BACK TO THE FUTURE: REDISCOVERING EQUITABLE DISCRETION IN TRADEMARK CASES

by
Mark P. McKenna[*]

Courts in recent years have increasingly made blunt use of their equitable powers in trademark cases. Rather than limiting the scope of injunctive relief so as to protect the interests of a mark owner while respecting the legitimate interests of third parties and of consumers, courts in most cases have viewed injunctive relief in binary terms. This is unfortunate, because greater willingness to tailor injunctive relief could go a long way to mitigating some of the most pernicious effects of trademark law's modern expansion. This Essay urges courts to reverse this trend towards crude injunctive relief, and to re-embrace their equitable discretion as a means of achieving greater balance in the trademark system.

I. AN OLD SAGA: TRADITIONAL USE OF EQUITABLE DISCRETION

Joseph L. Hall began selling fire and burglar-proof safes in 1847.[1] Hall's company, "Hall's Safe & Lock Company," was located in Cincinnati, Ohio, but the company was very successful and its business

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[1] Hall's Safe Co. v. Herring-Hall-Marvin Safe Co., 146 F. 37, 38 (6th Cir. 1906), *modified and aff'd*, Herring-Hall-Marvin Safe Co. v. Hall's Safe Co., 208 U.S. 554 (1908). The following facts are taken from the Sixth Circuit's opinion unless otherwise indicated.

extended throughout the United States and into foreign countries. Its safes were known as "Hall's Safes" and "Hall's Standard Safes," and the safes had a good reputation.[2]

Joseph Hall died in March of 1889, leaving the company to his sons, Edward, William, and Charles, who continued the business under the same name. On May 4, 1892, however, the sons sold the assets of their father's company, including its "real estate and leasehold interests, tools, machinery, fixtures, merchandise, trade-marks and good will" to a New Jersey company called the Herring-Hall-Marvin Company. The sons agreed to dissolve Hall's Safe & Lock Company and agreed the company would not in the future "engage or continue in said business."[3] After the sale, Edward and William Hall became stockholders, directors, and, respectively, president and treasurer, of the Herring-Hall-Marvin Company.[4]

As a condition of their new positions with the Herring-Hall-Marvin Company, Edward and William Hall each agreed to the following stipulation:

> And in consideration as aforesaid, I [Edward or William Hall] do hereby covenant, promise, and agree that I will not, so long as the Herring-Hall-Marvin Company may desire to retain my services as above, engage, either in the state of Ohio, or in the state of New Jersey, or in any of the states east of the Mississippi river, in the business of manufacturing, selling, buying, or dealing in fire or burglar proof vaults and safes, or in any business or occupation such as the said corporation known as the Hall's Safe & Lock Company has heretofore been engaged in, or such as the Herring-Hall-Marvin Company is authorized or impowered [sic] to engage in, or in any other business which will or may compete or interfere in any manner with the business of the said Herring-Hall-Marvin Company.[5]

But this marriage turned out not to be a happy one, and Edward and William Hall were forced out of their positions with Herring-Hall-Marvin in relatively short order. Undaunted, the Hall brothers promptly started a new corporation with the name 'Hall's Safe Company' and went into the business of manufacturing and selling safes.[6] The Herring-Hall-Marvin Company was not amused, and it filed a lawsuit seeking to restrain the brothers' new company from carrying on its business under the Hall's Safe Company name "or any name calculated to make purchasers believe that they are dealing with the establishment founded by Joseph L. Hall,

2 *Hall's Safe Co.*, 146 F. at 38.
3 *Id.*
4 *Id.*
5 *Id.* at 38–39.
6 *Id.* at 39.

or with the plaintiff, and also to enjoin them from advertising or marking their product as Hall's Safes."[7]

This proved to be a relatively hard case because the court did not believe the Halls had given up the right to do business under the Hall name when they sold the original Hall's Safe & Lock Company to Herring-Hall-Marvin Company.[8] Consequently, while Herring-Hall-Marvin Company had the right to use the name "Hall" by way of succession, it did not have an exclusive right to use the name.[9] The court therefore aimed to protect both parties' legitimate interests by allowing the sons to use the Hall name but preventing source confusion by enjoining:

> [U]se of the name Hall, either alone or in combination, in corporate name, on safes, or in advertisements, unless accompanied by information that the defendant is not the original Hall's Safe and Lock Company or its successor, or, as the case may be, that the article is not the product of the last named company or its successors.[10]

I focus on this old case not because it was especially important in the development of trademark law. In fact it is precisely the typicality of *Herring-Hall-Marvin* that is important here. For that case reflects a willingness to limit the scope of injunctive relief that is largely absent from modern cases. Courts in a variety of cases in the traditional trademark era exercised their equitable discretion to shape injunctive relief in order to protect a mark owner's legitimate interests while leaving room for the defendant to operate. Indeed some courts went to extraordinary lengths in this regard. In *W.R. Speare Co. v. Speare*,[11] for example, the court directed entry of:

> [A] decree prohibiting the [defendant] . . . from using the word "Speare" as the name, or part of the name, of their business as undertakers, or in advertisements, telephone directories, signs, or statements of any nature, unless accompanied by the words "neither

[7] *Herring-Hall-Marvin Safe Co.*, 208 U.S. at 557. The story was actually a bit more complicated. Herring-Hall-Marvin originally filed the suit, complaining that the Hall's Safe Company "was infringing its trade and good will, and praying for an injunction." *Hall's Safe Co.*, 146 F. at 39. "While that suit was pending the Herring-Hall-Marvin Company became insolvent, and a receiver was appointed. A new corporation was organized in New Jersey," and all of the Herring-Hall-Marvin Company's assets were acquired by the New Jersey Company, including "all the real estate, personal property, manufacturing plant, tools, machinery, merchandise, assets, franchises, property, and good will of the Herring-Hall-Marvin Company." *Id.* During the insolvency and reorganization the case originally filed by Herring-Hall-Marvin was dismissed on a ground not now material, but without prejudice, and the New Jersey thereafter filed a new complaint. *Id.* So the case ultimately was prosecuted by Herring-Hall-Marvin's successor in interest.

