

ASPEN PUBLISHERS

DINWOODIE  
JENIS

TRADEMARKS AND  
UNFAIR COMPETITION  
Law and Policy

*Third  
Edition*



Wolters Kluwer  
Law & Business

ASPEN PUBLISHERS

# TRADEMARKS AND UNFAIR COMPETITION

LAW AND POLICY

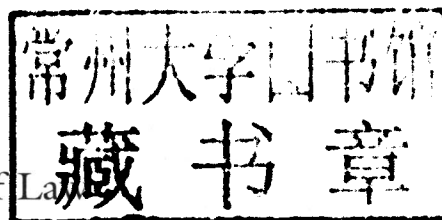
THIRD EDITION

**Graeme B. Dinwoodie**

Professor of Intellectual Property and Information  
Technology Law  
University of Oxford

**Mark D. Janis**

Professor of Law  
Ira C. Batman Faculty Fellow  
Indiana University Maurer School of Law



**Wolters Kluwer**

Law & Business

AUSTIN BOSTON CHICAGO NEW YORK THE NETHERLANDS

© 2010 Graeme B. Dinwoodie and Mark D. Janis

Published by Aspen Publishers. All Rights Reserved.

No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher. Requests for permission to make copies of any part of this publication should be mailed to:

Aspen Publishers  
Attn: Permissions Department  
76 Ninth Avenue, 7th Floor  
New York, NY 10011-5201

To contact Customer Care, e-mail [customer.care@aspenpublishers.com](mailto:customer.care@aspenpublishers.com), call 1-800-234-1660, fax 1-800-901-9075, or mail correspondence to:

Aspen Publishers  
Attn: Order Department  
PO Box 990  
Frederick, MD 21705

Printed in the United States of America.

1 2 3 4 5 6 7 8 9 0

ISBN 978-0-7355-9486-9

**Library of Congress Cataloging-in-Publication Data**

Dinwoodie, Graeme B.

Trademarks and unfair competition : law and policy / Graeme B. Dinwoodie,  
Mark D. Janis. — 3rd ed.  
p. cm.

Includes index.

ISBN 978-0-7355-9486-9

1. Trademarks — Law and legislation — United States — Cases. 2. Competition,  
Unfair — United States — Cases. I. Janis, Mark D. II. Title.

KF3180.D56 2011  
346.7304'88 — dc22

2010028099

---

# TRADEMARKS AND UNFAIR COMPETITION

## **EDITORIAL ADVISORS**

### **Vicki Been**

Elihu Root Professor of Law  
New York University School of Law

### **Erwin Chemerinsky**

Dean and Distinguished Professor of Law  
University of California, Irvine, School of Law

### **Richard A. Epstein**

James Parker Hall Distinguished Service Professor of Law  
University of Chicago Law School  
Peter and Kirsten Bedford Senior Fellow  
The Hoover Institution  
Stanford University

### **Ronald J. Gilson**

Charles J. Meyers Professor of Law and Business  
Stanford University  
Marc and Eva Stern Professor of Law and Business  
Columbia Law School

### **James E. Krier**

Earl Warren DeLano Professor of Law  
The University of Michigan Law School

### **Richard K. Neumann, Jr.**

Professor of Law  
Hofstra University School of Law

### **Robert H. Sitkoff**

John L. Gray Professor of Law  
Harvard Law School

### **David Alan Sklansky**

Professor of Law  
University of California at Berkeley School of Law

### **Kent D. Syverud**

Dean and Ethan A. H. Shepley University Professor  
Washington University School of Law

### **Elizabeth Warren**

Leo Gottlieb Professor of Law  
Harvard Law School

---

## About Wolters Kluwer Law & Business

Wolters Kluwer Law & Business is a leading provider of research information and workflow solutions in key specialty areas. The strengths of the individual brands of Aspen Publishers, CCH, Kluwer Law International and Loislaw are aligned within Wolters Kluwer Law & Business to provide comprehensive, in-depth solutions and expert-authored content for the legal, professional and education markets.

**CCH** was founded in 1913 and has served more than four generations of business professionals and their clients. The CCH products in the Wolters Kluwer Law & Business group are highly regarded electronic and print resources for legal, securities, antitrust and trade regulation, government contracting, banking, pension, payroll, employment and labor, and healthcare reimbursement and compliance professionals.

**Aspen Publishers** is a leading information provider for attorneys, business professionals and law students. Written by preeminent authorities, Aspen products offer analytical and practical information in a range of specialty practice areas from securities law and intellectual property to mergers and acquisitions and pension/benefits. Aspen's trusted legal education resources provide professors and students with high-quality, up-to-date and effective resources for successful instruction and study in all areas of the law.

