dr. Pepper Co. v. Sambo's Restaurants*, 517 F. Supp. 1202 (N.D. Tex. 1981); or solely under Section 43(a), *see, e.g.*, *Eden Toys v. Florelee Undergarment Co.*, 526 F. Supp. 1187 (S.D.N.Y. 1981), *rev'd in part*, 697 F.2d 27 (2d Cir. 1982) (dismissal of copyright claim reversed and remanded, Section 43(a) claim affirmed); *Russ Berrie & Co. v. Jerry Elsner Co.*, 482 F. Supp. 980 (S.D.N.Y. 1980).

77. In these actions, the plaintiff is usually not asserting that consumers will purchase goods manufactured by the defendant under the erroneous belief that they originate with the plaintiff, i.e., that there is source confusion. Rather, they assert that consumers will erroneously infer a relationship between the parties and that the defendant is trading on this mistake. *See, e.g.*, *Playboy Enters. v. Chuckleberry Publishing*, 687 F.2d 563, 566 (2d Cir. 1982); *Better Business Bureau v. Medical Directors, Inc.*, 681 F.2d 397, 400-03 (5th Cir. 1982); *Chemical Corp. of Am. v. Anheuser-Busch*, 306 F.2d 433, 437 (5th Cir. 1962), *cert. denied*, 372 U.S. 965 (1963); *NAACP v. NAACP Legal Defense & Educ. Fund, Inc.*, 559 F. Supp. 1337, 1341-42 (D.D.C. 1983); *Estate of Presley v. Russen*, 513 F. Supp. 1339, 1375-78 (D.N.J. 1981); *Parrot Jungle, Inc. v. Parrot Jungle, Inc.*, 512 F. Supp. 266, 268-70 (S.D.N.Y. 1981); *Rolls-Royce Motors v. A. & A. Fiberglass*, 428 F. Supp. 689, 697-98 (N.D. Ga. 1977); *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1190-91 (E.D.N.Y. 1972); *National Football League Properties v. Consumer Enters.*, 26 Ill. App. 3d 814, 818-20, 327 N.E.2d 242, 245-47 (1975).

78. *See infra* text accompanying note 82.

79. *See, e.g.*, *Shatel Corp. v. Mao Ta Lumber and Yacht Corp.*, 697 F.2d 1352, 1356-57 (11th Cir. 1983); *Edward J. Sweeney & Sons v. Texaco*, 637 F.2d 105, 123 (3d Cir. 1980), *cert. denied*, 451 U.S. 911 (1981); *Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 160-61 (1st Cir. 1977); *LaCoste Alligator, S.A. v. Bluestein's Men's Wear*, 569 F. Supp. 491, 498-99 (D.S.C. 1983); *Savin Corp. v. National Toner Warehouse, Inc.*, 528 F. Supp. 636, 642-43 (N.D. Ga. 1981); *Bowmar Instrument Corp. v. Continental Microsystems*, 497 F. Supp. 947, 956-57 (S.D.N.Y. 1980). This is actu-

L'Aiglon decision,⁸⁰ the courts have also continued to enjoin the defendant from using a photograph of the plaintiff's product in its advertising or sales literature as a misrepresentation of the nature or the origin of the defendant's product.⁸¹

"Reverse passing off" occurs when the defendant sells the plaintiff's trademarked product or service, but represents it as having a different source.⁸² It has been held unlawful for the defendant to misbrand the plaintiff's product by removing the identifying marks from the plaintiff's product and then falsely applying the defendant's trademark;⁸³ for the defendant to withhold proper credit to the plaintiff for his identifiable services—deleting reference to the plaintiff and giving credit to a third person;⁸⁴ and for the defendant to take surplus, unused parts manufactured by the plaintiff, apply a suffix to the plaintiff's product code number, and then falsely imply to customers that the defendant was an approved alternative producer of the plaintiff's products.⁸⁵

Various forms of false advertising or merchandising techniques, in which the defendant either expressly or implicitly misrepresents the nature or source of its own or of the plaintiff's goods, are also appropriately condemned as "false descriptions or representations." Section 43(a) reaches the defendant's false rep-

ally the boldest form of trademark infringement. Ordinarily, the defendant is using a mark, symbol, trade dress, or the like which is confusingly similar to, but, upon close inspection, different from the plaintiff's mark. Here, the defendant actually appropriates and mislabels the goods, clearly and fully intending that consumers believe that they originate with the plaintiff. If the trademark taken is registered under the Lanham Act, the plaintiff's principal action would arise under Section 32 rather than under Section 43(a).

80. *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649 (3d Cir. 1954). See *supra* notes 52-55 and accompanying text.

81. See, e.g., *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1215-17 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976); *Vibrant Sales v. New Body Boutique*, 496 F. Supp. 854, 856-58 (S.D.N.Y. 1980), *rev'd on other grounds*, 652 F.2d 299 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982). But see *infra* note 139 and accompanying text.

82. See *Mastro Plastics Corp. v. Emenee Indus.*, 19 A.D.2d 600 (1st Dept. 1963), *aff'd per curiam*, 14 N.Y.2d 498 (1964). See also Borchard, *Reverse Passing Off—Commercial Robbery or Permissible Competition?*, 67 TRADE-MARK REP. 1 (1977).

83. See, e.g., *Arrow United Indus. v. Hugh Richards, Inc.*, 678 F.2d 410, 415 (2d Cir. 1982); *Nike, Inc. v. Rubber Mfrs. Ass'n*, 509 F. Supp. 919, 924-25 (S.D.N.Y. 1981); *John Wright, Inc. v. Casper Corp.*, 419 F. Supp. 292, 325 (E.D. Pa. 1976), *modified sub nom. Donsco, Inc. v. Casper Corp.*, 587 F.2d 602 (3d Cir. 1978). But see *PIC Design Corp. v. Sterling Precision Corp.*, 231 F. Supp. 106, 115 (S.D.N.Y. 1964) (Section 43(a) does not apply when the defendant removes the plaintiff's marking but does not replace the mark with its own, since the defendant has not made any affirmative "false designation").

84. See, e.g., *Smith v. Montoro*, 648 F.2d 602, 603-07 (9th Cir. 1981).

85. See, e.g., *Williams v. Curtiss-Wright Corp.*, 691 F.2d 168, 172-73 (3d Cir. 1982).

representations about its own products or services.⁸⁶ It is less clear, however, whether the Act reaches disparagements of, exaggerations regarding, or false statements about the plaintiff's products. In addition, courts have found unlawful a false or misleading statement by the defendant in the labeling of its product.⁸⁷ Other forms of false advertising prohibited by Section 43(a) include claims by the defendant of the relative quality of the plaintiff's and the defendant's product without any basis for making the claim,⁸⁸ and the use of a "certificate of authenticity" similar to the plaintiff's to confuse consumers about the origins of the defendant's product.⁸⁹

Fraudulent marketing techniques have also been condemned under Section 43(a).⁹⁰ This category includes inaccurate and misleading use of the plaintiff's trademark in connection with the defendant's sales literature;⁹¹ misrepresentation by the defendant's sales personnel, falsely suggesting either that there is a connection with the plaintiff or that the defendant was obtaining and reselling the plaintiff's trademarked product;⁹² unauthorized use of the

86. *See, e.g.*, *Coca-Cola Co. v. Tropicana Prods.*, 690 F.2d 312, 317 (2d Cir. 1982); *U-Haul Int'l v. Jartran, Inc.*, 681 F.2d 1159, 1160-61 (9th Cir. 1982); *Eastern Air Lines, Inc. v. New York Air Lines*, 559 F. Supp. 1270, 1278-80 (S.D.N.Y. 1983); *Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 248-51 (D. Del. 1980); *John Wright, Inc. v. Casper Corp.*, 419 F. Supp. 292, 324-28 (E.D. Pa. 1976), *modified sub nom.* *Donsco, Inc. v. Casper Corp.*, 587 F.2d 602 (3d Cir. 1978); *Skil Corp. v. Rockwell Int'l Corp.*, 375 F. Supp. 777, 781-83 (N.D. Ill. 1974).

87. These statements refer to the quality or nature of the product, rather than to the origin or source of the product. *See, e.g.*, *Scotch Whiskey Ass'n v. Barton Distilling Co.*, 489 F.2d 809, 811-13 (7th Cir. 1973); *Parkway Baking Co. v. Freihofer Baking Co.*, 255 F.2d 641, 648 (3d Cir. 1958); *Kingsmen v. K-Tel Int'l*, 557 F. Supp. 178, 181-82 (S.D.N.Y. 1983); *Savin Corp. v. National Toner Warehouse, Inc.*, 528 F. Supp. 636, 642-43 (N.D. Ga. 1981); *McNeilab, Inc. v. American Home Prods. Corp.*, 501 F. Supp. 517, 524-32 (S.D.N.Y. 1980); *Potato Chip Inst. v. General Mills*, 333 F. Supp. 173, 179-81 (D. Neb. 1971), *aff'd per curiam*, 461 F.2d 1088 (8th Cir. 1972). Misrepresentations about origin or source can also be challenged under Section 43(a); *see supra* notes 69, 79 and accompanying text.

88. These actions may arise either because the claims are not true, or because the defendant has not done the necessary testing, public surveying, or other research to justify the assertions. *See Eastern Air Lines v. New York Air Lines*, 565 F. Supp. 800, 801 (S.D.N.Y. 1983); *Johnson & Johnson v. Quality Pure Mfg.*, 484 F. Supp. 975, 983 (D.N.J. 1979); *Para-Tone, Inc. v. Pantone, Inc.*, 171 U.S.P.Q. (BNA) 393, 401 (N.D. Ill. 1971).

89. *See, e.g.*, *Donsco, Inc. v. Casper Corp.*, 587 F.2d 602, 605 (3d Cir. 1978), *modifying John Wright, Inc. v. Casper Corp.*, 419 F. Supp. 292 (E.D. Pa. 1976).

90. To the extent that the defendant is making a "false description or representation" in connection with the sale of its product, the proximate result of which is injury to the plaintiff, a clear violation of Section 43(a) occurs.

91. *See, e.g.*, *Purolator, Inc. v. EFRA Distribs.*, 524 F. Supp. 471, 478-79 (D.P.R. 1981), *aff'd*, 687 F.2d 554 (1st Cir. 1982).

92. *See, e.g.*, *Piper Aircraft Corp. v. Wag-Aero, Inc.*, 553 F. Supp. 136, 138 (E.D. Wis. 1982); *Savin Corp. v. National Toner Warehouse, Inc.*, 528 F. Supp. 636, 642-43 (N.D. Ga. 1981); *Crossbow, Inc. v. Dan-Dee Imports*, 266 F. Supp. 335, 339 (S.D.N.Y. 1967).

plaintiff's unique marketing techniques or business methods;⁹³ and use by the defendant of the plaintiff's special product numbering system on copies of the plaintiff's products designed through the defendant's reverse engineering.⁹⁴

A wide variety of other types of unfair competition, in which the defendant has used or misused the plaintiff's quasi-property interest in its product or in the product's identifying marks, have also formed the basis for an action as "false descriptions or representations."⁹⁵ This group includes the sale of the plaintiff's trademarked goods in an altered or deteriorated condition;⁹⁶ the unauthorized use of the plaintiff's name and likeness;⁹⁷ the use of advertisements employing symbols highly similar to those of the plaintiff's trademark and truthful use of the plaintiff's trademark on the defendant's packaging, taking advantage of the plaintiff's name and reputation;⁹⁸ copying of substantial portions of the

93. See, e.g., *Original Appalachian Artworks v. Toy Loft*, 684 F.2d 821, 830-32 (11th Cir. 1982), *affirming* 489 F. Supp. 174, 180 (N.D. Ga. 1980); *SmokEnders, Inc. v. Smoke No More, Inc.*, 184 U.S.P.Q. (BNA) 309, 314-15 (S.D. Fla. 1974). Normally, competitors may freely copy the sales techniques or business practices of others. These practices are subject to trademark protection only if they are nonfunctional in the sense that they do not confer a competitive advantage, i.e., others could employ other techniques with no loss to competition, see *generally infra* text accompanying notes 192-227, and if these practices have become associated in the public mind with one source, i.e., they have developed secondary meaning, see *generally infra* text accompanying notes 171-91.

94. See, e.g., *Williams v. Curtiss-Wright Corp.*, 691 F.2d 168, 172-73 (3d Cir. 1982).

95. As the situations in this paragraph illustrate, lawyers have become more imaginative, and courts more liberal, in construing certain conduct as a "false description or representation" within the meaning of Section 43(a). To the extent that the legislative intent of this provision was to give litigants a federal forum to challenge various forms of unfair competition involving trademarked goods, and to give the federal courts an opportunity to develop a uniform, broad-ranging body of law to curb such conduct—and the legislative history is admittedly scanty—the inclusion of these activities within the statute is to be applauded.

96. See, e.g., *Adolph Coors Co. v. A. Genderson & Sons*, 486 F. Supp. 131, 136-37 (D. Colo. 1980). But see *infra* note 143 and accompanying text.

97. See, e.g., *Joel v. Various John Does*, 499 F. Supp. 791, 792 (E.D. Wis. 1980). The unauthorized use of the picture or name of an individual may also give rise to state granted causes of actions for invasion of the right of privacy or right of publicity, or for the violation of certain state civil rights laws.

98. It appears inconsistent to assert that a "truthful" statement may be a "false description or representation." Yet, in some situations, the failure to provide complete information may make a truthful statement deceptive or "half-true," see *infra* notes 258-61 and accompanying text. Similarly, the truthful use of a plaintiff's trademark nonetheless may deceive or mislead the public about the nature of the defendant's product or the relationship between the parties. See, e.g., *Invicta Plastics (USA), Ltd. v. Mego Corp.*, 523 F. Supp. 619, 622-24 (S.D.N.Y. 1981); *Polyglycoat Corp. v. Environmental Chems.*, 509 F. Supp. 36, 38-40 (S.D.N.Y. 1980). But cf. *G.D. Searle & Co. v. Hudson Pharm. Corp.*, 715 F.2d 837 (3d Cir. 1983) (defendant permitted to state on its label that its product was the equivalent of plaintiff's trademarked product).

plaintiff's catalog;⁹⁹ exaggerating the status of an author of a literary work by attributing principal authorship to a person who merely revised and edited an existing manuscript;¹⁰⁰ distortion of the artistic works of actors or writers which deceives the public about the nature of the creator's contribution;¹⁰¹ and even the misappropriation of the plaintiff's trade secrets.¹⁰²

In addition to the prohibition of a "false description or representation," Section 43(a) also makes unlawful a "false designation of origin," and gives a cause of action to "any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated."¹⁰³ This portion of the Act has been used far less than the former subpart.¹⁰⁴ Courts have applied it where the plaintiff, located in a particular area, challenged the defendant's misrepresentation that it also produced goods in the plaintiff's locale.¹⁰⁵ The Act also applies where the plaintiff and defendant are authorized to operate only in adjacent geographic areas, and each was authorized by their common licensee to use a trademark only in its particular geographic area, but where the defendant's advertisements would be likely to create consumer confusion in the plaintiff's territory as to the author-

99. *See, e.g.*, *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 713-16 (8th Cir. 1980); *Tveter v. AB Turn-O-Matic*, 633 F.2d 831, 839 (9th Cir. 1980), *cert. denied*, 451 U.S. 911 (1981); *Alum-A-Fold Shutter Corp. v. Folding Shutter Corp.*, 441 F.2d 556 (5th Cir. 1971); *N.S. Meyer, Inc. v. Ira Green, Inc.*, 326 F. Supp. 338 (S.D.N.Y. 1971).

100. *See, e.g.*, *Follett v. New Am. Library, Inc.*, 497 F. Supp. 304, 311-13 (S.D.N.Y. 1980). *See also* *Benson v. Paul Winley Record Sales Corp.*, 452 F. Supp. 516 (S.D.N.Y. 1978) (misleading reference to performer on record album cover actionable); *Columbia Broadcasting Sys. v. Springboard Int'l Records*, 429 F. Supp. 563 (S.D.N.Y. 1976) (same); *Rich v. RCA Corp.*, 390 F. Supp. 530 (S.D.N.Y. 1975) (same); *Yameta Co. v. Capitol Records*, 279 F. Supp. 582 (S.D.N.Y.) (same), *preliminary injunction vacated on other grounds*, 393 F.2d 91 (2d Cir. 1968).

101. *See, e.g.*, *Gilliam v. American Broadcasting Cos.*, 538 F.2d 14, 24-25 (2d Cir. 1976); *Jaeger v. American Int'l Pictures*, 330 F. Supp. 274 (S.D.N.Y. 1971). *See* Comment, "Monty Python" and the Lanham Act: *In Search of Moral Right*, 30 RUTGERS L. REV. 452 (1977); Comment, *Moral Right for Artists Under the Lanham Act*: *Gilliam v. American Broadcast Cos.*, 18 WM. & MARY L. REV. 595 (1977).

102. *See generally* *Business Servs. v. Rouse*, 495 F. Supp. 526 (E.D. Pa. 1980).

103. 15 U.S.C. § 1125(a) (1982). For the complete text of this provision, see *supra* note 1.

104. In fact, however, most cases do not indicate which of these two alternatives are being relied upon, and furthermore do not appear to view this question as being of substantial importance. *See infra* note 178 and accompanying text. *But see* *Vibrant Sales v. New Body Boutique*, 652 F.2d 299, 303 n.3 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982).

105. *See, e.g.*, *Black Hills Jewelry Mfg. Co. v. Gold Rush, Inc.*, 633 F.2d 746, 750-51 (8th Cir. 1980), *affirming* 489 F. Supp. 754, 755-60 (D.S.D. 1980); *Scotch Whiskey Ass'n v. Barton Distilling Co.*, 489 F.2d 809 (7th Cir. 1973). These cases illustrate that Section 43(a) overrules the common law single source rule exemplified by the *Rosendale Cement* case, see *supra* notes 10-14 and accompanying text.

ized licensee for the area.¹⁰⁶

Recently, courts have taken a somewhat more expansive view both of the persons who can assert an action under Section 43(a) and of the persons who might be liable for various false representations. It has been widely held that even though the plaintiff and defendant are not direct competitors, a plaintiff has standing to sue if it can show direct injury via the defendant's misrepresentations.¹⁰⁷ In addition, an industry trade association can protect the interests of all members of the industry.¹⁰⁸ Finally, in a claim of false designation of origin, although the parties to the litigation were not immediate competitors, the plaintiff could sue if it could show that it might expand geographically and would then be injured by the defendant's present acts.¹⁰⁹

Liability may be imposed on persons other than those directly responsible for the actual misrepresentation. The defendant may be liable when it knows that its licensee or agent is mislabeling the plaintiff's trademarked product,¹¹⁰ or when it knows that its agent is selling products with a trademark confusingly similar to that of the plaintiff.¹¹¹ Also, a principal officer of a corporation may be liable for his or her individual acts, and the corporation may also incur Lanham Act liability.¹¹²

106. *See, e.g.,* Frisch's Restaurants, Inc. v. Elby's Big Boy, 670 F.2d 642, 644-47 (6th Cir.), *cert. denied*, 103 S. Ct. 231 (1982); Norwich Pharmacal Co. v. Hoffman-La Roche, Inc., 180 F. Supp. 222, 224-25 (D.N.J. 1960).

107. It is enough if the plaintiff is engaged in a commercial enterprise, and if its business is proximately injured by defendant's "false description or representation." *See, e.g.,* Smith v. Montoro, 648 F.2d 602, 607-08 (9th Cir. 1981); Quabaug Rubber Co. v. Fabiano Shoe Co., 567 F.2d 154, 160-61 (1st Cir. 1977); Scotch Whisky Ass'n v. Barton Distilling Co., 489 F.2d 809, 811-13 (7th Cir. 1973); Playboy Enters. v. P.K. Sorren Export Co., 546 F. Supp. 987, 995 (S.D. Fla. 1982); CNA Fin. Corp. v. Local 743, Int'l Bhd. of Teamsters, 515 F. Supp. 942, 945 (N.D. Ill. 1981). On the other hand, it apparently continues to be the majority rule that *consumers* may *not* bring an action under Section 43(a). *See infra* note 148 and accompanying text.

108. *See, e.g.,* Potato Chip Inst. v. General Mills, 333 F. Supp. 173, 179-81 (D. Neb. 1971), *aff'd per curiam*, 461 F.2d 1088 (8th Cir. 1972); Mutation Mink Breeders Ass'n v. Lou Nierenberg Corp., 23 F.R.D. 155 (S.D.N.Y. 1959).

109. *See, e.g.,* Frisch's Restaurants, Inc. v. Elby's Big Boy, 670 F.2d 642, 649 (6th Cir.), *cert. denied*, 103 S. Ct. 231 (1982).

110. *See, e.g.,* Scotch Whisky Ass'n v. Barton Distilling Co., 489 F.2d 809, 811-13 (7th Cir. 1973); Nike, Inc. v. Rubber Mfrs. Ass'n, 509 F. Supp. 919, 923-24 (S.D.N.Y. 1981); F.E.L. Publications v. National Conference of Catholic Bishops, 466 F. Supp. 1034, 1043-45 (N.D. Ill. 1978).

111. *See, e.g.,* Ives Laboratories v. Darby Drug Co., 638 F.2d 538 (2d Cir. 1981), *rev'd on other grounds sub nom.* Inwood Laboratories v. Ives Laboratories, 456 U.S. 844 (1982); Unicure, Inc. v. Nelson, 502 F. Supp. 284, 287, 288 (W.D.N.Y. 1980).

112. *See, e.g.,* Donsco, Inc. v. Casper Corp., 587 F.2d 602, 605-06 (3d Cir. 1978).

Courts have recently cut back on another procedural obstacle to enforcement of trademark rights—the laches defense. This equitable doctrine, designed to prevent trademark owners from taking an unreasonably long time before asserting claims against infringers, could also be used to curtail the trademark rights of persons acting diligently, but waiting to assess the impact of the defendant's conduct. Often the

B. *Limitations and Barriers*

Although courts have been willing to apply Section 43(a) to a growing number of factual situations, there is a broad range of commercial activity which this provision has not reached. The cases rejecting the application of Section 43(a) may be broken down into two broad categories. The first category includes cases in which the *facts* did not justify relief, either because the defendant's representations created no likelihood of confusion with the plaintiff's mark, product, or service,¹¹³ or because the defendant's conduct was not false, deceptive, or misleading.¹¹⁴ The second category includes instances where the courts refused to *extend* the provision to new kinds of wrongs because the defendant's conduct did not fall within the statute.¹¹⁵ While some reference to cases in the former category is useful, it is far more instructive to see where litigants have attempted and failed to extend Section 43(a).¹¹⁶

One of the most common uses of Section 43(a) is to challenge trademark infringements where the plaintiff's mark is not the subject of federal registration. It is therefore not surprising that the most frequent basis for a refusal to accord relief under Section 43(a) is the small likelihood of confusion or of deception between the parties' marks.¹¹⁷ This may be the case because the name of the product or the design of the symbol was sufficiently different from the plaintiff's to forestall consumer confusion;¹¹⁸ the defend-

defendant's position will not have changed dramatically even after many years of unauthorized use of the plaintiff's mark. Therefore, even the failure to assert a claim for an extended time period should not preclude obtaining at least prospective, injunctive relief. *See, e.g.,* University of Pittsburgh v. Champion Prods., 686 F.2d 1040, 1044-46 (3d Cir.), *cert. denied*, 103 S. Ct. 571 (1982); NAACP v. NAACP Legal Defense & Educ. Fund, Inc., 559 F. Supp. 1337, 1343-44 (D.D.C. 1983); Toys "R" Us v. Canarsie Kiddie Shop, 559 F. Supp. 1189, 1209-10 (E.D.N.Y. 1983); Houston Sports Ass'n v. Astro-Card Co., 520 F. Supp. 1178, 1182-83 (S.D. Tex. 1981). *See also* Kingsmen v. K-Tel Int'l, 557 F. Supp. 178, 183 (S.D.N.Y. 1983) (rejecting abandonment and unclean hands defenses).

113. *See infra* notes 117-25 and accompanying text.

114. *See infra* notes 126-30 and accompanying text.

115. *See infra* notes 131-52 and accompanying text.

116. The earliest cases under Section 43(a) interpreted it as limited to "passing off" type actions, and rejected attempts to apply it to other forms of false representations. *See supra* notes 47-51 and accompanying text. In the past ten years, however, this view had been rejected, either expressly or implicitly, in every circuit court of appeals. Thus, the description of the reach of Section 43(a) which follows in the text outlines those limitations which continue today.

117. The grounds for finding an absence of a Section 43(a) violation are similar to the rationales used to find no infringement of a registered trademark in an action brought under Section 32. *See supra* note 68.