[8] *Herring-Hall-Marvin Safe Co.*, 208 U.S. at 557.

[9] *Id.*

[10] *Id.* at 560.

[11] 265 F. 876 (D.C. Cir. 1920).

> the successors of, nor connected with, the original W. R. Speare establishment," in appropriate juxtaposition therewith, and in conspicuous letters, and from making any statement, oral or otherwise, that they or any one of them is continuing the original business formerly done by W. R. Speare under that name at 940 F street, N. W., and now carried on by the defendants, or that they have any privity or connection by succession, inheritance, or otherwise, with said business, or that said original business is no longer in existence or is not being continued by the plaintiff herein.[12]

Courts also were inclined to craft detailed prophylactic injunctions for the purpose of protecting against confusion that might result from a defendant's legitimate use of a generic term. In *DuPont Cellophane Co. v. Waxed Products Co.*,[13] for example, the court found the term "cellophane" generic and therefore allowed the defendant to continue filling orders for cellophane with its own product.[14] Nevertheless, because DuPont's use of "cellophane" had been widely publicized, in order to avoid source confusion the court required the defendant to state that the product it was selling was "Sylvania cellophane or the cellophane of whomsoever may be the maker," and to prefix the word cellophane with the maker's name as a possessive in its advertising.[15]

Similarly, in *Saxlehner v. Eisner & Mendelson Co.*,[16] the Court found that, through general use of the term by numerous proprietors of Hungarian bitter waters, "Hunyadi" had become public property in the Kingdom of Hungary and the defendant therefore had a legitimate basis for using the name "Hunyadi Matyas" for its bitter waters.[17] The Court did, however, enjoin the defendant's use of bottles and labels the Court believed resembled Saxlehner's. Notably, the court expressly rejected the defendant's claim that it had adequately distinguished its product by including on its bottles a red seal containing the words: "Ask for the Seal brand. This label has been adopted to protect the public from imitation and as a guarantee of the genuineness of the Hunyadi Matyas Water imported solely by Eisner and Mendelson Co., New York."[18]

In *Singer Manufacturing Co. v. June Manufacturing Co.*,[19] the plaintiff sought to enforce rights in the Singer name and in the shape of its sewing machines, which was the subject of an expired patent. The Court rejected Singer's claims with respect to the shape of its machines on the ground that "the right to make the machine in the form in which it was

[12] *Id.* at 880.
[13] 85 F.2d 75 (2d Cir. 1936).
[14] *Id.* at 82. While the court does not use the term "generic" in its opinion, the the court expresses the concept of genericness by stating that the term cellophane "ordinarily signifie[d] the cellulose product." *Id.*
[15] *Id.*
[16] 179 U.S. 19 (1900).
[17] *Id.* at 36.
[18] *Id.* at 40–41.
[19] 163 U.S. 169 (1896).

constructed during the patent" passes to the public on termination of the patent.[20] The defendant's right to use the Singer name then was simply a matter of making competition in the post-patent period meaningful, for use of the name "was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly."[21] Consequently, the defendant was entitled to make its machines in the same shape as Singer's and to designate them "Singer" machines. It was not, however, entitled to mislead consumers about the source of its products.[22] Thus, in the Court's view, the defendant would have escaped all liability if it had "marked its machines with a sufficiently prominent disclosure of the actual source of manufacture," and if its advertisements "adequately disclose[d] the true source of [the defendant's] goods."[23]

This suggestion was consistent with cases like *Kellogg Co. v. National Biscuit Co.*,[24] in which the court found the claimed mark (in that case "Shredded Wheat") generic and declined to enter any injunctive relief because the defendant took care to delineate clearly the source of its products. Kellogg differentiated its cereal biscuits by making them in a different size than National Biscuit and by prominently displaying the Kellogg name on its packaging.[25] In so doing, Kellogg showed that, while it surely was trying to capture some of National Biscuit's market share, it was not trying to deceive National Biscuit's consumers about the source of its shredded wheat. And that was all that was required.[26]

Brown Chemical Co. v. Meyer[27] strikes the same note. In that case the Court rejected the plaintiff's claim to exclusive rights in the term "Iron Bitters" for medicine preparations, holding the term "indicative of the ingredients, characteristics and purposes of the plaintiff's preparation."[28] Meyer therefore had a right to use "Iron Bitters" for his competitive product.[29] Moreover, as the defendant's firm employed someone who also had the surname of Brown, he had the right to use the name "'Brown's Iron Bitters' . . . . unless he use[d] them in such connection with other words or devices as to operate as a deception upon the public."[30] Since the defendant's bottles differed in size and shape from the plaintiff's and their "labels and cartons [were] so dissimilar in color, design and detail that no intelligent person would be likely to purchase

[20] *Id.* at 185–86.
[21] *Id.*
[22] *Id.* at 187, 200–01.
[23] David S. Welkowitz, *The Supreme Court and Trademark Law in the New Millennium*, 30 WM. MITCHELL L. REV. 1659, 1664 (2004).
[24] 305 U.S. 111 (1938).
[25] *Id.* at 120–22.
[26] *Id.*
[27] 139 U.S. 540 (1891).
[28] *Id.* at 542.
[29] *Id.*
[30] *Id.* at 547.

