Trademarks and Generic Words: An Effect-on-Competition Test

Two years ago, in *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*,¹ the Ninth Circuit invalidated Parker Brothers's trademark, "Monopoly," on the ground that it had become the generic name of a certain type of board game.² Although the court applied the usual test for genericness, the so-called "primary significance" test, to reach its decision, that decision provoked consternation among legal commentators³ and some members of Congress.⁴ The widespread dissatisfaction with the *Anti-Monopoly* case suggests that the time is ripe for a reevaluation of the use of the primary significance test in genericness cases.

This comment consists of three sections. The first section briefly reviews the purpose of trademark law and the current state of the genericness doctrine. The second section criticizes the primary significance test as being the product of an outmoded conception of the function of trademarks. The final section proposes

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¹ 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983). This was the second appellate decision in the case. See *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 195 U.S.P.Q. (BNA) 634 (N.D. Cal. 1977) (granting permanent injunction to plaintiff), *rev'd and remanded*, 611 F.2d 296 (9th Cir. 1979); *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 515 F. Supp. 448 (N.D. Cal. 1981) (same case on remand, granting permanent injunction to plaintiff), *aff'd*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983).

² Under the current federal trademark statute, the Lanham Act, 15 U.S.C. §§ 1051-1127 (1982), words that are common names or "merely descriptive" of products may not be registered as trademarks. 15 U.S.C. § 1052(e)(1) (1982). Nondescriptive trademarks, while not disqualified from registration, may similarly be denied protection under the Lanham Act if, through repeated use, they come to be "common descriptive name[s]" of products. 15 U.S.C. § 1064(c) (1982). The term "generic" is used by courts to describe both categories of unprotected words. See, e.g., *Henry Heide, Inc. v. George Zeigler Co.*, 354 F.2d 574, 576 (7th Cir. 1965) (holding "jujubes" the generic name of a tropical fruit flavor); *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577, 579 (2d Cir. 1963) (holding that the mark "Thermos" had become generic). This comment focuses exclusively on the second category, i.e. nondescriptive trademarks that may be challenged as having become generic.

³ See Greenbaum, Ginsburg & Weinberg, *A Proposal for Evaluating Genericism After "Anti-Monopoly,"* 73 TRADE-MARK REP. 101 (1983); Zeisel, *The Surveys That Broke Monopoly*, 50 U. CHI. L. REV. 896 (1983); Note, *Genericide: Cancellation of a Registered Trademark*, 51 FORDHAM L. REV. 666 (1983).

⁴ An amendment to the Lanham Act that would repudiate the primary significance test was proposed in 1983 by Senator Hatch. See S. 1440, 98th Cong., 1st Sess., 129 CONG. REC. S8137 (daily ed. June 9, 1983).

that the primary significance test be replaced by a test that balances the effects on competition of protecting or prohibiting the exclusive use of the trademark.

I. THE LAW OF TRADEMARKS AND THE GENERICNESS DOCTRINE

A. Trademark Law and the Competitive Process

The law regulating trade and commerce frequently seeks to promote competition as a means of allocating resources efficiently and insuring reasonable prices. The antitrust laws, for example, prohibit monopolies because they inflate prices and reduce the overall welfare of society.⁵ In some respects, the law of intellectual property runs counter to this general policy of promoting competition. The patent⁶ and copyright⁷ laws, for example, grant monopolies of limited duration over their works to inventors and artists in order to provide incentives for them to create such works.⁸

Trademark law seems at first glance to be a similar exception to the policy of promoting competition. It provides a trademark holder with a monopoly of unlimited duration⁹ over the distinctive mark, symbol, or device that he affixes to his goods to identify them in the market and to vouch for their origin.¹⁰ Like the limited monopoly granted by patent and copyright laws, the protection of trademarks serves an incentive function: it stimulates merchants and manufacturers to provide reliable products and reasonable prices by enabling them to reap the benefits of repeat sales to satisfied customers.¹¹ Unlike the patent and copyright laws, however, trademark protection is intended to promote, not hinder, competition. Trademarks foster effective competition by facilitat-

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⁵ See R. POSNER & F. EASTERBROOK, *ANTITRUST: CASES, ECONOMIC NOTES, AND OTHER MATERIALS* 4-11 (2d ed. 1981); Bork, *Legislative Intent and the Policy of the Sherman Act*, 9 J.L. & ECON. 7, 15-21 (1966).

⁶ See 35 U.S.C. § 154 (1982).

⁷ See 17 U.S.C. §§ 302-05 (1982).

⁸ See *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480 (1974); *Mazer v. Stein*, 347 U.S. 201, 219 (1954).

⁹ See *Diamond, Properly Used, Trademarks Are Forever*, 68 A.B.A. J. 1575, 1576 (1982).

¹⁰ See *Trade-Mark Cases*, 100 U.S. 82, 87 (1879). The Lanham Act, 15 U.S.C. §§ 1051-1127 (1982), defines a trademark as "any word, name, symbol or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others." *Id.* at § 1127.

¹¹ See *American Steel Foundries v. Robertson*, 269 U.S. 372, 380 (1926); *Eastern Wine Corp. v. Winslow-Warren, Ltd.*, 137 F.2d 955, 958 (2d Cir.), *cert. denied*, 320 U.S. 758 (1943); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 520 F. Supp. 395, 397 (D. Utah 1981), *rev'd on other grounds*, 711 F.2d 934 (10th Cir. 1983).

ing a consumer's effort to distinguish among the goods of competing producers.¹² As the sponsors of the Lanham Act,¹³ the current federal trademark statute, noted, "Trade-marks, indeed, are the very essence of competition, because they make possible a choice between competing articles . . . ."¹⁴

Because the policy of the trademark law is to promote competition, a trademark, unlike a patent or copyright, affords no monopoly over the product to which it is affixed;¹⁵ indeed, the Supreme Court has noted that there is a strong federal policy that goods unprotected by patents or copyrights should be copyable by anyone.¹⁶ Although copying is not socially esteemed, the law encourages it in order to promote competition in the copied article, and so make goods more widely and cheaply available.¹⁷

B. The Genericness Doctrine and the Primary Significance Test

It would clearly thwart the pro-competitive purpose of trademark law to permit a producer to use trademarks to achieve monopolies over the production or sale of uncopyrighted and unpatented products. Allowing Acme, the manufacturer of a product whose only common name is "widget," to use that name as a trademark would stifle competition in widgets. Competing widget manu-

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¹² See Backman, *The Role of Trademarks in Our Competitive Economy*, 58 TRADE-MARK REP. 219, 219 (1968); Diamond, *The Historical Development of Trademarks*, 65 TRADE-MARK REP. 265, 289-90 (1975); Leeds, *Trademarks—Our American Concept*, 46 TRADE-MARK REP. 1451, 1453 (1956).

¹³ 15 U.S.C. §§ 1051-1127 (1982).

¹⁴ S. REP. NO. 1333, 79th Cong., 2d Sess. 4 (1946); H.R. REP. NO. 219, 79th Cong., 1st Sess. 3 (1945).

¹⁵ See *Independent Baking Powder Co. v. Boorman*, 130 F. 726, 728 (C.C.D.N.J. 1904) (establishment of a trademark "does not restrain in any degree the manufacture or sale by others of the article or commodity to which the trade-mark is attached").

¹⁶ See *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-31 (1964).

¹⁷ See *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 121-22 (1938); *Smith v. Chanel, Inc.* 402 F.2d 562, 568-69 (9th Cir. 1968); *Societe Comptoir de l'Industrie Cotonniere Etablissements Boussac v. Alexander's Dep't Stores, Inc.*, 299 F.2d 33, 37 (2d Cir. 1962); *American Safety Table Co. v. Schreiber*, 269 F.2d 255, 272 (2d Cir.), *cert. denied*, 361 U.S. 915 (1959).

