

United States of America

Q168

Use of a mark "as a mark" as a legal requirement in respect of acquisition, maintenance and infringement of rights

Introduction

The United States of America has a flexible, expansive approach to the question of use of a mark "as a mark" in connection with trademark acquisition, maintenance, and enforcement. The limits of what can be considered proper trademark use have been expanded significantly in the internet and famous mark contexts, and the United States of America has a developed statutory and jurisprudential legal structure on these and related issues. Nevertheless, new media and the developing global economy have presented novel issues. While some appear easily recognizable when filtered through the lens of traditional doctrines, others have proven far more elusive and have challenged both the legislature and the judiciary to fashion new forms to address the concerns of mark owners.

1. Is there any requirement for use of a mark "as a mark" for the purposes of:

1.1 *Acquiring a mark (if rights may be acquired by use according to national law)*

Yes. In the United States of America, trademark rights arise out of use and registration. When registrations are based on the Paris Convention, enacted through Section 44 of the Trademark ("Lanham") Act, they do not require use before registration. For trademark rights to arise out of use (Lanham Act Section 1), they must be both "affixed" to the goods and services in some manner and used in interstate commerce, which we would interpret as use of a mark "as a mark".

Typical examples of trademark affixation are labels, hangtags, displays, or packaging for goods, and advertising or signage for services. As TMEP 905 states:

"The mode or manner by which a mark may be applied to goods is explained in §45 of the Trademark Act, 15 U.S.C. §1127, in the definition of "use in commerce." The section states that, for purposes of the Act, a mark shall be deemed to be in use in commerce on goods when "it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale...."

Once the mark's owner has "affixed" the mark to the goods and/or services he or she must demonstrate the use to the Examiner through submission of specimens. Based on the nature of the goods and/or services these specimens may vary. According to TMEP 905, they can:

"consist of samples of the material used for labeling the goods in trade, or of photographs of labeled goods in the trade channel. The type of material which is submitted as specimens will vary depending on the particular circumstances of each application. Specimens provide part of the basis for examination because they show the manner in which the mark is seen by the public, including matter which appears in association with the mark in trade; specimens also provide supporting evidence of facts recited in the application. Regarding specimens for service marks, see 37 C.F.R. §2.58; TMEP §1301.04."

As was stated, registrations under the Paris Convention do not require a showing of use to mature to registration.

While a §44 applicant must assert a bona fide intent to use the mark in commerce, the applicant need not assert actual use in commerce prior to registration if the application is based solely on §44. In addition, the applicant in such a case need not specify any mode or manner of use of the mark in connection with the goods or services. See *Crocker National Bank v. Canadian Imperial Bank of Commerce*, 223 USPQ 909 (TTAB 1984); TMEP §1009.03.

Moreover, TMEP 905.04(c), offers guidance as to the types of specimens that will meet the "affixation" requirement. Specifically, this section states:

"The terminology "applied to the containers for the goods" means applied to any type of commercial packaging which is normal for the particular goods as they move in trade. Thus, a showing of the mark on the normal commercial package for the particular goods would be acceptable as a specimen. For example, gasoline pumps are normal containers or "packaging" for gasoline, but machinery for retreading tires is not normal "packaging" for tires. See *Heintz v. American Tire Machinery Co.*, 54 USPQ 105, 107, 328, 329, 510 (Comm'r Pats. 1942). The following cases illustrate instances in which dispensing containers and transporting vehicles for the goods are not proper as specimens: *In re Lyndale Farm*, 186 F.2d 723, 88 USPQ 377 (C.C.P.A. 1951); *Ex parte Chicago Towel Co.*, 99 USPQ 480 (Comm'r Pats. 1953); *In re Webcor, Inc.*, 122 USPQ 97 (TTAB 1959). However, use of the mark on a vehicle, or in a similar fashion, may constitute use of the mark on the goods if this is the normal mode of use for that commodity. *In re E.A. Miller & Sons Packing Co., Inc.*, 225 USPQ 592 (TTAB 1985). In TMEP 905.04(d), specimens for trademarks identifying computer programs, movies or video tapes are reviewed. This section states: "The computer program, video tape and movie industries have adopted the practice of applying trademarks to their goods in such a manner that the marks are visible only when the programs or movies are displayed on a screen (perhaps, for example, on the first several frames of a movie). A photograph of a display screen projecting the identifying trademark of a computer program or a photograph of a frame or frames of a movie or video tape bearing the mark sought to be registered should be acceptable as evidence of trademark use. It is not a prerequisite to acceptability of specimens that purchasers be able to see the mark prior to purchase of the goods. *In re Brown Jordan Co.*, 219 USPQ 375 (TTAB 1983) (stamping the mark after purchase of the goods, on a tag attached to the goods, which thereafter are transported in commerce, held sufficient). (Note: The specimen issue is a different issue from the registration requirement that a mark be used in commerce in relation to goods or services.)"