118. *See, e.g.,* Shakey's, Inc. v. Covalt, 704 F.2d 426, 430-33 (9th Cir. 1983); Lever Bros. v. American Bakeries Co., 693 F.2d 251, 256-58 (2d Cir. 1982); Midway Mfg. Co. v. Bandai-America, Inc., 546 F. Supp. 125, 155-58 (D.N.J. 1982); Spring Mills, Inc. v. Ultracashmere House, Ltd., 532 F. Supp. 1203, 1218-21 (S.D.N.Y.), *rev'd*, 689 F.2d 1127 (2d Cir. 1982); Eiringer v. Columbia Broadcasting Sys., Inc., 521 F. Supp.

ant's packaging or trade dress was found not to imitate the plaintiff's;¹¹⁹ the products or services involved were themselves sufficiently different as to make confusion unlikely;¹²⁰ or the goods were sold through different trade channels or in different geographic areas to different classes of customers.¹²¹

Courts have also applied traditional trademark theories in denying protection. Examples are a determination that the plaintiff's trademark was unprotectable (usually because of its generic or merely descriptive nature);¹²² the finding that the mark, trade dress, or feature had not achieved a secondary meaning and thus

450, 457 (N.D. Ill. 1981); *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 498 F. Supp. 805, 811-17 (D. Mass. 1980), *aff'd*, 657 F.2d 482 (1st Cir. 1981).

119. *See, e.g.*, *Durham Indus. v. Tomy Corp.*, 630 F.2d 905, 918 (2d Cir. 1980); *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 377-79 (1st Cir. 1980); *Beech-Nut, Inc. v. Warner-Lambert Co.*, 480 F.2d 801, 804 (2d Cir. 1973); *Mennen Co. v. Gillette Co.*, 565 F. Supp. 648, 653-55 (S.D.N.Y. 1983); *E.R. Squibb & Sons v. Cooper Laboratories, Inc.*, 536 F. Supp. 523, 533-35 (S.D.N.Y. 1982); *Saratoga Vichy Spring Co. v. Lehman*, 491 F. Supp. 141, 152-53 (N.D.N.Y. 1979), *aff'd*, 625 F.2d 1037 (2d Cir. 1980); *United Van Lines v. American Holiday Van Lines*, 487 F. Supp. 235, 238-39 (E.D. Tenn. 1979).

120. *See, e.g.*, *Exxon Corp. v. Exxene Corp.*, 696 F.2d 544, 547-48 (7th Cir. 1982); *Thompson Tank & Mfg. Co. v. Thompson*, 693 F.2d 991, 993 (9th Cir. 1982); *Lever Bros. v. American Bakeries Co.*, 693 F.2d 251, 258 (2d Cir. 1982); *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487-88 (1st Cir. 1981); *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 261-65 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1229-31 (3rd Cir. 1978); *Tetley, Inc. v. Topps Chewing Gum*, 556 F. Supp. 785, 789-91 (E.D.N.Y. 1983); *Hooker v. Columbia Pictures Indus.*, 551 F. Supp. 1060, 1065-66 (N.D. Ill. 1982); *Klitzner Indus. v. H.K. James & Co.*, 535 F. Supp. 1249, 1254 (E.D. Pa. 1982); *Dr. Pepper Co. v. Sambo's Restaurants*, 517 F. Supp. 1202, 1205-06 (N.D. Tex. 1981).

121. *See, e.g.*, *Carson Mfg. Co. v. Carsonite Int'l Corp.*, 686 F.2d 665, 670 (9th Cir. 1981), *cert. denied*, 103 S. Ct. 1499 (1983); *Empire Nat'l Bank v. Empire of Am. FSA*, 559 F. Supp. 650, 656 (W.D. Mich. 1983); *Tetley, Inc. v. Topps Chewing Gum*, 556 F. Supp. 785, 790-91 (E.D.N.Y. 1983); *King-Size, Inc. v. Frank's King Size Clothes*, 547 F. Supp. 1138, 1160-61 (S.D. Tex. 1982); *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 533 F. Supp. 75, 83 (S.D. Fla. 1981), *aff'd*, 716 F.2d 854 (11th Cir. 1983); *Girl Scouts of United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228, 1231 (S.D.N.Y. 1969). *See also* *Raxton Corp. v. Anania Assocs.*, 635 F.2d 924, 926-32 (1st Cir. 1980) (both the plaintiff and defendant were using a similar mark on similar products, but were operating in different, adjacent geographic areas; the defendant, while the junior user of the mark, was the senior user in its geographic area; the plaintiff's claim that the defendant's area was within its own zone of natural expansion was rejected).

122. *See, e.g.*, *Gimix, Inc. v. JS & A Group, Inc.*, 699 F.2d 901, 905-08 (7th Cir.), *cert. denied*, 104 S. Ct. 69 (1983); *S.S. Kresge Co. v. United Factory Outlet*, 634 F.2d 1 (1st Cir. 1980); *WSM, Inc. v. Hilton*, 545 F. Supp. 1212, 1217-21 (W.D. Mo. 1982); *E.R. Squibb & Sons v. Cooper Laboratories*, 536 F. Supp. 523, 527-32 (S.D.N.Y. 1982); *Loctite Corp. v. National Starch & Chem. Corp.*, 516 F. Supp. 190, 199-203 (S.D.N.Y. 1981). A "mark" which is merely generic—it only identifies the product, rather than the source of the product—can never obtain trademark protection. A mark which is descriptive of a quality of the product can become a protectable trademark if, through marketing, advertising, and the passage of time, it becomes identified in the public mind with a particular source. *See infra* notes 172-86 and accompanying text.

was not distinctive of the plaintiff's product or service;¹²³ the conclusion that the characteristics copied were functional;¹²⁴ and the determination that the defendant was not using the plaintiff's mark or design as an indication of the source of its product, that there was no "passing off" by the defendant of its mark as that of the plaintiff, and that the public was not confused about origin or sponsorship.¹²⁵

An essential element of a Section 43(a) action is that the defendant's statement or claim must be false. In false advertising actions, plaintiffs have been denied relief both where the claims were not literally false or misleading,¹²⁶ and where the plaintiff

123. See, e.g., *Walt-West Enters. v. Gannett Co.*, 695 F.2d 1050, 1060-63 (7th Cir. 1982); *Black & Decker Mfg. Co. v. Ever-Ready Appliance Mfg. Co.*, 684 F.2d 546, 550 (8th Cir. 1982); *Vibrant Sales v. New Body Boutique*, 652 F.2d 299, 304-05 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982); *L. F. Gaubert & Co. v. Institute of Elec. & Elecs. Eng'rs*, 563 F. Supp. 122, 128 (E.D. La. 1983); *Empire Nat'l Bank v. Empire of Am. FSA*, 559 F. Supp. 650, 655-56 (W.D. Mich. 1983); *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 98-99 (S.D. Iowa 1982); *Davis v. United Artists*, 547 F. Supp. 722, 727-28 (S.D.N.Y. 1982); *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 533 F. Supp. 75, 77-81 (S.D. Fla. 1981), *aff'd*, 716 F.2d 854 (11th Cir. 1983); *United Van Lines v. American Holiday Van Lines*, 487 F. Supp. 235, 238-39 (E.D. Tenn. 1979). If the mark copied is not distinctive, and has not come to be associated in the public mind with the plaintiff, there will be no likelihood of consumer confusion. See also *infra* text accompanying notes 192-227.

124. See, e.g., *Keene Corp. v. Paraflex Indus.*, 653 F.2d 822, 824-27 (3d Cir. 1981); *Vibrant Sales v. New Body Boutique*, 652 F.2d 299, 304-05 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982); *International Order of Job's Daughters v. Lindeburg and Co.*, 633 F.2d 912, 917-19 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981); *Fisher Stoves v. All Nighter Stove Works*, 626 F.2d 193, 195-96 (1st Cir. 1980); *Gemveto Jewelry v. Jeff Cooper, Inc.*, 568 F. Supp. 319, 333-34 (S.D.N.Y. 1983); *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 95-98 (S.D. Iowa 1982); *Black & Decker Mfg. Co. v. Ever-Ready Appliance Mfg. Co.*, 518 F. Supp. 607, 615-17 (E.D. Mo. 1981), *aff'd*, 684 F.2d 546 (8th Cir. 1982).

The policy in favor of competition precludes the appropriation by any single producer of a mark or feature which is functional. See also *infra* text accompanying notes 171-91.

125. See, e.g., *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079, 1085-86 (5th Cir. 1982); *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 793-94 (9th Cir. 1981); *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144, 147-48 (2d Cir. 1956); *King-Size, Inc. v. Frank's King Size Clothes*, 547 F. Supp. 1138, 1162-63 (S.D. Tex. 1982); *WSM, Inc. v. Hilton*, 545 F. Supp. 1212, 1219-21 (W.D. Mo. 1982); *Lindenhurst Drugs v. Linden Plaza Drug & Variety*, 539 F. Supp. 253 (N.D. Ill. 1982); *Carson v. Here's Johnny Portable Toilets*, 498 F. Supp. 71, 75-77 (E.D. Mich. 1980), *vacated on other grounds*, 698 F.2d 831 (6th Cir. 1983); *Robert B. Vance & Assocs. v. Baronet Corp.*, 487 F. Supp. 790, 797-98 (N.D. Ga. 1979).

126. See, e.g., *Fur Information & Fashion Council v. E.F. Timme & Son*, 501 F.2d 1048, 1050-51 (2d Cir.), *cert. denied*, 419 U.S. 1022 (1974); *Plough, Inc. v. Johnson & Johnson Baby Prods. Co.*, 532 F. Supp. 714, 717-19 (D. Del. 1982); *Walker-Davis Publications v. Penton/IPC*, 509 F. Supp. 430, 435-38 (E.D. Pa. 1981). Certain claims, while literally true, may nonetheless be deceptive as a "half-truth" because other vital information is omitted. See *supra* note 98; *infra* text accompanying notes 252-66.

failed to meet the burden of proof for showing falsity.¹²⁷ Similarly, false representation or false designation claims have been rejected when the claims proved truthful,¹²⁸ or when full disclosure cured the possibility of consumer deception.¹²⁹ In actions complaining of the alleged copying of the plaintiff's literary works, claims under Section 43(a) have been rejected when the defendant's work was sufficiently different from the plaintiff's that there was little likelihood of public confusion about origin or sponsorship.¹³⁰ Section 43(a) has been held inapplicable to false statements in advertising when the defendant has merely disparaged the quality or nature of the plaintiff's product.¹³¹ In contrast, there is agreement that Section 43(a) applies to false representations by the defendant about its own product.¹³²

Courts have also rejected the opportunity to extend Section 43(a) to a variety of other types of unfair competition.¹³³ Specifically, various forms of "copying" have been held beyond the pro-

127. *See, e.g.*, *Bose Corp. v. Consumers Union*, 508 F. Supp. 1249, 1263-67 (D. Mass. 1981), *rev'd*, 692 F.2d 189 (1st Cir. 1982), *cert. granted*, 103 S. Ct. 1872 (1983). *See generally* *Bose Corp. v. Linear Design Labs*, 467 F.2d 304, 310-11 (2d Cir. 1972); *Filmways Pictures v. Marks Polarized Corp.*, 552 F. Supp. 863, 866-67 (S.D.N.Y. 1982); *Johnson & Johnson v. Carter-Wallace*, 487 F. Supp. 740, 747-49 (S.D.N.Y. 1979), *rev'd*, 631 F.2d 186 (2d Cir. 1980); *Sherrell Perfumers v. Revlon, Inc.*, 483 F. Supp. 188, 191-94 (S.D.N.Y. 1980); *American Brands v. R.J. Reynolds Tobacco Co.*, 413 F. Supp. 1352, 1359-60 (S.D.N.Y. 1976); *Glenn v. Advertising Publications*, 251 F. Supp. 889, 903-05 (S.D.N.Y. 1966). *See also* *Abernathy & Closther, Ltd. v. E & M Advertising*, 553 F. Supp. 834 (E.D.N.Y. 1982), discussed *infra* note 269 and accompanying text.

128. *See, e.g.*, *Lindenhurst Drugs v. Linden Plaza Drug & Variety*, 539 F. Supp. 253, 255 (N.D. Ill. 1982).

129. *See, e.g.*, *G.D. Searle & Co. v. Hudson Pharm. Corp.*, 715 F.2d 837 (3d Cir. 1983); *Potato Chip Inst. v. General Mills*, 333 F. Supp. 173, 181 (D. Neb. 1971), *aff'd*, 461 F.2d 1088, 1090 (8th Cir. 1972); *Geisel v. Poynter Prods.*, 295 F. Supp. 331, 351-54 (S.D.N.Y. 1968). *See also* *Bose Corp. v. Linear Design Labs*, 467 F.2d 304, 309-10 (2d Cir. 1972).

130. *See, e.g.*, *Warner Bros. v. American Broadcasting Cos.*, 654 F.2d 204, 209-11 (2d Cir. 1981); *Davis v. United Artists*, 547 F. Supp. 722, 726-27 (S.D.N.Y. 1982); *Dr. Pepper Co. v. Sambo's Restaurants*, 517 F. Supp. 1202, 1205-06 (N.D. Tex. 1981).

131. *See, e.g.*, *Vibrant Sales v. New Body Boutique*, 652 F.2d 299, 303 n.3 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982); *SSP Agricultural Equip. v. Orchard-Rite Ltd.*, 592 F.2d 1096, 1103 n.6 (9th Cir. 1979); *Bernard Food Indus. v. Dietene Co.*, 415 F.2d 1279, 1283-84 (7th Cir. 1969), *cert. denied*, 397 U.S. 912 (1970); *Zerpol Corp. v. DMP Corp.*, 561 F. Supp. 404, 415 (E.D. Pa. 1983); *Ragold, Inc. v. Ferrero, U.S.A.*, 506 F. Supp. 117, 127-28 (N.D. Ill. 1980); *Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 251 n.20 (D. Del. 1980). This limitation on Section 43(a), which is based on a restrictive reading of the statutory language, clearly represents the prevailing view. *See also infra* text accompanying notes 280-87.

132. *See supra* note 86 and accompanying text.

133. Some of these decisions represent an appropriate judicial rejection of attempts to stretch Section 43(a) to areas clearly beyond the legislative intent and the statutory scope. But other decisions represent judicial hostility or timidity toward extended federal protection against various forms of unfair competition involving trademarked goods and services.

scription of Section 43(a). Notwithstanding Section 43(a), the defendant may copy the following: the plaintiff's product itself;¹³⁴ an uncopyrightable work of authorship;¹³⁵ the physical abilities or personality traits of literary characters;¹³⁶ the plaintiff's marketing device or marketing themes;¹³⁷ and the plaintiff's ideas or general product plans.¹³⁸ The defendant may use a photograph of the plaintiff's product in the defendant's advertising, at least where the parties' products were virtually identical and the plaintiff's product had not acquired a secondary meaning.¹³⁹

The other forms of alleged unfair competition or false claims beyond the pale of Section 43(a) represent a hodgepodge of theories. One group of restrictive cases includes a variety of distinct fact patterns in which the courts felt that the alleged misuse of the trademark was beyond traditional deception or infringement and was not within the intended scope of Section 43(a). Thus, Section 43(a) is inapplicable to a "false registration" claim, where the plaintiff asserted that the defendant, a federal registrant, had misused its own trademark on trademarked goods;¹⁴⁰ to an action by a licensee of the defendant, who was denied future use of the defendant's trademark;¹⁴¹ to an action against a trademark registrant

134. See, e.g., *Decorative Aides Corp. v. Staple Sewing Aides Corp.*, 497 F. Supp. 154, 158-59 (S.D.N.Y. 1980), *aff'd mem.*, 657 F.2d 262 (2d Cir. 1981); *John Wright, Inc. v. Casper Corp.*, 419 F. Supp. 292, 316 (E.D. Pa. 1976), *modified sub nom. Donasco, Inc. v. Casper Corp.*, 587 F.2d 602 (3d Cir. 1978).

135. See, e.g., *Durham Indus. v. Tomy Corp.*, 630 F.2d 905, 915-18 (2d Cir. 1980). See also *Schuchart & Assocs. v. Solo Serve Corp.*, 540 F. Supp. 928, 944 n.12 (W.D. Tex. 1982).

136. See, e.g., *DC Comics v. Filmation Assocs.*, 486 F. Supp. 1273, 1276-77 (S.D.N.Y. 1980).

137. See, e.g., *Haagen-Dazs, Inc. v. Frusen Glädje Ltd.*, 493 F. Supp. 73, 75 (S.D.N.Y. 1980).

138. See, e.g., *Vantage Point, Inc. v. Parker Bros.*, 529 F. Supp. 1204, 1219 (E.D.N.Y. 1981), *aff'd mem. sub nom. Vantage Point, Inc. v. Milton Bradley Co.*, 697 F.2d 301 (2d Cir. 1982).

139. See, e.g., *Vibrant Sales v. New Body Boutique*, 652 F.2d 299, 304-05 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982); *General Pool Corp. v. Hallmark Pool Corp.*, 259 F. Supp. 383, 386-87 (N.D. Ill. 1966). The *Vibrant Sales* case is criticized in *Presta & Aronson, Protection Against Use of Pictures of One's Goods by a Competitor Wastes Away Under "Waist Away,"* 73 TRADE-MARK REP. 46 (1983). See also *L & L White Metal Casting Corp. v. Joseph*, 387 F. Supp. 1349, 1356 (E.D.N.Y. 1975) (use of photographs of the plaintiff's products in the defendant's catalog not in violation of the Lanham Act where the plaintiff failed to show secondary meaning); *Pezon et Michel v. Ernest R. Hewin Assocs.*, 270 F. Supp. 423, 429 (S.D.N.Y. 1967); *George O'Day Assocs. v. Talman Corp.*, 206 F. Supp. 297, 300-01 (D.R.I.), *aff'd*, 310 F.2d 623 (1st Cir. 1962). Cf. *L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F.2d 649, 650 (3d Cir. 1954); discussed *supra* text accompanying notes 52-55.

140. See, e.g., *La Societe Anonyme des Parfums Le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1270 (2d Cir. 1974).

141. In a sense, these actions are merely breach of contract claims, with a Section 43(a) theory asserted in an attempt to invoke federal jurisdiction and federal protection. *Silverstar Enters. v. Aday*, 537 F. Supp. 236, 240-42 (S.D.N.Y. 1982).

who had previously brought an unsuccessful, but good faith, action against the plaintiff for trademark infringement;¹⁴² and to an action for "false labeling," where the defendant had lawfully purchased and intended to resell the plaintiff's trademarked damaged goods without making disclosure of the damage.¹⁴³

Other decisions limiting Section 43(a) have been more timid, reaching questionable results. Some courts refuse to accord relief, even for seemingly clear violations, in the absence of injury to the plaintiff or undue benefit to the defendant. Even if the defendant's representations about its product were inaccurate, the plaintiff could not obtain relief unless it also showed that the defendant's products were inferior and that consumers were actually injured by these misrepresentations;¹⁴⁴ that even if the defendant's advertisements for its product were deceptive or misrepresentative of its source, the plaintiff could not obtain relief unless the defendant was "palming off" its goods as those of the plaintiff;¹⁴⁵ and that although the defendant improperly copied the plaintiff's product, the plaintiff could not recover where the defendant did not realize any financial profit from the copying.¹⁴⁶

Finally, a variety of procedural objections have been successfully asserted in response to actions brought under Section 43(a). Some of these limitations relate to those who may sue or be sued for alleged violations. For instance, a plaintiff has no standing unless it is a competitor of the defendant and stands to lose sales due to the latter's conduct.¹⁴⁷ Section 43(a) also confers a cause of action only on injured business enterprises, and not on consumers who were deceived into purchasing goods or services in reliance on the defendant's false statements or representations.¹⁴⁸ Addi-

142. See *Kinark Corp. v. Camelot, Inc.*, 548 F. Supp. 429, 450 (D.N.J. 1982). See also *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 88, 101 (S.D. Iowa 1982) (alleging unsuccessful counterclaim that antitrust laws would be violated if court gave Section 43(a) protection to the plaintiff).

143. *Alfred Dunhill Ltd. v. Interstate Cigar Co.*, 499 F.2d 232, 237-38 (2d Cir. 1974) (discussed *infra* note 261).

144. See *Gold Seal Co. v. Weeks*, 129 F. Supp. 928, 940 (D.D.C. 1955), *aff'd per curiam sub nom. S.C. Johnson & Son v. Gold Seal Co.*, 230 F.2d 832 (D.C. Cir.), *cert. denied*, 352 U.S. 829 (1956) (discussed *infra* note 268).

145. See *Salomon/N. Am. v. AMF, Inc.*, 484 F. Supp. 846, 848-49 (D. Mass. 1980).

146. See *Knickerbocker Toy Co. v. Azrak-Hamway Int'l*, 668 F.2d 699, 703 (2d Cir. 1982); *infra* text accompanying note 267. See also *infra* text accompanying notes 267-79.

147. *Compare Springs Mills, Inc. v. Ultracashmere House, Ltd.*, 532 F. Supp. 1203, 1220-21 (S.D.N.Y.), *rev'd*, 689 F.2d 1127 (2d Cir. 1982), with *supra* note 107 and accompanying text.

148. *Colligan v. Activities Club*, 442 F.2d 686, 688-94 (2d Cir.), *cert. denied*, 404 U.S. 1004 (1971); *Florida ex rel. Broward County v. Eli Lilly & Co.*, 329 F. Supp. 364, 366-67 (S.D. Fla. 1971). But see *Arnesen v. Raymond Lee Org.*, 333 F. Supp. 116, 119-20 (C.D. Cal. 1971) (plain language of Section 43(a) encompasses damage ac-

tionally, in a variety of factual situations, defendants have been held not liable for the alleged misrepresentations or infringing conduct of a third party.¹⁴⁹

Other cases have held that the nature of the violation did not justify the type of relief sought. Injunctive relief has been denied where the admitted violation took place only for a short period of time, the defendant had stopped the conduct, and there was no likelihood of resumption.¹⁵⁰ Similarly, relief was denied when the admitted violation and the plaintiff's injury were *de minimis*.¹⁵¹ Also, where the plaintiff seeks monetary relief, it must prove actual pecuniary injury and a loss of business, rather than the mere likelihood of injury necessary for injunctive relief.¹⁵²

Equitable principles have also been applied to deny relief for *apparent* violations of Section 43(a).¹⁵³ In several cases, the plaintiff had priority in use of the mark, the parties' products were similar, and the defendant was using an identical mark. Notwithstanding these facts, courts have held that given the defendant's good faith and financial investments, it should first be

tions by any person injured, including consumers). For a discussion of the *Colligan* decision, see generally 72 COLUM. L. REV. 182 (1972); 46 N.Y.U. L. REV. 807 (1971); 3 RUT.-CAM. L.J. 583 (1972).

149. See, e.g., *Shatel Corp. v. Mao Ta Lumber & Yacht Corp.*, 697 F.2d 1352, 1356 n.4 (11th Cir. 1983); *Thompson Tank & Mfg. Co. v. Thompson*, 693 F.2d 991 (9th Cir. 1982); *Narwood Prods. v. Lexington Broadcast Servs.*, 541 F. Supp. 1243, 1249-50 (S.D.N.Y. 1982).

150. The scope of injunctive relief to be awarded is usually placed within the equitable discretion of the court, which must weigh, *inter alia*, the extent of the plaintiff's harm, the injury to the defendant from the injunction, and the likelihood of recurrence of the complained of acts. See *Ives Laboratories v. Darby Drug Co.*, 601 F.2d 631, 635, 644 (2d Cir. 1979), *rev'd*, 638 F.2d 538 (2d Cir. 1981), *rev'd sub nom.* *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844 (1982). See also *Williams v. Curtiss-Wright Corp.*, 691 F.2d 168, 174-75 (3d Cir. 1982); *Frederick Warne & Co. v. Book Sales Inc.*, 481 F. Supp. 1191, 1196 (S.D.N.Y. 1979).

151. See, e.g., *Schutt Mfg. Co. v. Riddell, Inc.*, 673 F.2d 202, 206-07 (7th Cir. 1982); *Knickerbocker Toy Co. v. Azrak-Hamway Int'l*, 668 F.2d 699, 703 (2d Cir. 1982).

152. See, e.g., *Schutt Mfg. Co. v. Riddell, Inc.*, 673 F.2d 202, 206-07 (7th Cir. 1982); *Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 161-62 (1st Cir. 1977); *Bernard Food Indus. v. Dietene Co.*, 415 F.2d 1279, 1284 (7th Cir. 1969), *cert. denied*, 397 U.S. 912 (1970); *Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 253-54 (D. Del. 1980); *Gold Seal Co. v. Weeks*, 129 F. Supp. 928, 940 (D.D.C. 1955), *aff'd per curiam sub nom.* *S.C. Johnson & Son v. Gold Seal Co.*, 230 F.2d 832 (D.C. Cir.), *cert. denied*, 352 U.S. 829 (1956). See also *infra* notes 273-79 and accompanying text.