either under the impression that he was purchasing the other," no relief was appropriate.[31]

These are isolated examples, and some of them seem like special cases. Courts have, for example, long expressed reluctance to prevent merchants from using their own names in commerce,[32] and several of the cases could be explained on that basis. But it would be a mistake to view the results in these cases as unusual or exceptional. Limited injunctive relief was sufficient in these cases because trademark law's goals were much more modest in the era in which they were decided. Specifically, courts in these cases aimed only to prevent a competitor from dishonestly diverting the mark owner's trade.[33] They therefore sought only to prevent defendants from confusing consumers about the actual source of a product. If all a defendant had to do was to distinguish itself sufficiently to make clear that it was not the plaintiff, that did not necessarily require robust injunctive relief, particularly in cases where some amount of similarity could be explained by similarity in surname or use of a descriptive or generic term. Indeed, close reading of many of these early cases makes clear that the limited injunctive relief was more a natural outgrowth of trademark law's limited goals than of special rules in particular cases. In *McLean v. Fleming*,[34] for example, the Court explained that one merchant

> cannot have [an exclusive] right, even in his own name, as against another person of the same name, unless such other person uses a form of stamp or label so like that used by the complaining party as to represent that the goods of the former are of the latter's manufacture. Nor will any other name, merely as such, confer any such exclusive right, unless the name is printed in some particular manner in a label of some peculiar characteristics, so that it becomes, to some extent, identified with a particular kind of goods, or when the name is used by the party, in connection with his place of business, in such a manner that it assumes the character of a trade-mark within the legal meaning of that term, and as such

[31] *Id.* at 544–45. In this respect, *Brown Chemical Co.* stands in similar relation to *Saxlehner* as *Kellogg Co.* does to *Singer Manufacturing Co.*

[32] *See, e.g.*, Brennan's, Inc. v. Brennan's Rest., LLC, 360 F.3d 125, 131 (2d Cir. 2004) ("[O]ne's surname given at birth creates associations attached to that name which identify the individual. As a consequence, courts generally are hesitant to afford strong protection to proper names, since to do so preempts others with the same name from trading on their own reputation."); Taylor Wine Co. v. Bully Hill Vineyards, Inc., 569 F.2d 731, 735 (2d Cir. 1978) (quoting Societé Vinicole de Champagne v. Mumm, 143 F.2d 240, 241 (2d Cir. 1944) ("[T]o prohibit an individual from using his true family surname is to 'take away his identity: without it he cannot make known who he is to those who may wish to deal with him; and that is so grievous an injury that courts will avoid imposing it, if they possibly can.'")).

[33] *See generally*, Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839 (2007).

[34] 96 U.S. 245 (1877).

entitles the party to the protection of a court of equity, to prevent others from infringing the proprietor's exclusive right.[35]

Limited relief, in other words, reflected the fact that names were unlikely to indicate a particular source, since consumers were likely to know many merchants by the same name. But particular stylization of the name, or of a label, could transform an ordinary name into a mark. The relief was simply targeted at that incremental difference.

Trademark law obviously has come a long way since the traditional era, and it no longer focuses narrowly on trade diversion. But I think these cases still hold some important lessons for us—lessons that courts have mostly ignored of late. In particular, these cases reflect a deep appreciation for the competing interests at stake in many trademark cases, and the limited relief courts ordered was intended to protect, as far as possible, both parties' legitimate interests. I suggest that, even though trademark law's goals are now much broader, courts could ameliorate some of the consequences of trademark law's modern expansion by showing similar willingness to shape injunctive relief.

II. MODERN COURTS' TENDENCY TO VIEW INJUNCTIVE RELIEF CRUDELY

Notwithstanding their clear authority—and obligation—to do so,[36] courts have been quite reluctant of late to limit the scope of injunctive relief, instead tending simply to enjoin the defendant's use without qualification. There are, of course, some outliers,[37] but generally speaking courts have continued reasonably consistent practices of entering limited injunctive relief only in cases involving generic terms, surnames, and geographic terms. In other words, they have tended to

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[35] *Id.* at 252–53.

[36] *See*, *e.g.*, Forschner Group, Inc. v. Arrow Trading Co., 124 F.3d 402, 406 (2d Cir. 1997) ("It is well-settled that the essence of equity jurisdiction has been the power to grant relief no broader than necessary to cure the effects of the harm caused by the violation."); ALPO Petfoods, Inc. v. Ralston Purina Co., 913 F.2d 958, 972 (D.C. Cir. 1990) ("The law requires that courts closely tailor injunctions to the harm that they address.").

[37] *See*, *e.g.*, Soltex Polymer Corp. v. Fortex Indus., Inc., 832 F.2d 1325, 1326–28 (2d Cir. 1987) (affirming district court's refusal to afford plaintiff relief for defendant's use of "FORTIFLEX" for animal feed, as opposed to plaintiff's use of "FORTIFLEX" for resin, and affirming narrowly drawn injunction with respect to defendant's use of the mark for its container line which required defendant to use the following disclaimer: "Not connected with Soltex Polymer Corporation of Houston, Texas"); Spring Mills, Inc. v. Ultracashmere House, Ltd., 724 F.2d 352, 354 (2d Cir. 1983) (upholding limited injunction crafted by district court which prohibited the defendant from "using or adopting any hang tag, label or promotional material that simulates, copies or creates a relationship to any label, hang tags, or promotional materials used by Springs Mills," and from "adopting or using the designation 'ULTRACASHMERE' in their trade dress, advertisements or promotional literature, unless accompanied by a disclaimer").

continue the practice in those cases where the choice is, by and large, between limited injunctive relief and no relief at all.