As will be discussed later, an important difference between the requirements for registration and those for maintenance of an infringement action is that, advertising is not acceptable for establishing trademark rights. As TMEP 905.05, states:

"Advertising material is generally not acceptable as specimens for goods. Any material whose function is merely to tell the prospective purchaser about the goods, or to promote the sale of the goods, is unacceptable to support trademark use. Similarly, information or instruction sheets are generally not acceptable for showing trademark use. *In re Schiapparelli Searle*, 26 USPQ2d 1520 (TTAB 1993); *In re Drilco Industrial Inc.*, 15 USPQ2d 1671 (TTAB 1990); *In re ITT Rayonier Inc.*, 208 USPQ 86 (TTAB 1980); *In re Bright of America, Inc.*, 205 USPQ 63 (TTAB 1979). But see *In re Ultraflight Inc.*, 221 USPQ 903 (TTAB 1984)."

Additionally, Professor J. Thomas McCarthy states in his famous treatise: "The manner of use, or physical affixation of a trademark to a product, must be viewed against the overall Section 45 definition of "use in commerce" which became effective November 16, 1989. This definition establishes the standard for the volume of commercial use of the mark which must be made, as distinguished from the means of applying the mark to the product. "Use in commerce" means, under

Section 45, "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." McCarthy, Trademark Protection and Practice, Vol. 1 Sec. 3.02, Matthew Bender Publishing, 2000.

In summary, good faith commercial use, not mere token use, is required to support registration and acquisition of trademark rights.

1.2. *Maintaining a trademark registration (e.g. against an application for cancellation on grounds of non-use)*

Yes. The U.S. law on maintaining a registration is the same as the law on acquiring rights, namely, the mark must be used "as a mark" and must be affixed to the goods or services in the manner prescribed by law. Under the Lanham Act, as amended in 1988, the trademark owner must make bona fide use of the mark in commerce to prevent a cancellation action on the basis of non-use. The Act provides a rebuttable presumption that the mark has been abandoned if a party can show that it has not been used for three (3) consecutive years.

1.3 *Establishing infringement*

Sometimes. The standards for establishing infringement are broader than those for establishing or maintaining trademark rights since the test will always be likelihood of consumer confusion. Once the focus of the inquiry shifts from the requirements of the U.S. Trademark Office to a question of consumer perception the judicial system is free to consider many factors, among them are the mark's strength and the mark owner's investment in promotion of the mark. See e.g. *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194 (9th Cir. 1979).

2. Is there any definition of what is use "as a mark" either in statute or case law?

Yes, since use of a mark "as a mark" in use of a mark is lawful trademark use. Section 45 of the Trademark Act, 15 U.S.C. §1127, defines "commerce" as "all commerce which may lawfully be regulated by Congress." Section 45 defines "use in commerce" as follows:

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce:

1. on goods when:
 - a. it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and
 - b. the goods are sold or transported in commerce, and
2. on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

This strict definition of "use in commerce" applies to all applications, affidavits of use and renewals filed on or after November 16, 1989, the effective date of the Trademark Law Revision Act of 1988, Public Law 100-667, 102 Stat. 3935. Cf. *Ralston Purina Co. v. On-Cor Frozen Foods Inc.*, 746 F.2d 801, 223 USPQ 979 (Fed. Cir. 1984). See, TMEP Sec. 901.01.

For use on a display to count as use of a mark it must predominantly display the mark in question and

associate it with, or relate it to, the goods or services. Further, the design of the display should be intended to catch the attention of consumers as an inducement to consummate a sale. Even if the goods are not placed in close proximity to the display their relationship should be such that consumer association of the two is inevitable. See, TMEP sec. 905.06; *In re Bright of America, Inc.*, 205 USPQ 63 (TTAB 1979), and cases cited therein. See also *In re ITT Rayonier Inc.*, 208 USPQ 86 (TTAB 1980). Cf. *In re Shipley Co.*, 230 USPQ 691 (TTAB 1986); *In re Jones*, 216 USPQ 328 (TTAB 1982).