153. In actions for trademark infringement, both under Section 43(a), and under Section 32 (for registered marks), when the claim is for traditional "passing off," courts should attempt to balance the competing interests of the two parties, and should consider whether some form of limited relief can be fashioned which will both protect the existing mark holders and safeguard the public from source confusion. It can be argued, however, that many of these cases give too much deference to the right of the junior mark holder to continue to use that mark, while downplaying these other interests.

required to differentiate its label or other advertising so as to minimize confusion, and then be allowed to continue concurrent use of the mark.¹⁵⁴ Courts have denied injunctive relief where such a remedy was deemed broader than necessary to protect the plaintiff's trademark interests.¹⁵⁵ A "fair use" defense has also been applied; although the parties' trademarks and products were identical, the defendant was permitted to continue to use the plaintiff's trademark merely to describe its product.¹⁵⁶ Finally, courts have applied the laches doctrine to Section 43(a) actions, denying relief when the plaintiff waited an undue amount of time before bringing its claim.¹⁵⁷

V. TOWARDS A PROPER DELINEATION OF THE SCOPE AND ROLE OF SECTION 43(a)

A. *Goals of Trademark Laws*

The producer or seller of a particular good or service has a number of interests for which it might seek protection against unfair competition. A wide range of state and federal laws, including the trademark laws, affords differing kinds of protection for these interests. A trademark statute, such as the federal Lanham Act, should protect the owner of marks or symbols which designate the source of its goods from the unauthorized use of those marks by competitors, and should protect consumers from confusion or deception regarding the nature, quality, and source of goods.

To accomplish these goals a statute must contain two broad prohibitions. First, it should make unlawful the unauthorized use of marks or symbols which become associated with a producer's goods or services, if such use is likely to confuse consumers as to

154. *See, e.g.*, *Vitarroz Corp. v. Borden, Inc.*, 644 F.2d 960, 965-69 (2d Cir. 1981); *Manhattan Indus. v. Sweater Bee By Banff*, 627 F.2d 628, 630-31 (2d Cir. 1980). *See also* *Concord Laboratories v. Concord Medical Center*, 552 F. Supp. 549, 551-54 (N.D. Ill. 1982).

155. *See, e.g.*, *Arrow United Indus. v. Hugh Richards, Inc.*, 678 F.2d 410, 415-16 (2d Cir. 1982); *Schutt Mfg. Co. v. Riddell, Inc.*, 673 F.2d 202, 207 (7th Cir. 1982); *Southern Monorail Co. v. Robbins & Myers, Inc.*, 666 F.2d 185, 186-88 (5th Cir. 1982).

156. *Zatarains, Inc., v. Oak Grove Smokehouse*, 698 F.2d 786, 791 (5th Cir. 1983); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1186-87 (5th Cir. 1980), *cert. denied*, 450 U.S. 981 (1981).

157. *See, e.g.*, *University of Pittsburgh v. Champion Prods.*, 686 F.2d 1040, 1044-49 (3d Cir.), *cert. denied*, 103 S. Ct. 571 (1982); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1041-42 (2d Cir. 1980); *Exxon Corp. v. XOIL Energy Resources*, 552 F. Supp. 1008, 1011-12 (S.D.N.Y. 1981); *Houston Sports Ass'n v. Astro-Card Co.*, 520 F. Supp. 1178, 1180-82 (S.D. Tex. 1981). *See also* *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 103-04 (5th Cir. 1983) (Section 43(a) action lost if trademark was abandoned).

the goods' origin or quality. Second, it should prohibit false statements or false representations about the source, nature, or quality of one's own or another company's products or services. This prohibition will prevent statements which cause consumers to purchase that person's product or service because of a mistaken belief about its quality, a mistaken belief about the nature of the goods or services of a competitor, or a mistaken belief about the relationship between the two companies. It will also prevent remarks which unjustifiably injure the reputation of another producer's goods or trademarks.

The bulk of the Lanham Act is directed to this first kind of prohibition—the unauthorized use of marks or symbols which become associated with a producer's goods or services where such use is likely to confuse customers. It accomplishes this by creating a cause of action on behalf of the owner of a federally registered trademark against "[a]ny person who shall, without the consent of the registrant . . . reproduce, counterfeit, copy, or colorably imitate a registered mark . . . [where] such use is likely to cause confusion, or to cause mistake, or to deceive"¹⁵⁸ As noted previously,¹⁵⁹ Section 43(a) effectively formulates a similar cause of action on behalf of persons whose marks have *not* been federally registered.¹⁶⁰ Section 43(a) also grants relief against persons making false representations (or engaging in various other forms of unfair competition), even in cases where trademarked goods or services are not involved at all.

The scope of the second kind of prohibition—against making false representations or engaging in forms of unfair competition other than traditional infringement or passing off—is far more uncertain and controversial. It is the appropriate range of this protection which is the subject of the balance of this Article.

B. *The Conflict of Fundamental Values*

Before discussing the appropriate scope of protection to be accorded to the creator of unique symbols or marks identifying goods or services, it is important to identify the underlying values of a trademark system. Reconciliation of these competing values

158. Lanham Act § 32, 15 U.S.C. § 1114 (1982).

159. See *supra* notes 59-64 and accompanying text.

160. See *Matador Motor Inns v. Matador Motel*, 376 F. Supp. 385 (D.N.J. 1974):

The trademark statutes were devised to: 1) protect the businessman in his property rights to the mark, and 2) protect the public. . . . Section 1125(a) [Section 43(a)] was also developed to protect consumers and competitors against all forms of misdescription or misrepresentation of products and services in commerce. . . . Obviously, the policies of the two enactments are virtually the same.

Id. at 390.

cannot be accomplished unless they are borne clearly in mind.¹⁶¹

A central, long-term goal of any manufacturing and marketing system should be the protection of the consumer's interests. A trademark helps the consumer identify goods or services, assuring him of their source and giving some indication of quality, either because he has bought the product before, he knows about the producer, or he simply believes the advertising for the product. The use by another seller of a similar, confusing mark can mislead the consumer into buying a different, perhaps inferior, product than he expected to receive.¹⁶² Injury to the consumer may also occur if false advertising, labeling, or some other false or deceptive representation misleads him into either purchasing or foregoing the purchase of a good or service.

Closely related to this consumer interest, and of equal importance, is society's efforts to protect the exclusivity of the manufacturer's or seller's trademark. Manufacturers and sellers have a substantial investment in the reputation and good will of the mark and the underlying product or service which it identifies. The use by another of a nearly identical mark, or the copying of the product or one or more of its features, may cause loss of sales, injury to reputation, and potential foreclosure of future expansion. Similar injury may occur if the second producer makes false statements about the nature, source, or quality of the goods or services.

A corollary of these two concerns is a regard for the general fairness of commercial undertakings. It simply seems unfair or improper for a second company to copy the trademark of its creator, thereby getting a free ride on the investment and reputation of that company. Given the infinite variety of words or symbols which the second company might have chosen, the choice of the first company's mark looks like poaching.¹⁶³ This notion of unfairness is compounded when the consumer may receive different, often inferior, goods or services because of the deception. Similarly, it seems unfair if the first company's reputation is injured by false or deceptive statements regarding the quality or nature of either company's product or service. Finally, it seems to be un-

161. See generally Livermore, *On Uses of a Competitor's Trademark*, 20 STAN. L. REV. 448 (1968); Palladino, *Trademarks And Competition: The Ives Case*, 15 J. MAR. L. REV. 319 (1982); Pattishall, *Trade-marks and the Monopoly Phobia*, 50 MICH. L. REV. 967 (1952); Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927); Timberg, *Trade-marks, Monopoly, and the Restraint of Competition*, 14 LAW & CONTEMP. PROBS. 323 (1949); *Developments in the Law—Competitive Torts*, 77 HARV. L. REV. 888, 892-923 (1964).

162. See *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942) (Justice Frankfurter's famous dictum on role of trademarks).

163. "The pirate flies the flag of the one he would loot. The free and honorable non-pirate flies the colors of his own distinctive ensign." *Quaker Oats Co. v. General Mills*, 134 F.2d 429, 432 (7th Cir. 1943).

fair—although this is less clear—if a second company may simply copy the product, its features, or marks or symbols themselves, which were created by someone else, without reimbursing the first company for its financial investment in the product or for the creative genius giving rise to this innovation. Indeed, allowing free and unfettered copying will be a disincentive to creativity, eventually decreasing these resources.

Unbounded, or even very broad, protection of the intellectual property represented by trademarks and the creative products or services they signify is not, however, without significant costs and risks. In addition to the values of honesty, security, and general notions of fairness, consumers, and the general commercial system, prize competition and its benefits: lower prices and the greater availability of quality goods and services.

Although the consumer is concerned lest he get different and inferior goods or services as a result of trademark infringement, misrepresentation, or deception, he also seeks a variety of offerings at competitive prices. Giving too extensive protection to marks or symbols makes it more difficult for competitors to describe and market their products; trademark protection can raise barriers to entry or, at the extreme, protect a monopoly. The costs of trademark creation (particularly by advertising) and trademark protection will be reflected in the price of the goods, adding to the costs of consumers. By creating artificial product differentiation, advertising of trademarked goods or services may result in consumer decisions based on considerations other than price and quality. In addition, although there is little benefit in protecting false statements in advertising, marketing, or labeling, some latitude must be afforded for so-called "puffing" and to take account of basic free speech and free press considerations.¹⁶⁴ Finally, protection against copying of a product or of its features—particularly when they are of a functional nature—will assure the first creator of an extended monopoly and will bar others from giving the public the benefits that would flow from vigorous competition. Some copying, either of the product or its features, will offer to consumers alternative sources of supply and, at least in the short run, lower prices.

C. The Need for Federal Protection

Although protection against various forms of unfair competition is desirable, it does not follow that federal legislation is either necessary or appropriate. Some may think that the problem is rel-

164. See *Glenn v. Advertising Publications*, 251 F. Supp. 889, 904-05 (S.D.N.Y. 1966) (some latitude must be allowed for advertising claims).

atively minor and not worthy of national concern. Notions of federalism suggest that the national government ought not to undertake regulation in this area, but should defer to individual state protection pursuant to each state's police powers. Furthermore, considerable disagreement as to the kinds of proscribable conduct suggests the preferability of the variety and the experimentation which results from differing levels of state protection.

However, the same reasons which have led to a federal law of trademark registration and protection argue in favor of federal oversight and control of unfair competition.¹⁶⁵ The nature of our economy is certainly national, even international. Manufacturing, marketing, and advertising of most products or services take place in many states rather than in one. Inconsistent rules applicable to producers and competitors lead to uncertainty, even to irrationality. Obligations under trademark or unfair competition treaties become far more difficult to fulfill when the nature of domestic protection against unfair competition varies from state to state.

The nature of the problems of false advertising, deception of consumers, mislabeling of products, and related activities lends itself to a national consensus just as national protection is afforded against traditional trademark infringement. In fact, as suggested above,¹⁶⁶ the drafters of the Lanham Act made the determination in 1946 that there should be federal protection against unfair competition.¹⁶⁷ The courts should strive actively to implement a strong, uniform national law in this area.¹⁶⁸

165. The desirability of a uniform federal law of unfair competition and trademark protection was recognized by several early decisions under the Lanham Act. *See, e.g.,* *Hyde Park Clothes v. Hyde Park Fashions*, 204 F.2d 223, 227 (2d Cir.) (Clark, J., dissenting), *cert. denied*, 346 U.S. 827 (1953); *Dad's Root Beer Co. v. Doc's Beverages, Inc.*, 193 F.2d 77, 80 (2d Cir. 1951); *S.C. Johnson & Son v. Johnson*, 175 F.2d 176, 178 (2d Cir.), *cert. denied*, 338 U.S. 860 (1949). *See also* Bunn, *The National Law of Unfair Competition*, 62 HARV. L. REV. 987 (1949) (arguing that Section 5 of Federal Trade Commission Act, 15 U.S.C. § 45 (1982), creates a private right of action against unfair competition); Dole, *Merchant and Consumer Protection: The Uniform Deceptive Trade Practices Act*, 76 YALE L.J. 485 (1967); Lunsford, *Unfair Competition: Uniform State Act Needed*, 44 VA. L. REV. 583 (1958); Peterson, *supra* note 21.

166. *See supra* notes 42-44 and accompanying text.

167. *See* H.R. REP. NO. 944, 76th Cong., 1st Sess. 4 (1939) ("national legislation along national lines securing to the owners of trade-marks in interstate commerce definite rights should be enacted and should be enacted now"). *See also* S. REP. NO. 1333, 79th Cong., 2d Sess. 4-5 (1946), *reprinted in* 1946 U.S. CODE CONG. SERV. 1274, 1276-77 ("The theory once prevailed that protection of trade-marks was entirely a State matter. . . . However, trade is no longer local, but is national. . . . It would seem as if national legislation along national lines securing to the owners of trade-marks in interstate commerce definite rights should be enacted and should be enacted now").

168. The thrust of this Article is to argue for strong federal protection against unfair competition, but not to argue for the displacement or erosion of state law. Therefore, although in certain instances the existence of a federal regime might displace inconsistent state law, *see* *Lear, Inc. v. Adkins*, 395 U.S. 653, 668-71 (1969)

D. *Some Important Problems Under Section 43(a)*

With these goals in mind, some analysis of the controversial problems raised by Section 43(a) can be undertaken. In general, protection against the infringement of unregistered trademarks parallels that of federally registered marks under Section 32 of the Lanham Act¹⁶⁹ and thus does not raise problems unique to the subject of this Article.¹⁷⁰

Some of the areas of controversy which are particular to Section 43(a) are discussed below. One such problem is the extent to which the plaintiff's mark or product feature must have become identified as a *source* of its goods or services before it will be entitled to protection; this is sometimes described as the "secondary meaning" requirement. A second area is those situations in which trademarks or product features will be deemed "functional," since such "marks" are not entitled to any protection (other than under the patent system). A third concern is the extent to which trademarks will be protected for uses other than in connection with the very goods or services which they directly represent.

These three areas of controversy—which broadly deal with

(federal patent laws preempt equitable licensee estoppel doctrine of state contract law); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 228-29 (1964) (federal patent laws preempt state unfair competition laws purporting to prevent copying of unpatented goods), there is no need to apply the principles of preemption by federal trademark laws to state protection of unfair competition. If a state finds certain forms of unfair competition particularly onerous, the availability of some different forms of federal protection under the Lanham Act should not foreclose the state from affording that higher level of protection. *See, e.g.*, N.Y. GEN. BUS. LAW § 368-d (McKinney 1968) (anti-dilution statute). In fact, two sections of the Lanham Act expressly contemplate that concurrent protection under state law for marks adopted by the defendant and used in good faith prior to the federal registration by the plaintiff may continue. 15 U.S.C. §§ 1065, 1115(b)(5) (1982). *See also* *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 474-93 (1974) (state trade secret protection not preempted by federal patent law regime); *Goldstein v. California*, 412 U.S. 546, 552-61 (1973) (state protection for uncopyrightable sound recordings not preempted by 1909 Copyright Act).

169. Research has not disclosed a single case involving a traditional trademark infringement action (palming off), where the extent of consumer confusion or deception is such that relief is afforded under Section 43(a) but not under Section 32, or vice versa. Rather, the distinction is that Section 32 is reserved for infringement of registered marks, as well as protection against infringement of trade dress, trade names, and certain nonfunctional product features. *See generally supra* note 64 and accompanying text.

On the other hand, as the text accompanying notes 74-112 *supra* makes clear, Section 43(a) also proscribes a vast range of activities other than traditional trademark infringement. A recent Supreme Court decision, while saying little about the actual scope of Section 43(a), clearly recognizes this fact. *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 858 (1982) ("§ 43(a) prohibits a broader range of practices than does § 32").

170. As noted, the very application of Section 43(a) to infringement of common law trademarks, while now commonly accepted, is not without some controversy. *See supra* note 63 and accompanying text.

the question of the scope of protection against the unauthorized copying of a product, of some of its features, or of other related creations of a producer or seller of goods or services, when these items have acquired some association with that producer—raise many difficult questions. They illustrate the conflicts between the competing values described above, and involve the intersection of other bodies of law which sanction or prohibit similar conduct.

Protection against false or deceptive advertising would appear to be less controversial. Yet questions arise concerning both the facts which will support a conclusion of falsity or deception, and the kinds of false representations which the statute will reach.

Finally, problems arise when someone's use of the trademark injures the reputation for quality or exclusivity of the mark itself or of its owner. Although traditional trademark concerns will be raised when such parties are in competition, the use by persons in other fields may also deserve Lanham Act protection. Once again, this activity implicates the competing values described above.

1. Secondary Meaning Requirement

An abridgement of the interests protected by traditional trademark law will occur only if consumers are confused or deceived about the nature or source of the goods or services of either the mark owner or of the person making improper use of that mark. Some courts, however, take this principle too far, refusing to protect the mark owner unless it can meet a particularly high burden regarding the distinctiveness of its trademark or product features in the minds of consumers.

An unreasonable and unreasoned insistence on the requirement that the plaintiff show that the public has come to identify certain symbols with its products, and that the plaintiff is the sole source of goods bearing those symbols—the requirement that the symbols have achieved a “secondary meaning” of goods originating only with that one producer¹⁷¹—is well illustrated in *Perfect Fit Industries, Inc. v. Acme Quilting Co.*¹⁷² The plaintiff introduced a new type of mattress pad, which turned out to be extremely popular. It sold its product in clear plastic wrapping, which contained an insert, called a “J-board.” The plaintiff's packaging, or trade dress, included a particular photograph and printing in six arbitrary colors. The court found that this trade

171. “To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.” *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 851 n.11 (1982).

172. 484 F. Supp. 643 (S.D.N.Y. 1979), *rev'd on other grounds*, 618 F.2d 950 (2d Cir. 1980), *cert. denied*, 103 S. Ct. 73 (1982).

dress was distinctive and memorable. Approximately four months after the plaintiff began selling its new kind of mattress pad, the defendant entered the market with a competing product. The defendant copied the plaintiff's trade dress, using plastic wrapping, a J-board, a similar photograph, and similar colors. Indeed, the court found that the defendant had deliberately copied the plaintiff's J-board, had rejected dissimilar proposals by its graphic artist, and had urged that the plaintiff's insert be used as a model.

Despite this clear appropriation of the plaintiff's arbitrary trade dress by the defendant, the court refused to grant relief under Section 43(a) because the plaintiff had not proven that its inserts had become associated with it in the public mind—it had not proven “secondary meaning.” The court therefore refrained from considering the question of whether there was any likelihood of consumer confusion over the two trade dresses.¹⁷³ The court failed to realize that if such consumer confusion existed, “secondary meaning” would have been proven. It was thus the court, as well as the consumer, that was confused.

Other decisions have followed a similar approach, although to a more limited extent. In *Vibrant Sales, Inc. v. New Body Boutique, Inc.*,¹⁷⁴ the plaintiff brought an action under Section 43(a), alleging that the defendant had copied certain nonfunctional features of the plaintiff's unpatented product. The court denied relief because the plaintiff was unable to show that those features had become associated in the public mind with the plaintiff's product: “[A] claimant suing under 43(a) is routinely required to show secondary meaning in order to convince the court that the defendant's copying has had the effect of communicating a *false* designation of origin.”¹⁷⁵

173. *Id.* at 645. See also *infra* note 182 and accompanying text.

174. 652 F.2d 299 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982). The defendant was copying the plaintiff's “slimming belt,” including some of its aesthetic, allegedly nonfunctional, features. The Second Circuit also rejected the plaintiff's state law breach of contract claim, finding the two belts sufficiently different so that the defendant was not guilty of unfair competition. This decision is criticized in Presta & Aronson, *supra* note 139, at 47–51.

175. *Vibrant Sales*, 652 F.2d at 303 (emphasis in original). See also *L.F. Gaubert & Co. v. Institute of Elec. & Elecs. Eng'rs*, 563 F. Supp. 122, 128 (E.D. La. 1983); *Davis v. United Artists*, 547 F. Supp. 722, 727–28 (S.D.N.Y. 1982); *E.R. Squibb & Sons v. Cooper Laboratories*, 536 F. Supp. 523, 530–32 (S.D.N.Y. 1982); *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 533 F. Supp. 75, 77 (S.D. Fla. 1981), *aff'd*, 716 F.2d 854 (11th Cir. 1983); *United Van Lines v. American Holiday Van Lines*, 487 F. Supp. 235, 238 (E.D. Tenn. 1979); *Frederick Warne & Co. v. Book Sales*, 481 F. Supp. 1191, 1195 (S.D.N.Y. 1979).

It has been suggested that proof of secondary meaning is required to show that there is a “false designation of origin” or a “false description or representation.” “Unless the public has come to know a particular mark as indicating a particular source of origin, a finding of the requisite falsity would be anomalous since there

The Second Circuit's inflexible insistence on proof of secondary meaning¹⁷⁶ under the "false designation of origin" language of Section 43(a) is inappropriate.¹⁷⁷ Admittedly, it may be that the court's limitation will not be significant. It is not clear whether the "false designation of origin" prohibition should be routinely used for deceptive claims respecting the particular producer or seller of the goods, i.e., misrepresenting the product's source, or whether the term "origin" should be limited to *geographic* origin. A parallel construction of the language of the statute, however, suggests that such a limitation does exist.¹⁷⁸

More important, even if this conduct does constitute a "false designation of origin," it does not follow that the implied suggestion of common source, resulting from the unauthorized use of another's symbols or trade dress, cannot also be deemed a "false description or representation." Most cases will be brought under this second part of Section 43(a). Yet if most passing off cases are

would be no standard against which to measure such falsity." Germain, *Too Far, Maybe?*, *supra* note 63, at 103.

176. The court did reveal that proof of secondary meaning would not be necessary under a claim of "false description or representation." "[I]f the action had been pursued as one for false description or representation . . . admittedly the concepts of secondary meaning and nonfunctionality [would not be] relevant. . . ." 652 F.2d at 303 n.3. See also *Gimix, Inc. v. JS & A Group, Inc.*, 699 F.2d 901, 908 (7th Cir. 1983).

177. In an earlier case, a district court in the Second Circuit had suggested that proof of secondary meaning would not be required even in false designation of origin situations. *N.S. Meyer, Inc. v. Ira Green, Inc.*, 326 F. Supp. 338, 342 (S.D.N.Y. 1971) ("so long as the [catalogs] . . . which were copied from plaintiff had previously become associated in the public mind with the plaintiff as originator, proof of 'secondary meaning' as such, or the 'uniqueness' of the plaintiff's [catalogs], whatever the necessity may be under relevant common law, is not required under the federal statute").

178. A parallel reading of the prohibitions on a "false designation of origin" and a "false description or representation" might suggest that the statute's provision that "[a]ny person who shall . . . use . . . a false designation of origin . . . shall be liable in a civil action by any person doing business to the locality falsely indicated as that of origin or in the region in which said locality is situated . . ." (15 U.S.C. § 1125(a) (1982)) (emphasis added) is limited to geographic origin, and does not refer to misdesignations of the producer or source of a trademarked product or service. This more limited reading is argued for in Germain, *Too Far, Maybe?*, *supra* note 63, at 110-12. Most courts, however, have explicitly applied the "false designation of origin" proscription to reach false indications of source of manufacture or sponsorship. See, e.g., *Vibrant Sales v. New Body Boutique*, 652 F.2d 299, 303 (2d Cir. 1981), *cert. denied*, 455 U.S. 909 (1982); *Federal-Mogul-Bower Bearings v. Azoff*, 313 F.2d 405, 408 (6th Cir. 1963), *noted in Recent Decisions—Trademarks—Unfair Competition—Scope of Federal Jurisdiction Under Section 43(a) of the Lanham Act*, 62 MICH. L. REV. 1094 (1964); *John Wright, Inc. v. Casper Corp.*, 419 F. Supp. 292, 325 (E.D. Pa. 1976), *modified sub nom.* *Donsco, Inc. v. Casper Corp.*, 587 F.2d 602 (3d Cir. 1978); *Geisel v. Poynter Prods.*, 283 F. Supp. 261, 267 (S.D.N.Y. 1968). But see *Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 700-01 (5th Cir. 1981) ("false designation of origin" refers only to misrepresentations of geographic locality; trade dress infringement should be dealt with as "false description or representation"), *cert. denied*, 457 U.S. 1126 (1982).

forced into the "false designation of origin" pigeonhole, proof of secondary meaning would still be required in the vast majority of cases.