For example, in *Blinded Veterans Ass'n v. Blinded American Veterans Foundation*,[38] the court found "Blinded Veterans" generic for non-profit services designed to benefit blinded veterans. The defendant's use of "blinded veterans" therefore could not be enjoined to prevent "confusion generated by a mere similarity of names."[39] But the D.C. Circuit directed the district court to determine whether the defendant was passing itself off as the plaintiff and, if necessary, to enter injunctive relief sufficient to distinguish the two organizations, perhaps by requiring a prominent disclaimer alerting the public that the defendant was not the same organization as, or associated with, the plaintiff.[40] Similarly, in *E. & J. Gallo Winery v. Gallo Cattle Co.*,[41] the court allowed Joseph Gallo to continue using his surname on labels for his cheese products, but required him to use the Gallo name in a non-trademark sense.[42] The court specifically suggested that the defendant could use "Joseph Gallo Farms" in small type below his trademark or "Joseph Gallo" as a signature in small type."[43] The Ninth Circuit's expressed its "reluctan[ce] to preclude an individual's business use of his own name,"[44] but offered limited relief on the ground Joseph Gallo "knew that the Winery would object to his use of the GALLO name" and "intended to capitalize on [the Winery's] reputation and selling power."[45]

[38] 872 F.2d 1035 (D.C. Cir. 1989).

[39] *Id.* at 1045 (quoting Liquid Controls Corp. v. Liquid Control Corp., 802 F.2d 934, 940 (7th Cir. 1986)).

[40] *Id.* at 1047.

[41] 967 F.2d 1280 (9th Cir. 1992).

[42] *Id.* at 1297 ("Joseph may continue to explain to customers his participation in his business, but not as a trademark or trade name that causes confusion."). As I have explained elsewhere, determining whether a particular use is use as a trademark is much less straightforward than the *E. & J. Gallo Winery* court appeared to understand. *See* Mark P. McKenna, *Trademark Use and the Problem of Source*, 2009 U. ILL. L. REV. 773 (demonstrating that trademark use can only be determined by reference to consumer understanding of the use, particularly consumer perception of whether a use indicates source, sponsorship, or affiliation). And the final qualification in the *E. & J. Gallo Winery* court's standard—that the use not cause confusion—makes this much less than a firm rule on which parties can rely.

[43] *E. & J. Gallo Winery*, 967 F.2d at 1297.

[44] *Id.* at 1288 (citing Friend v. H.A. Friend & Co., 416 F.2d 526, 531 (9th Cir. 1969)).

[45] *E. & J. Gallo Winery*, 967 F.2d at 1288. *See also*, Pacific Sunwear of California, Inc. v. Kira Plastinina Style, Ltd., No. SACV 08-1141-JVS(ANx) (C.D. Cal. April 16, 2009), *aff'd* 2010 WL 358764 (9th Cir. Feb. 1, 2010) (enjoining defendants from using "Kira" or "Kira Plastinina" as a trademark for apparel and accessories, but specifically allowing defendants to "use the phrase 'Kira Plastinina' (but not the single word 'Kira') in written displays, advertisements, or Internet pages to identify the actual designer of Defendants' goods, as opposed to identification of the company, business, stores, goods, and services offered by Defendants," but requiring that "[s]uch words shall be in a noticeably smaller and less distinctive font and overall presentation than any non-infringing words or marks used to identify Defendants' goods, services, or

Cases like *Blinded Veterans Ass'n* and *E. & J. Gallo Winery* continue the tradition of *Kellogg Co.* and *Singer Manufacturing Co.*, training courts' equitable powers on the core of trademark protection—the risk that one party would divert a competitor's trade by passing itself off as the competitor—while recognizing legitimate interests in using the contested term.[46] Those cases involved very weak or unprotectable terms, so the choice courts faced was between limited relief and no relief at all. Broader willingness to employ equitable discretion would be reflected in decisions in which courts could have enjoined the defendant's activities altogether but settled for something less because limited relief was sufficient to remedy any likelihood of confusion. Those cases, however, are much harder to find in modern case law.

Indeed one has to go back to the well-known *AMF Inc. v. Sleekcraft Boats* case[47] to find a good example of this sort of use of discretion. In *Sleekcraft* the court found the defendant's use of "Sleekcraft" for its high performance speed boats infringed AMF's rights in "Slickcraft," which it used for its somewhat more middle-market speed boats.[48] Nevertheless, the court believed a limited injunction was warranted, both because the parties' boats were targeted to different sub-markets[49] and because of Sleekcraft's good faith, as evidenced by the steps it had voluntarily taken to reduce the risk of confusion.[50] Rather than enjoin all future use of the "Sleekcraft" mark, the court directed the district court to consider both parties' interests in structuring appropriate relief. "At minimum," the court believed, "[the defendant's] logo should appear in all

business, and shall be accompanied by a disclaimer in a font of the same size and design as that of the words 'Kira Plastinina' stating 'Kira Plastinina is not affiliated with Pacific Sunwear of California,' or words to that effect. 'Kira' shall be in the same typestyle as 'Plastinina' and in the same or smaller font size.").

[46] *See also* Murphy Door Bed Co. v. Interior Sleep Systems, Inc., 874 F.2d 95, 101–02 (2d Cir. 1989) (finding "Murphy Bed" generic but affording limited relief preventing defendant from using the term "original" in connection with its wall beds on the ground consumers generally would associate "original" with Murphy (the first company to manufacture such beds) and the defendant therefore was intentionally passing off its products as Murphy's); King-Seely Thermos Co. v. Aladdin Indus., Inc., 321 F.2d 577, 581 (2d Cir. 1963) (similarly finding "thermos" generic but prohibiting the defendant from using the terms "genuine" or "original" in connection with its thermos products).