The definition of “displays” does not, per se, include folders and brochures describing goods and their characteristics or serving as advertising literature. *In re Schiapparelli Searle*, 26 USPQ2d 1520 (TTAB 1993); *In re Drilco Industrial Inc.*, 15 USPQ2d 1671 (TTAB 1990). In order to rely on such materials as specimens, an applicant must submit evidence of point-of-sale presentation. See *In re Ancha Electronics Inc.*, 1 USPQ2d 1318 (TTAB 1986); *In re Columbia Chase Corp.*, 215 USPQ 478 (TTAB 1982). See TMEP §905.06(a) regarding the criteria by which a catalog or other advertising may constitute a display associated with the goods. See TMEP, sec. 905.06.

3. Is there any difference in the assessment of use "as a mark" between the acquisition, maintenance and infringement of rights?

Yes. As was stated in the answer to Question 2, use of a mark is more broadly assessed when considering likelihood of confusion in an infringement issue. For example, use in respect of advertising and promotional materials may be “tacked on” to use of a mark as “affixed” to the goods to provide the plaintiff in an infringement action a more advantageous position. The same use, however, will not be considered by the Trademark Office for the purposes of achieving registration. Section 32(1) of the Lanham Act expressly includes advertising among its forms of actionable infringement, prohibiting use of a “reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the ... advertising of any goods or services,” where it is likely to cause confusion.

On the other hand, use which may support a registration may not be considered sufficient to maintain an action for infringement. While the test for registration of a mark requires trademark use to be both in interstate commerce and directly affixed to the goods, there is no requirement as to the scope of the use. Thus a company which has mailed its product to a single customer in another state could achieve a registration based on that use, yet they would encounter difficulty in an infringement action due to the public’s minimal exposure to the mark. See, *Procter & Gamble Co. v. Johnson & Johnson Inc.*, 485 F. Supp. 1185, 205 U.S.P.Q. 697 (S.D.N.Y. 1979), *aff’d* without opinion, 636 F.2d 1203 (2d Cir. 1980).

4. Is any of the following considered to be use "as a mark":

4.1 Use on the internet, as a metatag, in linking or framing

Metatags: Yes. These are key words embedded in a website’s HTML source code. When conducting a search on the Web, a search engine reviews, among other things, a websites metatags to assess whether the key words are related to the search terms. When a match is found it is listed by the search engine as a search result or “hit” to be examined by the person conducting the search. While metatags undoubtedly serve a useful purpose and are commonly used in websites, they are also subject to abuse. For instance, there have been a number of instances in which a competitor to a particular business has placed its competitor’s trademarks in their website’s metatags. The competitor’s obvious intent is to appear on a list of results together with the other sites and thereby get noticed, and possibly also direct traffic away from the legitimate site and toward the competitor’s site. This is not to state that a third party may never use trademarks in their metatags. A “fair use” doctrine does exist (it applies to use of a mark in its non-trademark sense, such as “my friend has a WHIRLPOOL dishwasher,” or to certain limited legitimate uses such as comparative advertising, for example “the WHIRLPOOL dishwasher is better than the KITCHENAID dishwasher”) but its applicability varies with the surrounding circumstance and it should not be assumed to apply.