Despite the general pro-competitive emphasis of trademark law, *see supra* text accompanying notes 12-15, it is clear that the interest of trademark owners in their trademarks is not always subordinated to the ideal of unfettered competition. Trademark law derives historically from the common-law tort of unfair competition, or "passing off," *see McClure, Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADE-MARK REP. 305, 311-14 (1979), and the Lanham Act explicitly retains the common law's concern for "protect[ing] persons engaged in . . . commerce against unfair competition," 15 U.S.C. § 1127 (1982); *see S.C. Johnson & Son v. Johnson*, 175 F.2d 176, 178 (2d Cir.), *cert. denied*, 338 U.S. 860 (1949); *Jean Patou, Inc. v. Jacqueline Cochran, Inc.*, 201 F. Supp. 861, 863 (S.D.N.Y. 1962), *aff'd*, 312 F.2d 125 (2d Cir. 1963).

facturers would be unable to use the one word with which they could tell consumers what they make. The widget-buying public would also be harmed because it would either have to incur costs in identifying other manufacturers who made widgets or have to pay monopolistic prices to Acme.¹⁸ In order to avert this harm to consumers and competitors,¹⁹ the Lanham Act codified the common law²⁰ exclusion of words that are common names or are "merely descriptive" of products from protection as trademarks: section 1052(e)(1) prohibits such words from being registered as trademarks.²¹ Further, section 1064(c) denies protection to registered, nondescriptive trademarks that come, through repeated use, to be "common descriptive"²² or generic²³ names of products. In

¹⁸ See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 10 (2d Cir. 1976); *CES Publishing Corp. v. St. Regis Publications, Inc.*, 531 F.2d 11, 13 (2d Cir. 1975); *Standard Brands, Inc. v. Smidler*, 151 F.2d 34, 38-43 (2d Cir. 1945) (Frank, J., concurring); cf. *Smith v. Chanel, Inc.*, 402 F.2d 562, 566-69 (9th Cir. 1968) (holding that the defendant would be entitled to use the plaintiff's valid trademark in comparative advertising if the parties' products were in fact substantially identical).

¹⁹ As originally reported by the House Committee on Patents, the Lanham Act required cancellation of a registered trademark on the basis of genericness only where the acts of its holder had caused it "to lose its significance as an indication of origin." H.R. 1654, 79th Cong., 1st Sess., 91 CONG. REC. 1470 (1945). The Senate rejected this provision and replaced it with the language currently contained in § 1064(c) of the current Act. See S. REP. NO. 1333, 79th Cong., 2d Sess. 2 (1946); H.R. REP. NO. 2322, 79th Cong., 2d Sess. 1-5 (1946). That section provides that any trademark that becomes "the common descriptive name" of a product is invalid. 15 U.S.C. § 1064(c) (1982). The Senate amendment appears to have been prompted by Justice Department concern that the House bill would permit trademark owners to achieve monopoly power by giving them "an exclusive right to the only name . . . by which a product is known to the public . . . . Without the use of these common names it would be almost impossible for new manufacturers to persuade buyers that they are selling the same products . . . ." Letter from Assistant Attorney General W. Berge to Sen. C. Pepper (Nov. 14, 1944), reprinted in *Trade-marks: Hearings Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong., 2d Sess. 60-61 (1944) [hereinafter cited as *Hearings*]; accord 92 CONG. REC. 7872-73 (1946) (statement of Sen. O'Mahoney).

²⁰ See, e.g., *Canal Co. v. Clark*, 80 U.S. (13 Wall.) 311, 323-24 (1871).

²¹ 15 U.S.C. § 1052(e)(1) (1982). The language "merely descriptive" in § 1052(e)(1) covers two categories of words. The first is common nouns, such as "sand" or "flour," which ordinarily cannot be used as trademarks since they do not serve to distinguish one manufacturer's goods from another's. See, e.g., *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976); *Henry Heide, Inc. v. George Zeigler Co.*, 354 F.2d 574, 576 (7th Cir. 1965). But see *Coca-Cola Co. v. Koke Co.*, 254 U.S. 143, 146 (1920) (The word "cola" has "acquired a secondary meaning in which perhaps the product is more emphasized than the producer but to which the producer is entitled."). The second category is descriptive terms, such as "shredded wheat" or "raisin bran," which may only be registered as trademarks if the applicant can show that they have "become distinctive of [his] goods in commerce," 15 U.S.C. § 1052(f) (1982), or, to use the common law term, that they have acquired a "secondary meaning." See, e.g., *Roux Laboratories, Inc. v. Clairrol, Inc.*, 427 F.2d 823 (C.C.P.A. 1970).

²² 15 U.S.C. § 1064(c) (1982).

The category of nondescriptive marks entitled to registration under the Lanham Act

determining whether a particular registered mark falls within this latter category, a court is necessarily choosing between two competing uses of the mark: either as indicating the markholder's brand or as indicating the general product category, or genus, of which that brand is a particular example and within which that brand competes.²⁴

Courts faced with this decision have generally limited their inquiry to a lexicological one: "What does the word mean?"²⁵ As

includes arbitrary and fanciful terms, such as "Corvette," which in no way signify the product, and suggestive terms, such as "Firebird," which "require the observer or listener to use imagination and perception to determine the nature of the goods." *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 79 (7th Cir. 1977); *accord Abercrombie & Fitch Co. v. Hunting World, Inc.* 537 F.2d 4, 10-11 (2d Cir. 1976).

²³ Although the Lanham Act does not use the word "generic," courts have equated the common law doctrine of genericness with the Lanham's Act proscription of the use of "common descriptive names" as trademarks. *See, e.g., Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 n.13 (5th Cir. 1980) ("The term 'generic' is synonymous with the phrase 'common descriptive name,' as used in the Lanham Act.").

²⁴ Although each of the parties in a case involving an allegation that a registered trademark has become generic seeks the right to use the mark, the nature of the right that the markholder seeks is significantly different from that sought by the challenger. If the markholder prevails and the mark is held not to have become generic, then the markholder's right to use the mark is exclusive. If, however, the challenger prevails and the mark is held to have become generic, then the mark can be used freely by anyone who manufactures a product within the relevant product category found to be denoted by the mark. The successful challenger cannot claim exclusive rights in the mark, since, having been found to be generic, the mark is entitled to neither registration under 15 U.S.C. § 1052(e) (1982) nor protection under 15 U.S.C. § 1064(c) (1982). *See supra* note 21. What is thus at stake for the challenger in such a genericness case is the right to use a once valid trademark as the name for products made by persons other than the trademark holder. Recognition of this right does not, however, absolve those who are entitled to exercise it from the obligation to make clear that their products are not made by the original trademark holder. *See, e.g., King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577, 581 (2d Cir. 1963); *Feathercombs, Inc. v. Solo Prods. Corp.*, 306 F.2d 251, 255-56 (2d Cir.), *cert. denied*, 371 U.S. 910 (1962).