[47] 599 F.2d 341 (9th Cir. 1979). The Ninth Circuit's likelihood of confusion factors are generally referred to as the *Sleekcraft* factors, in reference to this case. *See, e.g.*, One Indus., LLC v. Jim O'Neal Distrib., Inc., 578 F.3d 1154, 1162 (9th Cir. 2009) ("To determine whether a 'likelihood of confusion' exists, we employ the eight factor test set forth in *AMF Inc. v. Sleekcraft Boats* . . . ." (internal citation omitted)).

[48] 599 F.2d at 354.

[49] The court found the parties respective speed boats to be non-competitive but closely related. Sleekcraft's boats were targeted to a somewhat different sub-market of racing enthusiasts, though, as the court noted "[b]oth are for recreational boating on bays and lakes. Both are designed for water skiing and speedy cruises. Their functional features, for the most part, are also similar: fiberglass bodies, outboard motors, and open seating for a handful of people." *Id.* at 350.

[50] *Id.* at 354.

advertisements, signs, and promotional materials prepared either by [the defendant] or by his retail dealers, and on all [defendant's] business forms except those intended for strictly internal use."[51] But the court specifically declined to require a disclaimer of any association between the parties' lines or to enjoin the defendant from expanding his product line.[52]

The court did something similar in the unique case of *National Football League v. Governor of Delaware*.[53] There the court held the state of Delaware liable for running a lottery that was based on point spreads in National Football League (NFL) games. The state did not use the NFL name or any of its registered service marks to identify or advertise the lottery games,[54] but the court nevertheless believed that consumers would believe the lottery was in some way associated with the NFL.[55] Consumers would be confused in this way, according to the court, because they would understand use of city names on the betting cards as references to particular NFL football teams, and "[a]pparently, in this day and age when professional sports teams franchise pennants, teeshirts, helmets, drinking glasses and a wide range of other products, a substantial number of people believe, if not told otherwise, that one cannot conduct an enterprise of this kind without NFL approval."[56] On this basis the court felt compelled to issue some form of relief. But it was clearly uneasy about the decision, and its trepidation showed in the remedy. Rather than prohibit use of city names or enjoin the lottery games altogether, the court entered a limited injunction "requiring the Lottery Director to include on Scoreboard tickets, advertising and any other materials prepared for public distribution a clear and conspicuous statement that Scoreboard [was] not associated with or authorized by the National Football League."[57]

These cases are notable precisely because of their rarity—and because one has to go back so far to find them. This is a shame, I think, because courts lost their appetite for exercising their equitable discretion at precisely the time trademark law was expanding and coming more frequently into contact with competitive and free-speech interests. Indeed, I can see at least four types of cases in which more careful use of injunctive relief would help alleviate concerns of trademark over-enforcement.

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51 *Id.* at 355.

52 *Id.*

53 435 F. Supp. 1372 (D. Del. 1977).

54 The lottery game was called "Scoreboard" and the individual games were "Touchdown" and "Touchdown II." *Id.* at 1376.

55 *Id.* at 1380.

56 *Id.* at 1381.

57 *Id.*

III. BENEFITS OF A MORE NUANCED EQUITABLE APPROACH

A. *Mixed Consumer Understandings*

A variety of trademark cases involve marks that have different meanings to significant groups of consumers. Descriptive terms, for example, may have geographically limited secondary meaning, and courts therefore have imposed geographic limitations on the scope of injunctive relief in some cases involving unregistered descriptive marks. In *Bank of Texas v. Commerce Southwest, Inc.*,[58] for instance, the court refused to issue county-wide injunctive relief against the defendant's use of "BancTEXAS" because the plaintiff failed to prove the secondary meaning of its Bank of Texas mark extended beyond the immediate locale of its bank.[59] Likewise in *Buscemi's Inc. v. Anthony Buscemi Delicatessen & Party Store, Inc.*,[60] the court refused to enjoin the defendant's use in four of the seven counties in which plaintiff sought injunctive relief because the Buscemi surname had developed secondary meaning only in the other three counties.[61] And had it not determined the defendant's use of "Fish Fry" was fair use, the court in *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*[62] seemed prepared to grant limited injunctive relief to Zatarain's, whose descriptive "Fish Fri" mark had acquired secondary meaning in the New Orleans area.[63] In a similar vein, courts have tied the scope of injunctive relief to the geographic reach of secondary meaning in priority cases involving unregistered trademarks used in geographically remote areas.[64]

The meaning of a mark may also vary across groups of consumers even when those consumers are all located in the same geographic area. Cases involving allegedly generic terms or marks for which secondary meaning is required bring these mixed meanings to the fore. In these cases the outcome depends upon the "primary significance" of the contested term to the relevant consuming public.[65] And because the

[58] 741 F.2d 785 (5th Cir. 1984).

[59] *Id.* at 789.

[60] 294 N.W.2d 218 (Mich. Ct. App. 1980).

[61] *Id.* at 219–20.

[62] 698 F.2d 786 (5th Cir. 1983).

[63] *Id.* at 795–96. I would not include in this category a case like *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39 (2d Cir. 1994). The injunctive relief entered in that case was geographically limited because the plaintiff's claim was based on New York's statutory dilution provision. The court properly recognized that its decision was novel and that the parties rights might well be different under different state legal regimes, some of which contained no dilution provision at all. *Id.* at 46–47.