**Kluwer Law International** supplies the global business community with comprehensive English-language international legal information. Legal practitioners, corporate counsel and business executives around the world rely on the Kluwer Law International journals, loose-leafs, books and electronic products for authoritative information in many areas of international legal practice.

**Loislaw** is a premier provider of digitized legal content to small law firm practitioners of various specializations. Loislaw provides attorneys with the ability to quickly and efficiently find the necessary legal information they need, when and where they need it, by facilitating access to primary law as well as state-specific law, records, forms and treatises.

Wolters Kluwer Law & Business, a unit of Wolters Kluwer, is headquartered in New York and Riverwoods, Illinois. Wolters Kluwer is a leading multinational publisher and information services company.

---

*We dedicate this book to our advisers on what consumers think. You are all inherently distinctive. . . .*

*Isa, David, Christine, Davy, Maya, and Brian*

**Graeme**

*Julie, Aimee, Katie, and Kyle*

**Mark**

---

## PREFACE TO THIRD EDITION

We are pleased to present the Third Edition of *Trademarks and Unfair Competition: Law and Policy*. We have retained the general structure and approach of previous editions, while also aiming to capture the newest trends in the law. The most notable changes are to Part III on the scope and enforcement of trademark rights. We have reshaped chapter 7 by streamlining some materials, particularly those on initial interest confusion, and adding materials on actionable use and indirect liability for online intermediaries. Chapter 8 now includes appellate decisions on dilution by tarnishment and blurring under the Trademark Dilution Revision Act. Chapter 9 includes important decisions on parodic use and use of marks in artistic contexts. Chapter 12 reflects recent controversies over both the scope of injunctive relief and damages.

Other changes are less extensive but will be noticeable to longtime users of the book. For example, we have amplified discussion in chapter 2 of the methods of proving distinctiveness (including surveys and on-line evidence). Likewise, we have revised the materials on actual use in chapter 4 to help convey more clearly this complex topic. We also have added new problems at various points.

An updated statutory supplement is also available for use with this edition of the casebook. The supplement includes both domestic and international legislative and administrative materials, and uses the organizational structure that we used for the Second Edition statutory supplement.

Space considerations—and our general aspiration to be humane to all users of our book—dictated that we delete some old materials to make room for the new. In the event that we have culled an old favorite, instructors who have used previous editions of the book should contact us. We have retained digital versions of the deleted materials in a disaster-proof vault, from which they can be retrieved upon request should instructors need them.

Over the years, we have benefited from the comments and suggestions from fellow instructors and students too numerous to thank individually here. We thank you collectively for your wisdom, your eagle eyes, and your constructive commentary on the book's popular culture references, helping us keep the book as hip as possible under the circumstances. We also thank Leslie Prill, Mike Morris, and Andrei Marks for excellent research assistance. In addition, we thank the indefatigable Kati Jumper, secretarial assistant extraordinaire, whose name has now become legend at Aspen.

There are two other changes of note since the previous edition: Professor Dinwoodie now teaches at the University of Oxford, and Professor Janis now teaches at the Indiana University Maurer School of Law (Bloomington, Indiana). Both of us are now closer to



our respective hometowns. Thus, we are now in even better positions to develop new problems and other barely-disguised hypotheticals about our illustrious kin. We beg their forgiveness in advance.

Graeme B. Dinwoodie  
Mark D. Janis

June 2010

---

## PREFACE TO SECOND EDITION

In the time since the first edition of this book, trademark and unfair competition law has continued to grow at a furious pace. Many of the trends that we highlighted three years ago still dominate debates in courts and legislatures, both in the United States and abroad. Indeed, these trends may even have become more pronounced. International issues (such as the extra-territorial enforcement of trademark rights, the protection of well-known marks, international registration mechanisms, and the relevance of international instruments in domestic trademark law), and issues surrounding use of trademarks on the Internet (such as the cause of action for initial interest confusion, the protection of domain names as marks, and the relevance of online activity to the establishment of rights) remain at the forefront of contemporary trademark disputes. Litigation over the protection of nonverbal marks has been unrelenting, notwithstanding cautionary signals from the United States Supreme Court. (Indeed, reflecting the continued interest in trade dress and design claims, we will soon be publishing a book on *Trade Dress and Design Law* as part of Aspen's new Electives Series.)