Of still greater importance, the universal requirement of proof of secondary meaning is analytically unnecessary. If consumer confusion exists, with members of the public thinking that the mark, symbol, trade dress, or product feature indicates that the goods originated with some particular producer, it should not also be necessary for the plaintiff to prove that the connection between the mark and itself is already firmly established.¹⁷⁹ Proof of consumer confusion is *already* proof of such symbol association by the public. Furthermore, if the product and its accompanying mark or trade dress are new, or if the plaintiff's advertising resources are limited, the plaintiff should not have to wait until the connection is firmly established before relief is available. Proof that consumers are beginning to make the association, or that the mark is becoming "distinctive" and that the plaintiff is diligently establishing its identity, should justify Lanham Act protection.¹⁸⁰

The reconciliation of the competing interests will best be served by shifting the focus from whether consumers believe the product originated with the particular plaintiff to a determination of whether, because of the mark, symbol, or feature, consumers believe the product has some specific source(s), even if those consumers are unsure as to its specific identity. If the majority of the consuming public identifies the mark as *some* designation of origin, it has acquired sufficient "secondary meaning" to deserve

179. See *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches*, 221 F.2d 464, 466 (2d Cir.) (it is not necessary that "customers know just who is the source" of plaintiff's product to prove "secondary meaning"), *cert. denied*, 350 U.S. 832 (1955); *RJR Foods v. White Rock Corp.*, 201 U.S.P.Q. (BNA) 578, 580 (S.D.N.Y. 1978) (secondary meaning shown, even though it "is undisputed that the vast majority of the purchasing public is not aware of [plaintiff] as the source of [product in question] . . ."), *aff'd*, 603 F.2d 1058 (2d Cir. 1979); *Ralston Purina Co. v. Thomas J. Lipton, Inc.*, 341 F. Supp. 129, 133 (S.D.N.Y. 1972) (secondary meaning may be shown if "purchasing public associates good designated by the particular word . . . in question with but a single, though anonymous, source").

180. The proposition that Section 43(a) should also protect this evolving consumer association, sometimes called "secondary meaning in the making," has, unfortunately, been rejected by a majority of courts. See, e.g., *Black & Decker Mfg. Co. v. Ever-Ready Appliance Mfg. Co.*, 518 F. Supp. 607, 616 (E.D. Mo. 1981), *aff'd*, 684 F.2d 546 (8th Cir. 1982). But see *Emra Corp. v. Superclips Ltd.*, 559 F. Supp. 705, 714 (E.D. Mich. 1983) (citing *Glamorene Prods. Corp. v. Boyle-Midway*, 188 U.S.P.Q. (BNA) 145, 165 (S.D.N.Y. 1975); *National Lampoon v. American Broadcasting Cos.*, 376 F. Supp. 733 (S.D.N.Y.), *aff'd*, 497 F.2d 1343 (2d Cir. 1974)) ("where a party is developing secondary meaning in its mark, others will not be allowed to infringe such mark at least against those who appropriate it with knowledge or good reason to know of its potential in that regard, or with an intent to capitalize on its quality"). See generally Scagnelli, *Dawn of a New Doctrine?—Trademark Protection for Incipient Secondary Meaning*, 71 TRADE-MARK REP. 527 (1981).

protection.¹⁸¹

Perhaps the difficulty inheres in the significance of "confusion." "Mere confusion," the district court in *Perfect Fit* said, was not enough. But the very fact of confusion suggests that consumers are indeed associating the symbol with the plaintiff's product, or at least are treating the symbol as some indication of source.¹⁸² There can be no relief if there is neither confusion nor likelihood of confusion.¹⁸³ Such proof, however, should be sufficient to prove secondary meaning and to form the basis for relief.¹⁸⁴

On a policy level, the insistence on strong proof of secondary meaning in all cases of unauthorized imitation of trademarks or

181. The requirement of proof either of "secondary meaning" or of consumer confusion is particularly inappropriate where there is evidence that the defendant intended to copy the plaintiff's mark, symbol, product feature, or trade dress and intended the public to believe that the defendant's product or service originated with or was sponsored by the plaintiff. A defendant would engage in such intentional conduct only if it believed that consumers already associated the mark or symbol with a particular source, and that some commercial benefit would be derived from appropriating that trademark.

Although the Second Circuit acknowledged that proof of secondary meaning was not required when the plaintiff complained under Section 32 of the Lanham Act of infringement upon a federally registered mark, it required such proof under Section 43(a). This was because federal registration creates a presumption that the marks "represent the source in the minds of the public, whereas unregistered marks are not, absent a showing of secondary meaning." *Vibrant Sales*, 652 F.2d at 304.

Proof of secondary meaning might appropriately be required where the plaintiff's mark is unregistered and there is doubt both as to whether it is distinctive and as to whether consumers are confused when seeing a similar mark on competing products. See *Gimix, Inc. v. JS & A Group, Inc.*, 699 F.2d 901, 907-08 (7th Cir. 1983) (proof of secondary meaning required where plaintiff's trademark was merely descriptive of its product). Some courts impose unduly high standards of proof of secondary meaning, while others insist on such proof even where consumer confusion has occurred or is likely. Both of these approaches are unsound.

182. See *supra* note 73 and accompanying text. In one action seeking relief under Section 43(a) for infringement of trade dress in a product, the court stated that "[i]n the absence of secondary meaning, there will be no such confusion." *Black & Decker Mfg. Co. v. Ever-Ready Appliance Mfg. Co.*, 518 F. Supp. 607, 616 (E.D. Mo. 1981), *aff'd*, 684 F.2d 546 (8th Cir. 1982). If the two terms are equated in this way, there is little quarrel with the rule. The difficulty arises in cases such as *Perfect Fit*, where the court instead stated: "Since the court finds that *Perfect Fit* has failed to prove secondary meaning for its trade dress, the court need not reach the question of whether *Perfect Fit* proved that there was a likelihood of confusion between the two trade dresses," 484 F. Supp. at 645; or in *Vibrant Sales*, where the court held that "evidence of mere confusion" was insufficient to justify a Section 43(a) claim. 652 F.2d at 304.

183. Cf. *Le Sportsac, Inc. v. Dockside Research*, 478 F. Supp. 602, 608-09 (S.D.N.Y. 1979) (injunction denied where, although the plaintiff showed that its product features had "secondary meaning," there was no likelihood of confusion with the defendant's product).

184. If the public identifies the mark, symbol, or trade dress as indicative of some general source, but not as specifically indicating the goods of the plaintiff, one might want to deny the plaintiff relief on a "standing" theory. Since the public does not view the goods as the plaintiff's, the plaintiff is not injured, and has no right to complain about injury either to another producer or to the public at large.

trade symbols is misguided for two reasons. First, it denies protection to the producer of the product or service while advancing no legitimate countervailing value. Second, it might significantly harm consumers while providing them no countervailing benefits.

The requirement of proof of "secondary meaning" originally arose with respect to so-called descriptive trademarks. A mark which is merely descriptive—such as Supreme brand crackers or Superior brand shirts—by definition only describes a characteristic of the product, rather than its particular source. It is only when the producer, by virtue of the expenditure of money and the passage of time, creates an association in the public mind between that mark and its own product, when there is "secondary meaning," that trademark protection is appropriate. Furthermore, there is a public interest in allowing other competitors to use a descriptive kind of word or symbol to describe their product, at least as long as it only refers to a characteristic of that type of product.¹⁸⁵ On the other hand, if the mark is suggestive, fanciful, or arbitrary—for example, Ivory soap, Exxon gasoline, or Kodak cameras—there is no similar interest in allowing others to use that mark in connection with their products.¹⁸⁶

The marks or symbols which have been the subject of much Section 43(a) litigation are often of this latter group. Certainly the trade dress in *Perfect Fit* is not the kind of symbol which it is competitively necessary to allow all other producers to copy. And, even with the more traditional unregistered trademarks—words or symbols identifying the product or service—for which protection is sought under Section 43(a), there is frequently only a limited interest in condoning their unauthorized appropriation by competitors.

There is no doubt that the defendant in *Perfect Fit* was freely entitled to copy the plaintiff's unpatented mattress pad, and to use its own attractive trade dress. It does not follow that a court should also allow the defendant to copy the plaintiff's trade dress

185. "Secondary meaning was originally a trademark concept designed to limit the extent to which a manufacturer could monopolize words and symbols that are useful in describing products." *Emra Corp. v. Superclips Ltd.*, 559 F. Supp. 705, 713 (E.D. Mich. 1983). See also *Walt-West Enters. v. Gannett Co.*, 695 F.2d 1050, 1056-58 (7th Cir. 1982); Nies, *Secondary Meaning: An Historical Note*, 64 TRADE-MARK REP. 247 (1974).

186. The continuum of trademarks—ranging from generic, which can never get trademark protection, through descriptive and suggestive, which may obtain protection against unauthorized use, and then arbitrary or fanciful, which are entitled to the greatest measure of protection—has been discussed and illustrated in dozens of cases. See, e.g., *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 790-91 (5th Cir. 1983); *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 79 (7th Cir. 1977), cert. denied, 434 U.S. 1025 (1978); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9-11 (2d Cir. 1976).

for an extended period of time¹⁸⁷ until the plaintiff can, by substantial advertising expense, establish such trade dress in the public consciousness as indicative only of its product. Such an attempt to establish secondary meaning will be made significantly more difficult if, in the intervening period, the defendant can freely copy that packaging. No societal interest is advanced by permitting the copying of a purely decorative, nonfunctional feature.¹⁸⁸ While the existence of two producers of mattress pads will enhance competition and may result in diversity of goods and lower prices, there are no similar benefits from having two identical sets of packaging.¹⁸⁹

Even more important, the district court's unwillingness to reach the issue of consumer confusion is inconsistent with one of the two important objectives of any trademark system—assuring to the public that certain symbols will guarantee consistency of the nature and quality of goods and services. If some members of the public might be confused by the unenjoined, simultaneous use by two parties of the same mark, symbol, product feature, or trade dress, those persons may mistakenly purchase the defendant's goods while intending to purchase the plaintiff's goods. No public benefit is advanced by allowing such conduct to occur. Conversely, the other goal of trademark laws—the interest of the original producer in maintaining the individuality and integrity of its trade symbols free from dilution or poaching—is impaired.¹⁹⁰

187. The court noted that the defendant had entered the market four months after the plaintiff began selling the product in the disputed trade dress. Finding that this was too short a time to establish secondary meaning, it contrasted another decision in which the marks had been used for one hundred years and for five years, respectively, and where there still was some question whether actual secondary meaning had been established. *Perfect Fit*, 484 F. Supp. at 646.

188. To the contrary, this rule may require a company to spend far more for advertising than is either necessary or desirable to attempt to establish secondary meaning as soon as possible.

189. Despite my strong disagreement with the language and theory of the Second Circuit in *Vibrant Sales*, the result may nonetheless be correct because of the difference in facts from *Perfect Fit*. In *Vibrant Sales*, the plaintiff sought to enjoin the defendant from copying and selling the unpatented product itself. Although there is a societal interest in prohibiting the defendant from copying certain nonfunctional features of a product, including trade dress and symbols, which have become identified with the plaintiff, there is an even stronger societal interest in allowing the defendant to copy the product itself and offer competition even if, because the plaintiff was the first to enter the market, some consumers think of the plaintiff as the source of products of that nature. It would be a question of fact whether the features copied from the plaintiff's slimming belt were functional and necessary to its successful operation, or were mere arbitrary embellishments which had, or could have, identified the source of the particular product. See generally *infra* text accompanying notes 192–227.

190. In a recent decision, the Ninth Circuit seems to have erected yet another barrier to plaintiff success. In *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788 (9th Cir. 1981), the plaintiff, the producer of movies and television series featuring Godzilla, a

The interest of both producers and consumers would be advanced by expanding the prohibition to encompass all unauthorized imitations of all nonfunctional symbols which identify the producer of a good or service. It should be enough to justify protection if the plaintiff shows some substantial degree of confusion by consumers between its mark or symbol and the defendant's. Use of Section 43(a) to cover such conduct is fully consistent both with its goals and its express language. Confusingly similar trademarks, trade dress, or other symbols could be characterized either as a "false designation of origin," or, if that phrase is deemed limited to references to geographic origin,¹⁹¹ then as a "false description or representation" of the nature or source of the goods or services in question. In either event, extended proof of "secondary meaning" should be unnecessary.

2. Nonfunctional Marks or Symbols

Protection under both Section 43(a) and Section 32 extends only to those trademarks, symbols, trade dress, or product features which are nonfunctional.¹⁹² If the symbol or feature which is copied contributes to the utility of the product, it is functional and not protectable as a trademark.¹⁹³

fictitious, lizard-like monster, complained about the use by the defendant of the name Bagzilla for a brand of garbage bags. The court stated that not only must the plaintiff show secondary meaning and confusion by consumers of the origin of the product, but also the "plaintiff must show that the defendant intended to profit *by confusing consumers.*" *Id.* at 791 n.2 (emphasis in original). Although the court suggested that the required intent could be inferred from a showing of an intent to confuse, this requirement is nonetheless inappropriate. Assuming that confusion exists, the twin concerns of the trademark laws—protecting consumers from getting products different from their expectations, and protecting the owner of the trademark from injury to reputation, dilution, and so forth—are implicated regardless of any scienter on the part of the defendant; innocent infringement can be equally damaging. This additional requirement merely reveals an irrational hostility to the protection of trademarks.

191. See *supra* note 178.

192. For cases decided under Section 43(a), refusing protection because the mark or feature copied was functional, see *supra* note 124 and accompanying text. See generally Zelnick, *The Doctrine of "Functionality,"* 73 TRADE-MARK REP. 128 (1983); Note, *Unfair Competition and the Doctrine of Functionality*, 64 COLUM. L. REV. 544 (1964); Note, *The Public Interest and the Right to Copy Nonfunctional Product Features*, 19 WM. & MARY L. REV. 317 (1977).

193. Similar issues are raised when the defendant copies the plaintiff's product itself, along with its allegedly distinctive features. See, e.g., *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980-84 (11th Cir. 1983) (protection accorded for copying of nonfunctional elements of bank check manufacturer's trade dress); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1214-19 (8th Cir.) (protection accorded for copying of nonfunctional design features of the plaintiff's hopper grain trailer; this case is discussed *infra* note 219), *cert. denied*, 429 U.S. 861 (1976). For an excellent discussion of the history and rationale of the functionality doctrine, as well as of the different approaches to the definition of "functional," see *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1335-41 (C.C.P.A. 1982).

There are two reasons for the refusal to accord protection to the functional qualities of a product. First, a trademark is intended to *identify* the source of its associated product or service to the public. There is an assumption that functional features do not, and cannot, perform this role, and that only arbitrary, non-functional symbols can designate the producer. Second, and of greater importance, the innovator of a useful product or product feature should not be allowed to appropriate that improvement indefinitely via the extension of trademark protection. If the innovation is sufficiently ingenious to qualify for patent protection, it will get only a seventeen year monopoly. It hardly seems appropriate to give a lesser addition to societal resources the longer protection of the trademark laws.¹⁹⁴ Even if the functional quality could, over a period of time, become associated with only one source, the desire for competition argues against indefinite exclusivity.¹⁹⁵

194. The public interest in competition is furthered by allowing others to copy a product freely, even when the design of the product itself is artistic or creative. The reward for creativity is limited to the short period of exclusivity before copying can take place. Although diminution of the rewards for creativity lessens the incentive to be creative, other public interests prevail, including that of not allowing the creator a "monopoly" in that creation.

The principle of permitting others to copy even creative advances is limited by the parallel existence of several federal regimes for protecting creativity— the patent, copyright, and trademark laws. If the work is sufficiently inventive and useful, it will get the seventeen year exclusive protection of a patent. If it is a novel and original work of authorship, it may qualify for the extended protection of a copyright. If the work does not meet the constitutional and statutory minima for patent or copyright protection, protection under state statutory or common law must be denied. The federal laws preempt such inconsistent sources of protection, evincing a federal preference that such unprotectible works be freely available to any member of the public. Some of the problems raised by the preemption doctrine, and its possible intersection with trademark protection for nonfunctional product features, are described *infra* note 219.

The third federal regime for protecting certain forms of intellectual creations is the trademark system. However, names, symbols, devices, shapes, packaging, or the like qualify for trademark protection only when they indicate to the public not only a particular kind of product or service, but also a product or service which originates or is associated with a particular producer. Thus, if the creative design has been associated with a particular producer, such that the public upon seeing it believes that the mark's origin, directly or indirectly (by sponsoring or licensing), is with that producer, protection under the trademark laws should be accorded. At the other extreme, if the mark contributes only to the utility of the product, it cannot signify origin. Furthermore, interests in competition foreclose giving the creator unlimited, exclusive rights in this advance. It is when the source versus utility distinction is not clear, or when the trademark performs *both* roles, that difficulties can arise.

195. The right to copy a competitor's functional trade dress, even if there is also some association with the original producer as a symbol of source, was established in a pre-Lanham Act case, *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938). The plaintiff's predecessor had obtained a patent for the production of breakfast cereal—shredded wheat—resulting in a distinctive pillow shape of the product. Long after the expiration of the patent, the defendant began manufacturing the product in a

Although there is general agreement on the principle of protection only for nonfunctional qualities,¹⁹⁶ there is less agreement on the bright line dividing the two categories. In characterizing each group, some courts have defined "functional," and hence nonprotectable, features too broadly.

The conflicting interests involved in the characterization of a mark as functional or as nonfunctional are well illustrated by the generic drug-copying decisions.¹⁹⁷ In these cases, the plaintiff invented a pharmaceutical compound on which patent protection

similar pillow shape. Rejecting the plaintiff's arguments that it had an exclusive right to sell pillow-shaped shredded wheat and that the defendant's imitation of the "trade dress" was unfair competition, the Supreme Court gave two reasons why copying of the goods in the same shape was permitted. First, "[w]here an article may be manufactured by all, a particular manufacturer can [not] assert exclusive rights in a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer" *Id.* at 120. Second, "the pillow-shape must be used for another reason. The evidence is persuasive that this form is *functional*—that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape." *Id.* at 122 (emphasis added).

196. *See, e.g.*, *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979) (design of an item found non-functional and protectable even if item itself is functional). A recent student Note has argued that at least with respect to actions challenging the copying of the product or package features, the test should not be whether the feature copied was functional, but whether there is a likelihood of consumer confusion as to source. The writer of the Note argues that the functionality test under the Lanham Act is founded on confusing and inconsistent state law standards, and that it results in inappropriately limited protection for trademarks and trade dress. Note, *The Problem of Functional Features: Trade Dress Infringement Under Section 43(a) of the Lanham Act*, 82 COLUM. L. REV. 77, 78 (1982). This view seems to have been rejected, at least implicitly, by the Supreme Court, in *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 856-57 n.20 (1982). *See also* Note, *The Broad Sweep of Aesthetic Functionality: A Threat to Trademark Protection of Aesthetic Product Features*, 51 FORDHAM L. REV. 345 (1982) [hereinafter cited as Note, *Aesthetic Functionality*].

197. *See, e.g.*, *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844 (1982); *SK&F, Co. v. Premo Pharm. Laboratories*, 625 F.2d 1055 (3d Cir. 1980); *Ciba-Geigy Corp. v. Bolar Pharm. Co.*, 547 F. Supp. 1095 (D.N.J. 1982), *aff'd*, 719 F.2d 56 (3d Cir. 1983); *Biocraft Laboratories v. Merck & Co.*, 532 F. Supp. 1068 (D.N.J. 1980); *Boehringer Ingelheim G.m.b.H. v. Pharmadyne Laboratories*, 532 F. Supp. 1040 (D.N.J. 1980); *Hoffman La Roche, Inc. v. Premo Pharm. Laboratories*, 210 U.S.P.Q. (BNA) 374 (D.N.J. 1980); *A.H. Robins Co. v. Medicine Chest Corp.*, 206 U.S.P.Q. (BNA) 1015 (E.D. Mo. 1980). *See generally* Cooper, *Trademark Aspects of Pharmaceutical Product Design*, 70 TRADE-MARK REP. 1 (1980); Germain, *The Supreme Court's Opinion in the Inwood Case: Declination of Duty*, 70 KY. L.J. 731 (1981-82); McMurray, *Drug Product Imitation as Unfair Competition*, 26 BUS. LAW. 339 (1970); Palladino, *supra* note 161; Weinburg, *Drug Capsule Color Copying in the Wake of Ives: A Comment on Two Decisions*, 72 TRADE-MARK REP. 285 (1982); Note, "Look-Alike" Capsules, Generic Drug Substitution, and the Lanham Act: The Elusive Contributory Infringement Standard of *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 32 CATH. U.L. REV. 345 (1982); Note, *Trademarks and "Look-Alike" Drugs*, 15 IND. L. REV. 733 (1982); Note, *Lanham Act Protection From the Copying of Trade Dress by Generic Drug Manufacturers*, 38 WASH. & LEE L. REV. 1225 (1981); Case Comment, *Generic Drug Laws and Unfair Competition Claims Under the Lanham Act—An Un-*

had expired, allowing all competitors to copy the drug freely. In addition to adopting a trademark, the plaintiff also used arbitrary colors—a trade dress—to designate its product. For example, the 200 milligram dosage may have been blue and white, and the 500 milligram capsule might have been pink and purple. The defendant typically copied not only the chemical formula, but also the plaintiff's coloring scheme. Relying on Section 43(a), the plaintiff asserted that the colors were arbitrary and that they had become associated with the plaintiff as an indication of source of that particular brand of drug. In response, the defendant argued that the colors were functional because patients associated those colors with that type and dosage of drug and that the offering of identical products with different colors could lead to patient confusion, fear and possible injury.¹⁹⁸

The competing values of trademark policy are strongly implicated in these cases. The original manufacturer is entitled to have protection against a competitor which palms off its goods as those of the plaintiff. On the other hand, the defendant is not only entitled to enter the market to compete, but should be encouraged to do so. Furthermore, the defendant should not be barred by trademark rules which, by making consumer use less likely, erect substantial barriers to entry. The consumer wants both the benefit of low prices from multiple sources of the same product and the assurance that he will not be deceived or confused if he seeks out the product of a particular source.¹⁹⁹

Resolution of these goals in the generic drug cases has been, as one might expect, inconsistent.²⁰⁰ When the original producer

easy Alliance: Ives Laboratories, Inc. v. Darby Drug Co., 33 RUTGERS L. REV. 227 (1980).

Actions by pharmaceutical manufacturers against competitors selling generic products have also been brought under various other federal and state law theories. See *Upjohn Co. v. Schwartz*, 246 F.2d 254 (2d Cir. 1957) (action for unfair competition and trademark infringement under federal trademark statute); *Smith, Kline & French Laboratories v. Clark & Clark*, 157 F.2d 725 (3d Cir.) (action for patent infringement and unfair competition), *cert. denied*, 329 U.S. 796 (1946).

198. The generic drug cases also raised issues under Section 32 of the Lanham Act arising out of the infringement of rights in registered trademarks, and of contributory infringement under both Section 32 and Section 43(a). These other issues are beyond the scope of this Article.

199. This growing interest in making lower price drugs available to consumers is reflected in the proliferation of state generic substitution laws, which permit, or sometimes even require, the substitution of generic equivalents when the prescribing physician does not otherwise indicate. See generally Note, *Consumer Protection and Prescription Drugs: The Generic Drug Substitution Laws*, 67 KY. L.J. 384 (1978-1979).

200. In the *Inwood* case, decided in the lower courts *sub nom.* *Ives Laboratories v. Darby Drug Co.*, 455 F. Supp. 939 (E.D.N.Y. 1978), the trial court had first found for the defendant on the plaintiff's prayer for a preliminary injunction; this decision was affirmed and remanded for full trial by the Second Circuit, 601 F.2d 631 (2d Cir. 1979). The trial court then held for the defendants on both the Section 32 and the

was the only source of the drugs, the colors probably identified both the product and its source. When the monopoly expires and a competitor seeks to enter the plaintiff's market, a question of fact arises as to which of these two aspects is dominant at that time. Those decisions which weigh the facts and then allow the defendant to copy these colors, based on a determination that their principal function is the identification of this *kind* of drug, rather than the *brand* of drug, may well be correctly decided.²⁰¹

Other cases, however, in the course of determining whether the mark, symbol or product feature which was copied was functional, have failed satisfactorily to evaluate the competing interests. In *International Order of Job's Daughters v. Lindeburg & Co.*,²⁰² for example, the plaintiff was a fraternal organization whose emblem was used as a collective membership mark. It had entered into a licensing agreement with several authorized jewelers (for a time including the defendant), permitting them to use the mark on those items of jewelry sold to the plaintiff's members. Negotiations regarding licensing arrangements between the parties broke down, yet the defendant continued to use the mark without the plaintiff's permission. In refusing to sustain the district court's injunction on behalf of the plaintiff, the Ninth Circuit

Section 43(a) claims, 488 F. Supp. 394 (E.D.N.Y. 1980), finding, *inter alia*, that the colors were functional, *id.* at 398-99. This decision was reversed by the Second Circuit, 638 F.2d 538 (2d Cir. 1981), holding the copying a violation of Section 32 of the Lanham Act. The Second Circuit expressly declined to reach the Section 43(a) claim. This decision was in turn reversed by the Supreme Court, 456 U.S. 844 (1982), on the Section 32 issue, because the Second Circuit's review of the factual determinations of the trial court violated the "clearly erroneous" standard of FED. R. CIV. P. 52(a). The Supreme Court, however, remanded the case for further fact finding on the Section 43(a) issue. Of the other six decisions cited *supra* note 197, all were favorable to the plaintiffs. *Cf. Elby's Big Boys v. Frisch's Restaurants, Inc.*, 103 S. Ct. 231, 231 (1982) (White, J., dissenting from denial of certiorari) (split exists among circuits on question whether "likelihood of confusion" "is reviewable under the 'clearly erroneous' standard, as a question of fact, or *de novo*, as a legal conclusion").