[64] *See* Nat'l Ass'n for Healthcare Commc'n, Inc. v. Cent. Arkansas Area Agency on Aging, Inc., 257 F.3d 732, 737 (8th Cir. 2001) (barring the plaintiff from using its CareLink mark in the defendant's six-county trade area in central Arkansas).

[65] *See* 15 U.S.C. § 1064(3) (2006) ("The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used."); Wal-Mart Stores, Inc. v.

"primary" significance of a term is the meaning given to it by the majority of consumers, a term is protectable if barely more than half of those who encounter it regard it as a mark. This obviously leaves the remaining consumers—in some cases nearly half of the relevant public—for whom the term lacks source significance but whose understanding is ignored. Thus, even in those cases where the court finds the mark protectable—cases distinct from *Blinded Veterans Ass'n*, in which the court imposed limited injunctive relief after finding the term was *not* protectable—courts might do greater justice to the interests of those many consumers who do not regard the term as a mark by limiting the scope of relief.

This problem of mixed consumer understanding is even more pronounced at the likelihood-of-confusion stage, since courts have been willing to enjoin uses that caused remarkably low levels of confusion.[66] In these cases the vast majority of consumers are not confused by the defendant's use. Non-confused consumers derive no particular value from an injunction and in fact may suffer harm from the inability to use the term as they understand it. As Michael Grynberg argues, taking seriously the interests of the non-confused consumers—who might actually get affirmative information from the defendant's use—would

Samara Bros., Inc., 529 U.S. 205, 211 (2000) (defining secondary meaning as existing when "in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself" (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851 n.11 (1982))); Ty Inc. v. Softbelly's Inc., 353 F.3d 528, 530–31 (7th Cir. 2003) (noting that "the legal test of genericness is 'primary significance'" and finding survey results showing sixty percent of respondents thought "Beanies" was a brand name was evidence that the primary significance of "Beanies" is still as the name of Ty's brand).

[66] Courts generally articulate the relevant standard as a question of whether the defendant's use is likely to cause confusion among "an appreciable number of ordinarily prudent purchasers." McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1130 (2d Cir. 1979) ("[A]n appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods . . . ." (quoting Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978))); *see also* Int'l Ass'n of Machinists & Aerospace Workers, AFL-CIO v. Winship Green Nursing Ctr., 103 F.3d 196, 201 (1st Cir. 1996) ("[T]he law has long demanded a showing that the allegedly infringing conduct carries with it a likelihood of confounding an appreciable number of reasonably prudent purchasers exercising ordinary care."). While there is no absolute quantitative threshold for determining what level of confusion is "appreciable," courts have generally been persuaded by survey evidence showing fifteen percent confusion. *See, e.g.*, Exxon Corp. v. Tex. Motor Exch. of Houston, Inc., 628 F.2d 500, 507 (5th Cir. 1980) (finding a fifteen percent level of confusion was strong evidence of likelihood of confusion); RJR Foods, Inc. v. White Rock Corp., 603 F.2d 1058, 1061 (2d Cir. 1979) (finding a fifteen to twenty percent level of confusion corroborates likelihood of confusion); James Burrough Ltd. v. Sign of the Beefeater, Inc., 540 F.2d 266, 279 (7th Cir. 1976) (finding a fifteen percent level of confusion was neither small nor de minimis). In one case, the court called evidence of 8.5% confusion "strong evidence" of a likelihood of confusion. Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 365 F. Supp. 707, 716 (S.D.N.Y. 1973), *modified on other grounds*, 523 F.2d 1331 (2d Cir. 1975).

entail modesty in crafting injunctive relief.[67] But while I agree with Grynberg that such modesty is needed most in cases at the "peripheries of trademark law . . . where the argument for consumer harm is tenuous,"[68] I think the principle is applicable across a broader range of "traditional" trademark cases.

If the majority of consumers are not confused by a particular use, simple changes to the format of the use—use of a house mark or a stylized logo, for example—are likely to be sufficient to remedy any confusion suffered by the distinct minority of consumers. Indeed we have some empirical evidence that small changes can make a very large difference in consumer perception. Studies indicate that, in the context of competing goods, visual appearance is the primary cue for association rather than the name attached to the product.[69] This suggests that confusion may frequently be mitigated simply by requiring the defendant to alter the visual appearance of its products or the context in which consumers encounter them. Limiting relief in this way would allow non-confused consumers to continue to benefit from the information they derive from the marks while adequately protecting confused consumers.

Moreover, small changes in the presentation of a mark can make a large difference in the consequences for a brand owner. Several brand extension studies have concluded that differentiating the extension product from the parent brand by adding to or altering the stimulus is effective in preventing any feedback effects on the parent brand.[70] One study, for example, tested whether information about plans to offer lower-priced models of luxury car brands (BMW and Acura) would negatively affect subjects' perceptions of the luxury brands. Though the authors did find some negative feedback when subjects were told only that BMW (or Acura) was introducing a new car, the use of a sub-brand name such as "Ultra by BMW" was sufficient to protect the parent brand from any feedback effects.[71] While subjects reacted negatively to the lower-priced extension product, they did not change their perceptions of the parent brands when the extension products were sub-branded. In other words, even though they knew that BMW (Acura) was in fact the source of the sub-branded extension product,[72] subjects responded to the

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[67] Michael Grynberg, *Trademark Litigation as Consumer Conflict*, 83 N.Y.U. L. REV. 60, 111–13 (2008).

[68] *Id.* at 112.

[69] *See* George Miaoulis & Nancy D'Amato, *Consumer Confusion & Trademark Infringement*, 42 J. MARKETING 48, 54 (1978).

[70] *See, e.g.*, Amna Kirmani et al., *The Ownership Effect in Consumer Responses to Brand Line Stretches*, 63 J. MARKETING 88 (1999).