In addition, new policy and doctrinal challenges have arisen, in part from an expansion in the uses to which trademarks are put by consumers, producers, online intermediaries and advertisers. For example, a growing consumer preference for the delivery of information online has sparked a large but uncertain body of case law about the use of trademarks to trigger online advertising. Recent legislative activity has also given rise to new iterations of long-standing questions. In particular, although the dilution cause of action received a major congressional overhaul in late 2006, loose legislative drafting is likely to cause courts some difficulty in reconciling new statutory language with the basic purposes of trademark protection. And, as trademark law has become more controversial and more contested, doctrines enabling permissible unauthorized uses have occupied the courts, including the United States Supreme Court, without any clear resolution in sight. The Second Edition tackles each of these diverse developments in some detail, while adhering to the basic approach of the First Edition in seeking to place them within a coherent conceptual framework.

Although trademark and unfair competition law remains largely a product of judicial development, legislative text is becoming more significant (or at least more voluminous). The Lanham Act has grown in size with the addition of provisions implementing the Madrid Protocol, and the detailed language of provisions reforming dilution law in 2006 is likely to be the focus of substantial litigation. Thus, we have compiled a separately-bound Statutory Supplement including (of course) the Lanham Act and related federal statutes, along with relevant regulatory materials, selected state right-of-publicity statutes, and some international materials. (International instruments are likewise intruding in domestic trademark litigation with far greater frequency than in the past.)

Many instructors who have taught from the book have been generous in offering their comments, which we sincerely appreciate. We thanked several colleagues for their advice in connection with the First Edition, and that advice continues to inform the Second Edition. In addition, we would like to thank Graeme Austin, Barton Beebe, Lillian BeVier, Tony DeGidio, Laura Heymann, Tim Holbrook, Marshall Leaffer, Ed Lee, Mark McKenna, Tony

Reese, and Jayne Shay Wald for their suggestions. Students in our classes at Chicago-Kent College of Law and the University of Iowa College of Law have been unstinting in their feedback—solicited and unsolicited. We are also grateful to a new team of outstanding research assistants, including Erica Andersen, Jason Dinges, Jason DuMont, Julie Mowers, Liz Peters, and Puneet Sarna, all of whom labored mightily on the Second Edition. Kati Jumper, Jayne Hoffman, and Emily Monteith provided outstanding secretarial support and general crisis management. Finally, thanks as always to both our families, whose love and encouragement sustains us, even at times of great tension (such as Patriots-Colts AFC Championship games) or momentous debate (such as whether Iowa City is merely another suburb of Chicago, a proposition that currently appears on T-shirts, making it presumptively true).

Graeme B. Dinwoodie  
Mark D. Janis

June 2007

---

## PREFACE TO FIRST EDITION

Trademark and unfair competition law impinges upon every aspect of human activity — the social, the commercial, the political . . . and the Elvis. As you'll see from the first chapter, the law of trademarks is a study in the dynamics of popular culture. Trademark law is about beer, clothes, cars, cologne, laundry detergent, and what goes through people's minds when they shop at the mall or on the Internet. More thematically, it is about encouraging and preserving investments in goodwill and identity while preserving freedom in the popular discourse. It is about protecting consumers from being misled, and about encouraging producers to maintain consistent quality in their goods and services. These are the themes of this book, and popular culture is the backdrop.

This book is also about change. Because popular culture mutates so rapidly (and often capriciously), trademark law experiences enormous evolutionary pressures. Today, those pressures are causing profound changes in the structure and doctrine of trademark and unfair competition law. The most exciting, most contested changes of late have sprung from three sources: the revolution in electronic commerce, the contemporary obsession with image, and globalization. The revolution in electronic commerce has brought us disputes over domain name ownership, and a host of Internet practices (such as protest websites and pop-up ads) that raise issues of control over trade reputation or the nature of online competition. The contemporary obsession with image has engendered debates over what uses of trademarks should be permitted without the consent of the trademark owner. And the frequently nonverbal character of image has translated into disagreements over the protection of nontraditional source-identifiers such as product design. Finally, reflecting the increasingly global nature of society, these disputes are no longer confined within national borders, and the policy consequences of trademark decisions are no longer felt only in the domestic sphere. We have emphasized these developments throughout the book.

