

Striking a balance in trade mark protection

Has trade mark protection gone too far? Are brand owners too aggressive in pursuing broad-based claims against non-competitors? *MIP* asked two distinguished analysts to debate the role of trade marks in society. Tom Moore, who has reservations about the use of trade mark rights, opens the correspondence, and Bruce Lehman responds (overleaf)



Tom Moore

When the Marx Brothers movie *A Night in Casablanca* was about to premiere, Warner Bros, the owner of *Casablanca*, sent a letter to the Marx Brothers' producers demanding that they did not put the word *Casablanca* in the title. The letter was forwarded to Groucho Marx, who responded in part: "I just don't under-

stand your attitude. Even if you plan on re-releasing your picture, I am sure that the average movie fan could learn in time to distinguish between Ingrid Bergman and Harpo. I don't know whether I could, but I certainly would like to try."

In this pair of sentences, Groucho summed up much of what is wrong with an aggressive interpretation of the breadth of trade mark rights. Trade mark holders often view themselves not only as the owners of a particular trade mark, but also as owning the word itself. This expansive view of trade mark rights is sometimes bolstered by a condescending attitude towards what is and is not likely to confuse the consuming public and often by a complete lack of a sense of humour.

Trade mark law is a very sound law in terms of its underlying policies. Trade mark is a species of unfair competition law. The basic idea is that a trade mark identifies a given good or service with a particular purveyor of that good or service. As a consequence, a competitor of the trade mark holder cannot use the same or a similar trade mark in such a way that the competitor's mark creates a likelihood of confusion in the mind of a consumer. If the

competitor were to do so, it would be liable for trade mark infringement. Trade mark law also recognizes a concept called dilution. Trade mark dilution is said to occur when someone tries to exploit the good will of a very famous mark. Because the reputation of a truly famous mark is pervasive, dilution can occur regardless of whether the famous mark and the junior mark are in the same industries and regardless of whether consumers are likely to be confused. By way of illustration, if an upstart aluminium company were to call itself the Coca-Cola Aluminium Co, then the blurring of Coca-Cola's famous mark for soft drinks would probably create liability for trade mark dilution.

Trade marks are words and symbols, and the creation of a trade mark right gives the trade mark holder a kind of monopoly over that word or symbol. As with Warner Bros, some trade mark holders interpret that monopoly as a grant of property rights over actual words. Groucho had fun with that notion:

Apparently there is more than one way of conquering a city and holding it as your own. ... It seems that in 1471, Ferdinand Balboa Warner, your great-great-grandfather, while looking for a shortcut to the city of Burbank, had stumbled on the shores of Africa and, raising his alpenstock (which he later turned in for a hundred shares of the common), named it Casablanca.

There is no lack of real-word trade marks: Sun, Apple, Tide, Time, Carnation, Shell, Pledge, Ivory and Camel spring to mind. Warner Bros' claim to the word *Casablanca* is a good example of why such an expansive interpretation is inconsistent with the underlying concepts of trade mark law. *A Night in Casablanca* is readily understood to refer to Casablanca not in a Humphrey Bogart sense but in its real word sense as a town in Morocco. There is no unfair competition in that usage.

The basis for claiming private ownership over a real word is often a condescending attitude toward the consumer. This kind of condescension is the source of many expansive claims to trade mark rights. A trade mark holder's key allegation against another trade mark is usually that two trade marks are "deceptively similar". However, consumers are not that susceptible to confusion. Word marks call up the human facility for language, and the human facility for language is an amazing thing. Small differences in words can evoke very different meanings. In English, the word "very" has a distinct meaning. The addition of an "e" at the beginning of "very" spells "every" – a word with a distinctly different meaning. This notion is equally true in the trade mark context. A well-known trade mark dilution case pitted Barnum & Bailey's Greatest Show on Earth against the State of Utah's Greatest Snow on Earth. The single letter difference between "show" and "snow" was all that the court needed to hold that judicial intervention was unnecessary. The show mark and the snow could happily co-exist.