²⁵ *See, e.g., Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1319 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983); *King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577, 580 (2d Cir. 1963); *Selchow & Righter Co. v. Western Printing & Lithographing Co.*, 47 F. Supp. 323, 326 (E.D. Wis. 1942). Despite the primacy of the lexicological approach, however, some courts have also considered other factors that appear to bear no relation to what the trademark means or how it is used insofar as that is relevant to the genericness inquiry. For example, the amount of effort a trademark holder has expended in defending or "policing" his mark does not help answer the question of whether the mark has, in fact, come to signify an entire product category rather than a particular manufacturer's or retailer's brand. *See, e.g., King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577, 579 (2d Cir. 1963); *DuPont Cellophane Co. v. Waxed Prods. Co.*, 85 F.2d 75, 81 (2d Cir. 1936), *cert. denied*, 304 U.S. 575 (1938). Courts deciding genericness cases nonetheless have often considered the trademark holder's diligence in policing his mark as relevant to deciding the genericness issue. *See, e.g., E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.*, 393 F. Supp. 502, 523-24 (E.D.N.Y. 1975); *American Thermos Prods. Co. v. Aladdin Indus.*, 207 F. Supp. 9, 13 (D. Conn. 1962), *aff'd on other grounds sub nom. King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963).

Judge Learned Hand stated in *Bayer Co. v. United Drug Co.* (The *Aspirin* Case),²⁸ "The single question, as I view it, in all these cases, is merely one of fact: What do buyers understand by the word for whose use the parties are contending?"²⁷

The primary significance test, the most prominent lexicological approach to genericness, derives from the Supreme Court's opinion in *Kellogg Co. v. National Biscuit Co.* (The *Shredded Wheat* Case).²⁸ The issue in that case was whether the name "shredded wheat" had acquired a secondary meaning of breakfast cereal made at Niagara Falls by plaintiff's corporate predecessor. The Court held that "to establish a trade name in the term 'shredded wheat' the plaintiff must show more than a subordinate meaning which applies to it. It must show that the primary significance of the term in the minds of the consuming public is not the product but the producer."²⁹ This "primary significance" test, which was formulated to determine whether an originally descriptive term had acquired secondary meaning, has since been used as the standard test for genericness in cases involving originally valid nondescriptive trademarks as well.³⁰

A recent law review note, arguing that the primary purpose of trademark law is to protect investments in trademarks, defends judicial consideration of a trademark-holder's diligence in policing his mark in genericness cases, see Note, *supra* note 3, at 686-90, and several Supreme Court cases appear to attribute weight to the "property rights" of the trademark holder and to his investment in the mark. See, e.g., *Jacob Siegel Co. v. FTC*, 327 U.S. 608, 612 (1946); *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 261-62 (1916). Yet a trademark holder's property right is nothing more than his "right to the continued enjoyment of his trade reputation and the good-will that flows from it," *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916), and a trademark that has become generic, and so lost its ability to identify the holder or his brand, cannot incorporate its holder's goodwill. (For further development of the concept of "brand" and how it may incorporate the good-will of the trademark holder, see *infra* text accompanying notes 41-50). Though a trademark's genericness may be affected by the trademark-holder's investment in policing the mark, the amount of time and money invested on a mark is in and of itself irrelevant to determining the mark's genericness.

²⁸ 272 F. 505 (S.D.N.Y. 1921).

²⁷ *Id.* at 509.

²⁸ 305 U.S. 111 (1938).

²⁹ *Id.* at 118.

³⁰ See, e.g., *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1321-26 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983); *E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.*, 393 F. Supp. 502, 523-28 (E.D.N.Y. 1975). Although the primary significance test is the most frequently used lexicological test for genericness, others have been applied. See, e.g., *Feathercombs, Inc. v. Solo Prods. Corp.*, 306 F.2d 251, 256 (2d Cir.) (requiring the party attacking the mark as generic to show that its principal significance is its indication of the "nature" of the article), *cert. denied*, 371 U.S. 910 (1962); *Marks v. Polaroid Corp.*, 129 F. Supp. 243, 270 (D. Mass. 1955) (test for genericness is whether the mark has lost all of its trademark significance to the consuming public), *aff'd*, 237 F.2d 428 (1st Cir. 1956), *cert. denied*, 352 U.S. 1005 (1957).

II. DEFECTS OF THE PRIMARY SIGNIFICANCE TEST

The primary significance test has two crucial interrelated defects: it rests upon an antiquated conception of the function of trademarks, and it therefore focuses on the wrong question in determining a mark's primary significance.

A. Antiquated Conception of the Function of Trademarks

The primary significance test assumes a neat dichotomy between product and producer. The test requires the court to decide whether a mark designates primarily a product or its producer—for example, whether “thermos” denotes vacuum bottles in general or a particular manufacturer of vacuum bottles. The test assumes that the products of various competing manufacturers are readily interchangeable, or, in other words, that the consumer makes two separate purchasing decisions, one about the product he wishes to buy, the other about the source from which he wishes to buy it. The only function of trademarks, under this analysis, is to guide the second decision. As the Ninth Circuit stated in *Anti-Monopoly*, “it is the source-denoting function which trademarks protect, and nothing more.”³¹ Thus, under the primary significance test, “when a trademark primarily denotes a product, not the product's producer, the trademark is lost.”³²

The earliest trademarks did indeed do nothing more than designate the source of the goods to which they were attached.³³ They enabled the consumer to identify the manufacturer or merchant of a product but told him nothing else, except that goods bearing the same mark were likely to be of the same quality.³⁴ Even today, some trademarks continue to serve only a source-denoting function. A trademark on a fungible commodity, such as sugar or salt, usually does no more than tell the consumer which firm placed the product on the market. With the advent of mass marketing, national distribution of products, and widespread advertising, however, most trademarks today have a much broader function.³⁵

Most products on the market today are not perceived by con-

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³¹ *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296, 301 (9th Cir. 1979) (citation omitted).

³² *Id.*

³³ See Diamond, *supra* note 12, *passim*.

³⁴ See *id.* at 289-90.

³⁵ See Greenbaum, Ginsburg & Weinberg, *supra* note 3, at 102; Swann, *The Validity of Dual Functioning Trademarks: Genericism Tested by Consumer Understanding Rather than by Consumer Uses*, 69 TRADE-MARK REP. 357, *passim* (1979).

sumers as merely fungible commodities. A smoker, for example, does not decide to purchase cigarettes and then decide to purchase them from a particular tobacco company. The modern consumer is likely to regard each brand of cigarettes as a unique product, although each is ultimately substitutable for the others, and he is likely to be indifferent about the sources of any given brand. A Camel smoker who is unable to buy Camels would probably not be persuaded to buy Now 100's by being told that both are made by the R.J. Reynolds Tobacco Company. Similarly, a consumer who sets out to buy Ivory soap would hardly be persuaded to accept Lava or even Camay in its place although all three are manufactured by Procter & Gamble. Even when consumers are motivated to purchase a particular brand because they have a high opinion of its manufacturer, they may still consider their preferred brand to be a unique product among those made by that manufacturer; such "brand loyalty" is a recognized factor in devising advertising campaigns.³⁶ A driver who prefers General Motors automobiles because he believes they last longer than those of other manufacturers may nevertheless strongly prefer a Chevrolet Citation to a Buick Skylark, even though both cars are built by General Motors and both are in virtually all respects the same car.³⁷ Thus, "[v]iewing products simply as physical objects is too restrictive. Consumers have beliefs about products that are not solely a function of their physical characteristics . . . . [T]he image fostered by the price, the product design, and the manner in which the product is distributed become part of the product."³⁸

Because most consumer goods are in this sense more than mere fungible commodities, a trademark today does not evoke in the minds of consumers separate and independent concepts of product and source, but rather evokes a "brand image."³⁹ A brand image is a complex constellation of associations and images that comprises a consumer's knowledge of the brand and his attitudes towards it. It may include knowledge of the source of the product, awareness of other product characteristics, beliefs about the value of the object, and judgments about the suitability of the brand.⁴⁰

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³⁶ See, e.g., D. AAKER & J. MYERS, *ADVERTISING MANAGEMENT* 49 (1975).