[71] *Id.* at 90–95.

[72] *Id.* at 95. Rebecca Tushnet argues that this research regarding sub-branding suggests that dilution by tarnishment is unlikely because "recognizing an absence of affiliation should allow consumers to avoid penalizing the senior brand." Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 543–44 (2008). But the research actually supports an even stronger point: The parent brands in these studies were not diluted even when subjects believed the

sub-branding strategy by sub-typing, effectively insulating the parent brand from any feedback effects.[73]

This research suggests that consumers are relatively adept at recognizing attempts to differentiate and they are able to maintain remarkably focused brand attitudes when encouraged to do so. So not only is calibrating injunctive relief likely to deal better with the costs of trademark protection, when it takes the form of requiring additional signals of differentiation it is likely to prevent any real harm from befalling the mark owner.

B. Sponsorship or Affiliation Confusion

More targeted injunctive relief would also be useful in cases now regarded as "sponsorship or affiliation" cases. Mark Lemley and I have argued that those cases need to be re-thought altogether, and that cases involving confusion about responsibility for the quality of the defendant's goods or services ought to be distinguished from cases involving confusion of any other type.[74] In the latter type of cases involving non-quality-related confusion, we argue, claimants should have to demonstrate that the confusion would be material to consumers' purchasing decisions.[75]

But materiality is a sliding scale, not an all-or-nothing inquiry, and courts could plausibly find some conduct to be material to purchasing decisions of only a few customers. In false advertising cases, the strength of the materiality finding is related to the remedy; the more problematic the deception, the more willing the courts are to act.[76] This makes sense as a matter of cost-benefit analysis; thinking about sponsorship cases in these terms may permit courts to do the same sort of balancing of remedies in sponsorship or affiliation cases, for example requiring disclaimers as the cure for certain minor types of trademark harm.[77]

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extension products actually came from the same company. In other words, these studies suggest that parent brands are not harmed when consumers have reasons to differentiate *whether or not consumers are confused about affiliation*.

[73] *See also* Sandra J. Milberg et al., *Managing Negative Feedback Effects Associated With Brand Extensions: The Impact of Alternative Branding Strategies*, 6 J. CONSUMER PSYCHOL. 119, 125 (1997) (sub-branding may prevent negatively evaluated extensions from harming the parent brand). Laura Bradford suggests that these studies might not adequately account for accrued wearout, which would take time to develop and would not be captured by the responses to individual extension information in these studies. *See* Laura A. Bradford, *Emotion, Dilution, and the Trademark Consumer*, 23 BERKELEY TECH. L.J. 1227, 1276 (2008). Even if that is true, it has much more to do with dilution by blurring than likelihood of confusion.

[74] Mark A. Lemley & Mark P. McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 434 (2010).

[75] *Id.* at 416.

[76] *See, e.g.*, Richard Craswell, *Taking Information Seriously: Misrepresentation and Nondisclosure in Contract Law and Elsewhere*, 92 VA. L. REV. 565, 594–601 (2006).

[77] *Cf.* Grynberg, *supra* note 67, at 112 (calling for greater attention to the interests of non-confused consumers as well as confused ones).

C. *Merchandising Cases*

A more refined approach to equitable relief also might offer a middle ground on the controversial merchandising cases.[78] Merchandising cases involve the use of brands not to identify the source or quality of goods, but instead as desirable products in and of themselves. The sale of brands qua brands on T-shirts, hats, and the like presents difficult problems for trademark theory.[79] There is no obvious source relationship between, say, a university or a professional sports team and T-shirts or hats that feature the logo of that university or team. Consumers may at this point presume a franchising-type quality relationship; universities and sports teams today do license the manufacture of clothing featuring their logos, and it is possible that consumers both assume that the mark owner is serving as a guarantor of the quality of those clothes and that any clothing featuring the school or team name is in fact licensed by the university and is therefore of the assumed quality.

But those assumptions could be put to rest very easily without disabling unaffiliated parties from selling merchandise bearing the university or the franchise's logo. The vast majority of merchandise that is officially licensed says so explicitly. At my own university, every piece of licensed apparel bears a logo reflecting its status as an officially licensed good.[80] Sometimes these logos are affixed only to tags attached to the goods, but the logos (or at least the words) could be incorporated directly into virtually all of the licensed goods. To the extent a university's real concern is with differentiating the officially licensed merchandise from that which is not licensed,[81] injunctive relief need not prohibit use of the logos altogether. Courts could simply forbid unlicensed sellers from saying their goods are "official" or "licensed," or from using any kind of certification mark. Licensed manufacturers could then easily communicate the status of their goods, thereby preventing any confusion about sponsorship or affiliation, while leaving third parties free to market unlicensed merchandise to consumers who do not care about approval.

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[78] This Section is adapted in part from Lemley & McKenna, *supra* note 74.

[79] *See* Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or* Fait Accompli*?*, 54 EMORY L.J. 461, 465, 471–73 (2005) (detailing these cases and analyzing them under trademark principles); *see also* ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 755–58 (rev. 4th ed. 2007).

[80] *See* University of Notre Dame, *Licensing*, http://licensing.nd.edu/policies/ (follow "labeling" and "holographic tags/stickers" hyperlinks).

[81] One suspects that is not the real, or at least not the complete, motivation. Instead, it is hard to resist the conclusion that the universities simply want monopoly control over merchandise bearing their names and logos.