201. On the other hand, I would argue that if the facts show that the colors are principally nonfunctional—not only arbitrary, but also indicating to most consumers something in addition to the kind of product and dosage—and if the colors have become identified as an indication of source in the minds of some significant percentage of consumers—and here proof even of a majority should not be required—then relief ought to be accorded to the original manufacturer. One piece of evidence which would suggest that the trade dress of drugs is nonfunctional is that competing generic drug manufacturers are able to market their products successfully in different trade dress. *See SK&F Co. v. Premo Pharm. Laboratories*, 625 F.2d 1055, 1064 (3d Cir. 1980).

202. 633 F.2d 912 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981).

In a case involving very similar facts, the Fifth Circuit declined to review a finding by the district court that the plaintiff's mark was unprotectible because of the functional purpose it served; the circuit court affirmed a judgment for the defendant on other grounds. *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079, 1083 n.5 (5th Cir. 1982). This case is discussed *infra* at note 239.

held that the mark, when placed on jewelry, did not operate as a symbol of source or origin, but was functional.²⁰³

Most purchasers of the jewelry were probably unaware, and perhaps even indifferent, as to whether the plaintiff itself manufactured the jewelry. In this age of licensing, however, it is not unlikely that, if questioned, most would assume that the actual manufacturer was authorized or sponsored by the mark owner. Regardless of this consumer belief, the court's conclusion that this use of a mark was functional seems unreasonable and inconsistent with the underlying goals of trademark protection.

In *Job's Daughters*, the court recognized that "a name or emblem could . . . serve simultaneously as a functional component of a product and [as] a trademark."²⁰⁴ Its conclusion, however, that the plaintiff's trademark on the defendant's jewelry was "merchandised [solely] for its own intrinsic utility to consumers,"²⁰⁵ seems questionable. Furthermore, the court's requirement that there be "evidence that consumers have actually inferred a connection between the defendant's product and the trademark owner"²⁰⁶ before the trademark owner is entitled to relief demands too much of the plaintiff. The error lies in an overdefinition of functional features.²⁰⁷ Quoting from one of its earlier decisions, the Ninth Circuit stated: "'Functional' . . . might be said to connote other than a trade-mark purpose. If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright."²⁰⁸ But many people

203. *Job's Daughters*, 633 F.2d at 920.

204. *Id.* at 919.

205. *Id.* at 918.

206. *Id.* at 919. See also *University of Pittsburgh v. Champion Prods.*, 566 F. Supp. 711, 720-21 (W.D. Pa. 1983) (university insignia on soft goods have the function of "allowing the garment's wearer to display his or her support for the school and its athletic teams." The court found no Section 43(a) protection where plaintiff offers "no evidence that the consumer cares who has made the soft goods or whether they were made under license.").

207. The Supreme Court has said that "a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 850 n.10 (1982).

208. 633 F.2d at 917 (quoting *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952)). Recently, the Third Circuit noted that the *Pagliero* approach gives "[t]he broadest scope to aesthetic functionality, which in turn permits the widest imitation" *Keene Corp. v. Paraflex Indus.*, 653 F.2d 822, 825 (3d Cir. 1981).

In *Famolare, Inc., v. Melville Corp.*, 472 F. Supp. 738 (D. Hawaii 1979), *aff'd mem.*, 652 F.2d 62 (9th Cir. 1981), the defendant copied the distinctive wavy bottom design that the plaintiff used as soles for shoes. The court held that trademark protection would be unavailable even if the sole shape did not contribute at all to wearer comfort, support, etc. Rather, following *Pagliero*, the court applied a very broad test of functionality: "A feature which gives the consumer a substantial reason for purchasing the product, as opposed merely to distinguishing it from other products, is

purchase shirts with a crocodile emblem, or scarves with a designer's initials, precisely because of that feature. They wear these symbols prominently, to show others their flair for fashion, their wealth, or their status. It is precisely because of these features that the crocodile rather than the fox shirt, or the initialed rather than the unadorned scarf, is purchased. Thus, the presence of the mark itself contributes to the commercial success of the product.²⁰⁹ Although some also believe that these "status" products are of better quality, or purchase them because they desire goods manufactured by particular companies, other consumers are relatively unconcerned with the source of these goods. Yet it is doubtful that the Ninth Circuit would hold that these products, with their unique symbols or features, are freely available for copying.²¹⁰

functional." 472 F. Supp. at 743. Since the distinct product feature copied by the defendant contributed to the commercial success of the product, the court held that competition required that others be allowed to copy it freely: "the fact that the wavy soles may also serve as indicia of source, i. e., [sic] that they identify the designer" is irrelevant. *Id.* at 744.

This broad approach to "functionality" was followed in *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983). The defendants were copying without authorization the portraits of the plaintiffs, performing artists, for use on buttons and other novelty items. Although the court recognized that pictures of an individual *could* qualify for trademark protection, it found that these "marks" were being exploited only for their functional value. "Functionality in this context means that consumers desire the mark for its intrinsic value and not as a designation of origin." *Id.* at 1195. Here, however, the court was doing what trademark law says is impermissible; it was separating the mark from the product or service it represents, *cf. infra* note 247, and suggesting that the mark had some identity standing by itself. But these insignia had no inherent utility; persons wanted to wear such buttons to express their loyalty to or affection for the performers, the underlying "product." *See also J.C. Penney Co. v. H.D. Lee Mercantile Co.*, 120 F.2d 949 (8th Cir. 1941).

209. *See Warner Bros. v. Gay Toys*, 658 F.2d 76, 78 (2d Cir. 1981); *Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738, 744 (D. Hawaii 1979), *aff'd mem.*, 652 F.2d 62 (9th Cir. 1981) (discussed *supra* note 208).

The doctrine treating the features which contribute to the desirability and commercial success of such products as unprotectible is sometimes called "aesthetic functionality." *See Duft, "Aesthetic" Functionality*, 73 TRADE MARK REP. 151 (1983); Note, *Aesthetic Functionality*, *supra* note 196; *infra* text accompanying note 211. *See also Famolare, Inc. v. Melville Corp.*, 472 F. Supp. 738, 744 (D. Hawaii 1979) ("If the feature is intended to appeal to the consumer's aesthetic values and is purchased for this reason, it is functional"), *aff'd mem.*, 652 F.2d 62 (9th Cir. 1981).

210. Indeed, shortly after its *Job's Daughters* decision, the Ninth Circuit rejected the assertion that particular symbols on "designer goods," enhancing their saleability, are functional and hence unprotectable. In *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769 (9th Cir. 1981), the plaintiff complained that the defendant had attempted to copy not only its product, but the unique designs which were repeatedly used on the surface of the product. The defendant argued that since the product was purchased by consumers for its aesthetic appeal, "the design features of the products are vital to consumer appeal and consequently to competition in the sale of the products, and thus they are 'functional.'" *Id.* at 774. Rejecting this, the court said:

If the Vuitton mark increases consumer appeal only because of the quality associated with Vuitton goods, or because of the prestige associated with owning a genuine Vuitton product, then the design is serving

Similarly, even though the court stated that "the name and emblem are functional aesthetic components of the jewelry,"²¹¹ consumers did not purchase the Job's Daughters' rings or necklaces because the plaintiff's emblem was inherently attractive, or because the emblem itself had some "utility." Rather, purchasers wished to express their loyalty to the organization and to notify others of their allegiance and affiliation.

This display of loyalty is consistent with the consumers' general belief that the producer of the item bearing this trademark was somehow connected with the owner of the mark—as a licensee, or otherwise. The plaintiff's demonstration of normal consumer expectations, especially when a collective mark is involved,²¹² should therefore satisfy the "source indication" aspect of trademark theory. Such proof should remove the mark from the "functional" category in which *Job's Daughters* would place it.

Although the *Job's Daughters* court correctly contrasted a protectable trademark with a symbol that had "intrinsic utility for consumers,"²¹³ it misdefined a mark or feature as "functional" when it is merely desirable, or when it is "an important ingredient in the commercial success of the product"²¹⁴ One cannot require a choice of only two polar alternatives—a determination that a mark is either an indication of source or an important ingredient in the commercial success of the product.²¹⁵ The product

the legitimate function of a trademark; it is identifying the source of the product, and thus should be protected.

Id. at 776. More recently, the Ninth Circuit reiterated the *Vuitton* approach and limited *Pagliero*, in *Fabrica Inc. v. El Dorado Corp.*, 697 F.2d 890, 894-96 (9th Cir. 1983) (discussed *infra* at note 216).

Similarly, in *Job's Daughters*, it should be enough to satisfy the standard of nonfunctionality if the trademark is deemed by consumers to suggest some connection or association between the owner of the mark and the goods on which they appear. See also *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg.*, 510 F.2d 1004, 1013 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975) (mark is *not functional* "where the design or symbol has no demonstrated value other than its significance as the trademark of [plaintiff]") (discussed *infra* at text accompanying notes 230-249); *National Football League Properties v. Wichita Falls Sportswear*, 532 F. Supp. 651, 662 (W.D. Wash. 1982) (football jerseys with team names and city designations nonfunctional).

211. *Job's Daughters*, 633 F.2d at 918.

212. Such proof should particularly be sufficient in the case of collective marks because by definition they merely indicate membership in or affiliation with a particular organization.

213. As suggested *infra* note 226, protection for "nonfunctional" trademarks or symbols will best be achieved when "functional" is equated with "utilitarian."

214. 633 F.2d at 917 (quoting *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952)).

215. [W]hen a feature of the construction of the item is arbitrary, the feature may become a trademark even though it serves a useful purpose. . . . Thus, the fact that an item serves or performs a function

may be purchased for dual reasons, because of the ability of the mark or feature to attract as well as the desirability of the underlying product.²¹⁶ If indication of source or affiliation is a significant characteristic of the symbol, and if the imitated feature does not contribute to the operational utility of the product, it should be accorded trademark protection.²¹⁷

A consideration of the underlying goals of the trademark laws²¹⁸ demonstrates that allowing copying in these situations is

does not mean that it may not at the same time be capable of indicating sponsorship or origin, particularly where the decorative aspects of the item are nonfunctional.

Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 203-04 (2d Cir. 1979) (citations omitted). *Accord* Midway Mfg. Co. v. Dirkschneider, 543 F. Supp. 466 (D. Neb. 1981).

216. The Ninth Circuit also held that a less demanding test is applied when the plaintiff complains of the copying of its allegedly "nonfunctional" trade dress than when the action complains of the copying of product features. In *Fabrica, Inc. v. El Dorado Corp.*, 697 F.2d 890 (9th Cir. 1983), the parties both sold commercial carpeting. The defendant had copied, in minute detail, the unique carpet sample folder developed by the plaintiff. The defendant relied on the *Pagliero* test, *supra* note 208 and accompanying text, arguing that the folders were "functional" because they contributed to the commercial success of the underlying product (the carpeting) being sold. The court properly rejected this approach. Where the complaint involved the copying of trade dress, it said, the proper focus was on another part of *Pagliero*: whether the design "is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality" 697 F.2d at 895 (quoting *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir. 1952)). Since any form of carpet folder could have been adopted, and since the plaintiff's distinctive and attractive folder had come to identify its products, it performed a trademark function and was entitled to protection from unauthorized copying. *But see* *PIC Design Corp. v. Sterling Precision Corp.*, 231 F. Supp. 106, 112-15 (S.D.N.Y. 1964) (copying style of the plaintiff's catalog not actionable because catalog had not acquired any "secondary meaning").

A similarly liberal approach to the concept of functionality should be employed for all product and product feature copying, as well as for trade dress copying. As suggested by the text, a product feature should also be deemed "nonfunctional" unless its primary character contributes to the product's operational utility. The mere fact that the feature is arbitrary and desirable, and that it contributes to the product's commercial success, should not render it "functional."

217. In *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368 (5th Cir. 1977), the court similarly misinterpreted the "utilitarian" nature of a trademark. The plaintiff, a franchisor of fast-food restaurants, held a federally registered trademark on supplies which it sold to its franchisees. Although it found trademark infringement on other grounds, the court suggested that "[a]ffixing those marks, after all, is utilitarian; the buyer needs boxes that not only hold chicken but advertise its business as well." *Id.* at 389. If trademark use on cartons to identify the trademarked contents—one could hardly put the mark on the chicken itself—is "utilitarian," then that phrase will so devour the concept of a "nonfunctional" symbols as to divest it of any significance. For further discussion of the case, see *infra* note 239.

218. "The policy . . . is aimed at avoiding the use of a trademark to monopolize a design feature which, in itself and apart from its identification of source, improves the usefulness or appeal of the object it adorns." *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769, 774 (9th Cir. 1981).

undesirable.²¹⁹ As noted above,²²⁰ the protection afforded by the trademark laws should not be allowed to deprive competitors of

219. Probably the most important case according trademark protection to product features of an arguably functional nature is *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976). The plaintiff had designed a semi-trailer for hauling grain; the shape of the trailer was arbitrary and unique. The defendant copied the plaintiff's product, including the exterior design of the trailer, and sold its product in competition with the plaintiff's product. The plaintiff complained that the defendant's conduct constituted unfair competition, in violation of Section 43(a). In light of the trial court's finding that the plaintiff's design was nonfunctional—it did not contribute to the ability to haul grain, to be loaded or unloaded, etc.—and in the light of evidence that the plaintiff's shape had become associated in the public mind with products manufactured and sold by the plaintiff (the "secondary meaning" requirement), the Eighth Circuit affirmed the judgment for the plaintiff. *Id.* at 1222-23.

Even though the feature copied was found nonfunctional, another obstacle to protection against copying might have been the so called *Sears-Compco* doctrine, enunciated in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). In both cases, the Supreme Court held that where products or product features are not sufficiently inventive to qualify for federal (design or mechanical) patent protection, state law protection against copying is preempted. *Sears, Roebuck*, 376 U.S. at 232; *Compco*, 376 U.S. at 237. The federal interest in freedom of competition limits state action to the prevention of palming off. Mere copying, with adequate disclosure, is not unfair competition subject to regulation by the states.

Although permitting a federal court to enjoin copying under Section 43(a) clashes with this public interest in enhanced competition in the manufacture and sale of products and product features, it does not raise the preemption problems of *Sears-Compco*. By definition, preemption means that a federal interest and a federal regulatory regime displace inconsistent state law protection. But the Lanham Act results in a statutory system coequal with that created by the patent laws. *Cf.* *Preston State Bank v. Ainsworth*, 552 F. Supp. 578, 580 (N.D. Tex. 1982) (Lanham Act Section 43(a) is not preempted by National Banking Act as "two federal laws applicable to the same situation should be applied harmoniously"). The only question would be whether the federal interest in vigorous competition, and a monopoly limited only to a certain period of time, ought to be of greater importance than protection against palming off and unfair competition.

First, there is no a priori reason to prefer the patent regime to the trademark system. Giving protection to trademarks is not inconsistent with the patent regime's interest in vigorous competition. Although in the short run allowing copying may discourage monopoly, in the long run prohibition of trademark copying will encourage creativity and investment in new products and product features. Thus, if *Sears* and *Compco* were read to preempt all other systems, state and federal, which protect against the unauthorized copying of nonfunctional symbols or features which have become identified with their creators, competition would actually be diminished. One can assume that the Supreme Court would not have wanted to strike such a balance. Second, to the extent that there is any clash between the two systems, the competing concerns can be reconciled by according protection only to *nonfunctional* features. Since by definition these features do not contribute to the utility of the product, but merely to its desirability, and since they do have the ability to identify the source of the product, they should be entitled to full federal protection.

The holding in *Truck Equipment*, 536 F.2d at 1214-15, that Section 43(a) protection was not preempted by *Sears* and *Compco*, was subsequently followed by *SK&F Co. v. Premo Pharm. Laboratories*, 625 F.2d 1055, 1064-65 (3d Cir. 1980) and by *Ives Laboratories v. Darby Drug Co.*, 601 F.2d 631, 642 (2d Cir. 1979), *rev'd*, 638 F.2d 538 (2d Cir. 1981), *rev'd sub nom.* *Inwood Laboratories, Inc. v. Ives Laboratories*, 456 U.S.

the opportunity to offer useful products or product features when those qualities do not qualify for patent protection.²²¹ In *Job's Daughters*, the court clearly recognized an interest in permitting competition in the sale of fraternal jewelry, and in affording purchasers the benefits of competition from multiple sources.²²² Yet the trademark did not present the defendant with an absolute barrier to entry. Only when licensing negotiations between the two

844 (1982). The *Truck Equipment* decision is analyzed in Comment, *Product Simulation in the Eighth Circuit*, 57 NEB. L. REV. 91 (1978).

See also *Catalina, Inc. v. Gem Swimwear, Inc.*, 162 F. Supp. 911 (S.D.N.Y. 1958) (federal court has jurisdiction to hear claim under Section 43(a) that the defendant has copied nonfunctional features of the plaintiff's product).

220. See *supra* text accompanying notes 194-95.

221. The Court of Customs and Patent Appeals has also used an analysis of the underlying goals of the trademark laws in deciding whether certain product features or forms of trade dress are registrable on the Principal Register as trademarks. For example, in *In re Penthouse Int'l*, 565 F.2d 679 (C.C.P.A. 1977), the court permitted registration of a logo which was embodied in the design of ornamental jewelry. While the trademark examiner in the Patent and Trademark Office had conceded that the logo would have been registrable had it been used as a symbol of source on the box for the jewelry, he denied registration because, when used as the product itself, the mark was considered "functional," i.e., it performed the function by defining the shape of a piece of jewelry. *Id.* at 680.

The court reversed, first noting that "possession of a function and of a capability of indicating origin are not in every case mutually exclusive." *Id.* at 681. The court then focused on those interests of trademark law which might be impaired by giving protection to marks having a functional or "utilitarian" quality. Registration would be denied if doing so would; (1) hinder competition; or, (2) would take from the goods something of substantial value, *id.* at 682 (citing *In re Mogen David Wine Corp.*, 328 F.2d 925, 933 (C.C.P.A. 1964) (Rich, J., concurring), *aff'd after remand*, 372 F.2d 539 (C.C.P.A. 1967)). But if competition could continue if the markholder were given protection against unauthorized use of the product, feature, trade dress, or the like (and a fortiori if competition were enhanced by protection), then it should qualify for registration, and the Lanham Act should give relief against such copying.

More recently, in *In re Morton-Norwich Prods.*, 671 F.2d 1332 (C.C.P.A. 1982), the court gave extensive consideration to the definition of "functional." In a thoughtful but somewhat confusing opinion, it concluded "that 'functionality' is determined in light of 'utility,' which is determined in light of 'superiority of design,' and rests upon the foundation 'essential to effective competition.'" *Id.* at 1340 (quoting *Ives Laboratories v. Darby Drug Co.*, 601 F.2d 631, 634 (2d Cir. 1979)). The court emphasized, however, that the key criterion was whether affording trademark protection would adversely affect the ability of others to compete: "the effect upon competition 'is really the crux of the matter.'" *Id.* at 1341 (quoting H. NIMS, *THE LAW OF UNFAIR COMPETITION AND TRADE-MARKS* 377 (1947)). See also *In re DC Comics*, 689 F.2d 1042, 1045 (C.C.P.A. 1982); *id.* at 1046-50 (Rich, J., concurring); *id.* at 1050-55 (Nies, J., concurring); *In re World's Finest Chocolate, Inc.*, 474 F.2d 1012, 1014 (C.C.P.A. 1973).

222. In some contexts, the value choice will be between permitting a certain level of confusion as to source or sponsorship, and allowing a higher level of competition. One might be willing to countenance some confusion if it is thought desirable to encourage competition; this will be increasingly important as the feature copied becomes "more functional." See Zelnick, *supra* note 192, at 129-31. Here, however, where this additional unauthorized level of competition was unnecessary, and where the mark was not "functional" other than in the "aesthetic" sense, there was no reason to trade off even a little consumer confusion as the price of an additional entrant.

parties broke down did the defendant begin to copy the plaintiff's mark without making any royalty payments. Furthermore, several licensees were already providing competition. The court's decision merely denied to the plaintiff mark owner the right to control the use of its mark.²²³ The court seemed to ignore the attendant risk of consumer confusion, dilution of reputation for quality and exclusivity, and the danger of passing off. Finally, the decision offered minimal countervailing societal benefits.²²⁴

By its expansive definition of functionality, the *Job's Daughters* decision affords the owner of an unregistered trademark or product feature far less protection than that amount contemplated by Section 43(a), and allows greater freedom to trademark copiers than is desirable. The application of someone else's mark by a business enterprise to its own product, regardless of the form in which the marks are used by the two parties, will frequently con-

223. The interface between legal protection for design patents and for trademarks suggests that the goals of enhancing competition while encouraging creativity will be advanced by affording protection for such "nonfunctional" features. A design patent may be obtained for a nonfunctional, ornamental design invention, if it is novel and not obvious; 35 U.S.C. § 171 (1982). The inventor will be entitled to exclusivity for a term of up to fourteen years. *Id.* § 173. The patent regime affords a limited monopoly as a tradeoff for the invention's addition to society's resources. Yet it has been held that trademark registration is available for a nonfunctional feature, after the design patent expires, as an indication of the source of the particular product. *In re Honeywell, Inc.*, 497 F.2d 1344 (C.C.P.A.), *cert. denied*, 419 U.S. 1080 (1974); *In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964), *aff'd*, 372 F.2d 539 (C.C.P.A. 1967). Although after the expiration of the design patent, anyone would be free to use the design for any other product, to the extent that it indicates the origin of one specific type of product, trademark protection for that use is appropriate. Compare *In re Haig & Haig, Ltd.*, 118 U.S.P.Q. (BNA) 229 (Comm'r Pat. 1958) (pinch shaped bottle registrable on Principal Register as mark for scotch whiskey) and *In re Pepsi-Cola Co.*, 120 U.S.P.Q. (BNA) 468 (T.T.A.B. 1959) (fluted bottle registrable for soft drink, though also protected by design patent), with *Haig & Haig, Ltd. v. Maradel Prods.*, 249 F. Supp. 575 (S.D.N.Y. 1966) (registration for pinch shaped whiskey bottle does not prevent another from using similarly shaped bottle on after shave lotion and bubble bath). Indeed, such protection for the distinctive shape of a container of the product itself is necessary if the primary goal of the trademark laws—protection of the consumer from confusion about the origin of goods—is to be achieved. And, since the invention must have been nonfunctional to qualify for the design patent, *Hopkins v. Waco Prods.*, 205 F.2d 221 (7th Cir. 1953); *Bergstrom v. Sears, Roebuck & Co.*, 496 F. Supp. 476 (D. Minn. 1980), the concerns about an adverse impact on competition or the loss of useful additions to society's resources are not implicated.

224. In *Job's Daughters*, the Ninth Circuit revealed its biases by suggesting that the interests in question were merely those of consumer protection, with no regard for the interest of the markowner in the exclusivity or dilution of its mark: "In general, trademark law is concerned only with identification of the maker, sponsor, or endorser of the product so as to avoid confusing consumers." 633 F.2d at 917. Later, the court added: "A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner's goods." *Id.* at 919. This narrow approach is inconsistent with the broader range of protection intended by the drafters of the Lanham Act. See *supra* notes 42–44 and accompanying text.

vey misleading information to the public about the relationship between them, and about the very source of the product.²²⁵ Unless the mark or feature copied has some intrinsic utility, there is no significant public interest in permitting such copying.