Despite these profound changes in trademark and unfair competition law, we have organized the materials according to a traditional understanding of intellectual property systems. The book proceeds on the basis of broad topics, into which we have sought to integrate new and exotic subjects alongside their more traditional counterparts. Thus, we address, in order, trademark creation, trademark scope and enforcement, and trademark transactions. This approach is more bold than it may seem, and it raises a number of challenging questions about the seemingly ad hoc progression of recent trademark law. For instance, as to the creation of rights, this arrangement might cause a reader to question why rules for recognition of one type of trademark subject matter (e.g., word marks) should differ from rules for recognition of another (e.g., trade dress). Similarly, concerning the scope and enforcement of rights, this arrangement may lead a reader to consider how the trademark dilution cause of action (introduced into federal law almost a decade ago) and the new cybersquatting cause of action (introduced in late 1999) align with other, traditional enforcement theories. Finally, our grouping of topics in a "transactions" unit that addresses transfer, licensing, franchising, and limits on the commercial exploitation of trademarks is designed to make students see the connections among issues that face transactional intellectual property lawyers on a daily basis. We believe that our integration of new law and

traditional principles within a single conception of the field is unique, and hopefully more accessible to students, judges, legislators, and others who think about trademark law and policy.

A word about the format of the book. We are believers in the traditional case method of teaching, and so the book consists primarily of cases. We aren't believers in severe editing of cases. As former litigators, we tend to think that issues like procedure, facts, and evidence actually matter, and heavy editing can too often preclude proper discussion of these topics. Where we have edited original materials, this is indicated by ellipses or bracketed explanatory phrases. We have indicated deletions of citations by the bracketed abbreviation [cit.]. We have omitted most footnotes without indication; those that remain retain their original numbering.

We also have included a series of problems that challenge the reader to apply and extend the principles developed in the main cases and notes. A number of the problems are drawn from real-life examples. Others, such as any that portray the two of us as heroic, might possibly be embellished.

We have many people to thank for their contributions to this project. We benefited from the insights of several anonymous reviewers, whose names are Professors Julie Cohen, Tom Cotter, Lydia Loren, and Marshall Leaffer, along with a few others who are truly anonymous. We also benefited greatly from comments received from several trademark law professors, including Professors Graeme Austin, Barton Beebe, and Tim Holbrook, who used the materials in manuscript form. Students in our classes at Chicago-Kent College of Law and the University of Iowa College of Law offered helpful comments. Kati Jumper provided phenomenal secretarial support through many, many years' worth of drafts. Iowa students Kate Cox, Lynda Fitzpatrick, Paula Fritsch, Rob Hodgson, and Scott Timmerman, and Chicago-Kent students Jessica Kaiser, Christopher Kaiser, Aashit Shah, and Sheng Wu provided excellent research assistance. Thanks to our publishers, particularly Carol McGeehan, for encouraging us to pursue our vision of how best to teach trademark and unfair competition law. Finally, we could not have done any of this without the support of our respective families: Professor Janis is particularly grateful to Julie, Aimee, Katie, and Kyle; Professor Dinwoodie owes much more than can be conveyed by an acknowledgment to Isa, David, Christine, Davy, and Brian. Professor Janis is also especially grateful for the friendship of his colleague Professor Hillary Sale. And he apologizes in advance to his Brother Billy (he tried to change names to protect the innocent, but Professor Dinwoodie wouldn't let him).

Graeme B. Dinwoodie  
Mark D. Janis

May 2004

---

# TRADEMARKS AND UNFAIR COMPETITION

---

# SUMMARY OF CONTENTS

<i>Contents</i>	<i>xi</i>
<i>Preface to Third Edition</i>	<i>xxv</i>
<i>Preface to Second Edition</i>	<i>xxvii</i>
<i>Preface to First Edition</i>	<i>xxix</i>
<b>Part I Foundations and Purposes of Trademark and Unfair Competition Law</b>	<b>1</b>
Chapter 1 Introduction to Trademark and Unfair Competition Law	3
<b>Part II Creation of Trademark Rights</b>	<b>43</b>
Chapter 2 Distinctiveness	45
Chapter 3 Functionality	157
Chapter 4 Use	227
Chapter 5 Registration	317
<b>Part III Scope and Enforcement of Trademark Rights</b>	<b>381</b>
Chapter 6 Geographic Limits on Trademark Rights	383
Chapter 7 Confusion-Based Trademark Liability Theories	459
Chapter 8 Non-Confusion-Based Trademark Liability Theories	609
Chapter 9 Permissible Uses of Another's Trademarks	703
Chapter 10 False Advertising	803
Chapter 11 Trade Identity Rights in One's Persona: Endorsement, Attribution, and Publicity	833
Chapter 12 Remedies	897
<b>Part IV Exploitation of Trademarks</b>	<b>935</b>
Chapter 13 Trademark Transactions	937
<i>Table of Cases</i>	<i>995</i>
<i>Index</i>	<i>1013</i>

