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TRADEMARKS,
UNFAIR COMPETITION,
AND BUSINESS TORTS



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Law & Business

ASPEN CASEBOOK SERIES

*Trademarks, Unfair
Competition, and
Business Torts*

Barton Beebe

Professor of Law

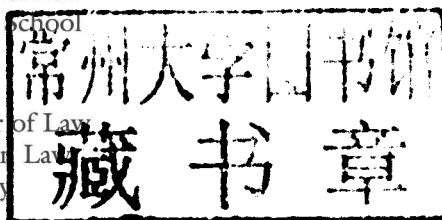
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For Nancy Pastor Beebe

B.B.

For Karin and Alec, for their love and support

T.F.C.

For Rose

M.A.L.

For Claire, Dylan, and Noah

P.S.M.

For my family

R.P.M

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Preface

This casebook is the culmination of a substantial effort on the part of its coauthors to create a text that brings together a variety of related bodies of law, many of which until now were only rarely covered in much depth (if at all) in the typical law school curriculum. Our motivation in writing the book therefore was threefold: (1) to expose students to rich new theoretical, analytical, and empirical insights into the law of trademarks, unfair competition, and business torts; (2) to integrate the important (and often overlooked) bodies of state unfair competition law; and (3) to emphasize the growing challenges posed by the Internet and digital technology. Law professors can use this casebook to teach for a variety of two- or three-credit courses within the law school curriculum, including courses primarily devoted to trademark or advertising law; to unfair competition and business torts; or to any combination of these subjects. The casebook makes ample use of problems, many of them derived from real cases. In some instances, to highlight how related legal doctrines can sometimes impact the same set of facts, students are asked to reconsider a problem found in an earlier chapter in light of the material discussed in a later chapter.

The following is a synopsis of the casebook contents:

Chapter 1. Introduction. In this chapter, we briefly outline the different bodies of law discussed in later chapters. We also present readings and problems designed to introduce students to the various policy rationales for, and critiques of, each of these bodies of law. In particular, we hope that students come away from this chapter with a basic understanding (to be explored at greater depth throughout the course) of the difficulty of distinguishing “fair” from “unfair” competition, and of the tension that sometimes arises between some applications of these bodies of law and the First Amendment.

Chapters 2-8. Trademarks. These chapters expand upon and update the coverage of trademark law found in Chapter 5 of Robert P. Merges, Peter S. Menell, and Mark A. Lemley, *Intellectual Property in the New Technological Age* (5th ed. 2009). Chapter 2 briefly surveys the history of trademarks and trademark law and the theoretical bases for trademark protection. Chapters 3 and 4 consider what can qualify for trademark protection and how trademark rights are established. Chapter 4 in particular includes enhanced coverage of genericness, trade dress, and functionality doctrine and of the registration process at the U.S. Patent and Trademark Office. Chapter 5 addresses

trademark infringement and provides thorough coverage of the multifactor test for the likelihood of consumer confusion, courts' application of the new Trademark Dilution Revision Act, and secondary liability in trademark law. Chapter 6 reviews defenses to trademark infringement, such as abandonment and fair use. Chapter 7 briefly considers international aspects of trademark protection, while Chapter 8 covers remedies for trademark infringement.

Chapter 9. False Advertising. This chapter provides thorough coverage of the law of false advertising and related doctrines under various common-law and statutory systems. It begins with an overview of the economics of advertising, and then contrasts the common law's skeptical take on false advertising suits initiated by competitors to the Lanham Act's (somewhat) more permissive approach. The chapter also includes substantial coverage of a parallel body of false advertising law developed and enforced by the Federal Trade Commission (FTC) and a brief discussion of analogous state laws (the so-called Baby FTC Acts). The chapter continues with a discussion of the related tort of commercial disparagement under the common law and the Lanham Act, and with materials on litigants' attempts to use the Lanham Act to create a federal right of attribution. The chapter concludes with an extended discussion of possible First Amendment constraints on the law of false advertising and disparagement; a brief survey of international issues; and remedies for false advertising.

Chapter 10. Right of Publicity. This chapter presents detailed coverage of state law rights of publicity and related claims for false endorsement. The chapter covers the historical development of the right and differences among the various state law approaches. The chapter also includes extensive discussion of the tension between the right of publicity and the First Amendment, and various courts' and commentators' efforts to reconcile the two.

Chapter 11. Trade Secrets. Like chapters 2-8, this chapter expands upon coverage of a topic presented in *Intellectual Property in the New Technological Age*. The chapter provides a comprehensive overview of the law of trade secrets, including both its civil and criminal law aspects, as well as the related body of law on employee covenants not to compete. The chapter includes extensive problems designed to flesh out the meaning of the often ambiguous language of the relevant statutes, and like the two preceding chapters incorporates extensive discussion of related First Amendment issues.

Chapter 12. Legal Protection for Facts, Uncopyrightable Factual Compilations, and Ideas. This chapter covers a variety of still-evolving bodies of law, including the once-dormant "hot news" doctrine that now appears, for better or worse, to be making a modest comeback in the Internet age; the enforceability of shrinkwrap and clickwrap agreements; and a topic of interest to aspiring screenwriters everywhere, the enforceability of contracts allegedly relating to the confidential submission of ideas.

Chapter 13. Cybertrespass. This chapter explores how courts in the digital age have looked to the antique law of personal property to fashion remedies for conduct such as unauthorized access to websites and transfers of domain names. Are these common-law analogies apt when applied to a very different setting from that in which they arose?

Chapter 14. Tortious Interference and RICO. This chapter introduces students to two commonly pled business torts (which sometimes arise in connection with other bodies of law discussed elsewhere in the book, as well as independently of those bodies of law). The chapter begins with a discussion of the related torts of tortious interference with contract and tortious interference with prospective business advantage. It concludes with a brief discussion of common-law fraud and of modern-day civil claims arising under the federal RICO statute.