The goals of the Lanham Act will be advanced by narrowing the range of marks which are held unprotectable because they are deemed "functional." It is only when the symbol or feature for which protection is sought has a utilitarian function—it enhances the operational utility, rather than the mere desirability (or "sales utility"), of the product²²⁶—that the interests in enhanced competition are sufficiently implicated so that trademark protection ought to yield.²²⁷ When the symbol or feature has no such function, a second person should be prohibited from copying a product, its features, its trade dress, or the trademark itself. Section 43(a) should be interpreted to treat all copying of such nonutilitarian qualities as a "false designation of origin" or "false description or representation," and to afford redress to victimized mark owners.

225. Such a use by the defendant of another's trademark is a "false description or representation" of the nature or origin of the defendant's trademarked goods. It also may be a "false designation of origin," if that term is not limited to geographic origin. *See supra* note 178.

226. As suggested in the text, there are many different definitions of "functional." The most equitable balancing of the competing interests involved in affording trademark protection will be achieved by equating "functional" with "utilitarian." *See Keene Corp. v. Paraflex Indus.*, 653 F.2d 822, 825 (3d Cir. 1981); *SK&F Co. v. Premo Pharm. Laboratories*, 625 F.2d 1055, 1064 (3d Cir. 1980) (product features may "be so related to the product's intended use as to be functional and thus unprotectable") (adopting New Jersey state law as equivalent to federal standard). *See also* RESTATEMENT OF TORTS § 742 (1938): "A feature of goods is functional . . . if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any of such effects."

Some cases even afford protection if the feature, while it may have a "utilitarian function, . . . [is not] primarily functional." *See In re World's Finest Chocolate, Inc.*, 474 F.2d 1012, 1014 (C.C.P.A. 1973). *See generally* Note, *Aesthetic Functionality*, *supra* note 196.

227. For example, the court correctly rejected Section 43(a) trademark infringement claims in *Damn I'm Good, Inc. v. Sakowitz, Inc.*, 514 F. Supp. 1357, 1362 (S.D.N.Y. 1981). The plaintiff sold bracelets engraved with various slogans. The court found that the consumers purchased them because of the appeal of the design or slogan; there was no showing that the slogans had become identified by consumers with bracelets originating solely with the plaintiff. It was therefore not even necessary to determine whether the "mark" was functional. *See also* *Fisher Stoves v. All Nighter Stove Works*, 626 F.2d 193, 195 (1st Cir. 1980); *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 378 (1st Cir. 1980); *Bose Corp. v. Linear Design Labs*, 467 F.2d 304, 309-10 (2d Cir. 1972); *Le Sportsac, Inc. v. Dockside Research*, 478 F. Supp. 602, 605-08 (S.D.N.Y. 1979).

3. Protection Against Use of Trademark on Goods or Services Different From Those of the Mark Owner

Traditionally, a trademark does not exist in the abstract, and the mark owner does not have absolute rights to all uses of the mark. A trademark is an indication of the origin or source of a *particular* product or service. If someone else uses the mark in connection with a different, unrelated product or service, and if this second use results in no confusion or deception as to its source, the first mark holder is not injured and has no cause to complain.

A number of modern developments have rendered inadequate the protection of these traditional rules. First, most trademarks are far more elaborate and distinctive than they were two centuries ago. The mere use of a hart's head or the manufacturer's name as the mark for a pair of boots has been replaced by logos in arbitrary colors, typefaces, typeface settings and renderings. These marks often are created at substantial expense and are reinforced by costly advertising. They then become generally associated with the originator, frequently quite apart from the particular product or service which they initially designated. Second, many companies engage in a greater number of operations than the single producer of the past. Consumers are not surprised to see the same mark used in connection with a variety of products and services, and have become accustomed to associating a mark with a source of many goods rather than with a particular good from a particular source.²²⁸ Third, with the growth of licensing, sponsorship and endorsement enterprises, consumers probably believe that there is some permissive relationship between the usual source of a certain trademark and the new user of that trademark, even if the trademark is used in connection with a product or service quite different from those offered by the mark owner.²²⁹ It is

228. For example, the "GM Mark of Excellence" does not identify any particular goods or services, but is intended to be associated with the entire range of activities of the General Motors Corporation.

229. The licensing of rights to make use of cartoon characters, movie or television characters, and sports heroes has expanded dramatically in the past few years, both in breadth of products and quantity of licensing. Thus, it is common today to see Snoopy drinking glasses, Dukes of Hazzard cars, E.T. dolls, Smurf cereals, Mickey Mouse T-shirts, and Jimmy Connors sneakers. In fact, "sales of licensed-character items have soared to \$18.7 billion this year [1982] from only \$6.5 billion in 1978" Knewle, *Toy Companies Starting to Combat the Big Trade in Illegal Imitations*, Wall St. J., Nov. 15, 1982, at 27, col. 4. The production of unauthorized products—"knockoffs"—has grown equally dramatically. *Id.* See generally Warner Bros. v. Gay Toys, 658 F.2d 76 (2d Cir. 1981) (toy automobiles based on Dukes of Hazzard television show); American Footwear Corp. v. General Footwear Co., 609 F.2d 655 (2d Cir. 1979) (shoes based on The Bionic Woman television show); Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975) (emblems and patches of professional hockey teams);

therefore important to expand trademark protection to encompass protection against confusion of sponsorship, authorization or affiliation.

Despite the changed nature of trademark use, the protection accorded to the mark holder—including that under Section 43(a) of the Lanham Act—has generally been limited by traditional principles. Frequently, these limitations arise when the defendant clearly reproduces the plaintiff's trademark, but in connection with goods and services different from those of the plaintiff. While some courts have recognized that the mark holder has legitimate, protectable interests in such situations, other courts have refused to afford relief. A proper balancing of the interests of the mark holder, the competitor, and the consumer weighs in favor of broader protection.

This conflict is illustrated through a comparison of two cases—*Boston Professional Hockey Association v. Dallas Cap & Emblem Manufacturing, Inc.*²³⁰ and *Job's Daughters*.²³¹ In *Dallas Cap*, the plaintiffs operated professional hockey teams which were members of the National Hockey League, and they had created and used trademarks to identify each team. These marks were used directly in connection with the service the plaintiffs offered—providing live and televised exhibitions—on team uniforms, at the arenas, on advertising, even under the rink ice. The League also authorized a related entity, National Hockey League Services ("NHLS"), to operate as the licensing agent of the teams' symbols. NHLS contracted with a number of firms to permit the use of the plaintiffs' marks in connection with various goods and services. The defendant contractor was engaged in manufacturing and selling embroidered cloth emblems for attachment to pennants, jackets, caps, and so forth. After negotiations over a licensing agreement between NHLS and the defendant broke down, the de-

Winterland Concessions Co. v. Sileo, 528 F. Supp. 1201 (N.D. Ill. 1981) (names and likenesses of rock performers on T-shirts); Eden Toys v. Florelee Undergarment Co., 526 F. Supp. 1187 (S.D.N.Y. 1981) (drawing of Paddington Bear on shirts), *rev'd in part on other grounds*, 697 F.2d 27 (2d Cir. 1982); Ideal Toy Corp. v. Kenner Prods. Div. of Gen. Mills Fun Group, 443 F. Supp. 291 (S.D.N.Y. 1977) (toys based on movie Star Wars).

The licensing of these rights is now a common form of profiting from the creation of artistic or literary works. To the extent that the courts do not allow the full exploitation of these creations, but instead allow third parties to enjoy a free ride on these works, the quality and quantity of such creations will, in the long run, diminish.

230. 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975). See Presta, *The Boston Professional Hockey Association Case and Related Cases—A Step in the Right Direction*, 66 TRADE-MARK REP. 131 (1976).

231. *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981). This case is also discussed *supra* notes 202-27 and accompanying text.

fendant began to use the plaintiffs' trademarks on its emblems without permission.

In holding that this conduct stated claims under both Section 32 and Section 43(a) of the Lanham Act, the Fifth Circuit considered both the statutory language and the interests protected by the Act.²³² Under Section 43(a), the court found that the unauthorized use of these marks was a "false description or representation." The defendant had intended the public to associate its emblems with the owner of the trademark. The confusion of source requirement of the Act was resolved because the public knew that the defendant was not the source and origin of the trademark. The court held that the public need not have believed that the plaintiffs had actually *produced* the emblems, as long as consumers were aware that the trademark on the emblems originated with the plaintiffs.²³³

The court noted that policy considerations produced two goals: "protecting the public [and] . . . the protection of the business interests of plaintiffs" ²³⁴ While saying that the decision "may slightly tilt the trademark laws" ²³⁵ in favor of the latter, it correctly observed that "when viewed against the backdrop of the common law of unfair competition . . . both the public and plaintiffs are better served by granting the relief sought by plaintiffs." ²³⁶

While the opinion did not explicitly weigh the various policy interests, its resolution of the dispute appears sound. The two interests in permitting this copying were limited: the desirability for the public of having two sources of the emblem, and the ability of the defendant to compete. Neither factor, however, is entitled to much weight. First, the public interest arguably might have been advanced because the defendant could have offered lower prices by entering the market without paying royalties. However, there is no reason to believe that the defendant would not have charged the same prices as other emblem manufacturers, simply enjoying higher profits. Second, the defendant could have entered the market by agreeing to a royalty. Yet it wanted to obtain for free what it could not bargain for at a satisfactorily low price. No insuperable barriers to the entry of competition existed.

232. *Dallas Cap*, 510 F.2d at 1009-12. The trademarks of most of the National Hockey League teams were federally registered; as to them, actions were based on Section 32. *Id.* at 1010. The symbol of one team was unregistered, and its action was brought under Section 43(a). The court ultimately concluded that violations of both statutory provisions were established, applying relatively similar tests and analysis. *Id.* at 1011-12.

233. *Id.* at 1010.

234. *Id.* at 1011.

235. *Id.*

236. *Id.*

On the opposite side of the equation, other considerations favor prohibiting this conduct. The plaintiffs had created the trademark at some expense and with considerable effort; notions of fairness and equity should allow them to exploit this quasi-property,²³⁷ free from competitor appropriation. The public might have been indifferent to whether, as a matter of product source or quality, the emblem manufacturer was or was not an official licensee of the NHL team. In the long run, however, consumers will be injured²³⁸ if hockey teams (and other similarly situated licensors) are unable to obtain the full economic benefits from the creation and exploitation of their trademarks.²³⁹

237. The interests of the creator of a trademark might alternately be in tort, on the theory that unprivileged use of the mark is a form of unfair competition, or be characterized as the unlawful appropriation of a property interest in the product's name and good will. Perhaps the term "quasi-property" is more accurate, since trademark interests do not exist standing alone, but only as a description of a particular product or service. Thus, an "assignment in gross," where the assignor merely allows another to use the mark without also conveying some good will or the right to sell the particular product or service, assigns nothing. See generally *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203 (1942); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); *Industrial Rayon Corp. v. Dutchess Underwear Corp.*, 92 F.2d 33 (2d Cir. 1937). Some might argue that characterizing trademarks as "property" or as "quasi-property" would require that they be given some elevated level of protection. However, this subjects legal doctrine to the tyranny of labels. Rather, trademarks should be given the protection argued for here because of the broader role trademarks play in the modern economy, and because the interests of both producers and consumers will be enhanced by that level of protection.

238. If the coffers of the teams are enriched, they may be able to charge lower ticket prices, pay higher salaries for better players, or even desist from having to make franchise changes because of otherwise inadequate revenues. Thus, if team fans actually thought about the issue, they would prefer to see the NHL team make some profits from the sale rather than have the money go entirely to some unrelated entity. To the extent that it is expensive to create and market trademarks (and their related goods and services), denying full exploitation of a mark to the owner will, in the long run, result in the creation of fewer and less attractive marks and of inferior products or services associated with those marks.

239. In two recent cases, the Fifth Circuit seems to have limited, and unfortunately retreated from, the scope of the *Dallas Cap* decision. In *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368 (5th Cir. 1977) (also discussed *supra* note 217), a franchisor of fast food restaurants, holding a federal registration for its trademark as a symbol for its chicken, challenged defendant's unauthorized application of the mark to its supplies, including cartons and plastic utensils. The action was brought under both Section 32 and Section 43(a) of the Lanham Act, and under various state law theories. In view of the federal registration of the plaintiff's trademark, the court did not have to reach the Section 43(a) issue. 549 F.2d at 381 n.13.

On the trademark infringement claim, however, the court first noted that "infringement occurs only when the use sought to be enjoined is likely to confuse purchasers with respect to such things as the product's source, its enforcement by the plaintiff, or its connection with the plaintiff." *Id.* at 388. The court then noted that one reading of the *Dallas Cap* decision was that this confusion occurred simply if buyers knew that the source and origin of the trademark symbols on the defendant's

The broader approach to trademark protection in *Dallas Cap* is sound. There must be some showing that consumers are confused, associating the distant product with the trademark owner,²⁴⁰ and they mistakenly believe that the two parties have some authorization or sponsorship agreement. Still, courts should not demand proof that some defined percentage of consumers affirmatively expect the trademark owner to be the source of the unrelated product. Such a requirement denies legitimate protection to the trademark owner and fails to advance any significant con-

supplies were from the plaintiff. *Id.* at 387. Rejecting this reading, the Fifth Circuit instead stated that a plaintiff must show that "many [consumers] would believe that the *product itself* originated with or was somehow endorsed by [the plaintiff]." *Id.* at 389 (emphasis in original). It then emphasized three factors which precluded such confusion, and hence any trademark infringement: (a) the relative sophistication of the buyers of the supplies, who were the franchisees rather than consumers; (b) the limits imposed by the antitrust laws on a franchisor with respect to the right to limit a franchisee to buying supplies only from one source; and (c) the essentially utilitarian nature of the marks.

In another action under Section 32, limiting the *Dallas Cap* decision, the Fifth Circuit found as a factual matter that there was an absence of confusion, and therefore denied relief to the plaintiff. In *Supreme Assembly, Order of Rainbow for Girls v. J.H. Ray Jewelry Co.*, 676 F.2d 1079 (5th Cir. 1982)—as in *Job's Daughters*, see *supra* notes 202-27 and accompanying text—the plaintiff complained that without authority a jewelry manufacturer had applied the plaintiff's federally registered trademark to its jewelry. The court again emphasized that "likelihood of confusion" . . . is the key element in an action for trademark infringement." *Id.* at 1082. It then noted that *Kentucky Fried Chicken* had required greater proof of actual confusion of origin or source than might have been required under the *Dallas Cap* approach:

[In *Chicken*] we explained that *Boston Hockey* does not always equate knowledge of a symbol's source with confusion sufficient to establish trademark infringement and we treated as a fact question the question whether in a given case knowledge of the source of the *symbol* supports the inference that many of the product's typical purchasers would believe that the *product itself* originated with or was somehow endorsed by the owner of the mark.

Id. at 1085 (emphasis in original). Elsewhere in its opinion, the Fifth Circuit explained the amount of proof required: "It is not enough that typical buyers purchase the items because of the presence of the mark; it must be shown that they would purchase the items because the presence of the mark indicates to them the necessary connection between the items themselves and the owner of the mark." *Id.* at 1084 n.7.

The decision is not quite as troubling as *Kentucky Fried Chicken* and *Job's Daughters*, since the court made the existence of confusion a question of fact and then pointed to substantial evidence to suggest an absence of confusion. See *infra* notes 241-49 and accompanying text. The court noted that there was no historical practice or custom, either as to fraternal jewelry in general or the plaintiff's jewelry specifically, for its manufacture only with the sponsorship or approval of the mark owner. To the contrary, most fraternal organizations, including the plaintiff, exercised little control over the manufacture of such jewelry. Second, the plaintiff had an official jeweler, whose status was well advertised and whose jewelry was given a distinctive mark in addition to the plaintiff's mark; this "created the inescapable inference for purchasers that all other Rainbow jewelry is not endorsed, sponsored, approved or otherwise associated with Rainbow." 676 F.2d at 1083. Presumably, a showing of actual confusion or association by consumers would have justified Lanham Act relief.

240. See *supra* note 200.

sumer interest. Confusion of *any kind*, not merely as to the source or origin of the product, should justify Section 43(a) protection.

In *Job's Daughters*, as in *Dallas Cap*, the defendants were applying the plaintiff's mark, used in connection with a particular enterprise, to their own product.²⁴¹ The plaintiff's collective membership mark for its fraternal organization was apparently used on stationery, on signs, on publications, and in connection with publicity. As in *Dallas Cap*, the defendant had entered into negotiations for permission to use the plaintiff's trademark, and in fact was designated as an "official jeweler" for one year. When further negotiations did not produce an extended agreement, the defendant simply used the trademark without authority. The Ninth Circuit denied relief even though the defendant was clearly using the plaintiff's entire mark without permission. The court expressly rejected the approach taken in *Dallas Cap*, suggesting that the *Dallas Cap* decision "holds that a trademark's owner has a complete monopoly over its use"²⁴² The Ninth Circuit articulated a much more limited function of trademark protection: "Its scope is much narrower: to protect consumers against deceptive designations of the origin of goods and, conversely, to enable producers to differentiate their products from those of others."²⁴³ The court also substantially limited any other interest the owner of the trademark might have, such as the right to control the use of the trademark, standing by itself or in connection with other goods or services: "A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner's goods."²⁴⁴

The *Job's Daughters* decision rests on a limited view of Lanham Act policies. The court ignores the full range of goals of that statute.²⁴⁵ The court did not suggest that the defendant's conduct, involving the wholesale appropriation of another's trademark, does not or could not fit within the statutory language of a "false designation of origin" or a "false description or representation." Rather, oblivious to the process of statutory application, the court merely characterized the *Dallas Cap* approach as "an extraordinary extension of the protection heretofore afforded trademark owners" and determined that it "cannot endorse" such an extension.²⁴⁶

It is true that *Job's Daughters* is consistent with traditional

241. See *supra* notes 202-27 and accompanying text.

242. *Job's Daughters*, 633 F.2d at 918.

243. *Id.*

244. *Id.* at 919.

245. See *supra* notes 42-44 and accompanying text.

246. 633 F.2d at 919.

notions of trademark law,²⁴⁷ and that *Dallas Cap* still represents a minority view.²⁴⁸ Historically, a trademark infringement claim required proof of public confusion as to the source of the product. Section 43(a), however, transcends traditional trademark notions. It should be available for protection against a variety of forms of unfair competition, including, but certainly not limited to, trademark infringement. The rights of the mark owner under Section 43(a) should include actions akin to trademark dilution, misappropriation, and infringement of the right of publicity. Indeed, Section 43(a) might become a vehicle for according some "rights in gross" to trademark owners.

The unauthorized use of the trademark of another fits within the core of those activities which Section 43(a) can combat. The mere citation of limited precedent, based primarily on trademark infringement concepts, which protect only against "palming off," should not be a substitute for sound analysis. The nature and use of trademarks continue to evolve, and there are only limited interests which favor restrictive protection. On the other hand, expanded protection to other forms of unfair competition, extending

247. A recent decision recognized that principles of fairness and equity conflicted with these traditional trademark concepts; unfortunately, the court chose to adhere to the narrower precedents. In *Bi-Rite Enters. v. Button Master*, 555 F. Supp. 1188 (S.D.N.Y. 1983), certain performing artists and their licensee complained that the defendants had, without their permission, used their portraits on buttons and other novelty items. Although the court held that these portraits qualified for trademark protection, it refused to find such conduct a violation of Section 43(a); it held that there was no false designation of origin when consumers were not confused about the source or sponsorship of these products. Discussing the conflicting policies at stake, the court said:

This push to extend trademark protection to the use of established marks on collateral products is only the most recent manifestation of the effort (as old as the trademark law itself) to protect the full economic value of distinctive marks The cause is rooted in fairness and commercial good sense. People establish marks through effort and investment, and the value embodied in these marks should be protected against those who would steal or dilute it. The zeal to protect the full value of marks, and the feelings and economic interests that fuel it, however, cannot negate the fact that unfair competition law clearly requires confusion as to the source of goods before it will protect against the unauthorized use of a mark.

Id. at 1194.

The underlying rationale of traditional trademark law is that there must be confusion by consumers of origin or sponsorship between the plaintiff's mark and the defendant's allegedly infringing use. This Article would suggest that trademarks often have property qualities transcending the identification of a particular source of goods or services, and that such trademarks have value standing alone—akin to the independent status of copyrightable or patentable items or other forms of intellectual property. When a second user attempts to obtain a "free ride" on the value of such a trademark, Section 43(a) should form a basis for relief.

248. Indeed, *Dallas Cap* has itself been limited by two subsequent Fifth Circuit decisions. See *supra* note 239.

beyond mere "palming off," can be justified on the basis of fairness, honesty, and the enhancement of competition.²⁴⁹ Such an approach is consistent with the language and legislative intent of the Lanham Act. Courts should recognize the different, significant roles trademarks can play in maintaining a competitive, informed marketplace.

4. Unfair or Deceptive Advertising Claims

Section 43(a) has been used increasingly to challenge unfair or deceptive advertising or marketing practices.²⁵⁰ Such conduct by a seller in connection with an attempt to promote the sales of its goods may correctly be condemned as a "false description or representation." Some courts have placed unnecessary restrictions on the application of the statute, limiting its ability to enhance the vigor of competition as well as the level of marketing ethics and conduct.

The restrictions imposed by courts generally fall into three categories. First, some courts have found that the defendant's

249. The same device might qualify for both copyright and trademark protection, and thus would obtain the full measure of protection denied by the court in *Job's Daughters*. Thus, the picture of Snoopy, one of the characters in Charles Schulz' Peanuts comic strip, is both a registered trademark for a host of products, and is entitled to copyright protection as a significant, independent element of a larger copyrighted work. Presumably, if the *Job's Daughters* trademark were a "pictorial, graphic or sculptural work," it also could obtain copyright protection. But the theory for giving this exclusive right for the life of the author plus fifty years would suggest equally that the unique design of a trademark should be protected against wholesale appropriation of the mark by another, regardless of the fact of copyright registration. The failure to obtain permission of the mark owner and the failure to disclose that such permission does not exist could be deemed the requisite "false" designation or representation, since the manufacture and sale of the infringing product carries with it an implied suggestion of a connection or authorization by the mark owner.

250. It has been suggested that a successful claim under Section 43(a) for false advertising requires proof of the following elements:

1. that the defendant's advertisement is in fact false;
2. that it actually deceives or has the tendency to deceive a substantial segment of its audience;
3. that such deception is material, in the sense that it is likely to make a difference in the purchasing decision;
4. that the particular plaintiff has been or is likely to be injured as the result of the foregoing, either by direct diversion of sales from himself to the falsely advertising competitor, or by lessening of the good will which his own product enjoys with the buying public.

Weil, *Protectibility of Trademark Values Against False Competitive Advertising*, 44 CALIF. L. REV. 527, 537 (1956). See also Note, 47 ALB. L. REV. 97, 110-13 (1982). See generally Callmann, *False Advertising As A Competitive Tort*, 48 COLUM. L. REV. 876 (1948) (false advertising harms competitors as well as deceived consumers); Lee, *Comparative Advertising, Commercial Disparagement and False Advertising*, 71 TRADE-MARK REP. 620 (1981).

claims were not false or deceptive.²⁵¹ Although there might be some quarrel with the evidence that was considered and excluded, or the ways in which the court weighed the conflicting evidence, most of these cases involve findings of fact which cannot be attacked in any generalized fashion. Second, some cases have inappropriately refused to apply Section 43(a) to admittedly false or deceptive representations, either because the courts felt other extenuating circumstances justified these claims or because additional prerequisites were deemed necessary before the particular relief could be granted. Third, almost all courts dealing with the question have read Section 43(a) narrowly. These courts have interpreted the statute to reach only deceptive claims by a person about its own product and not to cover product disparagement, such as false representations by a company about the goods of another. These unnecessarily restrictive interpretations of Section 43(a) are inconsistent with the purposes of the statute.

a. *Claims Were Not False or Deceptive.* When a plaintiff asserts either that certain advertising claims by its competitor are false, or that they have the tendency to deceive the public, some difficult factual determinations arise.²⁵² Consumer surveys present the most reliable way of establishing the existence of falsity or deception. Indeed, most courts have found this approach dispositive, since the proper issue in these cases is the reaction of the group to whom the claim is directed.²⁵³ Most assuredly some surveys are faulty due to the use of misleading questions, or because of an inadequate or inappropriate universe, and should be rejected.²⁵⁴ Nonetheless, a well designed survey can show the absence of consumer deception, and should be controlling.

251. Generally, this means that the plaintiff had failed to meet his burden of proof to show that the defendant's claims were false.

252. See generally Thomson, *Problems of Proof In False Comparative Product Advertising: How Gullible Is The Consumer?*, 72 TRADE-MARK REP. 385 (1982).