³⁷ See *In re General Motors Corp. Engine Interchange Litig.*, 594 F.2d 1106 (7th Cir.), cert. denied, 444 U.S. 870 (1979).

³⁸ B. STERNTHAL & C. CRAIG, *CONSUMER BEHAVIOR: AN INFORMATION PROCESSING PERSPECTIVE* 238 (1982).

³⁹ See Gardner & Levy, *The Product and the Brand*, *HARV. BUS. REV.*, Mar.-Apr. 1955, at 33.

⁴⁰ See Howard & Ostlund, *The Model: Current Status of Buyer Behavior Theory*, in

The primary significance test, in requiring that a mark must primarily signify the source of a product in order to be a valid trademark, simply ignores the complex nature of brand images.

Some courts⁴¹ and commentators⁴² have realized that trademarks frequently perform a dual or hybrid function of simultaneously denoting both product and source. This observation, however, does not take full account of the way that modern trademarks function, for the trademark that conveys the complex cluster of ideas that constitutes a brand image is more than a mere hybrid of product- and source-denoting attributes. Indeed, the particular source of a product may not be a part of a brand image at all. For example, few Marlboro cigarette smokers are likely to know or care that Philip Morris, Inc. manufactures Marlboros; yet this fact does not suggest that the "Marlboro" trademark or any other mark denoting brand but not source should be invalidated. To the extent that the "Marlboro" trademark tells a smoker that the Marlboro cigarettes he buys today are the same as the Marlboro cigarettes he bought yesterday, the trademark performs the classic quality-assurance function of a source-denoting mark,⁴³ regardless of whether it does in fact denote source. Protecting brand-denoting trademarks is perfectly consistent with the Lanham Act, one of the chief purposes of which is to prevent consumer confusion by making it possible for consumers to rely on trademarks as an assurance of consistent quality.⁴⁴

Neither does protection of brand-denoting trademarks implicate the anti-monopolistic concerns at the heart of the genericness doctrine.⁴⁵ Although consumers tend to regard brand-name products as in some sense unique,⁴⁶ the perceived uniqueness of the products derives largely from the marketing efforts of their manu-

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BUYER BEHAVIOR 3 (J. HOWARD & S. OSTLUND eds. 1973); S. LEVY, *MARKETPLACE BEHAVIOR* 167-68 (1978); see also *Maier Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117, 122 (9th Cir.), cert. denied, 391 U.S. 966 (1968) ("[T]he theory behind . . . modern advertising is that once the name or trade-mark is firmly associated in the mind of the buying public with some desired characteristic—quality, social status, etc.—the public will buy that product.").

⁴¹ See, e.g., *In re DC Comics, Inc.*, 689 F.2d 1042, 1054 (C.C.P.A. 1982) (Nies, J., concurring); *Q-Tips, Inc. v. Johnson & Johnson*, 108 F. Supp. 845, 863 (D.N.J. 1952), *aff'd*, 206 F.2d 144 (3d Cir.), cert. denied, 346 U.S. 867 (1953).

⁴² See Folsom & Teply, *Trademarked Generic Words*, 89 YALE L.J. 1323, 1339-40, 1350 (1980); Swann, *supra* note 35, *passim*.

⁴³ See Diamond, *supra* note 12, at 289-90.

⁴⁴ See *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1228 (3d Cir. 1978); S. REP. NO. 1333, 79th Cong., 2d Sess. (1946).

⁴⁵ See *supra* text accompanying notes 18-21.

⁴⁶ See *supra* text accompanying notes 35-38.

facturers. Marlboro cigarettes may be perceived by consumers as uniquely embodying a certain virility, but this perception undoubtedly results almost entirely from Philip Morris's advertising and not from any physical quality of the cigarettes themselves. To that extent, the "uniqueness" conveyed by the "Marlboro" trademark is nothing more than the goodwill of the trademark holder, albeit the goodwill associated by the public with the brand name rather than the trademark holder's name. Goodwill is an interest that has long been established as within the realm of interests legitimately protected by trademark law.⁴⁷ Protecting such brand-denoting trademarks does not impede competition in the same way as would permitting one sugar producer to monopolize use of the word "sugar" to identify its products. Although Marlboro cigarettes may be perceived by consumers as more than merely one of a number of identical, interchangeable cigarettes, they *are* cigarettes, and Philip Morris's competitors have access to the word "cigarette" to describe their products. Further, a competitor who produced cigarettes identical to Marlboros would be entitled to use the Marlboro trademark in order to inform consumers of that fact.⁴⁸ He would not need to name his cigarettes "Marlboro" in order to compete with Philip Morris.

Rigid adherence to the primary significance test would frequently invalidate such brand-name trademarks, and many of the best-known trademarks would be unprotectable on the ground that they are not primarily source-denoting.⁴⁹ In the *Anti-Monopoly* case, General Mills introduced a survey intended as a *reductio ad absurdum*. The survey showed that sixty-eight percent of the respondents reported that they would buy Tide because they liked Tide, not because they liked Procter & Gamble products.⁵⁰ The Ninth Circuit commented, correctly, that the survey tended to show that the public thinks of Tide as a particular kind of detergent rather than as a name used by Procter & Gamble for a product, detergent, that is made by a number of manufacturers. If so,

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⁴⁷ See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916); *supra* note 25.

⁴⁸ See, e.g., *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968) (use of plaintiff's "Chanel No. 5" trademark permissible in comparative advertising by defendant if defendant's product is identical to plaintiff's); *Societe Comptoir de l'Industrie Contonniere Etablissements Boussac v. Alexander's Dep't. Stores, Inc.*, 299 F.2d 33, 37 (2d Cir. 1962) (permitting use of plaintiff's trademark "Dior" to identify defendant's dresses as copies of plaintiff's).

⁴⁹ See Note, *supra* note 3, at 671.

⁵⁰ See *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1326 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983); *Petition for Certiorari at 1, C.P.G. Prods. v. Anti-Monopoly, Inc.*, 103 S. Ct. 1243 (1983), *reprinted in* 25 PAT. TRADEMARK & COPYRIGHT J. (BNA) 189, 189 (1983).

the court noted, Procter & Gamble may, under the primary significance test, have "cause for alarm."⁵¹

Invalidation of popular trademarks for genericness on the ground that they indicate something more than or different from the source is not mandated by the Lanham Act. By the 1940's, when the Lanham Act was enacted, the practice of using trademarks to designate particular products, not merely or primarily their sources, was widespread.⁵² The Supreme Court, in a case cited by the House Committee on Patents in its report on the bill that became the Lanham Act, recognized that "the protection of trade-marks is the law's recognition of the psychological function of symbols" that convey the desirability of the commodities upon which they appear.⁵³

Against this background, the House Committee on Patents reported that the Lanham Act was designed to "modernize the trade-mark statutes so that they will conform to legitimate present-day business practice."⁵⁴ The Committee viewed the function of trademarks as enabling the public to distinguish between "competing *articles*" and intended the Act to protect the goodwill of the trademark holder who spends "energy, time, and money in presenting to the public the product."⁵⁵ This legislative history indicates that Congress was aware of the then widespread practice of using trademarks primarily to convey brand or product image rather than simply source. It also indicates that Congress intended to protect such marks.⁵⁶ The application of the primary significance test to invalidate trademarks that are used primarily to con-

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⁵¹ *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1326 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983).

⁵² Marks such as "Vaseline," "Kodak," and "Congoleum" were then in use. See *Hearings*, *supra* note 19, at 103-04.