# CONTENTS

<i>Preface to Third Edition</i>	xxv
<i>Preface to Second Edition</i>	xxvii
<i>Preface to First Edition</i>	xxix

## PART I FOUNDATIONS AND PURPOSES OF TRADEMARK AND UNFAIR COMPETITION LAW 1

<b>1</b>	<b>INTRODUCTION TO TRADEMARK AND UNFAIR COMPETITION LAW</b>	<b>3</b>
A.	Sources and Nature of Trademark Rights	3
	The Trade-Mark Cases	3
	<i>Hanover Star Milling Co. v. Metcalf</i>	7
	<i>Mishawaka Rubber &amp; Woolen Mfg. Co. v. S. S. Kresge Co.</i>	8
	<i>Yale Electric Corp. v. Robertson</i>	8
	<i>Prestonettes, Inc. v. Coty</i>	8
	Notes and Questions	9
	Note: Trademarks . . . and Copyrights and Patents	11
B.	The Nature of Unfair Competition Law	12
	<i>International News Service v. Associated Press</i>	12
	<i>Dastar Corp. v. Twentieth Century Fox Film Corp.</i>	14
	Notes and Questions	14
C.	Purposes of Trademark Law	15
	Daniel M. McClure, Trademarks and Competition: The Recent History	15
	Notes and Questions	17
D.	Modern Marketing and Trademark Law	18
	Jerre B. Swann, Dilution Redefined for the Year 2002	18
	Alex Kozinski, Trademarks Unplugged	21
	Notes and Questions	23
	Graeme B. Dinwoodie, (National) Trademark Laws and the (Non-National) Domain Name System	24
	Notes and Questions	26
E.	An Illustration	27
	<i>Elvis Presley Enterprises, Inc. v. Capece</i>	27
	Notes and Questions	36



Figure 1-1: A Trademark Timeline	38
Figure 1-2: A Comparison of Copyright, Patent and Trademark	39
Figure 1-3: Appeal Routes	41
<b>PART II CREATION OF TRADEMARK RIGHTS</b>	<b>43</b>
<b>2</b> <b>DISTINCTIVENESS</b>	<b>45</b>
Restatement (Third) of Unfair Competition	45
Lanham Act	45
Notes and Questions	46
A. The Spectrum of Distinctiveness	47
<i>Abercrombie &amp; Fitch Co. v. Hunting World, Inc.</i>	47
Restatement (Third) of Unfair Competition	50
Notes and Questions	50
<i>In re Oppedahl &amp; Larson, LLP</i>	52
Notes and Questions	56
B. Descriptiveness and Secondary Meaning	56
<i>Zatarain's, Inc. v. Oak Grove Smokehouse, Inc.</i>	56
Restatement (Third) of Unfair Competition	62
Notes and Questions	63
C. Generic Terms	68
<i>Filipino Yellow Pages, Inc. v. Asian</i>	
<i>Journal Pubs, Inc.</i>	68
<i>Mil-Mar Shoe Co., Inc. v. Shonac Corp.</i>	71
<i>Haughton Elevator Company v. Seeberger</i>	74
<i>Murphy Door Bed Co. v. Interior Sleep Systems, Inc.</i>	75
<i>Blinded Veterans Assn. v. Blinded American</i>	
<i>Veterans Found.</i>	77
Notes and Questions	81
Problem 2-1: The Windows "Product"	86
Problem 2-2: Preventing Genericide	87
Problem 2-3: Street Usage	88
Problem 2-4: Word Mark Distinctiveness	88
<i>Peaceable Planet, Inc. v. Ty, Inc.</i>	89
D. Distinctiveness of Nonverbal Identifiers: Logos, Packages, Product Design, and Colors	92
1. Different Tests, Different Standards?	92
<i>Star Indus., Inc. v. Bacardi &amp; Co., Ltd.</i>	94
Problem 2-5: Beer	97
2. Expanding the Types of Nonverbal Marks	97
<i>Two Pesos, Inc. v. Taco Cabana, Inc.</i>	98
Notes and Questions	105
<i>Qualitex Co. v. Jacobson Products Co., Inc.</i>	105
Notes and Questions	111
3. The Design/Packaging Distinction	111
a. Post- <i>Two Pesos</i> Circuit Split in the Test of Inherent Distinctiveness of Trade Dress	111