D. *Protecting Speech Values*

More refined equitable relief would also have significant benefits in cases involving expressive works, many of which have been very difficult for courts. Take for example *Parks v. LaFace Records*.[82] In that case Rosa Parks objected to the band OutKast's use of her name as the title of a song that repeatedly used the phrase "move to the back of the bus" in the "hook" or chorus of the song.[83] After rejecting two alternative approaches to uses of trademarks in the title of works of authorship,[84] the court adopted the *Rogers v. Grimaldi* test.[85] Under that test, use of a mark in a title will be deemed infringing only if the use has "no artistic relevance to the underlying work" or, if there is artistic relevance, the title "explicitly misleads as to the source or the content of the work."[86]

The *Parks* court adopted the *Rogers v. Grimaldi* approach because it believed that approach best balanced the interest in avoiding consumer confusion with that of free expression.[87] And indeed the *Rogers v. Grimaldi* test appears to be quite speech protective. Yet the Sixth Circuit in *Parks* disagreed with the district court's determination that "the artistic relationship between the title and the song was 'so obvious that the

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[82] 329 F.3d 437 (6th Cir. 2003).

[83] *Id.* at 442.

[84] One rejected approach was to simply rely on the likelihood-of-confusion factors on the theory they will be sufficiently protective of speech interests because consumers will not be confused by pure speech. *Id.* at 448. The court attributed this approach to the Sixth Circuit case *Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982), and inferred it from the Ninth Circuit's decision in *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997). *See* Films of Distinction, Inc. v. Allegro Film Prods., Inc., 12 F. Supp. 2d 1068, 1078 (C.D. Cal. 1998) ("[I]t appears the Ninth Circuit will not adopt . . . [a] test balancing trademark protections against the artistic interest in protecting literary titles. . . . *Dr. Seuss* strongly suggests that this 'balancing' has already been adequately accomplished by the statutory framework [of the Lanham Act]."). "The Tenth Circuit has obliquely endorsed [the *Dr. Seuss*] approach as well." *Parks,* 329 F.3d at 448. *See* Cardtoons, L.C. v. Major League Baseball Players Ass'n, 95 F.3d 959, 970 (10th Cir. 1996) (suggesting the "likelihood of confusion" test "serve[s] to avoid First Amendment concerns" in trademark cases).

The second rejected approach was the "alternative avenues approach," which had been endorsed by the Eighth Circuit. *Parks,* 329 F.3d at 448. Under that approach, "a title of an expressive work will not be protected from a false advertising claim if there are sufficient alternative means for an artist to convey his or her idea." *Id.*; *see* Mut. of Omaha Ins. Co. v. Novak, 836 F.2d 397, 402 (8th Cir. 1987) (holding creator of parody T-shirts not protected by the First Amendment because he could still produce parody editorials in books, magazines, or film); Am. Dairy Queen Corp. v. New Line Prods., Inc., 35 F. Supp. 2d 727, 734 (D. Minn. 1998) (holding no First Amendment protection for an infringing movie title because there were other titles the producers could use); Anheuser-Busch, Inc. v. Balducci Publ'ns, 28 F.3d 769, 776 (8th Cir. 1994) (holding First Amendment protection not available to parodist because the confusing trademark use was "wholly unnecessary" to the parodist's stated purpose).

[85] Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989).

[86] *Id.* at 999.

[87] *Id.*

matter is not open to reasonable debate.'"[88] For the Sixth Circuit, it was clear the song was not about Rosa Parks, and it was unimpressed with OutKast's claim that the name had "symbolic" or "metaphorical" significance.[89] Whatever one's view of the specific result in *Parks*, there are good reasons to be concerned about the clarity of a rule when a federal district court judge thinks artistic relevance is "so obvious that the matter is not open to reasonable debate,"[90] and a panel of the Sixth Circuit finds essentially the opposite. The openness of this standard is precisely what Bill McGeveran identified in many of the supposedly speech protective doctrines in trademark law: they may lead courts to the right result in most cases, but they are not predictable enough that would-be users can rely on them.[91]

More limited remedies cannot alleviate this problem altogether, but they could reduce the potential chill these vague rules create. If a prospective user had some confidence that any relief entered against them would be narrowly tailored to alleviating an implication of endorsement or association, perhaps through a clear disclaimer rather than absolute injunctive relief, she could proceed with much more confidence. Specifically in the context of the *Parks* case, for example, rather than enjoining use of Rosa Parks's name as the title of the OutKast song, the court could have required OutKast to make clear its song was not endorsed by Rosa Parks.[92] This is not an optimal outcome, in my view, since I would prefer that courts simply find uses like OutKast's categorically non-infringing. But better-tailored injunctive relief is a second best solution.

IV. CONCLUSION

Modern trademark law's excesses are well-documented, and there are real costs associated with them. But some of trademark law's sharp edges could be smoothed if courts would exercise their equitable powers to shape injunctive relief. In a wide range of cases, limited injunctive relief would be adequate to protect the legitimate interests of mark owners and consumers. This is something courts once well understood, and they would be wise to once again to take a page from this history.

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88 *Parks*, 329 F.3d at 452.

89 *Id.*

90 Parks v. LaFace Records, 76 F. Supp. 2d 775, 782 (E.D. Mich. 1999).

91 William McGeveran, *Rethinking Trademark Fair Use*, 94 IOWA L. REV. 49, 67–68 (2008).

92 *See, e.g.*, Westchester Media Co. L.P. v. PRL USA Holdings, Inc., No. Civ.A. H-97-3278, 2001 WL 34109374, at *9 (S.D. Tex. Oct. 23, 2001) (requiring the defendant, if it chose to revive its POLO magazine, to use a disclaimer stating it was "Not affiliated with Polo Ralph Lauren" in a prominent place, adjacent to and below the magazine's title, in a white box with black border, set in legible black type no less than one half the size of the POLO name, and no smaller than 16-point font).