⁵³ *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942), quoted in H.R. REP. NO. 219, 79th Cong., 1st Sess. 2 (1945).

⁵⁴ H.R. REP. NO. 219, 79th Cong., 1st Sess. 4 (1945); see 92 CONG. REC. 7524 (1946) (statement of Rep. Lanham).

⁵⁵ H.R. REP. NO. 219, 79th Cong., 1st Sess. 2-3 (1945) (emphasis added).

⁵⁶ During floor debate on the Lanham Act, one senator remarked that the Act incorporated the common-law doctrine that trademarks exist "to give notice to the public that the commodity to which it is attached is produced by a particular producer." 92 CONG. REC. 7827 (1946) (statement of Sen. O'Mahoney). However, in light of the many expressions in the legislative history of an intent to make the trademark law reflect then-current business practice, it is clear that Congress was prepared to depart from some aspects of the common law of trademark in order to save marks like "Vaseline," "Kodak," and "Congoleum." See *supra* note 52. Indeed, Representative Lanham, sponsor of the Act, explicitly stated that the bill would create "new rights, some of which are substantive and others procedural." 92 CONG. REC. 7524 (1946).

vey information other than source imposes a model of the use of trademarks that was outmoded even when the Lanham Act was passed. This result is contrary to the express intention of Congress to update the trademark statute to conform to then-current business practices.⁵⁷

B. Improper Focus

Because the ultimate purpose of trademark law in general and the genericness doctrine in particular is to promote competition, the goal of the test for genericness must be to determine whether competition is best served by using the mark to designate a particular brand or by using the mark to designate the genus in which that brand competes. If products were merely fungible commodities, for which "product" and "source" were neatly severable concepts, a determination that a trademark primarily signified "product" might well be an adequate proxy for determining whether exclusive use of the mark by one manufacturer or distributor would tend to foster monopoly in the relevant market. Yet trademarks in the modern commercial world predominantly designate brands perceived by the consumer as unique by virtue of the goodwill incorporated in the brand name.⁵⁸ The primary significance test's emphasis on "product" and "source" therefore tends to obscure the basic issue in genericness cases: the effect on competition of allowing continued use of an allegedly generic word as a trademark.

Applying the primary significance test in the *Anti-Monopoly* case,⁵⁹ the Ninth Circuit defined the word "Monopoly" by relying on a survey in which people who had either bought a Monopoly game recently or who intended to buy one in the near future were asked to choose between two alternative explanations of their purchasing decision. Sixty-five percent chose: "I want a 'Monopoly' game primarily because I am interested in playing 'Monopoly.' I don't much care who makes it." Thirty-two percent chose: "I would like Parker Brothers' 'Monopoly' game primarily because I like Parker Brothers' products."⁶⁰ The court held that these results

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⁵⁷ See *supra* text accompanying notes 52-55.

⁵⁸ See *supra* text accompanying notes 45-48.

⁵⁹ *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1323 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983).

⁶⁰ *Id.* at 1324. The district court had rejected the results of this survey on the ground that they constituted an explanation of the consumers' motives rather than evidence of the primary significance of the word "Monopoly." See *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 515 F. Supp. 448, 453 (N.D. Cal. 1981), *rev'd*, 684 F.2d 1316 (9th Cir. 1982),

showed that the primary significance of the word "Monopoly" was product rather than source."⁶¹ This result is questionable even under the primary significance test, given that more than half of the respondents knew that Monopoly is made by Parker Brothers,⁶² and presumably at least some of them were aware that Parker Brothers was the only producer of the game. Even more questionable, however, is the court's approach: the court considered its inquiry at an end once it had established a definition of the word "Monopoly."

Rather than ending with the narrow lexicological inquiry mandated by the primary significance test, a court faced with a gener-

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cert. denied, 103 S. Ct. 1234 (1983). Senator Hatch's proposed amendment to the Lanham Act would provide that "[p]urchaser motivation shall not be used to determine whether a mark is generic." 129 CONG. REC. S8137 (daily ed. June 9, 1983); *see also* Greenbaum, Ginsburg & Weinberg, *supra* note 3, at 110 ("The most egregious error of the Anti-Monopoly appellate decision is its adoption of a 'motivation' test to determine . . . primary significance.").

The consumer-survey approach for determining primary significance has gained ascendancy over an earlier tendency to rely on evidence of use in advertisements, articles in newspapers, magazines, and trade journals, as well as on dictionary definitions. *See* Folsom & Teply, *supra* note 42, at 1353 (noting reliance of some courts on "media clips" and "dictionary citations" and discussing the inadequacies of lexicological evidence in genericness cases). *Compare* *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1323-26 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983) (relying on consumer surveys), *and* *American Thermos Prods. Co. v. Aladdin Indus.*, 207 F. Supp. 9, 21-22 (D. Conn. 1962), *aff'd on other grounds sub nom. King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963) (same), *with* *Nissen Trampoline Co. v. American Trampoline Co.*, 193 F. Supp. 745, 749 (S.D. Iowa 1961) (relying on lexicological evidence). Courts have been unable, however, to develop a uniform standard for the types of survey evidence that will establish primary significance. *Compare* *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1323-24 (9th Cir. 1982) (relying on a survey that asked consumers whether they bought Monopoly games because they wanted to play Monopoly or because they liked Parker Brothers' products), *cert. denied*, 103 S. Ct. 1234 (1983), *with* *E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.*, 393 F. Supp. 502, 526-27 (E.D.N.Y. 1975) (relying on a survey in which consumers were told that a brand name is an indicator of a product made by one company, and then asked whether "Teflon" was a brand name or a product name), *and* *American Thermos Prods. Co. v. Aladdin Indus.*, 207 F. Supp. 9, 20-22 (D. Conn. 1962), *aff'd on other grounds sub nom. King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963) (relying on a survey in which consumers were asked what they would call a container that kept its contents hot or cold). *See generally* Zeisel, *supra* note 3, at 900-07 (criticizing the "Thermos," "Teflon," and "consumer motivation" surveys). While all of the survey questions that have been used in genericness cases do, to some extent, aid in determining the primary significance of a mark, there is no reason to believe that they would lead to the same result in any given case. *See* Greenbaum, Ginsburg & Weinberg, *supra* note 3, at 120. More importantly, there is no reason to think that the answer to any of these questions would necessarily answer the question whether upholding the contested trademark would adversely affect competition in the relevant product market.

⁶¹ *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1325-26 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983).

⁶² *Id.* at 1322-23.

icness case should seek to balance the conflicting interests of the trademark holder, the alleged infringer, and the public in the manner that most tends to foster competition in the relevant product market.⁶³ The trademark holder's interest lies in preventing diversion of customers who, should the trademark be invalidated and thus become available for use by his competitors, might be unable to distinguish the trademark holder's products from those produced by his competitors.⁶⁴ The party challenging the mark has an interest in communicating the nature of his product to consumers in order to compete effectively with the trademark holder.⁶⁵ The public has two corresponding interests. The availability of a name to denote a given type of product serves the public interest by facilitating competition among producers of such products, thus leading to increased access to goods and to lower prices.⁶⁶ On the other hand, the public may also have an interest in the trademark holder's continued use of the mark as a trademark, since by referring to that mark the consumer can have some assurance that the goods bearing it will be of consistent quality.⁶⁷ The proper task for courts in genericness cases is to determine where the public interest lies.⁶⁸

A genericness test that focuses exclusively on whether a word signifies primarily a product or a particular source of that product cannot provide adequate opportunities for such a balancing of interests. If the challenging party can show that the trademark's meaning does not primarily designate its source, he will be able to have the holder's right to exclusive use of the mark invalidated without making any showing that such exclusive use restrains competition.⁶⁹ As the Ninth Circuit's treatment of the Tide hypotheti-

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⁶³ See *American Chicle Co. v. Topps Chewing Gum, Inc.*, 208 F.2d 560, 562 (2d Cir. 1953).