Context can also supply meaning in language. The word seiko supposedly has seven different meanings in Japanese, each discernible from the context in which the word is used. Context can also make a difference in a trade mark sense. Take apple. Apple is a famous mark for computers. Cranapple is a famous mark for a juice beverage. The apple in the computer mark is used metaphorically for knowledge. The apple in the beverage mark is simply the fruit. We can distinguish the two senses of the word apple because the context supplies the difference. Returning to our movies, the context for *Casablanca* is a wartime drama starring Humphrey Bogart and Ingrid Bergman. The context for *A Night in Casablanca* is a Marx Brothers comedy. These contexts are so completely dissimilar that any similarity in the titles is not going to confuse anyone.

A sense of humour is a frequent casualty of an expansive view of trade mark rights. Utah's theme, the Greatest Snow on Earth is actually a clever play on the words of the Barnum & Bailey's circus trade mark. A sense of humour could have saved the parties and the courts a lot of trouble. Another recent example was described by the Ninth Circuit Court of Appeals as "Speech-Zilla meets Trademark Kong".

It pitted Mattel, the makers of Barbie, and holders of the Barbie trade mark, against MCA Records, the music company that distributed a song called "Barbie Girl". "Barbie Girl" lampooned Barbie as a cultural icon. After many pages of analysis, the Ninth Circuit upheld "Barbie Girl" as a parody and advised the parties "to chill".

Good advice. Warner Bros apparently took similar advice from Groucho, because *A Night in Casablanca* opened as planned with its original title. Trade mark holders, lawmakers and courts are also well advised to adopt a sensible, balanced approach to the application of trade mark rights. Otherwise, someone might poke fun at them.



When I was asked by the editors of *MIP* to engage in a debate with Tom Moore I was told that his position would be that the pendulum of the law has swung too far to the side of protection of IP rights. When I was told that the particular form of intellectual property that was to be the focus of the debate was trade mark I was a bit puzzled.

Certainly patents have recently come under considerable criticism, particularly as regards their application to the sale of HIV therapies to patients in very poor countries. Likewise copyright protection has provoked the ire of many as witnessed by the controversy over file sharing and the recent spate of lawsuits against teenage computer geeks. However, I was not aware that the staid old law of trade mark was the subject of such controversy. So, while I am more than willing to defend both the Digital Millennium Copyright Act and the TRIPs Agreement – largely the work of my colleagues and myself in the heyday of the Clinton Administration – I eagerly awaited Mr Moore's challenge that trade mark law also had gone too far.

Surprisingly, when I received and read Mr Moore's piece, my puzzlement remained. The conclusion of his article is: "Trade mark owners, lawmakers and courts are ...well advised to adopt a sensible, balanced approach to the application of trade mark rights." Well, who can disagree with that? In fact, Mr Moore's article makes a strong case that the courts at least have been taking his advice.

The focus of Mr Moore's concern that trade mark enforcement has gotten out of hand is a 56 year old cease-and-desist letter sent by Warner Bros to Groucho Marx demanding that he change the name of his 1946 film *A Night in Casablanca* in deference to the then recent, but already classic Bogart-Bergman film noir set in the same exotic north African venue. The venerable Lanham Act had not even been written at the time of this dispute between Hollywood titans. And the movie industry has since gone through several boom and bust cycles while the copyright pendulum has cut several swaths across the Hollywood Hills. Yet, even if the facts were more recent they seem to me only to confirm the sensible outcome of that ancient dispute – Groucho Marx's film opened as scheduled in 1946 and the DVD version on sale at Amazon.com today still bears the title *A Night in Casablanca* half a century later.

Likewise, the two more contemporary examples of trade mark excess cited by Mr Moore were, by his own admission, resolved sensibly by the courts. The Ringling Brothers/Barnum & Bailey mark Greatest Show on Earth was found by the Fourth Circuit not to have been diluted by the State of Utah's Greatest Snow on Earth. And toy maker Mattel found no sympathy in the Ninth Circuit

when it attempted to limit MCA Records exercise of its First Amendment right of parody in distributing the Aqua hit, “Barbie Girl,” as in “Come on Barbie, let’s go party”.

If there is a trade mark pendulum it has been awfully slow in swinging. It took Congress 48 years to catch up to the Massachusetts legislature in enacting a national trade mark dilution statute in 1995 – after the lawmakers of 25 states had acted to address the same problem. And lest anyone be concerned that Newt Gingrich’s Congress was carrying out a vendetta against the ACLU in a trade mark bill, we now know that there was little to fear. In *Victors’ Little Secret v Victoria’s Secret Catalogue, Inc* the Supreme Court held that even purveyors of “adult novelties” have the right to a commercial play on words unless the owner of a famous mark can “unambiguously” prove the actual dilution of his mark.