There is a growing body of cases in the United States that recognizes that such use of a party's trademark in connection with a website's metatags constitutes trademark infringement under a theory of liability known as "initial interest confusion." Under this doctrine a party can be held liable for trademark infringement for using a competitor's trademark in order to direct the public to the party's site even if the public immediately realizes it is not in the right website and there is no risk of confusion. See *New York State Society of Certified Public Accountants v. Eric Louis Assocs. Inc.*, 79 F. Supp.2d 331 (S.D. N.Y. 12/2/99). (Court found that initial interest confusion existed where defendant used plaintiff's acronym in its domain name and metatags in its web site. Defendant established nysscpa.com, while plaintiff's site was nysscpa.org. Court noted that acronym had no relationship to defendant's business, and its use appeared to be a deliberate attempt to divert traffic from the society's web site to the company's.) See also, *N.V.E. v. Hoffman-La Roche*, 1999 U.S. Dist. LEXIS 20204 (D. N.J., Dec. 27, 1999); *SNA Inc. v. Array et al*, No. CIV A 97-7158 (E.D. Pa., June 9, 1999) (Court enjoined use of plaintiff's trademarked name in metatags embedded in defendants' web sites, based on showing of intent to confuse Internet users and harm plaintiff's businesses. Distinguished other cases finding metatags to be legitimate indexing tool on factual grounds); *Playboy Enterprises Inc. v. Calvin Design Label*, 985 F. Supp. 1220 (C.D. Cal. 9/8/97) (Injunction issued against Web site operators who used plaintiff's registered trademarks PLAYBOY and PLAYMATE in domain names, in Web site text, and in metatags); *Brookfield Communications v. West Coast Entertainment Corp.*, No. 98-56918 (9th Cir., April 22, 1999). (Court ordered the defendant to cease using the plaintiff's registered mark "moviebuff" in its meta tags). *But See*, *Playboy Enterprises v. Welles*, 47 U.S.P.Q.2d (BNA) 1186, 7 F.Supp.2d 1098, 1998 U.S. Dist. LEXIS 9180 (S.D. Cal. 5/18/98) (Playboy's motion for preliminary injunction against former Playmate Terri Welles's Web site denied). Pleadings may be found at: <http://www.pmdlaw.com/playboywellesdocs.htm>

Linking: Sometimes. This is the practice of placing a link from one's own webpage to another's site. Most often, these links are directed to another site's homepage. Generally speaking, this use is fairly commonplace and generally considered to be acceptable. Nevertheless, it could raise liability issues as the linker has control over the presentation of the linkee's site. This assumption of control, if abused, could rise to an actionable level. Further, one author has suggested that it may be considered the creation of a derivative work. See, "Intellectual Property Counseling & Litigation" Lester and Ethan Horwitz, Part II A sec. 13.10. More controversial, is the practice of providing links to a site other than a homepage - so called deep-linking. This practice has the effect of bypassing the homepage, the site provider's policies and terms of use, and as a result, the site's sponsor or creator may remain unknown to the viewer. This is particularly pertinent in the unfair competition arena as it creates issues of both "passing-off" and "reverse passing-off." As a result of deep-linking, an internet user may find him or herself viewing pages written by an unannounced author or the user may believe that the content originated with the site that provided the link.

While this area has generated a few cases to date, none have provided a definitive guide from which the risks of infringement can be evaluated. In *Ticketmaster Corp. v. Tickets.com*, 2000 U.S. Dist. LEXIS 12987, Copy. L. Rep. (CCH) P28146 (C.D. Cal., August 10, 2000) (No. CV99-7654-HLH (BQRx)) (unpublished opinion), Ticketmaster alleged that Tickets.com provided "thousands" of links to pages deep within Ticketmaster's site. Notably, Ticketmaster's claims under the law of unfair competition for "passing off" and "reverse passing off" survived Tickets.com's motion for dismissal and, as yet, remain adjudicated. Nevertheless, the ruling by Judge Hupp included a statement that, "deep linking by itself (i.e. without confusion of source) does not necessarily involve unfair competition." While far from a definitive statement on the topic, this reminds us that these are intensely fact-driven situations and a prospective deep linker should be aware that their actions may be confusing to the public and therefore, actionable under U.S. law.

Framing: Sometimes. This occurs when a website is viewed in one section of a webpage which is otherwise dominated by content under the framer's control. This practice allows the controlling site to frame a page with anything from its own trademarked content to the banners of advertisers who pay the controller for their presence. This wrests control over the framed site's presentation and content

from its original presenter. While this type of use can be considered fair use in certain contexts, it could also constitute infringement, dilution or a violation of the law of unfair competition. In particular this practice runs the risk of creating confusion as to source, sponsorship or affiliation. Further, there is a risk of blurring or tarnishment, traditional forms of dilution. Finally, a framer may be guilty of either “passing off” or “reverse passing off”. As yet this a largely undeveloped area of law and it is difficult to predict how either the courts or the legislature will come to treat framing. As with metatags and linking, framing is one of the new issues raised by an emerging medium and there is no telling how custom and usage will come to inform the developing legal debate.