⁶⁴ See *id.*; *supra* note 17.

⁶⁵ See, e.g., *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

⁶⁶ See, e.g., *Societe Comptoir de l'Industrie Cotonniere Etablissements Boussac v. Alexander's Dep't Stores, Inc.*, 299 F.2d 33, 37 (2d Cir. 1962).

⁶⁷ See *Diamond*, *supra* note 12, at 289-90; Hanak, *The Quality Assurance Function of Trademarks*, 65 TRADE-MARK REP. 318 (1975).

⁶⁸ Courts have engaged in this type of interest balancing in some trademark cases outside the genericness context. See, e.g., *Smith v. Chanel, Inc.*, 402 F.2d 562, 565-69 (9th Cir. 1968) (action to enjoin use of the name "Chanel No. 5" in comparative advertising for a substantially identical product); *Standard Brands, Inc. v. Smidler*, 151 F.2d 34, 38-43 (2d Cir. 1945) (Frank, J., concurring) (action alleging infringement of trademark "V-8 Juice" by use of the mark "V-8" on vitamins).

⁶⁹ See *Folsom & Teply*, *supra* note 42, at 1353.

cal in the *Anti-Monopoly* case⁷⁰ indicates, a brand-denoting trademark might be invalidated under the primary significance test merely because it denotes something other than the source, even though its use as a trademark may have little or no adverse impact on competition in the relevant market.

III. AN EFFECT-ON-COMPETITION TEST

In view of the defects of the primary significance test, courts should abandon it. In its place they should adopt a test that directly assesses the effect on competition of allowing continued use of a particular term as a trademark. This comment proposes such a test.⁷¹

A. Determining the Relevant Genus

The preceding section of this comment has demonstrated two salient flaws in the primary significance test: its failure to reflect the modern brand-denoting function of trademarks, and its inadequacy, in light of that failure, as a means for determining the effect of invalidating the trademark on competition in the relevant product market. The second flaw stems from the first. The primary significance test assumes that trademarks legitimately serve only to distinguish among the sources of fungible commodities, and implicitly denies that they can legitimately be used to distinguish among various brands, each perceived by consumers as unique though all substitutable, that together constitute the range of choices available to a consumer in a particular market. In those

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⁷⁰ See *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1326 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983); *supra* text accompanying notes 50-51.

⁷¹ The effect-on-competition test proposed by this comment differs from the "effect on marketplace efficiency" test proposed in Folsom & Teply, *supra* note 42, at 1359, in three respects. First, and most important, while Folsom and Teply recognize that the concepts of product and source are not perfectly severable since a given mark may convey both simultaneously, *see id.* at 1339-40, their concept of the "hybrid" mark fails to recognize that the modern brand-denoting mark may convey neither product nor source in the conventional sense, *see supra* text accompanying notes 41-43. Thus, although Folsom and Teply recognize that the proper inquiry is "the impact of trademarked generic words in the market," Folsom & Teply, *supra* note 42, at 1339, they fail to comprehend the modern function of trademarks in the market. Second, Folsom's and Teply's proposed test begins with a determination of the "relevant consuming universe," *id.* at 1347-50, rather than with the more direct determination of the relevant genus proposed by this comment. *See infra* text accompanying notes 80-85. Third, because Folsom and Teply advocate enforcement of the Lanham Act by the Federal Trade Commission, *see Folsom & Teply, supra* note 42, at 1355-58, they do not tailor their test procedurally to private lawsuits. *See infra* text accompanying notes 86-96.

markets that conform to the model that underlies the primary significance test, the product market is necessarily well defined, and the inquiry into effect on competition is reduced to an inquiry whether competition would be better promoted by making the trademark available to all producers as the generic name of a fungible product. In such a market, the primary significance test serves to answer this inquiry rather well.⁷² Where, as is the case with most products sold in modern consumer markets, the products are sold under trademarked brand names and are perceived as unique by consumers at least in part by virtue of the goodwill incorporated into the brand name, the primary significance test proves inadequate, for it fails to require that a court faced with a genericness challenge first determine the relevant genus or product market in which the product is sold and in which the effect on competition of upholding or invalidating the challenged trademark is to be gauged. By assuming that a particular brand, because it is not perceived by consumers as fungible with other brands, is itself the "product," the primary significance test stacks the lexicological deck in favor of finding that the mark has taken on generic significance.

In the *Anti-Monopoly* case, for example, General Mills, the corporate parent of Parker Brothers, contended that the relevant genus was "real estate trading board games," not the Monopoly game with all its distinguishing characteristics.⁷³ Although the district court in its first opinion accepted this contention,⁷⁴ the Ninth Circuit began its analysis by assuming that the relevant genus was Monopoly games.⁷⁵ The existence of this assumption is revealed by the court's reliance on a survey that recapitulated in some detail

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⁷² See *supra* text preceding note 58.

⁷³ See *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 195 U.S.P.Q. (BNA) 634, 638 (N.D. Cal. 1977), *rev'd and remanded*, 611 F.2d 296 (9th Cir. 1979).

⁷⁴ See *id.* at 638.

⁷⁵ Although the court acknowledged in a footnote that genus or product category might be defined in terms of cross-elasticity of demand, see *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296, 303 n.4 (9th Cir. 1979), see *infra* text accompanying notes 80-82, it made no attempt to perform such an analysis. Yet it is unlikely that acceptance of General Mills's cross-elasticity argument would have changed the Ninth Circuit's disposition of the case, given the court's acceptance of a strict dichotomy between producer and product. Based on this assumption the court drew a distinction between those product characteristics that it deemed source-denoting, such as price and quality, and those that it deemed product-denoting, such as style. If the Ninth Circuit had perceived that Monopoly's unique qualities were primarily product-denoting, it would have held that Monopoly is a separate genus within the larger category of real estate trading games. See *id.* at 303. For criticism of this aspect of the primary significance test, see Folsom & Teply, *supra* note 42, at 1359; Swann, *supra* note 35, *passim*; *supra* text accompanying notes 31-42.

the rules of Monopoly, and then asked consumers what they would call such a game.⁷⁶ Once the court chose to regard Monopoly as a genus unto itself, the question posed by the primary significance test—whether the name “Monopoly” was understood to denominate the Monopoly genus—virtually answered itself. The court was therefore able to decide the case without directly confronting what ought to have been the central issue: whether continued use of “Monopoly” as a trademark would best serve the goal of promoting competition in the relevant market.

The first step in a genericness inquiry, therefore, must be to determine the relevant genus. The court cannot properly determine whether a challenged mark has in fact become “the common descriptive name of an article or substance”⁷⁷ without first identifying the article or substance with which it is dealing. In some cases, the answer to this question will be so clear that the parties will be willing to stipulate to it. There can have been little doubt, for example, as to what the relevant genus was in the litigation over the mark “Trampoline.”⁷⁸ Other cases, however, will present closer questions. In *Anti-Monopoly*, for example, the court assumed that Monopoly itself constitutes a genus.⁷⁹ Given the game’s unique characteristics (it is impossible to argue that another board game is substitutable for Monopoly in quite the same way that one color television is for another), this conclusion may well have been correct. It is not, however, intuitively obvious in what genus Monopoly should be classed.