253. See, e.g., *Jellibeans, Inc. v. Skating Clubs*, 716 F.2d 833, 843-46 (11th Cir. 1983); *American Home Prods. Corp. v. Johnson & Johnson*, 577 F.2d 160, 165-66 (2d Cir. 1978) (noted in 47 ALB. L. REV. 97 (1982) and 11 CONN. L. REV. 692 (1979)); *Eastern Air Lines v. New York Air Lines*, 559 F. Supp. 1270, 1278-80 (S.D.N.Y. 1983); *Ragold, Inc. v. Ferrero, U.S.A.*, 506 F. Supp. 117, 125 (N.D. Ill. 1980).

254. See, e.g., *Ragold, Inc. v. Ferrero, U.S.A.*, 506 F. Supp. 117, 127 n.13 (N.D. Ill. 1980); *Johnson & Johnson v. Carter-Wallace, Inc.*, 487 F. Supp. 740, 744 (S.D.N.Y. 1979), *rev'd*, 631 F.2d 186 (2d Cir. 1980). See also *Toys "R" Us v. Canarsie Kiddie Shop*, 559 F. Supp. 1189, 1201-05 (E.D.N.Y. 1983) (survey determined faulty due to mistakes in interviewing and information processing); Caughey, *The Use of Public Polls, Surveys and Sampling As Evidence In Litigation, and Particularly Trademark and Unfair Competition Cases*, 44 CALIF. L. REV. 539 (1956); Lee, *The Structure and Uses of Survey Evidence in Trademark Cases: The Legal Aspects—A Trap For The Unwary*, 67 TRADE-MARK REP. 120 (1977); Note, *Implied Misrepresentations on Advertisements Under Section 43(a) of the Lanham Act*, 47 ALB. L. REV. 97, 127-43 (1982).

In the absence of such reliable evidence, the court must make its own best judgment of the falsity of advertising claims. The majority of decisions have made a legitimate and satisfactory attempt to analyze the actual nature of the claim and the likelihood that it was false or likely to deceive.²⁵⁵ Given the highly fact-specific nature of most of these inquiries,²⁵⁶ it is hard to argue that the courts have taken an excessively narrow approach to Section 43(a) or that a different standard of analysis should be employed.²⁵⁷

Greater difficulty has arisen when the claims are *literally* true, but, because of other representations or because of the omission of other important facts, become deceptive.²⁵⁸ There has been some suggestion that the "truth" of a claim is an absolute defense to a Section 43(a) action and that such a representation cannot be "false," notwithstanding consumer impressions.²⁵⁹ Yet most decisions recognize that certain claims, in light of their setting or due to the omission of important information necessary to make their claims complete and accurate, may be actionable under the statute.²⁶⁰ This is certainly the preferable approach. A "half-truth" is also a "half-falsity." Because of its omission of relevant informa-

255. See, e.g., *Bose Corp. v. Linear Design Labs*, 467 F.2d 304, 310-11 (2d Cir. 1972); *Walker-Davis Publications v. Penton/IPC, Inc.*, 509 F. Supp. 430 (E.D. Pa. 1981) (analyzing defendant's claims for circulation and readership data).

256. Although a trial court's findings that advertising claims were or were not deceptive normally will be given deference, these determinations are not subject to the "clearly erroneous" test, and may be set aside if the appellate court finds the trial court incorrectly weighed the evidence. See *Fur Information & Fashion Council v. E.F. Timme & Son*, 501 F.2d 1048, 1051 (2d Cir.), *cert. denied*, 419 U.S. 1022 (1974). Cf. *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844 (1982) (findings that certain product features were "functional" and that defendants had not engaged in acts of contributory infringement subject to "clearly erroneous" rule).

257. Some lower court findings that the particular claims were not false and deceptive have been set aside on appeal based on an appellate determination that the plaintiff's evidence justified a contrary conclusion. See, e.g., *Coca-Cola Co. v. Tropicana Prods.*, 538 F. Supp. 1091 (S.D.N.Y.), *rev'd*, 690 F.2d 312 (2d Cir. 1982); *Johnson & Johnson v. Carter-Wallace, Inc.*, 487 F. Supp. 740 (S.D.N.Y. 1979), *rev'd*, 631 F.2d 186 (2d Cir. 1980).

258. In *Plough, Inc. v. Johnson & Johnson Baby Prods. Co.*, 532 F. Supp. 714 (D. Del. 1982), rival manufacturers of suntan and sunscreen lotion made competing claims of being the leading seller of those products. Although the plaintiff clearly accounted for the largest percentage of sales of the broad market, there was some suggestion that the defendant's percentage of a sub-part of that market was larger. The court therefore found insufficient evidence that the claim was "literally false." Although it recognized that "[i]f the Court determines that the message is literally true, it must often go on to the distinct question whether, even though literally true, the message is misleading," *id.* at 717 n.1, the court failed to undertake this analysis.

259. See *Smith v. Chanel, Inc.*, 402 F.2d 562, 565 (9th Cir. 1968), *aff'd per curiam*, 528 F.2d 284 (9th Cir. 1976) (quoting *Societe Comptoir de L'Industrie Cotonniere Etablissements Boussac v. Alexander's Dep't Stores*, 299 F.2d 33, 36 (2d Cir. 1962)); *Johnson & Johnson v. Carter-Wallace, Inc.*, 487 F. Supp. 740, 746 (S.D.N.Y. 1979), *rev'd in part on other grounds*, 631 F.2d 186 (2d Cir. 1980).

260. See *supra* notes 86-89 and accompanying text.

tion, a claim of this sort can often be as deceptive and as injurious to consumers and to competition as a direct or express misrepresentation.²⁶¹

Before characterizing such facially true or half-true representations as "deceptive," however, courts have required proof both that the claims did confuse or deceive some reasonable sector of the relevant consuming public (or at least had the tendency to deceive), and that the claims were material, in that they were intended to and likely to influence purchasing decisions.²⁶² Unfortunately, in determining whether these elements were demonstrated, some courts have erected unduly high barriers for plaintiffs to overcome.

For example, in *Ragold, Inc. v. Ferrero, U.S.A., Inc.*,²⁶³ the plaintiff, a seller of mint candies, complained of the defendant's comparative advertisements. The defendant asserted, correctly, that its mints contained one and one-half calories, while the plaintiff's mints had nine calories each. The advertisements did not note that the defendant's mints were far smaller and were intended to be consumed multiply. The defendant's comparison was in large measure meaningless and was arguably deceptive.²⁶⁴

261. See *Potato Chip Inst. v. General Mills*, 333 F. Supp. 173 (D. Neb. 1971), *aff'd per curiam*, 461 F.2d 1088 (8th Cir. 1972) (use of description "potato chip" in connection with product made from dehydrated potatoes rather than sliced raw potatoes constitutes a false description under Section 43(a), in light of consumers' normal expectation).

But cf. *Alfred Dunhill Ltd. v. Interstate Cigar Co.*, 499 F.2d 232 (2d Cir. 1974). The plaintiff was a manufacturer and distributor of trademarked smoking tobacco, which had been subjected to water damage in transit to the United States. Pursuant to its insurance policy, the plaintiff was reimbursed by its insurer, and the goods were sold at salvage to the defendant wholesaler, which proceeded to sell the tobacco to the public without disclosing the water damage. The court held that the defendant's failure to relabel or disclose was not a "false description or representation," and hence, was not "false advertising." While the defendant may have engaged in deceptive trade practices, such activities were not proscribed by Section 43(a).

This decision gives far too narrow a reading to Section 43(a). The defendant's failure to disclose what was surely material information to consumers—a purchaser would never expect that tins of trademarked Dunhill tobacco would have been soaked in water—was, under the circumstances, just as much a "false representation" as if the defendant had expressly asserted that the product was first class and undamaged. See also *Smith-Victor Corp. v. Sylvania Elec. Prods.*, 242 F. Supp. 302 (N.D. Ill. 1965) (manufacturer's representations that its home movie lighting equipment had certain candlepower and life would be actionable under Section 43(a) if untrue).

262. *Ragold, Inc. v. Ferrero, U.S.A.*, 506 F. Supp. 117, 124 (N.D. Ill. 1980); *Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 251 (D. Del. 1980).

263. 506 F. Supp. 117 (N.D. Ill. 1980).

264. The facts do not disclose the amount of calories on a per weight basis. The implication of the plaintiff's complaint was that the candies were roughly similar in caloric value, and differed only in the size of each unit.

The decision is troubling, however, because of the court's deference to the "inability of the television medium to convey in full the dimensional properties of objects. . . . [and the court's concern that] taken to its logical end, plaintiff's argument

Yet, the court denied relief, finding that the comparison in the defendant's advertisements was both literally truthful and not misleading to consumers.

The decision is troubling because the court failed to grapple with the following fundamental question under Section 43(a): Did the advertisements, while factually true, omit information sufficiently important to the consumers' decision to buy the product so as to deceive some portion of those purchasers?²⁶⁵ It was quite simple for the defendant to provide additional information to the public to make the claims fully truthful. A court should not shy away from imposing such requirements merely because of technical difficulties or marketing disinclination.²⁶⁶ Section 43(a), by prohibiting a "false description or representation" with respect to goods and services, entitles a seller to insist on no less in comparative advertisements by its competitors.

b. *Admittedly False or Deceptive Claims.* Most cases recognize that an admittedly false claim or assertion in advertising constitutes a "false description or representation" and falls within the

would lead to the result that all visual comparisons of products of disparate size are inaccurate and thus misleading." *Ragold*, 506 F. Supp. at 127.

265. Similar concerns can be raised about the court's opinion in *Plough, Inc. v. Johnson & Johnson Baby Prods. Co.*, 532 F. Supp. 714 (D. Del. 1982), *see supra* note 258. The defendant claimed that it was the "number one selling sunscreen" 532 F. Supp. at 715. The plaintiff, whose products were in fact the leading suntan lotions, brought an action under Section 43(a), asserting that these claims were false. The court denied relief, finding that there was some factual dispute whether defendant might not at least be the largest seller of some sub-category of suntan lotions. *Id.* at 718. The court overlooked the fact that the defendant's advertisements in no way qualified its "number one" claim, which would have at least made the limited assertion "truthful."

266. In a related context, the Supreme Court has held that the mere inability of television advertising to convey complete truth will not justify deceptive half-truths. In *FTC v. Colgate-Palmolive Co.*, 380 U.S. 374 (1965), the defendant wanted to show the moistening qualities of its shaving cream. When the cream was applied to sandpaper and allowed to soak in for forty-five minutes, the sand could be removed with a razor. However, because of the time lapse required, and because the sandpaper removal could not be demonstrated successfully on black-and-white television, the defendant resorted to a mock-up, involving sand scattered on a piece of clear plexiglass. After finding that the nondisclosure of this fact was an "unfair or deceptive act or practice" under Section 5 of the F.T.C. Act, 15 U.S.C. § 45 (1982), the Court stated:

Respondents claim that it will be impractical to inform the viewing public that it is not seeing an actual test, experiment or demonstration, but we think it inconceivable that the ingenious advertising world will be unable, if it so desires, to conform to the Commission's insistence that the public be not misinformed. If, however, it becomes impossible or impractical to show simulated demonstrations on television in a truthful manner, this indicates that television is not a medium that lends itself to this type of commercial, not that the commercial must survive at all costs.

380 U.S. at 390-91.

ambit of Section 43(a). A few cases, however, have refused to accord relief to the plaintiff in such situations.

In one case, the plaintiff complained that the defendant, its competitor, had made claims in an advertisement which, while literally true, were clearly deceptive. The court denied relief on the ground that "passing off" is an essential element of a Section 43(a) claim, and that while the defendant may have confused consumers concerning the quality of its product, the defendant had not deceived the public about the source of its goods.²⁶⁷ In another case, the plaintiff complained that the defendant, its competitor, was making inaccurate representations about the defendant's product. The court denied relief because there was no showing that the defendant's product was inferior to the plaintiff's or that consumers were injured by the defendant's misrepresentations.²⁶⁸

267. In *Salomon/N. Am. v. AMF, Inc.*, 484 F. Supp. 846 (D. Mass. 1980), the plaintiff and defendant, both manufacturers of ski bindings, had entered into agreements with the U.S. Olympic Committee for sponsorship of the 1980 Winter Olympics. In return for a payment, the defendant was allowed by the Committee to state that its bindings were the "'Official Alpine Ski Bindings selected for use by the Lake Placid Olympic Organizing Committee.'" *Id.* at 847. The defendant's bindings were in fact to be used by Committee volunteers, members and staff, and also were given away by the Committee as gifts. The plaintiff, on the other hand, was the exclusive supplier of bindings actually used by the U.S. Alpine Ski Team. The defendant, in its advertising, stated that it "'is proud to have been chosen as the Official Alpine Ski Binding . . . [and that its product is] the Official Alpine Ski Bindings selected for use by the Lake Placid Olympic Organizing Committee.'" *Id.* at 848. While the defendant's statements were conceded to be literally true, the plaintiff correctly asserted that they left the misleading impression that the U.S. team would be using these bindings. The court's opinion did not even treat this assertion, instead denying relief to the plaintiff "[b]ecause defendants' [sic] advertisement does not deceive the public as to the source of the goods" *Id.* at 849.

In an early decision under the Act, *Samson Crane Co. v. Union Nat'l Sales, Inc.*, 87 F. Supp. 218 (D. Mass. 1949), *aff'd per curiam*, 180 F.2d 896 (1st Cir. 1950), Section 43(a) was held inapplicable to an assertion that the defendant, the operator of a retail clothing store, had falsely represented that the store was operated by or for the benefit of certain labor unions, and that as a result the plaintiff, a competitor, had lost sales. The court stated that Section 43(a) was reserved for traditional trademark infringement actions. See *supra* notes 47-49 and accompanying text. This case, one of the first under the newly enacted Lanham Act, would probably not be followed today; it was expressly rejected in *U-Haul Int'l, Inc. v. Jartran, Inc.*, 681 F.2d 1159, 1160 (9th Cir. 1982).

268. In *Gold Seal Co. v. Weeks*, 129 F. Supp. 928 (D.D.C. 1955), *aff'd per curiam sub nom. S.C. Johnson & Son v. Gold Seal Co.*, 230 F.2d 832 (D.C. Cir.), *cert. denied*, 352 U.S. 829 (1956), the plaintiff manufactured and advertised a glass cleaner and polish called Glass Wax, a product which contained no wax. On a counterclaim, the defendant, a manufacturer of wax products, asserted that the plaintiff's use of the name and its advertising of it were a "false description or representation," which entitled the defendant to an injunction under Section 43(a). *Id.* at 938. Although the court found that the plaintiff's product name was false, it refused to grant injunctive relief. The opinion offered a variety of reasons for its conclusion. Some—for example, that the defendant had not shown any injury or damage to itself such as loss of sales, or lack of confusion about the plaintiff's product on the part of customers—are not particularly troubling. Others, however, create more difficulty. The court sug-

Finally, in a recent case, the court found patently untrue advertising claims not to be actionable under Section 43(a) because the claims related to the defendant's marketing techniques rather than to the product itself.²⁶⁹

These decisions impose needless and inappropriate additional requirements on Section 43(a). Although it is true that one element of this provision is a "false designation of origin" (the "palming off" prohibition), the Act also outlaws "any false description or representation, including words . . . tending falsely to describe or represent the [goods]."²⁷⁰ The Act clearly reaches false statements in advertisements other than claims of source. Admittedly the most common form of trademark infringement involves a seller passing off its goods as those of another, but nothing in Section 43(a)—either in its language or its intended scope—compels its limitation only to that conduct.²⁷¹

It is also inappropriate to require the plaintiff to prove that its competitor's product was inferior or that consumers were injured

gested that there was no evidence that "Gold Seal Glass Wax is inferior to any similar product marketed by a competitor," *id.* at 940, nor evidence that "if [consumers] had known the true facts, they most likely would have purchased a different product" *Id.* As suggested in the text, these latter factors should be irrelevant. *See also* *Hesmer Foods, Inc. v. Campbell Soup Co.*, 346 F.2d 356, 359 (7th Cir. 1965), *cert. denied*, 382 U.S. 839 (1965) ("[c]onsumer deception is an integral part of a claim under Section 1125(a)").

269. In *Abernathy & Closther, Ltd. v. E & M Advertising*, 553 F. Supp. 834 (E.D.N.Y. 1982), the plaintiff was engaged in selling jewelry. It devised a successful marketing plan, offering a "give away" of some items with the purchase of other products. The plaintiff approached one of the defendants, an advertising agency, for assistance in promoting its products. After test market results showed the probable success of this marketing device, the defendant began making identical offers for identical products in competition with the plaintiff. In their advertising, the defendants claimed that their "offer is an 'exclusive T.V. offer' and [was] made 'for the first time on T.V.' " *Id.* at 837. The district court noted that these two assertions "appear to be patently false." *Id.* Yet the court denied all relief under Section 43(a). Although stating that the conduct was "very possibly a breach of confidential relationship or act of unfair competition," it concluded that the defendants' acts did not "rise to the level of a Lanham Act violation." *Id.* at 837-38. This was because the defendants' "claims do not relate to the 'inherent quality or characteristic' of the Defendants' product. . . . [and] do not suggest to the consumer any misinformation regarding the quality of the [products] being offered by the Defendants." *Id.* at 837. Here, since the false claims were merely relevant to the marketing of the product, relief was unavailable. The court's view that "mere" acts of unfair competition do not rise to the level of Lanham Act violations is inconsistent with the legislative intent of the statute. *See supra* notes 42-44 and accompanying text.

270. 15 U.S.C. § 1125(a) (1982).

271. While some early cases took the view that since Section 43(a) was part of the federal trademark statute it incorporated the traditional element of a trademark infringement of "palming off" or "passing off," the majority of even these early decisions rejected this requirement. *See supra* notes 47-51 and accompanying text. *See also* *Glenn v. Advertising Publications*, 251 F. Supp. 889, 902-03 (S.D.N.Y. 1966); *supra* notes 63, 69.

by the defendant's false statements. It is enough to show that the statements were false, that they tended to deceive the public, and that the public probably relied on these statements in purchasing the defendant's product. The plaintiff is injured when it loses sales because of the defendant's misrepresentations. While public injury is also a concern of the Lanham Act, and its presence makes the case for relief all the more compelling, public harm should not be the *sine qua non* for relief. The plaintiff is hurt because it acted fairly and its competitor did not—regardless of whether the public received an “inferior” product. Once again, both the language of the Act and its intended scope suggest that such misrepresentation should be actionable by an injured competitor.²⁷²

Finally, no sound policy reason supports the conclusion that false advertising claims about the way that a person *markets* its product to the public are not included within the statutory prohibition on “words . . . tending falsely to describe or represent the” defendant's goods. Although a narrow reading of the statute could limit it to claims going to the “inherent quality or characteristics” of the goods themselves, false claims about the goods' uniqueness, about the defendant's warranty, or about the nature of the defendant's organization are often equally important to the consumer, and have the same likelihood of injuring both consumer and competitor. It is well within the intent of the Lanham Act to prohibit such unfair methods of competition.

Other decisions, while holding false advertising claims actionable, restrict the relief available to the plaintiff. One decision,²⁷³ which was properly reversed on this point, refused to grant injunctive relief unless the plaintiff could show that the false claims actually injured it, presumably by a demonstration of loss of sales or profits.²⁷⁴ Other cases, at least recognizing the appro-

272. See generally *Coca-Cola Co. v. Tropicana Prods.*, 690 F.2d 312, 316–17 (2d Cir. 1982); *Johnson & Johnson v. Carter-Wallace, Inc.*, 631 F.2d 186, 191–92 (2d Cir. 1980).

“Except for the dead hand of the pre-Lanham Act cases, there would seem to be no reason, in a false advertising case, why the courts could not say that they ‘need no more’ than the defendant's ‘forecast that he is “likely” to succeed’ through the use of his chosen misrepresentation.” Weil, *Protectibility of Trademark Values Against False Competitive Advertising*, 44 CALIF. L. REV. 527, 538 (1956). This is particularly true in light of the burden of proof imposed on the plaintiff by the statute itself. Relief is available to “any person who *believes* that he is or is *likely to be* damaged by the use of any such false description or representation,” 15 U.S.C. § 1125(a) (1982) (emphasis added). Certainty of injury is simply not required by the statute.

273. *Coca-Cola Co. v. Tropicana Prods.*, 538 F. Supp. 1091, 1097–98 (S.D.N.Y.) *rev'd*, 690 F.2d 312 (2d Cir. 1982).

274. *Id.* at 1098. In *Gimix, Inc. v. JS & A Group, Inc.*, 699 F.2d 901, 908 (7th Cir. 1983), the plaintiff complained of false advertising by its competitor. After noting that the advertisements made no mention of the plaintiff's product, and even after

priateness of injunctive relief, nonetheless refuse to award damages absent proof of actual injury.²⁷⁵ Given the desire not to afford the plaintiff a "windfall" when it cannot show that the false claims actually caused it measurable injury,²⁷⁶ such a claim of relief is understandable. Yet this attempted balancing may diminish the deterrent effect of Section 43(a) when it is combating false advertising.²⁷⁷ The award of at least nominal damages seems more appropriate.

A company considering the advertising of borderline claims—or indeed false or deceptive representations—will have to weigh the costs of liability which it may incur if the claims are found improper. If the worst penalty under Section 43(a) is likely to be merely an injunction, because the seller correctly guesses that its competitors will have difficulty in showing actual injury and loss of sales or profits, sellers will be far less likely to desist from undertaking such advertising.²⁷⁸ This is particularly true if the courts refuse to employ, as one kind of injunctive order, a re-

assuming that they were false, the court denied relief where the plaintiff could show neither a likelihood of any adverse impact on its sales nor any confusion by their common customers resulting from the advertisements. *Gimix*, 699 F.2d at 908. This decision is wrong. If the advertisements truly were false, at least injunctive relief should have been awarded. As a member of the same industry as the defendant, the plaintiff had sufficient "standing" to vindicate both the public interest and its own concern that members of that industry not engage in "unfair" activities. *See also supra* note 269.

275. *See Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 253-54 (D. Del. 1980).

276. *See Johnson & Johnson v. Carter-Wallace, Inc.*, 631 F.2d 186, 191-92 (2d Cir. 1980) (injunctive relief poses no threat of "windfall" to the plaintiff). *See also* *Gold Seal Co. v. Weeks*, 129 F. Supp. 928, 940 (D.D.C. 1955), *aff'd per curiam sub nom. S.C. Johnson & Son v. Gold Seal Co.*, 230 F.2d 832 (D.C. Cir.), *cert. denied*, 352 U.S. 829 (1956) ("Section 43(a) was to promote fair business dealings. It was not to provide a windfall to an overly eager competitor.").

277. Some courts have suggested a different, and inappropriate, distinction between actions for injunctive and for monetary relief:

To establish a cause of action for damages under § 43(a) plaintiff must show that the falsification actually deceives a portion of the buying public. . . . For an injunction, there is no requirement that purchasers actually be deceived, but only that the false advertisements or representations have a tendency to deceive.

Walker-Davis Publications v. Penton/IPC, Inc., 509 F. Supp. 430, 435 (E.D. Pa. 1981) (citing *Parkway Baking Co. v. Freihofer Baking Co.*, 255 F.2d 641, 648-49 (3d Cir. 1958)). *Accord* *Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 251 (D. Del. 1980); *Skil Corp. v. Rockwell Int'l Corp.*, 375 F. Supp. 777, 783 (N.D. Ill. 1974).

This distinction bears no rational relationship to the relevant question: Was the plaintiff's claim a false representation? Having established falsity, the plaintiff should be entitled to both injunctive and monetary relief, regardless of the extent of impact on consumer purchasing decisions. It is reasoning backwards to permit the kind of relief the plaintiff is seeking to affect the underlying characterization of the defendant's conduct.