The real controversy as I see it is in the increasing attempts of some legal scholars to suggest that IP laws are no longer necessary in a time when most Americans earn their livelihoods from intangible economic activity. The issue of jobs appears to be surfacing as a major topic in this year’s presidential election. Back in the Clinton days the US economy was producing a lot of new jobs at the same time “made in America” sweaters and jeans were becoming less common on department store shelves. Those new jobs were the high paying ones held by the product designers, computer programmers, marketers and inventors who would have little to show for their labours without modern patent, copyright and trade mark laws to support the intangible economy. Ten years after the TRIPs Agreement American workers still suffer from the theft of the intellectual property they create. The problem is not that the intellectual property pendulum has swung too far in the US. Rather, it is that much of the world has not yet realized that infringement of intellectual property is nothing more than stealing.



Alas, Mr Lehman has uncovered my secret: I am not a trade mark anarchist. I have never defended outright trade mark piracy, and, for that matter, I have hardly ever defended copyright piracy (perhaps Mr Lehman and I should take up the DMCA next). Indeed, when I wrote

my original piece, I had a strong suspicion that he and I would find quite a bit of common ground. I believe, as does he, that the core principles of trade mark law are fundamentally sound and that the courts eventually find their way to the right result.

That does not mean that all is well in the trade mark world. The concern that I expressed in my opening piece was not that the US Supreme Court or the US Circuit Court of Appeals fail to reach the right answers but that the cases are brought at all. For every case in which both parties have the resources and stamina to reach the lofty levels of the judiciary where the answers often turn out right, there are

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10 cases that pit a marketing juggernaut against a much smaller entity. Those cases are the ones in which the core values get lost and trade mark law is used as a bludgeon.

The *Victoria’s Secret* action against Victor Moseley is as good an example as any, even though Victor Moseley was eventually vindicated. For those not familiar with the facts, Victor operated a small adult novelty store in Elizabethtown, Kentucky, named Victor’s Secret. An offended local army officer alerted the *Victoria’s Secret Catalogue* people of its existence, and Victor received a cease and desist letter. A name change to Victor’s Little Secret did not satisfy *Victoria’s Secret*, and it filed suit for trade mark dilution. *Victoria’s Secret* prevailed in the lower courts. To its surprise (and eventual dismay), *Victoria’s Secret* then found itself before the US Supreme Court.

The Court ruled for Victor, the little guy. On a technical legal level, the Court held that an actual dilution standard applied to federal trade mark dilution claims, as opposed to the likelihood of dilution standard that several circuits had adopted. On a more fundamental level, the Court’s opinion stressed that a consumer’s mental association between *Victoria’s Secret* and Victor’s Little Secret does not hurt *Victoria’s Secret* nor particularly help Victor. This was a refreshing endorsement by our nation’s highest court that consumers are not nitwits when it comes to trade marks. They can tell the difference between Tyra Banks and Victor Moseley of Elizabethtown, Kentucky.

The result in the *Victoria’s Secret* case has left the trade mark juggernauts undaunted. They keep bringing actions for no other apparent purpose than to use trade mark law as a bludgeon. One case that crossed my desk recently was brought by a famous golf course in California, Pebble Beach. It brought suit in California against a small café that was half-a-world away – in the southern part of Britain to be precise – because the café overlooked a beach with pebbles and called itself Pebble Beach Café. To a trade mark lawyer, there is an interesting legal issue in the midst of the case. That legal issue has to do with the fact that the fame of the golf course is inextricably intertwined with its location in California. This would obviate the possibility of infringement or dilution by the same or similar marks as long as the two marks have a great deal of geographic separation. To just about everyone else, a more fundamental question comes to mind: what’s the point? The café’s mark does not hurt the golf course’s mark and the golf course’s mark does nothing to add value to the café’s mark.