A court might turn for assistance in determining the relevant genus to the concept of cross-elasticity of demand frequently used in antitrust litigation.⁸⁰ Under this concept, if a decline in the price of product A will lead to a decline in the demand for product B, demand for A and B is said to be cross-elastic, and products A and B would be held to be competing in the same market.⁸¹ In the

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⁷⁶ The survey asked consumers what they would call “business board games of the kind in which players buy, sell, mortgage and trade city streets, utilities and railroads, build houses, collect rents and win by bankrupting all other players.” *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316, 1323 (9th Cir. 1982), *cert. denied*, 103 S. Ct. 1234 (1983); see Zeisel, *supra* note 3, at 900-01.

⁷⁷ 15 U.S.C. § 1064(c) (1982).

⁷⁸ See *Nissen Trampoline Co. v. American Trampoline Co.*, 193 F. Supp. 745, 749 (S.D. Iowa 1961).

⁷⁹ *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296, 305-06 (9th Cir. 1979).

⁸⁰ See, e.g., *United States v. E.I. DuPont de Nemours & Co.*, 351 U.S. 377, 394-95 (1956).

⁸¹ See *id.*; 2 P. AREEDA & D. TURNER, *ANTITRUST LAW* § 521 (1978); Note, *The Market:*

Anti-Monopoly case, for example, the contention that Monopoly belongs to a genus including other board games would be supported by evidence that the demand for Monopoly declines as the prices of other games decline. Conversely, evidence that the demand for Monopoly is unaffected by fluctuations in the prices of other games would support the finding that Monopoly is in a genus by itself.⁸² Of course, the concept of cross-elasticity of demand should not be imported unmodified from the antitrust arena to genericness cases. Some goods have demands that are sufficiently cross-elastic to limit their producer's ability to charge monopolistic prices without being in the same genus for purposes of a genericness inquiry. The fact that demand for Sanka is cross-elastic with demand for regular coffee, tea, instant hot chocolate, and perhaps even Perrier water, and hence that General Foods had less market power in the decaffeinated-coffee market than its market share might otherwise indicate, would little comfort a rival producer of decaffeinated coffee were "Sanka" the only generally understood word for his product. The question of which goods consumers regard as being within the same genus is inherently linguistic and psychological, and hence cannot be determined without at least some recourse, if only by judicial notice in clear cases, to consumer opinion and verbal behavior. Nonetheless, because goods with highly cross-elastic demands are likely to be members of the same genus, investigating cross-elasticity will frequently be a useful first step.

B. Determining the Character of the Mark

Once the court has determined what the relevant genus is, it must then turn its attention to the words available to designate the products in that genus. Because a registered trademark is entitled to a presumption of validity under the Lanham Act,⁸³ the party attacking a mark as generic has the burden of proof.⁸⁴ Under the

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A Concept in Anti-Trust, 54 COLUM. L. REV. 580, 585-94 (1954). For applications of the concept to trademark law, see *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 611 F.2d 296, 303 n.4 (9th Cir. 1979); 1 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 12:7 (1973).

⁸² Zeisel suggests that a trademark should never be cancelled unless there is a genus with at least two members. See Zeisel, *supra* note 3, at 908-09. Such a rule, however, would have serious anti-competitive effects, since appropriation of the only name for a product would pose a virtually insuperable barrier to new entrants to the relevant market.

⁸³ 15 U.S.C. § 1057(b) (1982).

⁸⁴ See, e.g., *Vision Center v. Opticks, Inc.*, 596 F.2d 111, 119 (5th Cir. 1979); *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774, 779 (2d Cir. 1964), *cert. denied*, 380 U.S. 913

test proposed by this comment, the party challenging the mark must first come forward with survey evidence that the mark is commonly understood by consumers to be a generic or descriptive name of the previously identified genus. An appropriate survey question would be that asked in the *Thermos* case:⁸⁵ What do you call this product? The court's task would be complicated if many survey respondents were to give multiple responses. The court would then have to consider both absolute frequency of use and the order in which the terms came to mind. In most cases, however, it would not be difficult to establish whether a term is frequently understood as a common descriptive name of a genus of products. The few borderline cases would rarely present difficulties because if it were unclear whether a particular term has come to be understood as a common descriptive name, it would be highly likely that there is an alternative descriptive name, and hence that the exclusive use of the trademark to denote a particular brand would not impair competition in the relevant market.

A showing that a word is commonly used by consumers to designate a genus of products is clearly relevant to the determination of the effect on competition of the use of the word as a trademark. Exclusive appropriation by one producer of a name of a genus presents a risk that that producer could monopolize the market for products in that genus to the detriment of his competitors and the consuming public.⁸⁶ A showing that a trademark is commonly understood by consumers as the name of a genus should not, however, be dispositive, as it is under the primary significance test, since such a showing does not necessarily indicate whether competitors and the public need access to the term as a generic designation.⁸⁷ If there are alternative terms available to designate the product, the need for the trademark as a generic term may be so slight as to be outweighed by the trademark holder's interest in avoiding diversion of his customers.⁸⁸ In addition, a substantial number of consumers may attach source-denoting as well as product-denoting significance to the trademark,⁸⁹ or may understand

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(1965).

⁸⁵ See *American Thermos Prods. Co. v. Aladdin Indus.*, 207 F. Supp. 9, 22-23 (D. Conn. 1962), *aff'd on other grounds sub nom. King-Seeley Thermos Co. v. Aladdin Indus.*, 321 F.2d 577 (2d Cir. 1963).

⁸⁶ See *supra* text accompanying notes 18-23.

⁸⁷ For this reason, the "public understanding" test proposed by Greenbaum, Ginsburg & Weinberg, *supra* note 3, at 113-114, is inadequate.

⁸⁸ See *supra* text accompanying note 64.

⁸⁹ This was the case in *Anti-Monopoly*. See 684 F.2d 1316, 1322-23 (9th Cir. 1982), *cert.*

the mark as the name of a unique brand⁹⁰ and may therefore rely on it as an assurance of consistent quality.⁹¹ If any of these conditions obtains, permitting competitors of the trademark holder to use the mark on their goods presents the risk that consumers who wish to buy the trademark holder's brand will confuse it with competing brands. Thus, where consumers understand the word in question either as a source designator or a brand designator, they, like the trademark holder, have an interest in continued protection of the trademark in order to avoid the likelihood of confusion among competing goods.⁹²

Accordingly, a showing that a trademark is commonly understood as the name of a genus should establish only a rebuttable presumption of genericness. The trademark holder may rebut this presumption by showing: (a) that there are other words that the public recognizes as names of the genus and that these can be used in offering and requesting it;⁹³ and (b) that significant numbers of consumers understand the trademark to denote either a unique brand or source. Such a showing establishes that the need for the mark to denote the genus is not compelling, and that the mark in fact functions to designate the producer's own brand as well.

C. Weighing the Effect on Competition

If the trademark holder makes the required showing, the court must then decide whether the pro-competitive policy of the trademark statute is better served by continued protection of the trademark or by free availability of the term for use as a product genus. This assessment involves weighing the needs of competitors⁹⁴ to

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denied, 103 S. Ct. 1234 (1983).

⁹⁰ See *supra* text accompanying notes 36-40.

⁹¹ See *Diamond*, *supra* note 12, at 289-90; *Hanak*, *supra* note 67, *passim*.

⁹² *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1228 (3d Cir. 1978). If, however, few or no consumers associate a trademark with a particular source, little confusion would result from permitting competitors to use it. See *Greenbaum, Ginsburg & Weinberg*, *supra* note 3, at 103.