278. This is especially true in light of the relatively short length of most advertising campaigns. By the time litigation is underway, the campaign often will have ended in its natural course. But the false claims may still leave a residual effect.

quirement that the seller undertake corrective advertising to clear up the deception it caused.²⁷⁹

The potential for injury to both competitors and consumers from untruthful or half truthful advertising and marketing programs is substantial. The Lanham Act was intended to combat unfair competition by prohibiting various false descriptions or representations of trademarked goods. The restrictions imposed by courts when such false claims are made are inconsistent with both the language of the statute and the broad purposes of a sound unfair competition and trademark protection regime.

c. *Product disparagement*. False or deceptive claims in the advertising or marketing of a product can take two forms. The company can falsely exaggerate the nature or quality of its own goods or services, or it may disparage or falsely represent the nature or quality of its competitor's. While there is consensus that the former practice falls within the scope of Section 43(a), there is some disagreement about whether the latter activity—"product disparagement"—is proscribed by the statute. In fact, the vast majority of reviewing courts have concluded that the Act does not

279. See, e.g., *Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 254 (D. Del. 1980) (court refused to grant corrective advertising as form of injunctive relief; such relief has purpose of minimizing the plaintiff-competitor's injury, and thus unavailable where the plaintiff was unable to show actual injury as would entitle it to monetary relief). In its enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a) (1982), to combat false advertising as a form of "unfair or deceptive acts or practices," the Federal Trade Commission has recognized that mere injunctive relief against deceptive advertising may be insufficient. In *Warner-Lambert Co. v. FTC*, 562 F.2d 749 (D.C. Cir.), *supplemental opinion on petition for rehearing*, 562 F.2d 768 (D.C. Cir. 1977), *cert. denied*, 435 U.S. 950 (1978), the court approved the Commission's order requiring corrective advertising, over the respondent's objections that this violated its First Amendment rights and that the order was in excess of Commission powers. The court approved the Commission's finding that such corrective advertising was necessary to counteract the lingering effects of the respondent's false and deceptive advertising. *Id.* at 760-61. The court in *Warner-Lambert* correctly perceived that merely prospective injunctive relief would often be an inadequate deterrent to deceptive advertising:

[F]or an advertiser who knowingly advertises falsely a simple cease and desist order provides no real deterrent. He has nothing to lose but attorneys' fees. He gets to use the deceptive advertisements until he is caught—more precisely, until Commission proceedings, which usually drag on for years, are completed against him. By the time the order has become final, the particular campaign has probably been squeezed dry, if not already discarded. In the meantime the seller has increased his market share and reaped handsome profits. The order to cease making the false claims takes none of this away from him. In short, "[a] cease and desist order which commands the respondent only to 'go, and sin no more' simply allows every violator a free bite at the apple."

562 F.2d at 761-62 n.60 (quoting Note, "Corrective Advertising" *Orders of the Federal Trade Commission*, 85 HARV. L. REV. 477, 482-83 (1971)). See also 562 F.2d at 770.

permit a "product disparagement" cause of action.²⁸⁰

Section 43(a) creates a cause of action against "[a]ny person who shall . . . use in connection with any goods or services . . . any false description or representation, including words . . . tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce"²⁸¹ Although a business that makes false statements about its competitor's products clearly satisfies the first portion of this proscription, the provision has been held inapplicable because the emphasized language is not also met. The defendant will never cause its competitor's goods to enter into commerce.²⁸² In addition, courts have decided that disparagement actions are beyond the intended reach of Section 43(a), which assertedly was intended only to proscribe traditional trademark misrepresentations.²⁸³

Such a reading of the statute unnecessarily limits its reach. In the past decade, a broad range of actions challenging misrepresentations about the defendant's own products, including those which are not of a typical trademark infringement variety, has been found cognizable under Section 43(a).²⁸⁴ A defendant's claims about the plaintiff's product should not be treated any differently. False claims about the nature or quality of goods, whether those of the advertiser or of its competitor, will have an equal adverse

280. *Vibrant Sales v. New Body Boutique*, 652 F.2d 299, 303 n.3 (2d Cir. 1981) (dictum), *cert. denied*, 455 U.S. 909 (1982); *SSP Agricultural Equip. v. Orchard-Rite, Ltd.*, 592 F.2d 1096, 1103 n.6 (9th Cir. 1979) (dictum); *Fur Information & Fashion Council v. E.F. Timme & Son*, 501 F.2d 1048, 1051-52 (2d Cir.), *cert. denied*, 419 U.S. 1022 (1974); *Bernard Food Indus. v. Dietene Co.*, 415 F.2d 1279, 1283-84 (7th Cir. 1969), *cert. denied*, 397 U.S. 912 (1970); *Zerpol Corp. v. DMP Corp.*, 561 F. Supp. 404, 415 (E.D. Pa. 1983); *Ragold, Inc. v. Ferrero, U.S.A.*, 506 F. Supp. 117, 127-28 (N.D. Ill. 1980); *Toro Co. v. Tectron, Inc.*, 499 F. Supp. 241, 251 n.20 (D. Del. 1980).

281. 15 U.S.C. § 1125(a) (1982) (emphasis added).

282. See generally E. KITCH & H. PERLMAN, *LEGAL REGULATION OF THE COMPETITIVE PROCESS* 133 (2d ed. 1979); Germain, *Too Far, Maybe?*, *supra* note 63, at 103.

283. "The language of Section 43(a) is broad enough to include practices of this latter class. But the section should be construed to include only such false descriptions or representations as are of substantially the same economic nature as those which involve infringement or other improper use of trademarks." *Bernard Food Indus. v. Dietene Co.*, 415 F.2d 1279, 1283-84 (7th Cir. 1969) (quoting *Samson Crane Co. v. Union Nat'l Sales*, 87 F. Supp. 218, 221-22 (D. Mass. 1949), *aff'd per curiam*, 180 F.2d 896 (1st Cir. 1950)), *cert. denied*, 397 U.S. 912 (1970).

"[S]ection 43(a) gives rise to a cause of action for deception in advertising only to the extent that the misrepresentation, as is the case in trademark cases involving palming off and false designation of origin, pertains to the defendant's own product." *Ragold, Inc. v. Ferrero, U.S.A.*, 506 F. Supp. 117, 128 (N.D. Ill. 1980).

As has been suggested at length already, this gives far too narrow a reading to Section 43(a). It in fact was intended to extend beyond palming off, to cover other forms of deception or unfair competition related to trademarked products. See *supra* notes 42-44 and accompanying text.

284. See *supra* notes 86-102 and accompanying text.

impact on consumers, on competitors, and on the general level of ethics in the competitive process.²⁸⁵ There is no reason to believe that Congress intended to limit actions to one side of the coin, leaving the equally undesirable other side untouched by federal law.²⁸⁶

The statutory language need not impose a hurdle to this reading. Section 43(a) can be extended to include such disparagement. A court could read the "causation" requirement as not requiring that the defendant actually market the disparaged goods, but as merely demanding that the defendant caused the false characterization of the goods to enter the marketing process. Since this is admittedly a strained reading of the language, however, perhaps a preferable alternative approach exists. Any time a defendant disparages its competitor's product, there is the implied representation that its own product is better or that it does not share the adverse or depreciated qualities of the competitor's product.²⁸⁷ Since every false representation about the goods of another carries this implied (and frequently false) claim of the superiority of one's own goods, that description or representation can be challenged under the statute without violating rules of statutory interpretation. At the same time, the goals of the Lanham Act will be furthered. Courts should adopt this more expansive view of Section 43(a).

5. Trademark Disparagement or Dilution

After the use of a trademark establishes it as an indication of the source and quality of a particular good or service, the owner of the mark has a substantial interest in precluding others from also using that mark (or confusingly similar marks) to disparage it or to dilute its uniqueness. Such disparagement or dilution may oc-

285. The illogic of the majority approach is recognized in *Skil Corp. v. Rockwell Int'l Corp.*, 375 F. Supp. 777, 782 n.10 (N.D. Ill. 1974).

286. In a number of cases where the defendant simultaneously exaggerated the qualities of its own product, and either expressly or impliedly falsely characterized or disparaged its competitor's product, the courts have accorded relief, without any reference to this distinction. See, e.g., *U-Haul Int'l v. Jartran, Inc.*, 681 F.2d 1159 (9th Cir. 1982), *aff'g* 522 F. Supp. 1238 (D. Ariz. 1981); *American Home Prods. Corp. v. Johnson & Johnson*, 577 F.2d 160, 170 n.22 (2d Cir. 1978), *aff'g* 436 F. Supp. 785 (S.D.N.Y. 1977); *Cuisinarts, Inc. v. Robot-Coupe Int'l Corp.*, 509 F. Supp. 1036 (S.D.N.Y. 1981); *R.J. Reynolds Tobacco Co. v. Loew's Theatres*, 511 F. Supp. 867 (S.D.N.Y. 1980); *Johnson & Johnson v. Quality Pure Mfg.*, 484 F. Supp. 975 (D.N.J. 1979).

287. In fact, courts have distinguished *Bernard Food*, *supra* note 280, holding that in comparative advertising, where the defendant simultaneously falsely exalted its product and disparaged the plaintiff's product, the *Bernard Food* doctrine was *not* a bar to relief. *Vidal Sassoon, Inc. v. Bristol-Myers Co.*, 661 F.2d 272, 278 n.11 (2d Cir. 1981); *Toro Co. v. Textron, Inc.*, 499 F. Supp. 241, 251 n.20 (D. Del. 1980). Cf. Note, *The Federal Law of Unfair Competition*, 47 VA. L. REV. 600, 620-21 (1961).

cur both when another uses the mark in connection with goods or services related to those offered by the original mark holder, and when the product areas are quite distant. In either event, the mark holder may fear that consumers will be confused because the competing goods are inferior. This confusion may injure the reputation of the mark holder's products in current markets and in markets of potential expansion. These activities implicate traditional trademark concerns, however, and are not the subject of this Article.²⁸⁸

Disparagement may also occur where there is little likelihood that consumers will believe that the second user is connected with or authorized by the mark holder, and also where the mark holder has no interest in the business activities of the second user. The mark holder may find the second use objectionable, and may fear that consumers will make negative associations with the mark because of the defendant's activities. This second category of disparagement or dilution has received inconsistent treatment from the courts. A review of the facts of some of these cases and a consideration of the competing values involved will suggest the desirability of the expanded application of Section 43(a) to such situations.

The different approaches taken to allegedly disparaging uses of the plaintiff's trademark are illustrated by contrasting two decisions—*Coca-Cola Co. v. Gemini Rising, Inc.*²⁸⁹ and *Girl Scouts of the United States v. Personality Posters Manufacturing Co.*²⁹⁰ In both cases, the defendant published and sold unauthorized posters which incorporated the plaintiff's mark in an undesirable and unwholesome manner. In *Coca-Cola*, the defendant's poster changed the familiar "Enjoy Coca-Cola" slogan, with its distinctive color and typescript format, into "Enjoy Cocaine." In *Girl*

288. These issues can be raised in a variety of ways. Most common would be a traditional action for trademark infringement under Section 32 of the Lanham Act, 15 U.S.C. § 1114 (1982), asserting that the defendant's use of the mark in connection with the sale of its product or service is "likely to cause confusion, or to cause mistake, or to deceive" consumers who associate that mark with the registered mark of the plaintiff. In addition, if the plaintiff's mark is unregistered, an action would lie under Section 43(a) of the Act. The other common form of challenging such contact is under a state "anti-dilution" statute. *See, e.g.*, N.Y. GEN. BUS. LAW § 368-d (McKinney 1968) ("Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief . . ."). A number of states have modeled their anti-dilution statutes after New York's. *See, e.g.*, CAL. BUS. & PROF. CODE § 14330 (West Supp. 1984); DEL. CODE ANN. tit. 6 § 3313 (Supp. 1982); ILL. ANN. STAT. ch. 140, § 22 (Smith-Hurd 1964 & Supp. 1983); MASS. ANN. LAWS ch. 110B, § 12 (Michie/Law. Co-op. 1975). *See also* Note, *Anti-dilution Statutes: A New Attack on Comparative Advertising*, 61 B.U.L. REV. 220 (1981).

289. 346 F. Supp. 1183 (E.D.N.Y. 1972).

290. 304 F. Supp. 1228 (S.D.N.Y. 1969).

Scouts, the defendant published and sold a poster consisting of a pregnant girl obviously dressed in the uniform of the Junior Girl Scouts, with her hands clasped above her clearly enlarged abdomen and the slogan "Be Prepared" appearing alongside her. In both cases, the plaintiff alleged that some members of the public might believe that the plaintiff had authorized or permitted the poster. Each plaintiff further alleged that the poster reflected adversely on its organization, and that some members of the public might have a lesser regard for the plaintiff or for its product or service as a result. In *Coca-Cola*, the court granted injunctive relief;²⁹¹ in *Girl Scouts*, the court denied relief.²⁹²

Coca-Cola was correctly decided. The court recognized the substantial interests of the owner of a trademark in its mark. It noted that the continuation of such conduct would injure the mark owner and some members of the public.²⁹³ Finally, the court properly balanced this injury against the limited interests of the defendant²⁹⁴ in the unauthorized use of the trademark.²⁹⁵

In *Girl Scouts* the court denied relief primarily because of inadequate proof by the plaintiff. The court noted that no facts suggested that the public was indeed likely to believe that the plaintiff

291. 346 F. Supp. at 1183, 1180-89.

292. 304 F. Supp. at 1235-36.

293. 346 F. Supp. at 1191.

294. The defendant's articulated interests included its right to compete against the plaintiff in the offering of various products, and the First Amendment interest in "satirization" of the plaintiff's reputation for wholesomeness or in the presentation of certain points of view. *Coca-Cola Co.*, 346 F. Supp. at 1187. See *infra* note 301. Additionally, defendant might have sought to appear as a vicarious representative of the public, in making available a desirable (over 100,000 copies of the poster were sold) article of commerce. See *supra* notes 220-23.

295. *Coca-Cola Co.*, 346 F. Supp. at 1191. Similar results, applying Section 43(a) to enjoin disparaging use of a trademark by persons engaged in unrelated business activities, have been reached in a number of other decisions. See, e.g., *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (defendant enjoined from exhibiting a pornographic motion picture ("Debbie Does Dallas") in which actresses wore clothes confusingly similar to football cheerleaders' uniforms) (noted in 9 CAP. U.L. REV. 343 (1979), and 48 TENN. L. REV. 182 (1980)); *Chemical Corp. v. Anheuser-Busch*, 306 F.2d 433 (5th Cir. 1962), *cert. denied*, 372 U.S. 965 (1963) (seller of combined floor wax and insecticide enjoined from use of slogan "where there's life . . . there's bugs," confusingly similar to plaintiff beer manufacturer's slogan "Where there's life . . . there's Bud"); *General Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. (BNA) 1036 (D. Mass. 1979) (defendant enjoined from selling shirts and briefs monogrammed with "GE" symbol confusingly similar to plaintiff's and with legend "Genital Electric"); *Gucci Shops v. R.H. Macy & Co.*, 446 F. Supp. 838, 840 (S.D.N.Y. 1977) (manufacturer of fashion luggage and carrying bags entitled to injunction against confusingly similar diaper bag: "well-known registered trademark . . . may still be protected from such ridicule"). But see *Carson v. Here's Johnny Portable Toilets*, 698 F.2d 831 (6th Cir. 1983), *vacating* 498 F. Supp. 71 (E.D. Mich. 1980) (manufacturer of portable toilets not enjoined from using "Here's Johnny" slogan associated with famous television comedian, since likelihood of public confusion of sponsorship or authorization small).

was the source of the poster.²⁹⁶ Although the plaintiff asserted that it had received "indignant" telephone calls from the public concerning the poster, the court found it equally likely that these calls reflected public sympathy rather than public condemnation.²⁹⁷

This decision reads Section 43(a) far too narrowly, overlooking both the expansive statutory language and the competing interests protected by the Lanham Act.²⁹⁸ Although it is arguable that there can be no "false designation of origin" without confusion by the public of the source of the infringing use of the trademark, it does not follow that confusion as to source is necessary to make out a "false description or representation" claim. This latter proscription in Section 43(a) can also be violated, as long as the plaintiff shows that the public might believe that the offending trademark use is authorized by, or somehow connected with, the plaintiff. Forms of confusion other than of source can also violate Section 43(a).

An evaluation of the public and private interests suggests that

296. *Girl Scouts*, 304 F. Supp. at 1231.

297. *Id.* Although the court in *Coca-Cola* distinguished, and properly disagreed with, the *Girl Scouts* decision, it did so for essentially unsound reasons. 346 F. Supp. at 1192. First, the court said that "[t]he Girl Scouts are not engaged in trade and their uniform, insignia and slogan are in no sense trademarks." *Id.* Second, it observed that the *Girl Scouts* decision "found no evidence of any confusion, which is clearly not the case here" *Id.* Although the Girl Scouts organization may be non-profit, it is hard to understand why the *Coca-Cola* court believed their various symbols were therefore not "trademarks." The symbols have exactly the same function—identifying source and quality of goods or services—as do the symbols of General Motors or Exxon. *Cf.* NAACP v. NAACP Legal Defense & Educ. Fund, Inc., 559 F. Supp. 1337, 1342 (D.D.C. 1983). Although the case for relief is admittedly stronger if there is actual confusion of source, as the text indicates, the absence of actual confusion of origin ought not defeat the Section 43(a) action. As long as there is some public belief as to connection or authorization, injury will be inflicted upon the mark holder.

298. Similar criticism may be directed at *Pillsbury Co. v. Milky Way Prods.*, 215 U.S.P.Q. (BNA) 124, 132–34 (N.D. Ga. 1981). The defendant, publisher of "Screw" magazine, depicted in "Screw" the plaintiff's symbols—the Poppin' Fresh doughboy and Poppie Fresh doughgirl—performing various sexual acts. The plaintiff asserted the fear that consumers might believe that it sponsored or authorized the defendant's use of these trademarks and trade characters. Although the plaintiff's trademarks were clearly incorporated in the defendant's photographs, the court denied relief under Section 43(a) because of the absence of a likelihood of public confusion about source or sponsorship of the trademarks. *Id.* at 132–34. Nonetheless, it is hard to understand why such obvious injury to the reputation of the trademark owner should go unremedied. *Cf.* *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 759 (9th Cir. 1978) (no trademark infringement since likelihood of confusion was slight, although the defendant, a publisher of an adult, counter-culture comic book, used a title similar to that used by the plaintiff, who was a publisher of children's comic books, since likelihood of confusion was slight), *cert. denied*, 439 U.S. 1132 (1979).

it is wrong to refuse protection here.²⁹⁹ The plaintiff has built up its trademark at considerable cost and initiative, creating good will through the passage of time and the offering of a desirable product or service. The defendant is not truly entering into competition with the plaintiff. It simply wishes to get a free ride on the plaintiff's reputation, making sales in some other product area which would otherwise be unavailable to it, but for the plaintiff's efforts. While the defendant is enriched, the plaintiff suffers a very real harm via a tarnished reputation. Finally, there is little public interest to be protected in denying relief to the plaintiff.³⁰⁰ Some persons are gratified by purchasing and displaying this poster, yet the loss of this opportunity is relatively trivial when compared to the larger public interest in a strong and fair trademark protection system.³⁰¹

299. See generally Pattishall, *The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects*, 71 NW. U.L. REV. 618 (1976).

300. In contrast, legitimate public interests may have justified the continued unauthorized use of a trademark in another "poster" case, *Stop the Olympic Prison v. United States Olympic Comm.*, 489 F. Supp. 1112 (S.D.N.Y. 1980). The defendant, the owner of the Olympic trademark of five colored, interlocking rings, was partially responsible for the organization of the 1980 Winter Olympic Games at Lake Placid, N.Y. The dormitory to be built at the Olympic Village was designed to be used after the termination of the Winter Games as a medium security facility—a prison. The plaintiff objected to that plan; one of its acts was the design, publication, and sale of a poster which employed the defendant's trademark. The plaintiff obtained declaratory relief to establish the legality of this use. Although this use clearly was inconsistent with the policies and goals of the defendant, and may have reflected to some extent adversely on it, the court nevertheless properly granted declaratory judgment. The court held that the defendant had failed to carry its burden in counterclaiming for trademark infringement, of proving significant likelihood of confusion as to the source of the poster. *Id.* at 1123, 1126. The court did not reach the plaintiff's claim that an important political issue was involved, and that First Amendment interests were implicated. *Id.* at 1126. The plaintiff's use of the Olympic rings, however, may well have been an important element of its expression of views, and trademark law should yield to these other interests. *Cf. Reddy Communications, Inc. v. Environmental Action Found.*, 477 F. Supp. 936 (D.D.C. 1979) (the plaintiff, a public relations corporation serving electric utility industry, had federally registered service mark for "Reddy Kilowatt," a cartoon character used to promote uses and virtues of electricity; although no first amendment defense was raised, defendant environmental organization was allowed to use caricature or parody of the plaintiff's mark in its publications because plaintiff failed to prove likelihood of confusion.)

301. Another public interest that might arise in certain unauthorized trademark use cases is that of satirization. For example, in *Tetley, Inc. v. Topps Chewing Gum*, 556 F. Supp. 785 (E.D.N.Y. 1983), the owner of the trademarks for "Tetley" tea bags and "The Tiny Little Tea Leaf Tea" slogan complained that the defendant's stickers were marketed in novelty stores to young children. In addition to finding that there was no likelihood of confusion by consumers as to source, sponsorship, or authorization, the court also suggested that such use was permitted as a parody or satirization, akin to the parody/fair use defense for copyright infringement, when the parody resulted in no likelihood of confusion. *Id.* at 793. See also *Carson v. Here's Johnny Portable Toilets*, 698 F.2d 831 (6th Cir. 1983); *Reddy Communications, Inc. v. Environmental Action Found.*, 477 F. Supp. 936 (D.D.C. 1979); *Girl Scouts of United*

Once again, the above analysis suggests that Section 43(a) offers substantial opportunities for the protection of trademark owners, for the reduction of these forms of unfair competition, and for the enhancement of the general level of competitive norms. Courts should take an expansive view of the statutory scope.

CONCLUSION

In contrast to a time when a federal court lamented that Section 43(a) of the Lanham Act was grossly underutilized,³⁰² the past decade has seen an explosion of the number of actions brought under the Act. Courts still hesitate, however, to apply the statute in a number of appropriate situations.

The limitations on Section 43(a) are the product of many factors. The legislative history of the provision is limited, and thus the Congressional intent is hard to discern. The language is turgid and difficult to understand, lending itself to a judicial inclination to give it a restrictive meaning. The early precedents, based in substantial measure on pre-Lanham Act decisions, gave the provision an unduly narrow reading, and under our common law tradition these cases still rule from the grave. The incorporation of this provision into an otherwise traditional trademark statute naturally leads courts to adopt a trademark mentality, and to consider only traditional trademark interests and trademark remedies.

Even if courts adopt a trademark mentality, though, the application of Section 43(a) to a broader range of activities is consistent with basic trademark concerns and values. One of the two major objectives of trademark laws is the protection of consumers against deception about the origin, source, or nature of trademarked products. Even deception other than classic "palming-off" or confusion about the identity of the producer can adversely affect these goals. Furthermore, the other key objective—broader protection of the rights of owners of trademarks or related symbols or features not to have others take advantage of their good will or deceive consumers about the source or nature of goods sold

States v. Personality Posters Mfg. Co., 304 F. Supp. 1228, 1230-31 (S.D.N.Y. 1969); *supra* notes 289-300 and accompanying text.

A difficulty with the satirization defense is that it requires some difficult line drawing both when the likelihood of consumer confusion as to the plaintiff's authorization or sponsorship becomes more likely, and also when the satirization diminishes the public perception of quality or wholesomeness of the plaintiff's product. Thus, a parody defense might also apply in the *Pillsbury* case, *see supra* note 298. Yet this use of the plaintiff's mark seems sufficiently outrageous as not to qualify for such a privilege.

302. Compare the concern expressed by Judge Clark in 1955, that the potential impact of Section 43(a) was unappreciated by most practicing attorneys. *See supra* note 57.

under their marks or symbols—will also be advanced when relief is accorded for other deceptive or unfair activities. Finally, continued adherence by all to the ethics of our manufacturing and marketing system requires some assurance that certain forms of unfair competition will be prohibited. More than simply our feeling that one ought to “play fair” is involved. Once some competitors are permitted to practice certain forms of unfair competition, others will imitate those methods. Not only will there be a loss of confidence in the system, but there will be diminished participation, investment, and creativity by others.

This fuller consideration of trademark and competition interests suggests that a broader application of the statute is both appropriate and necessary. An array of activities continues to smack of unfair competition. These include: deceptive advertising; dilution of the distinctiveness of trademarks or associated products or services; product disparagement; misappropriation of nonfunctional features or trade dress; and wholesale appropriation of trademarks or other symbols for uses different from the mark owner's enterprise. Those unfair practices of a traditional trademark variety can be fought under customary common law and statutory principles which deal with trademark infringement, palming off, and other forms of deception.

Competitors and consumers injured by other forms of misrepresentation, deception, and unfair competition also require strong and uniform protection. While some state laws give varying measures of relief for such conduct, general reliance on state protection has led to inconsistency and unpredictability as well as to important gaps in protection. Both consumers, led to purchase different kinds of goods than otherwise desired, and competitors, losing sales or having their reputations sullied, deserve the protection and uniformity which vigorously enforced federal legislation would afford.

Section 43(a) of the Lanham Act is just such a statute. Its scope is fully capable of reaching many of these forms of unfair competition. The range of an expanded Section 43(a) could cover false or deceptive advertising, misappropriation, trademark dilution, trademark or product disparagement, and perhaps some rights of publicity. Furthermore, the breadth of trademark protection would more closely resemble copyright protection, according some “rights in gross” to trademark owners. The basic goals of the trademark laws—protection of consumers, competitors and the competitive process—would be furthered by Section 43(a)'s expanded application. The courts must respond.