4.2 *Use by fan clubs or supporters*

Yes. It is accepted that the presence of trademarks and service marks have an impact on the culture and style of the populous to whom they are exposed. For many people worldwide MCDONALD’S famed arches symbolize more than a fast food chain, they represent the American way of life. Marks such as COCA-COLA, STAR TREK, and PORSCHE are also bought or used to express identification with a product or the lifestyle they have come to represent. Even educational institutions market their names to people other than alumni who desire to identify with an institution. Simply put, trademarks have become as much a part of the cultural dialogue as celebrities themselves. As trademark owners create associations between marks and cultural values, it is only logical to assume that once the associations are established they will be reassumed by society as symbols of those values originally targeted by the mark’s owners. This charges the marks with an expressive significance which must be respected as any other form of speech.

Despite the fact that fan usage of trademarks as expressive elements, even when it was for profit, had been the province of third-parties, consumer awareness of “the intervening phenomenon of licensing, franchising, brand extensions, brand leveraging, co-branding, umbrella brands and reach brands,”⁽¹⁾ has grown in recent years. Now purchasers of these products are more likely to assume that there is a connection between the trademark owner and any products bearing the mark.

The assumption of sponsorship, affiliation or endorsement has shifted the responsibility for the appearance of a brand back to its originators. Along with this phenomenon there came acceptance of the idea that that third-party, unauthorized marketers should not be entitled to profit from that which could otherwise be licensed. Courts thus routinely reject efforts “to capitalize on the good will created by the tremendous expenditure in advertising [and effort] by [a] plaintiff.”⁽²⁾ Thus, actual merchandising, such usage on t-shirts, bumper stickers and mugs, for example, is the accepted province of the trademark owner.

As a consequence of these transitions, Courts have had an increasingly difficult time drawing the line between fair use and actionable infringement or dilution. With fan or club usage, the Court’s have to balance both the trademark owner’s interest in its mark against the free speech rights of the mark’s users. Invariably, the intent of the third-party in assuming the mark, the possibility of third-party profit from that use and diligence of the trademark owner in protecting the mark will all factor heavily in the Court’s determination as to whether the use has been “fair” or not.

In the final determination the Lanham Act should prove particularly useful when the “fan usage” is actually a attempt to profit from the good will already established by the trademark owner. When profit is not the motive, the trademark owner may find a greater measure of success when the “fan” usage is destructive to the reputation which mark’s owner have acted to build. “The trademark laws are designed not only to prevent consumer confusion but also to protect ‘the synonymous right of a trademark owner to control his product’s reputation.’”⁽³⁾

In this case, therefore, Judge Learned Hand’s classic formulation is particularly apt:

[An owner’s] mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner’s reputation. whose quality no longer lies within his own control. This is an injury.

even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask.⁽⁴⁾

While trademark owners have both legitimate concerns about and strong weapons to respond to misuse by fan or clubs, legitimate usage and free expression will necessarily play an important part in the development of this area of trademark law.

4.3 Parody

Sometimes. In parody, which is not a defense to infringement but rather a factor to be considered in the likelihood of confusion analysis, there is no claim that the parodist is not using the mark as a mark. Rather, the mark is used as a mark but it is claimed that there is no likelihood of confusion because the use must be seen as a “joke” or promoting a free speech message.

Defendants will likely maintain that their product is a parody. “In a traditional trademark infringement suit founded on the likelihood of confusion rationale, the claim of parody is not really a separate ‘defense’ as such, but merely a way of phrasing the traditional response that customers are not likely to be confused as to source sponsorship or approval.” *Sheffelin & Co. v. The Jack Company of Boca*, 725 F.Supp. 1314, 1323 (S.D.N.Y. 1989) (citations omitted). “A parody must convey two simultaneous - and contradictory - messages: that it is the original, but also that it is not the original and is instead a parody. To the extent that it does only the former but not the latter, it is not only a poor parody but also vulnerable under trademark law, since the customer will be confused.” *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, 886 F.2d 490 (2d Cir. 1989).

An important element to a claim of parody is the ability to prove that the criticism was directed to the company or person whose mark was appropriated. “The heart of any parodist’s claim to quote from existing material [] is the use of some elements of a prior author’s composition to create a new one that, at least in part, comments on that author’s works.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580, 127 L.Ed. 2d 500, 114 S. Ct. 1164 (1994). The parody must have some, “critical bearing on the substance or style of the original composition.” *Id.* Thus, it is insufficient for one to merely claim that the use of another’s trademark was merely an exercise of the First Amendment right to criticism if the criticism is not directed to the appropriated trademark or trademarked product.