⁹³ The availability of a viable alternative term is largely a function of money. If a competitor is prepared to spend large enough sums of money on educating the public, it can almost always make an alternative term available. Current law imposes on the party who first creates a product and a name for it the cost of creating and teaching the public to recognize a second name if he wishes to use the first as a trademark. See 1 J. MCCARTHY, *supra* note 81, § 12:9.

⁹⁴ Because a trademark is an exclusive right against all who compete in the same market with the trademark holder, the determination of genericness should not depend alone on the need of the party challenging the mark. Even if, as in *Anti-Monopoly*, the challenging party is not making the product and has no plans to do so, the mark should be invalidated if there are no alternative names since continued protection of it would deter new entrants

use the mark to designate their goods against the likelihood of consumer confusion that might result if this use is permitted.⁹⁵ No simple formula will serve to perform this balancing in every case, but the general principles are clear and straightforward. The higher the proportion of consumers who use the challenged mark as the only name they know for a given product, the greater will be the need of competitors and the public to use the mark as a generic term.⁹⁶ The higher the proportion of consumers who are aware that the products bearing the challenged mark are made by a single company, whether or not they can identify that company, the greater will be the likelihood of confusion if competitors are permitted to use it to designate their products.

The test proposed here requires the court to engage in a balancing of interests, and may, therefore, seem more difficult to apply than a simple per se rule. Yet, while the primary significance test is stated as a per se rule, it is anything but simple to apply.⁹⁷ It requires the court to balance source designation against product designation, when in fact consumers do not make that distinction.⁹⁸ The effect-on-competition test proposed by this comment also requires an exercise of judgment by the court, but its inquiry into competing uses of a trademark more directly reflects the interests served by trademarks.

The investigation of consumers' verbal behavior required by the test proposed here bears a close resemblance to that conducted by many courts under the primary significance test. In many genericness cases, courts have inquired into the availability of alternative terms in assessing the need of the public and the trademark holders' competitors for access to the challenged trademarks.⁹⁹ In *Bayer Co. v. United Drug Co.* (The *Aspirin Case*),¹⁰⁰

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into the relevant product market. See Greenbaum, Ginsburg & Weinberg, *supra* note 3, at 113 n.34.

⁹⁵ A recent law review note defending the primary significance test suggests that courts should assess genericness on the basis of a balance of a "cohesive group of factors," including: "1) availability of alternative terms; 2) likelihood of confusion; 3) public opinion surveys; 4) secondary meaning; 5) advertising and sales; and 6) manner and length of use." Note, *supra* note 3, at 674-90. The note offers no guidance as to how these disparate factors are to be molded by courts into a "cohesive" test.

⁹⁶ See Greenbaum, Ginsburg & Weinberg, *supra* note 3, at 106. Conversely, the higher the proportion of consumers who know some other name for the genus, the less need competitors will have to use the challenged mark. See *Dictaphone Corp. v. Dictamatic Corp.*, 199 U.S.P.Q. (BNA) 437, 447 (D. Or. 1978).

⁹⁷ See *supra* note 60.

⁹⁸ See *supra* text accompanying notes 36-42.

⁹⁹ See, e.g., *Donald F. Duncan, Inc. v. Royal Tops Mfg. Co.*, 343 F.2d 655, 663 (7th Cir. 1965) (considering alternatives for the name "yo-yo"); *Ross-Whitney Corp. v. Smith, Kline*

for example, the court upheld Bayer's exclusive use of the word "aspirin" at the wholesale level but denied it at the retail level. Among the reasons given by Judge Learned Hand for this holding was that the alternative descriptive name "acetyl salicylic acid" was recognizable by wholesale purchasers but useless at the retail level.¹⁰¹ Finally, other courts in trademark cases outside the genericness context have engaged in explicit balancing of the interests of trademark holders, competitors, and consumers.¹⁰²

D. An Illustration

To illustrate the effect-on-competition test, suppose that Toshiba were to challenge the validity of the trademark "Xerox" as applied to copying machines. Under the effect-on-competition test, Toshiba would first have to show that people often call copying machines "xerox" machines. It could do this by conducting a survey in which people are either shown a picture of a copying machine or are given a description of its function, and asked what they call such a machine. If a significant number of the respondents gave the name "xerox" as their only response, Toshiba would have established a rebuttable presumption that the mark had become generic.

If Toshiba establishes a rebuttable presumption of genericness, Xerox would then have to show that there are viable alternative names for copying machines. Xerox could introduce survey evidence demonstrating that terms such as "photocopier" or "electrostatic copier" are widely known and understood by the consuming public as denoting the type or product of which Xerox's product is but one example. Such evidence might be obtained from a survey in which consumers are asked to define a series of terms, including "photocopier" and "electrostatic copier."

Xerox would also be required to introduce evidence showing

& French Laboratories, 207 F.2d 190, 195 (9th Cir. 1953) (considering alternative names for Dexedrine); Bayer Co. v. United Drug Co., 272 F. 505 (S.D.N.Y. 1921) (considering alternatives for "aspirin"). In *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896), the Court stated that at the expiration of a patent,

along with the public ownership of the device there must also necessarily pass to the public the generic designation of the thing . . . . To say otherwise would be to hold that . . . the owner of the patent . . . had retained the designated name which was essentially necessary to vest the public with the full enjoyment of that which had become theirs by the disappearance of the monopoly.

¹⁰⁰ 272 F. 505 (S.D.N.Y. 1921).

¹⁰¹ *Id.* at 510.

¹⁰² See *supra* note 68.

that a certain percentage of consumers associated the word "xerox" with the notion that the product bearing that name was manufactured or distributed by a single entity. Such consumers would presumably be in danger of being misled if others were allowed to use the word on their products. Several forms of survey inquiries could be used. For example, consumers could be asked, "If you were offered a xerox machine, what would you expect to get?" Responses including a reference to the Xerox Corporation would be evidence that the word has source-designating significance. If a respondent does not mention anything relating to source, a follow-up question would be asked, for example, "Would you expect it to be made by one particular company?" An affirmative response to this question would indicate that the respondent considers "Xerox" as a brand-denoting mark that indicates consistent quality, even if it does not associate the mark with the Xerox Corporation.

Finally, if Xerox makes the required showings, the court would have to weigh the likelihood that Toshiba would be prevented from competing with Xerox if it were unable to call its copiers "xerox machines" against the likelihood that if Toshiba were permitted to do this, consumers who wanted to buy copiers made by Xerox might be inadvertently led to buy Toshiba copiers. If, for example, 90% of the consumers surveyed knew no other word than "xerox" to denote a copier and only 10% were aware that all "Xerox" products came from a single source, the competitive benefit of permitting Toshiba and other producers of copiers to use "xerox" as a generic name for their products would outweigh the likelihood of consumer confusion. Conversely, if 80% of the consumers surveyed knew other names that could be used to denote a copying machine and 50% were aware that all products denominated "Xerox" came from a single company, then Xerox's competitors would have no great need to use the word "xerox" to describe their photocopiers, and considerable consumer confusion would be likely to result if the mark was held to have become generic. In such a case, the trademark should be upheld.

CONCLUSION

The task of courts deciding genericness cases is to resolve disputes over the use of words in a manner that takes account of the interests of competing businesses and the consuming public. Because it rests upon an antiquated conception of how trademarks function in modern markets, the primary significance test cannot adequately assess the merits of most trademarks in use today.

Therefore, use of the primary significance test leads to results under the Lanham Act that Congress did not intend, and courts should abandon it in favor of an effect-on-competition test. Such a test would permit courts to balance the competing interests of the parties and the public with direct reference to the pro-competitive purpose of trademark law and would better implement the express intent of Congress that the Lanham Act be construed so as to conform to modern business practices.

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