Chapter 15. Preemption. Preemption issues pervade many of the topics covered elsewhere in the book. Professors who wish to do so could teach portions of chapter 15 in connection with these other chapters, or they may leave the topic of preemption to separate class periods towards the end of the semester as a way of tying the various materials together. The chapter excerpts the leading U.S. Supreme Court cases on federal preemption of state intellectual property and unfair competition claims, as well as recent appellate court decisions addressing the preemption of hot news, shrinkwrap, and right of publicity claims. The chapter concludes by presenting contrasting views on the preemption of state law claims by other state law, namely the Uniform Trade Secrets Act.

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January 2011



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Note: We have selectively omitted citations and footnotes from cases without the uses of ellipses or other indications. All footnotes are numbered consecutively within each chapter, except that footnotes in cases and other excerpts correspond to the actual footnote numbers in the published reports.

Many of the problems in the text are taken from actual cases. In many instances we have altered the facts of the case. In some cases we have also altered the names of the parties involved, though in other instances we thought it was important to the problem to use the name of the product or company with which the reader would be familiar. Readers should understand that the problems are hypothetical in nature and that we do not intend them to represent the actual facts of any case or situation.



*Trademarks, Unfair
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Summary of Contents

<i>Tables of Contents</i>	<i>xi</i>
<i>Preface</i>	<i>xix</i>
<i>Acknowledgments</i>	<i>xxiii</i>
Chapter 1 Foundations of Trademark and Unfair Competition Law	1
PART I TRADEMARK LAW	23
Chapter 2 Introduction	25
Chapter 3 What Can Be Protected as a Trademark?	37
Chapter 4 Establishment of Trademark Rights	49
Chapter 5 Infringement	157
Chapter 6 Defenses	251
Chapter 7 International Issues in Trademark	285
Chapter 8 Remedies	289
PART II UNFAIR COMPETITION AND BUSINESS TORTS	309
Chapter 9 False Advertising, Product Disparagement, and Related Claims	311
Chapter 10 Right of Publicity	515
Chapter 11 Trade Secrets	571
Chapter 12 Legal Protection for Facts, Uncopyrightable Factual Compilations, and Ideas	683
Chapter 13 Cybertrespass	739
Chapter 14 Tortious Interference and RICO	761
Chapter 15 Federal and State Preemption of Unfair Competition Claims	805
<i>Table of Cases</i>	<i>857</i>
<i>Index</i>	<i>867</i>

Contents

<i>Preface</i>	<i>xix</i>
<i>Acknowledgments</i>	<i>xxiii</i>

I	<i>Foundations of Trademark and Unfair Competition Law</i>	1
A.	Theoretical Perspectives	3
1.	The Integrity of the Marketplace	3
2.	Incentives for Innovation and Creativity	7
3.	The Natural Rights Perspective	10
4.	The Personhood Perspective	12
B.	Overview of Trademark, Unfair Competition, and Business Torts Law	12
1.	Trademark	13
2.	False Advertising	14
3.	Right of Publicity	15
4.	Trade Secrets	15
5.	Legal Protection for Uncopyrightable Facts and Ideas	16
6.	Cybertrespass	17
7.	Business Torts	17
	Problems	17
PART I	TRADEMARK LAW	23

2	<i>Introduction</i>	25
A.	Background	25
B.	A Brief Overview of Trademark Theory	28
3	<i>What Can Be Protected as a Trademark?</i>	37
A.	Trademarks, Trade Names, and Service Marks	38
B.	Certification and Collective Marks	39

C. Trade Dress and Product Configurations	41
D. Color, Fragrance, and Sounds	42
<i>Qualitex Co. v. Jacobson Products Co., Inc.</i>	42
Problem	48
4 Establishment of Trademark Rights	49
A. Distinctiveness	49
1. Classification of Marks and Requirements for Protection	49
<i>Zatarain's, Inc. v. Oak Grove Smokehouse, Inc.</i>	50
2. Genericness	63
<i>Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc.</i>	63
<i>The Murphy Door Bed Co., Inc. v. Interior Sleep Systems, Inc.</i>	68
Note on Genericide, Language, and Policing Costs	75
Problem	77
B. Distinctiveness of Trade Dress and Product Configuration	77
<i>Two Pesos, Inc. v. Taco Cabana, Inc.</i>	77
<i>Wal-Mart Stores, Inc. v. Samara Brothers, Inc.</i>	83
Problem	90
C. Functionality	90
<i>TrafFix Devices, Inc. v. Marketing Displays, Inc.</i>	91
Note on Lower Courts' Interpretation of TrafFix Devices	96
Problems	103
D. Priority	104
<i>Zazu Designs v. L'Oreal, S.A.</i>	104
Note on Geographic Limitations on Trademark Use	115
Note on Priority and Trademark Theory	117
Note on Secondary Meaning in the Making	122
Problems	124
E. Trademark Office Procedures	125
1. Principal vs. Supplemental Register	125
2. Application	127
Note on the Madrid System of Trademark Registration	128
3. Examination and Grounds for Refusing Registration	129
a. Immoral, Scandalous, or Disparaging Marks	130
Problems	132
b. Geographic Marks	133
<i>In re Spirits Int'l, N.V.</i>	134
c. Marks Which Are "Primarily Merely a Surname"	141
<i>In re Joint-Stock Company "Baik"</i>	141
Problem	146
4. Publication	147
5. Opposition	147
6. Registration	147
7. Post-Registration Actions	148
Note on Concurrent Registration	149
F. Incontestability	150
<i>Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.</i>	150