The courts are not unfamiliar with infringers who claim their products are protected as parody. In *Bacardi & Co. Ltd. v. New York Lighter Company, Inc.*, 2000 U.S. Dist. LEXIS 19852, the defendants attempted to create a comic version of plaintiff’s BACARDI bottle and label design and market it as a lighter. The court, in entering the permanent injunction, noted that defendants had, “merely use[d] the protected mark and label design, albeit in an arguably humorous manner, to promote defendants’ product.” *Id.*, at *33. *See also, Harley-Davidson v. Ronald Grottanelli*, 164 F.3d 806, 813 (2d Cir. 1999); *Hard Rock Café Licensing Corp. v. Pacific Graphics, Inc.*, F.Supp. 1454, 1462 (W.D. Wash. 1992).

When the parodist’s work is evaluated under the likelihood of confusion standard, the Court is empowered to consider both pre-sale confusion and post-sale confusion. In the first instance the Court must examine the reaction of the initial consumer who encounters the product as it is offered for sale. Here the concern is that the consumer, viewing the product or service as sold, is likely to be confused as to the source or origin of the parody or to assume that trademark owner has endorsed or licensed the competing product or service. In the latter case, the Court examines whether the product as used will be likely to confuse consumers. Thus, one can imagine a product which is clearly labeled on it’s face so as to eliminate the possibility of in store confusion but, once separated from its packaging and in store displays is nevertheless likely to confuse its viewers.

4.4 Comparative advertising

Sometimes. Comparative advertising is liberally permitted in the United States as long as the use involves telling the truth in a truthful way about the differences in the goods or services. The reason for this policy is that it is seen as beneficial to the consumer to be well-informed as to aspects and pricing of the competitors' goods and services. However, Section 43(a) of the Lanham Act is the tool to fight false comparative advertising. See, e.g., *Tyco Industries v. Lego Systems*, 853 F. 2d 921 (3d Cir. 1988).

Although there are advertising restrictions for specific lawful goods and services in the United States, the overall regulatory scheme has been conducted through a self-regulation model as opposed to a government regulation model. The main reason for this approach is the long-standing U.S. tradition of free enterprise and free speech as embodied in the U.S. Constitution, which in its First Amendment protects freedom of speech. This protection has not been limited to public discourse on political issues and extends to advertising as well.

The strong judicial support for the First Amendment is best stated by the late U.S. Supreme Court Justice Oliver Wendell Holmes, who said in 1919, "I think that we should be eternally vigilant against attempts to check the expression of opinions that we loathe..." *Abrams v. United States*, 250 U.S. 616, 630 (1919). In the landmark case of *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council*, 425 U.S. 748 (1976), the U.S. Supreme Court clearly established advertising as a form of "commercial speech" to be protected under the U.S. Constitution. As the court stated, "Advertising, however tasteless and excessive it sometimes may seem, is nonetheless dissemination of information as to who is producing and selling what product, for what reason, and at what price." 425 U.S. at 765. The U. S. Supreme Court set forth a four-part "commercial speech" test in *Central Hudson Gas & Electric Corp. v. Public Service Com.*, 447 U.S. 557 (1980) to determine whether the appropriate balance was created between the individual's right to free speech and the government's right to regulate commerce. The *Central Hudson* test is: (1) the speech must be non-misleading and concern lawful activity, (2) the government must assert a substantial interest, (3) the government interest must be directly enhanced by the regulation, and (4) the regulation must not be more extensive than is necessary. This four-part test is still applied, including in recent commercial speech cases such as *44 Liquormart v. Rhode Island*, 517 U.S. 484 (1996). Accordingly, in the U.S., the presumption is clearly in favor of the advertiser (trademark owner), not the regulator (government).

The self-regulation model followed in the U.S. permits advertisers to police their own conduct, and is conducted in many organizations, at many levels. One of the best known examples of self-regulation is the Better Business Bureau (BBB), which operates a National Advertising Division (NAD) and a National Advertising Review Board (NARB). These quasi-administrative bodies operated by a neutral, non-profit entity have been quite successful in the area of self-regulatory dispute resolution. Moreover, television networks have their own advertising review procedures which must be completed before an advertisement is aired.