Unbalanced, pointless actions do nothing to instil faith in the fundamentals of trade mark law. The *Victoria’s Secret* case is a step in the right direction, but more needs to be done by the courts and the trade mark legal profession to

instil the notion that pointless cases should not be brought. Otherwise, Groucho's remarks to the Warners will reflect the views of the present public:

I have a hunch that this attempt to prevent us from using the title is the brainchild of some ferret-faced shyster, serving a brief apprenticeship in your legal department. I know the type well – hot out of law school, hungry for success and too ambitious to follow the natural laws of promotion. This bar sinister probably needled your attorneys, most of whom are fine fellows with curly black hair, double-breasted suits, etc, into attempting to enjoin us. Well, he won't get away with it! We'll fight him to the highest court! No pasty-faced legal adventurer is going to cause bad blood between the Warners and the Marxes. We are all brothers under the skin and we'll remain friends till the last reel of *A Night in Casablanca* goes tumbling over the spool.



Bruce Lehman

I am very much relieved to hear Mr Moore support and defend the trade mark law. In my experience, I have too often encountered those who would gladly eliminate all intellectual property protections in one fell swoop, under the very misguided belief that they were promoting fairness

and justice. However, Mr Moore suggests that not all is well in the trade mark world.

As I understand it, Mr Moore worries that the core values of trade mark law have been lost in the sheer number of lawsuits brought by trade mark owners attempting to defend their rights. But it seems to me that the real underlying concern Mr Moore posits isn't that trade mark law is necessarily flawed, but that too many people are eager to take their problems to court and are too eager to sue. This problem, which Mr Moore discusses in the trade mark context, is not unique to trade mark law. Indeed, ill-conceived, unjust and just plain frivolous litigation is unfortunately commonplace these days. Addressing Mr Moore's chief concerns is not a matter of reforming the trade mark law, but requires reform of our whole legal system and especially of our attorney culture.

Needless to say, I couldn't agree more with Mr Moore, that ours is a much too litigious society, full of hot shot lawyers out to make a name for themselves and a quick buck. However, the prime example of trade mark law gone awry that Mr Moore presents to us – the *Victoria's Secret* case – is a far cry from irresponsible lawyering. Instead, it is a prime example of how conscientious lawyers utilize our legal system to resolve unsettled questions of law.

While Mr Moore's synopsis of the facts in the case is adequate, he does little to point out the underlying context; that the *Victoria's Secret* case settled a much-debated circuit split in the interpretation of the Federal Trademark Dilution Act (FTDA). In its opinion, the Supreme Court resolved conclusively that dilution under the FTDA would follow the stringent actual dilution standard instead of the

more lenient likelihood of dilution test. Regardless of one's opinion over the merits of either standard, it is difficult for anyone to argue convincingly that resolving this split was not important to trade mark law and a decision that will no doubt lead to far fewer dilution cases being filed in the courts. Thus, while Mr Moore may feel this is an act of unfair trade mark "bludgeoning" by a large corporation against a small entrepreneur, in reality it was a well-founded case, that ultimately put to question an ambiguous point of law.

This isn't to say that trade mark bludgeoning doesn't happen, though I would suspect it happens much less frequently than Mr Moore suggests. For instance, contrary to Mr Moore's assertion, the *Victoria's Secret* case is far from an example of trade mark bludgeoning. The story begins with a letter from an alert customer of Victoria's Secret pointing out that some other company had attempted to free ride on its goodwill by using an extremely similar name in the sale of adult products, including women's lingerie. It then follows with this same company making a slight name change to avoid what was obvious trade mark infringement, yet keeping the name mostly intact (from Victor's Secret to Victor's Little Secret). While some would say that this was a simple case of parody or play on words, most would have to agree that the commercial nature of Victor's Little Secret coupled with the similarity in products sold between the two companies clearly indicates predatory intent and shows that the proprietors of Victor's Little Secret were seeking to capitalize monetarily on the association people would make between them and Victoria's Secret.

Mr Moore seems to think that large companies that try to enforce their trade mark rights have nothing better to do than attack small entrepreneurs – this of course cannot be farther from the truth. Sure, there are inherent flaws in our legal system which sometimes makes the system just a little "fairer" to the big guy, but this isn't the fault of our trade mark law. Further, given the conduct and motivations of Victor's Little Secret, the argument that Mr Moore makes against trade mark bludgeoning in the *Victoria's Secret* case is far from the David versus Goliath picture he tries to paint; instead, it is much more like another classic story – the boy that cried wolf.

Tom Moore

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Bruce Lehman

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