The principal U.S. agency which regulates all advertising is the Federal Trade Commission (FTC) pursuant to its authority in the FTC Act, and in particular, Section 5 of such Act (15 U.S.C. § 45). The FTC reviews advertising for issues of (1) unfairness, (2) deception, and (3) substantiation to ensure that commercial advertising is not deceptive or misleading. Many states also have consumer protection agencies, sometimes called "Little FTCs", which protect consumers at the state level. Section 43(a) of the Trademark Act (15 U.S.C. § 1125(a)) allows private action by prohibiting commercial advertising or promotion which "misrepresents the nature, characteristics, qualities, or geographic origin" of the goods, services, or commercial activities. Section 43(a) has become a powerful tool for competitors to fight false and misleading advertising generally.

5. **If, under the Group's national regime, use as a mark is confined to the traditional indications of origin or identity, are unconventional uses nevertheless objectionable under trademark or other laws (e.g., unfair competition or trade practice laws).**

As was noted above, the United States of America recognizes various forms of use.

6. **If use “as a mark” in the traditional sense is required to establish infringement, are “well-known”, “famous”, “notorious” or “reputed” marks used on dissimilar goods and services protected?**

Yes, there is significant famous trademark protection in the United States.

Dilution law was based entirely upon state statutory and common law until 1996. The Federal Trademark Dilution Act of 1995 (the “Act”) was intended to rectify this gap in trademark protection. Prior to the Act’s effective date of January 16, 1996, famous marks such as COCA-COLA, KODAK, EXXON, DUPONT or MCDONALD’S, were only accorded protection under state and common law. Since then, Section 43(c) has provided a non-exclusive list of factors relevant to a determination of whether a mark is famous. The factors are: (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owners and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. 15 U.S.C. §1125(c)(1).

The Act provides that “[t]he owner of a famous mark shall be entitled...to an injunction against another person’s commercial use of a mark or trade name if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.”⁽⁵⁾ Dilution is recognized in the U.S. under two main approaches, namely, i) “blurring” which waters down the strength of a famous mark and, ii) “tarnishment” which causes a famous mark to become associated with unsavory good or services.

One of the best-known examples of dilution by tarnishment under state and common law is the ENJOY COCAINE case. See, *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F.Supp. 1183 (S.D.N.Y. 1998). There the defendant claimed that its sale of posters reading ENJOY COCAINE in a script and color identical to that used by COCA-COLA was only a satirical spoof of COCA-COLA. The court granted a preliminary injunction based on both trademark infringement and dilution. Emphasizing the damage to the reputation of the COCA-COLA trademark caused by an unwholesome association with an illegal drug, the court remarked that: “[A] strong probability exists that some patrons of COCA-COLA will be “turned off” rather than “turned on” by defendant’s so-called “spoof” [P]laintiff’s good will and business reputation are likely to suffer in the eyes of those who, believing it responsible for defendant’s poster, will refuse to deal with a company which could seek commercial advantage by treating a dangerous drug in such jocular fashion.” *Id.* at 1191. In *Hormel Foods Corp. v. Jim Henson Productions, Inc.*⁽⁶⁾, one of the first cases involving the Federal Trademark Dilution Act, the Second Circuit held that a movie producer’s use of the character SPA’AM did not infringe the famous mark SPAM used for luncheon meat. Apparently, the use of a famous mark on cartoon character by Defendant did not rise to the level of tarnishment that was found in the ENJOY COCAINE case. However, the Second Circuit and Southern District have enjoined other marks which were found to dilute fish shaped GOLDFISH brand crackers and the NBA silhouetted running logo.

Conclusion

The United States of America, perhaps more than most countries, has had extensive experience with new forms of trademark use, particularly in the internet area. Although the rules on trademark acquisition and maintenance are fairly conservative in that they require affixation, the infringement standards are broad. National trademark and service mark provisions accept use on the internet provided it incorporates traditional trademark functions of indications of origin or quality, sponsorship or endorsement. Trademark misuses in the internet can be addressed through the laws of infringement, dilution and unfair competition under Section 43(a) of the Lanham Act, or general common law principles of misappropriation and business torts such as trade libel or injury to

reputation. The U.S. system creates a balanced approach to protecting trademark rights while at the same time protecting other important rights such as freedom of speech. This framework has worked well in the past and will become even better as U.S. law adapts to new technologies and new commercial realities in a global marketplace.

Summary

The United States of America has a flexible, expansive approach to the question of use of a mark "as a mark" in connection with trademark acquisition, maintenance, and enforcement. The limits of what can be considered proper trademark use have been expanded significantly in the internet and famous mark contexts, and the United States of America has a developed statutory and jurisprudential legal structure on these and related issues. Nevertheless, new media and the developing global economy have presented novel issues. While some appear easily recognizable when filtered through the lens of traditional doctrines, others have proven far more elusive and have challenged both the legislature and the judiciary to fashion new forms to address the concerns of mark owners.

In the United States of America, trademark rights arise out of use and registration. When registrations are based on the Paris Convention, enacted through Section 44 of the Trademark ("Lanham") Act, they do not require use before registration. For trademark rights to arise out of use (Lanham Act Section 1), they must be both "affixed" to the goods and services in some manner and used in interstate commerce, which we would interpret as use of a mark "as a mark". Typical examples of trademark affixation are labels, hangtags, displays, or packaging for goods, and advertising or signage for services.

The U.S. law on maintaining a registration is the same as the law on acquiring rights, namely, the mark must be used "as a mark" and must be affixed to the goods or services in the manner prescribed by law. Under the Lanham Act, as amended in 1988, the trademark owner must make bona fide use of the mark in commerce to prevent a cancellation action on the basis of non-use. The Act provides a rebuttable presumption that the mark has been abandoned if a party can show that it has not been used for three (3) consecutive years.

The standards for establishing infringement are broader than those for establishing or maintaining trademark rights since the test will always be likelihood of consumer confusion. Once the focus of the inquiry shifts from the requirements of the U.S. Trademark Office to a question of consumer perception the judicial system is free to consider many factors, among them are the mark's strength and the mark owner's investment in promotion of the mark.

Use of a mark is more broadly assessed when considering likelihood of confusion in an infringement issue. For example, use in respect of advertising and promotional materials may be "tacked on" to use of a mark as "affixed" to the goods to provide the plaintiff in an infringement action a more advantageous position. The same use, however, will not be considered by the Trademark Office for the purposes of achieving registration. Section 32(1) of the Lanham Act expressly includes advertising among its forms of actionable infringement, prohibiting use of a "reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the ... advertising of any goods or services," where it is likely to cause confusion. On the other hand, use which may support a registration may not be considered sufficient to maintain an action for infringement. While the test for registration of a mark requires trademark use to be both in interstate commerce and directly affixed to the goods, there is no requirement as to the scope of the use. Thus a company which has mailed its product to a single customer in another state could achieve a registration based on that use, yet they would encounter difficulty in an infringement action due to the public's minimal exposure to the mark. In the internet uses of metatags, linking, and framing, trademark infringement and/or unfair competition can definitely occur, depending upon the circumstances. In parody, which is not a defense to infringement but rather a factor to be considered in the likelihood of confusion analysis, there is no claim that the parodist is not using the mark as a mark. Rather, the mark is used as a mark but it is claimed that there is no likelihood of confusion because the use must be seen as a "joke" or promoting a free speech message.

Comparative advertising is liberally permitted in the United States as long as the use involves telling the truth in a truthful way about the differences in the goods or services. The reason for this policy is that it is seen as beneficial to the consumer to be well-informed as to aspects and pricing of the competitors' goods and

services. However, Section 43(a) of the Lanham Act is the tool to fight false comparative advertising.

Famous marks are extensively protected in the United States. Dilution law was based entirely upon state statutory and common law until 1996. The Federal Trademark Dilution Act of 1995 (the "Act") was intended to rectify this gap in trademark protection. Prior to the Act's effective date of January 16, 1996, famous marks such as COCA-COLA, KODAK, EXXON, DUPONT or MCDONALD'S, were only accorded protection under state and common law. Since then, Section 43(c) has provided a non-exclusive list of factors relevant to a determination of whether a mark is famous. The factors are: (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owners and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. 15 U.S.C. §1125(c)(1).

The United States of America, perhaps more than most countries, has had extensive experience with new forms of trademark use, particularly in the internet area. Although the rules on trademark acquisition and maintenance are fairly conservative in that they require affixation, the infringement standards are broad. National trademark and service mark provisions accept use on the internet provided it incorporates traditional trademark functions of indications of origin or quality, sponsorship or endorsement. Internet trademark misuses can be addressed through the laws of infringement, dilution and unfair competition under Section 43(a) of the Lanham Act, or general common law principles of misappropriation and business torts such as trade libel or injury to reputation. The U.S. system creates a balanced approach to protecting trademark rights while at the same time protecting other important rights such as freedom of speech. This framework has worked well in the past and will become even better as U.S. law adapts to new technologies and new commercial realities in a global marketplace.